Providing security for Kentucky’s retired teachers using a long-term investing process proven and refined over decades, avoiding the whims of the day, to achieve top returns on investments at the lowest costs.
History
Social Security created
Teachers not covered because of constitutional concerns about federal taxing state and local governments

1935

TRS established
By General Assembly in special session

1938

TRS opens
After initial funding received

1940

1950s

University of Kentucky study
Finds state’s teachers can’t afford to retire, and that Kentucky had trouble attracting and retaining teachers

Social Security expands
Some states and groups – including Kentucky teachers – do not enter because of added cost of Social Security; universities vote to opt into Social Security
Consistency

Number of founding members of TRS receiving a benefit as of June who were members when the doors opened July 1, 1940

10

As of fall 2021
Executive Secretaries

N.O. Kimbler 1940-1957

James L. Sublett 1958-1970
Ted Crosthwait 1970-1976
Pat N. Miller 1976-2000
Gary L. Harbin 2000-present
How Has It Worked For TRS?

Retirement Annuity Assets Over 82 Years
TRS Benefits Protect Teachers

Retirees over 80 as of Dec. 31

Age 100 or more:
33
Retired Teachers’ Benefit Kentucky

• TRS pays retired teachers:
  • $209.6 million in retirement annuity benefits (July 2021)
  • $16.6 million in medical benefits (monthly average)
• 91% of TRS pension benefits stay in Kentucky
• 88% of TRS retirees live in Kentucky
• $2 billion a year paid into Kentucky’s economy because of pension benefits
Board of Trustees

Fiduciaries of TRS

ALISON WRIGHT
Chair, Georgetown

HOLLIS GRITTON
Vice Chair, Union

BILL ALVERSON
Paris

ALLISON BALL
State Treasurer

JOHN BOARDMAN
Lexington

FRANK COLLECCHIA
Louisville

JASON GLASS, Ed.D.
Education Commissioner

BRENDA MCGOWN
Bowling Green

LYNN PATTERSON, Ed.D.
Murray

LAURA SCHNEIDER
Walton

JOSH UNDERWOOD
Tollesboro
Trustee Elections Each Spring

April

All contributing members and retirees have the privilege to vote.

May

Please vote for ONLY ONE Lay Trustee and ONLY ONE Active Teacher Trustee.

Candidates for Lay Trustee:
1. 
2. 
3. 

Candidates for Active Teacher Trustee:
1. 
2. 
3. 

An extra line is provided if you prefer to vote for a write-in candidate.
This Year’s Elections

Active Teacher Trustee
- Dr. Ben Littlepage
- Dr. Denise Vulhop Watkins

Lay Trustee
- Hollis Gritton
- Paul Bruce Jr.
Investment Performance

Retirement Annuity Trust Gross Returns as of June 30, 2021

<table>
<thead>
<tr>
<th>Period</th>
<th>TRS</th>
<th>Aon Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-year</td>
<td>29.94%</td>
<td>Top 22%</td>
</tr>
<tr>
<td>3-year</td>
<td>13.34%</td>
<td>Top 7%</td>
</tr>
<tr>
<td>5-year</td>
<td>13.23%</td>
<td>Top 3%</td>
</tr>
<tr>
<td>10-year</td>
<td>10.32%</td>
<td>Top 4%</td>
</tr>
<tr>
<td>20-year</td>
<td>7.53%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

30-year compounded 8.59%

[Graph showing TRS and Aon Universe performance over different periods.]
## Top 10 Returns

<table>
<thead>
<tr>
<th>Rank</th>
<th>Year</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2021</td>
<td>29.94%</td>
</tr>
<tr>
<td>2</td>
<td>2011</td>
<td>21.60%</td>
</tr>
<tr>
<td>3</td>
<td>1997</td>
<td>19.60%</td>
</tr>
<tr>
<td>4</td>
<td>1998</td>
<td>19.40%</td>
</tr>
<tr>
<td>5</td>
<td>2014</td>
<td>18.10%</td>
</tr>
<tr>
<td>6</td>
<td>1995</td>
<td>16.90%</td>
</tr>
<tr>
<td>7</td>
<td>2017</td>
<td>15.37%</td>
</tr>
<tr>
<td>8</td>
<td>2007</td>
<td>15.30%</td>
</tr>
<tr>
<td>9</td>
<td>2013</td>
<td>14.10%</td>
</tr>
<tr>
<td>10</td>
<td>1996</td>
<td>13.50%</td>
</tr>
</tbody>
</table>
From 2008 to June 2021, TRS investment returns resulted in net assets of $25.8 billion, compared to the average plan’s $20.4 billion.

