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Your questions answered

Your annuity and the ERS Retirement Trust Fund

The State of Texas Retirement program currently provides a lifelong source of income for more than 115,000 retired state employees and their survivors. It also plays an important role in keeping state agencies staffed with qualified workers: Defined benefit plans like the one provided through ERS are an increasingly rare and appealing benefit.

Following are answers to common questions about ERS retirement annuities and the fund that supports them.

Where does the money in the Retirement Trust Fund come from?

ERS paid \$2.6 billion in annuity payments in Fiscal Year 2019, and most of this money came from investment earnings. In fact, almost two-thirds of your annuity check is paid from investment earnings. The money the state and, if applicable, your agency contributed to the Fund on your behalf while you were working represents about 19% of your annuity check. The money you paid in as an active employee accounts for about 18%. ERS invests those contributions to help ensure stable earnings over the long term.



Currently, active employees give 9.5% of their paychecks to the Trust Fund. The state contributes 9.5% of payroll, and another 0.5% comes from individual state agencies. These contributions might have been less when you were working. The higher amounts today are to help pay down the Fund's debt. Current employees not only are contributing a higher percentage of their paychecks for retirement. Because of benefit reductions passed in 2009 and 2013, many of them also will get a lower level of retirement benefit than current retirees.

When will I get a cost-of-living adjustment (COLA) or an additional retirement payment ("13th check")?

State law prohibits ERS from increasing annuity payments or giving an additional payment unless the ERS Retirement Trust Fund is "actuarially sound" and would stay actuarially sound after the increase.

For the ERS Trust Fund to be actuarially sound, it must have enough money to pay current and future retirees' benefits and gradually eliminate the Fund's debt within 31 years (a period also set by state law). Because of the status of the Fund, it is unlikely retirees will get a COLA or 13th check in the foreseeable future.

Continued on page 2

Know the facts about getting your medication by mail

Filling prescriptions through your health plan's mail-service pharmacy can be a convenient, cost-effective way to get your long-term medications (also known as maintenance medications). Medications delivered to your mailbox mean fewer trips to the pharmacy, and choosing automatic refills can make it easier to always have a supply on hand.

Still unsure about ordering prescriptions by mail? See common myths and facts on page 3.





Message from the Executive Director

Keeping our commitments

I frequently hear from retirees who express gratitude for their monthly annuity checks. They appreciate a lifelong payment that helps them live comfortably and independently. Everyone at ERS is proud to provide this important benefit that means so much to our retirees.

I also hear from retirees who want to know when they'll get a cost-of-living adjustment (COLA) or additional retirement payment (also called a "13th check"). My answer never gets easier: We understand the financial issues some of our retirees face. Unfortunately, state law prohibits increases given the current state of the ERS Retirement Trust Fund.


We are concerned about the financial health of the Trust Fund. ERS staff are taking appropriate steps to try to return the Fund to financial health as soon as possible. We work closely with state lawmakers—even between legislative sessions—to keep them updated about the Fund's status and present them with options. In the end, these lawmakers make the decisions about contributions to the Fund and the benefits it pays. Meanwhile, our Investments team continues their work to generate steady returns in a volatile market.

I encourage you to read the article "Your annuity and the ERS Retirement Trust Fund" in this issue for more information about the Fund and what it means for you.

Be assured that the Fund is not in immediate danger and currently is able to meet its commitments. We need to act now to restore the Fund to actuarial soundness, and I am confident that will happen. ERS will keep working with legislators to explore ways to ensure the long-term health of the Fund. We will continue to keep you informed about our efforts.

Porter Wilson

Your State of Texas annuity

 TEXAS COMPTROLLER OF PUBLIC ACCOUNTS PAYING AGENCY 000-000-000 EMPLOYEES RETIREMENT SYSTEM OF TEXAS		TREASURY WARRANT NO. 000000000	
Pay ONE THOUSAND SEVEN HUNDRED TWENTY AND NO/100		\$ 1,720.00	
To AVERAGE STATE OF TEXAS ANNUITANT			
VOID AFTER 08/31/2022			
\$1,049.20		\$326.80	
Investment returns		Member contributions	
\$309.60		\$34.40	
State/agency contributions		*Transfers	

In Fiscal Year 2019, the average ERS retiree earned an annuity of \$1,720 per month, or \$20,645 per year.

*Funds from TRS that are transferred for members of both TRS and ERS who choose to retire from ERS

Other Texas retirement systems have given COLAs and 13th checks—why not ERS?

