

TRS NEWS

TEACHER RETIREMENT SYSTEM OF TEXAS ★ AUGUST 1999

Computers, the Internet offer seniors improved access to information

Communicating is just not what it used to be.

Looking back on the days when America approached the middle of the 20th century, it was not unusual for people to depend upon an operator to manually connect them with another party when making a telephone call. Today, as Americans approach the end of the century, many people communicate instantly by e-mail to tens, hundreds, or even thousands of people at a time.

Many people see today's never-ending stream of high-tech innovations as new and exciting opportunities. Others see them as a series of frustrating obstacles to getting their basic needs met. For example, while automated telephone response systems increase convenience for some, they serve to irritate and frustrate others. However

one may feel about technology, it is generally agreed that the world is changing in ways that often require new computer skills.

Accessibility to computers and the skills needed to use them vary widely, and this has resulted in the potential for a growing division between two classes of Americans—those who are computer-literate and those who often feel left behind. In response to this concern, new programs are now appearing across the country to assist those wishing to develop new computer skills.

One program, SeniorNet, is a nationwide nonprofit program that has the goal of providing adults age 50 and older with education for and access to computer technology. According to SeniorNet, the organization strives to enhance seniors' lives and "enable them to share

their knowledge and wisdom." Today, the organization has more than 30,000 members with 160 learning centers in 36 states, including Texas.

For many, the first issue to deal with in improving computer skills is simply gaining access to a computer. Microsoft Corporation recently conducted a survey which found that only 24 percent of Americans age 60 or older own their own computers—considerably less than the 50 percent rate of ownership in the general population. Another survey, conducted by Dell Computer Corporation, found that 78 percent of seniors who do not own a personal computer would consider purchasing one if they

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TRS implements newly passed legislation

Following adjournment of the 76th Texas Legislature, TRS published a summary of key bills that passed during the session. This information is contained in the July *TRS News* and in a brochure titled *1999 TRS-Related Legislation*. Both publications may be found on the TRS Web site. Since these materials were published, the following new details have become available relating to recently passed legislation:

Employment After Retirement

Certain retirees may now return to teaching on as much as a full-time basis in acute shortage areas

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Increasing numbers of seniors are gaining new computer skills through programs like SeniorNet.



TO RETIREES

From Executive Director Charles L. Dunlap

Another school year is upon us and, thanks to the 76th Legislature, there are a number of new TRS benefits available to members and retirees. In the July *TRS News* issue, we summarized key TRS-related legislation for you. In this issue, we offer additional details on new legislation. Please review it carefully to determine how you may be affected.

In this issue, we also have news about materials that we will soon mail you. A new and improved version of the *TRS Benefits Handbook* will be sent to all members and retirees in October, and we also plan to mail active members their Annual Statements of Account during that month. Please look for these materials in the mail and keep them in a convenient place for reference.

Whether you turn on your television or open a newspaper, you will see more and more on the Y2K challenge in coming months. TRS

has been working for the last several years to prepare for any computer-related changes that may occur after January 1, 2000. Our efforts have earned us the highest ranking given to state agencies by the Texas Department of Information Resources—the agency that is responsible for coordinating all Y2K preparations by state governmental agencies in Texas. You can see how we have prepared for Y2K by reading the interview with TRS Director of MIS Amy Morgan in this issue.

Communicating with our members and retirees remains a primary focus for us at TRS. We do this in several ways, and we encourage you to avail yourself of one of many options for obtaining TRS-related information. One way that we now share information is through the Internet. In this issue, we look into how increasing numbers of retirees and older Americans are developing computer skills and learning how to navigate through the World Wide Web. If automation ever seems a bit intimidating to you or someone you know, this article may be of interest.

