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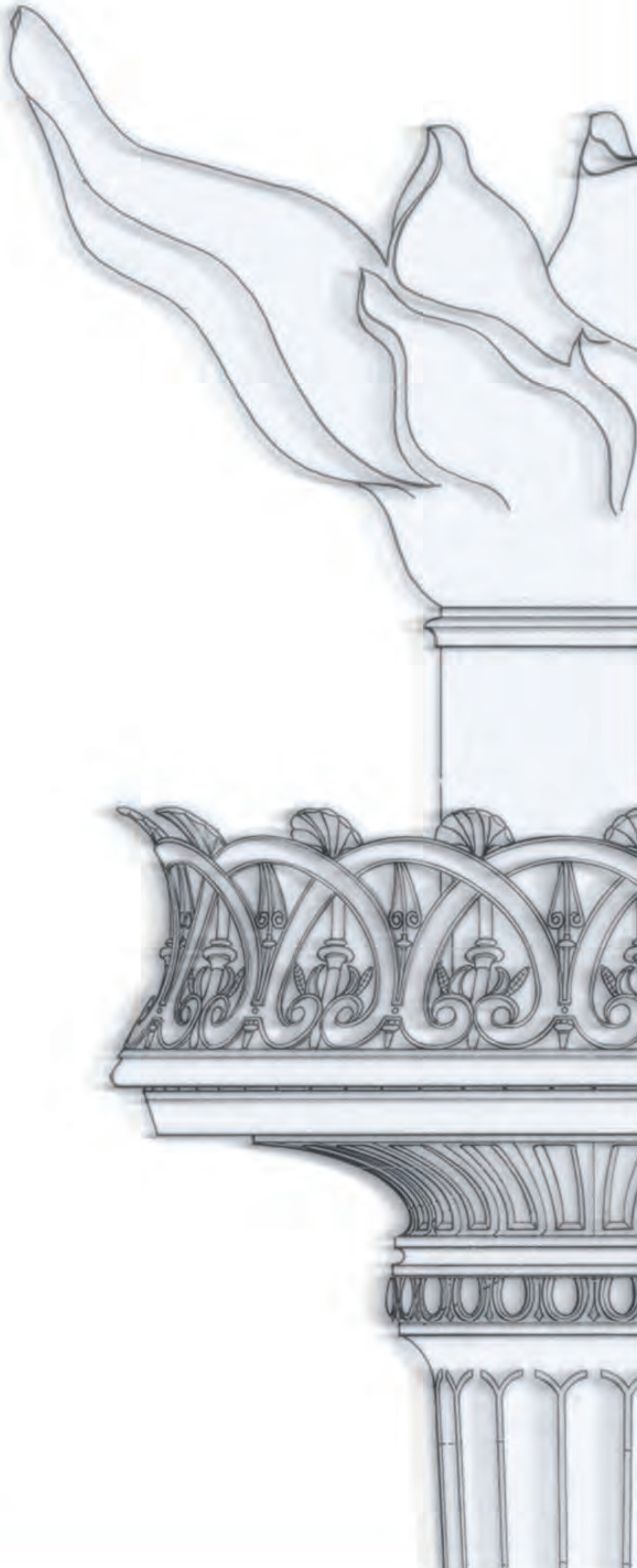
Texas Association of College Teachers

Defending Academic Freedom

Volume LXXI Number 1



Quarterly eBulletin

July/August/September 2017

The TACT Quarterly eBulletin

July/August/September 2017 - Volume LXXI Number 1

In this quarter's TACT newsletter...

Texas Association of College Teachers
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President's Message

by Donna Cox
Sam Houston State University

I have recently been thinking about something that Groucho Marx once said, "Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly, and applying the wrong remedies." This particular view could well be applied to those who are legislative decision makers and also to those of us in higher education who are trying to influence legislators on behalf of our institutions.

