



Teachers' Retirement System

RETIRED
MEMBER EDITION

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2023

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TRS Retirement Funds See Double-Digit Gains

Kentucky teachers' retirement investments posted double-digit gains for the recently concluded fiscal year – 10.61% for the Retirement Annuity Trust and 11.94% for the Health Insurance Trust.

Returns for the TRS annuity trust over the last 30 years are 7.7% compounded, which is ahead of the 7.1% long-term assumed rate of return. TRS staff

presented the pension system's investment results for the year ended June 30 to the

Retirement Annuity Trust		
Year Ended June 30, 2023	TRS Return	Ranking
1-year	10.61%	Top 6%
3-year	8.68%	Top 50%
5-year	7.54%	Top 25%
10-year	8.49%	Top 11%

See Gains, page 2

From the Executive Secretary Investment Return Provides Latest Reason for Optimism

By Gary L. Harbin, CPA

Every new year is an opportunity to take stock of where you've been and where you're going. That's true whether it's a calendar year, where the transition is marked with celebrations, or the school year, where the new year is brought in with, well, I guess it depends who's being asked.

For TRS, June 30 concludes the fiscal year. It's the "as of" date on the annual statements teachers receive from TRS and on the annual financial and actuarial reports. It's also the date for measuring investment performance. Both the annuity and health insurance trusts saw double-digit gains, providing the newest indicator that TRS is in better shape than it's been in for decades. It's also the latest reason I'm as optimistic as ever that this will continue.

See From the Executive Secretary, page 2

Gains, from page 1

Investment Committee at its Aug. 24 meeting. The net return after fees and expenses is 10.26% for the annuity trust and 11.56% for the health trust.

Along with the top decile performance for the most recent year, TRS's annuity investments were in the top 11% for the 10-year period. The returns were in the top 25% for the five-year period and in the top half for the three-year period. All rankings are according to Aon Investments USA's analysis of large domestic pension plans with more than \$1 billion in assets.

During the year, TRS benefitted from another year of full funding from the state budget.

"A strong year in the stock market provided great returns for retired teachers," TRS Executive Secretary Gary Harbin said. "TRS's disciplined approach established by the Board of Trustees and implemented by TRS's investment team has shown to be beneficial in all markets."

From the Executive Secretary, from page 1

This confidence is supported by the returns for both the Retirement Annuity Trust and Health Insurance Trust in the just-concluded fiscal year. As you're reading elsewhere in this newsletter, the annuity trust returned 10.61% and the health trust gained 11.94%. How does that compare? Aon Investments USA analyzes large domestic pension plans with more than \$1 billion in assets, and TRS's return for the most recent year was in the top 6% of those.

And, as we've tried to note as often as we can, TRS is a long-term investor and the longer-range returns are encouraging as well. The 30-year return is 7.7%, which is ahead of the 7.1% long-term assumed rate of return.

With this top performance by the TRS investment team, TRS is approaching a decade of full or nearly full funding.

Provided full funding continues and provided return assumptions are met, everything is progressing toward reaching full funding in 2048. And when full funding is reached, the cost of teacher retirement annuities drops significantly, as you can see on the chart. The bold green line is the actuary's projection and the light green lines show a range based on investment returns being 1% higher and lower.

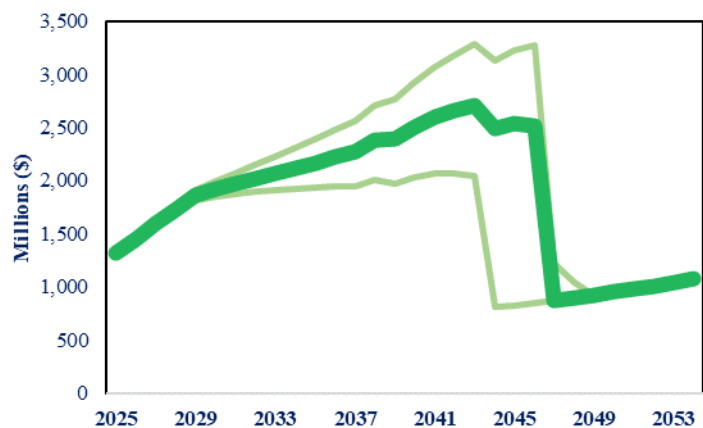
To be sure, full funding won't happen overnight, but achieving that goal is in sight. The June 30, 2022, funded ratio was 58.8% – the fourth gain in the last five years. The 2023 ratio will be released in November, and we expect the steady progress to continue with full funding and top investment performance.

