



## News

For Immediate Release

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### *Retirement Security for Illinois Educators*

#### **Teachers' Retirement System of the State of Illinois**

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### **TRS Urges State to Honor Pension Funding Requirements, Defeat Pension Consolidation**

SPRINGFIELD, IL- The State of Illinois will achieve a pension funding milestone when it pays the statutorily-required amounts to the five state pension systems during the fiscal year that begins July 1. Despite the current budget deficit, the Teachers' Retirement System of the State of Illinois (TRS) urges the General Assembly to continue to comply with a state law designed to wipe out most of the state's pension debt.

"We know state lawmakers will face extremely difficult spending choices in the months to come," said TRS Executive Director Jon Bauman. "However, the state already has a statutory obligation to provide sufficient pension funding. These payments are crucial to retire the state's pension debt and to safeguard the retirement security of its workforce," said Bauman.

A law was passed in 1995 that required the state to pay actuarially-determined pension contributions. The law is intended to eliminate 90 percent of the state's pension debt by 2045. The debt is mainly a product of insufficient state funding over a period of decades and not due to overly generous benefits. In fact, the average monthly retirement benefit paid by TRS totals \$41,500 a year. Public school teachers in Illinois do not collect Social Security, often making their TRS benefit their only source of retirement income.

Fiscal year 2010 is the 15th and final year of what is known as "the ramp," requiring sharp increases in state contributions. Subsequent increases will be based on natural growth in active member payroll and adjusted based on investment returns and other actuarial factors. However, an upward adjustment of the state's retirement contribution is likely in FY2011 due to recent investment losses.

TRS is also urging the General Assembly to oppose the consolidation of the investment functions of the five state pension systems. The proposal fails to address the state's existing pension debt problem and could cost \$400 million in start-up expenses alone. Further, a consolidation would increase investment risk and the potential for political influence over a single pension investment entity. TRS supports the statewide implementation of improvements to standards of ethical conduct and greater transparency of the investment process by all public pension funds.

The Teachers' Retirement System serves 355,584 teachers and administrators employed by public schools located outside of the city of Chicago. As of December 31, 2008, TRS had assets valued at \$29 billion.

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