



NEWS Bulletin

no increase in employee deduction
 "13th month check" for university retirees approved

Double dose of good news on university employee retirement

In its November meeting the TRS board voted to approve the first "13th month" bonus pension check for TRS retirees. The check will be an additional check for the same amount as the retiree's usual monthly pension check. This will be the first time that TRS retirees get a 13th month check bonus: in the past they have received cost-of-living based increases in the basic pension amount. Previous such increases were in 1947, 1949, 1951, 1953, 1955, 1963, 1967, 1969, 1971, 1975, 1977, 1981, 1984, 1987, 1991, 1993, 1995, 1997, 1999, and 2001. This is the longest that retirees have gone without a cost of living increase since the system was established.

In a vote important for active employees, the TRS Board voted to skip a Legislature-authorized increase in the employee share.

Through the 1990's stock market boom the TRS pension fund stayed at required funding levels based on income from investments. In 1995 the Texas Legislature reduced its contribution from 7.31% to the legal minimum (under the Texas Constitution) of 6%. As the 90's stock market boom faded, investment income fell and the TRS pension fund fell below the levels needed to meet all future obligations. This shortfall, known as "unfunded liability" is based on calculations of how much will be needed to

pay all future pensions for 31 years. The TRS Board cannot approve 13th month bonuses or cost-of-living adjustments if the fund has an unfunded liability.

In 2007 the Texas Legislature approved increases in both the state share and the employee share to the TRS pension fund. SB 1846, sponsored by Sen. Robert Duncan (R) Lubbock and in the House by Rep. Vicki Truitt (R) Southlake (north of Fort Worth) increases the state share from 6.0% to 6.58%. The bill authorized the TRS Board to increase the employee share from the current 6.4% to a maximum of 6.58%. The bill mandates a 13th month bonus in 2007 if the TRS Board finds that the unfunded liability is covered.

Pension increase, fund stability has been a TSEU priority.

Throughout the 2007 legislative session TSEU members lobbied hard for measures that would restore cost-of-living pension increases and stabilize the TRS pension fund without reducing benefits or increasing costs to employees. In 2005 the Legislature adopted a plan that reduces retirement benefits in several ways, and TSEU's position calls for, not only a stop to any further erosion of the retirement plan, but a restoration of the cuts made in 2005.

ERS or TRS - I'm in which system?

RETIREMENT:

All state agency employees are under the...
Employees Retirement System of Texas (ERS)

All state university employees are under the...
Teacher's Retirement System of Texas (TRS)

HEALTH CARE:

All agency employees & university employees except those in the UT and A&M systems get their health care from the...
Employees Retirement System of Texas (ERS)

UT & A&M workers have university-run health care systems

TRS BOARD REPORT: Phillip Mullins, a TSEU committee member at UT, is a member of the Board of Trustees of the Teachers Retirement System. He was elected in a TSEU campaign to put a front-line university employee on the TRS Board. He writes a regular report, which is posted on the University page of the TSEU web site (www.cwa-tseu.org)

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