



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 21, 2019

HAND DELIVERED

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

Janel L. Forde, Acting 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

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


RE: Recertification of FY 2020 Teacher Health Insurance Security (THIS) Fund State Contribution Due to Lower Active Member Contribution Rate

On June 14, 2019, the TRS board of trustees recertified the FY 2020 state contribution to the THIS Fund. **The recertified amount is \$132,158,560 and is tied to the actual FY 2020 member contribution rate of 1.24 percent of pay.** The original October 30, 2018 certification of \$138,701,551 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 recertified amount is contained in the state budget, Public Act 101-7.

The attached board certification provides more explanation of the recertified FY 2020 THIS Fund contribution. An exhibit prepared by the TRS actuaries shows how the recertified amount was calculated. Questions pertaining to this certification should be directed to Kathleen Farney, Director of Research, at 217.814.2067 or kfarney@trsil.org.

Sincerely,


Richard W. Ingram
Executive Director

Enc. (4)

- Letter from CMS confirming FY 2020 member contribution rate
- Certification of board resolution
- Certification of recalculation adopted by the board
- Exhibit prepared by Segal Consulting showing recalculation



May 9, 2019

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

Re: FY 2020 THIS Fund Member & Employer Contribution Rates

Dear Mr. Ingram:

Under the statutory authority of Section 6.6, State Employees Group Insurance Act of 1971 (5 ILCS 375):

(c) On or before November 15 of each year, the Board of Trustees of the Teachers' Retirement System shall certify to the Governor, the Director of Central Management Services, and the State Comptroller its estimate of the total amount of contributions to be paid under subsection (a) of this Section 6.6 for the next fiscal year. The amount certified shall be decreased or increased each year by the amount that the actual active teacher contributions either fell short of or exceeded the estimate used by the Board in making the certification for the previous fiscal year. The certification shall include a detailed explanation of the methods and information that the Board relied upon in preparing its estimate.

Please accept this letter as notification that the rates to be used for FY 2020 for purposes of this certification shall be 1.24 percent for members and 0.92 percent for employers, the same rates that were used for FY 2019.

If you have any questions, please feel free to contact me.

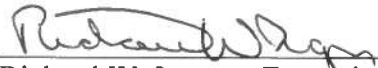
Sincerely,

Colm Brewer
Chief Financial Officer
CMS Bureau of Benefits

cc: Kathleen Farney
Teresa Flesch

**FY 2020 RECERTIFICATION OF STATE CONTRIBUTION TO THE
TEACHER HEALTH INSURANCE SECURITY (THIS) FUND**

Resolved: To certify \$132,158,560 as the required state contribution to the Teacher Health Insurance Security (THIS) Fund for FY 2020, based on the actual member contribution of 1.24 percent of pay in FY 2020, as calculated by Segal Consulting. This is a reduction of \$6,542,991 from the October 2018 certification that was based on an assumed FY 2020 member contribution rate of 1.30 percent.



Richard W. Ingram, Executive Director
June 21, 2019

TEACHER HEALTH INSURANCE SECURITY (THIS) FUND RECERTIFICATION OF CALCULATION FOR FY 2020

The Board of Trustees of the Teachers' Retirement System resolved during its June 14, 2019 regular meeting to recertify the required state contribution to THIS Fund for FY 2020.

The FY 2020 certification is based on the active member contribution rate of 1.24 percent during FY 2020. This is the same as the FY 2019 active member contribution rate and has been confirmed by the Illinois Department of Central Management Services (CMS).

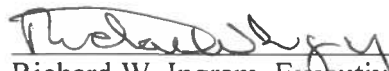
The certified state contribution is the amount needed to match estimated active member contributions to THIS Fund during FY 2020, adjusted by the amount by which TRS overestimated actual active member THIS Fund contributions during FY 2018. The state contribution amount certified for FY 2020 is **\$132,158,560** and was determined by the following procedure.

Segal Consulting, the TRS actuaries, estimate total active member payroll for FY 2020 to be \$10,954,583,571. Their payroll projection is based on the June 30, 2018 actuarial valuation. State agencies' estimated active member payroll of \$49,599,516 is subtracted because state employees covered by TRS do not make THIS Fund contributions. The remaining payroll was \$10,904,984,055. The actual FY 2020 active member THIS Fund contribution rate of 1.24 percent of pay was applied to the remaining payroll, yielding \$135,221,802.

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 2018 active member contributions was \$3,063,242. This \$3,063,242 was subtracted from the \$135,221,802, resulting in the certified FY 2020 contribution of \$132,158,560. 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 21, 2019

Exhibit B (Revised)

Teacher Health Insurance Security Fund Contribution Amount to be Certified by the Board for Fiscal Year 2020	Fiscal Year 2020
Expected State Contribution for Fiscal Year 2020 to THIS Fund:	
1. Fiscal Year 2020 membership payroll:	
a. Total	\$ 10,954,583,571
b. Minus members who do not contribute to THIS Fund	(49,599,516)
c. Members who do contribute to THIS Fund	\$ 10,904,984,055
2. Member contribution rate (actual, same as Fiscal Year 2019 per CMS)	1.24%
3. Matching State contribution: 1.c. x 2.	\$ 135,221,802
4. Adjustment to THIS Fund for overestimating Fiscal Year 2018 member THIS Fund contributions	(3,063,242)
5. Total THIS Fund State contribution*	\$ 132,158,560

This certification is based on the actual member THIS Fund contribution rate of 1.24% that will be in effect during Fiscal Year 2020, per the Illinois Department of Central Management Services. The original certification approved by the TRS Board of Trustees on October 30, 2018 assumed that the member contribution rate would increase to 1.30% and resulted in a total THIS Fund State contribution of \$138,701,551.

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