

In this issue

2 Message from the executive director

3 2025 ERS trustee election: Upcoming call for nominations

4 Will you see a change in your annuity?
Annuity payment dates
Become a Buena Vida participant, get cool stuff

5 Don't forget to activate your UCard

6 Deductibles, coinsurance reset
New security measure for all ERS OnLine accounts coming in 2025

8 Winter offers
Holiday schedule



facebook.com/ersoftexas

Tax season is right around the corner

What is a 1099-R? How do I update my address? Do I need a 1095-B?

Tax season starts in just a few weeks. Here are a few reminders to keep in mind as the year ends.

What should I expect in the mail?

ERS will mail your Form 1099-R by Jan. 31 and you should receive yours in the mail by early February. If you're an early bird tax-filer and don't want to wait, you can view it sooner in your ERS OnLine account starting Jan. 15.

What is a Form 1099-R?

Form 1099-R shows distributions (gross earnings) from your annuity and the taxes that were withheld in 2024.

To view or print your form, log in to your ERS OnLine account at ers.texas.gov/my-account-login. Look for "My Payroll Information" on the Retiree homepage, and click "1099-R Summary." You can also access your 1099-R forms from the past three years.

When will I get my 1099-R form?

| | |
|----------------|---|
| Dec. 31 | If your mailing address changed, update it by Dec. 31. Call ERS or log in to your ERS OnLine account. |
| Jan. 15 | View your 1099-R Form in your ERS OnLine account. |
| Jan. 31 | ERS mails your 1099-R to the address on file. |
| Feb. 15 | If you haven't received your 1099-R, call ERS to request a copy or print it from your ERS OnLine account. |

Continued on page 3

Tax scams: How to know it's really the IRS

Once you file your taxes, it's important to know how to tell the difference between the IRS and a scammer.

Here's how to know it's really the IRS contacting you:

- **Email** - The IRS will email you only with your permission.
- **Mail** - Typically, the IRS contacts you first by U.S. mail. Most IRS letters include a letter or number. To verify it's the IRS, search for a letter or notice on the IRS website. Some letters might be from IRS-assigned private debt collection agencies.
- **Social media** - You can follow the IRS on Facebook, YouTube, X, Instagram and LinkedIn, but they won't contact you about your taxes on social media. Check with a trusted tax professional.
- **Text message** - The IRS will only send you text messages with your permission.
- **Website** - The IRS' official web address is [IRS.gov](https://irs.gov).
- **Phone call** - Typically, the IRS will send you mail first. They might call you about an audit or to verify your information.
- **Fax** - Sometimes the IRS may send a fax to verify employment or request reported income or withholdings.
- **In-person visit** - Generally, the IRS will notify you by mail before they visit your home or business.



Read more about how to recognize a tax scam and what to do if you're the victim of a scam at irs.gov/help/tax-scams.

Message from the executive director



Retirees who have been retired 20 years or more will get a boost to their annuity in the new year. Thanks to the Texas Legislature's efforts to improve the financial status of the ERS Retirement Plan, longtime regular service and law enforcement and custodial officer (LECO)

retirees will get a cost-of-living adjustment (COLA).

The Plan's financial health and a statutory mandate make an annuity increase possible for ERS retirees who retired on or before Dec. 31, 2004, and for surviving beneficiaries of those who retired by that date. ERS estimates 30,000 annuitants, approximately one-quarter of all current retirees and surviving beneficiaries, will get the COLA. In late December, ERS will mail a letter to every annuitant getting the COLA to let them know the amount of the increase and the new amount of their gross monthly annuity (before taxes and other deductions).

Texas Government Code Section 814.604 requires ERS to implement a one-time COLA to certain retirees and beneficiaries under the condition that the ERS Retirement Plan remains actuarially sound after the COLA. This will be a permanent, one-time 3% or \$100 increase, whichever is less, in monthly annuity payments. Eligible annuitants will get the increase in their January 2025 annuity payment and will continue to get that new gross annuity amount every month. There are no provisions in statute to provide any other COLAs for retirees in Groups 1, 2 and 3 or surviving beneficiaries of retirees in those groups, even if they meet the 20-year retirement threshold at some time in the future.

