

# Beyond the 13th Check: Building Retirement Security through a Permanent TRS COLA



A report by the Texas Pension Coalition  
in partnership with  
Texas State Teachers Association and  
Texas American Federation of Teachers

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# We talked to over 1,000 retired school employees...

## ...and here's what THEY said they needed for retirement security

*TRS recipients just received a one-time "13th check." The people we talked to were thankful for this bonus check--but they made clear that they need lasting changes in order to live with dignity and security.*

### **COST OF LIVING**

More than anything, retired school employees said they need a *sustained cost of living adjustment*. A 13th check is great--but doesn't go too far if it's the first boost to your pension in 5, 10, or even 15 years.

### **HEALTHCARE**

Retired school employees are grateful for TRS Care: almost 3/4 of our respondents use it. But high deductibles and premiums often stretch modest pensions to their breaking points.

### **SOCIAL SECURITY**

Over 90% of respondents worked in districts that did not pay into Social Security. For most retired school employees, TRS is all they have. This means their pensions truly have to adjust over time so they can continue to make ends meet.

## "HOW ARE YOU GOING TO USE YOUR 13TH CHECK?"

We sent a survey to retired educators and school employees, asking how they would use their supplemental TRS payment.

As they made clear, the vast majority of retirees are using their 13th check to cover basic needs they've had to put off for months, or even years:

*about 3 in 10*  
**OUTSTANDING CREDIT CARD DEBT**

*almost 1 in 4*  
**OUTSTANDING MEDICAL DEBT**

*over 1 in 5*  
**HOME REPAIRS**

*almost 1 in 5*  
**DOCTOR VISITS**

*about 1 in 6*  
**PRESCRIPTIONS**

## **FAST FACTS ABOUT TRS PENSIONS**

*1.6 million*

**TRS PARTICIPANTS  
(BOTH ACTIVE AND  
RETIRED) AS OF 2019**

*\$2,000*

**THE MAXIMUM AMOUNT  
FOR A 13TH CHECK**

*\$2,078*

**THE AVERAGE MONTHLY  
TRS CHECK IN 2018**

*\$2.35*

**THE AMOUNT OF  
ECONOMIC ACTIVITY  
CREATED BY EVERY  
\$1 IN TRS BENEFITS**

*over 80%*

**TRS REVENUES FROM  
INVESTMENT RETURNS  
OR EMPLOYEE  
CONTRIBUTIONS**

*(Figures from TRS Value Brochure, Feb. 2019, pp. 4-9)*

# **Cost of Living Adjustments Ensure Dignity and Security**

## **PENSION MATH IS SIMPLE**

The amount a retired school employee receives from their TRS pension is a set formula: 2.3% of an employee's average salary during their final five years, multiplied by years of service.

This often means that school staff who do vital but low-paying work with few raises wind up with smaller pensions than they deserve. Someone who served in public education for 30 years will receive a pension less than 70% of what they made in their final years--with no Social Security to supplement these savings.

## **SMALL CHANGES LEAD TO TOUGH CHOICES**

Changes in rent, medication prices, insurance premiums, and even food costs can have a tremendous impact for retirees on a fixed income. Even a modest 1-2% cost of living increase can leave retirees suddenly unable to make ends meet.

In a survey from earlier this summer, many retirees on TRS pensions reported having to rotate bill payments, reduce their medications, or even skip meals in order to make their annuity work year after year. A TRS COLA would end the need for these tough choices.

# TRS COLAs: A solution our legislators can make happen

*Many people remain worried that a permanent cost of living adjustment isn't possible. Looking at each issue, however, it becomes clear that the next Texas Legislature can--and should--find the means to give retired school employees what they deserve: a permanent boost to their TRS pensions.*

## **RETIRED SCHOOL EMPLOYEES CAN'T WAIT FOR A FEDERAL FIX**

We know that the Windfall Elimination Provision keeps many retired school employees from having financial security by preventing them complete access to Social Security benefits. But we also know that the state of Texas prevents most teachers from making Social Security contributions. This means it is the responsibility of state lawmakers themselves to create solutions now for ensuring retirement security as we work on the longer, larger fight for federal solutions.

## **THE 13TH CHECK IS A GOOD FIRST STEP-- NOT A LASTING SOLUTION**

Retired school employees are grateful for this 13th check. But this gratitude often stems from having to go for a long period of time without fundamental needs—or going into debt into order to make ends meet. What retired school employers desperately need is a permanent cost of living adjustment, in order to ensure that they aren't back in the same financial situation they were before this 13th check.

## **OUR STATE HAS THE RESOURCES TO MAKE A COLA HAPPEN**

*This year, our lawmakers were able to find a way to restore TRS to actuarial soundness, give pay raises to school employees, and provide retired school employees a very generous 13th check.*

*By comparison, what we're asking lawmakers to do is much less complicated and less expensive.*

*We think our legislators are more than capable of solving this more straightforward challenge.*