A conversation with incoming ERS Trustee Catherine A. Melvin

For more than 20 years, internal auditor Catherine A. Melvin, has excelled in a job that is little understood and under-appreciated—that is, until her efforts helped an organization achieve its goals and objectives (internal auditors everywhere are nodding their heads in understanding).

“I love auditing,” says Melvin, Chief Auditor at Texas Department of Public Safety. “Auditors have to possess analytical, critical thinking, effective communication, business and process-improvement skills,” she states. “All of these skills will serve the Board.” Melvin, of course, is referring to the Employees Retirement System of Texas (ERS) Board of Trustees. She was elected in May to take the seat vacated by Brian Ragland. Melvin's term began September 1, 2017.

We talked with Melvin about her motivation to serve as a Board of Trustees member, the value she brings to the Board and the challenges she believes she may face.

ERS: Why did you decide to run for an ERS Board of Trustees seat?

My primary motivation has to do with all the state employees I have met and known in my life—including my father and my husband. During the campaign, I mentioned that I had over 500,000 reasons to run. That represents the number of people whom ERS serves. I want to improve the Texas Employees Group Benefit Program (GBP) for these participants and help ensure a stable and secure pension fund for state agency employees now and into the future.

ERS: What does it mean to be of value?

I firmly believe that to truly represent state employees, you have to recognize that you, as a Board member, may have to make potentially life-changing decisions. You have to understand what those decisions mean to families.

ERS: What do you think is the greatest challenge for the Board overall?

Among several challenges, one that stands out to me is ensuring that the state benefits package remains sound, beneficial, and affordable to our members.

I’ll be a retiree one day. I have friends and family who are state workers. We work with the understanding that we will have good health benefits and can count on a defined benefit pension plan when we retire.

ERS: Tell us a little about you. What keeps you busy when you aren’t working?

I’m the mom of two really great kids—one is in middle school and one is starting high school. I’m a full-on Dance Mom and Baseball Mom and I’m not embarrassed to admit it. I have to trust that my involvement is helpful and not over-the-top! In any event, my kids keep me busy.

Fall Enrollment dates

Annual Fall Enrollment 2017 for Medicare-eligible retirees

Fall enrollment for Medicare-eligible retirees and survivors will take place from October 30 – November 17, 2017. During this time you can make benefit changes for you and your eligible dependents’ insurance coverage, including health, dental, vision and life insurance.

Remember: A dependent is in the same enrollment period as the retiree or survivor who covers him or her. Annual enrollment for retirees and survivors who are not eligible for Medicare ended in July. However, anyone can make changes to their benefits within 31 days of a qualifying life event (QLE). And, retirees can drop coverage at any time without a QLE.

Look for your Fall Enrollment packet in the mail

Medicare-eligible retirees will receive a Fall Enrollment packet in October. The packet will include:

- Personal Benefits Enrollment Statement
  - Your statement lists your current coverage, the coverage available to you for Plan Year 2018, and Plan Year 2018 premium rates.

- Medicare Retirees and Families Fall Enrollment Guide
  - The guide provides information about all of your Fall Enrollment options, a schedule of Fall Enrollment fairs, new benefits information, and required legal notifications.

*Any changes you make in the Fall Enrollment period are effective January 1, 2018.

Plan Year 2018 Changes:

- Blue Cross and Blue Shield of Texas became the new HealthSelect plan administrator on September 1, 2017. This affects you only if you or your dependents are enrolled in HealthSelect. It affects Medicare-eligible retirees who are enrolled in HealthSelect Secondary, and dependents in HealthSelect plans.

For more information and resources, visit the ERS Retiree Fall Enrollment page or call toll-free at (866) 399-6908 (TDD users: toll-free at (800) 735-2989).
On August 23, the ERS Board of Trustees made important decisions about your benefits. These decisions were aimed at protecting your retirement security while also allowing the state to fulfill its commitments to future retirees.

