



<https://trs.ky.gov>

# Teachers' Retirement System

RETIRED  
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## An Under-told Story

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### INSIDE:

Re-Employed Retirees	3
Minimum Distribution Requirements	3
Death of an Active or Retired Member	3
KEHP Turning 65	4
KEHP LivingWell Promise	4
2016 Tax Information	5
KEHP WageWorks	7
MEHP Pitfalls to Avoid	7
MEHP UHC Rewards	8
MEHP Eligible for Medicare?	9
MEHP Telemedicine for UHC	9
New Contact Info	10

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

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](https://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 (iPhones, iPads): <https://appsto.re/us/04YJcb.i>

Google Play (androids):

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



“Under-told” continued from page 1

beats the 7.5 percent expected rate of return. TRS, the largest financial 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.

## 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.

## 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.

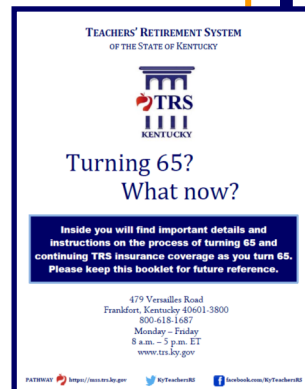
### REMINDER: Upon the Death of an Active or Retired Teacher

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.

## KEHP: Turning 65? How to Get Important Insurance Information for Retirees Hitting That Milestone

If you are insured through TRS, you will receive a packet about three months before you turn 65 with information on how to ensure you get enrolled in the Medicare Eligible Health Plan (MEHP) provided for TRS retirees who are 65 and older. The MEHP consists of UnitedHealthcare (UHC) Medicare Advantage PPO and Express Scripts Medicare Part D prescription drug plan.

If you are not enrolled in insurance coverage through TRS – or if you just would like a copy of the booklet now – it can be obtained on the TRS website: [https://trs.ky.gov/wp-content/uploads/2016/10/Turn\\_65Booklet\\_2017.pdf](https://trs.ky.gov/wp-content/uploads/2016/10/Turn_65Booklet_2017.pdf)



## KEHP: Complete the LivingWell Promise

LivingWell health insurance plan holders in the Kentucky Employees' Health Plan (KEHP) need to get a biometric screening or complete the Go365™ Health Assessment by July 1.

Taking the health assessment:

Visit [www.LivingWell.ky.gov](http://www.LivingWell.ky.gov) and sign in to Go365 to get started.

Getting a biometric screening:

- Screenings are offered for free at a number of locations (<https://livingwell.ky.gov/Pages/Screening.aspx>). If you have your screening done at your primary care physician, an office copay may apply, and you must submit proof to Go365 (<https://livingwell.ky.gov/Vitality%20Check%20Forms/Physician%20Voucher.pdf>).
- Take your Go365 ID card. Your Go365 ID number on the card will be used when you get the biometric screening. The Go365 ID also is available online and on the Go365 App.

- Fast for at least eight hours prior to your appointment.

### Proof of completion:

Keep your screening results for immediate proof of completion. Results may take 14 days or longer to appear following your screening date. Your online health assessment should appear on the Achievement Dashboard within 24 hours.

### Get rewarded:

Go365 rewards you for completing your promise. Receive up to 4,000 Go365 Points when results are within healthy ranges. Earn even more points by completing the online health assessment.

If you have completed your LivingWell Promise, please disregard this message.



Kentucky Employees' Health Plan member wellness portal

## 2016 Tax Year Information

### Tax Time Tips

On the next pages of the newsletter are illustrations aimed at helping you complete the pension-related parts of tax returns. These tips should not, however, be considered the only advice needed. Rules and forms likely will differ for retirees who now live outside Kentucky. Retirees may want to confer with a tax preparer or use a tax preparation computer program. TRS assumes no liability in providing this general guidance. Most importantly, remember that up to \$41,110 in pension income is exempt from Kentucky taxes – and even more if you retired or earned service credit before Jan. 1, 1998.

### Form 1099-R

TRS mailed 1099-R tax forms at the end of January.

The tax statement contains confidential information and can only be mailed to the member's address that is currently on record with TRS. For TRS to send the form to a different address, the member, beneficiary or power of attorney must submit a written request to TRS. The written request may be mailed to TRS or faxed to 502-573-0254 and should specify if the address change is permanent. The form is available on the Retired Member forms page at [trs.ky.gov](http://trs.ky.gov). Duplicates are available using the Pathway member self-service portal ([mss.trs.ky.gov](http://mss.trs.ky.gov)) or by calling 800-618-1687.

