



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

ANNUAL FINANCIAL REPORT SUMMARY

For the Fiscal Year Ended June 30, 2025

At TRS, our purpose is simple but powerful—to protect the retirement security of those who dedicate their lives to educating Illinois students. These principles shape everything we do and reflect our commitment to serving those who serve others.

For generations, TRS has provided a strong and reliable foundation of retirement income through our defined benefit pension. Each member's journey is unique and many are looking for additional ways to prepare for the future. The TRS Supplemental Savings Plan (SSP) is designed to meet that need. Importantly, the SSP supplements, not replaces, the security of the TRS pension, giving members more confidence and flexibility as they look toward retirement.

This report's theme highlights the Supplemental Savings Plan and the professionals who help TRS members **Bring More** to their retirements.

TRS BOARD OF TRUSTEES AS OF DECEMBER 1, 2025



Matthew Hunt
President
Appointed



Andrew Hirshman
Vice President
Elected



Dr. Tony Sanders
Ex officio



Kevin "Duffy" Blackburn
Appointed



Maria "Mia" Jazo-Harris
Appointed



Beth Anderson
Elected



Marsha Byas
Elected



Rainy Kaplan
Elected



Heather Becker
Appointed



Sean Casey
Elected



Maureen Mena
Appointed



James "Jim" Hagerman
Appointed



Michael Goetz
Appointed



Doug Strand
Elected

TRS ORGANIZATION EXECUTIVE CABINET AS OF DECEMBER 1, 2025



Stan Rupnik, CFA
Executive Director &
Chief Investment
Officer



Sally Antonacci
Chief of Staff



Janelle Gurnsey
Chief Communications
& Engagement Officer



Deron Bertolo
Chief Financial
Officer



**Michelle Kissel,
MS, SPHR, SHRM-SCP**
Director of
Human Resources



Lori Dour
Chief Benefits
Officer



**Gloria Lasley,
MBA, CISSP, PMP**
Chief Operating
Officer



Cynthia Fain
Deputy General
Counsel



John Gerding
Chief Technology
Officer



Emily Peterson
General Counsel



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 W. Washington St. | P.O. Box 19253 | Springfield, IL 62794-9253

877-927-5877 (877-9-ASK-TRS) | TTD: 800-526-0844 (or 711) | FAX: 217-753-0964

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

R. Stanley Rupnik, Executive Director & Chief Investment Officer

December 12, 2025

Dear TRS Members:

We are pleased to present the *Annual Financial Report Summary* for the Teachers' Retirement System of the State of Illinois (TRS) for the fiscal year ended June 30, 2025. This report provides critical details regarding the on-going efforts of the System's trustees and staff to fulfill the TRS mission of delivering expert pension service to Illinois public educators as they earn their promised retirement security.

Significant Events in Fiscal Year 2025

- TRS reported a notable increase in its funded status for the year ending June 30, 2025, marking the fifth consecutive year of improvement. The funded ratio of 47.8%, calculated using the actuarial value of assets, increased from 45.8% the previous year.
- The investment portfolio returned 9.7%, net of fees, for the fiscal year ended June 30, 2025. Total investment assets increased approximately \$5.4 billion during the year.
- The Supplemental Savings Plan (SSP) recently surpassed \$50 million in assets. In fiscal year 2025, over 10,000 active participants contributed over \$25.6 million, compared to 5,683 participants and \$15 million contributed in fiscal year 2024.
- To better serve our members and fulfill our mission, TRS is leading cross-divisional efforts to modernize our pension administration system.
- Meaningful steps were taken to modernize our procurement operations. As part of this effort, we expanded our in-house procurement team to enhance strategic sourcing capabilities and strengthen internal expertise.
- A modern, cloud-based Enterprise Resource Planning platform was implemented to replace our outdated Human Capital Management system. This upgrade has transformed how we manage key operational functions, streamlining processes and significantly improving data accuracy across our enterprise operations.
- The Aspiring Leader Program, a foundational initiative designed to identify and prepare emerging leaders across the organization, was launched. This program reflects our belief that leadership can be cultivated at every level—and that growing talent from within strengthens our ability to adapt, innovate and serve effectively.

