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Retired State Employees Association

NEWS

Serving Texas ERS Retirees Since 1977

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President's Message

Bill Hamilton, RSEA President

As a post-holiday greeting, I hope you all ended 2021 in celebration of your best memories for the year and looking at the prospects for 2022. As we move into our third, yes third, year of the ongoing, pervasive effects of the pandemic, I encourage everyone to continue to be safe and find new ways to manage all your affairs with the best advice of our public health professionals. I've found a new mantra for the times: "...planning leads to disappointment and inflexibility is a luxury none can afford..." a blend of optimism and realism.

As we focus on the prospects for 2022, I'd like to share two updates from the last days of 2021 – an update on the ERS Retirement Fund and a personal note on the passing of one of our colleagues in public service.

First, you will remember this from our November 2021 RSEA newsletter based on actions of the 87th Legislature:

... the likelihood of a cost-of-living annuity adjustment for current State retirees has increased from "infinity," i.e., "never," to at least a possibility in the next 2-5 years.

At the December 2021 ERS Board of Trustees meeting, the 2021 actuarial report as of August 31, 2021, was presented --- and the comments are now favorable. With the changes of SB 321, including the creation of the Group 4 cash balance structure for new employees starting September 2022, plus the legislative commitment for on-going biennial appropriations, i.e., "legacy payments," it now appears that the "cost-of-living adjustment" (COLA) provisions of Section 814.604, Texas Government Code, are likely to be invoked in January 2025.

It's good to remember that Section 814.604 came about as an amendment to the ERS statutes in 2013 (83rd Legislature) sponsored by then-senator, and RSEA friend,

Kirk Watson to ensure the retirement fund is actuarially-sound, i.e., under the statutory 31-year amortization requirement, both before and after any COLA is issued by the ERS Board of Trustees. At the time the actuarial criteria have been found to have been met, the statute prescribes those eligible to receive the COLA as those retirees who have been retired at least 20 years at the time the criteria have been met (or their beneficiaries). The amount of the COLA is specified to be the lesser of 3% of the retiree's monthly benefit or \$100 per month.

Be mindful the date January 2025 is three years – and one regular legislative session -- away and lots of things need to go right, so we should all be cautious as many details will need to be addressed in due course. We will certainly keep you informed as this issue develops.

Finally, we were saddened by the news of the December 26 passing of a friend in state public service Sarah Weddington. I remember her time in the legislature as she was introducing many young people to public service as volunteers at her office, including a future governor. Then, later in her career after her work at the White House, she returned to Texas, educating, and mentoring young people in public service.

On a personal note, I had an impromptu breakfast not long ago with Sarah on a quiet Sunday afternoon at the Denny's on IH-35 across from the Erwin Center. She was beaming about an interview she had just completed with CNN for a future tribute to former president Jimmy Carter come the appropriate time -- it's only unfortunate she left us before it could be seen. May we all continue to be life-long learners and live the spirit of public service in her memory. (*Postscript: Sarah made a big deal of letting me pay for her breakfast so we could both get the AARP discount...*)

Thank you for your membership in RSEA, and we appreciate your ongoing support as there is much more to be done in moving forward into 2022 and beyond.

<p><u>Recruitment message from ERS</u></p> <p>"Like many employers across the nation, ERS is in search of great employees for a variety of positions. If you know someone seeking employment with an organization that works to support all state employee benefits, please refer them to the ERS Careers page."</p> <p>www.ers.texas.gov/careers</p>	<p><u>Time to renew your membership with RSEA?</u></p> <p>You should receive a statement just prior to the month of expiration. The website (www.RSEAoftx.org) has a link to "join or renew."</p> <p>If you have misplaced your statement and want to pay by check, please call the office (512-451-0087) and leave a message so we can send you a duplicate.</p> <p>Your membership is important to make sure your voice is being heard!</p>	<p><u>Thanks to AMBA and all our Sponsors</u></p> <p>We were most fortunate to have the following sponsors of the RSEA Annual Meeting:</p> <ul style="list-style-type: none"> • Association Member Benefits Advisors (AMBA), • BlueCross & BlueShield of Texas, • United Healthcare, • Delta Dental, and • Superior Vision. <p>We very much appreciate their support. AMBA was especially helpful providing tremendous technical support expertise we needed to host and coordinate the Annual Meeting.</p>
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Interested in getting more benefits? Information details are available at www.myambabenefits.info/rsea-of-texas.

Want to know more about Public Employee Retirement Systems?

National Association of State Retirement Administrators

As you know from your years of state service, there are associations and organizations for almost all the professions in which we worked.

The National Association of State Retirement Administrators (NASRA) is such an organization for those who manage state retirement programs.

Their website (www.nasra.org) has a wealth of information for those who want to compare and examine the many retirement systems for public employees.

