TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
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January 15, 2026

The Honorable J.B. Pritzker, Governor
Senator Don Harmon, President of the Senate
Senator John Curran, Senate Minority Leader
Representative Emanuel "Chris" Welch, Speaker of the House
Representative Tony McCombie, House Minority Leader
Mr. Gene Kalwarski, Cheiron, State Actuary
Mr. William R. Hallmark, Cheiron, State Actuary

Re: Final Certification of TRS FY 2027 State Funding Requirement

Dear Governor, Legislative Leadership and State Actuaries:

At its meeting on December 19, 2025, the TRS Board of Trustees approved the final certification of the FY 2027 state contribution requirements and the results of the June 30, 2025 actuarial valuation.

The contribution requirements and actuarial valuation results were submitted to the state actuary, Cheiron, for review in accordance with Public Act 97-0694. Both the contribution requirements and the report were accepted. In its review, Cheiron recommended "that the funding method be changed to employ a methodology that produces a reasonable actuarially determined contribution and fully funds plan benefits within a reasonable period." (*State Actuary's Report, December 2025, page 6*)

TRS certifies two funding requirements: one based on Illinois statute and the other based on the funding policy adopted by the TRS Board. The Board's policy is based on the TRS actuary's recommended methodology for determining contributions to an underfunded plan. This methodology uses the entry age normal method to assign costs evenly over a teacher's career, funds 100% of earned benefits, and amortizes unfunded liabilities over closed 20-year periods. The TRS Board's policy excludes pension bond debt limits and applies assumption changes prospectively.

The two certified contribution amounts for FY 2027 include $200,000 in minimum benefit reimbursements and are detailed in attached Exhibit A:

- **Based on Illinois statute: $6,594,062,236**
- **Based on TRS Board Actuarial Funding Policy: $11,177,466,698**

Assumptions. The June 30, 2025 actuarial valuation report includes revised assumptions regarding the impact of the accelerated pension benefit programs originally enacted in Public Act 100-0587 and extended by Public Act 102-0718.

Please contact TRS Director of Research Amy Z. Reynolds (areynolds@trsil.org) at 217.814.2272 with any questions regarding the certifications.

Sincerely,

R. Stanley Rupnik
Executive Director & Chief Investment Officer

Attachments:

- December 2025 TRS Board resolution and Exhibit A
- June 30, 2025 Final Actuarial Valuation, prepared by Segal Consulting

FINAL CERTIFICATION
FY 2027 STATE CONTRIBUTION TO TRS
(ILLINOIS STATUTE AND BOARD FUNDING POLICY)

I certify that the following resolution was adopted during the December 2025 regular board meeting of the TRS Board of Trustees, in accordance with 40 ILCS 5/16-158(a-5):

Resolved: **To accept the results of the preliminary June 30, 2025 actuarial valuation report as presented by the System's actuary, Segal Consulting:**

- In accordance with Illinois statute, to propose to certify an FY 2027 state funding amount of $6,594,062,236, including $200,000 for minimum retirement benefits.

- In accordance with the board's funding policy, to propose to certify an FY 2027 state funding amount of $11,177,466,698, including $200,000 for minimum retirement benefits.

The actuarial valuation report and these amounts have been submitted and accepted by the State Actuary.

This certification will be submitted to the Governor and General Assembly with a summary of actuarial assumptions and calculations (Exhibit A).

R. Stanley Rupnik
Executive Director & Chief Investment Officer
December 19, 2025

Summary of State Contributions under Illinois Pension Code and Board-Adopted Actuarial Funding Policy[1]	Fiscal Year 2027
Based on Statutory Funding Plan	
• Benefit trust reserve	
– 48.48% of membership payroll[2]	$6,741,568,056
– Less school districts contributions	
• (0.58% of membership payroll)	(80,661,372)
• (6.00% final average salary cap increases)	(10,162,900)
• (10.00% of membership payroll above the governor's salary)	(1,809,276)
– Less federal funds contribution	
• (10.00% of membership payroll from federal funds)	(27,814,266)
– Less phase-in of the effect of assumption changes	(27,258,006)
– State contribution	6,593,862,236
• Plus guaranteed minimum annuity reserve	200,000
• **Total state contribution (current law)**	**$6,594,062,236**
Based on Board-Adopted Actuarial Funding Policy[3]	
• Benefit trust reserve	
– Normal cost plus amortization of unfunded actuarial accrued liability (Actuarially Determined Contribution)	$11,297,714,512
– Less school districts contributions	
• (0.58% of membership payroll)	(80,661,372)
• (6.00% final average salary cap increases)	(10,162,900)
• (10.00% of membership payroll above the governor's salary)	(1,809,276)
– Less federal funds contribution	
• (10.00% of membership payroll from federal funds)	(27,814,266)
– State contribution	11,177,266,698
• Less guaranteed minimum annuity reserve	200,000
• **Total Board-Adopted Actuarial Funding Policy contribution**	**$11,177,466,698**
Total normal cost and employer normal cost rate and federal contribution rate	
• Total normal cost rate (including administrative expenses)	19.00%
• Less member contribution rate	(9.00%)
• Employer normal cost rate	10.00%
• Federal contribution rate (employer normal cost rate, per Public Act 100-0340)	10.00%

1 Based on the preliminary June 30, 2025 actuarial valuation

2 Expected fiscal year 2027 membership payroll is $13,907,133,095

3 Board-Adopted Actuarial Funding Policy is based on the entry age normal actuarial cost method, current asset valuation method and an amortization policy as follows:

- 20-year closed amortization of Unfunded Actuarial Accrued Liability (UAAL) beginning with Fiscal Year 2017
- Use layered amortization, with new UAAL after Fiscal Year 2017 being amortized over 20 years regardless of source
- Amortization payment increase at the rate of future State revenue growth (assumed to be 2.00%)
- Minimum total contribution is no less than the normal cost in any given year