

From: [Elizabeth Jones](#)
To: [Janet Wood](#)
Subject: FW: Teacher Retirement System
Date: Thursday, May 7, 2020 1:40:58 PM

From: Leslie Berry
Sent: Thursday, May 7, 2020 12:54:51 PM (UTC-06:00) Central Time (US & Canada)
To: Sunset Advisory Commission
Cc: Leslie Berry
Subject: Teacher Retirement System

I think the Sunset committees have already met, but I would like the following comments noted. I am a retired teacher, and am just recently getting my pension check.

The issue I want to address is the Teacher Retirement Pension Fund. I urge you to read financial columnist Scott Burn's columns in the Dallas Morning News on June 23 and July 7, 2019. He goes into great detail as to how the TRS fund's return is sadly lacking. The annualized return for 10 years ending 2018 was 7.1% as opposed to the return for the Vanguard Balanced Index Fund Admiral Shares of 8.34% (see his correction at the end of the 7/7 column). That's a difference of 1.24%. In fact, in your Sunset Review report, the 2019 return for the TRS is only 5.2%. He has another comparison with the 401k plan at Exxon Mobil. The balanced index fund choice at Exxon earned 8.9% annualized over 10 years ending 9/30/18. That's an even larger 1.8% difference with the TRS. For the Exxon balanced index fund, fees and expenses were 0.0215% of assets. Compare that to the TRS which pays 0.84% expenses per year. That's a difference of .8185%, almost 1%. Based on \$151.2 billion in TRS plan assets, that's a loss of over \$1.24 billion that could have been kept if the expenses were low like Exxon. This is all of the TRS members' money that is lost!

The point is that the TRS is paying a lot of high expense advisors and funds to finance my retirement. This includes alternative investments such as hedge funds, private equity fund, managed futures, venture capital, direct investments in startups, private companies, investments in real estate, oil, timber and agricultural land. These are high risk, expensive, and the returns lag index funds. In fact you are investing 42% in these alternatives now as compared to 2008 when you only invested 14% in these. That is almost half of the pension fund!!

You NEED to change course and get out of alternative investments and high-priced advisors and make it simple. The Couch Potato Portfolio would work just fine. It is Vanguard Balanced Index Fund or the Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market Index Fund combined. Retired teachers have not had a cost-of-living raise (unlike Social Security, which calculates cost of living and increases monthly annuity checks accordingly) since 2001. That is outrageous!

As a retired teacher, I have a stake in this and I don't like what I see. I will be contacting my Texas legislators about this for the next biannual session.

Sincerely,
Leslie Berry

Richardson, TX