

# EVOLUTION OF THE TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS BENEFIT STRUCTURE

AS OF JULY 1, 2016



## **OUR MISSION:**

TRS will continually deliver the retirement security promised to our members by maintaining the highest and most efficient level of service and by living our values:

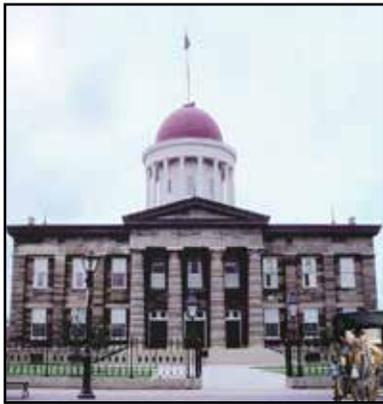
- Put the best interests of others first
- Diversity
- Teamwork
- Continuous improvement



### **1915: Illinois State Teachers' Pension and Retirement Fund created**

The first Illinois State Teachers' Pension and Retirement Fund was created by the General Assembly in 1915. Teachers in service on July 1, 1915, were given the right to elect to participate in the pension fund. However, teachers entering service after July 1, 1915, were automatically included in the fund.

Teachers were classified into three categories: Class 1, teachers having taught ten or fewer years; Class 2, teachers having taught more than ten but not more than fifteen years; and Class 3, teachers having taught more than fifteen years. Each teacher was required to pay a contribution and the contribution was based upon what class the teacher was listed under.



### **1939: Teachers' Retirement System of the State of Illinois supersedes first pension fund**

The original pension fund continued until 1939 when the benefit and financial structure of the fund was no longer adequate. The General Assembly, therefore, repealed the act governing the old pension fund. The present Teachers' Retirement System of the State of Illinois immediately superseded it.

From July 1, 1939 to the present, extensive amendments have been enacted to maintain various benefit and funding provisions within TRS. The amendments to TRS are listed within the following pages.



*Centennial Building  
(now the Howlett Building)  
the TRS office from 1939 - 1955*



*Stratton Building  
the TRS office from 1955 - 1966*



*Lles Park Place  
the TRS office from 1966 - 1979*



*TRS Lisle office Building  
1987 - present  
(Northern Area Office in Lombard 1974-1987)*

# Contributions

Date	Rate	Maximum contribution	Minimum contribution
Prior to July 1, 1933*	First 10 years: \$5/year Next 5 years: \$10/year Next 10 years: \$30/year		
July 1, 1933- July 1, 1939*	First 10 years: \$10/year Next 5 years: \$20/year Next 10 years: \$30/year		
July 1, 1939- July 1, 1947	4% of earnings	\$100/year	\$30/year
July 1, 1947- July 1, 1949	5% of earnings	\$175/year	
July 1, 1949- July 1, 1953	5% of earnings	\$240/year	
July 1, 1953- July 1, 1955	6% of earnings	\$360/year	
July 1, 1955- July 1, 1957	6% of earnings	\$360/year	\$144/year
July 1, 1957- July 1, 1959	6% of earnings	\$480/year	\$144/year
July 1, 1959- July 1, 1961	7% of earnings: 6% retirement and 1% survivor benefits	Retirement: \$480/year Survivor benefits: \$80/year	Retirement: \$144/year Survivor benefits: \$24/year
July 1, 1961- July 1, 1969	7% of earnings: 6% retirement and 1% survivor benefits	No maximum contribution	Retirement: \$144/year Survivor benefits: \$24/year
July 1, 1969- July 1, 1971	7% of earnings: 6% retirement and 1% survivor benefits	No maximum contribution	Retirement: \$156/year Survivor benefits: \$24/year
July 1, 1971- July 1, 1995	8% of earnings: 7% retirement and 1% survivor benefits	No maximum contribution	Retirement: \$156/year
July 1, 1995- July 1, 1998	8% of earnings: 7% retirement and 1% survivor benefits	No maximum contribution	Retirement: \$192/year
July 1, 1998- June 1, 2005	9% of earnings: 8% retirement and 1% survivor benefits	No maximum contribution	Retirement: \$192/year
June 1, 2005- present	9.4% of earnings: 8% retirement and 1% survivor benefits and 0.4% Early Retirement Option	No maximum contribution	Retirement: \$192/year

\* 1933 amendment required back assessment payment to bring contributions for prior years to rates effective July 1, 1933.

## **Benefit Changes**

### **July 1, 1915**

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- A retirement benefit of \$400 per year, payable quarterly, became payable to annuitants age 50 with 25 years of service.
- Retirements were calculated under the Flat Benefit Plan.
- Permanent disability became payable with 15 years of service, regardless of age. The maximum benefit became \$16 per year of service.
- Teachers who ceased teaching prior to their 16th year of service became eligible for a 50 percent refund with a six-month waiting period.

### **July 1, 1918**

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Substitutes, who had a contract stipulating to teach when necessary during the school year, became entitled to one full year of service credit.

### **July 1, 1919**

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Teachers became eligible for service credit for active duty in the Army or Navy during the Spanish-American or World War.

