

## TRS News: Texas AFT Defends Decent Pension and Health Benefits for Retirees; TRS-ActiveCare Health Premiums Going Up

**A**t the TRS board meeting in Lubbock today, Texas AFT stood up for school and college employees who depend on the Teacher Retirement System for a decent level of retirement security.

In the face of radical proposals from some financial interests and ideologues calling for the replacement of guaranteed pension benefits with individual accounts offering no secure benefits, Texas AFT spokesman Ted Melina Raab said of the current system:

“TRS is highly efficient, delivering modest but dependable benefits at very low cost. TRS programs are equitable, delivering modest but dependable benefits to retirees across the state without regard to local district wealth. However, funding for TRS is far from adequate” to support needed benefit improvements.

He added: “Any rational analysis will make clear that the TRS defined-benefit pension plan and the basic structure of the TRS-Care retiree health program serve educators, taxpayers, and our students well.” He stressed that “the ultimate beneficiaries of TRS retirement and health programs are not education employees but the children in our schools and the communities in which those children are growing up and to which they will contribute as adults”—because these benefit programs help recruit and retain the teachers and other education employees who meet the needs of Texas students.

“We challenge the TRS board and staff to work with us to raise state funding for TRS so that pension annuities will not just be maintained but increased and so that health care will not only be of good quality

but affordable for retirees,” said the Texas AFT spokesman.

Pension experts invited by the TRS board testified today to the strength of the pension fund but also, like Texas AFT, noted the need for increased state contributions to support future benefit improvements.

The TRS-Care health program, unlike the pension fund, has never been pre-funded, so its financial outlook is quite different and the need for revenue is acute. A current surplus in the TRS-Care account will be spent down before the end of fiscal year 2014, according to current projections, and the legislature will have to come up with a solution. Texas AFT’s view is that the first recourse must be an increased state contribution rate, which in spite of the looming TRS-Care shortfall lawmakers saw fit to cut in half for the fiscal year beginning this September.

Also on the agenda today were rising health-care costs for the TRS-ActiveCare program for current school employees. For the year starting September 1, the TRS board voted to raise premiums for TRS-ActiveCare participants. For the limited benefits offered under the ActiveCare 1 plan, premium rates will go up 4 percent. For the modest benefits of ActiveCare 2, premiums will rise 6 percent, and for the more generous benefits under ActiveCare 3 the increase will be 9 percent.

Note: These figures represent increases in the overall premium cost. Participants pay the entire premium for ActiveCare, minus the flat contributions that come from the state (\$75 a month) and from their employing school district (a minimum of \$150 per month). Therefore, the actual percentage impact

<http://texasaftblog.com/hotline/?p=1591>

---

## TRS News: Texas AFT Defends Decent Pension and Health Benefits for Retirees; TRS-ActiveCare Health Premiums Going Up

---

on employees' portion of premiums will be higher than the percentages listed above, unless the employing district chooses to cushion the impact by upping its own contribution.

Note further: These premium increases, while they do not apply to school districts that are not part of TRS-ActiveCare, still are likely to set a benchmark for the cost increases one can anticipate in non-participating school districts.