



# TOPICS & REPORT

Winter 2021

Teachers' Retirement System of the State of Illinois | [trsil.org](http://trsil.org) | Over 427,000 members

## COVID-19 Updates: Member Services Response & Investments Rebound

Just as TRS members rose to the enormous challenges placed before them in 2020 by the COVID-19 pandemic, TRS as an agency met the goals set for it by members, taxpayers and elected officials:

- Make sure all benefits are paid on time.
- Work personally with members on their individual needs.
- Continue as a trusted resource on retirement matters.
- Quickly and accurately process all retirement claims.
- Battle the economic downturn caused by the pandemic and protect members' money as much as possible.

In other words, keep things as “normal” as possible for members.

When Illinois schools shut down last March, teachers and district administrators responded at warp speed and developed remote-learning protocols and systems to help

children of all ages continue their educations.

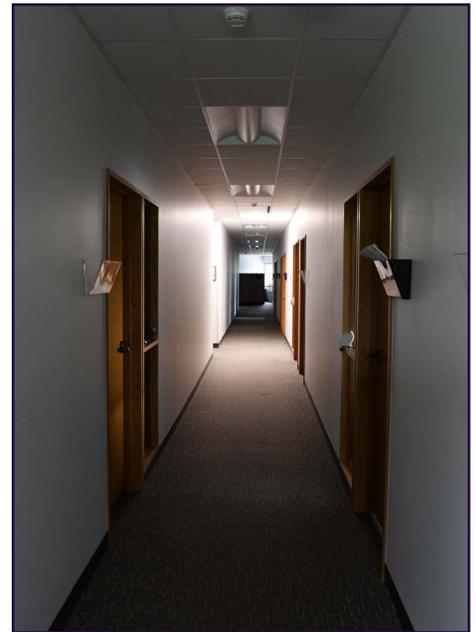
Similarly, TRS met its challenges with an aggressive response to the COVID-19 virus that continues into the new year.

### Member service unaffected

Planning began on March 3 when there were just four confirmed COVID-19 cases in Illinois. On March 11, when there were 25 cases, the System closed its offices to visitors to comply with recommendations for social distancing, implemented preplanned “work from home” procedures, canceled business travel and converted all member assistance efforts to online and telephone platforms.

The top TRS priority during this unprecedented situation was to continue paying all benefits as usual to retired members and beneficiaries. TRS was designated an essential state service by **Gov. JB Pritzker** because of the monthly economic impact of TRS benefits in communities across Illinois.

Between March and the end of calendar year 2020, TRS staff fulfilled the System’s priority functions. During a year when staff worked



*Our offices are empty but all of our departments are still working for you.*

mostly from home, TRS paid approximately \$7 billion in member benefits on time and in full. More than 3,300 retirement claims have been processed. The System’s Call Center has handled more than 34,000 telephone requests for assistance and approximately 15,200 emails from members and their families.

TRS was able to accomplish a swift transition to a work-from-home platform because over the last 10 years the System had prepared contingencies for any emergency that required the System’s offices to be closed.

**COVID-19 Updates** *continued on page 2*

**Look for the Annual Financial Report Summary as a special insert in this edition.**



TRS had:

- Invested in the technology that enabled staff to work remotely.
- Acquired an external email system that allows us to contact approximately 300,000 members with up-to-date information quickly.
- Created a detailed Business Continuity Plan which imagined the closure of TRS offices and moved information technology functions to “the cloud” enhancing remote work.
- Ran annual tests of TRS computer systems to confirm that all critical functions, especially the payment of benefits, could be accomplished in a “work from home” environment.
- Developed an internal message tree that enables TRS management to reach all staff with vital information in case the System’s offices are disabled.

The System enhanced its online member services to make it easier for users on both ends of the retirement process to conduct business. For the first time, TRS members can electronically upload all completed TRS forms and documents to our offices.

### **Increase in retirements**

During 2020, TRS experienced an unusual jump in teacher retirements. Interestingly, this jump did not occur during the System’s normal retirement season between January and June. The jump began in July, before the beginning of the new school year and continued through October. Traditionally during July to October, retirement numbers decline.

