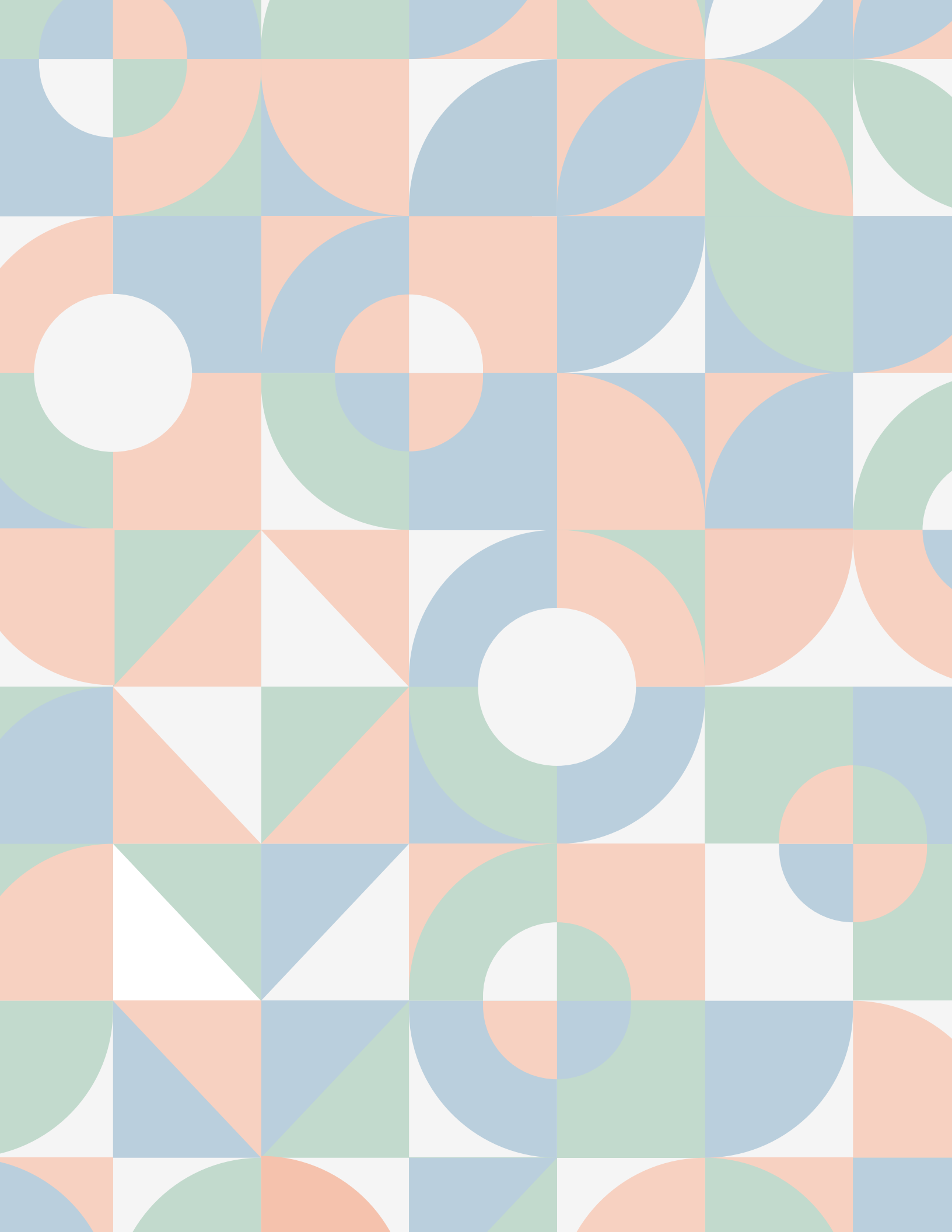


TEACHER RETIREMENT
SYSTEM OF TEXAS

Strategic Plan

FISCAL YEARS
2027 TO 2031







Strategic Plan

FISCAL YEARS 2027-2031

TEACHER RETIREMENT SYSTEM OF TEXAS

Board Member	Hometown	Term Expires*
Robert H. Walls, Jr. <i>Chair</i>	San Antonio	Aug. 31, 2025
Michael Ball <i>Vice Chair</i>	Argyle	Aug. 31, 2025
Brittney Allred	Dallas	Aug. 31, 2027
David Corpus	Humble	Aug. 31, 2025
John Elliott	Austin	Aug. 31, 2027
Laronda Graf	Queen City	Aug. 31, 2029
John R. Rutherford	Houston	Aug. 31, 2029
Elvis Williams	Fair Oaks Ranch	Aug. 31, 2027

*A trustee whose term expires shall continue to perform the duties of the office, with few exceptions, until the successor is appointed.

Submitted to the
Governor's Office, Budget and Policy Division
and the **Legislative Budget Board** on **June 1, 2026**

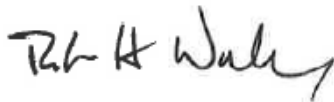
Signed:



Brian Guthrie

Executive Director

Approved:



Robert H. Walls, Jr.

Chair, Board of Trustees

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PART 1.

STRATEGIC PLAN

TRS Vision, Mission and Values

Vision

Earning your trust every day.

Mission

Improving the retirement security of our members by prudently investing and managing the trust assets and delivering benefits that make a positive difference in their lives.

Values

Our values represent a mutual understanding about responsibilities, expectations and communication in the way we treat each other and those we serve. They include:

Member Focus

We exist to serve our members.

Ethics

We act with integrity in everything we do.

Respect

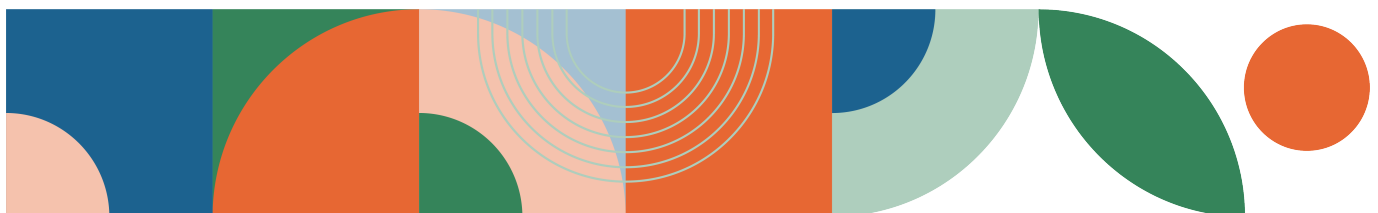
We build and maintain trusting relationships by working collaboratively, embracing our differences and treating each other with kindness.

Excellence

We are accountable for our performance, striving to exceed expectations and deliver superior service.

Innovation

We explore and embrace new ideas to create efficiencies and optimize business outcomes.



Agency Operational Goals and Action Plan

The strategic objectives for the Teacher Retirement System of Texas (TRS), developed in accordance with the TRS Board of Trustees' fiduciary duties and presented in this document, support the following statewide objectives of the state of Texas.

TRS supports the statewide objectives by effectively serving our members, operating efficiently and openly, and focusing on our mission to make a positive difference in our members' lives. Action items within TRS' plan may be ongoing and will continue each fiscal year beyond the five-year time period unless noted otherwise.

Statewide Objectives

1. Accountable to tax and fee payers of Texas.
2. Efficient by producing maximum results with no waste of taxpayer funds and by identifying any function or provision considered redundant or not cost effective.
3. Effective by successfully fulfilling core functions, achieving performance measures and implementing plans to continuously improve.
4. Attentive to providing excellent customer service.
5. Transparent such that agency actions can be understood by any Texan.

Goal 1: Sustain an actuarially sound pension system.

Action Items to Achieve Our Goal

- Maintain an effective investment governance structure.
- Enhance current competitive advantages and total returns.
- Manage cost structures to increase net alpha generated.
- Serve as a trusted resource and engage with policymakers on pension funding and plan design.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is accountable to Texas taxpayers. The TRS Pension Trust Fund is governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. The pension fund's performance is publicly presented at each quarterly board meeting and the actuarial valuation is

published and presented annually. Additionally, TRS provides regular communication on the pension fund's status with member and retiree associations and the Texas Legislature.

Statewide Objective 2: Efficiency

Our goals call for TRS to prudently invest trust fund dollars using an asset allocation designed to achieve an efficient risk-adjusted return. To effectuate our goals, TRS has developed deep strategic relationships with key external partners. As a result, TRS has been able to leverage the resources and intelligence of the external network to complement internal capabilities. Additionally, TRS uses external networks to optimize trading and execution.

Statewide Objective 3: Effectiveness

TRS' core function tied to this goal is to prudently invest pension trust fund assets. TRS measures success in this by publicly presenting investment returns quarterly and reporting in the *Annual Comprehensive Financial Report* (ACFR) how the trust fund performed on a one-, three-, five-, and ten-year basis. TRS also measures itself against our peers via the Wilshire Trust Universe Comparison Service on a one- and three-year basis. TRS regularly performs asset allocation reviews and annually reviews and updates the Investment Policy Statement to help ensure continuous improvement in the core function of prudently investing pension trust fund assets.

Statewide Objective 4: Customer Service

TRS strives to improve the retirement security of our members by prudently investing and managing pension trust fund assets. Given that investment returns represent the majority of the pension trust fund's revenue, it stands that investment performance is a key mechanism to ensuring the long-term sustainability of the pension trust fund. TRS will continue to seek achievement of the long-term assumed actuarial rate of return within appropriate risk parameters as set by the TRS Board of Trustees.

Statewide Objective 5: Transparency

TRS places a high priority on timely, accurate and meaningful communications to share information, seek feedback, improve decision-making, and build an ever-stronger commitment to achieving our mission. TRS communicates with stakeholders to enable them to make informed decisions related to TRS programs. This may include funding and benefit design decisions made by the legislature or retirement options selected by members. TRS also provides general educational information regarding pensions and health benefit matters and responds to media and other requests relating to the investments of the system. As part of its commitment toward open and transparent communication, TRS continues to webcast all board and committee meetings.

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

Goal 2: Continuously improve our benefit delivery.

Action Items to Achieve Our Goal

- Increase engagement with members/participants and reporting employers regarding TRS benefits.
- Expand our services to meet members where they are.
- Improve the reporting employer experience.
- Identify resource needs and develop project plans associated with opening additional regional offices.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is accountable to Texas taxpayers in the continuous improvement of benefit delivery in that TRS is governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Analytics on benefit delivery are publicly presented annually to the TRS Board of Trustees in an open meeting. Additionally, TRS reports performance measure metrics to the board's Benefits Committee on a quarterly basis. Finally, any rule changes governing benefit administration or TRS operations are adopted publicly at open meetings only after publication in the Texas Register and public comment periods.

Statewide Objective 2: Efficiency

TRS completed implementation of the TRS Enterprise Application Modernization (TEAM) Program in March 2026. TEAM is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10-20 years. It focused on addressing the changing expectations of a growing membership, providing more online, self-service functionality for participants, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes, and incorporating modern technologies. It also delivered tools and techniques that position TRS to have flexibility in updating its systems in response to growing member demands and future technological and regulatory changes. Now that the final phase of TEAM has been implemented, TRS will focus on enhancements to the system that further improve the member and employer experience.

Statewide Objective 3: Effectiveness

TRS' core function relative to this goal is prudent and efficient benefit delivery. TRS measures success in this goal by regularly utilizing an independent firm to conduct and report on customer satisfaction both

from members and reporting employers. Additionally, TRS annually participates in the CEM Pension Administration Benchmarking Study that measures TRS' success and efficiency in delivering benefits against peers.

Statewide Objective 4: Customer Service

TRS continues to strengthen its multi-channel communication strategy to better meet the needs of its members and stakeholders. Ongoing efforts include the development and delivery of informational presentations, videos and webinars designed to enhance the member experience and support informed benefit decisions.

Member Education and Counseling currently offers four core presentations, Ready to Retire, Intro to TRS, Mid-Career, and TRS Forms. These sessions are primarily delivered virtually to maximize accessibility, with the Ready to Retire presentation also offered in person at locations across the state. Recordings of these presentations are maintained on the TRS website to provide on-demand access for participants.

In 2026, the department launched the TRS Essentials webinar series, featuring concise, topic-focused sessions of approximately 15–20 minutes. These webinars address key aspects of the pension plan, including retirement eligibility, service credit, and employment after retirement, and are designed to deliver targeted, easy-to-understand information.

Member Education and Counseling is also implementing a comprehensive employer engagement strategy in 2026, focused on equipping Reporting Employers (REs) with accurate and accessible benefit information to share with their employees. A primary objective is to improve new member understanding of the value of the TRS pension plan. This strategy includes the development of a standardized toolkit of resources such as videos, brochures and one-page informational materials to support consistent and effective communication at the employer level.

In April 2022, TRS rolled out a new MyTRS online portal for members and annuitants that includes increased self-service functionality such as filing for a refund or retirement, beneficiary changes, direct deposit changes, and more. We continue to make improvements to the portal to simplify navigation and implement more straight-through processing.

Additionally, a user-centric redesign of TRS' primary website at www.trs.texas.gov was launched in April 2025 based on extensive user experience research and input from TRS members. The redesigned site includes new interactive features such as a tier map, employer search and enhanced form search and filter options.

Pension Services continues to recruit and hire contact center staff from across the State of Texas, rather than limiting hiring to the Austin area. This statewide hiring approach expands the qualified applicant pool and supports ongoing staffing needs.

As with contact centers across industries, turnover rates in these roles are consistently higher than in other Pension Services positions. This is an inherent characteristic of contact center work and is reflected in industry benchmarking.

To maintain high service standards, contact center staff are held to established performance metrics and are subject to a robust quality assurance program. This includes regular monitoring through call recordings and screen recordings, which are used to evaluate performance, provide coaching and reinforce consistent, high-quality service delivery to TRS members.

Member Education and Counseling offers appointments for members nearing retirement. Appointments are available virtually, by phone and in-person at the Austin and El Paso offices, in addition, Benefit Counselors travel around the state and offer in-person field appointments during certain times of the year.

In November 2022 TRS opened its first regional office in El Paso. The office has a capacity to serve over 7,500 members annually. As a result of our office opening, active and retired members in Regions 18 and 19 now have access to TRS closer to where they live. TRS will be relocating the El Paso Regional Office in calendar year 2027. The new space will provide an enhanced member experience along with dedicated member and employer presentation space. In addition, TRS anticipates opening a new regional office in the Rio Grande Valley area by the end of 2027. This location will serve members throughout Regions 1 and 2. We continue to build out our employer outreach to enhance relationships with school districts to communicate and better tailor our available services to meet the needs of our members.

Statewide Objective 5: Transparency

TRS places a high priority on timely, accurate and meaningful communications to share information, seek feedback, improve decision-making, and build an ever-stronger commitment to achieving our mission. TRS provides webcasts of all board and committee meetings and posts benefit-related materials on our website. Member Education and Counseling staff regularly make group presentations for members at locations around the state of Texas and virtually. In addition, TRS staff communicate regularly with members through newsletters, email, social media, and engagement events. The *TRS Benefits Handbook* reflects the latest benefit information.

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

Goal 3: Facilitate access to competitive, reliable health care benefits for our members.

Action Items to Achieve Our Goal

- Serve as a trusted resource and engage with policymakers on health care funding and plan design.
- Engage the best health care vendors through competitive procurement to ensure our members have the highest value health care.
- Reengineer TRS-ActiveCare to better meet employer needs.
- Use data analytics tools to provide assurance on health care claims compliance.
- Ensure access to competitive retiree health benefits, including dental and vision plans.
- Engage and educate plan participants to help them achieve better health outcomes.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is accountable to Texas taxpayers in the delivery of health care benefits in that TRS is governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Rates and plan designs for TRS health care plans are adopted publicly in an open meeting by the TRS Board of Trustees. TRS engages independent third-party firms to audit 100% of medical and pharmacy claims as well as pharmacy rebates, demonstrating commitment to accurate claims processing and fiduciary responsibility. TRS undergoes annual financial audits to ensure the accuracy of its financial reporting, maintain compliance with regulatory requirements, and promote transparency and accountability to stakeholders. Additionally, our goals call for regular communication on matters relating to the health care funds with member and retiree associations and the legislature.

Statewide Objective 2: Efficiency

A major reoccurring TRS initiative is to continue to serve as a resource for the legislature on matters involving TRS-Care and TRS-ActiveCare. This includes carefully monitoring TRS-Care funding and educating stakeholders about options for sustaining TRS-Care and managing TRS-ActiveCare. As part of this work, TRS has enhanced health data analytics to drive key decision-making in support of cost management and resource maximization, including assuring that health care claims are paid in compliance with protocols. For every dollar contributed to TRS health plans, over 97 cents goes directly to member health care — less than three cents covers administration. When benchmarked against large, self-insured plans in Texas, TRS-ActiveCare has seen 50% lower cost growth than peers since

2013. Medical claims costs in 2025 were 13% lower than the expected cost when compared to populations with similar risk.¹ Additionally, due to effective plan management and savings resulting from changes in the Medicare environment, effective January 2025 TRS was able to lower premiums for retirees with Medicare, saving participants between \$720 and \$4,884 annually, while maintaining TRS-Care Standard premiums for pre-65 retirees at 2018 levels.

Statewide Objective 3: Effectiveness

TRS strives to deliver the highest quality health care services to members and employers at the best possible price to ensure funds go as far as possible. To that end, TRS watches health care market trends closely, procuring medical and pharmacy contracts when it is most advantageous for members. Routine market checks and procurement ensure the best value from available funds. TRS demonstrates effectiveness by delivering results that drive employer confidence and participation, including successful onboarding of new vendors and implementing innovative benefit designs. This is evidenced in member satisfaction results and high employer retention with 25 employers joining TRS-ActiveCare for the 2026-27 plan year.

Statewide Objective 4: Customer Service

TRS is dedicated to professional, accurate, timely, and cost-effective delivery of services to plan participants. TRS routinely compares its health care plans with similar plans, including analysis of comparative costs and premiums and publishes outcomes of efforts and initiatives to contain health care costs and improve the health of members in its annual *TRS Health Benefits Report*. Additionally, TRS routinely conducts member satisfaction surveys to ensure continued high-quality service to plan participants and solicits public input. TRS has increased outreach to employers that participate in TRS-ActiveCare to design benefits that are tailored to their needs. In light of legislative changes affecting TRS-ActiveCare, TRS conducted significant outreach to inform employers of the changes and support them in making informed decisions.

TRS develops tailored health care communications that help participants understand and use their benefits. Communications are customized for participants who are working, planning to retire or already retired and delivered through in-person meetings, mail and digital channels. Engagement with digital health communications exceed industry benchmarks, and *The Pulse*, a monthly email newsletter dedicated to health care that goes to more than 250,000 recipients, has an an open rate of 45%. TRS continues to sharpen its communication focus on health care matters and adapt its communications to meet the needs of all constituents.

¹ Page 21, 2025 TRS Health Benefits Report

Statewide Objective 5: Transparency

TRS is responsible for providing accurate information about TRS programs and services to all interested parties, including active and retired members, legislative and governing bodies, school districts, institutions of higher education and the public so that informed health care decisions can be made. TRS provides employers with data to allow them to compare the cost of TRS plans to other plans available to employers. TRS expanded the type and amount of claims data provided to districts by offering it twice a year at no cost. This gives employers actionable data they can use to improve costs and education about health care for their employees.

As part of its commitment toward open and transparent communication, TRS continues to webcast all board and committee meetings and post health care-related materials on our website. In addition, TRS staff communicates regularly with members and member associations through newsletters, email, social media, and town halls. Financial statistics and performance data related to TRS-Care and TRS-ActiveCare are regularly published in the ACFR and annual *TRS Health Benefits Report*. Detailed and easy-to-understand health care information can also be found on the TRS website and in the *TRS Benefits Handbook*.

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

Goal 4: Align people, processes and technology to achieve excellence in service delivery.

Action Items to Achieve Our Goal

- Promote a strong workplace culture that fosters creativity and innovation.
- Maintain workforce planning strategies to align talent needs with organizational goals, enhance learning and development opportunities, and expand succession planning initiatives to develop and retain future leaders.
- Develop, maintain and enhance information technology (IT) systems and infrastructure in support of TRS business needs.
- Optimize the work environment to provide greater scalability, flexibility and security.
- Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making.
- Implement modern information systems across all lines of business with priority on modernization of legacy systems and strategic digital transformation.

- Improve digital operating technology models to enhance continuous business process improvement and provide operational efficiencies.
- Optimize security architecture and operational capabilities to thwart advanced threats and mitigate vulnerabilities.
- Expand the Information Security governance, risk and compliance (GRC) program to include security and privacy management, risk/fraud forecasting and education in cooperation with Legal & Compliance and appropriate business units.
- Implement a centralized ethics and conduct-related compliance management platform to enhance monitoring and oversight, improve the user experience, and consolidate multiple compliance processes into a single system. This initiative will streamline and accelerate disclosure and certification processes, strengthen accountability and provide real-time visibility into compliance activities across the organization. (Target Date: 1/2027)
- Embed/Integrate culture of ethics and compliance within the business process through open conversations about ethics, provision of clear guidance on compliance protocols and empowering everyone to raise concerns or questions. Weaving TRS values into daily practices creates a more positive and resilient environment for employees and members alike.
- Increase the efficiency of Legal & Compliance through the appropriate and effective adoption of artificial intelligence tools.
- Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS to foster greater collaboration and adherence to best practices across the organization.
- Identify and implement appropriate enterprise and business level risk mitigation strategies, including implementing an enterprise fraud risk mitigation tool and aligning our approach to manage new and emerging risks as they are identified across the organization.
- Improve strategic communications with a customer-centric focus.
- Implement and monitor the Member and Employer Outreach Plan to better help members and employers fully know and utilize benefits, engage with TRS, plan for retirement, and remain informed postretirement.
- Identify opportunities and implement solutions for improved productivity, process efficiencies and performance monitoring.
- Finalize implementation and operationalize Investment Data Modernization Program to improve trust asset monitoring and fiduciary oversight.