The 85th Texas Legislative regular session was a mixed bag for higher education. Proposals in the Legislature would have slashed budgets, frozen tuition, ended a mandatory financial aid program, curtailed automatic admission for top students and restricted components of the Hazelwood Act. In the end, however, the budget largely kept higher education spending intact and some state schools even saw their funding increased. Lawmakers made several modest but important changes. Legislation was passed to make it easier for college students to transfer course credits and high school outreach programs to students in foster care were strengthened.

Perhaps many of you were in a car on the same emotional rollercoaster that I was during this session. I was angry; how can our institutions continue to do more with less? I was incredulous; they think we make how much money at the university level?! And finally, I was relieved; well, it could have been worse. I must say that my most unpleasant emotion was the feeling of helplessness. I kept thinking surely there are ways I could be a more effective advocate for my profession other than marching with my colleagues in front of the capitol. After much genuflection, I have developed three propositions for your consideration.

Know Who You Need to Work With

If we want to be more effective in our lobbying, we need to know who the decision makers are. The following legislators are the members of the House of Representatives Higher Education Committee:

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- Rep. J.M. Lozano, Chair
- Rep. John Raney
- Rep. Roberto R. Alonzo
- Rep. Carol Alvarado
- Rep. Angie Chen Button
- Rep. Travis Clardy
- Rep. Donna Howard
- Rep. Geanie Morrison
- Rep. Chris Turner

http://www.house.state.tx.us/committees/committee/?committee=C290

Here are the members of the Texas Senate Committee on Higher Education:

- Sen. Kel Seliger, Chair
- Sen. Royce West
- Sen. Paul Bettencourt
- Sen. Dawn Buckingham
- Sen. Jose Menendez
- Sen. Larry Taylor
- Sen. Kirk Watson

http://www.senate.state.tx.us/cmte.php?c=560

It's also important to know who represents you in your district. Follow the "Who Represents Me" link to find out contact information for those who represent you in your district.

http://www.fyi.legis.state.tx.us/Zip.aspx

One of the things I have learned is lobbying for a cause is not an "us" against "them" endeavor. Our representatives are family members, have jobs and do care about our state and its institutions. We all do actually have things in common. Their priorities for their time spent during sessions may not be the same as ours, but that's a task for us.

Timing is Everything

The Texas Constitution requires lawmakers to meet every two years for no more than 140 days, not counting a special session. The 86th Legislative session will begin January 8, 2019. That means, we have the rest of this year and all of 2018 to actively pursue our agenda as outlined by TACT members. This is the perfect time to contact our representatives and talk with them during a time that may be less consuming or chaotic for them.

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And, we have the opportunity to have sustained contact with them. I challenge TACT members to get to know their district representatives and to attend town hall meetings. Our representatives need to know our faces and our organization. I have never been to a town hall by my representative. I am pledging to you that I will not only attend town hall meetings, but I will also request one-on-one meetings with my representative to talk about issues important to college teachers in our state.

Make Your Political Involvement Smarter, not Harder

How do we make smarter choices when trying to influence our house members and senate representatives? One way is to be actively involved in TACT. In the past, I have attended the TACT meetings and lobbied at the capitol, but that was about the extent of my involvement. I see now that taking only two or three days a year to be "active" is certainly not enough. We need a coherent, succinct agenda of what we would like to accomplish. We need more members in TACT. Representing college teachers in Texas to decision makers in Austin shouldn't fall to a select few. The more participants become involved, the more representatives hear "TACT", the better chance we have of moving the political needle in our direction.

Chuck Hempstead has been our lobbyist for a couple of decades. His expertise is invaluable and we should take advantage of his professional knowledge and skills as much as possible. We also have faculty members of TACT who have actively participated in the organization for years and years. Let us join with these long time members to learn effective ways to rally other faculty members to join TACT. Our fall meeting will be October 27 and 28, 2017. Please join us to set an agenda for 2018 and to make decisions on how we can accomplish our goals.

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Follow the Money

by Chuck Hempstead
TACT Executive Director

Sometimes in higher education, we'd rather not think about the money. Finding the resources is someone else's job – ours is to spend it on teaching, research and service. TACT moved past that this year as university funding was a top priority during the regular legislative session, and we contributed to the efforts of increasing the final higher education appropriations from deep proposed cuts to somewhere around flat (while the stated state goal of enrollment increases again succeeded).