The standard for actuarial soundness

What exactly does "actuarially sound" mean? It means a retirement fund has enough money to pay the unfunded liabilities (or debt) within a 30-year period. Texas statute set that 30-year standard, and recent actions by the Texas Legislature have helped the ERS Retirement Plan to meet the standard. A plan can be considered "sound" even if it doesn't currently have all the money it needs to pay earned benefits.

Specifically, in 2021, state lawmakers passed legislation to provide annual "legacy payments" to the ERS Retirement Plan. The legacy payments are in addition to the percent-of-payroll contributions the state regularly makes. The state will continue to make the legacy payments, currently about \$500 million each year, until the ERS Plan is fully funded, which is estimated to happen by 2054.

The challenge of retirement benefit increases

ERS' retirement plans for most current retirees were not set up to provide COLAs, additional retirement payments (sometimes called "13th checks") or other annuity increases. These types of increases were not included in the benefit or funding structure of the plans.

From the late 1980s through the early 2000s, when the ERS Retirement Plan was funded at more than 100%, the Legislature passed bills granting retirees a number of annuity enhancements—including 13th checks, COLAs and increases to the annuity multiplier. (The increases to the multiplier benefited and still benefit future retirees in Groups 1, 2 and 3, but the other enhancements were only for retirees at the time.) These benefit enhancements were not pre-funded or paid for with extra contributions, but instead paid with plan assets. As a result, it was much harder for the plan to weather the major economic downturns of 2001 and 2008 and changes in the state workforce. This led to significant unfunded liabilities that meant the ERS Retirement Plan was not actuarially sound for over 20 years.

As fiduciary of the ERS Retirement Trust Fund, ERS is obligated to all the members of the plan. We must work to ensure the financial stability of the retirement plans we administer. The state has made significant financial commitments to restore all the plans' financial health, and ERS will continue to work to maintain their health.

The importance of a healthy retirement fund

Retirement annuities are guaranteed no matter what the retirement plan's financial status is. The state is legally obligated to pay them without regard to the plan's funding level. The issue is that if the Trust Fund doesn't have enough money to pay the annuities, the Legislature must find the money elsewhere to directly pay monthly pension benefits to retirees and surviving beneficiaries.

On the other end of the spectrum, when a retirement plan is financially healthy, it can invest more of its balance to earn more interest income and become even healthier. Currently, about 60% of your annuities are paid from investment earnings, with the rest paid from state and member contributions. The ability to pay annuities with investment earnings is a gauge of an efficient and effective pension.

Of course, it would be nice to provide a COLA or other increase to all retirees, and to provide them regularly. But that's not what the law allows, and it's not the benefit you or the state paid for when you were working. The funding and benefit structure of ERS' retirement plans must prioritize their overall financial health to make sure pension benefits will be paid for generations to come.

A handwritten signature in black ink, appearing to read "Porter Wilson". The signature is fluid and cursive.

Porter Wilson

What if I don't have an ERS OnLine account?

If you didn't register for your ERS OnLine account before you retired or within 90 days after your retirement, call ERS at **(866) 399-6908**, (TTY: 711).

If you moved in 2024, let us know!

Make sure you update your mailing address by Dec. 31 to ensure we send your 1099-R form to the right place. If you don't get a copy of your Form 1099-R by Feb. 15, print one from your ERS OnLine account or request one from ERS.

Why did I get two 1099-Rs?

If you retired in 2024 and opted for a partial lump-sum payment in addition to your monthly payment, you will get two 1099-R statements. If you are retired from another system, contact that system directly with questions about tax forms.