I'm also optimistic on the retiree health insurance front. Thanks to the shared sacrifice of the 2010 Shared Responsibility solution, retiree health insurance is on track to be funded even sooner. This will ensure retiree health care is available where, before Shared Responsibility, the benefit essentially was pay as you go and its future was unsure.

All this is why, from any vantage point looking back or forward, I'm as optimistic as ever about TRS and the retirement security it provides for Kentucky's public school teachers, this year and for years to come.

Actuarial Funding Projections

When full funding is reached in 2048, the amount of funding needed for TRS drops.



Bold line shows actuarial projection assuming 7.1% investment return. Light lines show if returns are 1% higher and lower.

Assistant Principal Reelected; Retired Financial Officer Elected

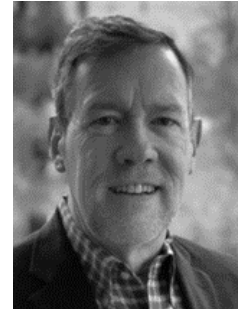
Current teacher trustee Alison Wright won a third term on the TRS Board of Trustees as a result of this year's members' elections, which also saw retired financial officer Paul Bruce Jr. elected as a lay trustee.

The four-year terms began July 1.

Ms. Wright, of Georgetown, is entering her third term as an active teacher trustee and is a past board chair and vice chair. She is an assistant principal at Leestown Middle School in Lexington. Ms. Wright is a National Board Certified math teacher and also served as the Professional Growth and Effectiveness System (PGES) coach at Leestown. Previously, she taught at E.J. Hayes Middle and Lafayette High. From 2015 to 2018, Ms. Wright was a Kentucky Department of Education effectiveness coach. With 21 years as an educator, Ms. Wright has testified in Frankfort with the Kentucky Education Action Team and been published, including in Education Week. Ms. Wright earned her master's degree from Eastern Kentucky University with an emphasis in teaching mathematics.



Alison Wright



Paul Bruce

Mr. Bruce, of Louisville, will be a lay trustee. He has more than 30 years of experience in the financial sector, including 14 as chief financial officer at Farm Credit Mid-America, a \$20 billion lending cooperative and the nation's second largest. In this role, Mr. Bruce served as both a trustee and a benefit plan sponsor for employee retirement and medical benefits governing \$2 billion in trusts for more than 8,000 employees nationally. Mr. Bruce is a former elder, treasurer, Bible study leader and worship band pianist. He is a member of West Broadway Baptist Church.

Both Ms. Wright and Mr. Bruce were elected in this year's member voting, which was conducted in April and May.

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

Louisville Banker Appointed Trustee

Louisville banker Louis Straub II has been appointed to the TRS Board of Trustees by Gov. Andy Beshear.

Mr. Straub has been the Independence Bank president for the Louisville market since 2017. Prior to that, he spent 31 years with what was then known as Liberty National Bank and later became JP Morgan Chase. A lifelong Louisville resident, Mr. Straub is a graduate of the University of Kentucky. He serves on the Norton Healthcare Foundation board and has been active with New Directions Housing Corp., Greater Louisville Inc., Metro United Way and Fund for the Arts. He is a former adjunct faculty member at the University of Louisville and Jefferson Community and Technical College.



Louis Straub

Mr. Straub's appointment follows the expiration of the term of Frank Collecchia, who did not seek reappointment.

2024 Open Enrollment Information

KEHP

Under-65 Retirees Who Aren't Medicare-Eligible

Open enrollment for the Kentucky Employees' Health Plan (KEHP) will be Oct. 9-27 for coverage that will be effective Jan. 1, 2024. Those under 65 and not eligible for Medicare will receive information from the KEHP. You are not required to reenroll in a health plan option for 2024; but you should review your options and ensure the plan you currently have will still meet your needs for 2024. If you do not enroll during the open enrollment period, you will remain in the same health insurance plan option and coverage level as you have in 2023. Watch for that mailing and read all the information before making any decisions about 2024 coverage. The KEHP will hold several benefit fairs this year. Detailed information about benefit fairs will be included in the open enrollment packet.