Retirees and their dependents enrolled in our Medicare Advantage plans will continue to receive excellent health insurance benefits with dependent premium increases of only about 3% for Plan Year 2018 (starting in January). These plans offer significant savings compared to the non-Medicare Advantage plans. The Board’s vote on the Medicare Advantage premium rates follows their May vote for very low increases in the other health plans’ rates.

The Board also approved changes to the overall investment strategy for the ERS Trust Fund, which is valued at about $26 billion.

In an effort to improve overall investment performance, the Board adjusted the “mix” of Trust Fund assets. These include stocks, private equity, real estate and cash. The Board also reduced the “assumed rate of return,” which is the amount we expect our investments to earn each year, on average. The assumed rate of return is now 7.5%, lowered from 8%. This change takes into account inflation and other projected financial information. It is based on a more realistic expectation of future earnings in today’s investment climate and provides a more accurate picture of the Fund’s long-term financial status.

This will be important in the future as lawmakers decide how much state funding will be needed to meet retirement commitments to active employees, who are currently contributing 9.5% of their salaries to the Fund.

Board members heard from many retirees and members who were concerned that lowering the assumed rate of return would make the Fund seem to be in worse financial health.

As many of you know, for retirees to receive a “13th check” or a cost-of-living adjustment (COLA), the Fund must be actuarially sound. This means it must have enough money to cover all of its financial commitments for at least 31 years. After contribution increases in 2015, the Fund was getting closer to actuarial soundness.

However, lowering the assumed rate of return means the Fund is no longer expected to become actuarially sound in the near future. As a result, it is unlikely the ERS Trust Fund will be able to support a 13th check or COLA to retirees in the years to come.

The ERS Board of Trustees and staff know that your annuities are an important source of income for you. We understand the financial pressure some of you face. We did not make the decision lightly, but the Board knew it was necessary. As Board of Trustee member Cydney Donnell said, “You can’t continue on the trend that we’ve been going on forever. Most people … are not going to see their daily lives impacted too much over the next few years. It’s in the longer term that it becomes critical.”

Board Chair Craig Hester added, “This fund has been a tremendous asset to the state employees – hopefully for retention, as well as recruitment. It’s something that needs to be addressed, and we all need to work together to get it right.” The good news is that the changes in the asset allocation and assumed rate of return are steps toward getting it right.

More good news is that eligible retirees and their dependents are still getting high-quality medical and prescription drug coverage that helps keep their overall health care costs down.

And with a stable Trust Fund, current and future retirees will be able to count on the annuities they have earned as part of their state service.

Sincerely,
Porter Wilson

Blue Cross and Blue Shield of Texas becomes HealthSelectSM plan administrator

On September 1, 2017, Blue Cross and Blue Shield of Texas (BCBSTX) became the new plan administrator for HealthSelectSM of Texas and Consumer Directed HealthSelectSM. If you or your dependents are enrolled in HealthSelect, you should have received a new medical ID card; you may have also received a new prescription drug ID card if you are not enrolled in Medicare. If you did not receive your new medical ID cards, call toll-free (800) 252-8039 or go online to www.healthselectoftexas.com.

To make the most of your health care coverage, be sure to sign up for Blue Access for Members. By logging in to this secure portal, you can get:

- access to your medical claims history,
- cost estimates for upcoming procedures,
- download temporary ID cards,
- information about network providers, and much more.

If you are enrolled in HealthSelect, you can get more information about your HealthSelect coverage and benefits by going to www.healthselectoftexas.com.
Together We Care

secc.texas.org

A message from the State Employee Charitable Campaign

For more than two decades, state employees have generously supported the State Employee Charitable Campaign (SECC).

Thanks to the generosity of state employees, we are:

• securing permanent housing for our homeless neighbors,
• empowering students with a quality education,
• sustaining programs to help veterans find employment and
• much more!

Many of you may want to continue your public service of charitable giving as a retiree. You can!

