



TRS Update

Illinois Education Association Representative Assembly

March 2024

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trsil.org/ieara

Teachers' Retirement System of the State of Illinois



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Elected by TRS Members



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* By statute, the state superintendent of schools
always sits on the Board



Key TRS Stats

for the fiscal year ending June 30, 2023

➤ Membership

- Total – 448,235
- Active – 169,889
- Inactive – 147,329
- Benefit Recipients – 131,017
- Average Salary, all Actives - \$81,274
- Average Pension, all retirees - \$64,884

➤ Finances

- Investments - \$66.5 billion
- Revenue - \$11.6 billion (*earnings & contributions*)
- Benefits Paid - \$7.9 billion (*up 3.9%*)
- Investment Return – 7.2% *net of fees*

➤ Membership Breakdown

- Active Tier 1 – 101,097
✓ (*59.5% all active members*)
- Active Tier 2 – 68,792
✓ (*40.5% of all active members*)
- Average Age of a Retired Member – 73 years old
- Average Service Credit at Retirement – 26 years

➤ Long-Term Funded Status


- Total Liability - \$143.5 billion (*up 3.4%*)
- Unfunded Liability - \$81.9 billion (*up 1.6%*)
- Funded Ratio – 44.8% (*up 1.0%*)

Source: FY23 TRS Annual Comprehensive Financial Report

TRS Investment Returns

Total Portfolio Results

<u>Time Period</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
	<i>Fiscal Year</i>	<i>Fiscal Year</i>	<i>Fiscal Year</i>
1 Year	+ 25.5%	- 1.2%	+ 7.2%
3 Years	+ 9.9%	+ 7.6%	+ 10.0%
5 Years	+ 10.1%	+ 7.3%	+ 7.1%
10 Years	+ 8.4%	+ 8.2%	+ 7.7%
40 Years	+ 9.5%	+ 9.3%	+ 8.8%



- TRS always focuses on *long-term* results more than on any one year because the System must be financially secure for *all members*, whether they're 85, 65, 45 or 25.
- The current TRS assumed *long-term* rate of return is 7%.

TRS Funding Update

Actuarial Funding vs. Actual State Funding

➤ **FY 2022**

Actuarial Payment	\$8.9 billion	Normal Cost	\$1.2 billion
Actual Statutory Payment	\$5.7 billion	Interest on the Debt	\$4.6 billion

➤ **FY 2023**

Actuarial Payment	\$9.1 billion	Normal Cost	\$1.2 billion
Actual Statutory Payment	\$5.9 billion	Interest on the Debt	\$4.8 billion

➤ **FY 2024**

Actuarial Payment	\$9.6 billion	Normal Cost	\$1.3 billion
TRS Certified Statutory Payment	\$6.0 billion	Interest on the Debt	\$4.9 billion

➤ *Every \$1 not paid to TRS now requires \$3 in the future to make up for the lost earnings.*

Source: TRS actuarial valuation reports

Pension Funding Outlook

FY 2025 and Beyond

- **The Governor's FY 2025 budget proposal full funding of the State's statutorily-required contribution to TRS**
- **Plans have been introduced that would expand current funding plans to 100% by June 30, 2048**
- **Total state pension funding to TRS will exceed \$18 billion in FY 2022, 2023 & 2024**
- **After five years of hovering at 40%, the TRS Funded Ratio is inching up**
 - ✓ ***FY 2020 – 40.5%***
 - ✓ ***FY 2021 – 42.5%***
 - ✓ ***FY 2022 – 43.8%***
 - ✓ ***FY 2023 – 44.8%***
 - ✓ ***FY 2024 – 46.1% (projected)***



Source: Illinois State Budget – Fiscal Year 2023 and Fiscal Year 2024

The TRS *Supplemental Savings Plan*



- **TRS implemented the SSP in 2022**
- **Nearly 5,700 participants, more than \$18.3 million in assets**
- **The SSP is a 457 (b) retirement savings account that:**
 - ✓ *Is optional for eligible TRS members*
 - ✓ *Is designed to supplement a member's TRS pension – not replace it*
 - ✓ *Offer both pre-tax or Roth savings options*
 - ✓ *Allows members to choose deferral amounts and make investment choices*
 - ✓ *Offers a competitive, cost-effective plan with a diverse investment array*
- **New, eligible TRS members hired after January 1, 2023 are automatically enrolled, as required by state law, but can opt out if they wish**
- **Since January 1, 2023, 4,072 members have been auto-enrolled**