**Since March, 177 TRS members have died from COVID-19 or complications related to the virus.**

Between June and September, teacher retirements jumped by 45 percent compared to the similar time frame in 2019. In July 2020, retirements increased by 38 percent over the two prior years and jumped by 67 percent in August 2020 compared to 2019 and 2018.

### **Why?**

Anecdotally, members retiring in July through October mentioned to TRS counselors that their retirements were related to the drastic changes in teaching caused by COVID-19. During July and August 2020, Illinois school officials were making crucial decisions about distance learning, hybrid schedules and how the 2020-2021 school year would begin for students, teachers, staff and parents.

### **Online Fall Member Meetings**

The annual Fall Member Meetings were held online instead of in-person and proved to be very popular.

More than 2,900 members participated in at least one virtual meeting and the average attendance for each session was 53.

The meetings are designed to explain the retirement process and to provide members with information about disability, death

and insurance benefits. Tier 1 and Tier 2 members are invited to attend. Normally, TRS counselors hold meetings in person across the state between August and October.

In order to participate in this year’s virtual Fall Member Meetings, members registered in advance for a meeting online.

### **Investments rebound**

In the Investment Department, forethought and careful planning helped TRS successfully navigate the perils and uncertainties of the pandemic’s economic impact. It took several months, but TRS was able to rebuild the value of the System’s investment portfolio to levels that existed prior to the pandemic and the temporary collapse of the nation’s economy.

At the end of Nov. 2020, TRS held \$55.9 billion in investment assets, a 15.2 percent rebound in value from the low point during the early months of the pandemic – \$48.5 billion at the end of March. Prior to the spread of the pandemic, TRS began January with \$54.2 billion in assets.

All public pension systems and institutional investors around the world lost money during the January-March quarter of the year because of the COVID-19 virus. But compared to public pension systems similar to TRS, the System ranked among the nation’s leaders in its ability to preserve assets. At the end of December, the TRS investment return for the year was 13.4 percent.

During the January-March quarter, the TRS investment return was -9.95 percent, net of fees. That rate

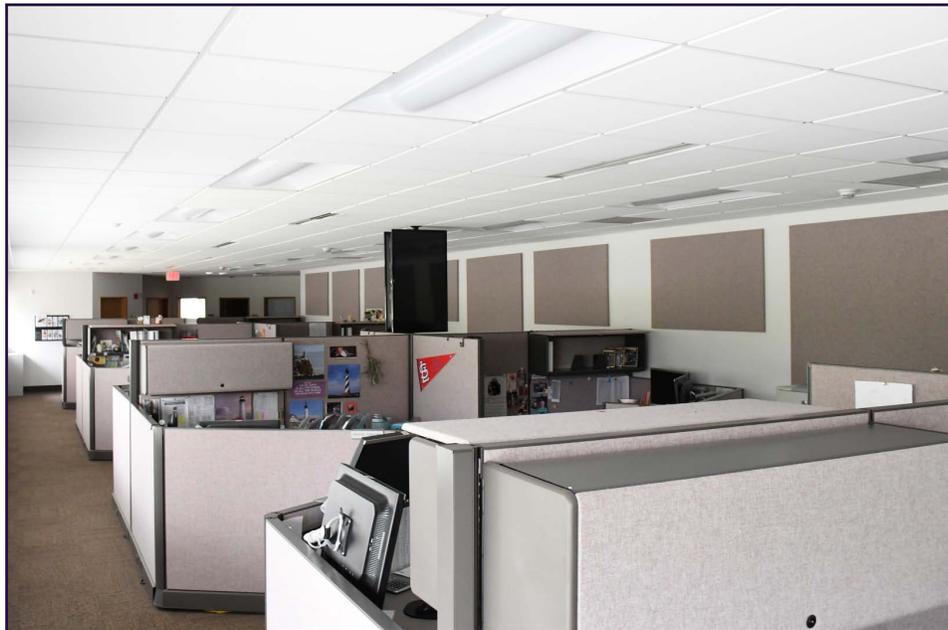
## COVID-19 Updates *continued from page 2*

of return, however, stood favorably compared to other economic measurements of the same period. The Northern Trust Corporation's analysis of the 300 largest U.S. institutional investors indicated that the median return for public pension plans was -12.6 percent. The TRS investment consultant, RVK, Inc., indicated that the TRS portfolio ranked in the top 25 percent of public pension plans during the quarter.

