



Teachers' Retirement System of the State of Illinois

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News

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TRS RECEIVES STATE PENSION CONTRIBUTION FOR FY 2011 ASSET SALES HALTED FUNDS REPLACE ASSETS SOLD

SPRINGFIELD, IL – Teachers' Retirement System today received its full statutory contribution from state government for fiscal year 2011 - more than \$2 billion that will halt the sale of assets to fund benefit payments and be invested in line with established TRS investment strategy.

The state contribution for FY 2011 was generated by the recent sale of \$3.7 billion in bonds by state government. Of the total bond proceeds raised for all state-operated pension systems, TRS received \$2,000,918,488. Coupled with \$170 million that the state already had paid to the System over the last seven months and the total state contribution for the fiscal year is \$2,170,918,488. That total approximately matches the amount required for FY 2011 to meet current and future pension obligations.

“The annual contribution from the state is very important to our members and to the fiscal health of TRS,” said TRS Executive Director Dick Ingram. “The System will not have to sell any existing assets this fiscal year in order to fund benefit payments. The contribution pays our members back for most of the assets that the System had to sell since July in order to generate cash for pensions and benefits.”

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Between July and the end of January, TRS sold \$2.368 billion worth of investment assets to generate the cash needed for pensions and benefits. While TRS has sold more than \$1 billion in assets in each of the last six years to meet cash flow needs, the FY 2011 total was higher than normal due to the amount of time between the start of the fiscal year and the receipt of the state contribution. Normally, TRS is supposed to receive the state contribution in 12 equal installments. In all, TRS sold \$1.759 billion in stocks and \$609 million in bonds and other securities.

“We appreciate very much that it was not an easy decision by the state to sell bonds in order to meet its obligations this year, but it is very important for our 372,000 members that TRS keep pace as much as possible with the obligations teachers are owed for their years of service in education,” Ingram said.

“The pensions and benefits TRS pay annually are recycled in the Illinois economy,” he added. “The 97,754 men, women and children that receive pensions and benefits depend on these payments so they can live and continue to be contributing members of their communities. TRS pensions are doubly important for educators because teachers do not pay into Social Security during their careers and are not eligible for that federal benefit in retirement.”

TRS will pay out an estimated \$4.1 billion in pensions and benefits during FY 2011. In the last fiscal year, TRS paid out \$3.928 billion in pensions and benefits; and received a total of \$6.831 billion in revenue – contributions from teachers and administrators, school districts and state government, as well as investment income.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 86th largest pension system in the world, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 372,000 members and had assets of \$34.6 billion as of December 31, 2010.