



## Teachers' Retirement System of the State of Illinois

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Speak Out  
Breeze-Courier  
212 South Main Street  
Taylorville, Illinois 62568

To the editor:

A recent front page story in the Breeze-Courier, "Taxpayers kick in \$400 million for teacher pensions," does not provide your readers with all of the available facts regarding how teacher pension contributions are paid to Illinois' Teachers' Retirement System. As a result, the story's conclusion is faulty.

Despite what the Illinois Policy Institute may claim, Illinois taxpayers are not paying an "extra" \$400 million for teacher pensions and teachers are not being spared the responsibility of paying \$400 million in contributions.

Teacher contributions to TRS are deferred income. The contributions are part of a teacher's overall compensation package along with their take-home pay. The TRS contribution is designed to come back to the teacher later in life as a retirement benefit.

When a school district "picks up" the contribution, the money still comes from the teacher's total compensation package. The "pick up" is in reality only a difference of when the district deducts the contribution from the teacher's salary – either before taxes are deducted or after taxes are deducted. Teacher unions for years have negotiated this point with school boards as part of overall salary and benefit packages for teachers. There is a financial advantage for teachers if the contribution is deducted pre-tax.

In practical terms, no teacher writes TRS a check every month and mails it, so no teacher in Illinois directly "pays" TRS. All contributions from every teacher in every school district are deducted from paychecks by the school districts and sent to TRS in one lump sum.

If you carry the Illinois Policy Institute's conclusion about TRS contributions to other examples you'll realize that everyone who participates in Social Security hasn't paid their share of federal Social Security taxes because their employer is paying the tax for them. No one writes a check to Social Security when they get paid. The FICA tax is deducted from the paycheck. It's the same thing for contributions to TRS. By the way, one of the reasons Illinois teachers don't contribute to Social Security or get a Social Security benefit in retirement is because they are making the same type of paycheck contribution to TRS.

Finally, the IPI conclusion that taxpayers are paying "extra" for this pick up rings false because, in the end, taxpayers pay for *everything* in a school district, including all teacher salaries. There is no "extra" \$400 million.

Sincerely,

Dick Ingram  
Executive Director  
Teachers' Retirement System