Some financial details are included in the legislative session review elsewhere in this publication, but already university administrators are announcing campus cuts: 2.5 percent at University of Houston, 1.5 percent at A&M, 2 percent at UT-Austin and 1 percent at Texas Tech, as a few examples. And, of course, inflation applies only to expenses, not revenue.

As I write, the Legislative Special Session continues, and TACT hopes that public education finance is addressed. Nonetheless, we share Representative Helen Giddings' "observation" – to put it nicely – that none of the Governor's twenty issues addresses higher education. We sent you her open letter on the subject, but if you missed it, check www.tact.org.

Certainly Texas is not the only or worst state in underfunding universities. Higher Ed Commissioner Raymund Paredes reported today to members of the Coordinating Board that he is seeing a tightening in the academic hiring market, and increasingly new hires are coming from only the top 20 most prestigious graduate schools.

What can we do? My standard answer, of course, is to help us recruit more TACT members to strengthen our voice. But I was reminded this summer by your elected TACT Board Members to again mention that getting an elected official on campus is worth one hundred lobby letters. Invite her to lunch. Take a picture (blackmail!). Ask him to lecture – or just sit in – during one of your classes (a combination is best so he can see how you do what you do, but still gets emotionally involved with some Q&A's). Show her construction projects and auditoriums where you will be teaching that 400-student creative writing class that will take you two weeks to grade each assignment.

Not only is this lifetime where the squeaky wheel gets the grease, but so is the Texas Legislature.

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2017 Legislative Session in Review

"There's the budget, and then there is everything else."

Whew! Or, as one newspaper account began, "Relief."

Adequate funding was the number one issue for the Texas Association of College Teachers (TACT).

The initial legislative appropriations bill introduced in January was harsh toward universities, with cuts ranging from six to ten percent. Higher education appropriations had fared well in 2015, but the Texas Comptroller's revenue estimate for fiscal years 2018 and 2019 did not promise any extra gravy to spread around. In late May, the contrast between competing House and Senate versions exceeded a billion dollars.

In the end, a combination of using the Rainy Day Fund (House proposal) and delaying certain scheduled payments (Senate proposal) provided some relief. Overall, higher ed spending will increase slightly – 2.34 percent, not including community colleges. Some universities still saw reductions, but The University of Texas will see a three percent increase while Texas A&M rises 1.6 percent.

Similarly, TEXAS Grant, the primary state student financial aid program, dodged a bullet: a ten percent increase ($71 million) will enable it to assist 92 percent of eligible students, up from an estimate of 57 percent of students in an earlier version. Bills which would have frozen tuition, limited tuition increases by Boards of Regents, and eliminated the set-asides of certain university income for scholarships did not survive the legislative process.

"Special Items" were not so lucky. These programs, such as the UT McDonald Observatory, historically have been funded outside the normal formula process. They were cut 27 percent. The broader question of funding special items will receive scrutiny by a House-Senate Committee during the interim.

The Hazlewood Act is an increasingly expensive unfunded mandate to universities requiring them to provide educational benefits to veterans and their dependents. TACT's position is that legislative programs should be paid for in the Appropriations Act or the require-

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2017 Legislative Session in Review

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ments should be eliminated. Last session, the Senate pushed Hazlewood reform while the House was uninterested; this year the roles reversed, but the result was the same: the unfunded mandate remains unchanged and increasingly costly. Veterans organizations are very good lobbyists, even as the UT Chancellor says the cost to his System alone is $40-$50 million and growing.

And finally on the appropriations front, TACT was disappointed that more progress wasn't made on public school finance reform. Texas college faculty believe they could direct a much higher quality education if the freshmen they inherit were better prepared for university-level work. Last year, the Texas Supreme Court ruled just short of unconstitutional the current plan, which let the Legislature off the hook to act. The House added $1.5 billion for K-12 but the Senate demanded as its price the use of public money for private education, usually known as variations of vouchers. Neither side budged.

