



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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June 2, 2015

To the Editor:

In a recent news story and editorial, the Times incorrectly labeled payments made by local school districts to Teachers' Retirement System in the wake of high salary increases as "penalties."

At issue are payments owed by school districts that grant a teacher a raise in excess of 6 percent. Under state law intended to assign the pension costs associated with these raises to the district that grants them, the district must pay to TRS the actuarial cost of the teacher's pension created by the portion of the raise that is in excess of 6 percent.

The word "penalty" implies wrongdoing. It is not illegal under the law for school districts to grant raises that exceed 6 percent. The extra payment due is not a "penalty" or a "fine."

The Times is also misleading to imply that payments by school districts triggered by the law have "cost" taxpayers extra money. In reality, the pension cost is paid by taxpayers in both circumstances. The law under discussion merely shifts the pension cost of these raises away from the statewide taxpaying populace to the smaller group of taxpayers that elects the school board granting the raise.

Sincerely,

Dick Ingram
Executive Director
Teachers' Retirement System

Sent by:
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