This outperformance generated $5.4 billion to the benefit of Kentucky’s teachers and all taxpayers.
# Actuarial Status

As of June 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
<th>Unfunded</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Annuity Trust</td>
<td>$ 22.6</td>
<td>$ 39.6</td>
<td>$ 17.0</td>
<td>57.2%</td>
</tr>
</tbody>
</table>

*Dollars in billions*

*Actuarial values*
Funding Decisions

2022-24 Biennial Budget

• Means eight straight years of full or nearly full annuity funding
• More than $1.36 billion to meet actuarially required contribution for annuities
  • About $900 million more to TRS in salary contributions from education budget
• $149 million for state statutory contribution for under-65 health insurance under Shared Responsibility
• $479.2 million to pay off liabilities for certain previously awarded benefits that had been amortized over several years
• $78 million up front for sick leave-related annuity liabilities projected to occur from retirements in next two years
Shared Responsibility
In Second Decade

Shared solution providing permanent funding for retiree health care
Shared Responsibility
How the Cost Has Been Shared

Funding for Retiree Health Care 2006 - 2020

- Teachers and retirees
- School districts and universities
- State
TRS Health Insurance

Funded Status

Shared Responsibility Becomes law

<table>
<thead>
<tr>
<th>Year</th>
<th>Funded Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.9%</td>
</tr>
<tr>
<td>2009</td>
<td>3.5%</td>
</tr>
<tr>
<td>2010</td>
<td>7.5%</td>
</tr>
<tr>
<td>2011</td>
<td>8.6%</td>
</tr>
<tr>
<td>2012</td>
<td>9.4%</td>
</tr>
<tr>
<td>2013</td>
<td>11.7%</td>
</tr>
<tr>
<td>2014</td>
<td>15.9%</td>
</tr>
<tr>
<td>2015</td>
<td>18.1%</td>
</tr>
<tr>
<td>2016</td>
<td>21.9%</td>
</tr>
<tr>
<td>2017</td>
<td>26.7%</td>
</tr>
<tr>
<td>2018</td>
<td>36.3%</td>
</tr>
<tr>
<td>2019</td>
<td>46.0%</td>
</tr>
<tr>
<td>2020</td>
<td>61.7%</td>
</tr>
<tr>
<td>2021</td>
<td>60.0%</td>
</tr>
</tbody>
</table>
Premiums Held Almost Constant For 20 Years

Employer Group Waiver Plan Starts

Medicare Advantage starts
The Medicare Part B Premium Rose to $170.10 per Month in 2022

14.5% Increase is Among the Largest in Program History

NOTE: Monthly premiums are rounded in this exhibit.

Source: Kaiser Family Foundation
• Based on recent and projected prescription costs increases
• New formulary already used by University of Kentucky retirees
• The new formulary offers medication for everything that the old formulary did.
Personalized Medicine

Why It Works

- Helps avoid taking ineffective medications that even could be fatal
- Saves money for retirees and their insurance trust
- Uses DNA testing to help doctors making treatment decisions
- Results help make sure medications are beneficial from the start
- Avoids traditional trial-and-error process without DNA information
Genetic Testing Wellness Program Gets National Attention

Journal of Precision Medicine

A Commentary on a Precision Medicine Program: Humanistic Outcomes Are Always Key

By Jane Chadwick Gilbert, CPA Teachers Retirement System of the State of Kentucky, a Member of the GHFAA Executive Council

Doctor-Patient Reports and Consultations

C. K. Howland’s personal medical record report that includes relevant genetic data as well as a frequently changing genetic database to help others to analyze and interpret an individual’s genetic information. The report also includes information on the patient’s current medications, diagnostic test results, and family history. The report is updated periodically to reflect any changes in the patient’s medical condition or treatment plan. The report also includes information on the patient’s insurance coverage and any potential financial assistance that may be available. The report is available to the patient and their healthcare providers, and it is also accessible to the patient’s family members and caregivers.

Introduction

G4W’s and THS Kentucky

Precision medicine has been recognized as a new approach to cancer treatment. The THS program presents a new model for the delivery of cancer care that is characterized by individualization of treatment and prevention. The program also uses advanced technologies and data-driven approaches to improve patient outcomes.

A breast cancer program, there is always a need for a resource to provide the patient with the best possible care. The THS program provides personalized care that is tailored to the individual patient’s needs.

#3

A deep dive into the population discovered that 84% of patients were on medications that were not beneficial for genetics. The medical organizations were on an average of 15 medications. Roughly 75% of the population had high blood pressure, 50% had high cholesterol, and 50% were suffering from pain and fatigue. Using de-identified patient information, the PwC team provided an in-depth analysis of the possible return on investment with the program which found 149% of members would take a prescription reduction (potential savings: $1.7 million). 50% of members might need to adjust their insurance plan and 38% of patients have a better alternative medication available.