<b>Form 1099-R</b> <b>2016</b>		OMB No. 1545-0119 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This information is being furnished to the Internal Revenue Service.		Payer's Federal Identification Number 61-xxxxxxx		<b>STATE</b> COPY 1- File with Recipient's STATE Tax Return	
Recipient Information		1. Gross Distribution <b>1</b>		2a. Taxable Amount <b>2a</b>		2b. <input type="checkbox"/> Taxable Amount Not Determined <input type="checkbox"/> Total Distribution	
		3. Amount in Box 2a Eligible for Capital Gain Election		4. Federal Income Tax Withheld		5. Employee Contributions <b>5</b>	
Recipient Identification Number		6. Net unrealized appreciation in employer's securities		7. Distribution Code		8. Other <input type="checkbox"/>	
Payer's Full Name & Address  <b>TEACHERS' RETIREMENT SYSTEM</b> <b>479 VERSAILLES ROAD</b> <b>FRANKFORT, KY 40601-3800</b>		9a. Your Percent of Total Distribution		9b. Total Employee Contribution <b>9b</b>		10. Amount allocable to IRR within 5 years	
		11. First Year of Design. Roth Contribution		12. State Tax Withheld		13. State/Payer's State Number	
				14. State Distribution		State Taxable Percentage %	

#### BOX 1

Shows total pension benefit before withholding.

#### BOX 2a

Shows taxable portion of benefit. If blank, "Taxable Amount Not Determined" in Box 2b should be marked.

#### BOX 5

Shows the amount member personally contributed to what was received. The Box 5 amount is nontaxable and is NOT used on personal returns (i.e. IRS Form

#### BOX 9b

Only used in first year of retirement to show amount of previously taxed contributions.

## Kentucky State Taxes

Most members do not owe Kentucky state taxes on TRS benefits. You may want to take a copy of these pages to your tax preparer.

Kentucky law excludes up to \$41,110 in pension income from state tax, so don't forget to apply the Kentucky pension income exclusion against the amount taxable by the state. Here's how:

The Kentucky return begins with the federal adjusted gross income, which is on line 5 of Form 740. But that figure can be lowered using the deduction of up to \$41,110. On Schedule M, which is where deductions are itemized, line 11 allows up to \$41,110 to be deducted. If the amount in box 2a of the 1099-R (or the sum of box 2a amounts, if you have more than one 1099-R) exceeds \$41,110, a Schedule P, which reports pension income in detail, will need to be filed. Follow the instructions on the form to determine the amount that goes on Schedule M, line 11.



## Federal Taxes

Upon retirement, federal taxable income must be reported to the IRS. Under federal tax law, members must pay taxes on tax-sheltered annuities immediately. If you made contributions prior to August 1982 or made personal payments to the retirement system, TRS will calculate the amount of contributions upon which federal income taxes already have been paid and will report on the 1099-R the amount of your annuity that is still subject to income tax.

### Need Help?

Tax forms may be obtained through the Kentucky Department of Revenue at <http://revenue.ky.gov/Get-Help/Pages/Forms.aspx>.

TRS: 502-848-8500, toll free at 800-618-1687

KRS: 502-696-8800, toll free at 800-928-4646

Deferred Compensation: 502-573-7925, toll free at 800-542-2667

Kentucky Revenue Cabinet: 502-564-4581

IRS: 800-829-1040

## KEHP: Don't Forget About WageWorks Health Reimbursement Card

For members who are new to the Kentucky Employees' Health Plan's (KEHP's) Living Well CDHP or Standard CDHP, remember to watch for your WageWorks Health Reimbursement Arrangement (HRA) card (also known as a health care spend-down card) in the mail. Members who have been on these plans in previous years will continue to use their existing WageWorks card. This orange and blue prefunded HRA card can be used to pay for eligible health care expenses like deductibles, coinsurance, copayments and pharmaceuticals. When checking out with the WageWorks card, be sure to choose "credit."

Also, be sure to get a receipt whenever the card is used in case a transaction needs to be verified. The WageWorks EZ Receipts mobile app can be used to upload photos of receipts.



For more information visit: [wageworks.com](http://wageworks.com) or call 877-430-5519.