In general, the negative investment returns for various stock market measurements indicated that the TRS portfolio held up comparatively well. During the January-March quarter, the Standard & Poor's 500 reported a -22.97 percent return. The Dow Jones Industrial Average reported a -26.23 percent return and the National Association of Securities Dealers Automated Quotations (NASDAQ) reported a -17.83 percent return.

The System's strategic focus remains a prudent, long-term allocation of assets to keep investment risk as low as possible, protect assets during the economic downturn and be nimbly poised to take advantage of economic growth possibilities.

TRS wants long-term investment returns that steadily enhance the portfolio. TRS recognizes that the majority of its members maintain relationships with the System that



*A full staff has not worked on site in the TRS Call Center in Springfield since March. More than 34,000 telephone requests for assistance and approximately 15,200 emails from members and their families were handled by staff primarily working from their homes this year.*

last for several decades. Even with the effects of the coronavirus pandemic, the TRS long-term investment returns continued to exceed the System's long-term assumed investment return of 7 percent. The 40-year return for TRS at the end of fiscal year 2020 was 9 percent.

Although no one saw the pandemic coming, the resulting economic downturn did not catch TRS off guard. For years, economists predicted that a downturn eventually would occur. So TRS has employed a "defensive" investment strategy to guard against unforeseen drops in the investment markets.

TRS administered a highly diversified portfolio designed specifically

to help lessen the effects of any economic downturn: 28.9 percent of its assets in bonds, about 14.6 percent in real estate, 12.3 percent in private equity opportunities and about 10.2 percent in "diversifying strategies."

TRS only had approximately 33.2 percent of its investments in the stock market, which is low for a large public pension system.

In addition, the System has routinely run "stress tests" on the portfolio to help determine how best to protect assets during adverse conditions. The results of these tests factored greatly into strategic investment decisions during fiscal year 2020.

## Public Act Extends 120 days/600 Hours Post-retirement Limits Until 2021

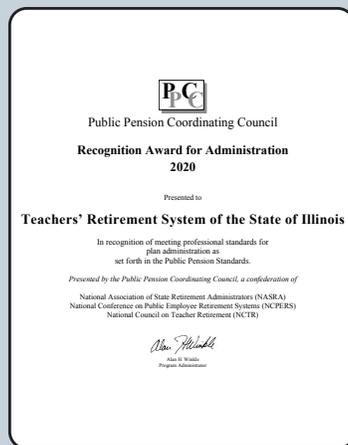
State law allows retired TRS members to return to work in a TRS-covered teaching or administrative position on a temporary basis with post-retirement employment limits. Public Act 101-0645 extended the June 30, 2020 sunset of 120-paid days or 600-paid hours post-retirement work limitation to June 30, 2021. The 120 days/600 hours limit is in effect through the 2020-2021 school year. The limits automatically revert to 100 days or 500 hours in the 2021-2022 school year unless extended again by the General Assembly and the governor.

## TRS Receives Awards for Financial Reporting and Plan Administration



### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TRS for its *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2019. This was the 31st consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government or government entity must publish an easily readable and efficiently organized *Comprehensive Annual Financial Report*. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



### Public Pension Coordinating Council (PPCC) Recognition Award for Administration

TRS received the Recognition Award for Administration in 2020 in recognition of meeting professional standards for plan administration as set forth in the Public Pension Standards of the PPCC. The award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR).

## TRS Board of Trustees Election to Be Held May 3, 2021

TRS will hold an election on May 3, 2021 for two active teacher trustees and one annuitant trustee to serve on the Board of Trustees for 4-year terms beginning July 15, 2021. The election is conducted in accordance with the Illinois Pension Code and our board election rules. Petition forms and instructions for nominating trustee candidates are available on the website. Petitions must be filed with the System no later than 4:30 p.m. on Friday, Jan. 29, 2021.