They provide research and analysis of a wide range of topics related to public retirement systems:

- Accounting (GASB)
- Actuarial Practices
- Contributions
- Cost-Of-Living Adjustments
- Credit Effects
- Economic Effects of Pensions
- ESG (Environmental, Social & Governance)
- Federal Legislation & Regulations
- Funding Policies
- Governance
- Investment
- Litigation
- Operations
- Other Post-Employment Benefits (OPEB)
- Pension Reform
- Plan Design
- Risk Assessment
- Social Security Coverage

To cover these topics, they also publish:

- Issue Briefs, Papers & Analysis
- Articles
- Letters, Comments, & Testimony
- Economic Indicators News

They also present a state-by-state summary of all the public pension systems across the country.

While many of these issues, topics, and reports are quite detailed and "in the weeds," they provide information and analysis of a wide variety of important issues.

Texas Pension Review Board

The PRB is mandated to oversee all Texas public retirement systems, both state and local, regarding their actuarial soundness and compliance with state law. Their mission is to provide the State with the necessary information and recommendations to ensure that public retirement systems are financially sound, properly managed, benefits are equitable, tax expenditures for employee benefits are kept to a minimum, and to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds.

Their website (www.prb.texas.gov) acts as a clearinghouse for pension information, and provides technical assistance to systems, governments, and public employees.

They publish reports, provide useful links, answer frequent questions, and offer calculators and estimating tools.

National Institute on Retirement Security

The National Institute on Retirement Security is a non-profit research and education organization established to contribute to informed policymaking by fostering a deep understanding of the value of retirement security to employees, employers, and the economy. (Both ERS and TRS systems are members of this.)

Their website (www.nirsonline.org) has research reports, toolkits, scorecards, and fact sheets on each state.

Pension Research Council

As part of University of Pennsylvania's Wharton School, the Pension Research Council's mission is to generate knowledge and debate on key policy issues affecting pensions and other employee benefits. They sponsor high-level analysis of private and public retirement security and related benefit plans around the world. They conduct research and issue publications to address the long-term issues that underlie contemporary concerns about retirement system structures and resiliency. They seek to broaden understanding of the complex economic, financial, social, actuarial, and legal foundations for and impacts of privately and publicly provided benefits.

Their website (pensionresearchcouncil.wharton.upenn.edu) lists publications, conferences, and helpful links. They also have a blog with papers on a wide range of pension topics.

Interview: Porter Wilson, Executive Director Employees Retirement System (ERS) of Texas

Tell us about your public career highlights and education:

I graduated from The University of Texas with a degree in government and in 1993 was excited to be the first staffer hired by newly elected



Porter Wilson

Lubbock House member Robert Duncan. I continued to work for Bob for more than 22 years — first in the House and then in the Senate as his chief of staff. When he retired from the Legislature in 2014 to become chancellor of the Texas Tech University System, I joined that team as associate vice chancellor for governmental relations. I wasn't there long, though. Later that year, I accepted the executive director position at ERS.

What I like best about my public service:

Texas is a large, diverse state with complex issues. Public servants carry out the important work that helps make our state the great place it is. Their work often goes unnoticed, but their commitment and dedication to serving others is critical to our state's success. As the leader of an agency that supports the health and financial security of almost 300,000 active and retired state employees and their families, it's gratifying to serve those who serve Texas.

The best advice I've received:

Credibility is one of the most important assets you possess. You spend an entire career building your reputation and credibility, but that can be lost in a split second. So always strive to do the right thing, no matter how seemingly insignificant the situation.

My favorite ways to de-stress:

Building things, and as such I regularly have a project (or projects) going on around my house. I can handle almost anything that involves wood, but basic electrical work, landscaping and masonry jobs aren't out of the question. Much to my wife's chagrin, I've acquired a large collection of tools to support this "therapy." It is incredibly satisfying to be able to see and touch the results of your work when a project is done, and it really helps me unwind. Next up ... welding.

People might be surprised to know:

I am the lead singer and guitar player in a four-member country band called Shotguns Ready. We've been together for almost 15 years. We started by mostly playing fundraising events for nonprofit groups. We were able to provide low-cost entertainment, which in turn allowed each group to direct more funds to their charity. We have since secured a regular monthly gig at a local honky-tonk, although we're still committed to helping local nonprofits. We settled on our band name because among the four guys in the group we have 10 kids, nine of them girls.

One thing I wish more people knew about ERS:

How efficient ERS is in managing retirement benefits and delivering health insurance for state employees and retirees. ERS manages nearly \$36 billion in pension assets. It does this with a mix of talented in-house investment professionals and external managers. The result has been great short-term and long-term performance at a low cost. In addition, ERS health insurance plans cover more than 530,000 people, or about one in every 54 Texans. By providing competitive benefits at a reasonable cost, we help state agencies and institutions recruit and retain employees, while delivering value to taxpayers and the state.