Everything else

TACT did not have a position on SB4, the sanctuary cities issue, which applies to campus police forces. A previous TACT policy regarding non-citizen students advocated that more education for anyone within our nation is beneficial to everyone.

Guns on campus took a breather this time, as is customary during the session following many emotional issues. Now it is time for community colleges to prepare their local policies within the new law. The House debated banning "large knives" legislation on campus, but the bill did not pass.

Several sexual assault on campus bills were passed, including electronic reporting, educational initiatives and requiring regents to approve a policy for their campuses.

The slow growth of permitting community colleges to award bachelor's degrees continued, with the Coordinating Board authorized to review and approve such requests.

What's next?

With a special session planned for July 18, higher education advocates will be watching for, but not expecting, significant issues affecting their operations. House Speaker Joe Straus says his members are still interested in reforming public school finance, but it has not been added to the list of debatable issues by the Governor.

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When is a RIF not a RIF?

by Gaines West, Attorney-at-Law
West, Webb, Allbritton & Gentry

Terminations based on a "required" Reduction in Force {RIF} are in vogue again. These usually happen cyclically and often begin after dire headlines about our Legislature's plan to drastically cut higher education budgets. While each biennial meeting of our Legislature typically begins with such dire warnings, in many years higher education is actually boosted in its funding, rather than being cut. And private colleges and universities also often use projected state funding cuts to support their own versions of financial exigencies requiring RIF's. Rationalizing that if the State of Texas has to cut higher education budgets, private giving will also soon be on the decline.

In reality most of these dire warnings of budget shortfalls never materialize by Session's end, but alas the warnings almost always cause a flurry of hastily drafted RIF policies by administrations at both state and privately funded colleges. Presidents and Provosts say a RIF decision is irrefutable evidence that they had no choice but to terminate YOU. After all, if they have no money how can they keep paying YOU?

In my 30-plus years of practice in higher education law I have witnessed a lot of changes. But this one area {RIF terminations} remains relatively the way it has been for decades: a RIF is a good {or rather convenient} tool for the administration to cover up the real reason they have to get rid of someone they don't want around any longer. If you are now too old and make too much money {soaking the Department's budget for money needed to hire young professors}, YOU may be next to get your RIF "pink slip." If you are an unwanted minority, or someone who speaks out about things that you think taxpayers might what to know about, YOU may be the recipient of a RIF notice! If you are a tenured Full Professor {feeling pretty insulated from a termination decision concerning you}, YOU may be the next one to get your RIF notice!

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When is a RIF not a RIF?
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Sounds unfair – yep it is! So when is a RIF not a RIF? It's not a RIF when there really exists no financial exigency at all, yet the RIF masquerades as the reason for a termination. Some colleges and universities have appeal mechanisms if you feel you have been singled out for a RIF based on an illegal reason {or breach of contract in a private university setting}. So take heed, follow those internal appeal guidelines scrupulously since most courts will dismiss any complaint you may later make if you haven't given the school an opportunity to correct their own mistake. BUT, keep an eye on Texas Workforce Commission Civil Rights Division {TWC-CRD} limitations period {180 days from the date of the adverse personnel action – discrimination, retaliation, etc.} and the Equal Employment Opportunity Commissions limitations period {300 days from the adverse employment action, discrimination, retaliation, etc. – note we are a dual filing state so if you file with the TWC-CRD within 180 days you are automatically enrolled as a complainant with the EEOC}.

Sometimes there are real financial

exigencies warranting a trimming of faculty or staff, BUT if YOU get YOUR RIF notice – just don't "…go quietly into the night." Ask questions, consider a real challenge of the RIF as it applies to you and seek advice about your termination since, as we all know: "…you can't tell a book by its cover."

A RIF ALWAYS sounds so plausible, and intends to push the blame for you being gone on "outside – uncontrolled forces." The truth is that a RIF is more often than not used as the administration's convenient {and to them the most painless} way to bid you ADIEU!