- Complete Pension Data Warehouse Project to automate and enhance data analytics and reporting capabilities for more proactive engagement with stakeholders. (Target Date: 8/2028)
- Implement best practices and effectively integrate artificial intelligence (AI) within existing organizational processes to optimize investment performance and improve member services.
- Effectively build AI infrastructure, governance and oversight required to support enterprise-wide AI tools and capabilities.
- Measure and evaluate improved efficiencies, effectiveness and cost optimization achieved by leveraging AI.
- Explore innovative ways to improve competitiveness in product/service development and delivery.
- Identify opportunities to reduce risks by the development, deployment and execution of AI applications.
- Identify skill gaps and develop staff to support AI initiatives through targeted workforce and change management strategies.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is committed to maintaining an efficient and effective administration that is accountable and transparent to its stakeholders. TRS is governed by a nine-member board appointed by the governor and board meetings include public comment opportunities. TRS frequently testifies before the legislature when called upon to provide information. TRS' budget is submitted to and approved by both the TRS Board of Trustees and the legislature.

Each year, TRS estimates the number of employees requiring purchasing or contract management training needs and provides guidance and potential resources. Individuals with significant contract management responsibilities are required to enroll in the Comptroller's Certified Texas Contract Manager (CTCM) training and may need to earn the CTCM certification. Additionally, TRS CTCMs complete mandatory continuing education requirements for contract management. Beyond this, TRS develops targeted internal training to address agency-specific contract risks and strengthen our audit readiness.

TRS maintains a board-approved Member and Employer Outreach Plan with specific and measurable activities outlined each fiscal year to ensure TRS is communicating effectively with members and

employers. TRS also regularly seeks feedback via formal and informal surveys to ensure member-facing content is understandable, findable, accessible, and fully meets members' needs.

The TRS Office of the Ombuds was established to serve members by providing an independent and confidential resource to address concerns related to their pension and benefits as well as dissatisfaction with TRS customer service.

A third-party Fraud and Ethics Hotline is available to employees and the public to report complaints anonymously.

The TRS Board of Trustees has adopted several ethics policies that establish standards of ethical conduct and impose disclosure requirements for employees, trustees and contractors who provide significant services to TRS. These policies are designed to ensure compliance with TRS ethical standards, including transparency regarding potential conflicts of interest.

TRS ensures that everyone with access to the TRS network has taken annual, state-approved cybersecurity training, along with providing year-round cybersecurity education opportunities for TRS employees, members and employers. In addition, every employee receives AI training before being given access to TRS-implemented AI tools, and completes annual, state-approved AI training.

Statewide Objective 2: Efficiency

The TRS Board of Trustees adopts the annual operating budget from the appropriations process and authorizes funding to be provided from the pension trust fund; however, TRS does not receive funding from the state for administrative operations. TRS remains one of the lowest cost pension funds in the nation in terms of the ratio of its administrative budget to the size of its membership.

TRS seeks to improve productivity by streamlining processes and systems to promote optimal work efficiencies. TRS also regularly assesses the user experience in quickly finding TRS information online via ongoing user experience research and evaluating data such as web analytics for continuous improvement.

TRS maintains and improves disaster recovery strategies and processes in accordance with state and industry standard best practices.

TRS Information Security maintains a comprehensive, risk-based cybersecurity program with a focus on continuous improvement that is able to pivot and respond to opportunities and threats.

TRS builds the infrastructure, governance and oversight needed to enable secure, scalable and responsible adoption of enterprise AI capabilities. This includes establishing a standardized foundation for AI platforms and tools, implementing clear governance structures to guide use case intake and risk assessment, and defining oversight mechanisms to ensure alignment with legal, ethical and security

requirements. TRS leverages centralized programs such as the AI Transformation Program and Center of Enablement to provide coordinated implementation, training and support, while embedding accountability through data governance, project review processes and ongoing monitoring to ensure AI technologies are deployed consistently, transparently, and in alignment with TRS strategic objectives.

Statewide Objective 3: Effectiveness

TRS conducts ongoing analysis of the workforce to determine current and future staffing needs. TRS also develops and promotes career opportunities through defined career paths for current employees, researches options to retain institutional knowledge and designs succession planning programs for critical staff. Additionally, TRS conducts ongoing analysis of processes and technology to ensure members' needs are met.

TRS is committed to improving systems and technical tools enabling staff to perform their roles effectively.

TRS continues to provide updates to application functionality that members use when online to enhance their user experience. TRS also works to ensure members and employers are made aware of improvements and new resources through the activities outlined in the Member and Employer Outreach Plan.

TRS maintains multidisciplinary expert staff and formalized organizational processes to proactively address current and future cybersecurity issues and challenges.

Statewide Objective 4: Customer Service

TRS' core functions are delivering retirement and other related benefits, providing health care coverage and managing a large investment portfolio. In our continued pursuit of providing excellent customer service, TRS is currently focused on aligning its workforce to meet the needs of its membership and to consistently meet service level targets. TRS ensures that the skills of our current and future workforce have the required expertise to serve our members. This is done through ongoing professional development and training that is tied to career enhancement and developing future leaders. TRS does this by monitoring business processes and full-time employee levels and adjusting as necessary. To better serve our members in other areas of the state, TRS opened its first Regional Counseling office in El Paso in the fall of 2022 and is in the process of opening a second regional office in the Rio Grande Valley by the end of 2027.

Meeting members where they are is a key component of the Member and Employer Outreach Plan. In 2025, TRS completed a multi-year initiative to update and redesign its primary website, www.trs.texas.gov. As part of this process, TRS conducted user experience research to include talking directly with members to ensure the new site was designed in a user-centric fashion. Follow-up user

experience testing showed that the new website was 12.5% more effective, 46% more efficient and rated 24 points higher on satisfaction. Continuous user feedback also helps inform ongoing enhancements and improvements with a focus on usability and accessibility.

Security enhancements such as multi-factor authentication (MFA) and fraud prevention techniques provide an additional layer of protection for our members.

Statewide Objective 5: Transparency

As part of its commitment toward open and transparent communication, TRS continues to webcast all board and committee meetings and post budget-related materials including the biennial Legislative Appropriations Request (LAR) and Operating Budgets on the TRS website. TRS highlights board activities through its communication channels, including newsletters, emails and social media. In addition, TRS publishes a high-level overview and general summary of each board meeting. Detailed and easy-to-understand financial information can be found in the ACFR. TRS also communicates regularly with its membership and employer base on all TRS topics through newsletters, email blasts, videos, and appropriate usage of social media platforms.

TRS participates in multiple cybersecurity performance and maturity assessments annually and reports the results to executive leadership, the board of trustees and the state (when applicable).

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

Redundancies and Impediments

Service, Statute, Rule, Regulation, Program or State Operation (Provide Specific Citation if Applicable)

None this reporting period.

Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations

Provide Agency Recommendation for Modification or Elimination

Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change

TRS regularly reviews its enabling legislation in advance of each legislative session to identify any statutory inefficiencies or redundancies. Any needed legislative changes are then identified as part of TRS' omnibus bill process.

Natural Disaster-Related Redundancies and Impediments (if applicable)

Not applicable to TRS.

PART 2.

SUPPLEMENTAL

SCHEDULES

Schedule A: Budget Structure

TRS goals, objectives, measures, and strategies are listed in the order in which they appear in the agency's bill pattern in the General Appropriations Act (GAA).

GAA Goal:

To administer the System as an Employee Benefit Trust.

Objective (1): (Operational Goals 1 and 2)

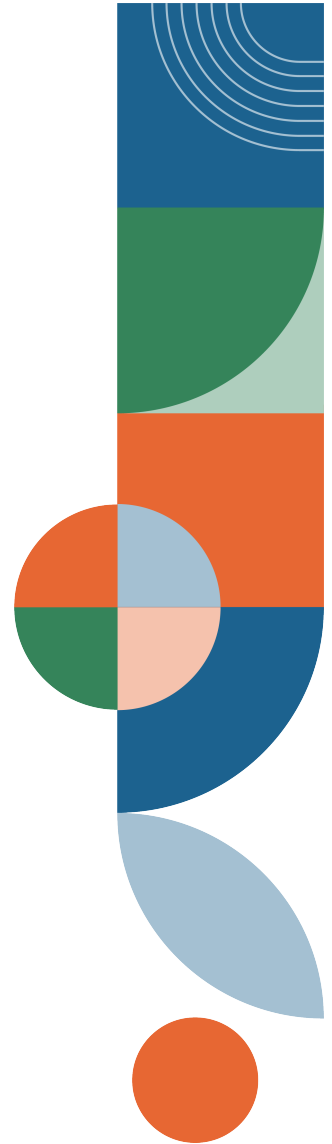
To manage an actuarially sound retirement system that maintains an amortization period of less than 31 years and generates a 20-year average investment return equal to or exceeding the board-approved actuarial rate of return.

Strategies:

1. Make retirement contributions to the TRS pension fund for public education employees. Maintain an actuarially sound retirement system (retirement fund) with a funding period less than 31 years. Estimated.
2. Make retirement contributions to the TRS pension fund for higher education employees. Maintain an actuarially sound retirement system (retirement fund) with a funding period less than 31 years. Estimated.
3. Provide services to members, manage investments, and administer TRS retirement fund.

Outcome Measures:

- Number of years to amortize the TRS retirement fund unfunded actuarial accrued liability.
- TRS retirement fund five-year average time-weighted rate of return-on-investment performance.
- TRS retirement fund 20-year average time-weighted rate of return-on-investment performance.
- Investment performance relative to board-approved benchmark.



- TRS retirement fund annual operating expense per member.
- TRS retirement fund investment expense as basis points of net assets.
- Service level percentage of calls answered in specified time interval.

Output Measures:

- Number of TRS benefit applications processed.
- Number of TRS retirement fund member accounts serviced.
- Percentage of retirees whose first annuity is paid when it is first due.

Objective (2): (Operational Goal 3)

To administer a health care program for public education retirees funded by statute.

Strategies:

To administer a health care program for public education retirees funded by statute.

Outcome Measures:

- Participation rate in Disease Management Program by non-Medicare enrollees.
- Generic substitution rate for TRS-Care prescription drug benefits.

Schedule B: List of Measure Definitions

The performance measure definitions presented below are those associated with the TRS Legislative Appropriations Request (LAR) and the General Appropriations Act (GAA). They are separate and distinct from the performance measures associated with the Goals, Objectives and Strategies in the Appendix.

Outcome Measure:

Number of years to amortize the TRS retirement fund unfunded actuarial accrued liability.

Definition:

This measure reflects the number of future years required to pay off or eliminate the retirement fund unfunded actuarial accrued liability (UAAL) based on the actuarial assumptions and assuming no future actuarial gains or losses.

Purpose/Importance:

This measure is important because it determines when the UAAL can reasonably be expected to be funded or amortized over a determinable number of years. This funding or amortization can only be accomplished when there is excess of total contributions over the normal cost of expected benefits.

Source/Collection of Data:

The source is the actuarial valuation report issued by the consulting actuary after the end of the fiscal year. Data is collected from the retirement fund membership data records and the financial data at fiscal year-end.

Method of Calculation:

Required data is forwarded to the consulting actuary who conducts an actuarial valuation by performing an analysis of the data and subjecting it to TRS board-approved actuarial assumptions.

Data Limitations:

The actuarial valuation is completed at the end of every fiscal year. Membership data is collected at fiscal year-end only. Financial data is calculated and audited at fiscal year-end only.

Calculation Type:

Noncumulative

New Measure:

No

Target Attainment:

Lower than target

Outcome Measure:

TRS retirement fund five-year average time-weighted rate of return-on-investment performance.

Definition: This measure shows investment returns calculated on a time-weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.

Purpose/Importance: The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.

Source/Collection of Data: Investment financial data is from the retirement fund fiscal year-end accounting records.

Method of Calculation: Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.

Data Limitations: The data is dependent on investment market fluctuations, specifically at fiscal year-end.

Calculation Type: Noncumulative

New Measure: No

Target Attainment: Higher than target

Outcome Measure:

TRS retirement fund 20-year average time-weighted rate of return-on-investment performance.

Definition:	This measure shows investment returns calculated on a 20-year time weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.
Purpose/ Importance:	The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.
Source/ Collection of Data:	Investment financial data is from the retirement fund fiscal year-end accounting records.
Method of Calculation:	Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.
Data Limitations:	The data is dependent on investment market fluctuations, specifically at fiscal year-end.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:

Investment performance relative to board-approved benchmark.

Definition: This measure would report actual investment performance, net of fees, compared to the annual board adopted performance benchmark.

**Purpose/
Importance:** This measure reflects the valued added by the Investment Management Division's investment strategy.

**Source/
Collection of
Data:** Investment financial data collected from the retirement fund custodian for the period ended August 31st.

**Method of
Calculation:** The total 3-year average investment return of the Pension Trust Fund (as expressed by a percentage) less by the 3-year average Total Fund Index benchmark (as expressed by a percentage) and adopted by the TRS Board of Trustees and reported in the ACFR with the result shown as basis points.

**Data
Limitations:** The data is dependent on the timing of valuations and index availability.

**Calculation
Type:** Noncumulative

New Measure: No

**Target
Attainment:** Higher than target

Outcome Measure:

TRS retirement fund annual operating expense per member.

Definition: This measure reflects the annual cost (excluding investment expenses) per active, non-contributing and retired member to operate the retirement fund benefit administration.

Purpose/Importance: This measure provides a method to compare operating efficiencies from year-to-year and comparison to other public retirement funds.

Source/Collection of Data: The source is the fiscal year-end financial data, the member data and annuitant data. The retirement fund fiscal year-end accounting data for the operating expenses based on generally accepted accounting principles (GAAP), the GAAP investment expenses, and the total active, non-contributing and retired members.

Method of Calculation: This measure is calculated by dividing the retirement fund benefit administration generally accepted accounting principle basis operating expenses, excluding GAAP investment expenses, by the total active, non-contributing and retired members.

Data Limitations: The fiscal year-end financial and membership data required to calculate the final cost per member are not available in time to meet the deadline for submitting this measure. Preliminary data must be used and the final data provided by December following the close of the fiscal year.

Calculation Type: Noncumulative

New Measure: No

Target Attainment: Lower than target

Outcome Measure:

TRS retirement fund investment expense as basis points of net assets.

Definition: This measure shows the annual retirement fund Investment expenses as a percent of net assets.

Purpose/Importance: This calculation provides a method to compare investment operating efficiencies from year-to-year and comparison to other public retirement funds.

Source/Collection of Data: This measure uses the retirement fund fiscal year-end financial data.

Method of Calculation: This measure is calculated by dividing retirement fund generally accepted accounting principle basis investment expenses, as reported in the TRS ACFR Schedule of Investing Activity Expenses, by the Net Assets Held in Trust for Pension Plan Benefits. The ratio is expressed in basis points -- 100 basis points equals 1%.

Data Limitations: The financial data required to calculate the final basis points is not available in time to meet the deadline for submitting this measure. A preliminary basis point must be used and the final basis point provided by December following the close of the fiscal year.

Calculation Type: Noncumulative

New Measure: No

Target Attainment: Lower than target

Outcome Measure:

Service level percentage of calls answered in specified time interval.

Definition:	This measure provides the percentage of telephone calls answered within the service level interval as defined in the NICE inContact Call Center software. The current service level interval is set at three minutes. Therefore, TRS Benefit Counselors attempt to answer 80% of telephone calls received on the toll-free telephone line within three minutes of being released from the automated telephone system.
Purpose/Importance:	This measure provides an industry standard manner of measuring the performance of the TRS Telephone Counseling Center while taking into account the unpredictability of call volume fluctuations and day-to-day staffing levels.
Source/Collection of Data:	The source of data is the NICE inContact Call Center software, a real-time Contact Center Management System utilizing skills-based routing. The data is collected by this application from NICE inContact ACD (Automatic Call Distribution) capabilities.
Method of Calculation:	The measure is displayed using the reporting capabilities of the NICE inContact Call Center software. The system has multiple reporting capabilities, including the Benefit Counseling (BC) Service Level Summary reports. Reports are generated daily, monthly, quarterly, and year-to-date throughout the fiscal year to capture service level percentages for calls received by the Telephone Counseling Center. On this report, the service level percentage is shown for all calls answered by the Telephone Counseling Center. The service level percentage is calculated by dividing the number of calls successfully answered within the service level interval by the total number of calls answered plus total abandoned calls.
Data Limitations:	NICE inContact Call Center software eliminates data limitations on telephone calls received.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Output Measure:

Number of TRS benefit applications processed.

Definition: This measure provides the number of benefit claim applications for service and disability retirement, refunds and death claims processed by TRS.

**Purpose/
Importance:** This measure provides a year-to-year comparison of growth in applications processed by TRS.

**Source/
Collection of
Data:** Information is collected through TRS computer applications and taken from various reports referenced in TRS procedures specific to this measure.

**Method of
Calculation:** To calculate the number of TRS benefit applications processed, the number of refunds processed, the number of death claims closed during the month, and the number of files added to payroll during a month, all taken from reports referenced in procedures related to this measure, are added together to determine the total number of benefit applications processed.

**Data
Limitations:** Benefit applications received must have all required documentation properly executed prior to processing the benefit payment requested. Reporting employers must certify a member's final retirement contribution to TRS prior to processing the benefit payment.

**Calculation
Type:** Cumulative

New Measure: No

**Target
Attainment:** Higher than target

Output Measure:

Number of TRS retirement fund member accounts serviced.

Definition:	This measure shows the number of member retirement deposits applied to individual member accounts each fiscal year.
Purpose/ Importance:	This measure provides a year-to-year comparison of the growth in transaction activity.
Source/ Collection of Data:	The source is the member records accounting system report. The transaction numbers are accumulated from the application of salary and contribution as submitted by the reporting entity on a monthly basis.
Method of Calculation:	Each posting to a member's account is considered a transaction in the month the contribution is applied to a member's account regardless of the received date.
Data Limitations:	Over 1300 reporting entities must report each member's monthly payroll salary and retirement contribution. A member can have more than one posting per month if employed by multiple reporting entities.
Calculation Type:	Cumulative
New Measure:	No
Target Attainment:	Not applicable

Output Measure:

Percentage of retirees whose first annuity is paid when it is first due.

Definition:	Annuitants paid timely means that an annuitant is considered to be paid when first due if the payment was issued: on the last working day of the month following the retirement date; on or before the last working day of the month following the final report month; within 31 days of when a service credit purchase cost statement was paid; or within 31 days of when the final required retirement document was received.
Purpose/Importance:	This measure determines if TRS is delivering benefits in a timely manner based on all properly completed and required documentation and data elements for retirement.
Source/Collection of Data:	Information is taken from TRS systems referenced in procedures to generate reports that list, respectively, payments that met or did not meet the criteria in the definition.
Method of Calculation:	Review source data to determine whether payments were issued in a timely manner based on the criteria in the definition. To determine the percentage of payments issued in a timely manner, the denominator is the total number of payments issued during the month of interest. The numerator is the total number of payments issued minus the payments that are considered not issued in a timely manner.
Data Limitations:	Only files added to payroll during the month of interest that result in a payment being issued are considered to determine if paid in a timely manner.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:

Participation rate in Disease Management Program by non-Medicare enrollees.

Definition: Percentage of TRS-Care non-Medicare enrollees with identified chronic health conditions who are actively participating in the Disease Management Program.

Purpose/Importance: Non-Medicare enrollees with chronic health conditions increase plan costs significantly when those conditions are not medically managed.

Source/Collection of Data: At the end of each fiscal year, the Disease Management Program vendor identifies non-Medicare enrollees with chronic health conditions to derive a denominator. The numerator for the calculation is the number of enrollees with chronic health conditions who are meeting the vendor's criteria for active participation in disease management programs.

Method of Calculation: The number of Disease Management Program enrollees divided by the number of eligible Disease Management Program enrollees equals the participation rate.

Data Limitations: None

Calculation Type: Noncumulative

New Measure: No

Target Attainment: Higher than target

Outcome Measure:

Generic substitution rate for TRS-Care prescription drug benefits.

Definition: Percentage of prescriptions filled with a generic equivalent to the brand name drug.

Purpose/Importance: Generic prescription drugs are significantly less expensive than their brand name counterparts, so increased utilization of available generic equivalents lowers plan costs.

Source/Collection of Data: At the end of each fiscal year, the Pharmacy Benefit Manager for TRS-Care will provide the claims data that indicates the number of prescriptions filled with a generic equivalent and the total number of prescriptions filled for which a generic equivalent is approved by the U.S. Food and Drug Administration.

Method of Calculation: The number of prescriptions filled with a generic equivalent is divided by the total number of prescriptions filled for which a generic equivalent is approved by the U.S. Food and Drug Administration.

