



TRTA Members Support a COLA this Session

★ Can TRS retirees receive a cost-of-living adjustment (COLA) this session?

- YES!

★ Will giving a COLA to our dedicated retired public-school employees cause the pension fund to no longer be actuarially sound?

- NO!
- The TRS pension fund is able to support a benefit increase that would positively impact retirees' financial security for years to come!

★ How is this possible?

- TRTA members have spent years advocating for an improved funding policy on TRS and legislators have responded.
- The state's commitment to increasing contributions for the pension fund makes it possible for retirees to receive much-needed financial help this session!
- TRS is actuarially sound because the Texas Legislature followed through on promises made in 2019.

★ Why do retirees need a COLA?

- TRS retirees have not received a permanent annuity increase since 2013, and that COLA applied only to retirees who retired on or before August 31, 2004.
- Persons retiring after that time have never received a permanent increase in their pensions! **That's 17 years with no COLA!**
- In 2013, Legislators promised to fix TRS funding and provide a COLA for all retirees when the fund was more stable. After 8-years of hard work and TRS retirees making many personal sacrifices, we are now at a time when all conditions for a COLA are satisfied and legislative action is needed to provide a raise.
- Retirees find it difficult to pay for necessities—especially medical care!
- Many have lost substitute teaching income during the COVID-19 pandemic.
- TRS benefits are modest. 136,000 TRS retirees earn less than \$1,000 per month in their annuities. 101,000 earn between \$1,000 and \$2,000.
- More than 50 percent of TRS retirees earn less than \$2000 per month.
- TRS is not coordinated with Social Security and 96 percent of Texas public school employees do not pay into the federal program.
- Most TRS retirees do not receive ANY Social Security income, including spousal or widower's benefits, due to the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP).

★ What are the available options?

- TRTA believes that a COLA of no less than 6 percent (capped at \$100 per month) for TRS retirees is necessary, deserved, and reasonable!
- This COLA would keep the pension fund within a 31-year funding period.
- **Bills that provide a COLA option include HB 3214, HB 3206, and SB 2092.** *(Please note, due to various drafting and filing inconsistencies, these bills are subject to perfecting changes that TRTA will work with authors to meet retiree needs and expectations.)*

★ Does helping TRS retirees improve our economy?

- YES!
- TRS retirees spend their money in Texas.
- TRS pumped over \$10.9 billion into the state economy in benefit payments in 2020—94 percent of which were spent at Texas businesses by those living within the state.

★ How financially healthy is the TRS pension fund?

- TRS manages the 6th largest U.S. public pension fund with a market value of \$177.9 billion.
- As a result of the TRS February valuation, TRS has a funding period of 26 years, down from 27 years as of August 31, 2020.
- Providing retirees with a COLA takes the funding period to 30 years, within the statutory guideline of 31 years or less.
- **The annual payout for the COLA is less than one-third of what TRS pays out in external investment management fees and is about two-tenths of 1 percent of the value of investments and that amount decreases each year.**
- TRS has an estimated investment return of 9.24 percent for the six-month period ending February 28, 2021 and has earned nearly \$28 billion since the market decline that resulted from the onset of the COVID-19 pandemic.

**Please take action to support Texas public education retirees
by passing a permanent COLA this session!**