



## Texas Retired Teachers Association

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*The Voice For All Public Education Retirees*

*[www.trta.org](http://www.trta.org)*

Governor Abbott,

The Texas Retired Teachers Association (TRTA) membership set an ambitious and positive policy agenda for the 87th Legislature. TRTA's 100,000 members partnered with the Legislature to achieve many items on the agenda. However, the most pressing issue that would have benefitted all Teacher Retirement System of Texas (TRS) retirees was not addressed by the Legislature. Our public education retirees need an increase in their modest TRS pension benefit.

TRTA requests that you add as an item in the first called special legislative session a cost-of-living adjustment (COLA) for TRS retirees.

TRTA and Texas elected leaders last passed a COLA for all TRS retirees in 2001. The 2001 COLA was the last major phase of a legislative initiative called the Consumer Price Index (CPI) catch-up. The CPI catch-up raised TRS retirees out of poverty. It provided annuity protection for tens of thousands of retired educators that were unable to afford basic necessities. As part of that plan, though, the State of Texas also lowered its contribution to the TRS fund to the minimum allowed under the Texas Constitution.

Since 2001, the TRS fund has endured numerous market shifts and fluctuations stemming from some of the most economically devastating times in our nation's history. These shifts include the tech-bubble burst, the Sept. 11<sup>th</sup> terror attacks, the great recession, and the global pandemic.

Over the past two-decades, TRTA and the Legislature have proactively worked to stabilize the TRS fund. The goal has been to make the TRS fund actuarially sound for current and future retirees.

During this two-decade journey, retirees have received several improvements. We are grateful for previous legislative efforts that kept retiree insurance premiums reasonable with the TRS-Care plan, provided a capped supplemental payment in 2007, authorized a COLA for a portion of TRS retirees (those eligible TRS members must have been retired before Sept. 1, 2004), a capped supplemental payment in 2019, and various Legislative budget increases to TRS pension fund and TRS-Care to maintain stability for these essential Texas programs.

TRS retirees have experienced tremendous swings in their retirement security since 2001. Most notably, TRS retirees started taking on far more of their own health care costs in 2017. This change occurred as the Legislature worked to stabilize the TRS-Care plan. TRS retirees are also struggling with the ever-increasing inflationary prices of food, medicine, goods, and services. Additionally, TRS retirees were disproportionately hurt by the pandemic, which hit those over the age of 65 the hardest, and many retirees have chronic health concerns.

More than 130,000 TRS members are receiving less than \$1,000 per month as an annuity – this without the benefit of Social Security, as 95% of our retired educators didn't pay into Social Security through the ISDs for which they worked. The majority of our retired educators rely on the TRS fund as their sole source of retirement income.

Public education retirees have been asked to wait until the TRS fund was “actuarially sound” before the Legislature would be able to authorize a COLA for *all* retirees. We have willingly partnered with the Texas Legislature and pushed for reasonable pension benefit reforms, as well as the necessary stakeholder and legislative funding changes to ensure TRS is fiscally stable.

These efforts, the TRS pension fund managers' strong leadership and solid investment strategies, and the numerous sacrifices made by our retirees have paid off. TRS is now “actuarially sound” with a funding period of 26 years to fully amortize its unfunded accrued actuarial liability (UAAL).

Under Texas §821.006 Government Code, the Texas Legislature may provide authorization for TRS to issue a benefit increase to TRS retirees so long as that benefit increase would not push the system's UAAL beyond 31-years.

TRS retirees have been assured by Texas policy makers for two decades that when the system was actuarially sound, as defined by Texas §821.006 Government Code, their work and self-sacrifice would be rewarded with a much-needed pension increase.

While various bills were authored to provide TRS retirees with a pension increase this session, none of them passed the Legislature.

TRS retirees believe that elected leaders made a promise to help them when the TRS pension trust fund was actuarially sound. Now is that time. A COLA would improve the retirement security of all TRS members, as well as preserve the TRS fund. It is the right thing to do. It would benefit approximately 400,000 Texans who dedicated their lives to the service of Texas communities, parents, and students. Now is the time to help them.

TRTA strongly urges you to add the TRS cost-of-living adjustment to your list of items in the upcoming special legislative session.

Sincerely,

Tim Lee, TRTA Executive Director