### **July 1, 1921**

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Any teacher who received a refund and then re-entered teaching had to reimburse the total amount of the refund plus 4 percent interest within five months of re-entering teaching.

### **July 1, 1922**

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A substitute could receive credit for his or her time taught if he or she was a regular employee and paid as all other teachers are paid.

### **July 1, 1933**

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Retired teachers with 25 or more years of service at age 70, upon payment of \$200 plus 4 percent interest per annum from July 1, 1935 to the date of the payment, became eligible for an annuity of \$600 per year thereafter.

### **July 1, 1935**

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Members age 50 with 25 years of service were paid \$600 per year payable quarterly.

### **July 1, 1939**

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#### ***Teachers' Retirement System was established***

- An age retirement allowance calculated under an actuarial plan considered the member and state contributions and the retiring member's exact age on their retirement date.
- The classification of teachers in relation to contributions became determined by the amount of member's salary rather than by years of teaching.
- The minimum retirement benefit became \$400 for members retiring with 25 years of creditable service.
- Permanent disability benefits became payable for 10 or more years of service. The minimum disability benefit became \$200 per year.
- Upon the death of a member, a refund of accumulated contributions became payable to the estate or beneficiary.
- Teachers who ceased teaching became entitled to a refund of all contributions made to TRS without interest. Their applications could not be processed until four months after teaching had ceased.

### **July 1, 1941**

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- The minimum disability allowance became \$400 per year for any member at age 50 with 25 or more years of service.
- The death refund included additional contributions made for verified outside service.
- The requirement for continuous service in TRS before retirement was reduced from 10 years to five years.
- The age retirement allowance could not exceed  $\frac{3}{5}$  of the maximum salary on which contributions were based.
- The maximum retirement allowance became \$1,500 per year.

### **July 21, 1941**

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Certified public health nurses became included in the definition of a teacher.

## January 2, 1944

Retirement allowances became payable monthly.

## July 1, 1945

- The purchase of optional service for military service immediately following teaching became permitted.
- The administrative review process was established.

## July 1, 1947

- The minimum permanent disability allowance became \$400 per year.
- The temporary disability program was established.
- The death refund included prior service contributions without interest.
- A member qualified for retirement benefits at age 55 with 20 or more years of creditable service and at age 60 with 15 or more years of service.
- In the calculation of actuarial annuity, the state's maximum contribution became equal to the member's contributions at the rate of 1.4 to 1.
- The reversionary option was established.
- The annuity value table for actuarial calculations became 3 percent.
- The interest factor for MAC became 3 percent.
- A member with at least 25 years of service was able to pay \$300 plus 3 percent interest per annum from June 30, 1947 to the date of payment to become eligible to receive a \$700 annual retirement allowance at age 60 plus \$30 for each year over 60 but not exceeding \$1,000.
- One and one-half percent formula plan was used for retirement calculations (based on average salary of last ten years). The minimum average salary was \$1,500.
- The maximum retirement allowance became \$3,500 per year.



*TRS Springfield office  
Architect rendition*

- Retirement benefits became payable under the Reciprocal Act.
- A minimum retirement allowance of \$400 for members with 25 years of service became applicable only if the retirement occurred prior to July 1, 1952.
- The average salary was calculated based on the last 10 years of service.

## July 1, 1949

- The full-time teaching basis definition became normal employment requiring not less than 450 hours.
- The maximum retirement allowance became \$4,800 per year.
- Fractional years of credit could be used and average salary could be based on the highest five consecutive years of credit in the last 10 years.
- An application for disability had to be made while teaching or within 31 days of teaching.
- A permanent disability retirement benefit became the larger of \$400 per year or 30 percent of the most recent salary subject to a maximum benefit of \$1,000 per year.
- Average salary became determined by the highest five consecutive years within the last 10 years.

## July 1, 1951

Death benefits, other than a death refund, became payable when a teacher's death occurred while in service.

## July 1, 1953

- The maximum retirement allowance became \$6,000 per year.
- Members retiring after July 1, 1953, received a permanent disability benefit equal to 35 percent of their salary subject to minimum salary of \$2,400 and a maximum salary of \$6,000. However, allowance under this calculation could not exceed \$1,500 per year.

- An application for temporary disability benefits had to be made while the member was employed as a teacher or within 90 days following teaching.

### **July 1, 1955**

- Benefits could not be paid to a member convicted of a felony relating to his or her service as a teacher. A refund could be paid.
- Retirement contributions were no longer required from a member who taught after turning age 70.
- Under the formula plan of retirement, the 60 percent of average salary maximum was removed in lieu of 45 years of creditable service maximum.
- Coverage under the new retirement systems Reciprocal Act provided for continuity of credit established in the Teachers' Retirement System and other state tax-supported retirement systems in Illinois.

### **July 1, 1957**

- Sixty days of temporary teaching per school year was permitted to an annuitant receiving an age retirement allowance. Retirement contributions were not required.
- The maximum retirement amount became \$8,000 per year.
- The purchase of optional service credit became permitted for 20 days of substitute teaching and out-of-system teaching per year.
- An application for a permanent disability had to be made within 90 days of ceasing employment.