Electronic voting for the nominated candidates will be available April 1 through 10 a.m. on May 3. To vote by electronic ballot, please ensure we have your valid email address on file. Paper ballots will only be mailed if we do not have your email address or you request a paper ballot.

Please see our next newsletter for candidate profiles and more details about the election process.



# Early 2021 Important Tax Reminder for TRS Retirees

## Expect arrival of 1099-R

If you received a TRS benefit in 2020, the Office of the Comptroller will mail an IRS Form 1099-R to you by **Jan. 31, 2021**. This form will report your income received from TRS during 2020.

The amount shown in Box 5 on the 1099-R form represents the non-taxable portion of TRS retirement benefits paid to you for the year (*see graphic below*) and is the difference between Boxes 1 and 2a. Box 5 does not represent the amount of your TRIP premiums for 2020. Box 9B will only have a value if 2020 was the first year that you received a benefit from TRS.

If you do not receive a 1099-R form by Feb. 16, 2021 or you need a duplicate copy sent to you, please log in to the secure Member Account Access area on the TRS website. After Feb. 16, you may request a duplicate 1099-R online for a prior year. A duplicate is mailed by the Illinois Comptroller's Office and it will take up to 10 business days for you to receive.

If you have not yet set up your online member account, please watch this video to learn how: [trsil.org/videos/accessing-your-trs-member-account-online](https://trsil.org/videos/accessing-your-trs-member-account-online). Your Member ID is required to set up an account.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.		1 Gross distribution		OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		\$		2020		
		2a Taxable amount				
PAYER'S TIN		RECIPIENT'S TIN		2 Taxable amount not determined <input type="checkbox"/>		<b>Copy B</b> <b>Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>  This information is being furnished to the IRS.
				Total distribution <input type="checkbox"/>		
RECIPIENT'S name		3 Capital gain (included in box 2a)		4 Federal income tax withheld		<b>Box 5</b>          <b>Box 9b</b>
Street address (including apt. no.)		\$		\$		
City or town, state or province, country, and ZIP or foreign postal code		5 Employee contributions/ Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities		
		\$		\$		
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		7 Distribution code(s)		IRA/ SEP/ SIMPLE <input type="checkbox"/>
\$				\$		
Account number (see instructions)		12 FATCA filing requirement <input type="checkbox"/>		8 Other		%
				\$		
13 Date of payment		14 State tax withheld		9a Your percentage of total distribution		%
		\$		\$		
17 Local tax withheld		15 State/Payer's state no.		9b Total employee contributions		%
\$		\$		\$		
18 Name of locality		16 State distribution		19 Local distribution		%
		\$		\$		

Form **1099-R** www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

## Looking Ahead in 2021: Virtual Meetings and Payment Programs

The advent of the COVID-19 vaccine this winter has considerably brightened the light at the end of the coronavirus tunnel.

Nonetheless, for the foreseeable future, TRS members should continue to operate in “distance mode” when dealing with the System on retirement matters. Here are a few things to consider during the new year.

### Meet with TRS in cyberspace

TRS offices remain closed to in-person visits, but you can still meet “screen-to-screen” with a TRS retirement counselor via a Microsoft Teams video conference or a telephone conference.

If you plan to retire within the next 10 years and have questions about your retirement, it might be the perfect time to meet with an expert who can calculate benefit estimates, tell you about health insurance costs and help plan your next steps in the retirement process.

During one week in December, TRS counselors and member service representatives held 25 video conferences with members, fielded 655 emails and answered 3,218 telephone calls.

If you would like to schedule a virtual meeting with a TRS counselor, please call (877) 927-5877. Our phone hours are 8:30 a.m. - 4:30 p.m. Monday through Friday.

### Expanded website services

If you have set up a secure member account on the TRS website, you can electronically upload any



completed TRS form to our offices in Springfield. This service makes it easier for you to do business with the Member Services Department. No need for postage and a trip to the post office.

Direct transmission also cuts down on the paper mail that TRS receives daily and manually scans before the correspondence can be processed by TRS staff.

If you already have a member account setup, follow these steps:

1. Visit [trsil.org](https://trsil.org), select “Member Login.”
2. After login, select “Member Services” on navigation bar, then select “Document Upload.”
3. Select the specific form name or “Other” and complete your upload.