"The information in this column is intended to provide a general understanding of the law, not as legal advice. Readers with legal problems, including those whose questions may be addressed here, should consult attorneys for advice on their particular circumstances."

TEXAS ASSOCIATION OF COLLEGE TEACHERS

tccta

TEXAS COMMUNITY COLLEGE TEACHERS ASSOCIATION

2017 Analysis of Possibilities for ORP/TDA

The Texas Optional Retirement Program (ORP) is designed for full time faculty at state supported institutions of higher education. Created by the Texas Legislature in 1967, it is offered as an alternative to participation in the Teacher Retirement System of Texas (TRS). Upon employment at an institution, an employee is given 90 days to choose whether to invest his or her retirement fund in ORP or TRS. This choice is irrevocable. Therefore, new employees are urged to make this decision carefully.

The TRS is for all persons who choose not to be in ORP or are not eligible for ORP. TRS is a "defined benefit" program, in which the employee's retirement benefit is 2.3% of average salary in the highest three years (five years for newer employees), multiplied by the number of years of participation. The vesting period for TRS is five years. (If an employee does not vest and withdraws, the state's monies must be returned.) A "Rule of 80" (when the combination of age plus years of service entitles TRS members to retire early without penalty) applies for those currently vested. However, a law passed in 2013 places financial penalties for some individuals on early retirement before age 62. New and recent hires are urged to consult the TRS website for details, at *trs.state.tx.us/about/documents/trs_newsletter.pdf.*

Both the employee and the state make monthly contributions to TRS and ORP based on percentages of the employee's salary. The percentages are established by the Texas Legislature and may fluctuate over time. Employee contribution rates are 6.65% for ORP participants. TRS employee contribution rates are increasing under the 2013 law mentioned above. The rate increased from 6.7% in fiscal year 2015 to 7.2% in fiscal year 2016, and to 7.7% in fiscal year 2017. Beginning September 1, 2017, if the state contribution rate is reduced below 6.8%, the contribution rate for active employees will be reduced by an equivalent percentage.

The state contribution rate for TRS is 6.8%, and 6.6% for ORP. TRS members should consult the schedule from the TRS website link provided earlier. For ORP, the employer share is 6.6% from 2015 through 2017.

Convenient links to the most popular ORP carriers in Texas higher education are now available at www.tact.org/orp

For ORP, a "defined contribution" program, the total contribution is the sum of the employee's contribution, local supplements (of up to 1.9%) and the state's contribution. The retirement savings plan is self-directed, and the vesting period is one year and one day. The retirement benefit is based on contributions and earnings on those contributions.

Whether the choice is ORP or TRS, most employees are eligible to place additional pre-tax contributions into a Tax Deferred Account (TDA). A TDA is a supplemental investment that may be made in addition to the mandatory program. TDAs receive no state contribution.

An important federal overhaul of retirement rules was included in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This law raised the limits of pre-tax contributions to deferred compensation plans, and also provided for "catch up contributions" for participants over 50. The law also repealed the Maximum Exclusion Allowance, a complex formula that limited the tax-advantaged treatment of combined contributions to deferred compensation programs. Higher education employees should seek the advice of a financial advisor to learn how any changes may affect retirement planning.

Most companies have incorporated TDA loan provisions into their policies or custodial agreements under the Tax Equity and Fiscal Responsibility Act of 1982. The IRS and each firm have guidelines that must be followed or the loan could be considered a withdrawal or premature distribution and subject to tax and 10% penalties. For specific information, the investor should contact representatives of the company.

Mutual Funds

Mutual funds are available for ORP and TDA deposits. An investment company or a mutual fund is either a corporation or a trust in which investors pool

Editor's Note: For the forty third consecutive year, this analysis has been made available to members of the Texas Association of College Teachers and the Texas Community College Teachers Association to assist in retirement planning. The staff of the two associations remain grateful for the efforts of Frank L. Wright, who managed the project for most of its history, and to the professionals of the ORP/TDA companies who cooperated in making this service possible.

No investment decision should be based solely on data reported in this analysis. Past performance does not guarantee future success.