Also in this issue is an announcement of recently approved changes to the TRS-Care 3 plan, effective September 1, 1999. Despite ever-increasing medical costs nationwide, this is the first time in five years that TRS-Care 3 premiums have been raised. You will find additional details regarding the TRS-Care 3 changes taking place in this issue, and a table listing new premiums is also featured. We regret whenever it is necessary to increase costs, but we hope that you understand the need to do so and the circumstances that require it. These plan changes will enable TRS to continue providing the

highest quality medical care for retirees and their eligible dependents.

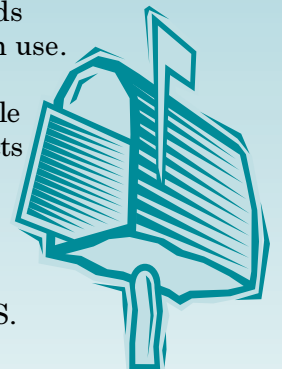
Some of you may find our toll-free number as your preferred means of communication with TRS. We have experienced a very heavy volume of calls in the months following the legislative session, and this has resulted in longer-than-normal wait times for some callers. If you have experienced difficulty reaching us by phone, please accept our apologies and know that we are increasing our staffing in our telephone information center. Also, please remember that you may obtain TRS information in a number of other ways including our print publications, the TRS Web site, and InfoLine (our automated voice-response system). We plan to expand these options for you in the coming year.

Finally, I would like to express appreciation to three TRS board members who are completing their terms—Kathryn Stream, Ph.D., Lee Williamson, Ed.D., and Kneeland Youngblood, M.D. All three have been outstanding trustees over the past six years. Serving on the board requires a huge time commitment to prepare for and attend board meetings. On behalf of TRS, I would like to thank these trustees for their many contributions.

Change-of-address forms available for members

Changing your address? If so, be sure to use the updated version of form TRS 358. The form is 8 1/2" x 11" in size—not the 3" x 5" cards formerly in use.

The forms are available from districts around the state, the TRS Web site, or by calling TRS.



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The Teacher Retirement System of Texas does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

A copy of the complete TRS plan is available at the above address during normal business hours.

TRS finalizes Y2K preparations

With less than four months remaining in the 20th century, TRS is in the final stages of preparing for the Year 2000 (Y2K) date change. TRS has advanced so significantly in this effort that the agency and Year 2000 Project Manager Norma Irvine were recently honored on the floor of the Texas House of Representatives.

TRS Director of Management Information Systems Amy Morgan was recently interviewed to provide members and retirees with the latest on TRS' readiness for the Y2K date change. Excerpts from that interview are listed below:

Q: What steps has TRS taken to make a smooth transition to Year 2000? What is being done to prepare for Y2K?

A: *We've been addressing the Y2K problem from a variety of angles. We've completed our assessment and impact analyses on our member databases, benefit and investment information systems, and embedded systems. Our internally developed mainframe code has been remediated, tested, and transferred to production. We've also upgraded and tested hardware and third-party software to compliant versions. These changes should enable our computer systems to be operational for the Year 2000. In addition, our new client/server benefit systems are being designed to be Y2K operational.*

Q: What other plans have been implemented to further support this transition?

A: *We've continued to verify Year 2000 readiness of critical information systems and third-party software. TRS has also been updating and testing other commercially developed applications including local area network (LAN) applications, imaging and workflow systems, and personal computers.*

Q: What about Y2K readiness among third-party contractors—firms that TRS de-

pend upon in its daily operations?

A: *We've contacted our key vendors and requested assurances that their systems also be Year 2000-compliant. We have received responses about the status of their Year 2000 preparedness and any plans they may have to reach compliance.*

Q: Will TRS account information be altered in any way?

A: *No, TRS does not expect to alter account information in any way.*

Q: TRS uses electronic fund transfer (EFT) so that annuity payments are sent in a timely manner to financial institutions. This occurs at the beginning of every month. Will electronic fund transfer of payments be available on January 3, 2000?

