



TRS Update – ROE #1

Jacksonville, IL

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www.trsil.org/ROE1

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Teachers' Retirement System of the State of Illinois

Topics

- TRS Funding and Investments
- Programs & Legislation
- Benefit Basics
- Questions

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

Fiscal Year 2022 Key TRS Stats

➤ **Finances**

- Investments - \$63 billion (*down 2.1%*)
- Revenue - \$6.3 billion (*earnings & contributions*)
- Benefits Paid - \$7.6 billion (*up 3.9%*)
- Investment Return – (1.2%) *net of fees*

➤ **Long-Term Funded Status**

- Total Liability - \$143.5 billion (*up 3.3%*)
- Unfunded Liability - \$80.6 billion (*up 0.9%*)
- Funded Ratio – 43.8% (*up 1.3%*)

➤ **Membership**

- Total – 439,833 (*up 1.7%*)
- Active – 165,566 (*up 4.1%*)
- Inactive – 144,801 (*down 0.7%*)
- Benefit Recipients – 129,466 (*up 1.5%*)
- Average Pension, all retirees - \$63,276 (*up 2.3%*)

➤ **Membership Breakdown**

- Active Tier 1 – 103,163 (*down 1.8%*)
✓ (*62.3% all active members*)
- Active Tier 2 – 62,403 (*up 15.6%*)
✓ (*37.7% of all active members*)
- Average Age of a Retired Member – 73 years old
- Average Service Credit at Retirement – 27 years

Source: Fiscal Year 2022 TRS Annual Report

TRS Investment Returns

Total Portfolio Results

<u>Time Period</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
	<i>Fiscal Year</i>	<i>Fiscal Year</i>	<i>Fiscal Year</i>
1 Year	+ 0.6%	+ 25.5%	-1.2%
3 Years	+ 4.7%	+ 9.9%	+7.6%
5 Years	+ 5.2%	+ 10.1%	+7.3%
10 Years	+ 8.3%	+ 8.4%	+8.2%
40 Years	+ 9.0%	+ 9.5%	+9.3%



- 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%.

Gov. Pritzker's "Extra" Pension Funding

Stable State Contributions Help Move Funded Ratio in the Right Direction

- **The Governor's FY 2024 budget commits \$230 million more in funding to state pension systems than required by law**
- **This is the third fiscal year in a row that total pension funding will total more than the statutory requirement**
- **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 – 44.9%*** (projected)
 - ✓ ***FY 2024 – 46.1%*** (projected)



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

Russian Divestment

- In December, the General Assembly and Gov. Pritzker enacted Public Act 102-1108 requiring the Illinois Investment Policy Board to identify Russian companies for placement on a “no investment” list.
- Once the Policy Board adds a company to the list, TRS has 12 months to sell, redeem, divest or withdraw system assets from that Russian company if TRS holds any assets in that company.
- Currently, TRS assets in Russia total \$2.9 million, which is 0.004% of the total portfolio.



TRS Member “Buyout” Programs

Accelerated Annual Increase Program

- 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*
 - *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 3,389 Tier 1 members have elected an accelerated payment under the AAI**
 - *20% out of 16,863 retirees have elected to participate*
 - *\$467.7 million in payments; average payment of nearly \$138,000*

TRS Member “Buyout” Programs

Accelerated Pension Benefit Program

- Eligible inactive members only
- Started in January 2019, current sunset at the end of FY 2026
- TRS asks members if they want to participate. Once made, the decision is irrevocable
 - *Give up all right to a life-long TRS pension*
 - *Receive a lump-sum payment – 60% of the current monetary value of the member’s expected life-long pension*
- **Since 2019, more than 1,915 inactive members have elected an accelerated payment under the APB**
 - *10.6% out of 18,042 inactive members have elected to participate*
 - *Average payment of \$124,468*

Legislative Update

- **Public Act 103-0088 (SB1468) – Post-retirement employment**
 - Through June 30, 2026, 120 paid days or 600 hours
 - Not more than 100 paid days in the same classroom
 - TRS does not monitor the 100 days/same classroom portion

- **Public Act 103-0017 (HB1297)**
 - Extends period for purchasing up to 2 years of private school credit to June 30, 2028

- **SB2024 – “The Tier 2 Bill”** – Sent to Assignments with no further action 2/9/2023

- **“COVID Service” Bills** – sent to Rules Committee with no further action

Benefit Basics

- TRS is a Defined Benefit pension plan
 - All members contribute 9% of gross salary (Tier 1 and Tier 2)
 - Collectively invested to form the TRS Trust Fund
 - Benefits determined by a legislated formula (max 75% of average salary)
 - Benefits are paid for life
 - Monthly survivor benefit to spouse/dependent on death
 - Health insurance for annuitants and their dependents (TRIP/TRAIL)

Benefit Basics

Retirement

Service Credit x **2.2%** x **Final Average Salary** = Pension

- **Earned Service, Unused sick leave, Purchased Service, Reciprocal Service**
- **Service before 7/1/1998 may require an upgrade cost**
- **Average of highest four consecutive (Tier 1) or eight consecutive (Tier 2)**
- **Reduction of benefit if retiring earlier than “normal” retirement age**
 - Tier 1 – Age 60 or 35 years of service (minimum age 55)
 - Tier 2 – Age 67 (minimum age 62)

Benefit Basics

Disability

- Available to ACTIVE member with at least three years of service
 - Must exhaust available sick leave
 - Must have two state-licensed physicians confirm disability
 - Pays 40% of salary
 - Gives TRS service credit with no cost