Formulating the Decision

1

What will be my financial needs at retirement, and should I supplement my ORP with other investments such as a tax deferred account?

2

What is the likelihood of a good return throughout the term of my investment? Is it diversified enough to ensure stability?

3

What are the outside rating firms' evaluations of the carrier? Does the company have soundness and experience to fulfill its contract and provide good management?

4

What are the expenses involved with the program? Do transfer fees, surrender charges, and other costs permit flexibility as my investment needs change?

funds and invest them in a wide variety of securities. An investment company or mutual fund is engaged in the business of investing in securities, managing funds for people more effectively than individuals ordinarily could for themselves. A fund operates as a single large account that is owned by many shareholders. Today, there are more mutual fund choices available than companies listed on the New York Stock Exchange. As the world economy continues to grow, opportunities for investing beyond our shores become increasingly viable options. Additionally, most funds are now grouped in "families" that offer a broad array of funds within one package or company.

Here is a brief description of the kinds of investments available:

1. Money Market Funds invest in securities that mature in less than one year. These funds can be composed of one or more of the following: Treasury bills, certificates of deposit, commercial paper, Eurodollar CDs, and notes. The objective is to maintain a constant share value while producing a return slightly above bank money market funds.

2. Bond Funds can come in many varieties, including a government bond fund, a corporate bond fund, high yield bond fund, or others. Typically, the investment criterion requires that any holding purchased be a bond.

3. Stock Funds can be classified in three categories. Equity-Income Funds focus on income, with capital appreciation as a secondary concern. Growth and Income Funds attempt to produce both capital appreciation and current income. Growth Funds seek capital appreciation first while current income is a distant secondary concern.

4. Balanced Funds are also called "total return" funds. The objective is to provide total returns through growth and income. The fund typically purchases stocks, bonds, and convertible securities. Weighting of each asset class will depend upon the manager's perception of the market, interest rates, and risk levels.

5. International (Global) Equity Funds consist of two types. International or Foreign Funds may only invest in stocks of foreign companies. Global Funds can invest in both foreign and U.S. stocks. The objective of either category is growth of capital.

6. Aggressive Growth (Small Company) Funds are mutual funds that focus strictly on appreciation, with no concern about generating income.

7. Special Funds are grouped in two categories: Metal Funds and Non-Diversified Funds. A metal fund purchases metals in one or more ways: bullion, gold stocks, and mining stocks. Non-Diversified Funds are defined by the Securities and Exchange Commission as holding more than 5% of the funds' total holdings in the security of one company. These funds can also be industry specific.

The above definitions have been modified from those found in the Certified Fund Specialists guide.

Each mutual fund comes with a prospectus, which must be provided to the investor before purchase. This prospectus will provide information such as the name and credentials of the fund manager, the goals and objectives of the specific fund, and information regarding fees and other expenses. It will also describe the limitations placed on the manager. All funds instruct the investor to "read the prospectus carefully before investing or sending any money." Unfortunately, the prospectus is written in such technical terminology, most people would have difficulty interpreting its contents.

For a comprehensive overview of the rules and rate histories of TRS and ORP, provided annually by the Texas Higher Education Coordinating Board, visit tact.org.

All mutual funds have fees, including so-called "no-load" funds. The investor ultimately pays these expenses, which include marketing, research, administrative support, reports, fund managers, and other costs. Accepting the fact that there is "no free lunch," what charges should one review before investing?

The investment advisor or advisors, making the daily decisions—to buy, sell, or hold the investments of the fund—must be paid. The research and overhead costs for administering the fund must also be paid. These are usually described as "investment advisory expenses" or "management fees." It is always best to find out what the management fees are, since the fee amount can affect the performance of the fund. While one does not want to make this an overriding concern, an investor needs to be comfortable and understand the fees assessed. Generally, net performance, not internal cost, is the most important factor to consider when investing.

There are three pricing strategies for mutual funds. A-share mutual funds are front-loaded funds. The cost to invest will usually range from 0% for Money Market Funds to more than 5% for International Funds. The load immediately reduces the amount going to work. These funds will typically be presented by a salesperson who receives a commission to represent that company.