A: *We have tested and verified the interfaces for the transfer of monies, such as deposits from members, payments to retirees, and transfers of funds for security trades, with the State Comptroller's Office. They have assured us that all their financial systems are Year 2000 compliant. Electronic Fund Transfers are initiated by the Comptroller's Office and are received by banks and other financial institutions. Over the next few months, we recommend that you contact your bank or financial institution to inquire about their preparedness on EFTs for the Year 2000.*

Q: What can TRS members do to help ensure that no problems occur with their accounts?

A: *There is no need to take any special preparations. However, it is always wise to keep copies of annual statements of account, along with any other TRS correspondence, and have them readily available. TRS plans to mail members their 1999 annual statements in October.*



Amy Morgan
Director of Management Information Systems

Q: In summary, how would you characterize the status of TRS' Y2K efforts?

A: *We are very confident about our readiness. We have been rated "on target" by the Texas Department of Information Resources (DIR). This is the highest rating awarded by the DIR which is the agency responsible for coordinating all Y2K preparations by state governmental agencies in Texas.*

We fully expect to be ready to successfully meet the Year 2000 challenge and serve our members and retirees on an ongoing and reliable basis.

Q: What can members and retirees do if they have other general questions about the Y2K challenge?

A: *Please visit our web site at www.trs.state.tx.us. For information about the Year 2000 challenge in general, there is an abundance of information on the World Wide Web, in periodicals and newspapers, and on television.*

This Year 2000 readiness statement is made under the provisions of the Year 2000 Information and Readiness Disclosure Act and is not intended to create, and does not contain, any express or implied representation or warranty whatsoever.

TRS-Care 3 plan changes announced for 1999-2000

The TRS Board of Trustees has approved changes to the TRS-Care 3 plan, effective September 1, 1999. These changes, including the first increase in TRS-Care premiums in five years, were based on recommendations received by the system's actuarial consultant, the Retirees Advisory Committee, and the TRS Board Benefits Committee. In addition to adjusting premiums and certain pharmacy benefits, the board also determined that an open enrollment period will not be offered due to the high cost of such an option.

The board's decision was due in part to rapidly increasing national health care costs that have impacted TRS-Care directly. Such costs are projected to continue rising over the next few years. Currently, the cost for prescription medication alone is increasing na-

tionally at a rate of approximately 20 percent per year. Plan data over the past few years and resulting projections indicate that the cost of TRS-Care 3 prescription drug benefits and other medical expenses will also continue to increase significantly.

Based on these considerations, the board approved the following changes for the plan year beginning September 1, 1999:

Pharmacy Benefits

Prescription drug mail-order copayments will be increased from \$2 to \$8 for generic drugs and from \$10 to \$16 for brand-name drugs when no generic equivalent is available. Although these new mail-order copays will be priced the same as retail pharmacy copays, the use of mail-order will give plan participants three times greater quantity (a three-month supply in-

stead of one month) than they are able to receive from a retail pharmacy for a single copayment.

Premiums

A chart of the new TRS-Care premiums, effective September 1, 1999, is displayed below. Please review the chart so that you are familiar with the new monthly rate that applies to you and your family.

"We regret whenever it is necessary to increase the cost of premiums, but we hope that TRS-Care participants will take into consideration that we've been able to avoid doing so for five years—despite steadily increasing costs," explained TRS Executive Director Charles Dunlap. "By adjusting rates at this time, we can continue to provide the highest quality medical care for retirees and their eligible dependents."

