



Teachers' Retirement System

ACTIVE
MEMBER EDITION

MARCH
2017

<https://trs.ky.gov>

An Under-told Story

by Gary L. Harbin, CPA, Executive Secretary

INSIDE:

New Contact Information?	2
Minimum Distribution Requirements	3
Re-Employed Retirees	3
Death of an Active or Retired Member	3
Preparing for Retirement	4

The Public Pension Oversight Board meeting on Feb. 6 didn't make headlines, but I wish it had because the news for the Teachers' Retirement System was very positive. That headline would have been that, as of Dec. 31, TRS investments are doing very well and are on track to exceed the 7.5 percent assumed rate of return. And many reasons exist to be optimistic about future returns.

Of course, TRS is a long-term conservative investor with a well-diversified portfolio designed to meet the needs of Kentucky's teachers. Short-term market fluctuations can cause temporary

delays in reaching goals, but staying the course with a portfolio that focuses long term has served both Kentucky's teachers and taxpayers well. So, if the markets hold solid, TRS should be on track for solid investment performance this year.

Indeed, I'm bullish about America, Kentucky and the defined benefit provided by TRS. Let me explain.

The 30-year return as of Dec. 31 is 8.04 percent gross or about 8.0 percent on a net basis. Again, this beats the 7.5 percent expected rate of return. TRS, the largest financial

See "Under-told" page 2

Now There's an App for ... TRS

TRS now offers a mobile app for the Pathway member self-service portal to access individual account information and register for seminars.

The app for any mobile device can be downloaded from the Apple App Store and the Google Play Store by searching for "TRS Pathway." First, members must set up their Pathway account on the desktop site (mss.trs.ky.gov) to be able to use the app.

Members are encouraged to try it, from near or far at any hour.

Apple App Store link (iPhones, iPads): <https://appsto.re/us/04YJcb.i>

Google link (Androids):

<https://play.google.com/store/apps/details?id=gov.trs.TRSPathway>



“Under-told” continued from page 1

institution in Kentucky, benefits from low-cost professional investing.

Want proof? The firm that assists TRS with investing, Aon, has found that TRS was among the top 20 percent of large-pension investors for the quarter ending Dec. 31 and the top 21 percent for the last 10 years as of Sept. 30.

Also, an independent review by Cliffwater LLC, with which TRS has no business relationship (meaning TRS didn't ask for this review and didn't know about it until the report was published) ranked TRS tied for 17th in return among 64 statewide pension plans from 2006 to 2015 and tied for ninth in that decade for return on a risk-adjusted basis.

As for the outlook, many factors provide positive indications that this performance can be maintained over the long haul.

Pro-growth policies at all levels of the economy bode well. A synchronized global expansion is emerging with overseas economies, including Europe, Japan and China, picking up. Another measure is an increase in energy demand, including the oil and gas rig count improving from 404 to 712 over a recent nine-month period.

Of course, the recent records of the Standard and Poor's 500 and the New York



Stock Exchange's Dow Jones Industrial Average, which hit 20,000 (and then 21,000), are reasons to be optimistic.

In Kentucky, Amazon announced it is building a hub at the Northern Kentucky airport.

Most beneficial for retired teachers and those who will retire in decades to come, the \$973 million in additional funding provided by the General Assembly and Gov. Matt Bevin began arriving on July 1 – in time for the markets' recent rise.

The teachers' pension and medical funds now total more than \$18 billion, as of Dec. 31. The pension plan's assets – alone – were \$17.4 billion, a net increase of \$564.7 million (reflecting a diminishing amount of assets sold to pay benefits).

I hope you see why I wanted to tell you this under-told story and why, moreover, I'm very bullish about the retirement security of Kentucky's teachers.

New Contact Information?

Keeping your contact information current ensures that you receive important communications from the Teachers' Retirement System.

Even if you change your address with the school district where you work (or worked), the school district doesn't report that change to TRS.

Besides your physical address, please keep email addresses and telephone numbers up to date.

Update your information in the Pathway member self-service portal, by mail or fax a signed letter to TRS with your name and TRS ID and the new information. Finally, a downloadable form is on the website.

Minimum Distribution Requirements

Anyone approaching 70½ and who no longer is working for a participating TRS employer should know that federal tax law requires withdrawals from retirement accounts at that age, even if the person isn't vested with five years of service.

If vested with at least five years of service, anyone 70½ is required to withdraw contributions by filing a retirement application to start receiving a retirement allowance.

Someone that age who doesn't have five years of service must file an application for a refund of his or her account.

Failure to make a timely withdrawal of retirement account contributions may result in federal tax penalties.

If you are 70½ or older and no longer contributing to the retirement system, please contact TRS immediately for the forms to apply for retirement or a refund to avoid

substantial and recurring federal tax penalties.

Federal tax law also requires the beneficiary of an active or retired member to begin receiving benefits or a refund soon after a member's death. Beneficiaries should contact the retirement office soon after the member's death to begin receiving benefits or take a refund in order to avoid any applicable penalties.

Re-Employed Retirees

Retirees who return to the workforce often have to drop health insurance coverage through the Teachers' Retirement System. So, if you become re-employed, please contact TRS to determine your eligibility for health insurance.

If returning to work in an agency that participates in the Kentucky Employees' Health Plan (KEHP) where health insurance is offered, coverage through TRS must be terminated, regardless of whether someone is in the KEHP or the Medicare Eligible Health Plan (MEHP).

If returning to work somewhere that does not

participate in the KEHP but where health insurance is offered, coverage through TRS must be terminated unless that new coverage is not as good as TRS coverage. Someone in this situation may be asked to certify that the other coverage isn't as good as TRS's.

Additionally, once you leave a post-retirement job or lose eligibility for the active insurance that came with that job, contact TRS to enroll in its coverage within the qualifying event period (usually 30 days) and provide the required documentation.

REMINDER: Upon the Death of an Active or Retired Teacher

Eligible spouses have 30 days from the member's death to elect or decline health insurance coverage through the Teachers' Retirement System. Be careful making that decision because it is permanent. Once coverage is declined or waived, no qualifying event will allow the surviving spouse to re-enroll.

TRS
Teachers' Retirement System
of the State of Kentucky
479 Versailles Road
Frankfort, Kentucky 40601-3800



Preparing for Retirement

New Seminars, Webinars

TRS is adding retirement education offerings – in addition to changing the names of existing ones – to meet better the needs of people planning for their happily ever afters. With that, seminars now are being offered as webinars as well. Advance registration is required for all seminars and webinars.

Among the changes:

- Retiring Later, formerly known as Retirement 101, is for members more than five years from retirement.
- Retiring Sooner, formerly known as Preretirement, is designed for members eligible to retire within the next five years.
- New Teachers and TRS, a new seminar, scheduled by request, is an overview of TRS and the retirement security that its pension provides. It is for educators with fewer than five years of service.
- Retiring Sooner or Later, a new seminar to be offered, will be for anyone anywhere on the career spectrum and will combine the offerings of the Retiring Sooner and Retiring Later presentations.
- TRS On the Road, a new seminar effectively brings the TRS office to communities around the state. The next ones are this summer in western Kentucky and this fall in southeastern Kentucky. This offering will have individual counseling for people within three years of retirement as well as a presentation that anyone can attend. Each requires separate registration.
- Webinars: Many TRS seminars are being offered as webinars, including Retiring Sooner, Retiring Later and New Teachers and TRS. The Retiring Sooner webinar can be tailored to be district or university specific.

For more information, go to the TRS website: <https://trs.ky.gov/active-members/seminars-workshops/> or call 800-618-1687.