Federal tax withholdings could change your annuity in 2025

Federal tax withholding tables can change every calendar year, depending on action by Congress and/or the IRS. ERS is required to implement the IRS' changes to the tax withholding tables. If your annuity amount changes in 2025, check the tax withholdings. ERS cannot provide tax advice but a tax advisor can help you make decisions about your tax withholding.

What is Form 1095-B?

Form 1095-B contains information to prove that you (and any covered dependents) had medical coverage in 2024. If you want a copy of your Form 1095-B to keep with your tax or insurance records, you can get one from your health plan.

- HealthSelectSM of Texas plan participants: If you participated in HealthSelect of Texas or Consumer Directed HealthSelectSM in 2024 and were not enrolled in Medicare, you can get a copy of Form 1095-B online through your Blue Access for MembersSM account. Or, a paper copy may be mailed to you by calling Blue Cross and Blue Shield of Texas (BCBSTX) at **(800) 252-8039 (TTY: 711)**. (Please note: All covered dependents will be included on one form; your Blue Access for Members account will not show a separate form for each of your dependents.)
- Medicare enrollees: If you are 65 or older and were covered by at least Medicare Part A for the entire calendar year, the Centers for Medicare & Medicaid Services (CMS) will provide the IRS with proof of your medical coverage. If you enrolled in Medicare for the first time, you had Medicare Part A for only part of the year, or you are under age 65 with Medicare, CMS will send you a copy of Form 1095-B. If you want a copy of Form 1095-B from Medicare, call **(800)-MEDICARE** or **(800) 633-4227 (TTY: (877) 486-2048)**.

Questions?

Find FAQs about Form 1095-B, Form 1099-R and federal tax withholding on monthly annuity payments by using the "Search" bar on the ERS webpage ers.texas.gov.



2025 ERS trustee election: Upcoming call for nominations

The Employees Retirement System of Texas (ERS) is preparing for the 2025 Board of Trustees election. Retirees and current employees of state agencies and non-contributing members of ERS will be eligible to vote to fill the position currently held by Brian Barth of the Texas Department of Transportation, who was elected to the Board in 2019.

The candidate nomination period begins in March. An employee of Health and Human Services and a retiree currently hold Board seats, with terms ending in 2027 and 2029, respectively. Therefore, retirees or HHS employees cannot run in this election. However, they are free to nominate other eligible candidates and sign a petition in support of a candidate.

Voting will begin in May. The candidate receiving the most votes will be the next trustee and serve a six-year term beginning Sept. 1, 2025.

The role of the Board

The ERS Board of Trustees makes key decisions regarding the valuable benefits for State of Texas retirees and employees. They also oversee the retirement trust funds—which invest state, agency and member pension contributions—and the Texa\$averSM 401(k) / 457 Program.

More to come

More information about the election will be available before the nomination period and throughout the election process. In the meantime, take a few minutes to learn more about the Board, the current trustees and past meetings in the [Board of Trustees section](#) of the ERS website.



Will you see a change in your annuity?

If you are eligible for Medicare, you will see a change in your monthly annuity if you made new benefit elections during Fall Enrollment. Even if you didn't make changes, you might have a different net annuity amount beginning in January if any of the following applies to you:

- You pay a premium for your or a dependent's coverage in HealthSelect Medicare Advantage. Premiums in that plan will increase Jan. 1.
- You're enrolled in Optional Term Life Insurance and moved to a new age bracket before Jan. 1 because you had an age-based premium increase.
- You are eligible for the cost-of-living adjustment for retirees who have been retired for 20 years or more.
- Changes to federal income taxes change how much is withheld from your annuity each month. (See "Know your tax facts" in this issue.)

To learn more, see the Plan Year 2025 premium rates for Medicare-eligible retirees at ers.texas.gov/PDFs/rates-py25/py25-medicare-rates-sheet.

Annuity payment dates

ERS deposits or mails your annuity payment on the last business day of the month.

- **Dec. 31, 2024**
- **Jan. 31, 2025**
- **Feb. 28, 2025**

For instructions on changing your tax withholding, personal information and more visit ers.texas.gov → **My Account Login** → **Manage your annuity payments**.

