



Teachers' Retirement System

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How TRS Has Grown

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Your retirement system is about to hit a pretty big number. At the end of this coming fiscal year, the Teachers' Retirement System of the State of Kentucky will be 80 years old.

And like proud parents and grandparents, we can all say, "my how you've grown."

One of our recent presentation slides has a chart that shows the growth of TRS over the last 33 years. Why 33 years? It would be fun to say there is some economic theory that says 33 years is a perfect measurement of whatever, but the truth is I created this slide eight years ago as a 25-year look back and have added to it each year ever since.

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Kentucky's Retired Teachers Benefit from Personalized Medicine for Wellness, Life Saving

TRS's Personalized Medicine project, a wellness program for retired teachers that also has the potential to save and extend lives, already is getting results and is growing faster than anticipated. The pilot program tests DNA to determine whether medications being taken – or that may be taken – will be effective.

In just six months, medical and prescription claims are down 17% for those who've fully gone through the program, compared to an increase of 2.5% for a control group not involved.

At the individual level, the DNA testing has resulted in a recommendation to change a medication 64% of the time, with 94% of those recommendations being accepted by the prescribing doctor.

For one retired teacher's spouse in the pilot program, a call to the program's pharmacists after a hospitalization for a heart attack meant a change in the

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TRS Now

Schedule of Funds Available for Retirement Benefits

	<i>in billions</i>
Beginning Balance as of July 1, 1985	\$ 1.8
Member & Other Contributions	7.3
Employer Contributions	13.4
Investment Income	26.5
Benefit Payments & Refunds	(28.7)
Administrative Expenses	(0.2)
Ending Balance as of June 30, 2018	\$20.1

Kentucky's largest financial institution

Slide used in presentations to track TRS pension fund growth.

This chart begins with TRS's pension assets as of July 1, 1985, which were \$1.8 billion. Since then you and your fellow teachers have contributed \$7.3 billion, and your employers have put in \$13.4 billion. Those contributions are the seeds for where TRS is now.

Those seeds produced investment income in that timeframe of \$26.5 billion – that's nearly \$6 billion more than the combined contributions.

Many of you have heard me through the years talk about the power of compounding, which allows your contributions and the resulting investment income to earn their own investment income. That, and the continued power of ongoing contributions and investment income, leads to exponential growth. The result is a fund that, while paying \$28.7 billion in benefits and \$200 million in administrative expenses during this 33-year period, grew by more than \$18 billion to \$20.1 billion as of June 30, 2018.

It is so good after years of underfunding to be able to say that your pension fund is receiving

full funding in the current state budget. With full funding provided, we can see the full growth potential and power of those contributions as well as the stability and strength they provide to your pension fund.

Along with the power of compounding, one of the other big takeaways of this look back is it shows that as long as everyone pays what they are supposed to, each member's account is actuarially sound – even if it were the only account. As you can see – even with the past underfunding and lost income that would have come from those missing funds – the investment income covered the bulk of the benefits that were paid.

Besides telling us how much money TRS will need in future years, the actuaries also are telling us that very few of us will be here to witness when the retirement system's age doubles to 160 years. But wouldn't it be fascinating to see what these seeds of today look like in that distant tomorrow? I suspect future teachers and the administrators of their retirement system, will say, "my, how you've grown."

blood thinner being prescribed. The spouse's DNA indicated that the blood thinner originally ordered by the doctor wouldn't have worked and that would have left the spouse susceptible to another heart attack.

Enrollment in the program, which now is over 8,000 people, is open to the TRS Medicare Eligible Health Plan (MEHP).

TRS has two essential partners that make the program work. Coriell Life Sciences conducts DNA testing of saliva samples volunteered by retirees. Coriell's reports go to the Know Your Rx Coalition, where its pharmacists

“There’s a great deal of buzz around this, TRS and the Know Your Rx Coalition are getting lots of questions about this. What retired teachers have today in Kentucky is saving money and lives – and could someday be used even more broadly.”

— Gary Harbin

replaces the archaic trial-and-error process still currently employed by many doctors to find the right medication for a patient.

Based on numerous studies, nationally half of the medications that patients take are ineffective, and the fourth leading cause of death in the United States is adverse reactions to medication. For the TRS Medicare population, with an average age of 74, retirees take an average of 15 prescriptions.

TRS was introduced to the science over a decade ago, and discussions about starting a

then look at an MEHP member's current prescriptions and discuss the results

pilot project began in earnest with TRS's insurance consultant Aon in 2016. That led to a request for proposals late that year and the selection in 2017 of Coriell, whose founder Lou Coriell worked with Jonas Salk to develop the polio vaccine.

The pilot began in late 2017.

The program has garnered national notice.

TRS won first place in the 2018 State and Local Government Benefits Association (SALGBA) Challenge for this pharmacogenomics pilot.

In March, TRS presented at the National Institutes of Health's Genomics in Health and Wellness conference in Bethesda, Maryland. TRS also has been asked to present at Harvard University medical school in the fall to the Personalized Medicine Coalition's Personalized Medicine Conference.

With the success of the pilot, TRS has begun discussions about possibilities for expanding the program, including with private industry and the Kentucky Employees' Health Plan (KEHP), which provides health insurance for under-65 retirees who are not eligible for Medicare. The KEHP is the same plan that covers active teachers and state employees. Discussions also include other members of the Know Your Rx Coalition and others interested in the program.



with the member. The Know Your Rx pharmacists then give any recommendations to patients and their prescribing physicians.