Data Limitations: None

Calculation Type: Noncumulative

New Measure: No

Target Attainment: Higher than target

Schedule C: Historically Underutilized Business Plan

Mission Statement

TRS' Veteran Heros United in Business (VetHUB) Program encourages the participation of VetHUBs in procurements and contracts for commodities and services through education and outreach.

Policy

Per Texas Government Code 825.514, TRS has adopted Texas Government Code 2161 and Title 34, Texas Administrative Code, Subchapter 20 (34 TAC 20.281-298).

Definition

A VetHUB is defined by 34 TAC 20.282 as a business formed for the purpose of making a profit, provided the following criteria are met:

- The principal place of the business must be in Texas.
- The proprietor of the business must be a resident of the state of Texas.
- At least 51% of the assets and at least 51% of all classes of the shares of stock or other equitable securities in the business must be owned by one or more persons who is a service-disabled veteran, which includes veterans as defined by 38 U.S.C. 101(2) who have suffered at least a 20% service disability as defined by 39 U.S.C. 101(16).
- The individuals mentioned above must demonstrate active participation in the control, operation and management of the business.
- The business must be involved directly in the manufacture or distribution of the contracted supplies or materials, or otherwise warehouse and ship the supplies or materials.
- The business must be classified as a small business consistent with the U.S. Small Business Administration's size standards and based on the North American Industry Classification System code.

Utilization of VetHUBs

TRS recognizes the importance of VetHUB participation in the procurement process and continues to pursue initiatives designed to raise awareness of the VetHUB program and procurement opportunities with TRS. This includes attending VetHUB economic opportunity forums throughout the state.

TRS is committed to being a resource for VetHUBs not only in identifying potential opportunities with TRS, but with other state agencies as well. This commitment extends to assisting VetHUBs in understanding the state of Texas contracting process and navigating the VetHUB certification process.

TRS is pleased to offer assistance to VetHUBs in any manner possible, even for opportunities not sponsored by TRS.

Previous HUB Program Performance

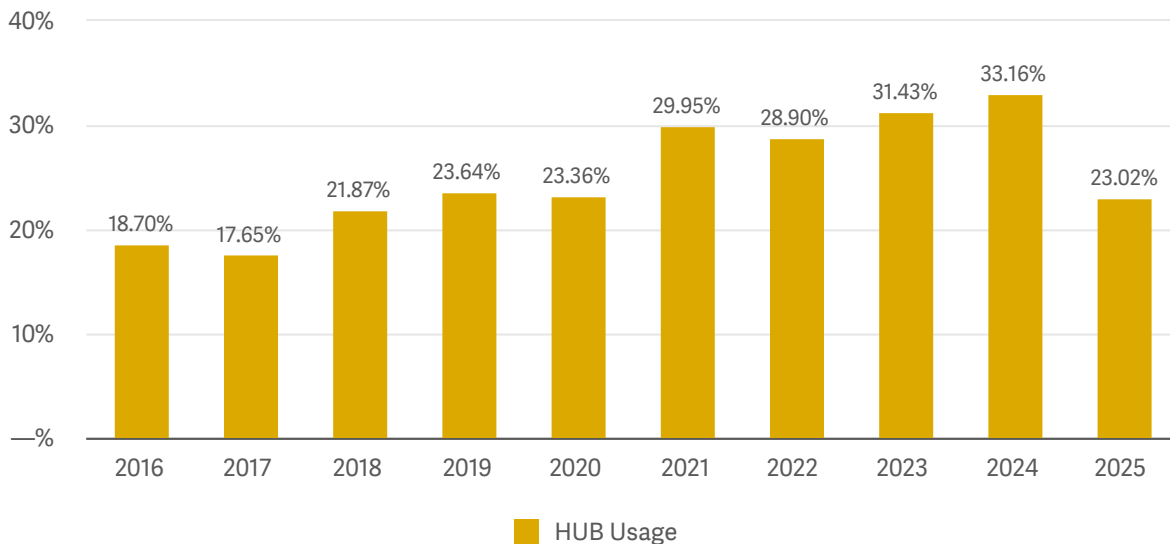
These numbers reflect utilization in the Historically Underutilized Business (HUB) program prior to recent amendments to Title 34, Texas Administrative Code, Subchapter 20 (34 TAC 20.281-298), adopted on an emergency basis Dec. 2, 2025.

The charts below reflect:

- TRS 2016–25 HUB utilization
- A comparison between state and TRS expenditures

Due to TRS’ unique needs as a pension fund and health insurance administrator, the agency expends the majority of its funds on highly specialized services. TRS has been greatly challenged in obtaining responses from HUBs on these higher-dollar contract solicitations.

Figure 1. TRS HUB Utilization



HUB Expenditures Compared to State’s HUB Expenditures

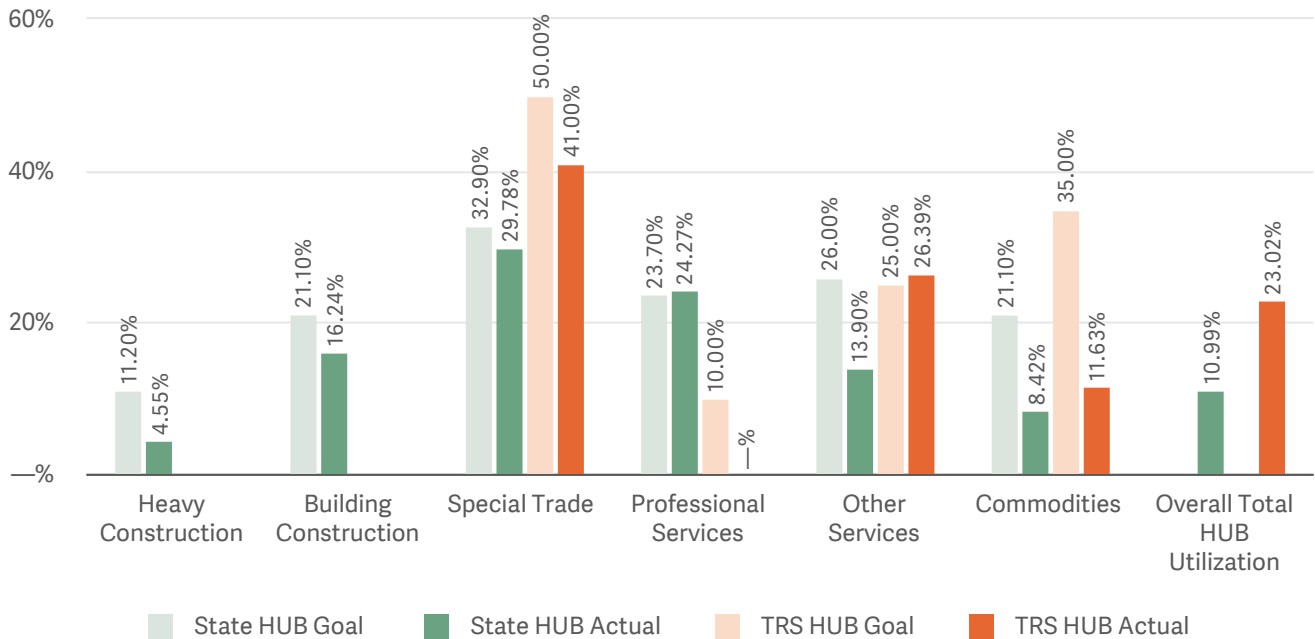
TRS expends funds in four of the state’s purchasing categories:

- All special trade construction contracts
- Professional services contracts
- All other service contracts
- Commodities contracts

TRS has no expenditures in two of the state’s purchasing categories:

- Heavy construction other than building contracts
- All other building construction including general contractors and operative building contracts

Figure 2. TRS 2025 Comparison with State of Texas by HUB Category



TRS VetHUB Goals, Objectives and Strategies

TRS continues to engage in outreach and educational efforts related to the participation of service-disabled veteran owned businesses in state purchasing and contracts, but has yet to establish any numerical VetHUB utilization goals, new objectives or strategies while the VetHUB program is in its infancy.

Participation & Utilization

- Develop a sustainable pipeline of qualified VetHUB vendors aligned with TRS procurement needs.
- Improve access to contracting opportunities for VetHUB vendors by increasing visibility and transparency.
- Encourage VetHUB participation across all procurement categories, consistent with TRS procurement needs.

Training & Program Awareness

- Deliver training and guidance to contract managers to ensure understanding of VetHUB program requirements and their roles and responsibilities.

- Provide TRS contract managers with quarterly VetHUB spending reports to support oversight and monitoring.

Outreach & Vendor Engagement

- Increase outreach activities to foster and strengthen relationships among VetHUB vendors, prime contractors and purchasers.
- Leverage outreach efforts and partnerships to identify, engage and develop VetHUB-eligible businesses as a pipeline for contracting opportunities.
- Expand outreach to the VetHUB community through participation in veteran business expos statewide, fostering meaningful connections with vendors and stakeholders.
- Collaborate with Chambers of Commerce and Veteran Service Organizations to increase access to the VetHUB community and provide information on certification, eligibility and program benefits.

Schedule D: Statewide Capital Plan

Not applicable to TRS.

Schedule F: Agency Workforce Plan

System Overview

The Teacher Retirement System of Texas (TRS) was formed by constitutional amendment and enabling legislation in 1937. The original responsibility of the system was to provide service and disability retirement benefits to teachers and administrators of the public school systems of Texas, including institutions of higher education. Over the years, legislation has:

- Expanded TRS pension plan membership eligibility to all public school employees (1949).
- Assigned TRS to administer a health benefit program for public school retirees (1985).
- Assigned TRS to administer a health benefit program for active public school employees (2001).

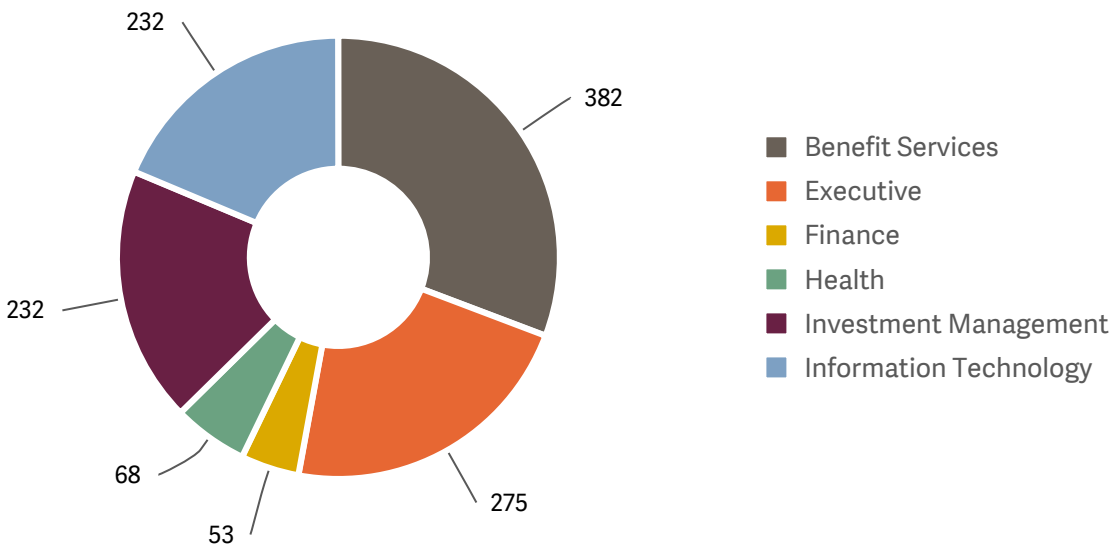
The TRS pension plan had about 38,000 members in its first year of operation. Today, TRS is the largest public retirement system in Texas, in both membership and assets. For the fiscal year ending Aug. 31, 2025, TRS served 2,102,992 participants – 1,579,335 public and higher education members and 523,657 retirement recipients. As of Aug. 31, 2025, system net assets totaled approximately \$226.3 billion. The TRS pension plan operates under Article XVI, Section 67 of the Constitution of Texas to provide retirement and related benefits for those employed by public schools, colleges and universities supported by the state of Texas. TRS is responsible for investing funds under its stewardship and for delivering benefits to members as authorized by the Texas Legislature. TRS is a defined benefit plan, with retirement benefits determined by a preestablished formula. The pension trust fund is sustained principally by three sources – contributions by members during their working careers, contributions by the state and investment revenues.

TRS currently operates out of its headquarters at 4655 Mueller Blvd in Austin. The El Paso regional office (opened in 2022) continues to be popular with TRS members in that region. In fiscal year 2025, the office was visited by almost 5,500 members through in-person, telephone or video appointments as well as walk-in visitors without scheduled appointments. TRS is planning a new regional office in the Rio Grande Valley. The office is anticipated to open by the end of 2027. Opening an office in the Rio Grande Valley will provide additional opportunities for members who live more than four to five hours from the TRS headquarters in Austin to meet in person with a TRS Benefit Counselor regarding their pension benefits.

The business of the system involves two broad functions: administering benefits (pension and health care) and managing investments. The financial, information technology and executive administration areas provide essential services to TRS' mission-critical divisions. As of Aug. 31, 2025, TRS has six major divisions: Benefit Services, Executive, Finance, Health, Information Technology, and Investment

Management. The following chart details the number of positions filled for each division as of fiscal year 2025.

Figure 3. TRS Divisions and Positions



Mission, Strategic Goals and Objectives

TRS Mission: Improving the retirement security of our members by prudently investing and managing the trust assets and delivering benefits that make a positive difference in their lives.

TRS' strategic plan for fiscal years 2027–2031 is structured around four goals. Certain workforce plan-related strategies are outlined in Goal 4, Objective 1.

Goal 4: Align people, processes and technology to achieve excellence in service delivery.

Objective 1: Attract, develop and retain top talent.

Strategies:

- Promote a strong workplace culture that fosters creativity and innovation.
- Maintain workforce planning strategies to align talent needs with organizational goals, enhance learning and development opportunities and expand succession planning initiatives to develop and retain future leaders.

TRS does not anticipate fundamental changes to the core nature of its business. However, the organization recognizes the importance of remaining agile and responsive to change by proactively forecasting workforce supply and demand, and planning for potential talent gaps. This approach helps ensure TRS has the workforce capacity and capabilities needed to achieve its strategic objectives. TRS

must also remain prepared to respond to the impact of legislation, board directives, and other external forces. Key environmental factors expected to influence TRS operations include:

- growth in plan participants;
- increased expectations by members and retirees for enhanced customer service;
- potential loss of institutional knowledge due to turnover of critical employees;
- effective management of complex, diversified investment portfolios; and
- greater challenges associated with implementing mandated changes to benefit plans.

Member annuities continue to be paid, medical and pharmacy claims continue to be processed, and investment activities are ongoing. The 89th Texas Legislature provided funding for the biennium to TRS-ActiveCare that provides health care benefits for public education employees. This appropriation is part of a five fiscal year plan that began in 2023 to help offset the cost of health premium increases due to no premium increases and some premium decreases during the pandemic. Because of the value TRS-ActiveCare provides, more than 99 percent of participating school districts chose to remain in TRS-ActiveCare in 2025.

The Office of the Ombuds, established in 2021 as a result of Sunset Advisory Commission Review, continues to provide TRS members and retirees with an additional contact for addressing concerns or issues related to TRS pension and health care benefits.

Current Workforce Profile (Supply Analysis)

TRS' core functions are delivering retirement benefits, facilitating health care coverage, managing investments, and managing the TRS infrastructure including technology upgrades for the pension and financial systems. The skills that are most critical to support TRS' core functions include:

- pension administration;
- health benefit plan management;
- investment expertise, including diversified portfolio management skills and managing alternative asset classes;
- information technology, including engineering, data analysis, programming, information security, and systems administration;
- developing and monitoring complex contracts;

- specialized professional skills including contract management, communications, accounting, auditing, human resources, and legal; and
- facilities management and security.

TRS has been successful at attracting and developing staff with the following skills and competencies to meet critical business needs. These are essential to successfully achieve TRS' mission and goals:

- accountability;
- business process analysis;
- critical thinking and problem solving;
- project management;
- strategic planning;
- creative or innovative thinking;
- data-driven decision making;
- leadership;
- adaptability and efficiency;
- customer service; and
- communication and collaboration.

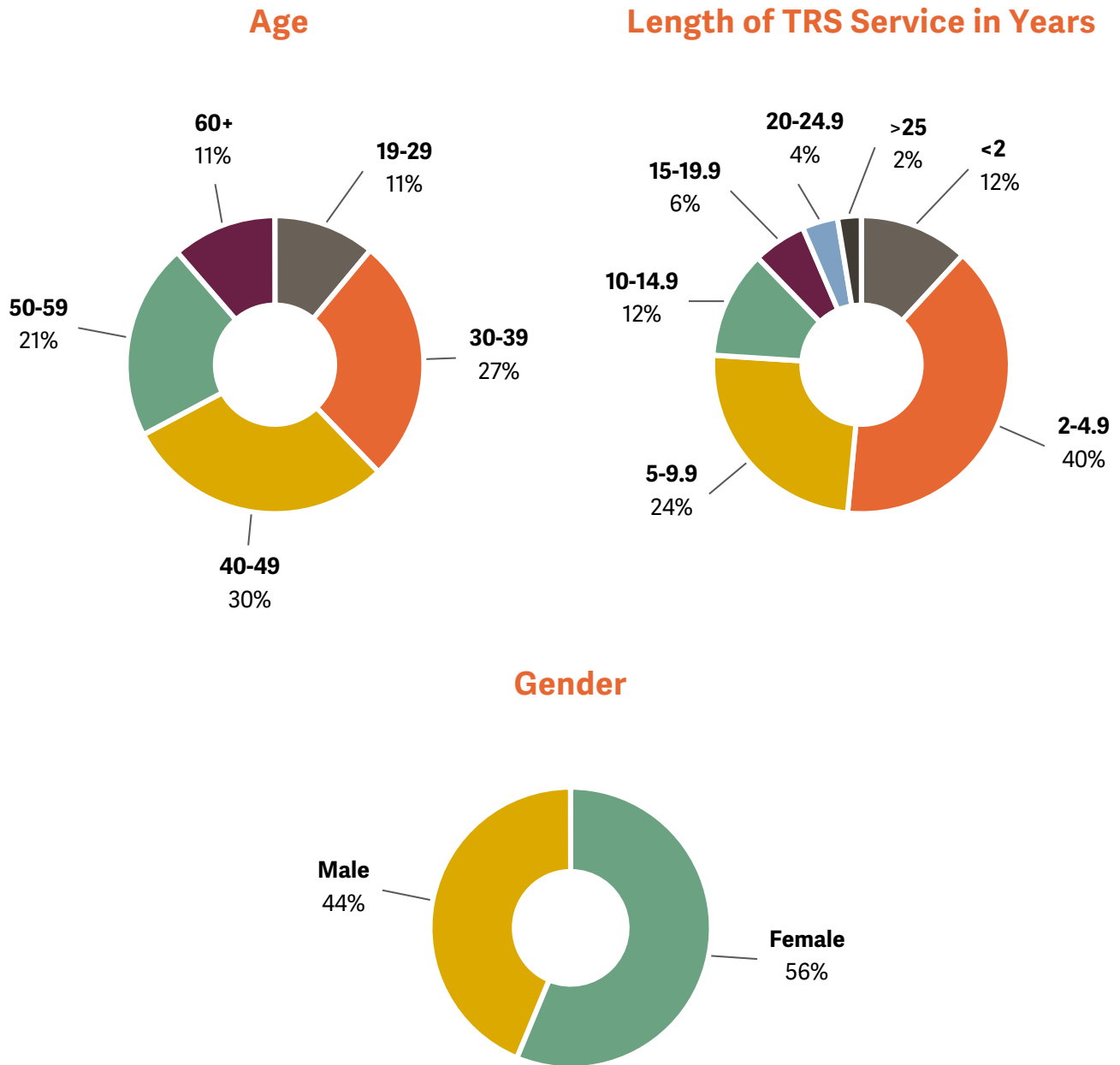
Workforce Demographics

TRS maintains three work arrangements: fully onsite, hybrid, and fully remote. Based on member needs and job responsibilities, TRS evaluates which roles are best suited for each arrangement. In 2025, TRS launched a return-to-office initiative and reassessed onsite and remote expectations. Some positions, including contact center roles, remain eligible for fully remote work, while most others are expected to work onsite full time, or the majority of the time.

Hybrid work remains an important safeguard during inclement weather, natural disasters and facility disruptions. Combined with organizational change management and strong technology and security capabilities, the return-to-office effort helps staff remain productive and efficient whether working onsite or remotely.

The following charts profile the system's workforce as of Aug. 31, 2025. The TRS workforce is comprised of 56% females and 44% males. Approximately 52% of employees have been with TRS less than five years. Approximately 32% are 50 years of age or older.

Figure 4. Distribution of TRS Employees by Age, Length of TRS Service and Gender



TRS was asked to provide the following information on ethnicity and gender by defined job categories as part of the submission of the Schedule F.

The following table compares the ethnic and gender composition of the TRS workforce (as of Aug. 31, 2025) to the statewide (Texas) civilian workforce as reported by the Texas Workforce Commission (TWC) – Civil Rights Division (CRD). In accordance with state requirements, TRS actively monitors this information.