### **July 1, 1959**

- Member contributions were required to be submitted monthly by employers.
- 170 days equaled 1.000 years of service.
- The survivor benefits program was enacted.

### **January 1, 1961**

The minimum contribution for survivor insurance benefits became \$24 per year of credit.

### **July 1, 1961**

- 75 days of temporary teaching per school year became permitted to an annuitant receiving an age retirement allowance.
- The maximum retirement allowance became \$1,000 per month.
- The second formula plan of calculation was used if the formula resulted in a greater allowance for the retiring member.
- A retired member receiving less than \$50 per year of service credit became eligible to make a payment of \$5 for each year of service, not to exceed \$45, to receive a retirement allowance of \$50 for each year of creditable service.

### **July 1, 1963**

- The purchase of optional service credit for leave of absence became permitted.
- The military service credit maximum became five years.
- School nurses became TRS members.
- Members were permitted to retire at age 60 or over with 10 or more years of creditable service provided that one year was completed after July 1, 1963, and three years were completed after July 1 following age 55.
- Annuitants were required to return to teaching for three years to receive an actuarial calculation. This was based on the enactment of new laws.
- Monthly survivor benefits payable to survivors of a member who died while receiving a disability allowance were not limited to 80 percent of a member's disability allowance.
- A change was made in calculating the amount due and estimating the interest rates for contingent service of new members in TRS on July 1, 1963 and thereafter.

### **July 1, 1964**

- A 6 percent reduction was taken for each year in which retirement occurs earlier than age 60. However, there was no reduction if retirement was necessitated by disability.

## July 1, 1965

- Credits forfeited by a refund could not be used for benefit payments upon repayment of refund unless at least one year of creditable service had been completed following the refund.
- Credit established with SERS and SURS was considered for survivor benefits purposes.
- An application for permanent disability did not need to be made within 90 days following employment as a teacher. The effective date was the 31st day of absence or the day following the last day salary was received, whichever was later.
- The maximum disability payment became \$1,000 per month.
- Credit established with SERS and SURS was considered in payment of temporary disability.
- A member was not required to resign teaching to receive an age retirement allowance, provided that the retirement was necessitated by disability.
- The interest rate on accounts receivable became 4 percent.



*TRS Springfield office - July 1978*

accumulated contribution was payable regardless of the option selected by the beneficiary.

- The limit for purchasing optional service for a leave of absence became three years.
- An application had to be made for temporary disability if commencement of disability occurred during employment as a teacher or within 90 days following such employment.
- Membership included part-time teachers employed on a permanent and continuous basis when their services were rendered for a complete school year.
- CTRF was added to the reciprocal systems for survivor benefits.
- Retirement became permitted at age 60 with 10 years; age 62 with 5 years; and age 55 with 20 years of service.

- The maximum retirement allowance increased from 60 percent of average salary at age 60 to 61-2/3 percent at age 61; 63-1/3 percent at age 62; 65 percent at age 63; 66-2/3 percent at age 64; 68-1/3 percent at age 65; and 70 percent at age 66 and thereafter.
- The post-retirement annual increases became 1.5 percent.
- A 0.5 percent annual increase contribution became refundable when death occurred prior to retirement.

## July 1, 1967

- Working four or more clock hours daily became considered full-time employment.
- Service credit could not be duplicated.
- Out-of-system service credit could not exceed 10 years in TRS, SURS, and CTRF. Members must have had five years of service in Illinois following the optional service for which they received credit under a 2/5 3/5 ratio.
- Beneficiaries who received a retirement allowance could accept employment from a school board if they did not exceed 75 paid days or 375 hours in any school year.
- Five hours became considered a day when employment was on an hourly basis.

## July 1, 1971

- Average salary became determined based on the highest four consecutive years within the last 10 years.
- When a disability occurred after age 55, the benefit became calculated under the age retirement calculation process and was no longer restricted to an actuarial calculation.
- Post-employment limitations in Illinois public schools became limited to teaching.
- A graduated formula became based on a four-year average. The formula became 1.67 percent of average salary for each of the first 10 years; 1.9 percent of average salary for

## July 1, 1969

- A widow or widower could receive monthly survivor benefits without proving dependency. A refund of the deceased member's

each of the next 10 years; 2.1 percent of average salary for each of the last 10 years; and 2.3 percent for years over 30.

- There was no age reduction for retirement before age 60 with 35 years of service.
- Retirement payments could be backdated 90 days.
- A 75 percent maximum pension was established.
- An actuarial calculation became required if a member had less than 15 years of service if the retirement occurred prior to July 1, 1971.
- The interest factor for MAC became 4 percent.
- A disabled member qualified for temporary disability benefits after three years (formerly five years) of credited service.

### **September 1, 1971**

The post-retirement annual increase for annuitants with no service after July 1, 1969 became 2 percent.

### **January 1, 1972**

The post-retirement annual increase for annuitants with service after July 1, 1969 became 2 percent.

