Retirement Security for Illinois Educators
Teachers' Retirement System of the State of Illinois
2815 West Washington Street, P.O. Box 19253
Springfield, Illinois 62794-9253
TDD (217) 753-0329
(800) 877-7896
trs.illinois.gov

July 28, 2010

The Fence Post
Daily Herald
fencepost@dailyherald.com

To the Editor:

In the July 27 Daily Herald, R. Eden Martin presents an inaccurate picture of Illinois' public pension systems while suggesting that the current plans be scrapped.

Mr. Martin blames "Illinois' fiscal crisis" on the "staggering growth" in pensions. This blame is misplaced and unfair. Retired public employees are real people – not just entries in a ledger. Pensions paid annually to retired teachers alone create $4 billion in economic activity in Illinois and sustain 30,400 full-time jobs.

Mr. Martin's warning that underfunded public pension systems may run out of money "in a decade or so" relies on an incorrect supposition. He assumes that at a future point state pension systems will just cease and all outstanding financial obligations will be due. But unlike private corporations, state government cannot merely "go out of business" and divide up the remaining assets to satisfy creditors.

He incorrectly states that if a public pension fund goes broke its members get stiffed because it is not written in law that the state guarantees its pensions. The Illinois Constitution, however, protects public pensions as an "enforceable contractual relationship." And, for Illinois teachers, state law does make "all" pensions "obligations of the State."

Mr. Martin says employees would be "better off" if the state could "freeze the current plans" and rely, presumably, on a 401(k)-style system. Mandating a 401(k) for public employees would not save money. "Freezing" the existing plans still means paying out millions in pensions until all beneficiaries die. Adding a new retirement system on top of that would cost millions more.

Finally, it is questionable whether public employees would be better off in a 401(k)-style plan than in the current state pension system. Ask anyone in a 401(k) how much the last recession affected their plans to retire.

Sincerely,

Dave Urbanek
Public Information Officer
Teachers' Retirement System of the State of Illinois

217-753-0968
[redacted]

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2815 West Washington Street, P.O. Box 19253
Springfield, Illinois 62794-9253
TDD (217) 753-0329
(800) 877-7896
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August 9, 2010

The Fence Post
Daily Herald
fencepost@dailyherald.com

To the Editor:

Gerald Thomas's August 5 letter to The Fence Post about teacher pensions in Illinois contains more inaccuracies than paragraphs. Records on file with the State Board of Education *do not* show that 100 school district administrators in Illinois will be receiving $887 million in pension benefits. The statistics cited come from a private website whose author has a philosophical axe to grind against public education and teacher pensions. The conclusions are the product of faulty math, unrealistic financial projections and incomplete information.

Mr. Thomas incorrectly says that an administrator in Niles Township will receive $28 million during his retirement. The website Mr. Thomas relies on says this conclusion is based on the administrator's 2007 salary and annual cost of living raises. The website calculates that on retirement years from now the administrator's salary will be in excess of $885,000 and his annual pension will be $1.3 million.

Unfortunately for Mr. Thomas, the administrator in question retired in 2009. His annual pension is $163,344. The errors found in this one example were repeated throughout the website's listing of 100 school administrators. These school officials will not be receiving $9 million each during the course of their retirement.

Mr. Thomas is also incorrect in stating that Illinois State Government will not guarantee teachers' pensions. The guarantee is found in state law – 40 Illinois Compiled Statutes 5/16-158(c).

Finally, Mr. Thomas's assertion that the Teachers' Retirement System will run out of money in 10 years assumes that at some future date, all pension obligations come due at the same time. This assumption, however, relies on the very unlikely scenario that within 10 years all public schools in Illinois shut down, all teachers are fired and no one is left to contribute to TRS.

Sincerely,

Dave Urbanek
Public Information Officer
Teachers' Retirement System of the State of Illinois

217-753-0968
[redacted]

Teachers' Retirement System of the State of Illinois
2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253
R. Stanley Rupnik, Acting Executive Director
http://trs.illinois.gov
(800) 877-7896 | for the hearing impaired: (866) 326-0087

November 12, 2010

The Fence Post
Daily Herald
fencepost@dailyherald.com

To the Editor:

In his recent Fence Post letter, Ron Fuchs of St. Charles suggested the creation of a "Pension Benefit Preservation Fund" to help improve the financial stability of Illinois' public pension systems and prevent the state from borrowing money for this year's required government contribution to the funds. Borrowing, he states, "passes the cost to all Illinois taxpayers and most do not benefit from any type of pension plan." This is incorrect.

Illinois taxpayers do benefit from state pension plans they help fund. The $2 billion in pensions paid to retired Illinois teachers in 2009 created a $4 billion economic stimulus across the state. In Kane County alone, pensions paid in 2009 by Teachers' Retirement System – the states' largest public pension fund – equaled a $137.8 million annual payroll – money that enabled more than 3,200 people to patronize local businesses and help keep the economy moving.

Mr. Fuchs' proposal simply increases the high contribution rate teachers make toward their retirement. Teachers already pay for a greater portion of their pensions during their careers in education than non-teachers pay. More than 169,000 active teachers contribute 9.4 percent of their salaries to TRS annually. By comparison, the Social Security deduction is 6.2 percent.