Table 1. Ethnic and Gender Composition of the TRS Workforce

Job Category	African-American		Hispanic		Female	
	% at TRS	% in Statewide Workforce	% at TRS	% in Statewide Workforce	% at TRS	% in Statewide Workforce
Officials/ Administrators	7.9 %	13.0 %	12.3 %	16.6 %	43.0 %	58.7 %
Administrative Support	11.5 %	17.8 %	50.0 %	34.1 %	65.4 %	80.6 %
Service/ Maintenance	9.1 %	22.8 %	81.8 %	37.9 %	36.4 %	45.7 %
Professionals	9.5 %	11.5 %	19.1 %	18.2 %	47.6 %	59.1 %
Paraprofessionals	24.0 %	34.9 %	41.7 %	30.1 %	82.2 %	70.6 %
Protective Services	23.5 %	40.0 %	29.4 %	24.7 %	23.5 %	49.0 %
Technicians	27.8 %	17.5 %	22.2 %	28.1 %	33.3 %	58.7 %

*TRS does not have any employees in the Skilled Craft category.

Recruitment and Hiring

TRS continues to prioritize strategic recruiting and talent outreach to strengthen its workforce pipeline. The agency uses a balanced mix of traditional and innovative recruiting strategies, including outreach to Texas colleges and universities, advertising of vacancies, participation in job fairs and student organization events, virtual career fairs, and hosting on-site open houses. TRS also advances internal talent mobility through staff development, career coaching and intentional internal sourcing.

The employment policies and practices of TRS have been certified as in compliance with Civil Rights Department (CRD) standards, in accordance with Chapter 21 of the Texas Labor Code (most recently in August 2020).

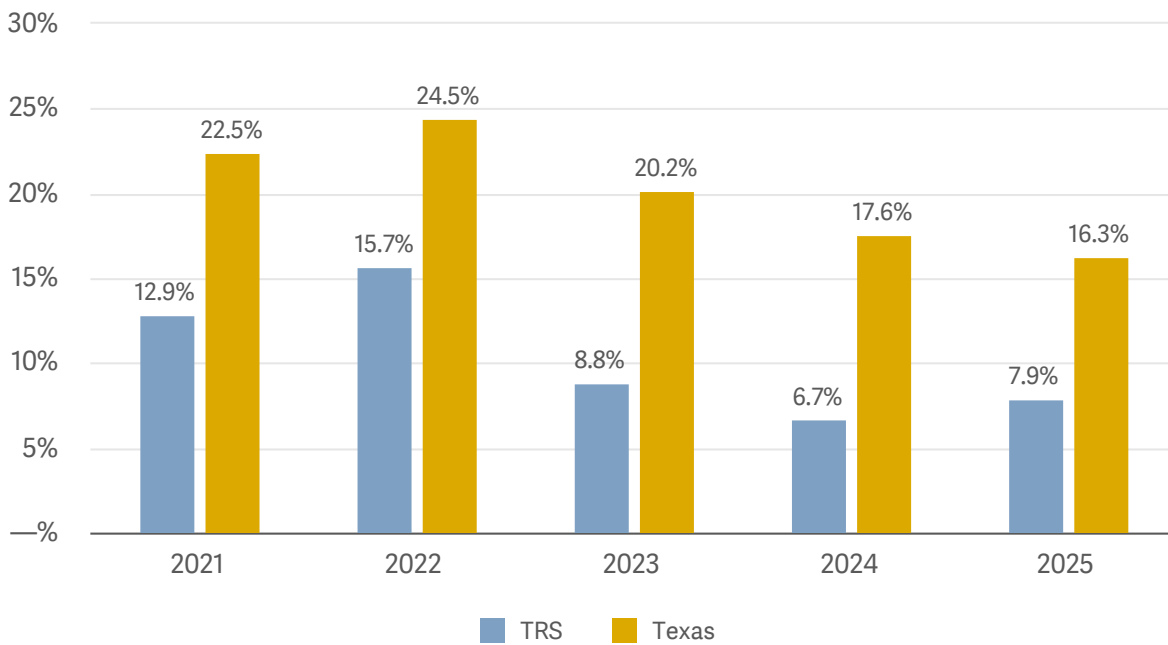
Employee Turnover

As reflected in the following chart, employee turnover at TRS has consistently been below the statewide average among state agencies, as reported by the State Auditor’s Office. In fiscal year 2025, TRS turnover was 7.9%, well below the state average of 16.3% for the same period.

2025 remained a competitive year for employers. During 2025, the unemployment rate in Texas remained around 4%, which was below the national average. Between calendar 2024 and 2025, Texas added 132,500 non-farm jobs to the labor market and the labor force reached a record high of 15,964,000 in December 2025. These circumstances created strong competition for talent. TRS' job offer decline rate for fiscal year 2025 was low, at 12.1%.

TRS manages a compensation plan tailored to meet the agency's specific business needs and provides an efficient and flexible framework to effectively recruit and retain talent. In addition to hiring regular positions, TRS also invests in strong and successful internship and fellowship programs for recent undergraduate and graduate degree recipients, helping to build sustainable talent pipelines.

Figure 5. Employee Turnover



Retirement Eligibility Projections

The following chart provides estimates on the number of TRS employees who will be eligible to retire over the next five years. These estimates are based on the rule of 80 using total state service for employees as of Aug. 31, 2025.

Table 2. Retirement Eligibility Projections

Division	January 2026		January 2028		January 2030	
	Eligible Employees	% Eligible	Eligible Employees	% Eligible	Eligible Employees	% Eligible
Executive	41	3.3 %	50	4.0 %	66	5.3 %
Investment Management	10	0.8 %	16	1.3 %	25	2.0 %
Pension Services	25	2.0 %	36	2.9 %	53	4.3 %
Shared Services	37	3.0 %	46	3.7 %	63	5.1 %
Health	4	0.3 %	5	0.4 %	8	0.7 %
Total	117	9.4 %	153	12.3 %	215	17.4 %
Executive Council Members	9	69.2 %	9	69.2 %	10	76.9 %

Future Workforce Profile (Demand Analysis)

The size of the population served by TRS and the need to provide timely, professional member service continues to expand. TRS monitors business processes and staffing levels, and makes adjustments as necessary to efficiently provide excellence in customer service to members.

The continued growth in the size and complexity of the TRS lines of business has required additional member services professionals, technology professionals, business analysts, investment professionals, and program managers. The agency has major initiatives underway to review statutory provisions, streamline benefit administration processes and deploy enhanced technology solutions related to critical member needs.

TRS continues to develop the skills of its current workforce, recruit new staff with required expertise and contract with outside parties, when feasible and cost effective, to supplement the workforce in highly specialized areas. To sustain and strengthen the quality of its future workforce, TRS will continue seeking professionals with strong communication and interpersonal skills, a service-oriented mindset and the ability to think both analytically and creatively. To support mission continuity and business priorities, TRS will also maintain a need for employees with specialized investment management expertise.

TRS' analysis of future needs indicates that in addition to the skills required above to maintain core functionality, the following areas of expertise will be of value:

- Contract and purchasing negotiation and administration
- Information technology including systems engineers, application developers, data engineers, application support and lifecycle systems support including design, management and implementation, support for the use of artificial intelligence
- Information security and cybersecurity
- Business process research, analysis, design, and project management
- Leadership and management skills including collaborative leadership and development, complex problem solving and the ability to maintain agile, cohesive and productive work teams
- Continuity planning and knowledge management for executive leadership, portfolio management and health benefit plan management

Based on changes in the labor market and physical work environment, TRS talent acquisition efforts will continue to evolve ensuring TRS is maximizing talent pools of highly qualified statewide candidates that will excel in service to members.

Gap Analysis

TRS addresses potential gaps in skills and staffing by conducting regular reviews of the workforce plan, analyzing market trends, updating job descriptions, reviewing performance appraisals, identifying career development opportunities, reviewing talent management strategies, and conducting employee engagement surveys. Although TRS proactively reviews staffing needs, potential gaps in worker or skill needs may develop as a result of:

- Increased competition for experienced staff in certain fields
- Changing roles and responsibilities for staff as a result of legislation, agencywide initiatives or technological advancements
- Loss of institutional knowledge and expertise due to turnover of critical staff

Strategy Development

It is a priority for TRS to address potential gaps identified in the workforce plan. Implementing the following strategies and action steps will help ensure TRS remains an employer of choice and continues to meet our mission and goals.

Table 3. Potential Gaps in the Workforce Plan

Potential Gap	Strategy
Increased competition for experienced staff in certain fields	<p>Maintain a work environment that allows TRS to attract, retain and develop staff that provides excellence in the delivery of service to members. Action steps include:</p> <ul style="list-style-type: none">• Promote a strong workplace culture that reflects TRS’ values and mission.• Expand leadership and career development opportunities for staff at all levels.• Strengthen staffing and workforce strategies to support service delivery, while sustaining recognition and engagement efforts that improve retention.• Continue employee engagement and organizational development efforts that strengthen communication and working relationships between management and staff.• Encourage staff involvement in organizational activities.
Changing roles and responsibilities for staff as a result of legislation, agencywide initiatives or technological advancements	<p>Acquire necessary expertise to fulfill assigned responsibilities. Action steps include:</p> <ul style="list-style-type: none">• Continue to provide change management support for agencywide initiatives.• Conduct research to identify issues affecting other public pension funds or state agencies that may potentially affect TRS.• Maintain awareness of prospective legislative and environmental changes to allow adequate planning for new skillset requirements.• Explore options for developing skills or upskilling within the current workforce, attracting new staff with the required experience or outsourcing certain functions.
Loss of institutional knowledge and expertise due to turnover of critical staff	<p>Ensure a smooth transition of duties, responsibilities and institutional expertise when critical staff leave the agency. Action steps include:</p> <ul style="list-style-type: none">• Conduct best practices for business process reviews and utilize existing knowledge management and transfer programs and techniques.• Continue to utilize the Leadership Development Program to offer staff the opportunity to be prepared for leadership positions as they become vacant.• Continue to maximize opportunities for cross-training efforts and create framework for greater utilization.• Refine and evolve development of succession plans to ensure continuity during any period of extended absence or turnover among critical staff.• Maintain effective talent acquisition practices and strategies (such as use of contingent staff, internships, fellowships, employee value propositions and proactive sourcing) to attract, develop and retain qualified staff.

TRS will continue to strengthen and scale its talent strategies to attract, develop and retain a high-performing workforce aligned with current and future business needs. Key priorities include:

- Positioning TRS as an employer of choice through targeted recruitment strategies and strategic partnerships.
- Building sustainable talent pipelines through internship, fellowship and academic partnership programs.
- Expanding access to qualified talent through stronger partnerships with universities, technical college, and other workforce channels.
- Enhancing TRS' employer brand on social media platforms to increase visibility and competitiveness in the talent market.
- Advancing strategic workforce planning through flexible staffing models, proactive sourcing, redeployment of current staff, and other practices that support operational agility.
- Investing in leadership development to strengthen the readiness of current and future leaders.
- Supporting career growth and internal mobility through professional development opportunities.
- Strengthening workforce resilience through cross-training and continuity planning for critical roles.

Schedule G: Workforce Development System Strategic Planning

Not applicable to TRS.

Schedule H: Report on Customer Service

Executive Summary

The Teacher Retirement System of Texas (TRS) is committed to achieving the highest levels of customer satisfaction by delivering services consistent with our mission and in a manner that actively encourages honesty, integrity and ethical behavior among employees. Pursuant to TRS' Compact with Texans, employees are committed to providing professional, accurate, timely, and cost-effective delivery of services and benefits to members and annuitants.

Historically, TRS provided benefits based on an efficiency and cost savings service delivery model. While this approach served the agency and its members well for many years, it became increasingly difficult to meet service level performance targets.

To address these challenges, TRS implemented the Customer Service Improvement Initiative (CSII) which primarily focused on increasing staff in the Pension Services division to better support membership growth. Following implementation, service levels improved significantly. Beginning in November 2022, the Contact Center consistently met or exceeded its service level target of answering 80% of calls within three minutes, sustaining this performance through fiscal year 2024. In fiscal year 2025, the service level target increased to 90% within three minutes, which the team exceeded, ending the year at 97%.

In fiscal year 2026, higher than normal turnover affected performance, and the Contact Center is currently projected to close the year at approximately 77%. From October 2025 through April 2026, 16 new staff were hired and trained, and since completing training in April, service levels have shown steady improvement.

In addition to rebuilding front-line staffing levels, TRS also increased back-office staffing. By fiscal year 2025, the back-office team met or exceeded all service levels for retirement processing, benefit estimates and refunds and death benefit payments, significantly improving response times to members.

Despite ongoing challenges in meeting customer service demand, members and retirees who interact directly with TRS report high levels of satisfaction with the services provided. In fiscal year 2025, more than 99% of members responding to the *How Was Your Visit?* survey after an in-office visit indicated they were satisfied or very satisfied with employee courtesy, and over 99% reported satisfaction with the counselor's knowledge and the information received. Telephone counseling feedback similarly reflects strong performance. Of the more than 318,000 members offered the After Call Survey, approximately 60,000 responses were received, representing a 19% response rate. On a five-point scale, members rated their satisfaction with telephone counselors at 4.9 and their overall experience with TRS at 4.5.

Member Satisfaction Surveys (MSS) from 2024 and 2025 further demonstrate upward trends in TRS member satisfaction. Among active members, satisfaction increased from 59% (2024) to 68% (2025), while satisfaction among retirees rose from 73% to 81%. Additionally, retiree satisfaction with TRS health care services increased to 79% in 2024, reflecting a 26% improvement following the introduction of new dental and vision plans and lower premiums for TRS-Care Medicare Advantage participants.

Overview

TRS was established in 1937, and since then has grown from 38,000 members to over two million public and higher education employees and retirees. TRS is one of the largest retirement systems in the nation, with a pension trust fund balance of approximately \$226.3 billion as of Aug. 31, 2025. In fiscal year 2025, TRS paid pension benefit payments totaling \$14.2 billion to more than 523,000 retirees and their beneficiaries. These benefits were funded from a combination of cumulative investment income, member contributions and state and employer contributions.

TRS has three core business functions – Pension Services, Health and Investment Management. Pension Services assists members, retirees and their beneficiaries by providing accurate and timely processing of benefits and delivering comprehensive information to help participants make better financial, retirement and health care decisions. Pension Services also coordinates and administers online resources that enable reporting employers (REs) to submit reports and access information on topics such as eligibility, eligible compensation, and legislative updates. Additionally, each RE is assigned a dedicated RE Coach who provides training as needed and supports monthly payroll reporting. The Health Division administers the health care plans offered under TRS-Care and TRS-ActiveCare, leveraging scale, expertise and innovation, to ensure the plans deliver high value, cost-effective coverage tailored to the needs of Texas educators. Finally, the Investment Management Division prudently invests the assets of the pension trust fund in a highly diversified portfolio with the goal of achieving the assumed rate of return within the risk parameters established by the board.

To address changing expectations of a growing membership, TRS undertook a multi-year initiative to modernize business processes and the major information technology systems that TRS uses to administer benefits. This initiative is known as the TRS Enterprise Application Modernization Program (TEAM).

As part of TEAM, TRS implemented a new, modern pension administration system called Teacher Retirement Unified System for Technology (TRUST). The first phase of TRUST was implemented in October 2017 and consisted of employer reporting, active account management, refunds, retirement estimates, and customer relationship management (CRM). In March 2026, the final phase of the TRUST implementation was launched and included annuity payroll, benefit account adjustment and tax functionality. Going forward, TRUST will be the system of record for all pension related processes. TRS

will continue to enhance the system to meet evolving member needs and to provide additional self-service opportunities.

Customer Service Staffing

Pension Services and Health Division employees are on the front line working directly with members, retirees, beneficiaries, and employers. Pension Services employees work in six departments – Benefit Accounting, Benefit Processing, Contact Center, Member Education and Counseling, Benefit Operations Support and Pension Policy and Research.

Benefit Accounting works with more than 1,300 public and higher education employers, providing payroll-related assistance and training to help REs comply with mandatory reporting requirements. Dedicated RE Coaches provide telephone, email and chat support to REs. In 2025, RE Coaches assisted employers with more than 12,000 phone calls, 188,000 emails and 200 web chats.

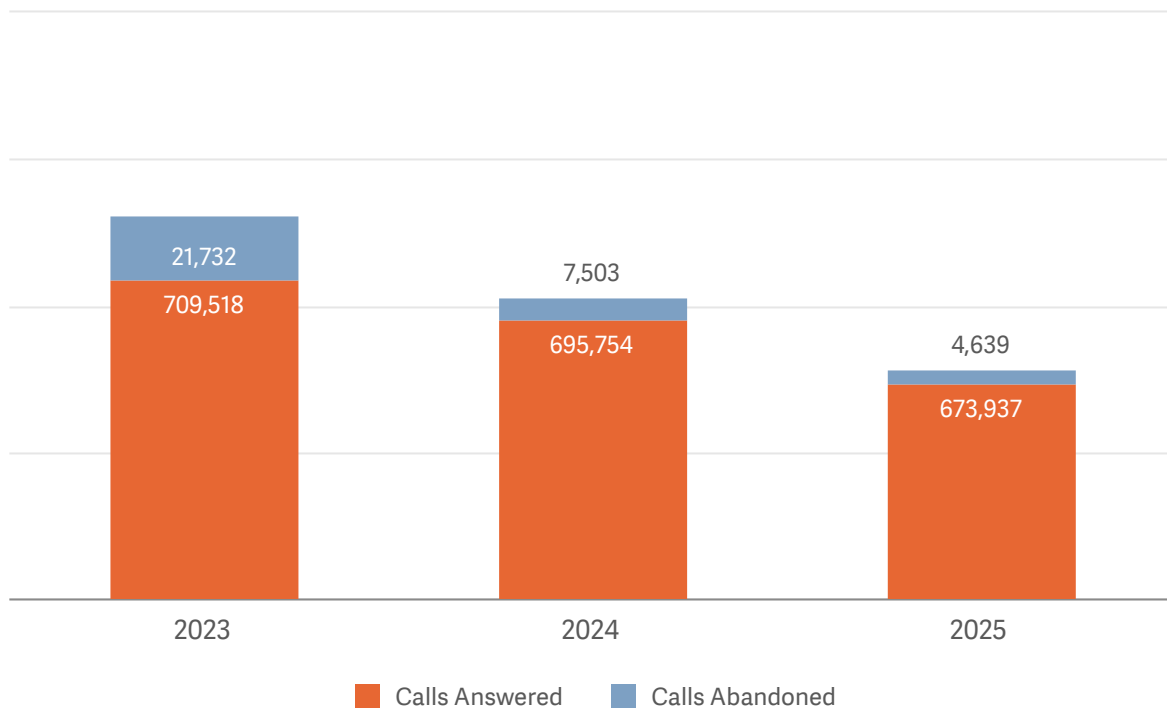
Benefit Accounting is also responsible for monthly payroll to TRS annuitants. TRS issues more than 530,000 annuity payments each month, totaling over \$1 billion. In fiscal year 2025, TRS issued over 6.1 million payments, totaling over \$13 billion.

Member Education and Counseling and the Contact Center provide comprehensive customer service relating to TRS pension benefits. These employees interact with TRS members and other interested parties by telephone, secure messaging and virtual counseling sessions, and in-person through individual office visits, lobby walk-ins, field office visits, and group benefit presentations throughout the state. During fiscal year 2025, the Contact Center answered over 673,000 phone calls and responded to more than 48,000 secure messages. For phone calls, the target service level is to answer 90% of calls received within three minutes. The service level for fiscal year 2025 was 97%. This achievement was enabled by the ability to sustain statewide hiring efforts and transition the Contact Center to a fully remote, work-from-home model.

Call volume has declined since fiscal year 2022, largely due to back-office processing units reaching staffing levels aligned with annual member transaction volumes. With adequate staffing in place, documents are processed without backlog, significantly reducing inquiries from members regarding the status of their retirement, refund or death benefit payments.

During fiscal year 2025, the Member Education and Counseling team made 20,312 appointments available to members, exceeding their goal of 20,000. Since the pandemic, Member Education and Counseling has observed a shift in appointment preferences, with members increasingly favoring virtual appointments over in-person visits. In fiscal year 2025, 57% of office visit appointments were conducted virtually (live video or telephone), while the remaining 43% were held in person.

Figure 6. Call Volume History



In November 2022, TRS opened its first regional office in El Paso. In its first year, the office made more than 5,000 appointments available, increasing to over 7,500 in fiscal year 2024. In fiscal year 2025, the office offered more than 7,800 appointments, exceeding its goal of 7,500. The El Paso office conducted 1,855 in-person member appointments and served nearly 850 walk-ins. In addition, the office supported more than 2,800 members virtually.

Benefit Processing determines eligibility for benefits such as service retirement, disability retirement, active member death benefits, retiree death benefits and service credit purchase. Benefit Processing staff also issue refunds of member accounts and perform general account maintenance. Between fiscal years 2024 and 2025, TRS experienced an approximate 7% increase in core business processes.

Benefit Operations Support is responsible for business training, quality assurance and workforce management across Pension Services. Historically, these programs primarily supported Contact Center and Member Education and Counseling operations. Since 2022, the scope has expanded significantly to provide foundational business training across all Pension Services departments.

This expanded training model prepares staff with essential knowledge prior to assignment with on-the-job training coaches, reducing ramp-up time and improving readiness. In addition, training processes have been standardized across business units, creating consistency in assessments, documentation and reporting to leadership.

In addition to evaluating telephone interactions, the Quality Assurance program now includes office visits and employer communications from RE Coaches, strengthening oversight of both member- and employer-facing interactions. Workforce Management services have similarly expanded to support operational planning and staffing across all Pension Services departments.