### **July 1, 1972**

- Credit for one-half year or 85 days of sick leave was granted. The member had to retire within 120 days of teaching to receive the credit.
- The purchase of five years of military service became permitted even though a member received a military allotment.

### **July 1, 1973**

- Monthly survivor benefits became payable to a dependent at age 50 instead of 55 if there were no surviving dependent children.
- The TRS board consisted of 9 members.

### **October 1, 1974**

The minimum retirement allowance became \$10 per month for each year of creditable service up to a maximum of \$300 per month for 30 or more years of creditable service at age 60.

### **July 1, 1975**

Credit became permitted for teaching prior to July 1, 1969 if it was permanent and continuous for at least two hours per day, daily.

### **July 1, 1977**

- The interest factor for MAC became 5 percent.
- Marriage to a deceased annuitant must have occurred one year before the member's death in order for monthly survivor benefits to be allowable.

### **January 1, 1978**

The post-retirement annual increase for annuitants with service after July 1, 1969 became 3 percent.

### **September 1, 1978**

The post-retirement annual increase for annuitants with no service after July 1, 1969 became 3 percent.

### **June 1, 1979**

ERO was established for retirements on or after June 1, 1980.

### **July 1, 1979**

- Members filing for disability became automatically placed on temporary disability.
- A member between the ages of 55 and 60 with 20 or more years of service credit could retire without an early retirement reduction. Additional contributions were required from the member and employer (ERO).

### **September 1, 1979**

A 120 percent salary limitation was applied to an average salary calculation for any salary after June 30, 1979.

### **January 1, 1980**

- Remarriage after 55 became permitted for dependent survivors.
- The date annual increases were paid changed to January 1 from September 1 for annuitants with no service after July 1, 1969.
- The health insurance program was established with the first enrollments starting on

July 1, 1980. There was a 50 percent subsidy of premiums.

### **January 1, 1981**

- Public Act 81-1536 allows employer pick-up (tax-sheltering) of employee contributions, but did not mandate it.
- An ad hoc increase of \$1 per month per year of service became payable for retirement before July 1, 1971.
- Survivors who received benefits prior to January 2, 1971 received a 1 percent increase for each full year that elapsed from the commencement of monthly survivor benefits.



*TRS Springfield office - Nov. 1978*

### **July 1, 1981**

- Temporary or accidental disability benefits would cease at age 65 unless the benefit commenced at age 60 or thereafter in which event the benefit became limited to a five-year period but never beyond age 70.
- A permanent disability benefit became 35 percent of salary.
- Persons that became eligible for Illinois State Group Insurance became ineligible for TRS health insurance.
- The interest factor for MAC became 6 percent.

### **January 1, 1982**

- A \$200 monthly survivor benefit became payable to dependents of annuitants with no service after July 24, 1959.
- An ad hoc increase of \$1 per month per year of service became payable for retirements before January 1, 1977.

### **July 1, 1982**

Salary for ERO was redefined to calculate the contributions based on the greater of the last full-time salary rate or the highest full-time salary rate used in the determination of average salary.

### **September 17, 1982**

Public Act 82-1008 mandates ROE contributions to be tax sheltered beginning with salary earned in calendar year 1982.

### **July 1, 1983**

- Public Act 82-1008 mandates all member contributions are tax sheltered.
- A temporary disability benefit became automatically available to any member who was in active service on or after June 30, 1977.
  - An employer pick-up of employee contributions was mandated.
  - The member ERO contribution became based on the lesser of member's age and service. It was previously based on age.
- Unmarried children 18 years old or older could be enrolled as full-time students and be eligible for health insurance.
- The minimum annuity became \$15 per month per year of service up to a maximum of \$450 per month.

### **January 1, 1984**

An alternate \$200 per month minimum retirement annuity became available to members with 10 or more years of service.

### **June 1, 1984**

- A maximum of one year of service for 170 or more days sick leave credit was granted to members retiring after June 1, 1984.
- Eligible disabled children, regardless of age, were considered dependents for survivor benefits.

### **January 1, 1985**

Public Act 83-1440 established the 1 percent survivor benefit refund.

### **July 1, 1985**

- Insurance could be paid by the member's school district.

- Accidental and temporary disabilities became calculated on the salary rate at the time the disability benefit became payable.
- Benefits became payable through the end of month during which death occurred and survivor benefits began on the first of the month following death.
- The revocation of a reversionary annuity was permitted if the beneficiary was deceased.
- Retirement status became impaired if the annuitant was employed within 90 days following termination of service during the school term in which service was terminated.
- The TRS board increased to 10 members with the addition of one annuitant trustee.

### **November 18, 1985**

A member with no surviving dependents could apply for a refund of survivor contributions.

### **January 1, 1986**

EFT was established. Previously, paper checks were mailed to financial institutions.

### **March 1, 1986**

New teachers contributed 1.45 percent to Social Security for Medicare.

### **July 1, 1986**

- A health insurance reserve account was required. Twenty million dollars was authorized as the annual transfer from investments.
- Beneficiaries whose monthly benefit began before July 1, 1977 received an ad hoc monthly survivor benefit increase of a \$1 for each full year that elapsed since the benefit began.

