



Teachers' Retirement System of the State of Illinois

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News

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TRS SELECTS CONSULTANT FOR ABSOLUTE RETURN INVESTMENTS

SPRINGFIELD, IL – Teachers' Retirement System today hired **Albourne Partners of London, England and San Francisco, California** to consult and advise TRS on future investments in, and management of, the System's \$2.15 billion Absolute Return portfolio.

TRS initiated the search process for an absolute return consultant in May of this year. TRS employs other private consulting firms to help with the management of individual asset classes within the overall portfolio. An advisor dedicated specifically to the Absolute Return portfolio is designed to help maximize investment potential.

In other action during the Board of Trustees' regularly-scheduled December meeting, the Board:

- Hired **BlackRock Solutions of New York, New York**, to provide risk management services for the System's investment portfolio. TRS initiated the search process for this role in May of 2013. The services provided by BlackRock are designed to enhance and complement the System's existing risk management systems and provide more flexibility in the management of the portfolio.
- Hired **Investment Metrics, LLC of Darien, Connecticut**, to provide TRS with an enhanced investment performance reporting system. Over the last decade, the growth of TRS investments, both in volume and value, has pushed the capabilities of the System's current reporting system to its limits. This search was launched in May of 2012.
- Committed \$100 million to the **Blackstone Group, of New York, New York**, from the System's \$4.97 billion Real Estate portfolio for investment opportunities in Asia and the Pacific region. Blackstone currently administers \$389.8 million in TRS investments.

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- Promoted **Strategic Global Advisors, of Newport Beach, California** from the System's Emerging Managers Program to a full role within the System's \$9.2 billion International Equity portfolio, administering approximately \$184 million in TRS assets. Previously, SGA had administered \$62 million in TRS assets.
- Gave final approval to a \$3.412 billion statutory state contribution to the System for fiscal year 2015, which begins on July 1, 2014. This final approval followed an overview by the Illinois State Actuary.

The statutory state contribution each year is currently calculated under a state formula that does not meet the requirements of standard actuarial practices used in other states. Because of that difference, the state's statutory pension contribution never matches the funding level that an actuary would recommend to fully cover the cost of pension in that year. In FY 2014, the state's statutory contribution to TRS is \$3.438 billion. Using actuarial standards, the contribution to TRS would be \$4.046 billion. In FY 2015, while the statutory contribution is \$3.412 billion, the actuarially-calculated contribution would be \$4.062 billion.

The funding calculation for FY 2016 may change because of the enactment this week of Public Act 98-0599, which was approved by the legislature as Senate Bill 1. Pending any court challenge of the law, the measure changes the formula for calculating the state's annual pension contribution and brings it in line with standard actuarial practices.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 39th 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 389,900 members and had assets of \$40.8 billion as of September 30, 2013.