



Teachers' Retirement System of the State of Illinois

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R. Stanley Rupnik, Acting Executive Director

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October 19, 2010

Forum
Peoria Journal-Star
I News Plaza
Peoria, Illinois 61643
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To the Editor:

I would like to clarify and correct a few statements made in an October 16 letter to the editor from Tim Sponsler of Morton. His conclusions may leave a wrong impression about his fellow retired teachers.

It is true that retired teachers in our state do not pay state income tax on the pensions they receive. However, these same teachers are not eligible for the Social Security. In most cases, a teacher's pension is their sole retirement income. The average teacher pension in Illinois is around \$45,000, which, in today's economy, cannot be considered "generous" by any measurement. Teachers do pay federal income tax on their pensions.

Requiring retired teachers to pay state income tax on their pensions or lowering the annual cost-of-living adjustments for public retirees would violate Article XIII, Paragraph 5 of the Illinois Constitution, which forbids pensions from being "diminished or impaired."

Lastly, pensions are not based on "the last four years of earnings," but on the highest four consecutive years of salary out of the last 10 years of service. The "20 percent salary increases" Mr. Sponsler talks about for soon-to-be-retired educators have been greatly curtailed in recent years. End-of-career raises are capped at 6 percent, and school districts pay a penalty if the cap is ignored.

Sincerely,

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



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February 3, 2011

The Peoria Journal Star
1 News Plaza
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To the Editor:

Some of Thomas Schwerbrock's recent comments about government pensions require correction or the proper context, especially in relation to Teachers' Retirement System, Illinois' largest public pension fund, with 372,000 members.

The average age of a retired teacher in Illinois is 59, not 55. A teacher's pension cannot exceed 75 percent of an average of their four highest salaries, not 80 percent. The average annual TRS benefit in Peoria and Tazwell counties is \$32,290. That is not exorbitant, especially when you consider teachers do not receive Social Security.

In criticizing the target investment return for pensions systems, he says an 8 percent target is "double" of what investment returns have been since 2000. This is a selective use of statistics. As a perpetual, institutional investor, TRS takes a longer view. The System's investment return rate since 1985 is 8.6 percent. Last year the TRS rate of return was 12.8 percent.

Lastly, shifting all public employees into 401(k)-style retirement plans would not save Illinois \$6 billion per year, as Dr. Schwerbrock claims. Such a shift is not a new idea and has been rigorously studied. A shift would not wipe out the \$126 billion already owed to current and retired public employees and the state would have to continue to pay those obligations. Also, a 401(k) shift would increase administrative costs. Nevada's proposed shift to a 401(k) plan will actually increase state costs by \$1.2 billion.

Sincerely,

Richard W. Ingram
Executive Director
Teachers' Retirement System of the State of Illinois