If you're a retiree from another system, such as the Teacher Retirement System (TRS), the Texas County & District Retirement System (TCDRS) or the Texas Municipal Retirement System (TMRS), contact that system for annuity payment dates.

Become a Buena Vida participant, get cool stuff

Participants in the HealthSelect of Texas® plans can earn and redeem Buena Vida Bucks for a variety of rewards.



Don't forget to take advantage of the brand new well-being program Buena Vida for HealthSelect of Texas®, HealthSelectSM Out-of-State, HealthSelectSM Secondary and Consumer Directed HealthSelectSM members and their eligible dependents. ERS launched Buena Vida in October, with support from WebMD.

Going for a hike through the Hill Country? Track your miles by syncing your device to the Buena Vida portal. Want to eat healthier? Browse the Buena Vida recipe library for nutritious meals. Looking for a moment of peace? Learn how to relax anywhere with help from the Buena Vida Daily Habits tool.

With the new portal and **Wellness at Your Side** app, Buena Vida is more than a wellness program; it's a judgment-free community committed to helping you live your best life. Whether you want to reach a fitness goal, improve your mental health or work toward financial wellness, Buena Vida supports every part of your well-being.

Take advantage of:

- tools and resources to help you achieve your health goals,
- a Health Assessment offering a personalized health report, so you know where to start, and
- a custom homepage where you can easily access your health and wellness benefits.

You can access Buena Vida no matter where you are. Download the **Wellness at Your Side** app, then enter the connection code **buenavida** to sign in.

Collect Buena Vida Bucks to earn rewards up to \$99 in value each year. For example:

- Download the **Wellness At Your Side** app to earn your first 25 Buena Vida Bucks.
- Complete an annual preventive visit to earn 50 Buena Vida Bucks.
- Take the Health Assessment to earn 25 Buena Vida Bucks.

Redeem your Buena Vida Bucks for useful rewards like a Nike cap or magazine subscription (25 Buena Vida Bucks), a Stanley tumbler (50 Buena Vida Bucks), a Fitbit Inspire 3 (99 Buena Vida Bucks) and much more.





© 2024 United HealthCare Services, Inc.

Don't forget to activate your UCard

HealthSelect Medicare Advantage members: Start using your UCard Jan. 1

Starting Jan. 1, HealthSelectSM Medicare Advantage PPO participants will have a new medical ID card – the UnitedHealthcare[®] UCard – that combines medical and value-added benefits and rewards programs into a simpler, integrated experience. The UCard is your new HealthSelectSM MA PPO member ID card and more.

With the UCard, you can:

- Purchase over-the-counter (OTC) health care products with your Healthy Benefits + OTC benefit credit. (Don't forget, you get \$40 every quarter!)
- Make purchases online or in-store using your earned rewards dollars added to your UCard.
- Access participating gyms using your SilverSneakers[®] benefit – This may be needed only when attending new gym locations for the first time. Check with the facility.

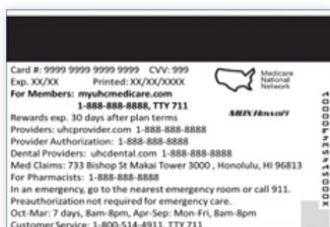
Learn how to use your UCard; view your earned rewards balance, OTC balance or frequently asked questions; and more by visiting the UCard Hub on the member website.

The UCard includes the following safety features to protect you:

- A 16-digit card number
- A three-digit CVV
- An expiration date (MM/YY)
- A magnetic stripe – Swipe your UCard when it's time to check out with your OTC purchases or rewards, just like you would with a credit or debit card.

You must activate your UCard to use it for Healthy Benefits + OTC, SilverSneakers and other value-added benefits. Here's how:

- Visit activate.uhc.com or
- Call toll-free **(866) 757-1864 (TTY: 711)** or
- Scan the QR code in the letter your UCard was attached to.