The state did not design the ERS Retirement Trust Fund to provide regular or guaranteed COLAs or 13th checks.

Last year, the Teacher Retirement System of Texas (TRS) provided a 13th check to its retirees. They could do this because state lawmakers provided enough funding not only to put TRS' pension trust fund on better financial footing, but also to allow a 13th check.

TRS differs from ERS in some major ways. TRS members don't contribute to Social Security and don't get Social Security benefits, so they rely more on their TRS annuity. In addition, most TRS retirees pay more for their health insurance than ERS retirees.

If the Fund is not "actuarially sound," will it run out of money?

It's important to know that the Fund is not in immediate danger and currently is able to meet its commitments. Your annuity payments are not at risk, and ERS will continue to pay them as usual.

As of August 31, 2019, the ERS Retirement Trust Fund had enough money to pay about 70% of its current and future obligations. Retirement funds like the ERS Trust should be able to pay 100% of current and future obligations.

In its current situation, the Trust Fund is expected to run out of money in 2075. While that is decades away, the Fund must be able to pay annuities to retirees and some surviving dependents who are alive in 2075 and beyond. This includes current and future employees who contribute to the Fund.

The stock market is doing pretty well. Doesn't this help?

Investment earnings help, but even very strong returns cannot restore the ERS Retirement Trust Fund to actuarial soundness. At this point, we will achieve that only with increased contributions, reductions in retirement benefits for future retirees or both.

While the stock market did well for much of the past year, it's been very unpredictable for several years. ERS seeks stable, steady growth for the Trust Fund. A highly experienced Investments team works to meet or exceed earnings targets while limiting risk and keeping administrative costs low. As a result, Fund investments may not do as well as some individual investors during market highs, but in downturns we generally do better than the market as a whole.

Continued on page 3

How is ERS addressing the problems with the Trust Fund?

For the last 15 years, ERS has asked for increased contributions to return the Fund to actuarial soundness. In 2009 and 2013, state lawmakers reduced retirement benefits for new employees. In 2015, state lawmakers increased the state's contribution and members' contributions.

In 2017, ERS looked at the long-term performance of the investment markets and determined it was necessary to change its assumed rate of investment returns from 8% to

7.5%. This was needed to set realistic expectations for the Trust Fund in the current financial climate and reflects the reality that investment returns alone are not enough to make the Fund healthy again.

There is time to make reasonable changes to keep the Trust Fund healthy, and ERS is doing everything it reasonably can to return the Fund to financial health as soon as possible. Among other things, we are working closely with state lawmakers to address the problems, providing them with information and options.

Mail-order prescription myths and facts, continued from page 1

MYTH: Filling prescriptions by mail takes longer, plus I'll have to pay shipping costs.

FACT: It's true that using your plan's mail order pharmacy takes some initial planning to set up. The pharmacy must have your approved prescription as well as your contact and payment information. Visit your plan's website (see below) to learn how to submit this information.

Once the pharmacy has your prescription and account information, deliveries of first-time orders can take up to two weeks. After your prescription has been filled, however, you may be able to sign up to get automatic refills as long as there is an active prescription, form of payment and address on file. You can also change or cancel your home delivery as needed.

Mail-service pharmacies do not charge for standard delivery; overnight or expedited shipping fees vary by plan.

Mail service pharmacies, by plan

- HealthSelect of Texas,[®] Consumer Directed HealthSelectSM and HealthSelectSM Out-of-State (HealthSelectSM Prescription Drug Program): Register for an account and start home delivery at optumrx.com. Find resources and information at https://optumrx.com/oe_ers/landing.
- HealthSelectSM Medicare Advantage, HealthSelectSM Secondary and KelseyCare Advantage (HealthSelectSM MedicareRx plan): Register for an account and start home delivery at optumrx.com/oe_ers/landing.
- Community First Health Plans: <https://members.cfhp.com/root/mail-order-prescriptions1/>
- Scott and White Health Plan: <https://swhp.org/en-us/members/manage-your-plan/pharmacy-information>



MYTH: Prescriptions covered by Medicare Part D cost the same wherever you buy them.

FACT: All Medicare supplement plans cover generic and brand-name drugs, and plans must cover the same categories of drugs. The specific drug within these categories—as well as how much you will pay—depends on your plan. Most plans place drugs in “tiers” and plans may divide tiers differently. See copays for different tiers on the ERS Prescription Drug Programs webpage: <https://www.ers.texas.gov/Retirees/Health-Benefits/Prescription-Drug-Programs>.