TRS continues to experience sustained membership growth. While staffing levels remained relatively flat until 2021, the addition of new positions beginning that year enabled Pension Services to better align resources with demand, meet established service levels and improve service delivery. Since 2021, Pension Services staffing has increased from just over 250 employees to more than 400 employees dedicated to member services, strengthening TRS' capacity to support its membership and maintain service expectations.

TRS' Health delivers ongoing, multi-channel support to more than 636,000 active working and retired participants enrolled in TRS health plans, helping them review health care benefits and options available. TRS Health and its third-party administrators (TPAs) handled approximately 1.1 million calls in both fiscal year 2024 and fiscal year 2025, consistently exceeding its 90% service-level goal. Members can connect with TRS Health staff via telephone, secure digital messaging, walk-in office visits, scheduled virtual visits, and statewide presentations and webinars. Given the complexity of health benefits, many inquiries require 30-45 minutes of one-on-one counseling, and escalated cases receive dedicated, coordinated support. Service delivery is supported by 14.5 internal TRS Health counselors and coordinators and is supplemented by a third-party call center (Advanced Call Center Technologies, ACT) and vendor partners—UnitedHealthcare, Blue Cross and Blue Shield of Texas, Express Scripts, and MetLife—for plan specific customer service, medical claims and prescription support. As technology enhancements expand secure digital messaging and virtual visit options, TRS Health expects continued growth in non-telephone engagement and broader member access across service channels.

Inventory of External Customers

In addition to the external customers identified by the General Appropriations Act (GAA) strategy, TRS has another external customer – public school employees enrolled in TRS-ActiveCare. TRS-ActiveCare participants are not listed because there is not an associated strategy in the GAA. This is because operational funding for this program is not appropriated by the legislature. External customers by GAA strategy are outlined in Table 4.

Table 4. External Customers by GAA Strategy

Strategy	External Customer	Services Provided
A.1.1. Strategy: TRS-PUBLIC EDUCATION RETIREMENT Retirement Contributions for Public Education Employees.	Retired Public Education Employees	Make retirement contributions to the TRS pension fund for public education employees. Maintain an actuarially sound retirement system (retirement fund) with a funding period less than 31 years.
A.1.2. Strategy: TRS-HIGHER EDUCATION RETIREMENT Retirement Contributions for Higher Education Employees.	Retired Higher Education Employees	Make retirement contributions to the TRS pension fund for higher education employees. Maintain an actuarially sound retirement system (retirement fund) with a funding period less than 31 years.
A.1.3. Strategy: ADMINISTRATIVE OPERATIONS	Public and Higher Education Employees and Retirees; Reporting Employers	Provide services to members, manage investments, and administer TRS retirement fund.
A.1.4. Strategy: TRS RETIREMENT – ADDITIONAL PAYMENT	Retired Public Education Employees	TRS Retirement Additional Annuity Payment
A.2.1. Strategy: RETIREE HEALTH – STATUTORY FUNDS Health Care for Public Ed Retirees Funded by Statute.	Retired Public Education Employees	Healthcare for Public Ed Retirees Funded by Statute.
A.3.1. Strategy: RETIREE HEALTH – SUPPLEMENTAL FUNDS Health Care for Public Ed Retirees Funded by Supplemental State Funds.	Retired Public Education Employees	To administer a healthcare program for public education retirees funded by supplemental state funds.
A.4.1. Strategy: ACTIVE EMPLOYEE HEALTHCARE Healthcare for Public Ed Active Employees	Active Public Education Employees	Supplemental funding that is in addition to funding received through the Foundation School Program for active public education employees that are employed by school districts that participate in TRS ActiveCare.

TRS also considers REs as external customers. TRS’ relationship with REs has evolved over recent years due in part to expanded data requirements for payroll reporting, enhanced reporting requirements associated with the implementation of TEAM, and complexities surrounding employment after retirement. TRS conducts satisfaction surveying of REs to formally gauge the level of service provided by

TRS and to identify areas for improvement. The Reporting Employer Satisfaction Surveys (RESS) from 2024 and 2025 demonstrate that reporting employer satisfaction remains relatively stable at 93% (2024) to 91% (2025).

In addition, TRS Health Operations has several staff dedicated to supporting TRS-ActiveCare employer customers. The team provides education and operational support to school district leadership, serving nearly 1,000 employers that participate in TRS-ActiveCare and assisting districts interested in entering TRS-ActiveCare. TRS has seen increased interest from employers in joining TRS-ActiveCare, and the 89th Texas Legislature (2025) passed House Bill 3126 permitting employers that withdrew from TRS-ActiveCare to return one year early. This one-time provision afforded employers increased flexibility and included a risk stabilization mechanism to promote stability. TRS Health remains ready to support employers and ensure TRS-ActiveCare provides high-value coverage for public education employees.

Information-Gathering Methods

TRS conducts satisfaction surveying through a Member Satisfaction Survey, a Reporting Employer Satisfaction Survey, and several routine Point-of-Service surveys. TRS also takes part in an external survey that benchmarks the agency's performance on pension administration against other public retirement systems. Each of these surveys are described in more detail below.

Member Satisfaction Survey

In 2025, TRS once again partnered with Elite Research to conduct the annual Member Satisfaction Survey (MSS). All required customer service questions pursuant to the strategic plan instructions are included in this survey. Member satisfaction ratings included in this report were taken directly from the findings of the MSS survey.

The MSS is conducted to gauge satisfaction levels with the services TRS provides to its active and retired members. This information is used to guide the continuous improvement of these services. The survey was redesigned in 2022 to improve the experience for participants and increase participation by segmenting questions into three short, topic-focused surveys (Pension Services, Health, and Communications). Each survey includes a required set of questions for all participants covering overall satisfaction with TRS and opportunities to improve TRS services. The 2025 survey marked the first year TRS administered the MSS in TRS' new survey platform, enabling enhanced insights into survey data. Over 12,000 active members and over 10,000 retirees completed the survey. There was a 34% increase in retired member respondents and 45% increase in active members completing surveys in 2025 compared to 2024 for an overall increase of 40%.

For the MSS survey, the active member population includes members that contributed to TRS between Sept. 1, 2022 and June 30, 2025. The retired member population includes members that retired prior to

June 30, 2025. The population was stratified first by active and retired members. It was then further stratified by age, gender and previous contact with TRS (see Table 5). Previous contact with TRS was defined as members who had contact with TRS within the last 5 years, as identified in the TRS customer relationship management (CRM) system.

Table 5. Distribution of TRS Population Characteristics

	Has CRM Record		Total
	Male	Female	
Active Member			
<30 years old	3,695	11,029	14,724
30-39 years old	22,290	32,092	54,382
40-49 years old	14,489	4,484	18,973
50-59 years old	20,078	65,124	85,202
60+ years old	16,436	42,807	59,243
Total	76,988	155,536	232,524
Retiree			
<65 years old	17,128	57,353	74,481
65-74 years old	34,217	116,028	150,245
75+ years old	24,846	86,024	110,870
Total	76,191	259,405	335,596

The sample for the MSS was stratified to allow for statistically meaningful comparisons by age, gender and previous TRS contact. This means potential respondents were selected randomly, not from the entire population of TRS members, but from within each of these subgroups. The initial sampling targets, outlined in Table 6, were constructed based on subgroup response rates and email bounce rates obtained when the survey was conducted in 2025. The random sample of contacts contained 156,640 active members and 72,000 retirees. These targets were developed to ensure responses from at least 1,000 active and 500 retired TRS members (with adequate representation by age group, gender and previous contact with TRS) would be obtained for each of the three split surveys (Pension Services, Health, and Communications).

Table 6. Distribution of TRS Random Sample Characteristics

	Has CRM Record		Total
	Male	Female	
Active Member			
<30 years old	3,672	10,972	14,644
30-39 years old	11,154	20,000	31,154
40-49 years old	14,452	20,000	34,452
50-59 years old	20,000	20,000	40,000
60+ years old	16,390	20,000	36,390
Total	65,668	90,972	156,640
Retiree			
<65 years old	12,000	12,000	24,000
65-74 years old	12,000	12,000	24,000
75+ years old	12,000	12,000	24,000
Total	36,000	36,000	72,000

To maximize survey responses, data were collected via an online survey and through telephone interviews conducted by trained interviewers. For members with an email address, initial contact attempts were made via email. All potential respondents with an email address received an initial invitation to participate in the survey and at least two additional email reminders if they had not responded to the survey. Respondents with email addresses that bounced (i.e., were not deliverable) or who did not respond to email reminders were added to the telephone sample and additional contact efforts were made to obtain completed interviews by phone or Short Message Service (SMS) text survey link. Survey responses were collected between Aug. 5 and Aug. 31, 2025.

The survey generated a total of 20,290 valid responses, including 10,618 active members and 9,672 retired members. The distribution of interviews was controlled so that an adequate number from each demographic group could be included (see Table 7).

To ensure survey responses were high quality, validity checks were performed on all responses, whether via the online survey, phone interview or SMS text. Invalid response removal included duplicate responses, incomplete responses, non-variance in responses, and responses where the respondent took less than two seconds to answer each survey question.

Table 7. Distribution of Respondent Demographic Characteristics

	Pension Benefit Services		Health Care Services		Communication		TRS Overall		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Active Member									
<30 years old	21	71	14	42	20	62	55	175	230
30-39 years old	112	184	76	150	122	182	310	516	826
40-49 years old	244	294	185	242	239	286	668	822	1,490
50-59 years old	563	561	607	525	654	525	1,824	1,611	3,435
60+ years old	730	861	672	764	767	843	2,169	2,468	4,637
Total	1,670	1,971	1,554	1,723	1,802	1,898	5,026	5,592	10,618
Retiree									
<65 years old	636	596	572	557	670	610	1,878	1,763	3,641
65-74 years old	597	647	559	553	600	639	1,756	1,839	3,595
75+ years old	460	369	375	372	449	411	1,284	1,152	2,436
Total	1,693	1,612	1,506	1,482	1,719	1,660	4,918	4,754	9,672

Regarding the survey methodology, it should be noted that in a purely random sample of TRS members, 10,618 completed interviews with active members would yield a margin of error of +/- 1.13 percentage points, and 9,672 completed interviews with retired members would yield a margin of error of +/- 1.14 percentage points, at the 95 percent confidence level. Since this is a stratified sample, the margin of error for point estimates will be larger – approximately 2.75 percentage points for active members and 3.25 percentage points for retired members for each of the three split surveys. This is a necessary trade-off to assure an adequate sample for statistically meaningful comparisons across subgroups; however, the margin of error is relatively small (<1.2%), so there should be little impact on conclusions. For the MSS survey data, TRS uses inferential statistics to determine whether sample data is generalizable to the broader population, to test hypotheses, and to test statistical comparisons and relationships between groups or variables. Weighting is not used in inferential analysis because it may introduce a substantial design effect bias into the data and increase the standard errors of the statistics, making findings less precise and more variable. The stratified MSS data collection plan allowed for sufficient sample size in the sub-groups for inferential analysis, which reduced the need to weight the data. As a result, unweighted analyses are presented in the Survey Results section below.

Reporting Employer Satisfaction Survey

In 2025, TRS once again partnered with Elite Research to conduct the annual Reporting Employer Satisfaction Survey (RESS). The RESS measures RE satisfaction with TRS services and provides insights to support continuous service enhancement.

When developing the 2025 survey questions, only relevant required customer service questions were included in the survey. As with the MSS, 2025 marked the first year the RESS was administered in TRS' new survey platform, allowing for enhanced survey data insights. In parallel, TRS implemented a targeted point-of-service survey related to Reporting Employer training. As a result, related questions were removed from the broader RESS, allowing it to be shortened.

RE satisfaction ratings included in this report were taken directly from the findings of the 2025 RESS survey. The survey was designed to provide critical feedback to TRS on the services provided to REs. The initial contact list for the survey was provided by TRS and included 5,856 unique email addresses representing 1,339 REs, including public schools, charter schools and colleges and universities.

The survey methodology was designed to target payroll contacts. For REs without a payroll contact, a reporting official was substituted as the RE's contact. In those cases, if a reporting official was unavailable, a web administrator served as the RE's contact. Invitation emails were sent to each unique email address asking potential respondents for help in completing the survey. The invitations included language assuring potential respondents that their responses would remain confidential, and the survey results would only be used to improve TRS services. To ensure the invitation was sent to the appropriate person, the invitation emails also asked the recipients to either forward the survey invitation to the appropriate individual at their RE (if the recipient was not the appropriate individual) or to respond with the appropriate individual's contact information so the survey could be sent to them. Whenever an additional contact was provided, a link to the survey was sent to the new contact.

Approximately one week prior to the start of the survey, TRS alerted potential respondents to look for the survey in their inboxes and spam folders. This type of official organizational endorsement has been found to increase survey response rates. In an effort to improve response rates, individuals with emails that were returned or not delivered due to an invalid email address, as well as individuals who did not take the survey, were contacted by phone (up to four times) to obtain an updated email address or encouraged to complete the survey. Where available, an alternate email address was used for each returned email. Subsequent email reminders were scheduled to be sent approximately one week apart, encouraging potential respondents to complete the survey. Potential respondents received up to five unique reminders requesting their participation in the survey.

As a final step in quality control, the survey response data was reviewed to determine the validity of individual responses. Respondents who completed the survey too quickly (less than two minutes), who

answered less than a third of the survey questions or who answered the same way across all items were removed from the final data. In addition, duplicate survey responses were removed from the survey. The final survey results from 2025 were based on 1,103 individual respondents representing 990 REs. For comparison, the final results from 2024 were based on 888 individual respondents representing 822 REs. Satisfaction surveys of this type typically yield responses from participants who have the strongest feelings on the subject at hand and, subsequently, have something to say. As such, the analyses included in this report of the RESS should identify areas of concern and issues that need to be addressed.

Point-of-Service Surveys

TRS conducts multiple Point-of-Service Surveys – After Call, *How Was Your Visit?* and Employer Training.

The After Call telephone survey is conducted by phone immediately after a member or retiree calls the Contact Center. Over 60,000 surveys were completed in fiscal year 2025.

The *How Was Your Visit?* survey is sent to members after they have completed their office visit appointment. Over 4,000 surveys were completed in fiscal year 2025. In addition, surveys are sent to participants of group benefit presentations and the TRS Essentials webinar series.

Elite Research administers the Employer Training survey after each employer training session conducted by TRS. At the end of each session, a QR code is provided to all attendees and a follow-up email with a link to the survey is sent. In fiscal year 2025, 721 surveys were completed.

CEM

TRS participates in an external pension administration benchmarking survey that provides peer comparison data on cost, service and plan complexity. TRS' peer group consists of 12 public retirement systems.

Survey Results

The following charts and tables summarize the feedback TRS has received from both active and retired members regarding their satisfaction with TRS services.

