



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 W Washington St | PO Box 19253 | Springfield IL 62794-9253

Richard W. Ingram, Executive Director

members@trsil.org | <http://www.trsil.org>

877-927-5877 (877-9-ASK-TRS) | FAX: 217-753-0964

June 22, 2020

The Honorable JB Pritzker
Governor
State of Illinois
207 State House
Springfield, IL 62706

Janel L. Forde, Director
Central Management Services
State of Illinois
715 William G. Stratton Building
Springfield, IL 62706

The Honorable Susana Mendoza
Comptroller
State of Illinois
201 State House
Springfield, IL 62706-1001

RE: Recertification of FY 2021 Teacher Health Insurance Security (THIS) Fund State Contribution Due to Lower Active Member Contribution Rate

On June 19, 2020, the TRS board of trustees recertified the FY 2021 state contribution to the THIS Fund. **The recertified amount is \$136,404,524 and is tied to the actual FY 2021 member contribution rate of 1.24 percent of pay.** The original October 29, 2019 certification of \$143,101,424 assumed that the member contribution rate would increase to 1.30 percent.

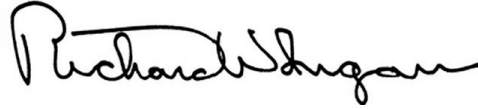
The certified state contribution is the amount needed to match estimated active member contributions to THIS Fund in the coming fiscal year, plus or minus the amount by which TRS over or underestimated active member contributions during the previous fiscal year. The certified amount is contained in the state budget, Public Act 101-0637.

The attached board certification provides more explanation of the recertified FY 2021 THIS Fund contribution. An exhibit prepared by the TRS actuaries shows how the certified amount was calculated.

Questions pertaining to this certification should be directed to Amy Z. Reynolds, Director of Research, at 217.814.2272 or areynolds@trsil.org.

June 22, 2020
Page 2

Sincerely,

A handwritten signature in black ink that reads "Richard W. Ingram". The signature is fluid and cursive, with a large initial "R" and a long horizontal stroke.

Richard W. Ingram
Executive Director

Enc. (4)

- CMS letter confirming FY2021 member contribution rate
- Certification of board resolution
- Certification of recalculation adopted by the board
- Revised exhibit prepared by Segal Consulting showing calculation



May 28, 2020

Richard Ingram, Director
Teachers' Retirement System
2815 West Washington
Springfield, IL 62702

Re: FY 2021 Certification Rates

Dear Mr. Ingram;

Under the statutory authority of section 6.6 State Employees Group Insurance Act of 1971(5 ILCS 375);

(a) Beginning July 1, 1995, all active contributors of the Teachers' Retirement System (established under Article 16 of the Illinois Pension Code) who are not employees of a department as defined in Section 3 of this Act shall make contributions toward the cost of annuitant and survivor health benefits. These contributions shall be at the following rates: until January 1, 2002, 0.5% of salary; beginning January 1, 2002, 0.65% of salary; beginning July 1, 2003, 0.75% of salary; beginning July 1, 2005, 0.80% of salary; beginning July 1, 2007, a percentage of salary to be determined by the Department of Central Management Services by rule, which in each fiscal year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year.

(a-5) Beginning January 1, 2002, every employer of a teacher (other than an employer that is a department as defined in Section 3 of this Act) shall pay an employer contribution toward the cost of annuitant and survivor health benefits. These contributions shall be computed as follows:

(4) Beginning July 1, 2007, the employer contribution shall be a percentage of each teacher's salary to be determined by the Department of Central Management Services by rule, which in each fiscal year shall not exceed 105% of the percentage of each teacher's salary actually required to be paid in the previous fiscal year.

Please accept this letter as notification that the percentage of salary to be used for FY 2021 for active contributors, effective July 1, 2020, shall be 1.24%. Additionally, the percentage of salary to be used for FY 2021 for employers, effective July 1, 2020, shall be 0.92%. If you have any questions, please feel free to contact me at any time.

Sincerely,

Colm Brewer
Chief Financial Officer
CMS Bureau of Benefits

cc: Amy Reynolds
Kim Block

801 S. 7th Street, 6th Floor Main – Administration, P.O. Box 19208, Springfield, IL 62794-9208



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 W Washington St | PO Box 19253 | Springfield IL 62794-9253

Richard W. Ingram, Executive Director

members@trsil.org | <http://www.trsil.org>

877-927-5877 (877-9-ASK-TRS) | FAX: 217-753-0964

**FY 2021 RECERTIFICATION OF STATE CONTRIBUTION TO THE
TEACHER HEALTH INSURANCE SECURITY (THIS) FUND**

I certify that the following resolution was adopted at the June 19, 2020 regular meeting of the Board of Trustees of the Illinois Teachers' Retirement System.