MYTH: Prescriptions filled through the mail may be less expensive, but they're probably lower quality.

FACT: Mail order pharmacies dispense FDA-approved generic equivalents of drugs when possible, unless otherwise indicated by your prescriber. Generic medications contain the same active ingredients as their brand-name counterparts and meet safety and performance standards. Often—but not always—generic drugs are lower-priced. Participants in HealthSelect of Texas and Consumer Directed HealthSelect plans (non-Medicare) can use the OptumRx drug pricing tool (www.optumrx.com/oe_ers/drug-pricing) to compare home delivery prices with pharmacy prices in a specified zip code.

MYTH: With a mail-order pharmacy, I can't ask a pharmacist questions about my medication.

FACT: Mail-order pharmacies and health plans offer on-call pharmacists and other phone assistance. Check the back of your plan ID card or see below.

- HealthSelect Prescription Drug Program (mail service by OptumRx): (855) 828-9834 (TTY: 711)
- HealthSelect Medicare Rx (mail service by OptumRx): (855) 798-5674 (TTY: 711)
- Community First Health Plans (mail service by NoviXus): (877) 668-4987
- Scott and White Health Plan (OptumRx Help Desk): (855) 205-9182

Staying in Motion!

Doing well and being well

Share your time and talent through volunteering



Studies show that seniors who volunteer reap physical and emotional rewards. Volunteering doesn't just give you the chance to actively support causes important to you. It also can help keep your brain active and prevent feelings of loneliness or depression. Following are a few organizations that could benefit from your time and energy.

- AARP: www.aarp.org/aarp-foundation/get-involved
- Texas Department of Family and Protective Services: www.dfps.state.tx.us/volunteer
- Texas Health and Human Services Foster Grandparent Program: <https://hhs.texas.gov/about-hhs/community-engagement/foster-grandparent-volunteer-program>
- Texas State Library and Archives Commission: www.tsl.texas.gov/agency/volunteer.html
- Texas Parks and Wildlife: <https://tpwd.texas.gov/volunteer>
- Red Cross: Redcross.org/volunteer/become-a-volunteer
- United Way: www.unitedway.org/get-involved/volunteer
- Veterans Administration: <https://www.volunteer.va.gov>

Find more opportunities at VolunteerMatch (type in your community at www.volunteermatch.org), and don't forget to check with local hospitals.

March is National Nutrition Month









Choosing a Mediterranean diet is easier than you think

You've likely heard that a Mediterranean diet can lead to better health and longer life, benefitting both your heart and your brain as you age.

Adopting a Mediterranean-style nutrition plan doesn't mean you have to choose more exotic foods, it simply means eating more vegetables, fruit, nuts and fish and less meat and saturated fats. The following resources from ERS health plan administrators offer easy-to-follow suggestions for going Mediterranean:

- "Mediterranean diet: Ideas for healthier eating" offers tips from UnitedHealthcare (UHC), administrator for the HealthSelectSM Medicare Rx plan. (Go to www.uhc.com/health-and-wellness/health-topics and select "Heart health" from the left-column menu, then click "Mediterranean diet.")
- "Try the Mediterranean Lifestyle for Healthy Living" by Blue Cross and Blue Shield of Texas (administrator for HealthSelect of Texas[®]) includes links to additional articles and a recipe to try. Go to <https://connect.bcbstx.com> and type the article title in the Search box.

For more healthy eating strategies, visit ERS' Wellness Resources for Retirees webpage at <https://ers.texas.gov/Wellness-Resources-en/Wellness-Retirees>.

✔ Eat this ✔	✘ Not that ✘
 Oatmeal with walnuts and fruit	 White toast with butter and jam
 Turkey and hummus on whole-wheat pita	 Turkey on roll with mayo
 Small amount of pasta and meat mixed with lots of vegetables	 Large bowl of pasta with meat
 Salad with olive oil and lemon juice	 Salad with full-fat dressing
 Nuts and/or fruit	 Pretzels or chips
 Salmon and brown rice pilaf	 Burger and fries

Get social with ERS

Join our Facebook community



If you haven't yet connected with ERS on Facebook ([facebook.com/ersoftexas](https://www.facebook.com/ersoftexas)), why wait?

In addition to getting news and updates from ERS and its plan administrators (such as Humana and UnitedHealthcare), you will find articles about health and wellness and an occasional meme to brighten your day.