## MEHP: Costly Pitfalls to Avoid on the MEHP

Members of TRS's Medicare Eligible Health Plan (MEHP) can avoid costly pitfalls by knowing some important points that are explained below. Please contact UnitedHealthcare (UHC) at 844-518-5877 with any questions regarding medical coverage through the MEHP.

**Cataract Surgery Lenses and Frames:** The MEHP only covers the Medicare-approved lenses and frames for cataract surgery. Choosing lenses and frames not covered by Medicare means you must pay the upcharge. If in doubt, make sure the provider calls UHC for prior approval of lenses and frames.

**Skilled Nursing Facility:** The MEHP will not pay for custodial care, such as feeding or bathing, when a plan participant is in a skilled nursing facility. Custodial care is not a Medicare-covered expense and, therefore, is not

covered by the MEHP. The TRS MEHP is a medical and drug plan only, so TRS does not supply any form of long-term care with the MEHP. Participants must use any long-term care insurance that has been purchased or pay themselves.

**Chiropractic Care:** The MEHP only covers manual manipulation of the spine to correct subluxation. Any other chiropractic services are paid for at full cost by the retiree.

**Hospital Observation Status:** Anyone admitted to the hospital should confirm that their status is "inpatient" rather than for "observation." Being admitted under observation means the hospital may not pay for the drugs administered during the hospital stay. If this happens to an MEHP participant, the person can file claims for these

drugs with Express Scripts, but reimbursement only will be what Medicare Part D allows. That means the individual could be paying a large portion of these drug costs.

**Preventive Vs. Diagnostic Service:** The MEHP waives the coinsurance percentage and the medical deductible for Medicare-covered preventive services. But be aware that just because something was covered as preventative in the past doesn't mean it will be forever. For instance, for someone with a history of colon polyps and colon cancer, a colonoscopy would not be considered preventive – it would be considered diagnostic – the person would be charged the deductible and coinsurance.



## MEHP: UnitedHealthcare Rewards for TRS Retirees

UnitedHealthcare (UHC) and TRS believe taking care of your health deserves rewards. As a member of the UHC Medicare Advantage PPO plan, rewards are available for completing certain health-related activities in 2017, such as an annual physical or wellness visit, through the Renew Rewards program. Plus, an additional reward is available for completing a HouseCalls visit.

### Renew Rewards

Renew Rewards encourages UHC members to take charge of their health care by providing rewards for completing certain health care activities. After activating the program, more information will be sent to you about available health care activities throughout the year. After completing an eligible activity, you can redeem your reward either online, by mail or by phone. Several gift card options can be chosen from as your reward. After choosing your gift card, it either will be mailed to you in about four to six weeks, or provided immediately if you choose to redeem the reward online.

To activate the Renew Rewards program, go to [www.myuhcmedicare.com/rewards](http://www.myuhcmedicare.com/rewards) or call 888-219-4602, TTY 711, Monday through Friday between 8 a.m. and 10 p.m. ET, or on Saturday between 10 a.m. and 3 p.m. ET.

### Annual Wellness Visit

One of the most important steps to stay on top of your health is to have an annual wellness visit with your primary care provider or doctor. An annual wellness visit is covered with no copay regardless whether you see an in-network or out-of-network doctor (If your doctor provides additional services, coinsurance may be required for those services.).

Completing an annual wellness visit earlier in the year is important so you have more time to work toward and achieve the health goals you set. That's why a reward is available if you complete the annual wellness visit by June 30. Remember, one annual wellness visit is allowed each calendar year, so waiting a full calendar year

between annual wellness visits isn't necessary.

To report your completed annual physical or wellness visit and claim the reward, go online at [www.myuhcmedicare.com/rewards](http://www.myuhcmedicare.com/rewards) (where gift cards can be printed to use right away), or call 888-219-4602, TTY 711, Monday through Friday between 8 a.m. and 10 p.m. ET, or on Saturday between 10 a.m. and 3 p.m. ET.

### HouseCalls

UHC's HouseCalls program complements your annual wellness visit. HouseCalls offers an in-home clinical visit with an advanced practice clinician to support the care by your primary care provider or doctor. The clinician will review and update your medical history, review current medications and go over any preventive screenings. It's another chance to ask questions and get answers about your health at no cost.

In 2017, you can earn a gift card for completing an annual HouseCalls visit. HouseCalls visits are available in most, but not all, areas. The gift card will be sent to you automatically within four to six weeks of the completion of the visit.

