Teachers' Retirement System of the State of Illinois

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The Southern Illinoisan
710 North Illinois Avenue
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To the Editor:

Doug Whitley's recent column in the Southern left the incorrect impression that the state's largest public pension fund, Teachers' Retirement System, was improperly administering the investment of our members' money by setting our predicted rate of return too high.

The thrust of Mr. Whitley's criticism focused solely on the TRS return rate in fiscal year 2012 of 0.76 percent. Unfortunately, he compared that low one-year number against the System's long-term, 30-year investment return target of 8.5 percent. This is an apples-to-oranges comparison. What wasn't mentioned was that the TRS investment return for the 30-year period ending in 2012 was 9.6 percent, a rate which exceeded the target.

Moreover, in his criticism of last year's 0.76 percent investment return, he failed to praise TRS for achieving a rate of return in FY 2011 of 23.6 percent; or for a return rate in FY 2010 of 12.8 percent.

The real reason for the low return in FY 2012 is a highly-volatile world economy. Consider: The TRS return for the 12-month period that ended in June, 2012 was 0.76 percent. However, just three months later, at the end of September, the System's 12-month rate of return was 16.4 percent.

With that said, TRS will always focus our attention more on long-term investment results instead of the returns in individual years. The System is a perpetual entity that must not only earn money for retired teachers, but for active teachers that will not retire for decades to come.

Sincerely,

Dave Urbanek
Director of Communications
Teachers' Retirement System