

## **The Teachers' Retirement Insurance Program (TRIP)**

**Issue:** Since the creation of this health insurance program for retired teachers in 1998, the program has consistently had to deal with funding issues. Adjustments to the funding of the program have been made through the years to ensure the plans solvency. The most recent agreement was struck in 2004 and structured the funding of TRIP as we know it today. However, the four revenue streams are not keeping up with the actual costs of the health insurance plan and the day is nearing when an adjustment will need to be made to maintain the solvency of the plan.

**TRIP is funded as follows:** Active members pay 0.88% of their salary, the state matches the active teacher contributions (\$87 million for FY 12), school districts contribute 0.66% of their payroll, and retirees pay their health insurance premiums. The law allows for these funding streams to increase by an equal percentage but not more than 5% above the previous year. However, this escalator has not been used by the state over the past 2 fiscal years and TRIP will likely be in the red at the end of the current fiscal year by \$15-\$20 million. TRIP is a \$500 million program.

**What to Expect in the Year Ahead:** In recent years, some legislative leaders have consistently tried to make the point that the state should not be providing health insurance for retired educators. We have seen proposals that would remove the state's contribution to similar programs put forward. We have been successful in defeating those proposals to date. However, to maintain the program in the future, TRIP will require some modifications along with continued state support.

**What to do:** With the fiscal issues that the program faces known, encourage your lawmakers to prioritize funding for this program to ensure that it carries into the future and keeps the promise of a secure retirement for our members in retirement and for those moving closer to retirement. There are 65,000 retired teachers that depend on this insurance program and a majority do not receive Social Security.