You don't have to activate the card to use it at a medical provider.

If you have questions about the UCard and want to speak to a dedicated Customer Service representative, please call toll-free **(855) 853-0453, (TTY: 711)**, 7 a.m. – 7 p.m. CT, Monday – Friday and 7 a.m. – 3 p.m. CT, Saturday.

What happens to the earned rewards on my Visa[®] Rewards Card?

Any previously earned rewards on a Visa[®] Rewards Card will remain on that card and can be used until the expiration date on the card. Rewards will not transfer to your UCard.

Can I use the UCard when getting my prescriptions?

No. You will continue to use your HealthSelect Medicare Rx card from Express Scripts for your prescriptions.

Want to learn more about your benefits?

Visit HealthSelect-MAPPO.com.

HealthSelect
Medicare Advantage Plan

Deductibles, coinsurance reset

Deductibles, other out-of-pocket costs reset Jan. 1

Jan. 1 marks a new year and fresh start. The same is true for your prescription drug deductibles and any medical deductibles for your Texas Employees Group Benefits Program (GBP) health plans. You'll have to reach the deductible amount before the plan pays its share. Coinsurance and total out-of-pocket maximums also start over.

How do you know what your deductible is?

See deductibles and coinsurance amounts for each GBP medical and prescription drug plan on your plan ID card or call your plan.

Deductibles based on your plan

| Plan | In-network Deductible | Out-of-network Deductible | Prescription Drug Deductible |
|--|---|---|--------------------------------------|
| HealthSelect of Texas® and HealthSelect Out-of-State | None | \$500 per individual \$1,500 per family | \$50 per participant |
| Consumer Directed HealthSelect high-deductible plan | \$2,100 per individual \$4,200 per family (combined medical and prescription drug deductible) | \$4,200 per individual \$8,400 per family (combined medical and prescription drug deductible) | Combined with the medical deductible |
| HealthSelectSM Medicare Advantage Plan preferred provider organization | None | None | \$50 per participant |
| HealthSelect SecondarySM (Medicare-eligible participants) | \$200 per individual \$600 per family | \$200 per individual \$600 per family | \$50 per participant |

HealthSelect^{of Texas}

CONSUMER DIRECTED

HealthSelectSM

HealthSelectSM
Medicare Advantage Plan

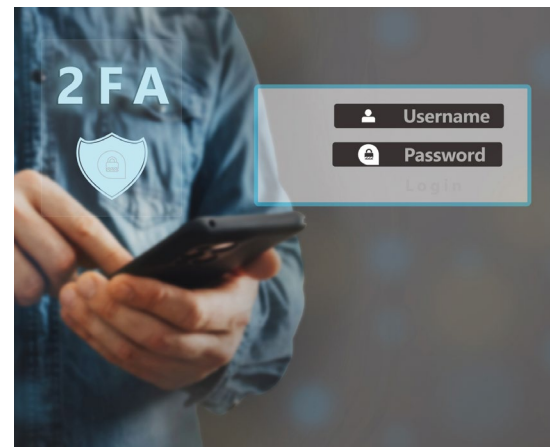
New security measure for all ERS OnLine accounts coming in 2025

Several months ago, ERS introduced two-factor authentication (2FA) for retirees' ERS OnLine accounts, as a way to provide an even more secure environment for your personal and financial information. Although we strongly encourage 2FA in ERS OnLine, it has been optional for retirees. However, beginning sometime in 2025, ERS will require it for everyone with an ERS OnLine account, including retirees. This means everyone will have to use 2FA to access their ERS OnLine account.

Two-factor or multi-factor authentication is a security method that requires users to provide additional verification to gain access to certain online information. ERS OnLine's 2FA process significantly improves the security of the information in your account. It also improves security for all our members' information, by helping to protect the entire ERS OnLine system from cyberattacks.

How does 2FA work?