The TRS Board of Trustees and staff remain vigilant in their efforts to improve the retirement system's funded status for current and future members. TRS continues to invest prudently and in a disciplined manner for the benefit of TRS membership and for the long-term success of the retirement system. The TRS board and staff believe the overall investment strategy remains sound and aligns with their specific objectives and principle.

The information in this report was compiled by TRS staff under the guidance of the TRS Board of Trustees and the executive director, and it remains the responsibility of TRS management. Our goal is to provide complete and reliable information that supports management decisions, demonstrates TRS's compliance with legal requirements, and ensures responsible stewardship of the assets contributed by members, their employers and the State of Illinois.

We would like to take this opportunity to extend our gratitude to our dedicated staff, professional consultants and others who have worked tirelessly to ensure the successful operation of TRS.

R. Stanley Rupnik
Executive Director and Chief Investment Officer

Deron Bertolo
Chief Financial Officer

FINANCIAL HIGHLIGHTS

- The fiduciary net position of TRS at June 30, 2025 was \$77.3 billion.
- During fiscal year 2025, the fiduciary net position of TRS increased \$5.8 billion.
- Defined benefit contributions from members, employers and the State of Illinois were \$7.6 billion, an increase of \$92.4 million or 1.2% in fiscal year 2025.
- Deferred compensation contributions from employers and members were \$24.4 million, an increase of \$8.9 million for fiscal year 2025.
- Total net investment income was \$6.9 billion in fiscal year 2025, compared to a \$5.8 billion gain in fiscal year 2024, an increase of 19.9%.
- Defined benefits and refunds paid to members and annuitants were \$8.6 billion, an increase of \$309.4 million or 3.7% for fiscal year 2025.
- The actuarial accrued liability was \$159.1 billion at June 30, 2025.
- The unfunded actuarial accrued liability was \$83.1 billion at June 30, 2025.
- TRS marked the fifth consecutive year of improvement in its funded status for the year ending June 30, 2025. The funded ratio was 47.8% at June 30, 2025, an increase from 45.8% the previous year. The unfunded liability and funded ratio are calculated using a smoothed value of assets, as required under Public Act 96-0043.
- The total pension liability (TPL) was \$162.0 billion at June 30, 2025.
- The net pension liability (NPL) was \$84.8 billion at June 30, 2025. The plan fiduciary net position, as a percentage of total pension liability, was 47.7%.

Condensed Comparative Statements of Fiduciary Net Position as of June 30

	2025	Percentage Change	2024
Cash	\$16,244,760	(46.9%)	\$30,612,216
Receivables and prepaid expenses	2,673,254,234	14.9	2,326,392,969
Investments	76,590,555,598	7.6	71,173,673,106
Invested securities lending collateral	1,325,591,421	2668.2	47,886,000
Capital assets	7,023,321	0.7	6,972,221
Total assets	80,612,669,334	9.5	73,585,536,512
Total liabilities	3,354,606,501	54.9	2,165,205,467
Total fiduciary net position	<u>\$77,258,062,833</u>	8.2%	<u>\$71,420,331,045</u>

Condensed Comparative Statements of Changes in Fiduciary Net Position for the Years Ended June 30

	2025	Percentage Change	2024
Contributions	\$7,576,251,436	1.4%	\$7,475,016,704
Net investment income	6,902,120,417	19.9	5,757,906,980
Participant fee income	325,661	107.2	157,139
Total additions	14,478,697,514	9.4	13,233,080,823
Benefits and refunds	8,569,786,477	3.7	8,260,383,852
Contributions sent to third-party administrator	24,320,882	57.1	15,477,104
Administrative expenses	46,858,367	21.6	38,536,723
Total deductions	8,640,965,726	3.9	8,314,397,679
Net increase in fiduciary net position	5,837,731,788	18.7	4,918,683,144
Total fiduciary net position - beginning of year	71,420,331,045	7.4	66,501,647,901
Total fiduciary net position - end of year	<u>\$77,258,062,833</u>	8.2%	<u>\$71,420,331,045</u>

INVESTMENTS

The TRS trust fund is invested according to law under the “prudent person rule” requiring investments to be managed solely in the interest of fund participants and beneficiaries. Principles guiding the investment of funds include preserving the long-term principal of the trust fund and maximizing total return within prudent risk parameters.

