

December 8, 2021

Hello,

My name is Leroy DeHaven, and I am the President of the Texas Retired Teachers Association (TRTA). Thank you for allowing me the opportunity to speak to you all today.

The members of TRTA want you to know we recognize the many hours of devoted service TRS staff put into meeting the needs of TRS members. Every role within TRS serves the tremendous purpose of helping ensure the retirement security of our invaluable school employees and retirees, as well as continuing the success TRS has realized in the public markets. These missions are critical to long-term success of the trust fund and to the stability of the public educator workforce in our great state.

These truly are great accomplishments! As you may know, TRTA has a strong reputation and many successes working with the Legislature to help pass public policy measures that implement or support the best practices TRS staff and actuaries recommend for the fund. We appreciate that the Legislature and TRS have pursued these practices to ensure our fund is one of the best in the industry.

Earlier this year, TRTA asked Governor Abbott to consider adding a benefit increase in the form of a cost-of-living adjustment (COLA) or a supplemental payment to his call when the Legislature returned for the special sessions this summer. We were elated to see this request made it on the call with the consideration of the supplemental payment. We were further pleased to see the Legislature implementing a best practice during the second special session by passing the payment and fully funding this important benefit increase.

The retirees I have spoken to are excited to receive the supplemental payment in January 2022. What a wonderful way to begin the new year!

TRTA is working with our legislators to address the concerns of our retirees who live on fixed incomes that have not kept up with increasing inflation. We know this matter is near and dear to legislators' hearts as it is to TRTA and all stakeholders. We are so grateful for the number of elected officials who have expressed support and interest in learning more about the ways to help retirees and why that help is so necessary.

It is with this in mind that I come before this board as a TRS retiree and TRTA's state President to let you know that our association supports a detailed overview of the impact inflation is having on TRS retirees' incomes.

We also support a review on the economic benefit to the state of Texas if the Legislature were to authorize a pension increase for TRS retirees.

As you know, inflation is on the rise. Pandemic-related inflation is hitting the most vulnerable among us, American seniors, with a vengeance.

We are sure you have heard the news that Social Security benefits will increase by 5.9 percent in January to help American seniors who are covered by that system with the rising costs of inflation. This is the largest increase in Social Security benefits in almost 40 years! With 95 percent of Texas education employers not participating in Social Security, we know Texas TRS retirees will not be helped by the upcoming increase for Social Security recipients.

We also know that TRS pension benefits represent a significant portion of Texas economic activity. Billions of dollars are pumped into the Texas economy every month as TRS retirees receive their annuity checks and spend those dollars in their communities. A benefit increase for retirees would add money back to local shops, diners, doctor's offices, grocery stores, and more. The economic impact is an important part of the big picture that we think elected officials should know more about.

TRTA believes the information about inflationary pressure, as well as the positive economic impact a TRS pension increase would have on the Texas economy are vital to legislators so they may better understand how supporting a robust pension fund is necessary, not just now, but also in the future.

It helps our legislators make decisions to balance the goals of our pension fund: best practices that not only grow the fund, but also provide the beneficiaries of the fund—the retirees—with income adjustments over time to meet their financial needs.

Retiree incomes are succumbing to inflation, and we believe we need to more adequately inform the Legislature about this issue and work with elected officials to come up with solutions that protect both the fund and the retirees.

We cannot do this without a complete picture of the current situation. Yes, the TRS fund is doing well. TRTA and the Legislature and all stakeholders are focused on public policy decisions that allow this board and agency to continue to improve and function at the highest level. We are, as I have said, grateful. If we are to continue this success, we cannot leave out the vital conversation about inflationary induced losses for our retirees. We cannot leave the TRS retirees behind!

Let's be clear, the Texas Legislature has made TRS and TRS members, both retired and active, a major state priority. We would be in much worse shape without the support of our elected leaders on issues such as improved funding for TRS, previously mentioned supplemental payments, and a focus on funding our TRS-Care plan. It appears, though, to many retirees, that inflation is moving even faster and causing more damage than previously known. We need to know more. TRTA is ready to work with the legislature, TRS, and other stakeholders to make this overview possible before the next regular legislative session.

Respectfully,

Leroy DeHaven, TRS Retiree
President
Texas Retired Teachers Association