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

February 3, 2011

Jacksonville Journal-Courier

To the Editor:

Some statements in your January 31 editorial, "Can state crawl out of pension quagmire?" need clarification and a proper context in order for your readers to correctly understand the problems facing Illinois' public pension systems, in particular the state's largest fund, the Teachers' Retirement System, which has 372,000 members.

Your questions about whether money will be available in five or 10 years to pay benefits to retired teachers and other public employees unnecessarily raise concerns in the minds of pension recipients. The truth is the money will be there in 10 years and beyond.

Unfortunately, it is common to confuse the large unfunded liability of the state's pension systems with the completely different responsibility of paying pension benefits from year to year. The difference is like comparing the total of what a homeowner owes on a mortgage with what the homeowner owes for monthly payment on that mortgage. Few homeowners can pay off the total mortgage, but they can make the monthly payment.

The unfunded liability for TRS is $39.8 billion and that, by any measure is a lot of money. That is the "total mortgage," the amount owed to all active and retired teachers. But since active teachers cannot collect their retirement benefits, the total unfunded liability never comes due. TRS has carried an unfunded liability since the 1950s and has never missed a pension payment to retirees.

The "mortgage payment" is what TRS pays out every year to retired teachers. In fiscal year 2010, TRS paid out $3.9 billion in benefits. In the same year, TRS also collected $6.8 billion in revenue, which more than covered the annual outlay. This year TRS expects to pay out $4.1 billion in benefits. TRS currently has $34.6 billion in assets, so the System has enough money on hand to make pension payments into the future.

Sincerely,

Richard W. 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

June 12, 2012

Letters to the Editor
Jacksonville Journal-Courier
235 West State Street
Jacksonville, Illinois 62651
letters@myjournalcourier.com

To the Editor:

A statement in your June 11 article, "Down-spell in teacher pension earnings could jam state's plans" needs correction.

Teachers' Retirement System is not feeling pressure from international bond rating agencies like Moody's Investor Service or Standard & Poor's to lower its assumed rate of investment return for the next five years, as stated in the article. These independent companies play no role in the System's well-established process for estimating what TRS investments will earn in the future.

These rating agencies do evaluate and issue opinions regularly on the overall credit worthiness of state government. The liabilities carried by TRS and the state's other pension systems are a factor in determining the state's fiscal condition.

But the rating agencies do not do an in-depth study of TRS investments and therefore cannot accurately advise TRS how much investment income it will, or should, generate in the future. Also, a lower TRS estimated rate of return only increases the amount of money owed by state government every year to all 362,000 TRS members. A lower estimate automatically makes the state's overall financial condition worse.

The truth is that the current estimated rate of return on TRS investments, 8.5 percent, has been remarkably accurate. Over the last 30 years, the System's actual rate of return on its investments was 9.3 percent.

The TRS Board of Trustees will make an independent decision later this year on what the estimated rate of return will be for the next five years.

Sincerely,

Richard W. 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

May 31, 2013

Letters to the Editor
Jacksonville Journal Courier
235 West State Street
Jacksonville, Illinois 62651
letters@myjournalcourier.com

To the Editor:

An article by Mike Billy published recently in the Journal Courier about the "state's highest paid employees" was inaccurate and misleading.

It is inaccurate to single out the chief investment officer at Teachers' Retirement System as the "highest paid" state employee in Illinois when the study – on purpose – excludes all employees of the state's 12 public university campuses. According to one database that's approximately 18,600 people whose paychecks are issued by a state agency and who participate in the State Universities Retirement System. They are state employees and cannot be ignored in any salary comparison.

Of those 18,600 state employees, at least 26 earn a higher salary than the chief investment officer at TRS. All but one of the presidents and chancellors of the state's major institutions all earn between $377,000 and $531,000. The annual base salary of the head football coach at the University of Illinois is $1.6 million.

Second, Mr. Billy, who is employed by the Illinois Policy Institute, inaccurately under-stated the investment earnings of TRS because his calculations did not annualize the returns. The System's five-year investment performance is 4.07 percent, not 0.7 percent. The Fund's 10-year performance is 8.3 percent, not 6.4 percent.

Third, it is wildly misleading to compare the investment performance of TRS solely against the Standard & Poor's 500 index. The S&P 500 measures only public-traded stocks in the United States. The TRS portfolio is among the top performing public pension plans in the nationand its investments are very diversified to include domestic and international stocks, bonds, real estate, commodities and privately-held companies.

Sincerely,

Dick Ingram
Executive Director
Teachers' Retirement System