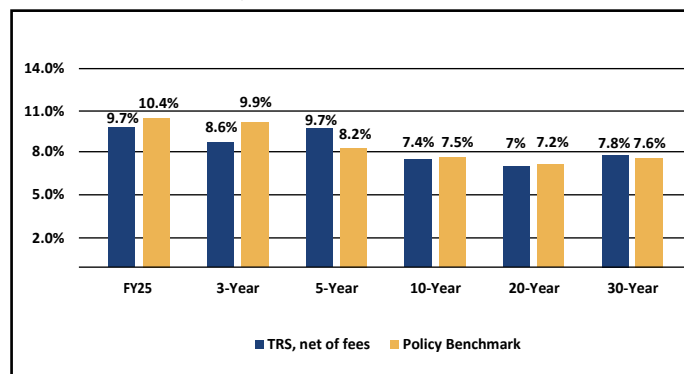
The investment portfolio earned 9.7%, net of fees, for the fiscal year ended June 30, 2025. In another year dominated by high inflation, market volatility and global geopolitical concerns, the investment strategy employed by TRS protected assets and limited the System’s portfolio loss. TRS ended the fiscal year beating the assumed rate of return of 7.0% by 270 basis points.

Total TRS investment assets increased approximately \$5.4 billion, including a net investment gain of \$6.9 billion.

At the end of fiscal year 2025, the 30-year rate of return, net of fee, was 7.8%, which bests the System’s estimated long-term investment rate of 7.0%.

Total Fund Performance Summary (net of fees)

TRS Total Fund vs. Policy Benchmark



Sources: State Street Bank and Trust and TRS



TRS SSP Deferred Compensation Team at the Springfield office

Strategic Investment Listing

Allocation Targets vs. Total Assets

Asset Class	As of June 30, 2025			
	Total Fund \$ (Million)	Actual Percent	Interim Target	Long-term Target
Public equity	\$27,830.2	36.0%	37.0%	37.0%
Private equity	13,319.2	17.3	15.0	15.0
Total Equity	41,149.4	53.3	52.0	52.0
Real estate	10,537.2	13.7	16.0	16.0
Other real assets	2,341.1	3.0	2.0	2.0
Total Real Assets	12,878.3	16.7	18.0	18.0
Total Diversifying Strategies	3,409.9	4.4	5.0	6.0
Global income	12,491.0	16.2	15.0	15.0
Private credit	5,329.9	6.9	8.0	8.0
Short-term	1,944.2	2.5	2.0	1.0
Total Income	19,765.1	25.6	25.0	24.0
Pending settlements/expenses	(612.1)	N/A	N/A	N/A
Total TRS Fund	\$76,590.6	100.0%	100.0%	100.0%

Sources: State Street Bank and Trust and TRS

Investment Objective:

Achieve long-term investment returns from a well-diversified and prudently invested portfolio, that meet or exceed the System’s assumed rate of return, net of all management fees.

TRS Investment Performance (Net of fees)

Summary Data as of June 30, 2025	
Total fund fair value	\$76.6 billion
1-year return (net of fees)	9.7%
3-year return (net of fees)	8.6%
5-year return (net of fees)	9.7%
10-year return (net of fees)	7.4%
20-year return (net of fees)	7.0%
30-year return (net of fees)	7.8%
Percent externally managed	100.0%
Number of external managers	196
Master Trustee and Custodian	State Street Bank and Trust Company
General consultant	RVK, Inc.

ACTUARIAL

This section discusses the System's actuarial process, state funding requirements and funded status.

Annual Actuarial Valuation Process

The purpose of the annual actuarial valuation is to determine the funding progress of the System and to calculate the annual contribution required by the Illinois Pension Code. The valuation is prepared using a set of actuarial assumptions – demographic and economic. The demographic assumptions are the product of an experience study that is conducted every three years. The economic assumptions are reviewed annually as recommended by the state actuary. The System actuaries reconcile the differences between the assumptions and current experience to explain the difference in TRS's valuation.

