



Joan Huffman
Senator ★ District 17

July 31, 2020

An Open Letter to Texas Retired Educators: Committed to Protecting Your Pension

Dear Retired Educators:

In light of a recent article that was published in the *Dallas Morning News* critiquing the investment practices of the Teacher Retirement System of Texas (TRS), I want to reassure you that the Texas Legislature is continuously monitoring the TRS Pension Fund and its operations. Because the State of Texas and its retired educators hold such a significant investment in the pension fund, TRS is constantly informing state legislators of the fund's investment performance. Let me be crystal clear: retiree benefits are not changing due to the state of the markets, and your annuity payments are not at risk. As a large, long-term, liquid investor, TRS is well-suited to ensure the financial security of current and future retired public educators.

Because TRS retirees devoted their lives to public service, the legislature must continue to protect the health and stability of the pension fund. In 2019, I authored Senate Bill 12, which provided over \$1 billion in additional contributions to the fund. Even with this increased revenue, we must remain committed to protecting the pension fund that supports so many of our state's retirees that dedicated their lives to public education. I am certainly committed to continuing the momentum we built together during the last legislative session to ensure that the pension fund remains stable for decades to come.

Investment performance is so critical to the pension fund's stability, so we must all work together toward the ultimate goal of protecting the sixth largest public pension plan in the country. Make no mistake though, managing an investment fund of this magnitude certainly does not come cheap, nor is it an area where "corners should be cut" to save a penny. If TRS is paying high fees, it needs to come with high performance resulting in more money for the trust fund that would not have been achieved otherwise. Therefore, I am hopeful that interested parties will continue to work with TRS to find an appropriate balance to better support the TRS Board of Trustees to be fiduciaries of the fund.

Contrary to the article's assertions, investment practices and their external fees are metrics that the legislature continues to monitor. Last session, I authored Senate Bill 322 which requires public retirement systems, including TRS, to have an independent firm evaluate the retirement system's investment practices and performance. This is just one oversight tool that has recently been enacted to monitor the investment decisions being made by public retirement systems. Furthermore, the legislature authorized TRS to bring more investment professionals in-house in an effort to curb external management fees. As of June 1, TRS has already saved an estimated \$111 million from that strategy.

All that being said, our work is certainly not done. The legislature, along with retirees and TRS, must remain vigilant in protecting the pension fund. I look forward to working on this critical issue as we get closer to the 87th Legislature and I hope that you will join me in this effort. I wish you and your families the very best and thank you for your public service.

A handwritten signature in cursive script that reads "Joan Huffman".

Joan Huffman
Texas Senate District 17

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