



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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R. Stanley Rupnik, Executive Director & Chief Investment Officer

<http://www.trsil.org>

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

October 29, 2021

HAND DELIVERED

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

Shiloah Tubbs, Deputy Director
Bureau of Benefits
Central Management Services
State of Illinois
801 South Seventh Street, 6th Floor
Springfield, IL 62706

RE: Teacher Health Insurance Security (THIS) Fund Certification for FY 2023

On October 29, 2021, the TRS Board certified **\$106,328,858** as the required FY 2023 state contribution to the Teacher Health Insurance Security Fund.

The Illinois Department of Central Management Services (CMS) notified TRS that the member contribution rate for FY 2023 will remain unchanged from FY 2022 at 0.90 percent.

The certified 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. For FY 2023, the certified contribution is based on the assumed 0.90 percent member contribution rate, plus \$1,739,104 because actual member contributions for FY 2021 were more than anticipated.

The attached board certification provides more explanation of the certified FY 2023 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.

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Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'R' followed by 'S' and 'Rupnik' written in a cursive script.

R. Stanley Rupnik
Executive Director &
Chief Investment Officer

Enc. (4)

- Certification of board resolution
- Certification of calculation adopted by the board
- Exhibit prepared by Segal Consulting showing calculation
- Illinois CMS rate notification letter

**FY 2023 STATE CONTRIBUTION TO THE
TEACHER HEALTH INSURANCE SECURITY (THIS) FUND**

Resolved: To certify \$106,328,858 as the required state contribution to the Teacher Health Insurance Security (THIS) Fund for FY 2023, as presented by Segal Consulting, exhibit B.



R. Stanley Rupnik
Executive Director & Chief Investment Officer
October 29, 2021

TEACHER HEALTH INSURANCE SECURITY (THIS) FUND CERTIFICATION OF CALCULATION FOR FY 2023

The Board of Trustees of the Teachers' Retirement System resolved during its October 29, 2021 regular meeting to certify a required state contribution to THIS Fund for FY 2023 as statutorily required by 5 ILCS 375 / 6.6 (c).

The FY 2023 certification is based the active member contribution rate, 0.90%, as determined 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 2023, adjusted by the amount by which TRS overestimated actual active member THIS Fund contributions during FY 2021. The state contribution amount certified for FY 2023 is **\$106,328,858** and was determined by the following procedure.

Segal Consulting, the TRS actuaries, estimate total active member payroll for FY 2023 to be \$11,682,564,466. Their payroll projection is based on the June 30, 2021 actuarial valuation. State agencies' estimated active member payroll of \$61,480,634 is subtracted because state employees covered by TRS do not make THIS Fund contributions. The remaining payroll was \$11,621,083,832. The assumed FY 2023 active member THIS Fund contribution rate of 0.90 percent of pay was applied to the remaining payroll, yielding \$104,589,754.

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 underestimated FY 2021 active member contributions was \$1,739,104. This \$1,739,104 was added to the \$104,589,754, resulting in the certified FY 2023 contribution of \$106,328,858. 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.



R. Stanley Rupnik
Executive Director & Chief Investment Officer
October 29, 2021

Exhibit B

Teacher Health Insurance Security Fund Contribution Amount to be Certified by the Board for Fiscal Year 2023	Fiscal Year 2023
Expected State Contribution for Fiscal Year 2023 to THIS Fund:	
1. Fiscal Year 2023 membership payroll:	
a. Total	\$ 11,682,564,466
b. Minus members who do not contribute to THIS Fund	(61,480,634)
c. Members who do contribute to THIS Fund	\$ 11,621,083,832
2. Member contribution rate (actual, per CMS)	0.90%
3. Matching State contribution: 1.c. x 2.	\$ 104,589,754
4. Adjustment to THIS Fund for underestimating Fiscal Year 2021 member THIS Fund contributions	1,739,104
5. Total THIS Fund State contribution*	\$ 106,328,858

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



ILLINOIS

JB Pritzker, Governor

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Janel L. Forde, Director

October 13, 2021

R. Stanley Rupnik, Executive Director
Teachers' Retirement System
2815 West Washington
Springfield, IL 62702

Re: FY 2023 Certification Rates

Dear Director Rupnik:

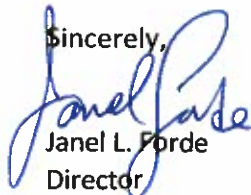
Under the statutory authority of section 6.6 State Employees Group Insurance Act of 1971(5 ILCS 375);

(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 2023 for active contributors, effective July 1, 2022, shall be 0.90%. Additionally, the percentage of salary to be used for FY 2023 for employers, effective July 1, 2022, shall be 0.67%. If you have any questions, please feel free to contact Colm Brewer, Benefits CFO at 217-785-1960.

Sincerely,

Janel L. Forde
Director

cc: Amy Reynolds