TRS-Care Retiree New Monthly Premiums Effective 9/1/99

	TRS-Care 1*	TRS-Care 2*	TRS-Care 3
Retiree Only			
With Part A of Medicare	N/A	\$ 0	\$ 67
Without Part A of Medicare	\$ 0	\$ 48	\$ 162
Retiree and Spouse			
Both with Part A of Medicare	N/A	\$ 50	\$ 182
Neither with Part A of Medicare	\$ 86	\$ 182	\$ 405
Retiree with/Spouse without Part A of Medicare	N/A	\$ 134	\$ 310
Retiree without/Spouse with Part A of Medicare	\$ 33	\$ 98	\$ 277
Retiree and Child(ren)			
Retiree with Part A of Medicare	N/A	\$ 41	\$ 138
Retiree without Part A of Medicare	\$ 28	\$ 89	\$ 233
Retiree, Spouse and Child(ren)			
Retiree and Spouse with Part A of Medicare	N/A	\$ 91	\$ 253
Retiree and Spouse without Part A of Medicare	\$ 114	\$ 223	\$ 476
Retiree with/Spouse without Part A of Medicare	N/A	\$ 175	\$ 381
Retiree without/Spouse with Part A of Medicare	\$ 61	\$ 139	\$ 348
Surviving Spouse Only			
With Part A of Medicare	N/A	\$ 50	\$ 115
Without Part A of Medicare	\$ 86	\$ 134	\$ 243
Surviving Spouse and Child(ren)			
Surviving Spouse with Part A of Medicare	N/A	\$ 91	\$ 186
Surviving Spouse without Part A of Medicare	\$ 113	\$ 175	\$ 314
Surviving Child(ren) Only			
	\$ 28	\$ 41	\$ 71

*TRS-Care 1 and 2 - no increase

Newly passed legislation

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without a reduction in their annuities. To be eligible to teach in a designated acute shortage area, a retiree must be a classroom teacher, have retired with no reduction in benefit for early age, have a 12-month continuous break in public school service since his or her retirement date, and have a required certification in one of the TEA-approved acute shortage areas for the 1999-2000 school year. (See chart below.) A retiree who teaches at least one classroom hour per day in a shortage area will be considered as teaching in a shortage area. If you wish to teach in an acute shortage area and not forfeit your monthly annuity, please complete a TRS Acute Shortage Area exception form available from your school payroll officer. This form will determine if you meet all eligibility requirements.

Partial Lump-Sum Option

A Partial Lump-Sum Option (PLSO) was also included in Senate Bill 1128. The bill established a new lump-sum cash distribution option at the time of retirement with an actuarially reduced annuity. The option is not available to those participating in the Deferred Retirement Option Plan (DROP) at the time of retirement, nor is it available to retirees or those taking early retirement.

In July, the TRS Board adopted rules governing lump-sum distribu-

tions. As a result, the following guidelines now apply:

- A partial lump-sum distribution will be made at the time of the initial retirement annuity payment and on the anniversary date of that payment if a retiree chooses to receive a second or third distribution payment. No interest will be paid on lump-sum distribution amounts.

- Retirees who select two or three annual PLSO payments may receive all the money due them at any time by submitting a written request to TRS.

- PLSO distributions may be rolled over to a qualified plan to the extent allowed by law.

- Should a retiree die prior to receiving all PLSO payments that are due, TRS will pay all remaining PLSO benefits in a single lump-sum payment to the beneficiary named to receive such payments in retirement documents at the time of retirement or as that beneficiary may be changed from time to time. In other words, members may name a beneficiary for their lump-sum distributions who is different from the person named as beneficiary for their annuity payments.

- Should a retiree's PLSO beneficiary die prior to the retiree's death, payment will be made to the beneficiary designated in retirement documents at retirement.

The factor tables listed in the July *TRS News* were also approved by the board. These factors determine what percent of a standard annuity will be paid as a lifetime

annuity after a person elects to participate in PLSO.

Permissive Service Credit

During the 76th legislative session, changes were made to TRS law governing the purchase of permissive special service credit. These changes in the law were necessary for TRS to maintain its qualified plan status under the U. S. Internal Revenue Code. As a result, individuals who become TRS members for the first time *after* September 1, 2000, may face some new limitations on how much special service credit they may purchase. *However, current TRS members, as well as those who first become members before September 1, 2000, are effectively exempt from these changes.*

Persons who first become TRS members on or after September 1, 2000, will be limited to a maximum of five years of aggregate "non-qualified" permissive service credit in TRS. "Non-qualified" permissive service credit will include many types of special service credit that may be purchased on a voluntary basis from TRS such as developmental leave, out-of-state credit where it is used to determine benefits for another retirement system, and work experience used to increase a career/technology teacher's salary step.