### **January 1, 1987**

- An ad hoc increase of 8 cents per year of service multiplied by the number of years in retirement became payable for annuitants whose retirement occurred before January 1, 1977.

- Regional superintendents and assistants were granted six unused sick leave days per year.

### **July 1, 1987**

A special health insurance coverage option became offered (non-Medicare plan).

### **January 1, 1988**

Sick leave credit from former employers became accepted.

### **August 23, 1989**

A 120 percent salary limitation applied only to service with same employer.

### **January 1, 1990**

- Post-retirement annual increases became compounded annually.
- The post-retirement limitations rose to 100 days/500 hours.
- Survivors of annuitants became eligible for an annual increase.

### **July 1, 1990**

- A disability benefit became available to a part-time or substitute teacher who was in active service after July 1, 1990 and who had worked as a teacher for at least 340 hours in either the current or preceding school year.
- Accidental disability was changed to occupational disability.
- An occupational disability benefit became available for part-time and substitute teachers.
- Part-time and substitute teachers became members of TRS.
- 170 days became used as a denominator for determining service credit.

### **January 1, 1991**

An annuitant increase became available for a disability, occupational disability, or disability retirement annuity that was not yet eligible for an annuity increase for a benefit provided after age 61. The increase was 7 percent after four years

in receipt of a disability benefit and 3 percent of a current annuity per year thereafter.

## **February 1, 1991**

The state subsidy for health insurance premiums became 75 percent.

## **July 1, 1991**

- The purchase of optional service for two years of military service prior to teaching became permitted.
- A one-year waiting period was eliminated for annual increases for survivors of annuitants. Survivors of active members became eligible for an annual increase on the January 1 following the first anniversary in receipt of the survivor benefit.
- Members who did not apply for disability benefits within 90 days were allowed to earn service credit from the date of disability.
- An outside earnings maximum increased by 15 percent for members receiving disability benefits for 10 years or more.
- Disability retirement annuitants who recovered from their disability but did not return to teaching remained eligible for a retirement benefit.
- Members who had received disability retirement became able to transfer to age retirement upon reaching retirement age.
- Retirement benefits were allowed to be back-dated to the day following the last day of creditable service.
- ERO contributions became based on capped salary.
- Required substitute teachers who elected ERO had to be with same employer for at least 85 days.
- An annual increase of 3 percent per year for survivors was enacted for survivors receiving a reversionary annuity.



*TRS Springfield office - July 1979*

- TRS retirees were allowed to teach without restriction in colleges and universities.

## **July 15, 1991**

A single-sum benefit became payable for members with service after July 1, 1947 and less than five years.

## **November 19, 1991**

The 5 & 5 Early Retirement Incentive (ERI) for state employees and certain TRS members was enacted.

## **January 1, 1993**

- ERI (5&5) was enacted for teachers with a two-year window for retirement between June 1 and September 1 in 1993 and 1994. A third window in 1995 allowed for retirements that were delayed by an employer. Those taking ERI were not eligible for ERO.
- The annual increase effective date became based on enhanced age.
- Direct roll overs became permitted.
- 2,000 years of SIU-C and GSU became permitted if purchased before May 1, 1993.

## **July 1, 1993**

- Service credit for pre-1963 leave of absences became allowed for purchase.
- Disability benefits became based on the greater of the member's annual contract rate at the time the disability commenced or when benefit became payable (40 percent nonoccupational).

## **July 1, 1995**

- An additional 0.5 of 1 percent was deducted from the gross creditable earnings to help fund the Teachers' Health Insurance Security Fund (THIS) for the Teachers' Retirement Insurance Program (TRIP). TRS only acts as an agent to CMS for TRIP. No TRS monies are used to fund TRIP.

premiums, and other income. Fund expenditures were restricted to the payment of healthcare and related administrative expenses.

- Minimum annuity increased from \$15 to \$25 per month per year of service up to a maximum of 30 years.
- Continued appropriation was granted for funding legislation. TRS will be funded at 90 percent by 2045.

### **December 15, 1995**

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- Members who were married for at least one year, divorced, and later remarried the same spouse do not have to meet the 12-month requirement for dependency.
- Service credit for 3,000 years leave of absence due to pregnancy before July 1, 1983 became allowed for purchase.

### **January 1, 1996**

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The TRS health insurance administration was transferred to CMS. HMO and major medical coverages were offered. Members' premiums were subsidized by 50 percent or 75 percent depending on their address.

### **July 1, 1997**

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Adoptions were added to 3,000 years of allowable service credit for leave of absence before July 1, 1983.

### **May 27, 1998**

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- The 2.2 percent per year flat rate formula became used for service credit after July 1, 1998 and for service before July 1, 1998 if it was upgraded.
- The toll free number was implemented.
- Members who did not upgrade to 2.2 formula and who taught beyond 34 years received a refund of the additional 1 percent TRS contribution for years after 34 without interest.