Member Satisfaction Survey Results

Figure 7. Overall Satisfaction with TRS' Services

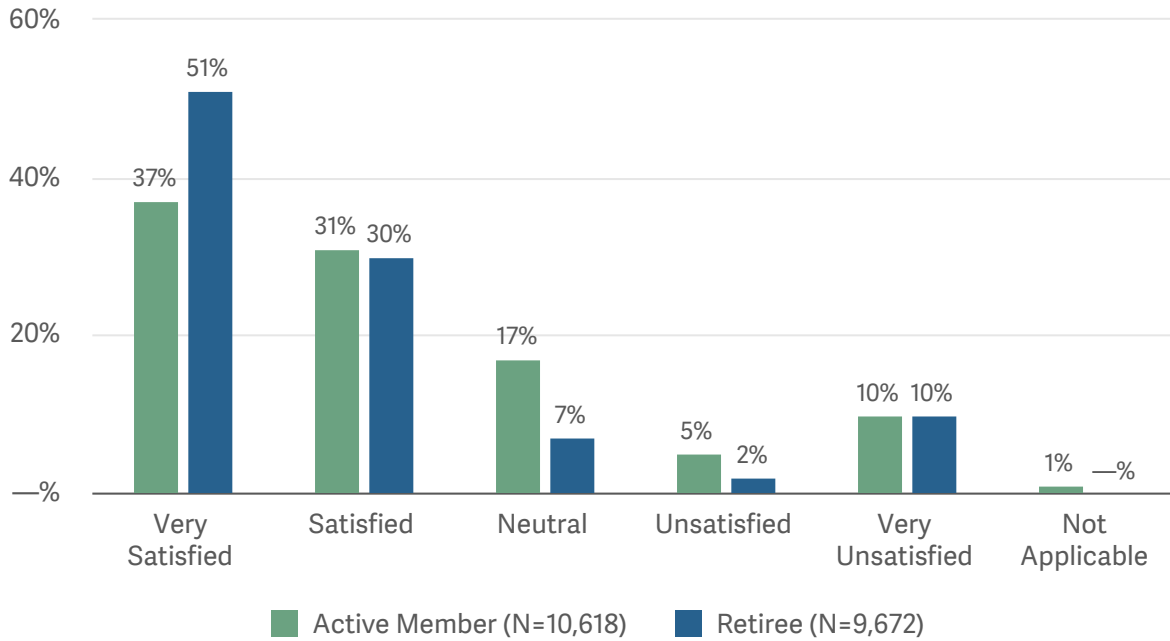


Figure 8. Overall Satisfaction with TRS-ActiveCare and TRS-Care

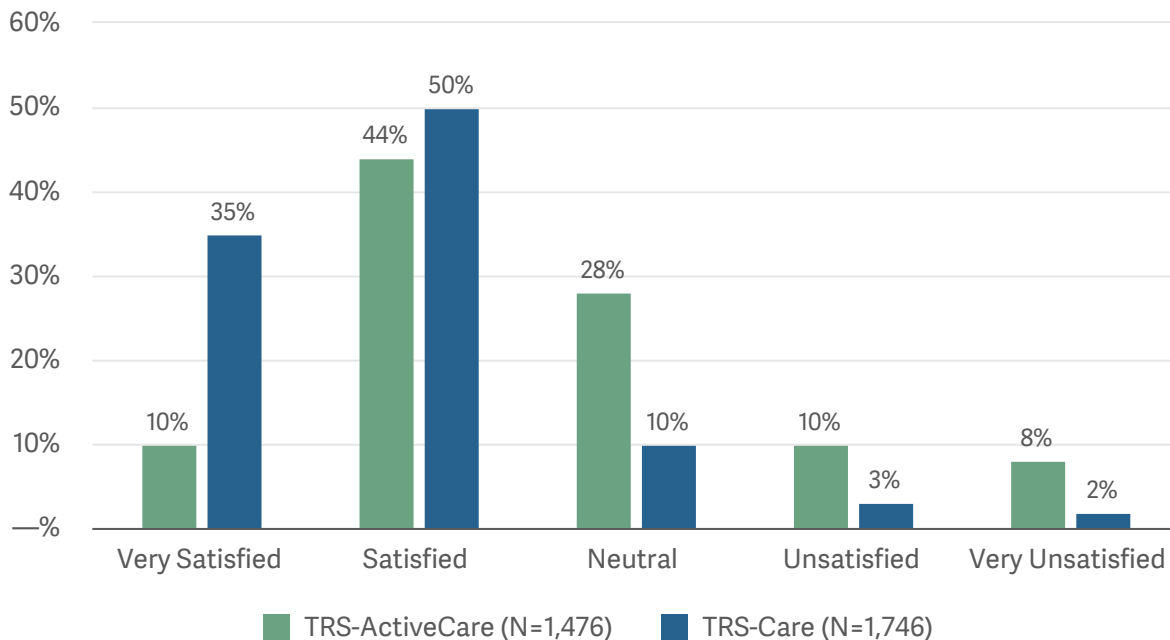


Figure 9. Satisfaction with TRS Staff

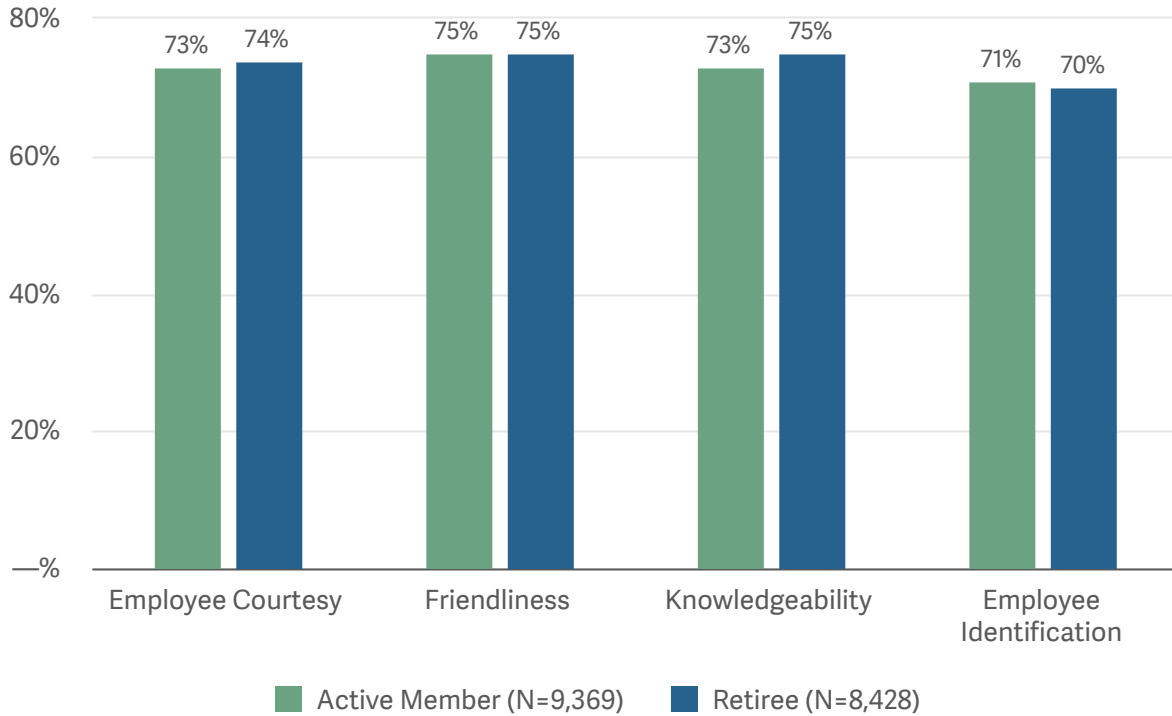


Figure 10. Satisfaction with Timely Service

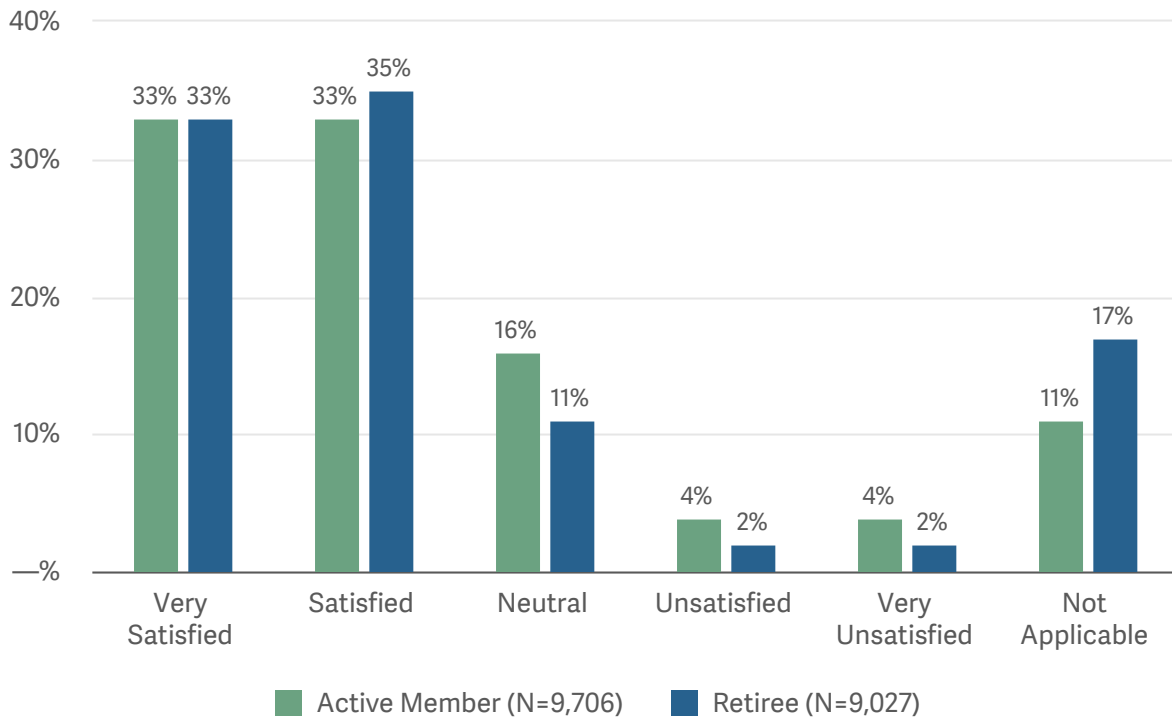


Figure 11. Satisfaction with TRS Communications

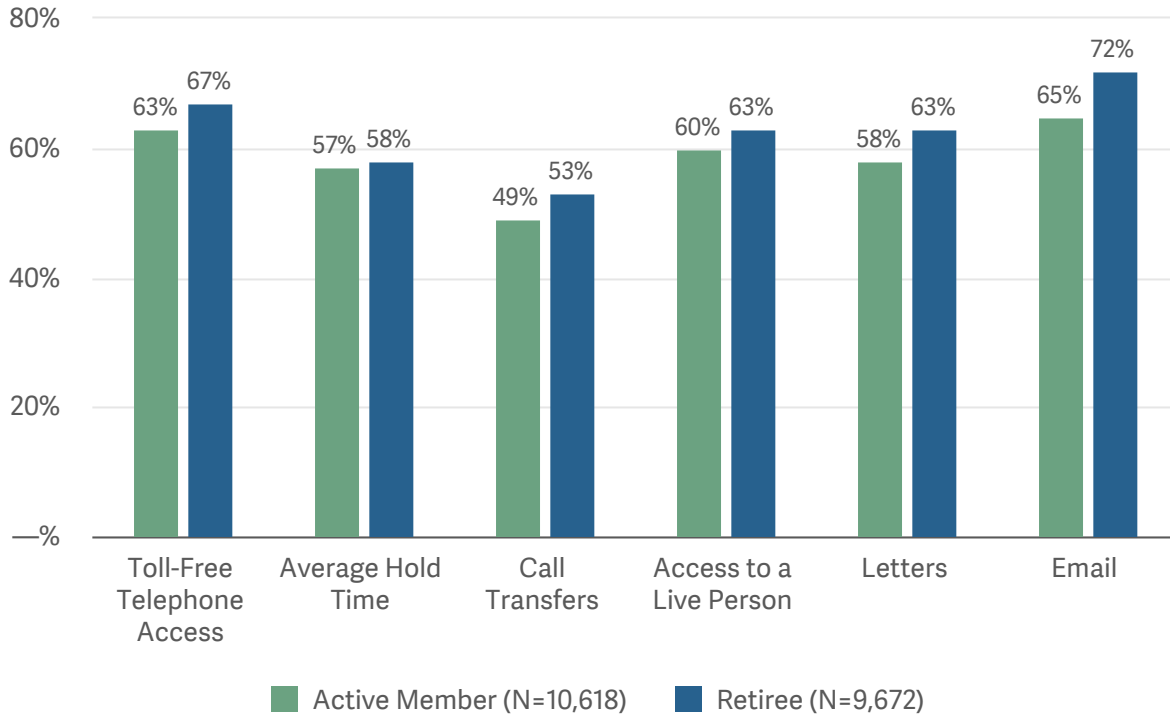


Figure 12. Satisfaction with Accuracy of Information in TRS Printed Materials

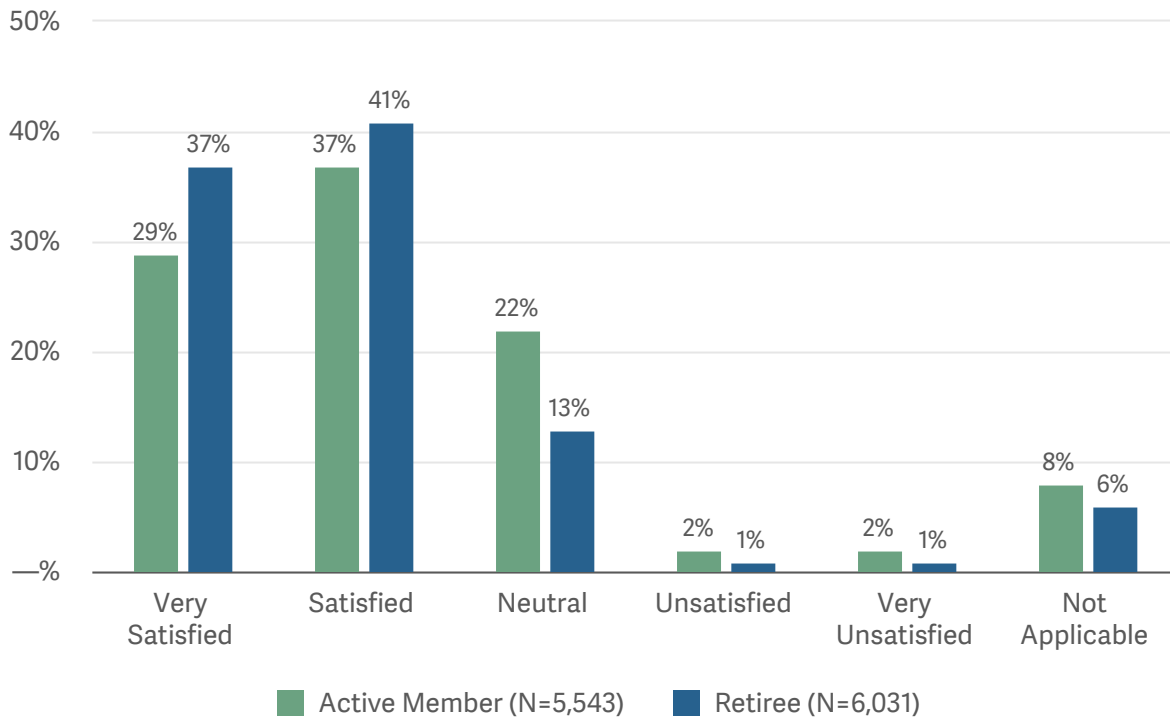


Figure 13. Agreement that TRS Sends Communications Relevant to Member Needs

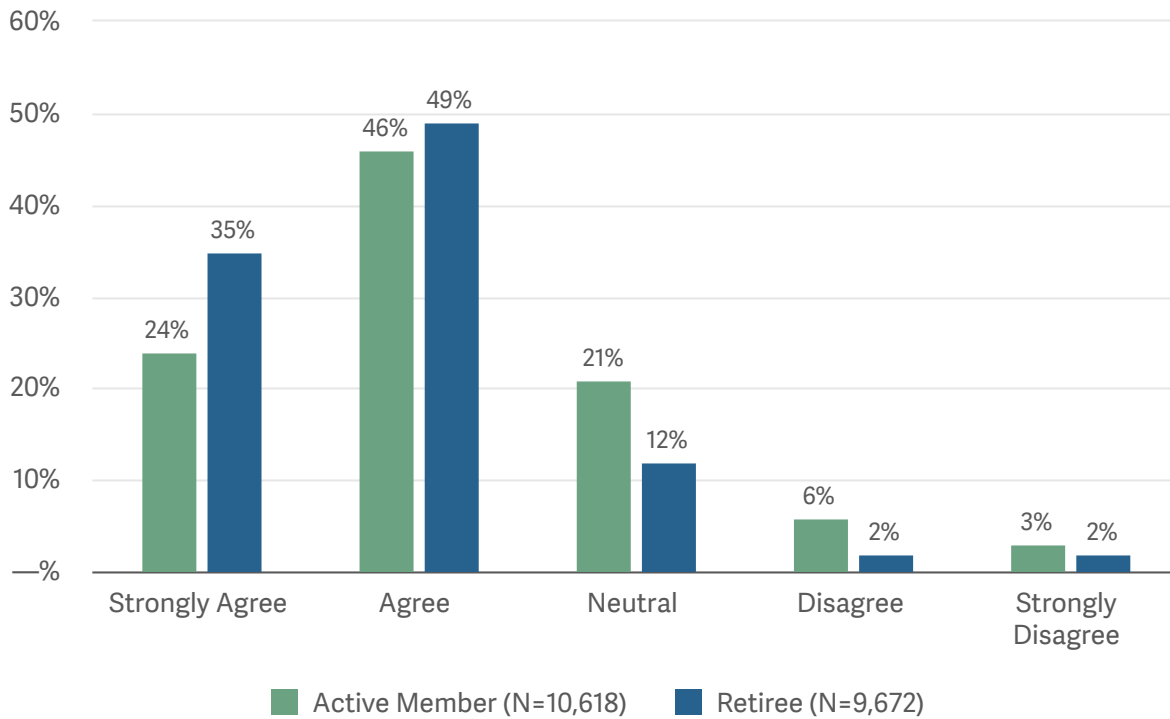


Figure 14. Agreement that Information Provided by TRS is Easy to Understand

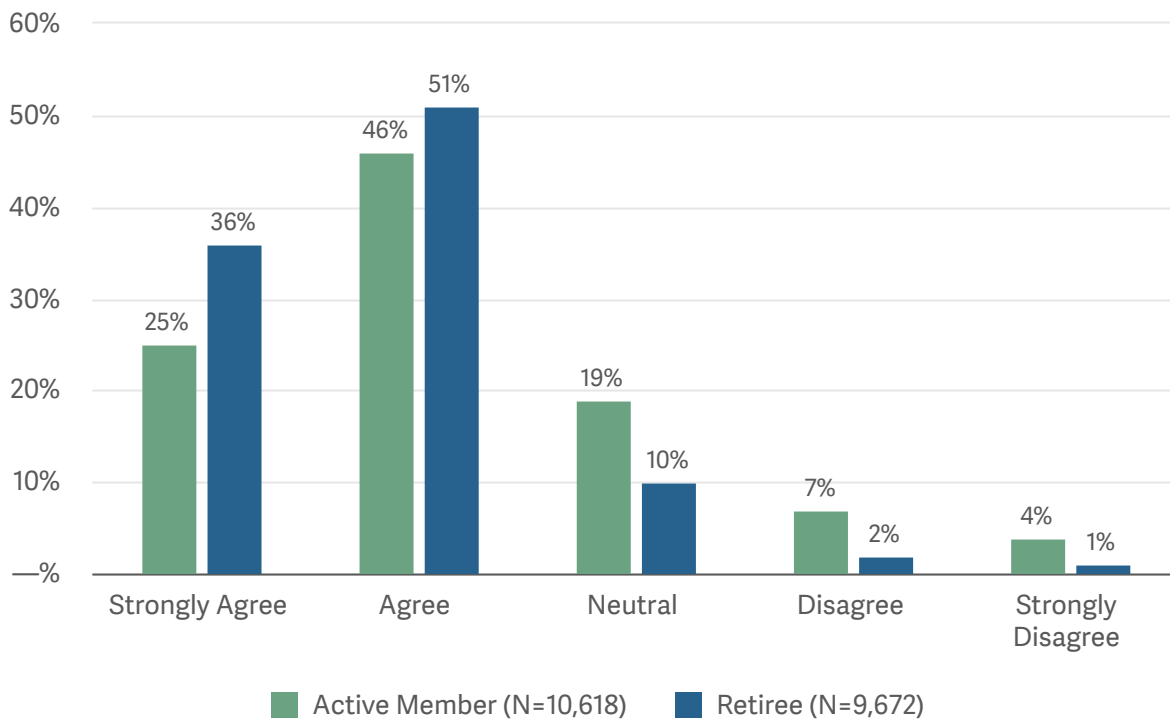


Figure 15. Overall Satisfaction with TRS Interactions

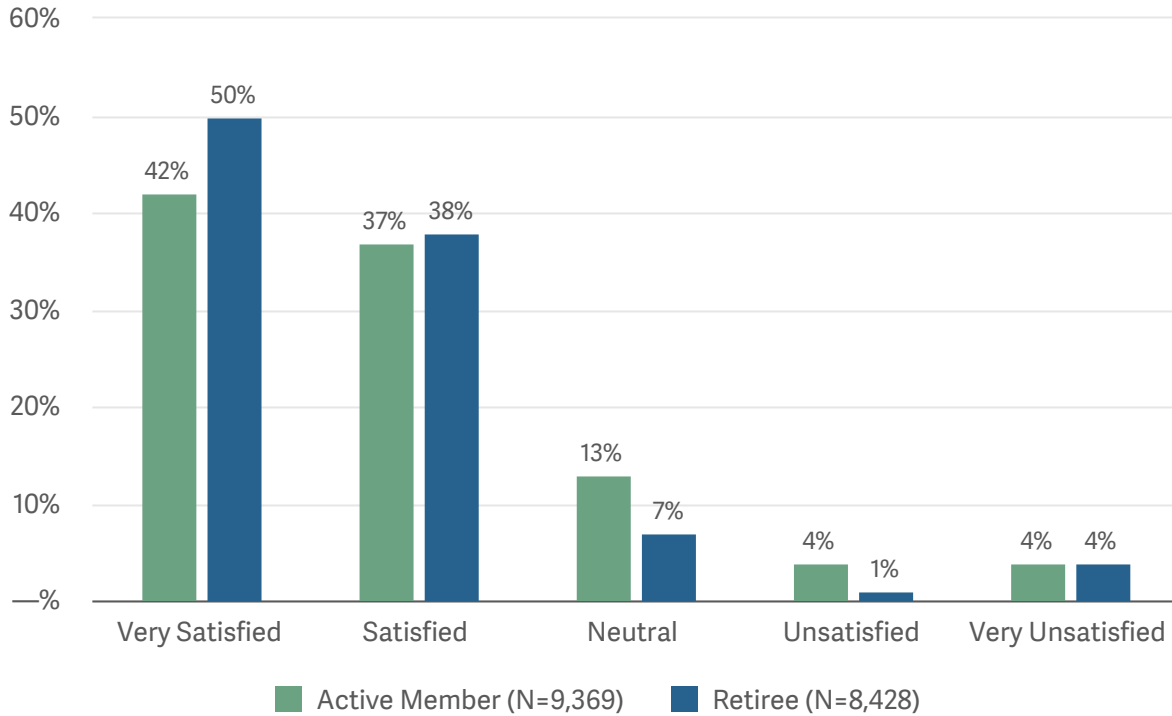
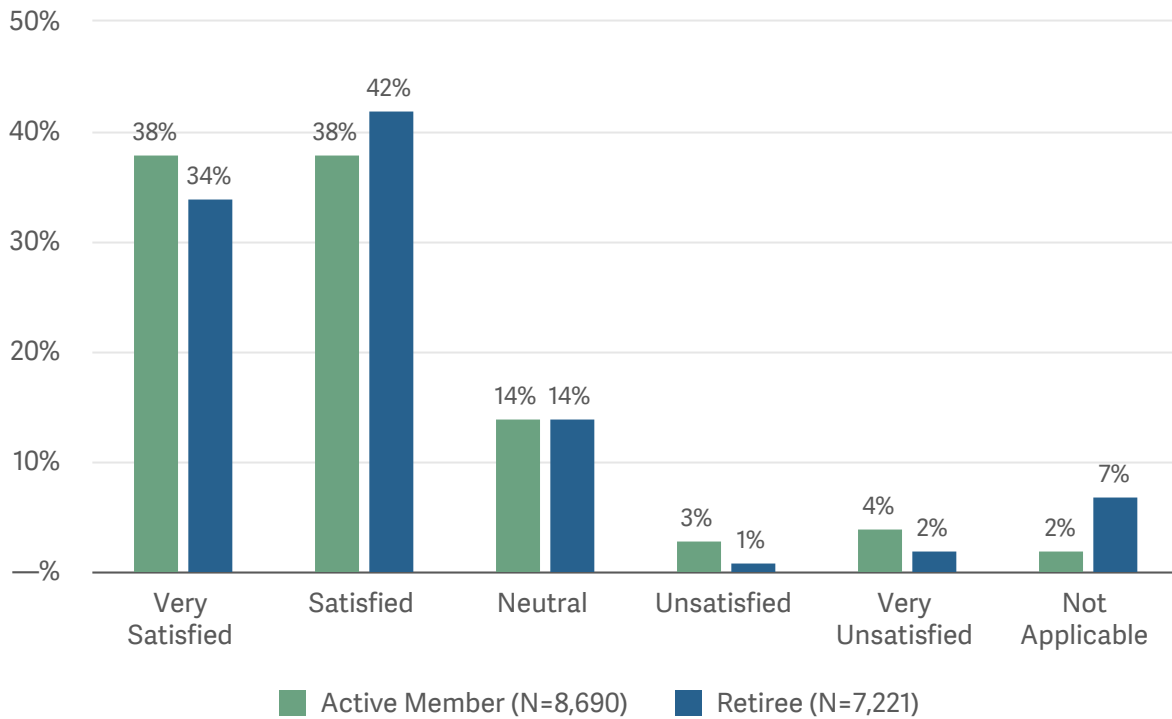


Figure 16. Satisfaction with Using TRS Website*



*Aggregate of satisfaction ratings for ease of use, accessible information, information location and mobile access of site.