MEHP

Over-65 & Medicare-Eligible Retirees

Open enrollment to participate in the TRS Medicare Eligible Health Plan (MEHP) during 2024 is Oct. 15-Dec. 7.

For those already in the TRS MEHP, no action is needed to continue coverage for 2024. As a reminder, spouses cannot enroll during open enrollment.

Retirees who need to enroll during open enrollment can get an MEHP enrollment form at <https://trs.ky.gov/retired-members/age-65-over/> beginning Oct. 15.

The 2024 MEHP monthly premium is not known yet, but the 2023 MEHP monthly premium is \$217 per person. TRS pays all or a portion of the premium for retirees based on a retiree's entry date into TRS and years of service at retirement. Spouses of TRS retirees pay the full premium. The 2024 standard Medicare Part B monthly premium, which is paid by retirees and spouses to Social Security, also is unknown at this time. But, for reference, the 2023 Part B standard monthly premium is \$164.90.

MEHP

MEHP Reminders

Don't Enroll in Plans Outside of TRS MEHP

Seeing celebrity TV commercials for other Medicare Advantage plans? Most TRS retirees should say, “no.”

Watch this four-minute video with Jane Cheshire Gilbert, TRS’s director of retiree health care, and Executive Secretary Gary Harbin, CPA, detailing how signing up for another Medicare Advantage plan will cancel your TRS plan.

https://youtu.be/r07m_jwc-wY

You can ignore those commercials. Remember, the majority of Medicare Eligible Health Plan (MEHP) mailings will have the TRS logo on them.



Always Pay Your Part B Premium to Social Security

Everyone Medicare eligible must be enrolled in and pay their Medicare Part B premium to Social Security to remain eligible for the TRS MEHP. If at any time while enrolled in the MEHP, your Medicare coverage lapses due to non-payment or any other reason, you will be terminated from the TRS MEHP and you will be responsible for the actual cost of any claims. Upon termination, you may be ineligible for future re-enrollment.

Find ways to pay your Medicare premiums at <https://www.medicare.gov/basics/costs/pay-premiums>.

MEHP

Lifeline Personal Emergency Response Service Through UnitedHealthcare

Medicare Eligible Health Plan (MEHP) enrollees are eligible for the Lifeline personal emergency response services (PERS) that allows you to ask for help whenever you need it, 24/7, 365 days a year. All you need to do is press the help button on your wearable device, and a trained care specialist will assist you to make sure you quickly get the help you need. Cellular or landline compatible, Lifeline works anywhere in the United States where current telephone service is provided.

To register, call 855-595-8485, TTY 771 Monday through Friday from 8 a.m. to 8:30 p.m. ET, Saturday from 10 a.m. to 4 p.m. ET or enroll online at <https://www.lifeline.com/uhcgroup/>.

Be sure to have the following information available:

- Member’s full name



- Member’s date of birth
- Member’s preferred language for spoken communication
- UnitedHealthcare member ID number
- Member’s address where service is to be provided
- Member’s contact phone number to schedule delivery