### Accelerated Pension Benefit Payment Programs

If you are an active member considering retirement in 2021, or if you are an inactive member who wants to accelerate your future pension

benefits, you can take advantage of the two accelerated pension benefit programs administered by the system.

Interest last year in the two programs proved to be so strong that last spring state officials had to increase the amount of money appropriated to meet all the lump-sum payments.

During the first two years of the programs, participating TRS members received more than \$303 million in accelerated payments, which is \$56 million more than what state government originally allocated to TRS for payments.

Newly retiring TRS members participating in the Accelerated Automatic Increase Program shared approximately \$113.6 million. In all, 18.7 percent of retiring members decided to participate.

Inactive members in the Accelerated Pension Benefit Program shared \$190 million. The participation rate in this program was 10 percent of all eligible inactive members.

**Looking Ahead** *continued on page 7*

## ERO refunds

When the General Assembly decided to end the Early Retirement Option in 2016, it required TRS to offer all eligible members a refund of the money that they paid for a decade beginning in 2005 for the program.

**“To date, 59 percent of the 197,695 eligible members have applied for the refund.”**

More than 80,400 active and inactive members still are eligible to apply for their one-time ERO refunds. Altogether, \$66 million is left in the ERO fund for distribution. Members who are already receiving a monthly TRS benefit or who have already received the ERO refund **are not eligible**.

If you haven't applied for your ERO refund, you still can. To apply for your refund, visit [trsil.org](https://www.trsil.org) and select “Member Login.” Once logged in, select “Available Refunds” on the left side navigation area to begin the ERO refund process. The unclaimed refunds held by TRS are not collecting interest.

To date, 59 percent of the 197,695 eligible members have applied for the refund. They've shared \$238.9 million, with an average payment of approximately \$2,000.

In 2005, the General Assembly increased the member contribution to TRS by 0.4 percent to a total of 9.4 percent to help pay for the ERO program. When the ERO was cancelled, the member contribution was reduced to 9.0 percent of salary.

## Updated TRS Benefits Reports Online for Active and Inactive Members

In late November, active and inactive members were emailed that their 2020 TRS Benefits Reports were available for viewing online on the TRS website.



Reports are only sent to members who are not yet collecting a

benefit. **Retirees do not receive TRS Benefits Reports.** The report summarizes the following information about a member's TRS account: service credit, refundable contributions, beneficiary refund, beneficiaries, sick leave service, and 2.2 upgrade information.

If you are an active or inactive member who has not provided your email address to TRS and you received this newsletter by mail, please visit [trsil.org](https://www.trsil.org). Select “Member Login” on the home page to begin creating your online account. You will need your Member ID. If you do not know it, call us at 877-927-5877 (877-9-ASK-TRS). You will be able to view your TRS Benefits Report after signing in.

Additionally, please enter your email address under the contact information in the secure area so you will receive future emails from us.

Recent payments and changes in outstanding balances will not be reflected on your report, but will be shown in your online account. If you need to change your beneficiaries, complete a Member Information and Beneficiary Designation (MIBD) form: [trsil.org/MIBD\\_form](https://www.trsil.org/MIBD_form). Please print out and mail the form to us and we will update your file.

A new MIBD form replaces any former version on file with TRS.

If you see an error on your reported service record or salaries, contact your employer (school district) without delay to correct the problem. This information is reported by your employer on your behalf to TRS. It may be more difficult to correct an error if you wait until retirement.

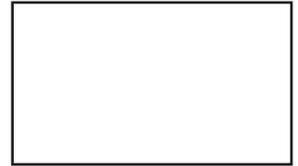
Please call us if you believe your report has an error (other than salary or service credit), if you need an additional copy or if you have any questions about the content.



# TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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## Winter 2021 Topics & Report Annual Financial Report Summary Insert



### Go Green!

To receive this newsletter electronically, send an email to [members@trsil.org](mailto:members@trsil.org). Include your full name, zip code, and the last four digits of your Social Security number.

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### Topics & Report Newsletter

#### Winter 2021

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