Figure 17. Satisfaction with Visiting TRS Facilities

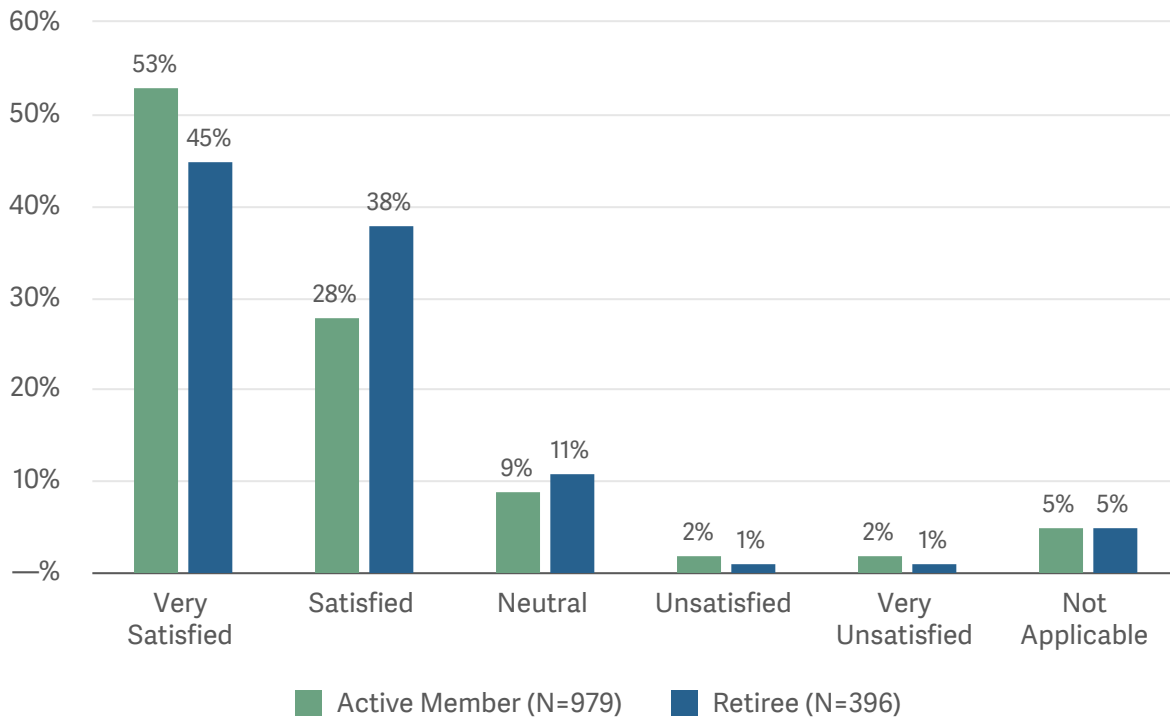
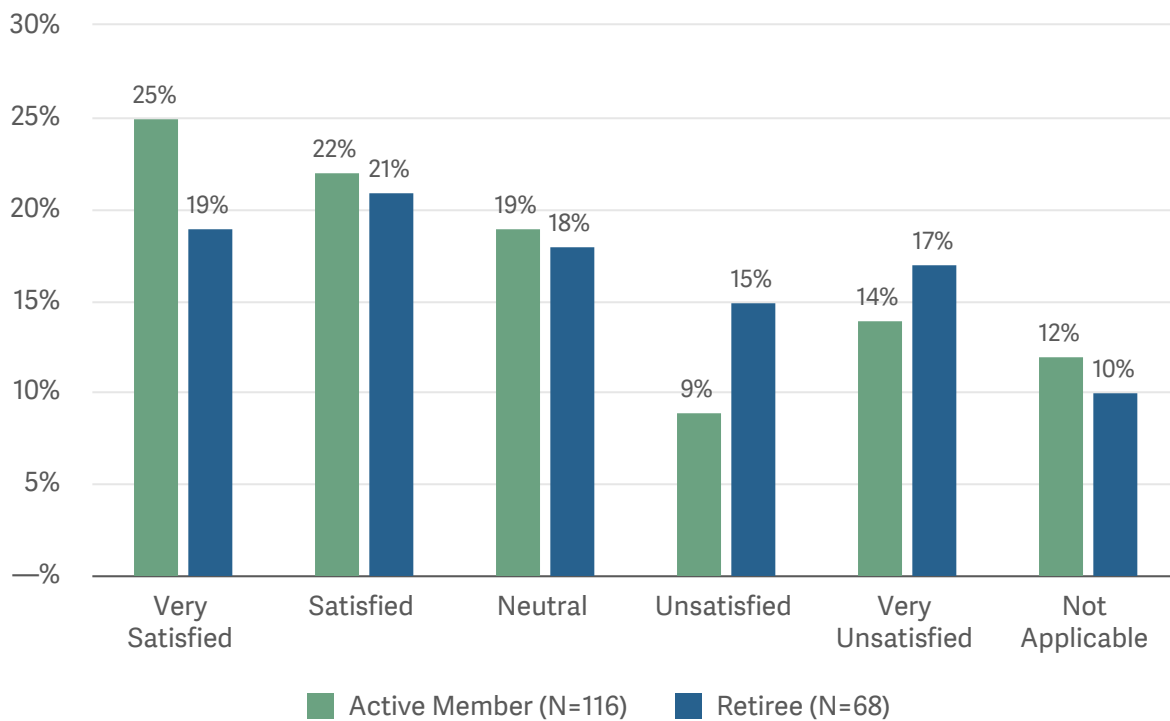


Figure 18. Satisfaction with Complaint Handling Process*



*Aggregate of satisfaction ratings for timely response, ease of filing a complaint and complaint handling.

Reporting Employer Satisfaction Survey Results

Figure 19. Satisfaction with the Overall Quality of TRS Services

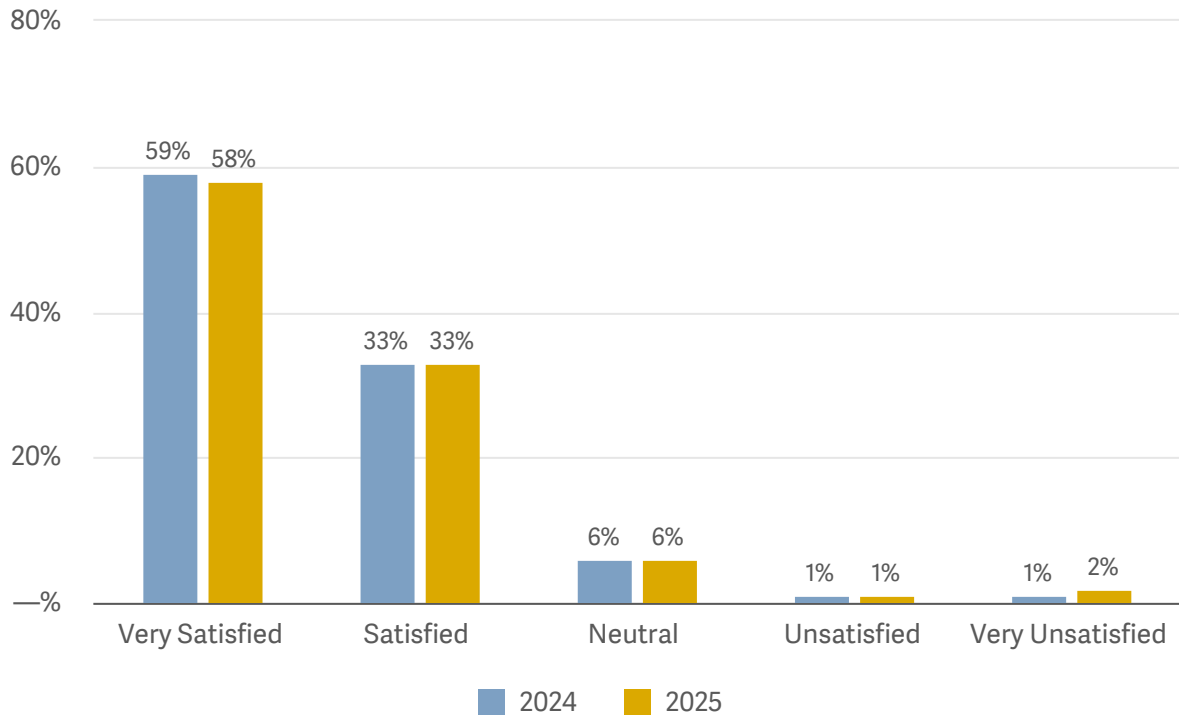


Figure 20. Satisfaction with TRS Communications

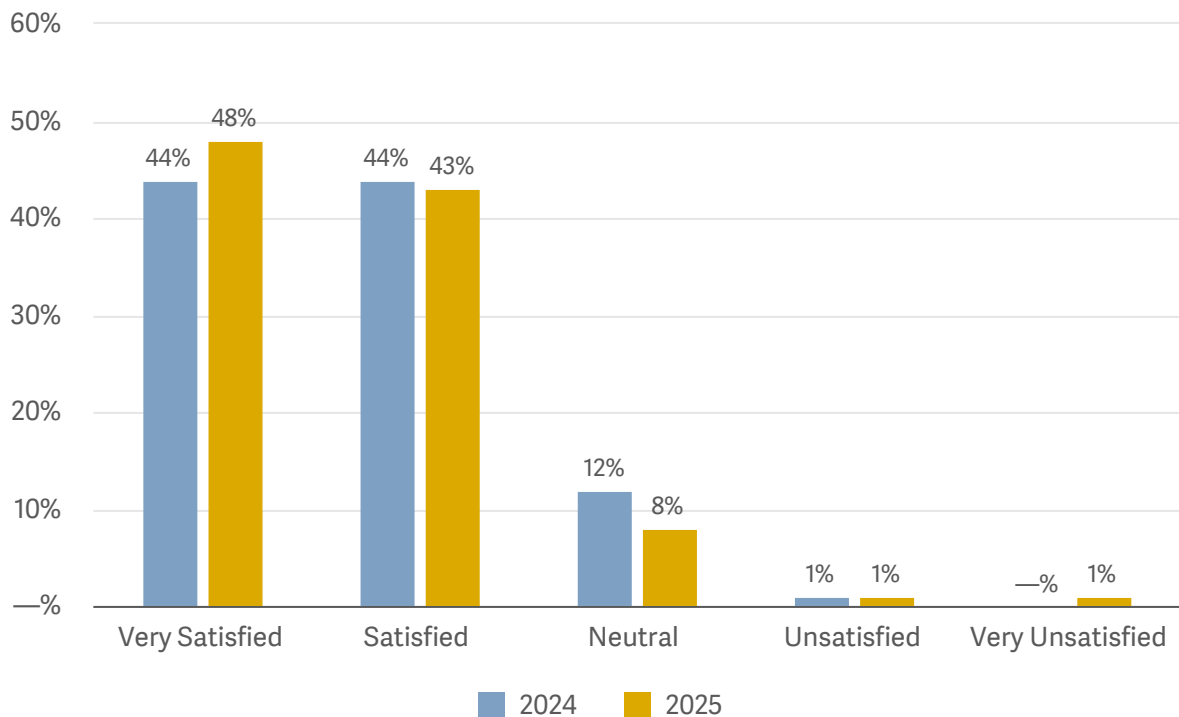
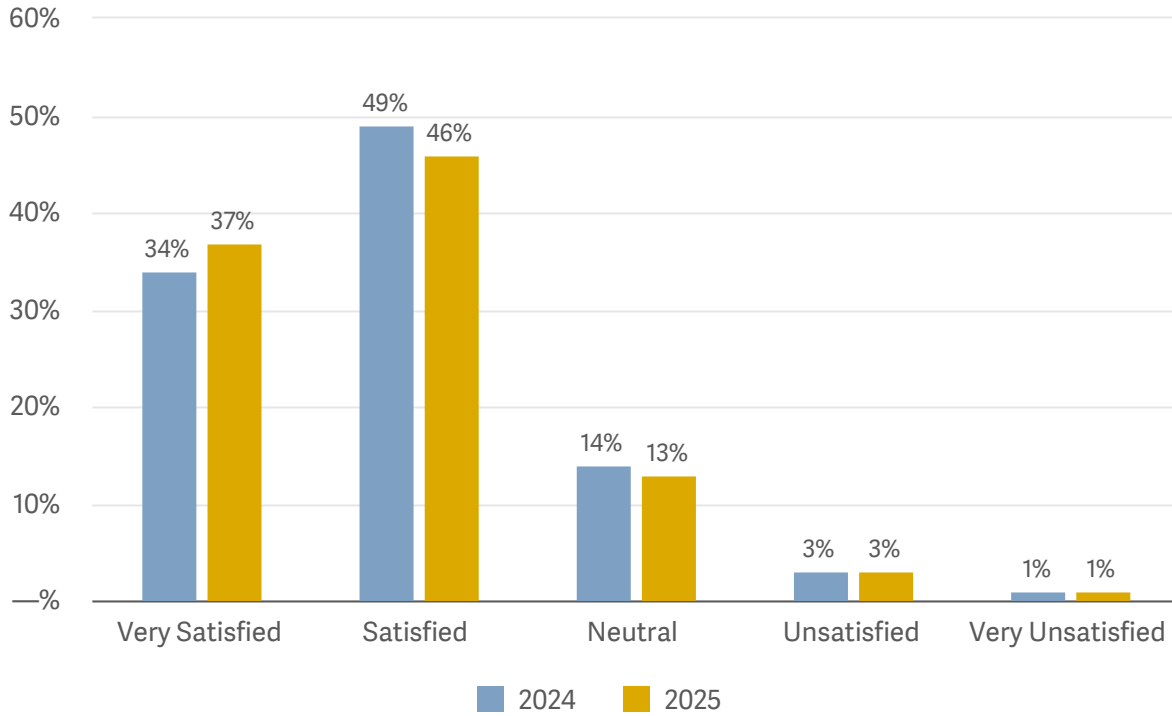


Figure 21. Satisfaction with Ease of Use of Reporting Employer Portal on TRS Website



Point-of-Service Survey Results

Telephone

N=60,570

Figure 22. Overall Satisfaction with TRS (FY 25)

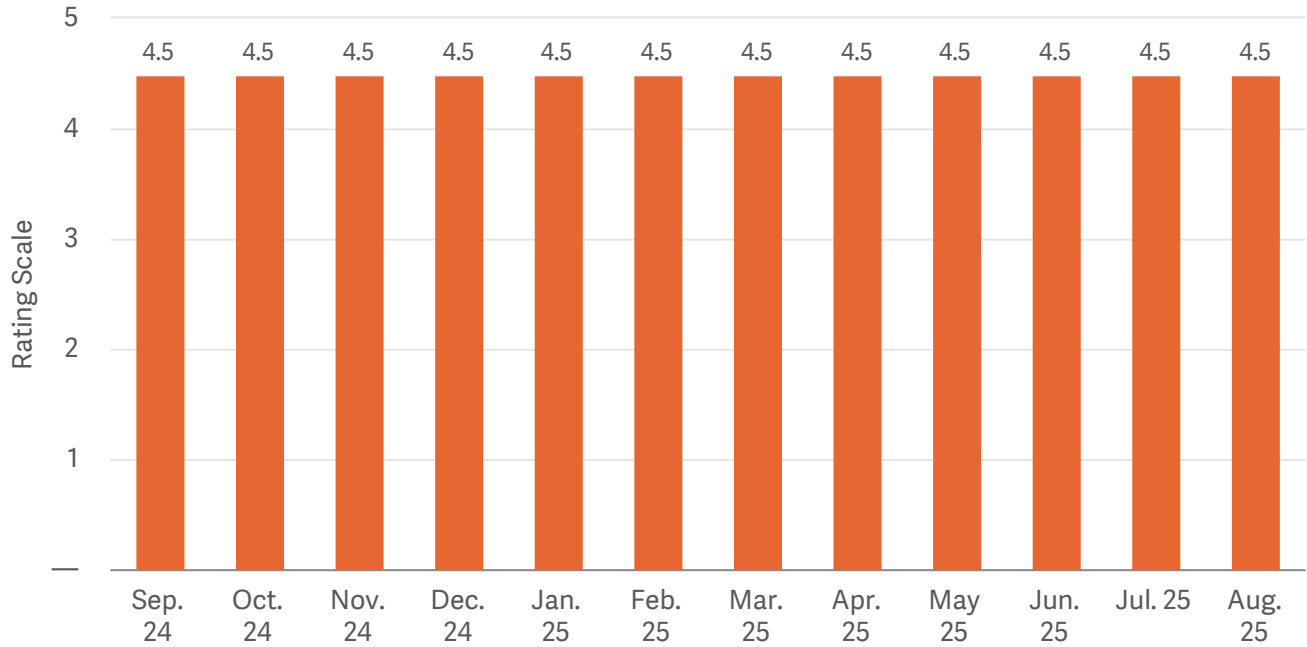


Figure 23. Overall Satisfaction with TRS Telephone Counseling Center (FY 25)

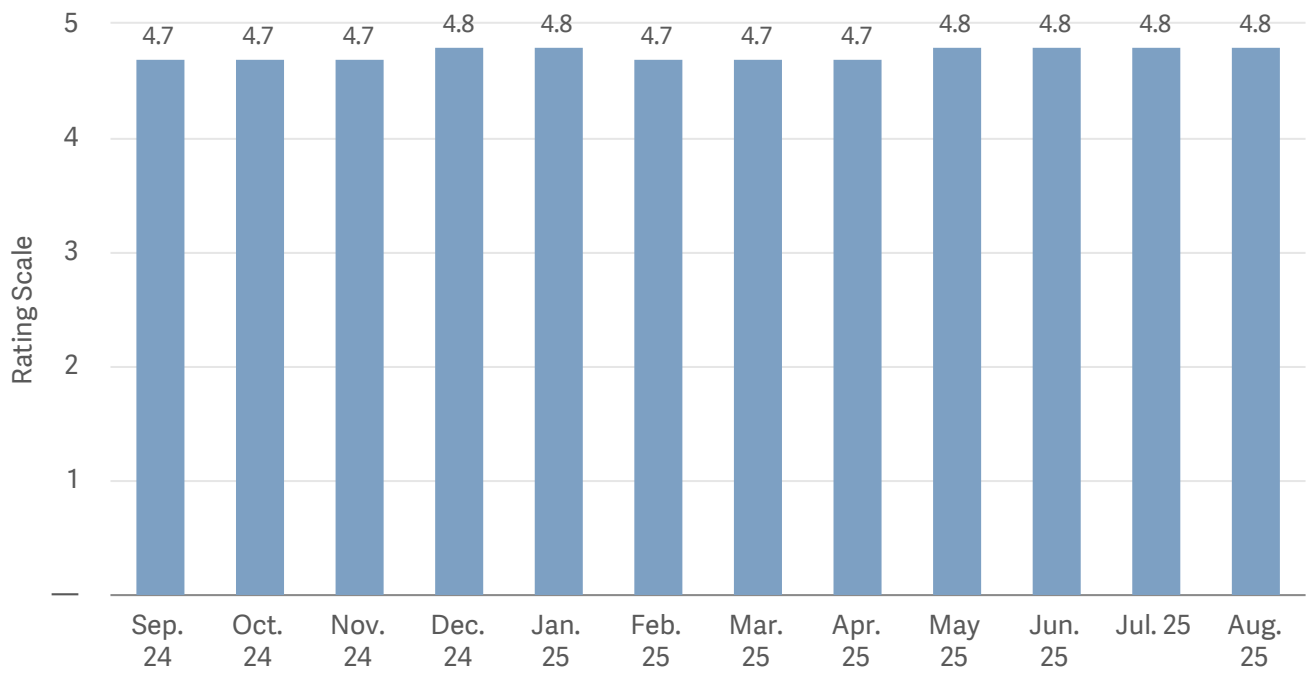
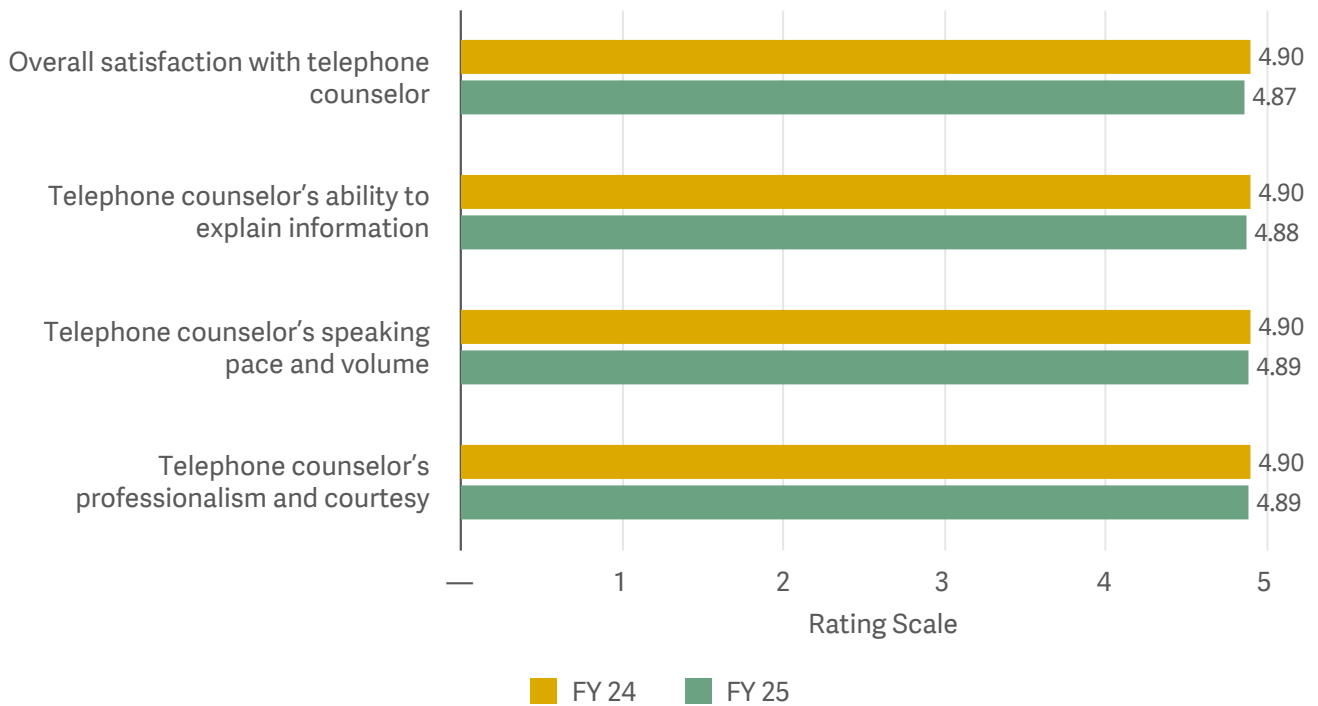