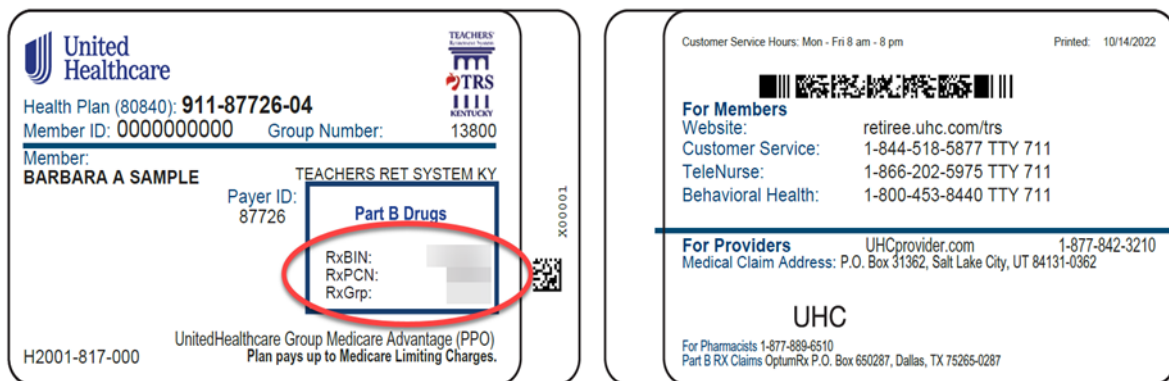
MEHP

New UnitedHealthcare ID Cards for 2024

Current enrollees in the TRS Medicare Eligible Health Plan (MEHP) will receive new UnitedHealthcare (UHC) ID cards for 2024. This is due to an administrative change in the RXGroup# used by pharmacists for Part B prescription drugs such as flu shots. Although your member ID number will not change, you will need to discard your old UHC ID card and begin

using your new card on Jan. 1. Expect to receive the new (UHC) ID card as soon as mid-November.

Express Scripts will not be issuing new ID cards for 2024, and you can continue using your current Express Scripts ID card for your Part D prescriptions. If you need a new ID card from Express Scripts, request one online at [express-scripts.com](https://www.express-scripts.com) or call 877-866-5834.



KEHP

MEHP

TRS Personalized Medicine Program

More than 11,400 of the 38,000 Medicare Eligible Health Plan (MEHP) retirees and spouses voluntarily have had their DNA reviewed to determine if the prescription drugs they are taking are being appropriately metabolized by their bodies. This is part of TRS's Personalized Medicine pharmacogenomics program, which continues with Coriell Life Sciences (CLS) and the Know Your Rx Coalition (KYRx).

As TRS's Personalized Medicine program partners continue to be CLS and KYRx, be aware that any other unsolicited vendors who may contact you are not TRS partners.

If you have questions or have not participated and would like more information, contact Coriell at 888-454-9024 or online at www.coriell.com/trs. You also can reach a KYRx pharmacist at 855-218-5979.



Return-to-Work Health Insurance Reminder

If you are retired and considering reemployment in any capacity, it is important to contact TRS to discuss the consequences of reemployment on your TRS health insurance. Read this article for details of those consequences.

Retirees and their spouses who return to work in a position that offers health insurance must drop health insurance coverage through TRS. If insurance is available through the employer, TRS insurance must be waived regardless of in which TRS plan the person is participating.

Then, prior to losing eligibility for the active employment insurance, you must contact the TRS Insurance Department if you wish to

reenroll in TRS coverage. You must submit a new TRS insurance application and provide the required documentation from your employer indicating the coverage termination date to reenroll in TRS coverage. If you wait until your active employment coverage is already terminated, you could have a gap in coverage.

If you have chosen a Waiver Health Reimbursement Arrangement (HRA) through your active employer, you only can reenroll in TRS coverage during open enrollment for the effective date of Jan. 1. Losing eligibility for one of the Waiver HRA options through the Kentucky Employees' Health Plan (KEHP) is not considered a qualifying event.

Know Your Return-to-Work Wage Limitations

Know your daily wage threshold. With the push for help in the classroom, TRS has seen some retirees exceed their daily wage threshold (DWT) because, for example, they coached *and* substituted.

TRS sends retirees a letter annually with their DWT limitation for the next year. If a retiree only is coaching, the threshold doesn't apply. If a retiree coaches and substitutes, earnings from both count against the threshold.

Part-time retirees also have limitations on the number of days they can work for a TRS employer. Most retirees are limited to working 69% of the contract days for the position to which they have returned. Exceptions that allow retirees to work more must be requested and approved in advance.

Call TRS with any questions about this to ensure neither the threshold nor any days limitations are exceeded where benefits would have to be repaid to TRS.

TRS Simplifying Annuity Deposit Dates Beginning in February

TRS's No. 1 duty is depositing retirees' annuity payments each month. For simplicity, a new method to set the normal date for those payments will be used beginning in February.

Annuity payments will be dated the 30th of each month (or the last day of February) unless that date is a weekend or a holiday when state offices are closed. In those cases, annuity payments will be dated the last weekday state offices are open prior to the 30th.

For this February, since it's a leap year, the pay date will be Feb. 29.

TRS will continue to publish payment dates on the website and include them at least once a year in the payment stub that retirees receive.