### **July 1, 1998**

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- The payroll deduction program for optional service and 2.2 upgrade contributions was established.\*

- Sick leave could be used for credit, if not compensated in any way.
- Full-time students became eligible for survivor benefits until age 22.
- The state subsidy for the State of Illinois Group Insurance Program became 5 percent per year up to a 20-year maximum.
- The 2.2 formula passed. TRS member contributions increased by 1 percent to 9.0 percent.
- No member ERO contribution was required from members age 55 with 34 years of service.

### **June 4, 1999**

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- ERO was extended to June 30, 2005.
- The employer ERO cost was waived for teachers retiring with 34 years of service.
- 25 percent of the upgrade charge was forgiven for every year after 34 years.
- Members with 24 years of service on June 30, 1998 who did not elect to upgrade will receive 2.2 percent for each year up to 30 years and 2.3 percent for 30 years and over.
- Member monthly benefit payments were permitted without having to receive the employer's ERO contribution.
- Reciprocal service became used for the calculation of the 2.2 upgrade refund of 25 percent per year over 34 years.

### **July 1, 1999**

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- Partial monthly payments became payable to divorced spouses and other dependents of TRS members through a Qualified Illinois Domestic Relations Order (QILDRO).
- The Illinois Group Insurance Program subsidy of 12.5 percent per year for regional superintendents and their assistants became provided.

### **September 28, 1999**

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The payroll deduction period was extended for the length of payments that were suspended for non-terminating members.

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\* In order to comply with IRS guidance, the Payroll Deduction Program ended on June 30, 2010.

## December 20, 1999

- Sick leave from out-of-system employers was no longer accepted for service credit.
- Members were to be paid the greater of a 25 percent 2.2 refund for over 34 years of service or a refund of optional service in excess of 34 years of service.

## July 1, 2000

Four benefit improvements were made for members enrolled in TRIP: the annual plan deductible, out-of-pocket maximum, inpatient co-payment, and Medicare deductibles and co-payments.



*TRS Springfield office - May 1980*

## July 6, 2000

- Members earning less than 50 percent of the statewide average teacher salary were excluded from the 20 percent cap on salary increases.
- Refunds to surviving spouses of members who died without a valid Nomination of Beneficiary form (MIBD in 2003) began receiving an automatic refund.
- Surviving spouses who remarried before reaching age 55 remained eligible to receive monthly surviving spouse benefits.

## February 6, 2001

The TRS board consisted of 11 members (one additional elected annuitant). (PA 91-0941)

## July 1, 2001

- Post-retirement limitations were increased to 120 days/600 hours until June 30, 2006.
- A refund of upgraded 2.2 service was granted for members who retired between May 27, 1998 and June 5, 1998 who had more than 34 years of creditable service.

## August 17, 2001

New staff hired by TRS shall be members of TRS and not SERS.

## December 1, 2001

A 23-member Teachers' Health Insurance Funding Task Force was created.

## January 1, 2002

- The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) was passed and substantially increased the roll-over options for TRS members.
- Active teacher contributions increased from 0.5 percent of salary to 0.65 percent for TRIP contributions. School districts made a contribution of 0.4 percent.

## July 1, 2002

- Federal tax law limited the amount a member may contribute (with after-tax monies) to purchase certain TRS credit, ERO, and 2.2 upgrades prior to retirement. Members retiring in the 2002 school year were not affected. Members retiring in the 2003 school year will be affected.
- The State Employee 5 & 5 Early Retirement Incentive was enacted.
- TRS-covered employees were no longer allowed to earn Social Security coverage on summer employment. Beginning with 2003 summer employment, summer school will be reported to TRS.

## January 1, 2003

- Credit became permitted for members with up to 2,000 years of unused and unpaid sick leave for 340 or more days.
- Purchase of service and credit became permitted for members with up to two years of service for teaching in private schools recognized by the State Board of Education.

## July 1, 2003

Active teacher contributions will increase to 0.75 percent for TRIP contributions. School district contributions will increase to 0.5 percent.

## July 23, 2003

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An annuitant may return to work without post-retirement employment limitations in a subject shortage area. The regional superintendent must have designated the employment to be in a subject shortage area in order for a retiree to be able to return to work without limitation. This program is set to expire on June 30, 2008.

## May 15, 2004

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- The largest Medicare referendum ever conducted in the United States concluded on this date.
  - Over 28,000 Illinois teachers decided whether or not to begin contributing to Medicare after July 1, 2004. This one-time opportunity was necessary because individuals who had been continuously employed with the same school district since March 31, 1986 were not accumulating Medicare credits through their employment as teachers.

## June 1, 2005

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- New members became ineligible for a benefit calculated using the actuarial method.

### ERO

- Members contribute an additional 0.4 percent of salary toward ERO, raising the total contribution rate from 9.0 percent to 9.4 percent.

### Pipeline ERO

- Members considered to be in the “pipeline” to retire under ERO without modifications if they have met all of the following requirements:
- On or before June 1, 2005, Members notified their employer in writing of their intention to retire under the terms of their contract or collective bargaining agreement.
- Members had an effective date of retirement on or before July 1, 2007.