Remember: Facebook is a public forum

ERS welcomes its Facebook community to join the online conversation and post comments and questions about ERS-related topics. Remember, ERS on Facebook is a public webpage. This means that anybody can see the comments or information you post—not just ERS. Do not share information you don't want to make public. This includes your:

- mailing and email addresses,
- phone number,
- sensitive financial information,
- Social Security number (SSN) and
- personal health information (PHI), or that of your dependents.

ERS will delete an entire comment if it includes private or identifying information.

Before you post...know the rules

Before you post to the ERS Facebook page, take a quick look at the ERS Social Media Policy (www.ers.texas.gov/About-ERS/Policies/Social-Media-Policy). These guidelines help keep the ERS Facebook page free of advertising, uncivil language, personal attacks and political posts that aren't relevant to ERS programs. They also include information about protecting your personal information.

Connecting through Facebook Messenger

Some Facebook users ask questions or make comments through the Facebook Messenger instant messaging app. Although comments in Messenger do not appear on the public Facebook page, you shouldn't use Messenger to send SSNs, financial account numbers or other sensitive data.



More ways to connect

Find more updates, articles and videos related to state benefits on ERS' YouTube channel ([youtube.com/user/ERSofTexas](https://www.youtube.com/user/ERSofTexas)) and LinkedIn page (<https://www.linkedin.com/company/employees-retirement-system-of-texas>).



ERS Board appoints new advisory committee members

The ERS Board of Trustees in December appointed five new members to the Group Benefits Advisory Committee (GBAC). The new appointees replace members whose terms expired December 31.

The GBAC helps ensure ERS benefit programs provide value to participants.

GBAC members represent organizations that participate in the Texas Employees Group Benefits Program (GBP) and other stakeholders, including higher education institutions, retirees and benefits professionals. The new members are serving three-year terms that will end in December 2022.

New committee members are:

Large agency representatives

- Matthew Miller, Department of Motor Vehicles
- Sandra White, Department of Criminal Justice

Mid-size agency representative

- Jan Thomas, Lottery Commission

Small agency representative

- Teresa Nelson, Department of Savings and Mortgage Lending

Insurance or benefit design consultant representative

- Jennifer Cawley, Texas Association of Life and Health Insurers

The two retiree representatives, James Dobbins of Garland and Gary White of Austin, remain on the Committee. Dobbins' term expires December 31, 2020 and White's expires December 31, 2021.

Read more about the GBAC and see the complete list of committee members at www.ers.texas.gov/About-ERS/ERS-Board-of-Trustees/Group-Benefits-Advisory-Committee.

ERS deposits or mails annuity payments on the last business day of the month. Direct deposit is a faster, more secure way to get your payments—not to mention better for the environment. To switch to direct deposit, call ERS at (877) 275-4377.

Go to <https://ers.texas.gov/Manage-Your-Annuity-Payments> for instructions on changing your tax withholding, personal information and more through your ERS OnLine account.

Upcoming annuity payment dates



March 31

April 30

May 29

PRSR STD
US POSTAGE PAID
Employees
Retirement
System

YOUR ERS CONNECTION

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Spring savings

Who doesn't love a discount? Don't forget to check out the offers available through the Discount Purchase Program.

- Try Blue Apron's meal-plan subscription service and get a discount on your first four deliveries.
- Care for your skin during the sunny days ahead. Save on orders of \$50 or more from Murad.
- Still haven't done your taxes? Find deals on tax preparation products and services from TurboTax and H&R Block.

Visit www.beneplace.com/discountprogramERS for these and other offers.



ERS adopts rule amendment

On December 10, 2019, the ERS Board of Trustees adopted a rule amendment with no changes to the proposed text:

Chapter 73: Adopted new rule § 73.47 permits designated beneficiaries to assign certain death benefits to licensed funeral directors or licensed funeral establishments after the death of ERS members and retirees. This means that ERS can issue all or part of eligible lump-sum benefits directly to a licensed funeral director or licensed funeral establishment to pay for funeral costs. ERS proposed these changes in response to the passage of HB 3522 by the 86th Texas Legislature.



Upcoming webinars

Don't forget to check the ERS Events calendar (www.ers.texas.gov/Event-Calendars) regularly for a list of free learning opportunities you can enjoy anywhere you have access to a computer. Learn how Medicare works with your state health benefits or discover programs and strategies for health and wellness. Don't worry if you've never viewed a webinar before—you'll get instructions for logging in when you register.