The actuarial valuation produces the accrued liability (a present value estimate of all the benefits earned by TRS members to date but not yet paid), the value of assets, and the unfunded liability (the excess of the accrued liability over the assets). The funded ratio shows the percentage of the accrued liability covered by assets.

Actuarial Valuation (\$ thousands)

	Year Ended June 30, 2025
Based on actuarial value of assets	
Total actuarial accrued liability	\$159,123,545
Less actuarial value of assets*	76,053,650
Unfunded liability	\$83,069,895
Funded ratio*	47.8%
Based on fair value of assets	
Total actuarial accrued liability	\$159,123,545
Less assets at fair value	77,263,332
Unfunded liability	\$81,860,213
Funded ratio	48.6%

* Five-year prospective smoothing began in FY09.

Explaining the Unfunded Liability

Based on the actuarial valuation, the net decrease in the unfunded liability for fiscal year 2025 is \$0.6 billion. This decrease in the liability was the net effect of \$0.6 billion in employer cost in excess of contributions and \$1.2 billion gain due to experience and changes in assumptions.

Actuarial losses occurred in the difference between actual employer/state contributions and the cost of benefits earned during the year with a shortfall of \$0.6 billion. Other losses, where experience was less favorable (more costly) than assumed, occurred under

assumptions for salary increases, terminations and rehires. Actuarial gains occurred under assumptions for administrative expense, retirements, disabilities, mortality, new entrants and buyout experience. Actuarial gains mean that experience was more favorable (less costly) than assumed.

Reconciliation of Unfunded Liability

Reconciliation of Unfunded Actuarial Accrued Liability	Year Ended June 30, 2025
Unfunded liability at beginning of year	\$83,637,551,666
Additions	
Employer cost in excess of contributions	642,439,375
Experience (gain)/loss from:	
Investment (gain)/loss on actuarial value of assets*	(1,518,635,225)
Administrative expense	(6,030,183)
Salaries for continuing active members	399,444,382
Retirements other than expected	(18,097,969)
Disabilities other than expected	(12,472,339)
Terminations other than expected	27,258,144
Mortality other than expected	(98,232,098)
Rehires	36,920,946
New entrants	(2,077,985)
Buyout experience	(68,264,454)
Other	50,090,585
Net experience gain	(1,210,096,196)
Changes in actuarial assumptions	-
Net increase/(decrease) in unfunded liability	(567,656,821)
Unfunded liability at end of year	\$83,069,894,845

* Assets were expected to earn 7.0% during the year ended June 30, 2025. This item is the difference between the expected and the actual return on an actuarial basis.



Chief Benefits Officer Lori D. meets with the SSP team along with IT and Accounting to discuss milestones within SSP operations and strategies for future growth and improvements.

Pension Funding Policies and Contributions

A funding policy outlines the framework for calculating the contribution rate to the System for the purpose of steadily funding future benefit payments. There are three elements that are important in this framework: actuarial cost for the total present value of future benefits, recognition of investment gains/losses and the amortization of the unfunded liability. The Illinois Pension Code sets the parameters for funding TRS, but this method is inadequate in funding the System when compared to an actuarially determined contribution. The TRS Board of Trustees certifies two amounts: the state funding amount as determined by statute and an actuarially determined contribution in accordance with generally accepted actuarial principles and standards. By certifying two funding amounts, the board serves to illustrate the gap between sound funding policy and current practice under Illinois law. For fiscal year 2027, the TRS Board of Trustees certified two amounts, \$6.59 billion for the state contribution, and \$11.18 billion for the actuarially determined contribution. Fiscal year 2027 certifications are based on the June 30, 2025 actuarial valuation. The state actuary reviewed the proposed certifications for fiscal year 2027 and determined that the System actuary, Segal, used assumptions and methods that were reasonable in the calculation of the state contribution.