The pilot is a new role for the Know Your Rx Coalition, which is a drug-purchasing coalition and a medication therapy management team of pharmacists that helps TRS's retired population more wisely purchase effective, lower-cost medications. Pharmacists have been added to the coalition to get through a backlog of DNA reports that was created because the pilot program is so popular.

The science behind the personalized medicine project is called pharmacogenomics.

Pharmacogenomics is the science of using DNA to see what drugs will be safe and effective for retirees. DNA tests indicate how fast a retiree will metabolize certain drugs, which could make them toxic or ineffective for the individual. The testing

Lexington Teacher Re-Elected to Board; Banker Elected As Lay Trustee

Current teacher trustee Ali Wright won a second term on the TRS Board of Trustees as a result of this year's members' elections, which also saw bank executive Bill Alverson elected as a lay trustee. The four-year terms began July 1.



Wright

Wright, of Georgetown, has been on the board since 2015 and was the vice chair for the 2018-19 fiscal year. She was chosen by the board at its June 17 meeting to be the chair for the 2019-20 fiscal year.

She is a National Board Certified math teacher

serving as the Professional Growth and Effectiveness System (PGES) instructional coach at Leestown Middle in Lexington. Previously, she taught at E.J. Hayes Middle and Lafayette High.

From 2015 to 2018, Wright was a Kentucky Department of Education effectiveness coach.

In her 18th year as an educator, Wright has testified in Frankfort with the Kentucky Education Action Team and been published, including in Education Week. Wright earned her master's degree from Eastern Kentucky University with an emphasis in teaching mathematics.

Alverson, of Paris, is chief executive officer for Traditional Bank and has more than 34 years of banking experience. He is a former teacher and coach and helped establish the Paris Independent Schools Educational Foundation, of which he is a board member.



Alverson

Alverson also is a lifetime board member of The Lexington Hearing and Speech Center and a board member for Resources, Education and Assistance for Community Housing (REACH) and the

Lexington Fayette County Affordable Housing Trust Fund.

Separately, trustee Frank Collecchia of Louisville, was reappointed to the board by Gov. Matt Bevin in April for a term expiring Mar. 10, 2023. Collecchia is a part-time faculty member at the University of Louisville.

The Board of Trustees consists of 11 members: seven people elected by the membership (four active teachers, one retiree, two lay trustees); two appointed by the governor with investment experience; the state treasurer; and the state education commissioner.

Deadlines for Purchasing Unpaid Days From FY 2018-19

Contact TRS about eligibility to obtain full service and/or salary credit.

The deadline for purchasing unpaid days from fiscal year 2018-19 is Dec. 31.

An LS-1 form must be submitted to TRS by your employer.

Employers either can complete the information on the TRS employer's portal or download the forms from the TRS website. Again, these forms must be completed and submitted by employers.

Planning to Visit TRS? What to Expect When Visiting

Members seeking information about their accounts or retiree medical insurance can come to TRS's Frankfort office any time that it is open – no appointment necessary. While walking in is perfectly fine, visitors will need to provide some information to make their visits as smooth as possible.

Members entering the TRS lobby at 479 Versailles Road and requesting to speak with a retirement counselor will be asked to write down their name, TRS ID (or last four digits of the member's Social Security number) and



the reason for the visit (for example, asking about different retirement options or insurance information).

Before meeting with the member in person about whatever issue a member has, the counselor will review the member's account.

TRS counselors can estimate a member's annuity at the time of retirement, describe how different retirement options work, discuss retiree health care and provide other details about benefits. However, counselors are not financial planners or tax advisors. Consequently, the decision to retire and what option to select is a member's and not

something a counselor can choose for a member.

Be aware that TRS gets its greatest numbers of visitors during the summer months when school is out, so waits are possible. Hours are 8 a.m. to 5 p.m. ET, Monday through Friday, excluding holidays.

Visits to TRS also are good opportunities to update personal information and provide required member documents that TRS may not yet have from a member. Personal information that can be updated includes: name, address, email and beneficiaries for a member's account and life insurance.

Members can ask the counselor if their file is missing any required documents, which include copies of the Social Security card, certified birth certificate and, if married, marriage certificate. Those documents can be put in the member's file, if brought, when a member visits TRS.



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Getting Good Retirement Estimates

People planning for retirement need good information, and the best information about TRS benefits for TRS members will come from TRS. Internet search engines don't always take someone searching for "Kentucky teacher retirement calculator" to an estimator on the TRS website. Responding to online or mail solicitations about TRS benefits also may result in members receiving bad information.

Be sure you're getting good information when you're getting an estimate; estimates that come from non-TRS sites have been inaccurate. TRS has received calls from members who questioned both whether a

solicitation they received was from TRS and whether the person doing the soliciting was purporting to be from TRS.

The preferred method for getting estimates is through the Pathway online member self-service site (<https://mss.trs.ky.gov>). Because this is for members only, the estimate calculator will have your actual account information.

General information about getting estimates is found on the TRS website at: <https://trs.ky.gov/active-members/retirement-planning/retirement-estimator/>.