B-share mutual funds are sometimes known as no-load with a contingent deferred sales charge. These shares have an early withdrawal penalty if the amount does not remain on deposit for a specified period of time. These funds typically have higher management fees than the A-shares and are often clones of an A-share fund.

C- and D-share mutual funds are no load in, and if held for a period of time (up to one year), no load out. These are deemed no-service or self-service funds. This class of funds can be brought to the investor in two ways. The old line of funds has no sales force; transaction are made using a toll-free phone number. The new line of funds uses salespersons that may or may not receive an up front commission. The management fees will probably be higher than B-shares, therefore one should check the prospectus. More families will begin offering C- and D-shares.

Another fee that may be assessed is a 12-b-1 fee, named after a federal government rule. This fee pays for distribution costs, including advertising and dealer compensation. The 12-b-1 fee may provide a venue for use, compensating a professional to work with an investor in the design of an investment plan. The professional will be paid based upon the amount invested and the performance of the account. If applicable, this fee will be found in the prospectus.

It has long been the subject of much discussion whether paying an up front charge is best or if it is preferable to have a contingent charge. One position holds that if the investment is for the long term (ten years) it will be better to pay up front charges, since this will make the annual management or investment charge significantly lower. However, this argument does not take into consideration personal, economic, or product changes. The original investment chosen today may not be the best investment for an individual in the future.

Variable Annuities

Variable annuities can be described as a combination of fixed annuities and mutual funds with a twist. Variable annuity contracts are life insurance contracts that have as few as one or as many as 30 variable investment options. These options are referred to as sub-accounts. The sub-accounts are, by law, separate accounts. The variable choices offered differ from the fixed account in that the investor, not the insurance company, absorbs the investment risk. There are no guarantees. The money is never commingled in the insurance company's general account. All earnings or losses are tied to investment performance of the underlying account.

Many variable annuity contracts have fixed accounts. Research shows that almost 60% of assets in variable annuity contracts are in fixed accounts. While this may be prudent for a particular investor, the discussion provided in the fixed annuity section applies here. In some cases, the fixed portions of these contracts are not as competitive as a fixed only contract. Variable annuities are by design variable investments.

The variable annuity is a product that is constantly evolving. The horizontal integration of these contracts is an innovation that seems to be growing. Previously, all programs were vertically integrated. Management, marketing, administration, and sales were all performed by the same company. In the late 1980s, several firms began adding external fund managers to the proprietary funds offered in the contract. Today, an investor can even cross fund families in one contract.

Remembering that the variable annuity contract is offered by an insurance company may assist an investor with the following discussion regarding fees. The expense risk and mortality charge are fees assessed in most variable annuities. The expense charge guarantees from the date a contract is signed that the charges for management and annual contractual charges will not increase for the life of that contract. The mortality charge is unique to variable annuities. Mortality charges are guarantees by the insurance company that in the event of death, heirs will receive either the contributions (deposits) or the face value of the contract, whichever is greater.

Today, several contracts have expanded the mortality feature. This is called a "stepped-up death benefit." If available, the contract will increase the amount invested at a certain rate (e.g., 5% per year) or at a contract anniversary date (e.g., the fifth contract year). This value is the new "floor" that the heirs will receive. This can be a very attractive feature for older faculty investing in stock accounts late in their careers. Another fee assessed by the variable annuity is the investment advisory fee and, if applicable, a 12-b-1 fee.

The surrender or withdrawal structure of the variable annuity is very similar to B-share Mutual Funds (no-load with a contingent deferred sales charge). Most contracts will not have front end charges, but will have surrender charges. These charges may be level (say, 3% for three years, then dropping to zero), reducing (say, 6% the first year, then reducing 1% per year), or level for a certain period of time then declining (say, 6% the first two years, then declining each year to zero). This penalty may be assessed upon each contribution. This type of surrender charge is called a "rolling surrender charge." The penalty can also be based upon contract years. This type of surrender charge is called a "non-rolling surrender charge." If dollars are moved to another firm before the time period for surrender charges has elapsed, the contributions can be penalized for early withdrawal. Unlike mutual funds, most companies allow a 10% free withdrawal, allowing a transfer to another firm. This 10% free withdrawal is usually not a cumulative privilege.