If you're interested, contact your local campaign manager:

• For retirees who live outside the Austin/central Texas area, you can find your local campaign manager by visiting www.secc.texas.org/contact/local_campaign_managers.
• If you live in the central Texas area, contact SECC Capital Area Campaign Manager, Reagan.Stone@uwatx.org.

More than one way to give

In addition to campaign donations, many organizations are looking for volunteers. If you live in the Central Texas area you can find volunteer projects year-round through your neighborhood’s Community Impact Volunteer Guide or search Hands on Central Texas. Outside of the Austin/central Texas area, you can search hundreds of vetted charities by keyword, geographic region or field of service.

For more information, visit www.secc.texas.org if you have questions or if you want to contribute by donating or volunteering.

Higher HealthSelect℠ costs for out-of-network freestanding ERs

Know your options – and the costs – for urgent and emergency care

Starting September 1, 2017, HealthSelect℠ of Texas and HealthSelect Out-of-State participants will pay a higher copay for care at freestanding emergency rooms (ERs) that are not in the HealthSelect network. The higher copay is in addition to coinsurance, which will be the same as the current HealthSelect coinsurance rates at these facilities. The change in copay applies only to freestanding ER facilities – the benefits for emergency doctors and any other providers you see during an emergency room visit (such as radiologists or pathologists) will stay the same.

To learn more about cost changes for freestanding ERs, click here.

Texa$aver Target Date Funds update

On July 7, 2017, the LifePath® Portfolio Index Funds F replaced the Wells Fargo Dow Jones Target Date Funds. If you are enrolled in a Target Date Fund, your account balance was automatically transferred to the LifePath® Portfolio Index Funds F and you do not need to take any action.

For additional information on Texa$aver and the Target Date Funds please visit www.texasaver.com or contact Texa$aver toll-free at (800) 634-5091, Monday through Friday, 8 a.m. – 7 p.m. CT. An automated line is available 24/7.

Website redesign and domain change

On August 19, 2017, the Employees Retirement System of Texas (ERS) launched its redesigned website and domain name.

Why the new domain name?

You may have noticed we changed our domain name to ers.texas.gov. The Texas Department of Information Resources (DIR) designated “texas.gov” as the primary, outward-facing domain name for state agencies. Texas.gov is just for government use, so users can be confident they are accessing an official Texas government website.

In addition to the new website address, we now have new email addresses. Emails sent to the old ers.state.tx.us addresses will automatically redirect to the new addresses. The same is true if you type in the old website address.

Have you noticed our new website?

We hope you like the new site. It was redesigned with you in mind. The content was streamlined and restructured to make it easier to find what you need. We added some new features while keeping some of the existing ones you liked, such as the rate calculator and retirement estimator. Our goal was to make our site as easy to use and helpful as possible.

Stay in touch

Your feedback is important so we hope you will take a moment to give us your feedback by completing the short survey.

We will continue to make updates to content and features over the coming months.
How do I prepare for Medicare?
As retirees start to near Medicare eligibility they typically have questions about Medicare and how it works.
ERS wants to help answer any questions you might have about how Medicare works with your Texas Employees Group Benefits Program (GBP) benefits.
For answers to these and other questions about Medicare, attend an ERS Medicare Preparation Seminar. Check the events calendar for dates of these and other ERS events.

Annuity payment dates:
- September 29, 2017
- October 31, 2017
- November 30, 2017
- December 29, 2017

Generally, direct-deposit annuities are sent on the last business day of the month and paper checks are mailed on the second-to-last business day of the month.
Retirees from another system, such as TRS, TCDRS or TMRS, please contact that individual system for your annuity payment dates.
Get your money faster and safer: manage your annuity payments by visiting the ERS annuity payments page.

Discount Purchase Program
Fall into great savings with your Discount Purchase Program. Use Quicken Loans for exclusive mortgage savings and $500 cash back. Plan a cruise vacation and save with LMT Club Cruise, or save 10% on tickets to see your favorite NFL team with Premium Seats. Protect your devices at a discount with McAfee and save on the hottest tech from Samsung. Visit the Discount Purchase Program to find these deals and more!