### Modified ERO

- A modified ERO provided for all other members. The modified option funded in part by an additional 0.4 percent member contribution, increasing the total member contribution to 9.4 percent.
- ERO contribution rates higher for the modified Early Retirement Option.

**Members:** 11.5 percent of highest salary used in final average salary multiplied by the lesser of: (a) each year that the member is under age 60 or (b) the member’s creditable service is less than 35 years.

**Employers:** 23.5 percent of highest salary used to calculate the final average salary multiplied by each year that a member is under age 60.

- Members who did not use either the existing or modified ERO were eligible for a refund without interest of this contribution when they retired, when they took a refund of contributions, upon their death if a death refund was payable, or if the ERO program were terminated.
- Employers may limit the number of ERO retirements to 10 percent.
- The ERO contribution waiver for members with 34 years of service is eliminated.
- This provision will be reviewed by the Legislature for continuation after July 1, 2012.

### Sick Leave

- Members may continue to receive a maximum of two years of service credit at retirement for unused, uncompensated sick leave.
- Employers must pay for sick leave days granted in excess of the member’s normal annual allotment and used for service credit.
- The change did not apply to sick leave granted under contracts or collective bargaining agreements entered into, amended, or renewed prior to June 1, 2005.

### ***End of Career Salary Increases over 6 Percent***

- Employer required to pay the cost of pension benefits resulting from end-of-career salary increases over 6 percent.
- Salary increases of up to 20 percent per year with the same employer eligible for pension purposes, but the employer will make what could be a substantial lump-sum contribution to fund the cost when the member retires.
- The change did not apply to increases granted under contracts or collective bargaining agreements entered into, amended or renewed prior to June 1, 2005.

### **July 1, 2005**

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Active teacher contributions increased to 0.80 percent for TRIP contributions. School district contributions increased to 0.60 percent.

### **August 10, 2005**

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Public Act 94-539 was enacted. The law allows certain disability benefit recipients and disability retirement annuity recipients to engage in part-time, limited teaching without loss of disability benefits as long as the combined earnings from teaching and the disability benefit do not exceed 100 percent of the salary rate upon which the benefit was based.

### **June 6, 2006**

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Members may use less than one year of IMRF service as a teacher's aide in a reciprocal calculation.

### **July 1, 2006**

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The QILDRO law now includes for the payment of lump-sum survivor benefits and refund of accumulated contributions to alternate payees.

### **July 31, 2006**

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PA 94-1057 provided additional exemptions from employer contributions for excess salary increases. Some of these exemptions were permanent while others were available for a limited time period. The temporary exemptions expire no later than July 1, 2014. The exemptions provided in PA 94-1057 applied only in specified circumstances and only to members retiring on or after July 31, 2006. PA 94-1057 was not applicable to any

member whose effective date of retirement was prior to July 31, 2006.

### **July 1, 2007**

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Active teacher contributions increased to 0.84 percent for TRIP contributions. School district contributions increased to 0.63 percent.

### **June 2008**

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Public Act 95-0910 extended the "Retiree Return to Work" provision. A teacher may work in a certified subject shortage area after retirement without impairing retirement status. As amended, this bill changed the sunset date until June 30, 2013.

### **August 2008**

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- Effective August 21, Public Act 95-0870 allows disabled individuals over the age of 18 to receive both a TRS survivor benefit and a public aid benefit.
- Public Act 94-0816 allows a disabled TRS member to return to work under an employer covered by the State Universities Retirement System, with certain limitations.

### **April 2009**

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Public Act 96-0006 significantly increased the severity of the penalty for committing fraud against an Illinois public retirement system. The crime of defrauding TRS was previously punishable as a Class A misdemeanor. See 40 ILCS 5/16-198. Under the new law, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the retirement system is now guilty of a Class 3 felony. See 40 ILCS 5/1-135.

### **June 2009**

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Public Act 95-0958 provides TRIP coverage for unmarried dependents until age 26 and age 30 for those meeting certain military requirements.

### **August 2009**

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Public Act 96-0546 allows up to two years of optional service credit for private school teaching for members who apply for it between August 1, 2009-2012. A TRS member pays the full cost.

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## April 2010

**Tier II created:** Public Act 96-0889, which was signed into law in the spring of 2010, adds a new section to the Pension Code that applies different benefits to anyone who first contributes to TRS on or after Jan. 1, 2011 and does not have any previous service credit with a pension system that has reciprocal rights with TRS. These members are referred to as “Tier II” members.

Changes from the “Tier I” pension law include raising the minimum eligibility to draw a retirement benefit to age 67 with 10 years of service, initiating a cap on the salaries used to calculate retirement benefits, and limiting cost-of-living annuity adjustments to the lesser of 3 percent or ½ of the annual increase in the Consumer Price Index, not compounded. The retirement formula is unchanged.

**The new pension law does not apply to anyone who has TRS service prior to Jan. 1, 2011.** These members remain participants of Tier I, not Tier II.