To see if HouseCalls is available in your area, call 866-267-6309, TTY 711, Monday through Friday, 8 a.m. to 8:30 p.m. ET.

### Questions about your UHC plan or programs?

If you haven't already received it, UHC will be sending information about these programs soon. Either way, TRS encourages you to take advantage of the health and wellness programs offered through UHC's Medicare Advantage plan to live a healthier life.

Call Customer Service at 844-518-5877, TTY 711, 8 a.m. to 8 p.m., local time, Monday through Friday or visit: [www.UHCRetiree.com/trs](http://www.UHCRetiree.com/trs).



## MEHP: Eligible for Medicare?

Members and dependents eligible for Medicare must switch to the TRS Medicare Eligible Health Plan (MEHP).

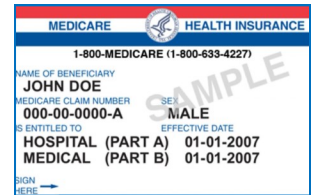
Medicare-eligible members are not permitted to be in the Kentucky Employees' Health Plan (KEHP). Please contact TRS immediately (at 800-618-1687) if you or any of your covered dependents are eligible for Medicare.

If you are eligible for Medicare and are covered on the KEHP, your coverage isn't complete without enrolling in Medicare.

If you or any of your covered dependents are eligible for Medicare Part B and you do not elect

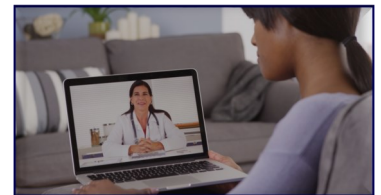
Part B when any of you are first eligible, you will be responsible for the medical portion that Medicare Part B would have paid on your medical claims and any late enrollment penalties assessed by Social Security.

Also, the cost to TRS to cover a Medicare-eligible member on the KEHP with only secondary coverage is more than double the cost of the MEHP. The policy helps ensure the continuation of affordable medical insurance for all TRS participants.



## MEHP: Introducing Telemedicine for UnitedHealthcare Group Retirees Talk to a Doctor Whenever, Wherever

TRS-covered UnitedHealthcare (UHC) members now can see a doctor any time, any day from anywhere with a strong Internet connection. A live video chat with a doctor is available using a webcam-enabled computer, tablet or smartphone. Ask questions, get a diagnosis, even get medication prescribed (in states where it's permitted) and have it sent to a pharmacy.



Doctor on Demand and American Well (AmWell) have joined the UHC provider network to bring you this innovative service. (Providers listed may not be available in every area. Other providers are available in our network. Contact the Customer service number on the back of your Member ID card for more information.) Here are answers to some common questions.

### 1. *How much does it cost?*

A virtual doctor visit with Doctor on Demand or AmWell has a \$0 copay.

### 2. *How quickly can I talk to someone and how long does a visit last?*

Once a request for a visit has been submitted, the average wait time is about five to 10 minutes. A typical visit lasts 10 minutes.

### 3. *With whom will I be speaking?*

A list of participating virtual doctor visit providers can be found by logging in online at [www.UHCRetiree.com/trs](http://www.UHCRetiree.com/trs).

### 4. *Can I use it for any medical situation?*

Virtual visits may be best for situations like a cold, flu, skin rash or eye issue. You will be

advised by the virtual provider if an in-person visit is appropriate. Virtual Visits are not appropriate for serious or emergency medical situations. (Do not use this service for emergency or urgent care needs. In an emergency, call 911 or go to the nearest emergency room.)

### 5. **Get started**

*On your computer:*

1. Go to [www.UHCRetiree.com/trs](http://www.UHCRetiree.com/trs).
2. Sign in with your user name and password.
3. Click on the Virtual Visits toolbox to view your virtual provider group choices, access their websites and set up an appointment.

*On your tablet or smartphone:*

Download the Doctor on Demand app or download the AmWell app.

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



## New Contact Information?

Keeping your contact information current ensures that you receive important communications from the Teachers' Retirement System, such as annual statements, newsletters, trustee election ballots, payment stubs and tax forms.

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. So,

TRS needs to be notified of the change independently by members.



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

TRS offers multiple ways to update your information, including by changing it in the

Pathway member self-service portal. Also, members may mail or fax a signed letter to TRS with your name and TRS ID and the new information. Finally, a downloadable form also is available from the website.

The fax is 502-848-8599, and the mailing address is:  
479 Versailles Rd.  
Frankfort, KY 40601