On top of the 9.4 percent contribution to TRS, teachers also pay all of the general state and local taxes that non-teachers pay to help fund TRS. Twenty-three percent of each pension check is generated solely by contributions from 169,000 people, while 28 percent of the same check is generated by the 9.6 million Illinois citizens over 18 who pay taxes – a total that includes those 169,000 active teachers.

Sincerely,

Dave Urbanek
Public Information Officer
Teachers' Retirement System of the State of Illinois

217-753-0968
[redacted]

Teachers' Retirement System of the State of Illinois

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

Richard W. Ingram, Executive Director

http://trs.illinois.gov

(800) 877-7896 | for the hearing impaired: (866) 326-0087

August 1, 2011

The Fence Post
Daily Herald
155 East Algonquin Road
Arlington Heights, Illinois 60005

To the Editor:

In a recent Daily Herald story, "Ex-school administrators get big pension boosts," you quote Christina Tobin, vice president of the United Taxpayers of America as describing Illinois' public pension systems as "broken and can't be salvaged." She also says that unless changes are made soon to bring the systems into line with private sector retirement plans, public pensions in Illinois will "collapse and these government employees are going to have nothing."

While Ms. Tobin is entitled to her opinion, her rhetoric is not supported by the facts.

Teachers' Retirement System, the state's largest public pension plan with 372,000 members, is not on the verge of collapse. In fiscal year 2010, TRS paid out $3.9 billion in pensions and benefits. Total revenues in the same year, from teachers, school districts, state government and investments, totaled $6.8 billion. TRS currently has $37 billion in assets. Because TRS is meeting its long-term investment targets and is continuing to receive contributions from members and state government, we will have enough money to meet our annual obligations.

While TRS assets currently do not match the amount needed to pay all current and future retired teachers over the long-term by some $40 billion, the truth is the System's total liability never comes due at one point in time. TRS has carried an "unfunded liability" on its books since at least 1953 and has never once missed a payment to a member.

Finally, 401(k) plans were never intended to be primary retirement vehicles and studies have shown that converting the TRS defined benefit plan into a 401(k)-style program would cost more than $1 billion in added administrative costs. Instead of one retirement fund shared by all, the state would have to administer more than 372,000 individual funds.

Sincerely,

Dick Ingram
Executive Director
Teachers' Retirement System of the State of Illinois

Teachers' Retirement System of the State of Illinois
2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253
Richard W. Ingram, Executive Director
http://trs.illinois.gov
(800) 877-7896 | for the hearing impaired: (866) 326-0087

January 30, 2013

Letter to the Editor
Daily Herald
155 East Algonquin Road
Arlington Heights, Illinois 60005
fencepost@dailyherald.com

To the Editor:

In a recent letter to the Daily Herald, A. Perch of Mundelein became the latest of a large number of people to suggest that the State of Illinois declare bankruptcy as a solution to the on-going financial problems being faced by the state's public pension systems, including Teachers' Retirement System.

While bankruptcy is a solution that is available to the private sector, this option is not available to the State of Illinois.

The United States Constitution grants all states "sovereign immunity," which prevents each state from being sued for failure to pay a debt. Since state government already cannot be sued, there is no reason to go to court for legal bankruptcy protection, or to restructure its debts. Municipal governments can declare bankruptcy; but state governments cannot.

The letter also suggested that the state "kill" the five public pension systems and "turn them over" to the federal government's Pension Benefit Guarantee Corporation. The PBGC, however, only has authority over private pension plans. It has no authority over government-run pension plans.

Finally, "killing" the pension systems does not relieve the state from paying all retirement benefits already earned by public employees who have steadily contributed a part of their salaries toward the System. Rather than look for ways to dodge our obligations, it would be more productive to engage in the hard debate about the changes necessary to meet them.

Sincerely,

Dick Ingram
Executive Director
Teachers' Retirement System

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
Richard W. Ingram, Executive Director
2815 West Washington Street, P.O. Box 19253
Springfield, Illinois 62794-9253

Fence Post
Daily Herald
155 East Algonquin Road
Arlington Heights, Illinois 60005
fencepost@dailyherald.com

June 18, 2015

To the Editor:

In a recent news story about Palatine Township Elementary District 15, the Daily Herald incorrectly labeled payments made by local school districts to Teachers' Retirement System in the wake of high salary increases as "fines" and "penalties."

At issue are payments owed by school districts that grant a teacher a raise in excess of 6 percent. Under state law intended to assign the pension costs associated with these raises to the district that grants them, the district must pay to TRS the actuarial cost of the teacher's pension created by the portion of the raise that is in excess of 6 percent.

The words "penalty" and "fine" imply wrongdoing. It is not illegal under the law for school districts to grant raises that exceed 6 percent. The extra payment due is not a "penalty." In the same vein, paying a sales tax for voluntarily buying a loaf of bread is not a "fine."

Sincerely,

Dick Ingram
Executive Director
Teachers' Retirement System

Sent by:
Dave Urbanek
Director of Communications
Teachers' Retirement System
217-753-0968