New Login Process for Pathway Enhances Security

TRS several months ago implemented a new login process for Pathway, the account access website, to enhance security using multifactor authentication. If a member hasn't logged into Pathway since April or is logging in the first time, this will require members to enter a code that is sent to a personal device or email account.



With this change, existing Pathway users are required to create a new password the first time they use multifactor authentication.

A Pathway registration video is at <https://trs.ky.gov/home/seminars-workshops/videos/#pregis> or <https://www.youtube.com/watch?v=ig2yXrixq44>. A flier with detailed instructions is at: <https://trs.ky.gov/wp-content/uploads/2023/04/Pathway-Registration-Instructions-202304.pdf>.

Pathway allows active members and retirees to update personal information; register for seminars and webinars; and vote in Board of Trustees elections.

For active members, Pathway also allows members to view any benefit estimate that a TRS counselor has created for you, create benefit estimates, apply for retirement and view annual statements.

For retirees, Pathway allows the completion of Turning 65 and qualifying event insurance applications and the printing of 1099-R duplicate forms.

Be Sure You're Talking to TRS When Offered Retirement Benefits Counseling

Don't be fooled. Occasionally active members and even retirees may receive unsolicited emails and letters offering appointments to review retirement accounts. The emails come from third parties with no affiliation to TRS but may contain references to TRS such as "KTRS Retirement Review."

While the sender may be offering a legitimate financial service, these offerings can be misleading.

TRS does not offer financial counseling or retirement estimates through third parties. These appeals may be sent to you because your (current or former) employer has a business relationship with the third party that is contacting you. In some cases, it could be a phishing scam to obtain your confidential information.

TRS employees:

- Have an email address ending in @trs.ky.gov

- Will never meet at your home
- Do not sell insurance products.

For active members, the best estimates of retirement benefits come from TRS directly. The rules that govern retirements are too complex for outsiders to give accurate estimates. Estimates that come from elsewhere have been inaccurate.

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

For retirees, retiree health insurance is provided through the assistance of several authorized partners. Look for the TRS logo on many communications from these partners, and don't hesitate to call and ask if you're not sure.

Be Aware of Required Minimum Distributions

Federal tax law requires some inactive TRS members to start distributions from their account, whether by retirement or refund, when they reach a certain age. These required minimum distributions apply regardless of how many years of service the account has and even for return-to-work accounts.

Any TRS member with an accumulated balance who no longer is working for a TRS employer is required by federal law to begin taking minimum distributions from their retirement account at a certain age based on the member's birth date: after age 70½ (if born before July 1, 1949), after age 72 (if born after June 30, 1949) or after age 73 (if born on or after Jan. 1, 1951).

Required minimum distributions can be accomplished in one of two ways.

If the member has at least five years of service, someone required to take minimum distributions must file a retirement application and begin receiving an annuity.

Someone required to take distributions who doesn't have five years of service must file an application for an account refund.

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

If you have met your required minimum distributions age and are no longer contributing to your account, contact TRS immediately for the forms to apply for one of the options to avoid substantial 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 TRS soon after the member's death to begin receiving benefits or take a refund, if either is applicable, in order to avoid any penalties.



Teachers' Retirement System of the State of Kentucky
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Frankfort, KY 40601-3800

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Keep Contact Information, Including Emails, Current

Keeping your contact information current ensures that you receive important communications from TRS, such as annual statements, newsletters, trustee election ballots, payment stubs, tax forms and retiree health insurance updates.

Besides your physical address, keep email addresses and telephone numbers up to date, especially for active members who are about to retire. TRS is starting to use email more often to keep in touch with members. Make sure your primary email address is the one that can be used by TRS.

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 and retirees.

TRS offers multiple ways to update personal information, including online using Pathway at <https://mss.trs.ky.gov>. Also, members and retirees 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.

Contacting TRS



Address

479 Versailles Road, Frankfort, KY 40601



Facebook

<https://www.facebook.com/KyTeachersRS>



YouTube Channel

<https://www.youtube.com/@trskentucky>



Hours

8 a.m.–5 p.m. ET Monday–Friday



Website

<https://trs.ky.gov>



Pathway

<https://mss.trs.ky.gov/>



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