SSP Active Member Eligibility & Participation



These TRS members are eligible for the SSP:

- *All full-time and part-time contractual employees*

These TRS members can participate in the SSP:

- All full-time and part-time contractual employees ***whose employers have formally adopted the SSP***

These TRS members are *ineligible* for the SSP:

- *Substitutes, part-time non-contractual (hourly), extra duty only*
- *Retired and inactive members*

Local VOYA Education Representatives



To join a scheduled SSP webinar:
trs-ssp-webinar.timetap.com

To schedule an individual virtual appointment:
trsssp457b.timetap.com

TRS SSP Participant Website
trsilssp.voya.com

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TRS Member “Buyout” Program

Accelerated Annual Increase Program (AAI)

- Retiring Tier 1 members only
- Started in January 2019, Current sunset at the end of FY 2026
- TRS asks retiring Tier 1 members if they want to participate. Once made, the decision is irrevocable
 - *Give up the current Tier 1 annual increase – 3% compounded for 1.5% not-compounded beginning at age 67*
 - *Receive a lump-sum “accelerated pension benefit payment” – 70% of the monetary difference between the lifetime value of the 3% increase and the 1.5% raise*
- **Since 2019, more than 4,350 Tier 1 members have elected an accelerated payment under the AAI**
 - *20% out of 21,914 retirees have elected to participate*
 - *\$599.6 million in payments; average payment of \$139,000*

Pending Legislation – www.ilga.gov

➤ **Post-Retirement Employment**

- HB 4662
- HB 4068
- HB 4580

➤ **Tier 2 Bills**

- HB 4098,
- HB 4099,
- HB 4873,
- HB 5488

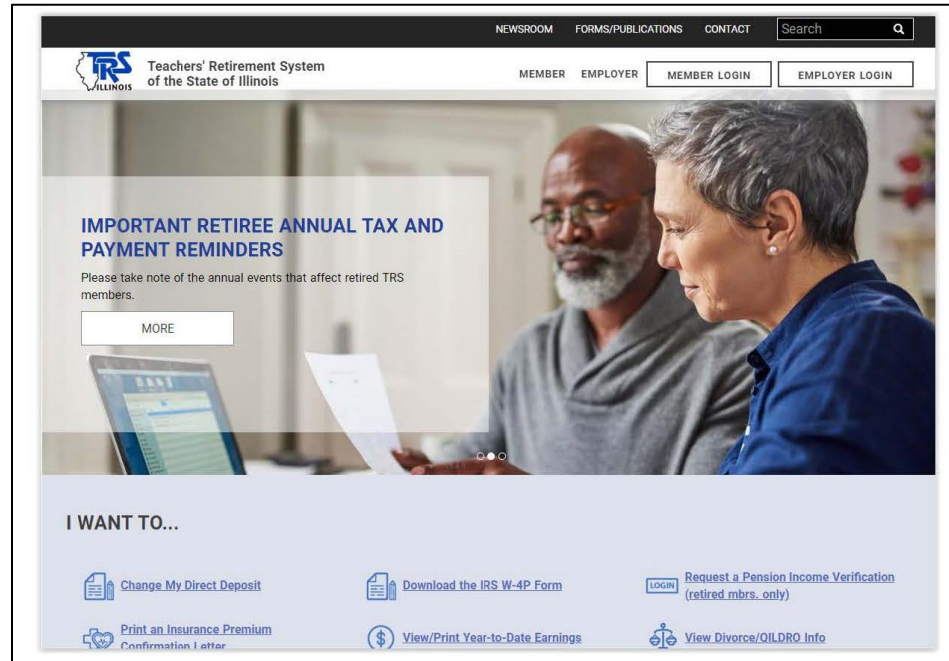
Source: Illinois General Assembly Website – www.ilga.gov

TRS Members – Amazing Lives

- In November, the System's oldest member – 106.668 years young from Dwight, IL – passed on.
- The mantle of “oldest living TRS annuitant” now belongs to a retiree living in Pennsylvania - aged 105.724. She has been an annuitant since 1985.
- The oldest *full-time active* TRS member is 84 and lives in Olmstead.



Thank You! / Contact TRS



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Member Services

To speak to a TRS representative, or to schedule a telephone, in-office or virtual counseling session:

(877) 927-5877

8:30 a.m. to 4:30 p.m. – Monday-Friday

members@trsil.org

Employer Services:

(888) 678-3675

employers@trsil.org

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