Resolved: To certify \$136,404,524 as the required state contribution to the Teacher Health Insurance Security (THIS) Fund for FY 2021, assuming the member contribution remains 1.24 percent of pay in FY 2021, as presented by Segal Consulting. This is a reduction from the October 2019 certification based on an assumed FY 2021 member contribution rate of 1.30 percent.

Richard W. Ingram, Executive Director
June 19, 2020

TEACHER HEALTH INSURANCE SECURITY (THIS) FUND RECERTIFICATION OF CALCULATION FOR FY 2021

The Board of Trustees of the Teachers' Retirement System resolved during its October 29, 2019 regular meeting to certify a required state contribution to THIS Fund for FY 2021.

The FY 2021 certification is based on the active member contribution rate increases to 1.24 percent during FY 2021. This is the same rate as the FY 2020 active member contribution rate and has been confirmed by the Illinois Department of Central Management Services (CMS).

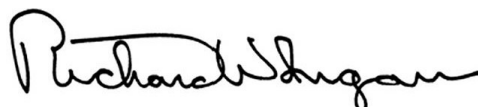
The certified state contribution is the amount needed to match estimated active member contributions to THIS Fund during FY 2021, adjusted by the amount by which TRS overestimated actual active member THIS Fund contributions during FY 2019. The state contribution amount certified for FY 2021 is **\$136,404,524** and was determined by the following procedure.

Segal Consulting, the TRS actuaries, estimate total active member payroll for FY 2021 to be \$11,214,640,162. Their payroll projection is based on the June 30, 2019 actuarial valuation. State agencies' estimated active member payroll of \$53,140,960 is subtracted because state employees covered by TRS do not make THIS Fund contributions. The remaining payroll was \$11,161,499,202. The FY 2021 active member THIS Fund contribution rate of 1.24 percent of pay was applied to the remaining payroll, yielding \$138,402,590.

Public Act 92-0505 required the annual THIS Fund certification to be adjusted by the amount by which TRS over or underestimated actual active member contributions in the preceding fiscal year (5 ILCS 375 / 6.6 (c)). The amount by which TRS overestimated FY 2019 active member contributions was \$1,998,066. This \$1,998,066 was subtracted from the \$138,402,590, resulting in the certified FY 2021 contribution of \$136,404,524. The requirement to correct for over or underestimating active member contributions in the previous fiscal year remains in the TRIP extension act, Public Act 93-0679.

These calculations are shown in the following exhibit.

The Board does not certify other state contributions to THIS Fund because they are not part of the certification requirement described above. In years prior to FY 2007, additional amounts (\$11,000,000 to \$13,000,000 per year) were appropriated to THIS Fund to help pay for benefit equalizations.



Richard W. Ingram, Executive Director
June 19, 2020

Exhibit B (Revised)

Teacher Health Insurance Security Fund Contribution Amount to be Certified by the Board for Fiscal Year 2021	Fiscal Year 2021
Expected State Contribution for Fiscal Year 2021 to THIS Fund:	
1. Fiscal Year 2021 membership payroll:	
a. Total	\$ 11,214,640,162
b. Minus members who do not contribute to THIS Fund	(53,140,960)
c. Members who do contribute to THIS Fund	\$ 11,161,499,202
2. Member contribution rate (actual, same as Fiscal Year 2020 per CMS)	1.24%
3. Matching State contribution: 1.c. x 2.	\$ 138,402,590
4. Adjustment to THIS Fund for overestimating Fiscal Year 2019 member THIS Fund contributions	(1,998,066)
5. Total THIS Fund State contribution*	\$ 136,404,524

This certification is based on the actual member THIS Fund contribution rate of 1.24% that will be in effect during Fiscal Year 2021, per the Illinois Department of Central Management Services. The original certification approved by the TRS Board of Trustees on October 29, 2019 assumed that the member contribution rate would increase to 1.30% and resulted in a total THIS Fund State contribution of \$143,101,424.

* This certification does not include other State contributions to THIS Fund, which are not part of the statutory certification requirement.