In addition to a username and password to get into ERS OnLine, 2FA requires that you verify your identity by inputting a code sent to your email or mobile phone. You might already use 2FA or multi-factor authentication for other websites and apps, such as online banking or shopping. ERS OnLine's 2FA process is similar to some of those authentication methods.



Continued on page 7

What do you need to do keep access to your account?

If you want to access your ERS OnLine account after 2FA is required, you will need to make sure you have an up-to-date email address and/or mobile phone number in your account. Please note that updating your email address or mobile number in ERS OnLine will update your contact information with ERS; it is not separate or temporary contact information just for 2FA.

How to verify, add or update your email address before 2FA is required:

1. Click "[My Account Login](#)" located at the top right of the ERS webpage.
2. On the next page, click "Proceed to login."
3. Type in your username and password.
4. On your Member Home Page, click the "Email Address and Password" link under My Personal Information.
5. If needed, add or change your email address.
6. Click "Save."



How to verify, add or update your mobile number before 2FA is required:

1. Click "[My Account Login](#)" located at the top-right of the ERS webpage.
2. On the next page, click "Proceed to login."
3. Type in your username and password.
4. On your Member Home Page, click the "Phone Numbers" link from the homepage.
5. If a cellular number is already listed, but incorrect:
 1. Replace the old number with the correct number.
 2. Click "Save."
6. If no cellular number is listed:
 1. Click "Add a Phone Number."
 2. Choose "Cellular" from the drop-down in the new box under Phone Type.
 3. Enter your mobile number in the new box under Telephone.
 4. Click "Save."



How do I log in to ERS OnLine with 2FA?

Once 2FA becomes mandatory (or earlier, if you set up 2FA before then), you'll follow these steps to access your ERS OnLine account:

1. Log in to [ERS OnLine](#) with your username and password.
2. On the Verify your Identity page, request a code be sent to your email address or mobile phone.
3. Check your chosen delivery option:
 - email inbox for a message from "donotreply@ers.texas.gov" or
 - phone's SMS messaging app for a message from **(855) 542-1424**.
4. In the box on the Verify your Identity page, enter the six-digit code you received.
5. Click "Submit."
 - **Note:** You must complete Steps 3-5 within 10 minutes of requesting the code. The code will expire after 10 minutes, and you will have to repeat the step to get a new code.
6. If you entered the code correctly, you will be taken to your Member Home Page.

Questions?

Please call us at **(877) 275-4377** if:

- You have questions about 2FA or need help updating your contact information with ERS.
- You don't have an ERS OnLine account, would like to set one up and have been retired 90 days or longer.
 - If you've been retired less than 90 days, you can set up an ERS OnLine account yourself by clicking the "Register Now" button on the [My Account Login](#) page and following the prompts to create an account.
- You don't have an up-to-date email address or mobile number on file with ERS and want to get into your ERS OnLine account after 2FA is required.

YOUR ERS CONNECTION

Executive Director
Porter Wilson

Board of Trustees
I. Craig Hester, chair
Neika Clark, vice-chair
Brian Barth
Stuart Greenfield, Ph.D.
James (Jim) Kee, Ph.D.

Editorial and Subscription Information
Employees Retirement System of Texas
Benefits Communications Division
P.O. Box 13207
Austin, TX 78711-3207

www.ers.texas.gov

Toll-free (877) 275-4377
TTY: toll-free (800) 735-2989



Winter offers

Do your last-minute holiday shopping with the Discount Purchase Program.

- ▶ Get exclusive discounts on Samsung mobile phones, TVs, tablets, PCs and more.

Visit discountprogramtxers.com to save on these great deals and more.



ERS holiday schedule

ERS will be closed the following days:

Holiday break, Dec. 24-27

Customer service will be available by phone Dec. 27, 8 a.m. - 5 p.m., to assist with general service and insurance needs. The ERS office and other services will be closed.

New Year's Day, Jan. 1

Martin Luther King Jr. Day, Jan. 20

Presidents Day, Feb. 17