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## June 1, 2011

Public Act 96-1513 entitles a party to a civil union to the same legal obligations, responsibilities, protections, and benefits as are afforded or recognized by the law of Illinois to spouses.

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## July 1, 2011

A retired Tier I member may work in a TRS-covered position for 100-paid days or 500-paid hours each year and not lose benefits. The previous limit, which expired June 30, was 120-paid days or 600-paid hours per year. Only work that requires teacher certification, including summer-school and substitute teaching, is subject to the 100 days/500 hours post-retirement employment limitation.

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## January 5, 2012

Public Act 97-0651 forbids members from including any service time earned as a statewide union employee prior to joining TRS in the calculating of their TRS pensions.

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## July 1, 2012

Public Act 97-0695 requires TRS employees eligible for state of Illinois insurance to pay for coverage.

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## August 1, 2012

Public Act 96-0546 that allowed up to two years of optional service credit for private school teaching expired.

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## June 30, 2013

Public Act 95-0910 that extended the “Retiree Return to Work” provision expired.

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## July 1, 2013

Public Act 98-0042 extended the Early Retirement Option for TRS members for another three years. The new ERO is in effect until June 30, 2016.

### *Employer approval for ERO participation*

Under the extension of the ERO program, school districts for the first time have the option of not certifying eligibility for ERO.

The law requires eligibility standards for ERO in each school district to be negotiated and agreed upon by the district and organized labor. In previous years, school districts were required every year to allow at least 10 percent of members eligible for ERO to retire under the program.

In order for a TRS member to take advantage of the Early Retirement Option, all of the member’s employers during his or her last year of employment must approve the member’s use of ERO and certify eligibility for the program. If all final-year employers do not approve and certify the member’s eligibility for ERO, then the member cannot take advantage of the ERO program at retirement.

### *ERO costs*

The member and his/her last employer(s) must each make a one-time, nonrefundable ERO contribution to TRS. For members, the one-time contribution to participate in ERO is 14.4 percent of salary for every year the member is under age 60 or for every year the member’s creditable service is less than 35 years, whichever is less. For employers, the one-time contribution on behalf of an ERO participant is 29.3 percent of

the participant's salary for every year he or she is under age 60.

The member's percentage is calculated by multiplying 14.4 percent times the lesser of:

- The number of years or partial years of service under 35 years; or
- The number of years or partial years his/her age is under 60.

## **December 5, 2013**

Gov. Pat Quinn signed Public Act 98-0599 (formerly Senate Bill 1) into law. It is a comprehensive plan that overhauls the TRS Pension Code and is scheduled to take effect on June 1, 2014.

The law:

- Amended the definition of "teacher"
- Redefined "regular interest"
- Changed the definition of salary
- Changed new member's use of sick leave for service credit
- Changed the eligibility for a retirement annuity based on age on June 30, 2014
- Stipulated the calculation of value of the actuarial benefit on June 30, 2014
- Changed the COLA calculation for retirees
- Reduced the member contribution
- Mandated the creation of a defined contribution plan

The goal of the new law is to stabilize TRS finances and eliminate the System's unfunded liability by 2044, primarily by reducing benefits for retired and active Tier I members and creating funding guarantees and contribution levels that will gradually, over 32 years, fully fund TRS.

TRS is preparing to implement the new law on June 1, 2014, unless a court delays this schedule. Until the new law takes effect, current TRS benefits will remain in place.

The new law does not affect Tier II members.

## **May 14, 2014**

In early 2014, five lawsuits were filed challenging the constitutionality of Public Act 98-0599. These cases were consolidated in Sangamon County

Circuit Court. As part of this legal challenge, a court injunction issued on May 14 delayed Public Act 98-0599's implementation.

## **November 21, 2014**

Public Act 98-0599 was declared unconstitutional by a Sangamon County Circuit Court as a violation of the Illinois Constitutions Pension Protection Clause – Article XIII Sec.5. The decision was appealed to the Illinois Supreme Court, which is expected to rule on the case in 2015.

## **May 8, 2015**

The Illinois Supreme Court ruled unanimously that the 2013 state law overhauling Teachers' Retirement System benefits was unconstitutional. The high court decided that changes in retirement benefits enacted by the law violated the Pension Protection Clause of the Illinois Constitution. This decision upheld a 2014 ruling by a Sangamon County Circuit Court and was the final chapter in a 15-month-long legal challenge to the law. With this decision, TRS members in Tier I and Tier II saw no changes in the administration of their retirement benefits. The retirement benefit calculation, cost-of-living-adjustment calculation, active member contribution rate, eligibility standards for retirement and all other current laws governing teacher pensions were not changed.

## **July 1, 2016**

The Early Retirement Option program expired on July 1, 2016. In 2013, Public Act 98-0042 extended the Early Retirement Option for three years. Since 2005, active TRS members contributed 0.4 percent of their creditable earnings to ERO. Due to the expiration, the salary contribution for both Tier I and Tier II active members is reduced to 9 percent from 9.4 percent for all creditable earnings on or after July 1, 2016. Most active and inactive members are eligible to receive a refund of their 0.4 percent contributions accumulated since 2005.



**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

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