

By: Keffer

H.R. No. 281

R E S O L U T I O N

1 WHEREAS, Established through an amendment to the Texas
2 Constitution in 1936, the Teacher Retirement System of Texas
3 provides for the well-being of retired employees of public
4 education institutions in the state; and

5 WHEREAS, TRS delivers lifetime retirement benefits to
6 retired school personnel in the form of a defined benefit plan;
7 through this plan, a participant's monthly pension is calculated
8 based on the person's age at retirement, years of service, and
9 highest average salary, rather than the balance in the individual's
10 account; funds are managed by investment professionals to protect
11 against market fluctuations; and

12 WHEREAS, An alternative that has been offered--a defined
13 contribution plan--would require TRS participants to make payments
14 into a retirement account, with possible contributions from their
15 school districts, and to take responsibility for investment
16 decisions while assuming the risks that investing entails; this
17 places an added burden on participants that can lead to greater
18 uncertainty, as their pension funds are vulnerable to unfavorable
19 market conditions; moreover, instituting a defined contribution
20 plan would eliminate the protection that TRS currently grants,
21 since benefits would cease if a retiree's account balance were
22 depleted; and

23 WHEREAS, The proposed defined contribution model does not
24 allow for any beneficiary coverage and might not allow any

1 insurance plans; of the 330,000 retirement recipients served by
2 TRS, only a small percentage worked in a school system that paid
3 into social security at any time in their careers, and the choice of
4 school districts to forgo social security benefits was made with
5 the expectation that the state would safeguard employees'
6 retirement assets; and

7 WHEREAS, Most retired teachers did not earn large sums of
8 money during their working careers, but rather worked for the love
9 of teaching; for a great majority of these men and women, the
10 monthly annuity from TRS is the only source of funds; were these
11 retirees to outlive their benefits under a defined contribution
12 plan, they would be left with no means of replacing the lost income;
13 and

14 WHEREAS, Recognizing the significance of this issue to the
15 interests of older Texans, the 15th Texas Silver Haired Legislature
16 has adopted a resolution endorsing the continuation of the TRS
17 defined benefit plan; and

18 WHEREAS, Teachers play a proud and vital role in nurturing
19 the leaders of tomorrow, and after many years of service, they
20 deserve all the security and peace of mind that the State of Texas
21 can offer them; the defined benefit plan administered by the
22 Teacher Retirement System remains the most reasonable option to
23 provide this assurance to the educators of Texas, and it is
24 imperative that it receive the state's full support; now,
25 therefore, be it

26 RESOLVED, That the House of Representatives of the 84th Texas
27 Legislature hereby affirm its support for the defined benefit plan

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1 for retired participants of the Teacher Retirement System of Texas;
2 and, be it further

3 RESOLVED, That the chief clerk of the house forward official
4 copies of this resolution to the executive director and the board of
5 trustees of the Teacher Retirement System of Texas.