Certain types of special service credit will *not* be considered "non-qualified" permissive service credit; therefore, they will *not* be subject to the five-year limit described above. In other words, members will be able to purchase the following types of special service, without new restrictions, just as they do now:

- reinstated TRS membership service credit
- military service credit
- credit for out-of-state public education service as long as it is not used to determine benefits in another retirement system.

Eligibility for DROP and PLSO

DROP – Active TRS members are eligible to participate in DROP

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Areas of Acute Shortage	Certification
Mathematics (secondary)	secondary mathematics (grade 6-12); or elementary grades 1-8 with specialization in math
Science (secondary)	biology, chemistry, earth science, physical science, physics, science composite, science, life/earth science; or elementary grades 1-8 with specialization in one or more of the sciences listed above
Special Education (all levels)	special education
Languages other than English (secondary)	appropriate other language
Bilingual/English as a Second Language (all levels)	bilingual certification/endorsement, ESL endorsement
Technology Applications (secondary)	computer information systems

New TRS handbooks to be mailed in October

New *TRS Benefits Handbooks* will soon be mailed out to all members and retirees. These handbooks provide a summary of member and retiree benefits, and they are updated every two years to reflect changes approved during sessions of the Texas Legislature.

The 1999 handbook has been reorganized so that information appears chronologically to reflect the same sequence of events that one would experience while participating in TRS.

Other improvements come directly from suggestions received by members and retirees. They include increased white space and graphics for easier reading, an index to help readers locate topics of interest, more complete information on benefit-related topics, and a series of checklists at the back of the booklet that identify key actions to take when applying for various

benefits. Also, those interested in 1999 legislative changes may now locate this information next to wherever a Texas State Capitol-shaped symbol appears.

“We hope that members and retirees will place their new handbooks in an easy-to-find location so that when questions arise regarding their benefits, they can go directly to this authoritative source for information,” explained TRS Executive Director Charles Dunlap. “In many cases, having a handbook at your fingertips can save time and effort in getting benefit questions answered.”

Other print materials that have recently been updated include individual brochures on variety of benefits. To obtain updated TRS materials, call the TRS InfoLine toll-free at 1-888-877-0123, check with your employer or visit the TRS Web site (www.trs.state.tx.us).

Newly passed legislation

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if they meet *all three* of the following conditions. To meet eligibility requirements, they must:

- be active contributing members;
- be eligible for a service retirement annuity that is not reduced for early age; and

- have at least 25 years of service credit in TRS.

PLSO — Active TRS members are eligible to participate in PLSO if they meet *both* of the following conditions. They must:

- be eligible for unreduced service retirement benefits (not early age retirement benefits) after September 1, 1999; and
- not be participating in DROP.

Computers

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only had someone to help them learn how to use it. Others rely on public access to computers and the Internet offered by public libraries and other institutions.

This information is encouraging to TRS since the agency now uses the Internet to provide quick and convenient access to benefit information. The *TRS Benefits Handbook*, brochures on a variety of benefits, newsletters, TRS laws and rules, commonly requested forms, frequently asked questions, and even directions on how to reach TRS offices are included on the agency's Web site.

While TRS offers alternative sources of information for those who do not have Internet access, using the Internet provides members and retirees a convenient way to request materials and learn of new developments relating to their benefits.

Seniors wishing to develop their computer skills should contact their public libraries or visit the following Web sites: SeniorNet (www.seniornet.org), Microsoft Web site for senior citizens (www.microsoft.com/seniors), and the American Association for Retired Persons (www.aarp.org).