



## 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

July 6, 2011

"It's Your Write"

Northwest Herald

7717 South Route 31

Crystal Lake, Illinois 60014

[letters@nwherald.com](mailto:letters@nwherald.com)

To the Editor:

In a recent guest column about Illinois public pensions, it was inaccurate for John W. Diamond to say, "the state's pension is only half funded, with an unpaid bill that's north of \$126 million."

Pensions to be paid this year to retired teachers and public employees will be fully funded this year and for many years to come.

Teachers' Retirement System, the state's largest public pension fund, paid out \$4.1 billion to retired educators during the last fiscal year. With \$37 billion in assets, investment earnings and continuing contributions from teachers, school districts and the state, there will be enough money to pay pensions in the future.

The "unpaid bill" Mr. Diamond refers to is the total unfunded pension liability owed to retirees *and* active public employees over decades. For TRS that's \$40 billion. But that \$40 billion unpaid bill never comes due at one point in time. Active teachers can't collect their pensions. Instead, the only money TRS must pay out annually is the amount owed to retired members.

Most families with a mortgage cannot pay it off at one time; but they don't have to as long as they pay the monthly payment. This loose example applies to TRS finances.

The truth is, TRS has carried an unfunded liability since at least 1953 and has never failed to pay retirees the money they are owed.

Mr. Diamond's half-truths only serve to unnecessarily unsettle retired teachers and other public employees into thinking their retirement checks are in danger.

Sincerely,

Dick Ingram

Executive Director

Teachers' Retirement System of the State of Illinois



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January 24, 2014

To the Editor:

The explanation of teacher payroll contributions to Teachers' Retirement System that appeared in a recent Herald editorial needs clarification.

The editorial said in "many other districts...the district, i.e. taxpayers, pays for the teacher's full share of the retirement contribution."

It is misleading to imply that "taxpayers" are paying a retirement contribution that teachers are not paying, but should be.

First, no matter how it is structured; taxpayers ultimately pay for everything in a school district, including the teacher's salary and the retirement contribution.

Second, the teacher's TRS contribution is deducted from their total compensation and legally is deferred income. Teachers are paying the contribution and taxpayers are not paying anything extra.

Third, state law requires school districts to deduct the entire contribution from each paycheck and send it to TRS just like other employers deduct Social Security taxes from their employees' paychecks. Teachers do not write separate checks to TRS.

Lastly, when school districts "pick up" all or part of the contribution for teachers, the practical effect is that districts are deducting that portion of the contribution from paychecks before federal and state taxes are deducted. There is a small tax advantage to teachers if the contribution is deducted before taxes. For years, this pre-tax treatment of the contribution typically has been negotiated between teachers' unions and school districts.

A school district does not save money if it stops "picking up" a portion of a teacher's retirement contribution.

Sincerely,

Dick Ingram

Executive Director

Teachers' Retirement System



## TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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Richard W. Ingram, Executive Director  
2815 West Washington Street, P.O. Box 19253  
Springfield, Illinois 62794-9253

January 20, 2015

"It's Your Write"  
Northwest Herald  
7717 South Route 31  
Crystal Lake, Illinois 60014  
[letters@nwherald.com](mailto:letters@nwherald.com)

To the editor:

The pension reform plan outlined in your January 18 editorial, "Our view: Plan B for pension reform," is erroneous and misleading in several respects.

Most glaringly, it is grossly misinformed to declare that none of the state's current annual pension contribution "addresses the unfunded liability." This year, less than 25 percent of the \$3.4 billion state contribution to the Teachers' Retirement System is for the cost of pensions. More than 75 percent of the state's contribution is dedicated to the unfunded liability created by decades of underfunding by state government.

Since the lion's share of TRS's \$104 billion total liability is owed to retired and older teachers, closing the existing plan would still leave a significant unfunded debt to be repaid. Further, prudent practice would require that this debt be paid down much more quickly than the 30 year time period that is noted in your editorial. This will increase costs related to the current system in the near term; before you even consider the cost of the contribution the state would make to the new defined contribution plan you propose. Also, you must take into account the documented, historic failure of defined contribution plans as a primary source of retirement income that adequately prepare people for their post-career needs.

Simplistic proposals and poorly researched conclusions do not make a useful contribution to the debate over serious policy issues that affect us all in Illinois.

Sincerely,

Dick Ingram  
Executive Director  
Teachers' Retirement System