



## Teachers' Retirement System of the State of Illinois

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# News

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### **TRS EARNS A 0.76% RATE OF INVESTMENT RETURN FOR FISCAL YEAR 2012**

SPRINGFIELD, IL – Teachers' Retirement System investments generated a positive 0.76 percent rate of return during fiscal year 2012, a sharp decline from the 23.6 percent return of the previous year that underscores the uncertainty and volatility in the world economy.

TRS ended FY 2012 on June 30 with \$36.3 billion in assets, which places the System among the top 40 largest pension funds in the United States.

“TRS managed to hold its own in a highly volatile year for the economy and investments in general,” said TRS Executive Director Dick Ingram. “We will always take a long-term view of investment returns because TRS has to be there for our members for decades to come. We didn't do handsprings over 23.6 percent last year and we aren't crying over 0.76 percent this year. It is the long-term results that matter and the System's 20-year investment return at the end of June was 7.73 percent.”

In September the TRS Board of Trustees revised its long-term investment target to 8 percent from 8.5 percent largely because of the uncertainty facing the world economy, especially in Europe. The long-term rate of return target is an estimate that looks 30 years into the future. During the 30-year period that ended in 2011, TRS investments earned 9.3 percent against the previous target of 8.5 percent.

Ingram added that the 0.76 percent rate of return for TRS falls in line with the investment returns for FY 2012 being reported by other large public pension systems across the country. Many saw their investment returns drop from more than 20 percent to less than 4 percent in a year's time.

(MORE)

<u>Public Pension System</u>	<u>Assets</u>	<u>FY 12 Return</u>	<u>FY 2011 Return</u>
Pennsylvania Public School Employees' Retirement System	\$48.8 billion	+3.43%	+20.4%
California State Teachers' Retirement System	146.8 billion	+1.80%	+23.1%
California Public Employees' Retirement System	\$233 billion	+1.00%	+20.7%
<b>Illinois Teachers' Retirement System</b>	<b>\$36.3 billion</b>	<b>+0.76%</b>	<b>+23.6%</b>
Maryland State Retirement and Pension System	\$37.1 billion	+0.36%	+20.4%
Florida Retirement System	\$122.7 billion	+0.29%	+22.0%
Connecticut Retirement Plans & Trust Funds	\$24 billion	-0.90%	+21.0%

Ingram said the difficult and unpredictable nature of the world economy at the present time can be illustrated by the preliminary TRS investment results through September. Between April and June, TRS investments recorded a negative 1.52 percent return. However, between July and September, TRS investments saw a positive 4.8 percent return. While the TRS investment return was 0.76 percent for the 12-month period that ended in June, for the 12-month period ending on September 30, the TRS rate of return was a positive 16.4 percent.

In the last 10 years, TRS investments have recorded positive returns in eight years, with the two years of negative returns seen during the worldwide financial meltdown of 2008 and 2009.

<u>Fiscal Year</u>	<u>TRS Rate of Return</u>
2012	+0.76%
2011	+23.6%
2010	+12.9%
2009	- 22.7%
2008	- 5.0%
2007	+19.2%
2006	+11.8%
2005	+10.8%
2004	+16.5%
2003	+ 4.9%

During FY 2012, TRS realized its strongest gains from its investments in real estate, which returned +9.91 percent. Positive returns were also recorded from the System's investments in bonds (+5.68 percent), private equity (+3.76 percent), hedge funds (+2.62 percent), real return securities (+2.54 percent) and stock held in United States companies (+0.96 percent). TRS investments in international stocks recorded a negative 11.71 percent rate of return, which pulled down the positive gains in the other six investment categories. All of the return rates were calculated after all investment fees had been subtracted from the total assets in each portfolio.

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### **About Teachers' Retirement System**

The Teachers' Retirement System of the State of Illinois is the 39<sup>th</sup> largest pension system in the United States and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 366,000 members and had assets of \$36.3 billion as of June 30, 2012.