Funding Analysis by Tier

Public Act 96-0889 established a new tier of benefits for teachers who first contributed to TRS or another reciprocal pension system on or after Jan. 1, 2011. Tier 2 teachers have later retirement dates, longer vesting requirements, salary caps for pensions lower than the Social Security wage base and lower cost of living increases after retirement that are not compounded. As a percent of total TRS active membership, Tier 2 members are expected to bypass Tier 1 members in 2027.



Deferred Compensation Plan Analyst Angie G. and Deferred Compensation Operations Supervisor Melissa K. take pride in the continued momentum of the TRS SSP.

STATISTICAL

TRS Membership

Full and Part-time Actives	
Average Age:	43
Average Service:	14 years
Average Annual Salary:	\$88,626
Oldest Full-Time Teacher:	86
Retirees	
Average Age:	74
Average Service:	26 years
Average Annual Benefit:	\$67,968
Average Years Receiving Benefits:	14
Oldest Retired Teacher:	107



The TRS Deferred Compensation Manager Shiloah T. listens attentively to a speaker during an annual conference for government defined contribution administrators. The event is an opportunity for sharing ideas with peers and learning innovative techniques for improving retirement outcomes.

“Our members dedicate their lives to shaping futures. It’s our privilege to help secure theirs. The TRS pension remains the cornerstone of that promise, and through the Supplemental Savings Plan, we’re giving members even more ways to build the future they deserve.”

**—Executive Director & Chief Investment Officer
Stan Rupnik**

FISCAL YEAR 2025 HIGHLIGHTS

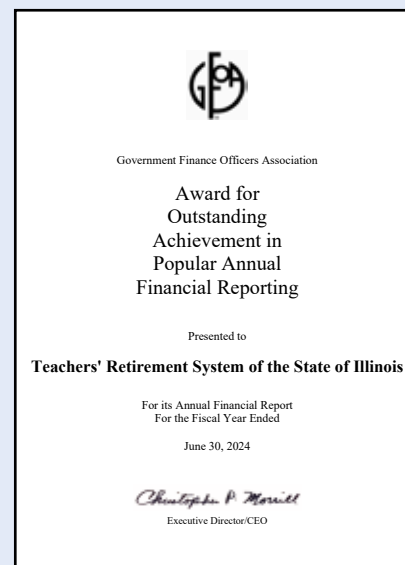
Active contributing members <i>Tier 1: 93,919 Tier 2: 80,238</i>	174,157
Inactive noncontributing members	154,395
Benefit recipients* <i>Retirees: 119,914</i>	134,395
Total membership	462,947
Investment return	
Total fund investment return, net of fees	9.7%
Actuarial information	See page 6.
Additions	
Member contributions	\$1,248,918,714
Employer contributions	123,544,052
State of Illinois contributions	6,203,788,670
Total investment income	6,902,120,417
Participant fee income	325,661
Total additions	\$14,478,697,514
Deductions	
Benefits paid	\$8,502,198,170
Refunds paid	67,588,307
Contributions sent to third-party administrator	24,320,882
Administrative expenses	46,858,367
Total deductions	\$8,640,965,726

* Includes retiree, disability, & survivor benefit recipients.



Voya TRS SSP Education Representative Stacy Russell presents to TRS members in Chatham about the Supplemental Savings Plan during a Fall Benefit Information Meeting.

POPULAR ANNUAL FINANCIAL REPORTING AWARD RECEIVED



The Government Finance Officers Association is pleased to announce that **Teachers' Retirement System of the State of Illinois** has received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR Award) for its Popular Annual Financial Report for the fiscal year ended June 30, 2024.

The award represents a significant achievement by the entity. In order to be eligible for the PAFR Award, a government must also submit its annual comprehensive financial report to GFOA's Certificate of Achievement for Excellence in Financial Reporting Program and receive the Certificate for the current fiscal year. Each eligible report is reviewed by judges who evaluate the report based on the following categories: reader appeal, understandability, distribution methods, creativity and other elements.

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COMPREHENSIVE REPORT ONLINE



This is a summary of the *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2025. Read the full report at: trsil.org/financial/acfrs/fy2025.