#4

Communicating with members early and consistently contributed to the program’s successful launch. The的主要 message is to make a difference of the treatment plan and to take the TCE health resource fund.

#5

TRC heard a lot of positive feedback, such as “you are helping me become a better doctor to take better care of my patients and to be able to prevent this disease at the right time for them.”

Genetic Testing Wellness Program Gets National Attention

Personalized Medicine

Dr. Chadwick Gilbert, CPA, Teachers Retirement System of the State of Kentucky, a Member of the GHFAA Executive Council
66% had genetic risks detected in a current medication
14.9% reduction in inpatient visits
6.8% reduction in emergency room visits
$37 million savings in direct medical charges over 32 months
Personalized Medicine

Peer-Reviewed Initial Results Receive Attention

- $37 million savings in direct medical charges over 32 months
- 66% had genetic risks detected in a currently prescribed medication
- 14.9% reduction in inpatient visits
- 6.8% reduction in emergency room visits
- $218 savings a month per member, which equates to $7,000 a member
- Return on investment of about 1,422%
I am so grateful for the information that was given to me and my physician. I was taking metropolol for my heart condition. Your tests showed that it stayed too long in my system. I sometimes had the feeling that I was on the verge of fainting. I had not had that feeling since I started taking the new suggested medication. I thank you from the bottom of my heart.

— Member, Teachers’ Retirement System of the State of Kent
MEHP enrollees can contact Coriell at 888-454-9024 or www.coriell.com/trs to request free DNA kit.

Non-Medicare KEHP enrollees can contact Coriell and use HRA funds to pay the $360 cost.
Personalized Medicine

Reaching Further After Success of Pharmacogenomics

Pharmacogenomics Fall 2017
Breast Cancer Index 2021
Possible Non-Small Cell Lung Cancer 2022
If Some Old Quarterback Says You Need More Coverage …

Tell Joe (and others like him),

“**No!**”

If you are enrolled in the TRS Medicare Eligible Health Plan (MEHP), enrolling in another Medicare Advantage plan would “dynomite” your TRS MEHP coverage.
• Retiree Annual Statements
• Pathway
• How TRS communicates with you
• Why we continue to take precautions
• TRS 4 and branding launched
Retiree Annual Statements

Summarizes

- Personal information on file with TRS
- How to update that
- Annuity benefits received
- Federal and Kentucky state tax withholding
- How to change withholding
- Retiree health insurance
- Beneficiary information
- Annuity automatic deposit information
- Payment dates

Don’t return with changes; using appropriate form or Pathway (https://mss.trs.ky.gov).
Using Pathway
Real-time online access to account information

Pathway: https://mss.trs.ky.gov

Links on any TRS website page

App: TRS Pathway

Download
What You Can Do in Pathway

• Edit or view personal information
• View active or payee account details
• Submit a request
• View schedule of upcoming seminars and webinars
• Vote in annual trustee elections
• Find links to TRS forms
• Create or view retirement benefit estimates
• Submit applications for retirement or health insurance
TRS Keeping In Touch

News & Information

https://trs.ky.gov  facebook.com/KyTeachersRS  @KyTeachersRS
Direct Emails

- Email from address of donotreply@trs.ky.gov
- Safe to open
TRS must ensure legally mandated benefits are paid on time. To meet that duty and because TRS has a small staff that works closely together, the virus, especially new variants, remains a concern. This is why popular and easier methods for members used during the pandemic continue to be used now.

Video counseling
Retirements can be handled through Pathway
Webinars
TRS 4 Commences

Who Is In TRS 4?

Applies only to new members who enter on or after Jan. 1, 2022
### TRS Account Types

TRS has four account types delineated by entry date:

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Entry Date Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TRS 1</strong></td>
<td>Entry before July 1, 2002</td>
</tr>
<tr>
<td><strong>TRS 2</strong></td>
<td>Entry on or between July 1, 2002, and June 30, 2008</td>
</tr>
<tr>
<td><strong>TRS 3</strong></td>
<td>Entry on or between July 1, 2008, and Dec. 31, 2021</td>
</tr>
<tr>
<td><strong>TRS 4</strong></td>
<td>Entry on or after Jan. 1, 2022</td>
</tr>
</tbody>
</table>
Doing It Right

What That Means at TRS

Providing security for Kentucky’s retired teachers using a long-term investing process proven and refined over decades, avoiding the whims of the day, to achieve top returns on investments at the lowest costs.
Our Members Come First!

800-618-1687

8 a.m. – 5 p.m. ET
Monday – Friday

info@trs.ky.gov
https://trs.ky.gov

Protecting & Preserving Teachers’ Retirement Benefits