- **Call TRS for information if needed**

Benefit Basics

Death Benefits

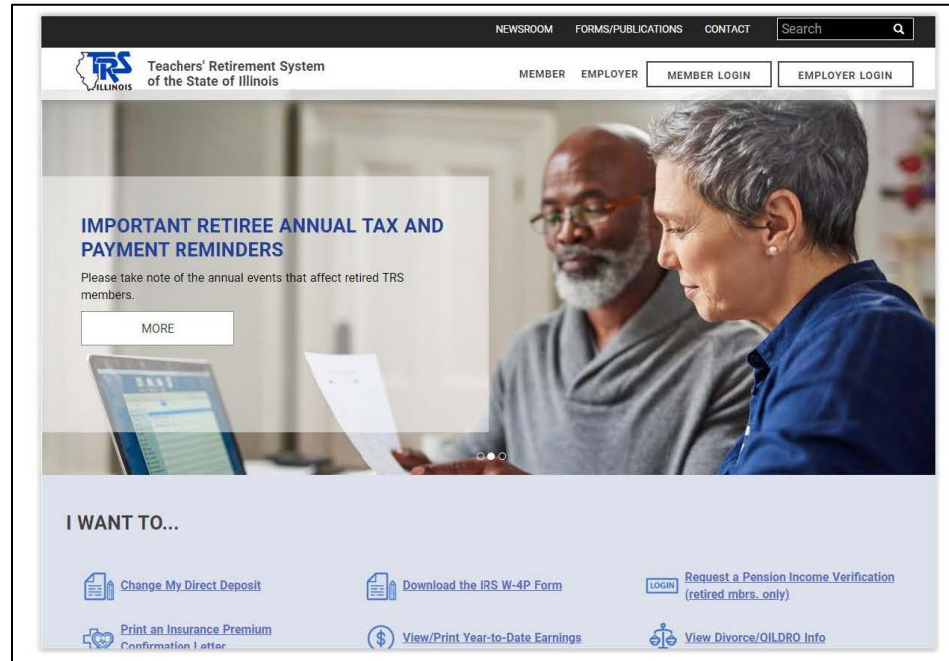
- Monthly Benefit to surviving dependent beneficiaries
 - Typically 50% (Tier 1) or 66.7% (Tier 2) of monthly pension
 - Payable for the life of a spouse, period of dependency for kids
 - Includes access to TRIP/TRAIL health insurance
- **Lump sum death benefit to non-dependent beneficiary**
- **Survivor Benefit Refund if no dependent beneficiary**
- **Call TRS for personalized information**

Points of Interest

- To date, 600 TRS members have died because of COVID-19 or complications related to the virus.
- In January, the System's oldest member – 108 years young from Rushville – passed on.
- The mantle of “oldest TRS member” now belongs to a retiree in Dwight, IL aged 106. She has been an annuitant since 1983.
- 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

Nicholas Stabler

Ext. 2161

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www.trsil.org/ROE1

This presentation is only a brief summary of selected educational topics presented by TRS to the IEA and is believed accurate as of the presentation date. However, in the event of inaccuracy or discrepancy, the applicable law or original source of information prevails. For more detailed information, please consult the applicable law and/or the TRS Website: www.trsil.org.

Appendix

TRIP/TRAIL Updates

- Eligible with 8.000 years of TRS service credit
- Coverage always starts on the first of a month
- Insurance/prescription ID cards issued by your selected carrier
- Premiums withheld from your TRS pension check in arrears
 - Call MyBenefits Service Center 1-844-251-1777
 - New TRAIL carrier for 2023 – AETNA
 - TRAIL premiums significantly reduced under new contract
 - TRAIL Benefits Choice is in October-November

TRIP Premiums

Monthly Contributions

The Teachers' Retirement Insurance Program (TRIP) shares the cost of health coverage with you. While TRIP covers the majority of the cost, you must make monthly contributions based upon the health plan you select.

Type of Participant	Type of Plan	Not Medicare Primary Under Age 26	Not Medicare Primary Age 26-64	Not Medicare Primary Age 65 and Older	Medicare Primary* All Ages
Benefit Recipient	Managed Care Plan (OAP and HMO)	\$106.45	\$330.67	\$450.52	\$130.68
	Teachers Choice Health Plan (TCHP)	\$276.27	\$771.71	\$1,172.71	\$309.86
	TCHP when managed care is not available in your county	\$138.13	\$385.85	\$586.37	\$154.94
Dependent Beneficiary	Managed Care Plan (OAP and HMO)	\$425.96	\$1,322.65	\$1,802.05	\$450.24**
	Teachers Choice Health Plan (TCHP)	\$552.55	\$1,543.41	\$2,345.44	\$619.72
	TCHP when managed care is not available in your county	\$552.55	\$1,543.41	\$2,345.44	\$464.80**

* You must enroll in both Medicare Parts A and B to qualify for the lower premiums. Send a copy of your Medicare card to TRS. If you or your dependent is actively working and eligible for Medicare, or you have additional questions about this requirement, contact the CMS Group Insurance Division, Medicare Coordination of Benefits (COB) Unit (see page 7).

** Medicare Primary Dependent Beneficiaries enrolled in a managed care plan, or in TCHP when no managed care plan is available, receive a premium subsidy.

TRAIL Premiums

Aetna MAPD PPO (Effective Jan. 1, 2023)		
Monthly Contributions	Member Rate	\$2.06
	Dependent Rate	\$6.18