Another feature offered by variable annuities is dollar cost averaging. This allows an investor to place a systematic transfer of a specific amount each month from one sub-account to another. Theoretically, if the investor purchases shares over a period of time when prices are high and low, the cost per share will be less expensive in the long term using dollar cost averaging. The availability of this option could be an additional feature to consider.

Additional Options

An option available in ORP and TDA investment products is the trust. This option allows the investor to design a very personal investment. Unlike investing in one family with limited options, through the trust arrangement the investor can mix different funds and cross family lines. The ability to select the top performers, or specific asset classes from several mutual fund families, is a powerful investment tool. Currently, this option is available for fund use only (not multiple variable annuities) through several different trust programs.

Another option is on the money management side. Texas law, under the section of law that created ORP, allows the use of independent professional investment advisors. The fee for this service can vary, but may not exceed 2% annually. The recognition by the investment community that this service can be provided to faculty has added a new dimension to ORP and TDA accounts.

Money management has many schools of thought. There are extremes. At one extreme are the institutional investors who typically use asset class selection with systematic rebalancing. At the other extreme are the market timers. This theory purports the ability to take advantage of upswings while limiting the downside. Of course, most theories and services fall between these extremes.

Summary

As with all cash accumulation plans, investment performance may vary. There are no guarantees. This study should not be the sole basis for investment decisions. The final decision regarding retirement investments should remain between the investor and the investment professional, when utilized. A properly designed program can be developed to enhance performance and maximize gains given the investor's risk tolerance level. ☆

5

Is my contract surrenderable for cash value, in whole or in part, after leaving covered employment for ORP, and after I turn 59$^1/_2$ for TDA? Does it allow lump sum withdrawals in lieu of annuitization at retirement?

6

Do I have sufficient choices between fixed and variable types of investments and can I shift between them easily and without cost?

7

Are my company's reporting and servicing policies sufficient for my needs?

8

Have I checked my company's website for the most current information?

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TACT Legislative Issues: 2017-2018

1. Higher Education Funding. The top concern among our recent faculty issues survey, TACT supports reinstating appropriations investments, primarily in the following areas:

A. Fully fund the anticipated cost to universities of the Hazlewood Act Legacy Program.

B. Increase current funding levels of the TEXAS Grant scholarship program to account for previous cuts, increased tuition, growing enrollments and a higher percentage of students requiring financial aid.

C. Maintain the "local control" of regents setting tuition rates.

D. Provide sufficient resources and legislative intent that universities must address the salary compression and inversion issues created by hiring new faculty at higher salaries than existing faculty.

2. Public Education Funding. Provide sufficient funding to public education to replace "Robin Hood" and assure preparedness for higher education, including monitoring the quality of dual credit coursework.

3. 60x30TX. TACT will endorse the goals and proposed strategies of 60x30TX in order to provide the education needed by the workforce of the 21st Century. Along with goal support, TACT will support sufficient funding to K-12 so college enrollees are sufficiently prepared.

4. **Handguns on campuses.** TACT still opposes allowing individuals to carry concealed handguns on college campuses and encourages educational programming to minimize the resulting increase in gun accidents and incidents resulting from increased access.

The TACT Quarterly eBulletin

Texas Association of College Teachers

Defending Academic Freedom

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For over 70 years, TACT has been on the front lines of higher education issues in Texas. The GRF assists TACT with a key component of our mission, **communicating TACT's legislative agenda** in order to improve Texas higher education.

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In the current climate of uncertainty in Texas' system of higher education, it's important to have strong advocates. Since 1948, the Texas Association of College Teachers has served university professors in the areas of academic freedom, statistical research, tenure implementation and protection, professional standards, and working conditions. We invite you to take a key career step by becoming a member of TACT today for $158 (which includes professional liability insurance).

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