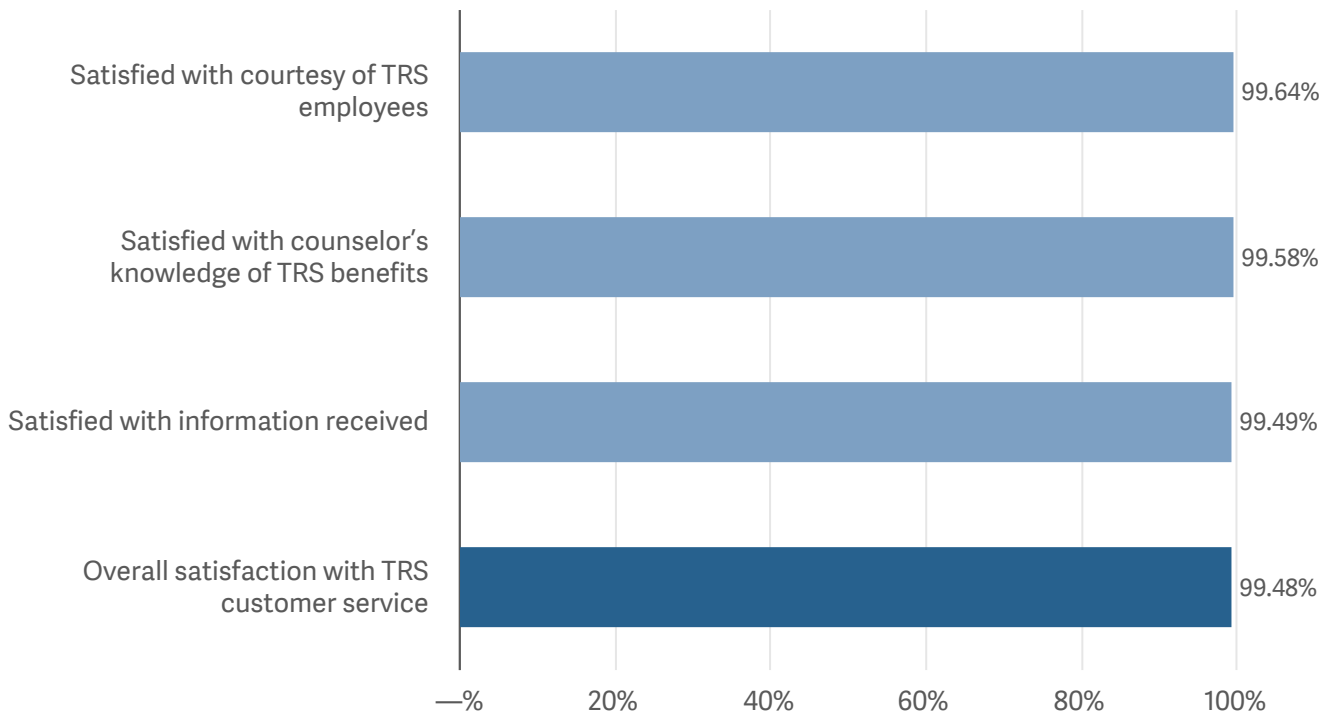
Figure 24. Satisfaction with Telephone Counseling Experience (FY 24 & FY 25)



How Was Your Visit?

Figure 25. How Was Your Visit? Survey Results (FY 25)

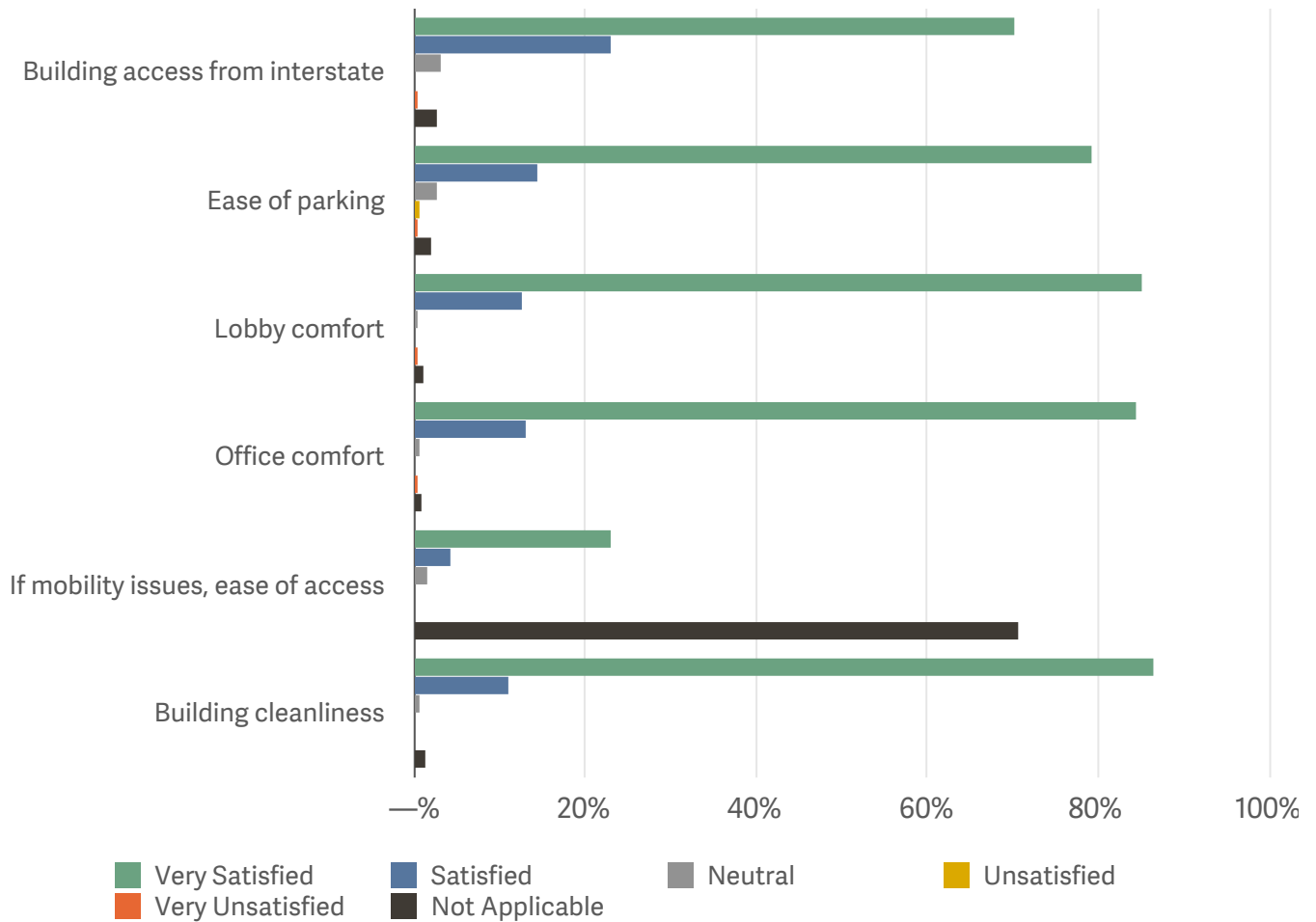
N=4,118*



**If a response was not provided for a question, survey was excluded from the results for that question.*

Figure 26. TRS Facility & Access Ratings (FY 25)

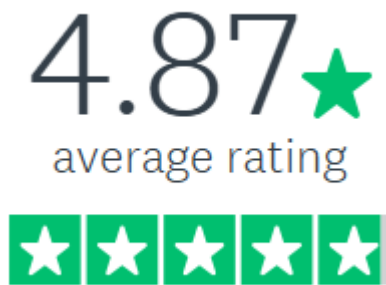
N=1,573



	Building access from interstate	Ease of parking	Lobby comfort	Office comfort	If mobility issues, ease of access	Building cleanliness
Very Satisfied	70.25%	79.39%	85.25%	84.64%	23.14%	86.56%
Satisfied	23.06%	14.55%	12.64%	13.11%	4.28%	11.14%
Neutral	3.25%	2.64%	0.45%	0.77%	1.66%	0.70%
Unsatisfied	0.32%	0.77%	0.13%	0.06%	0.07%	—%
Very Unsatisfied	0.38%	0.52%	0.38%	0.51%	0.14%	0.32%
Not Applicable	2.74%	2.12%	1.15%	0.90%	70.72%	1.28%

Figure 27. Service Rating (FY 25)

N=4,054

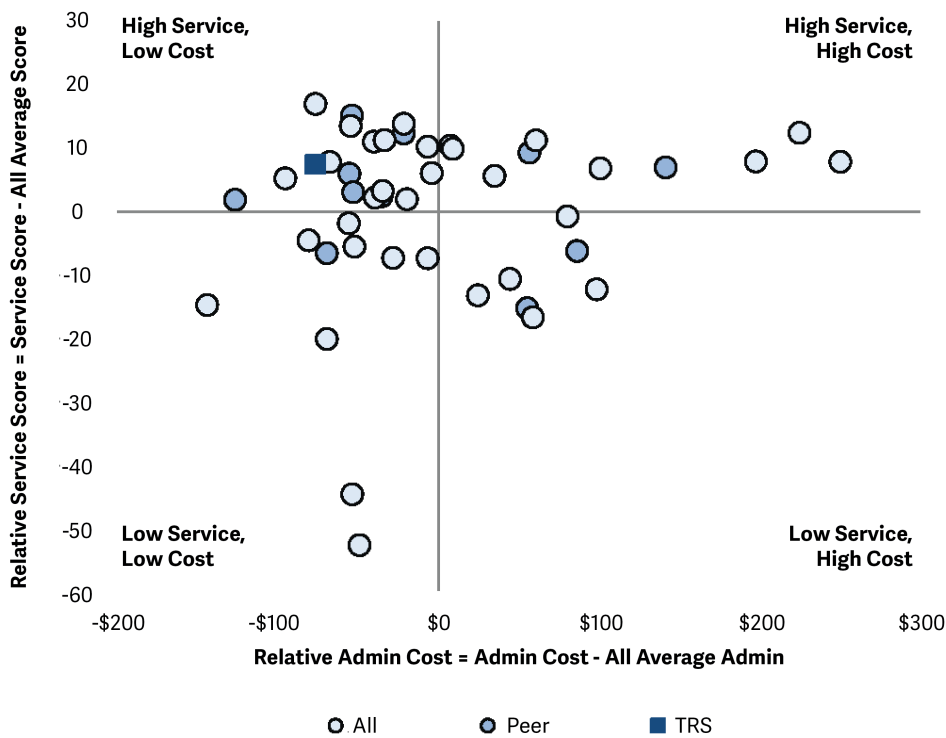


CEM

In fiscal year 2025, TRS’ cost per active member and annuitant was \$75. This was \$64 below the peer average of \$139. TRS’ service score was 84 out of 100. This was above the peer median of 81. Finally, TRS had a complexity score of 30 out of 100 which was below the peer median of 43.

Based on TRS’ cost and service level, TRS is considered a low service, low cost system.

Figure 29. Relative Service vs. Relative Cost



CEM 2025 Benchmarking Analysis for Teacher Retirement System of Texas

Analysis

Summary of Findings

The various surveys administered by TRS were designed to gauge levels of satisfaction with TRS services among active members and retirees.

Health Care

In the 2025 MSS, 85% of retired members reported being satisfied or very satisfied with TRS-Care, and 54% of active members reported being satisfied or very satisfied with TRS-ActiveCare (see Figure 8). For retirees, these satisfaction levels are higher than the satisfaction levels measured in 2023 (53%) and 2024 (79%). Active members saw a 3% decrease in satisfaction levels from 2023 (52%) to 2024 (49%).

Communications

Both active and retired members agree that TRS sends communications relevant to member needs (see Figure 13), however, approximately one-fifth of the active member (21%) population selected “Neutral” as their response. This could mean that TRS is not fully engaging active members. Around 87% of retirees and 71% of active members agreed or strongly agreed that information provided by TRS is easy to understand (see Figure 14). These satisfaction levels have been trending upward since 2021. Overall satisfaction with TRS interactions was high for both active members and retirees (see Figure 15).

Facilities

Visitors to TRS’ Austin office are overwhelmingly satisfied with building access from the interstate highway, ease of parking, lobby comfort, office comfort, and building cleanliness (see Figures 17 and 26). Members who have mobility challenges report that ease of accessing the building also exceeds their expectations.

Contact Center

In prior years, increases in hold time typically corresponded with declines in satisfaction. However, recent data indicates this relationship has shifted. Survey results suggest that members no longer evaluate counselor performance or overall TRS service primarily based on speed of answer. For example, in June 2025, the average hold time was nine seconds with a satisfaction rating of 4.9 (on a 5-point scale). In August 2025, despite an increase in average hold time to one minute and 32 seconds, the Telephone Counseling Center satisfaction rating remained unchanged at 4.9 (see Figure 23).

Member Education and Counseling

Members who meet with a TRS counselor for an office visit appointment whether in person or virtually report exceptionally high levels of satisfaction. Survey results indicate that nearly all respondents are satisfied or very satisfied with the information they receive, as well as their counselor’s courtesy and overall knowledge of TRS benefits (see Figure 25)

Counselors and other TRS support staff also receive a consistent volume of positive written feedback each month through the *How Was Your Visit?* survey, with many members highlighting professionalism, clarity of explanations and quality of service.

Overall

Results from the 2025 MSS indicate that 68% of active members and 81% of retirees are satisfied or very satisfied with TRS' services, an average of 74.5% (see Figure 7). While not an exact comparison, this is 16% lower than the average reported overall satisfaction in the Contact Center survey in fiscal year 2025, 90% (see Figure 22).

Performance Measures

Outcome Measures

- Percentage of Surveyed Respondents Expressing Overall Satisfaction with Services Received – 81% of retirees and 68% of active members (2025 Member Satisfaction Survey); 90% (FY 2025 Telephone)

Output Measures

- Total Customers Surveyed – 2025 Member Satisfaction Survey: 228,640; 2025 Reporting Employer Satisfaction Survey: 1,339; Point-of-Service Surveys: 336,110 (FY 2025 Telephone: 318,568; FY 2025 *How Was Your Visit?*: 17,542)
- Response Rate – 2025 Member Satisfaction Survey: 9%; 2025 Reporting Employer Satisfaction Survey: 74%; FY 2025 Telephone: 19%; FY 2025 *How Was Your Visit?*: 26%
- Total Customers Served – 2,102,992 current members and retirement recipients

Efficiency Measures

- Cost Per Customer Surveyed – \$0.37 (2025 Member Satisfaction Survey); \$48.00 (2025 Reporting Employer Satisfaction Survey); \$1.13 (FY 2025 Telephone)

Explanatory Measures

- Total Customers Identified – 1,579,335 current members; 523,657 retirement recipients; 1,346 employers
- Total Customer Groups Inventoried – Three (see above)

Table 8. 2026-27 Goals and Performance for TRS-Specific Measures

Performance Measure	2026	2027	Estimated 2026
TRS Retirement Fund Annual Operating Expense Per Total Member in Dollars (Excluding Investment Expenses)	\$74.41	\$74.68	\$74.41
TRS Retirement Fund Investment Expense as Basis Points (bp) of Net Assets	48.56	45.38	48.56
Service Level Percentage of Calls Answered in Specified Time Interval	90%	90%	77%
Number of TRS Benefit Applications Processed	100,000	100,000	100,000
TRS Retirement Fund 5-year Average, Time-Weighted Rate of Return-on-Investment Performance	7%	7%	7%
Investment Performance Relative to Board-Approved Benchmark	100	100	100
Number of TRS Retirement Fund Member Accounts Serviced	15,539,664	15,649,520	15,539,664
Percent of TRS Retirees Whose First Annuity Is Paid When It Is First Due	98%	98%	98%
Participation Rate in Disease Management Program by Non-Medicare Enrollees	5%	5%	5%
Generic Substitution Rate for TRS-Care Prescription Drug Benefits	98%	98%	98%

Schedule I: Certification of Compliance with Cybersecurity Training



CERTIFICATE

Teacher Retirement System of Texas

Pursuant to the Texas Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the cybersecurity training required pursuant to the Texas Government Code, Sections 2063.103 and 2063.104.

Chief Executive Officer or Presiding Judge

Handwritten signature of Brian Guthrie.

Signature

Brian Guthrie

Printed Name

Executive Director

Title

May 31, 2026

Date

Board or Commission Chair

Handwritten signature of Robert H. Walls, Jr.

Signature

Robert H. Walls, Jr.

Printed Name

Chair, Board of Trustees

Title

May 31, 2026

Date

Schedule J: Certification of Compliance with Artificial Intelligence Training

Certification to be provided when completed.

Schedule K: Report on Projects and Acquisitions Financed by Certain Fund Sources

Not applicable to TRS.

PART 3. APPENDIX



TRS Goals, Objectives and Strategies

Goal 1: Sustain an actuarially sound pension system.

Objective 1: Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods.

Strategy 1: Maintain an effective investment governance structure.

Strategy 2: Enhance current competitive advantages and total returns.

Strategy 3: Manage cost structures to increase net alpha generated.

Objective 2: Improve communication regarding pension funding and the impact of pension plan design changes.

Strategy 1: Serve as a trusted resource and engage with policymakers on pension funding and plan design.

Goal 2: Continuously improve our benefit delivery.

Objective 1: Improve the customer service experience for participants and reporting employers.

Strategy 1: Increase engagement with members/participants and reporting employers regarding TRS benefits.

Strategy 2: Expand our services to meet members where they are.

Strategy 3: Improve the reporting employer experience.

Strategy 4: Identify resource needs and develop project plans associated with opening additional regional offices.

Goal 3: Facilitate access to competitive, reliable health care benefits for our members.

Objective 1: Improve communication efforts regarding health care funding and the impact of plan design changes.

Strategy 1: Serve as a trusted resource and engage with policymakers on health care funding and plan design.

Objective 2: Increase the value of TRS-Care and TRS-ActiveCare benefits.

Strategy 1: Engage the best health care vendors through competitive procurement to ensure our members have the highest value health care.

Strategy 2: Reengineer TRS-ActiveCare to better meet employer needs.

Strategy 3: Use data analytics tools to provide assurance on health care claims compliance.

Strategy 4: Ensure access to competitive retiree health benefits, including dental and vision plans.

Objective 3: Improve the health of our members.

Strategy 1: Engage and educate plan participants to help them achieve better health outcomes.

Goal 4: Align people, processes and technology to achieve excellence in service delivery.

Objective 1: Attract, develop and retain top talent.

Strategy 1: Promote a strong workplace culture that fosters creativity and innovation.

Strategy 2: Maintain workforce planning strategies to align talent needs with organizational goals, enhance learning and development opportunities and expand succession planning initiatives to develop and retain future leaders.

Objective 2: Advance and enhance information technology (IT) systems and services.

Strategy 1: Develop, maintain and enhance IT systems and infrastructure in support of TRS business needs.

Strategy 2: Optimize the work environment to provide greater scalability, flexibility and security.

Strategy 3: Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making.

Strategy 4: Implement modern information systems across all lines of business with priority on modernization of legacy systems and strategic digital transformation.

Strategy 5: Improve digital operating technology models to enhance continuous business process improvement and provide operational efficiencies.

Objective 3: Enhance the information security program to effectively counter current and emerging threats and risks facing TRS.

Strategy 1: Optimize security architecture and operational capabilities to thwart advanced threats and mitigate vulnerabilities.

Strategy 2: Expand the governance, risk and compliance (GRC) program to include security and privacy management, risk/fraud forecasting and education in cooperation with Legal & Compliance and appropriate business units.

Objective 4: Foster a culture of fiduciary responsibility and ethical conduct.

Strategy 1: Embed/Integrate culture of ethics and compliance within the business process.

Strategy 2: Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS.

Objective 5: Provide effective communication to all stakeholders with a focus on continuous improvement.

Strategy 1: Improve strategic communications with a customer-centric focus.

Strategy 2: Implement and monitor the Member and Employer Outreach Plan to better help members and employers fully know and utilize benefits, engage with TRS, plan for retirement, and remain informed postretirement.

Objective 6: Evaluate automation, efficiency and technology solutions to enhance existing processes.

Strategy 1: Identify opportunities and implement solutions for improved productivity, process efficiencies and performance monitoring.

Strategy 2: Finalize implementation and operationalize Investment Data Modernization Program to improve trust asset monitoring and fiduciary oversight.

Strategy 3: Complete Pension Data Warehouse Project to automate and enhance data analytics and reporting capabilities for more proactive engagement with stakeholders. (Target Date: 8/2028)

Objective 7: Strategically employ artificial intelligence (AI) technology for the ongoing benefit of TRS members in a secure, efficient and productive way.

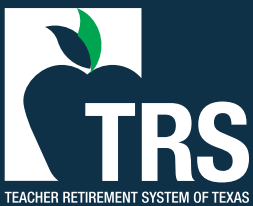
Strategy 1: Investigate best practices and integrate AI within existing organizational processes to optimize investment performance and improve member services.

Strategy 2: Measure and evaluate improved efficiencies, effectiveness and cost optimization achieved by leveraging AI.

Strategy 3: Explore innovative ways to improve competitiveness in product/service development and delivery.

Strategy 4: Identify opportunities to reduce risks by the development, deployment and execution of AI applications.

Strategy 5: Identify skill gaps and develop staff to support AI initiatives through targeted workforce and change management strategies.



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