

# TOPICS & REPORT

Teachers' Retirement System of the State of Illinois  
Summer 2010



## If You Are a Member Reading This, You Are in Tier I

The lightning-quick passage this spring of a new law that enforces drastic changes in the retirement rules and benefits for new public employees set off a flurry of questions from teachers across Illinois – chiefly: “Am I in Tier I or Tier II?”

The new law, Public Act 96-0889, for the first time establishes a two-tiered system of benefits and retirement rules for Illinois educators, with the dividing line set at Jan. 1, 2011.

Any person who first contributes to TRS to on or after that date

***Any person in a TRS-covered position who paid into TRS prior to Jan. 1, 2011 will retain “Tier I” status.***

will fall under the new “Tier II” provisions. Any person in a TRS-covered position who paid into TRS prior to Jan. 1 will retain “Tier I” status.

During a 24-hour period in March, the General Assembly approved the new law as a way of reducing future spending pressures on the state budget, which currently has a \$13 billion revenue gap. Gov. Pat Quinn signed the bill into law in April and estimated that over time the act would save the state several billion.

But the swiftness of the government’s action left confusion in its wake among teachers, especially new teachers graduating this spring and hoping to find a position in an Illinois classroom. All TRS members who have paid anything into TRS – whether they are currently teaching or

not – will fall under the Tier I rules, as will any person who is a member of one of the 12 other Illinois pension systems for public employees.

**Any person with any service credit accumulated in any of the reciprocal retirement systems prior to Jan. 1, 2011 will forever be in Tier I.**

Teachers’ aides, for instance, are members of the reciprocal Illinois Municipal Retirement Fund.

Tier II rules only apply to a person who first contributes to TRS on or after Jan. 1 and also does not have service credit established in one of the other reciprocal pension systems.

The biggest differences between the two tiers are in a member’s eligibility for retirement and the reduction in the cost of living adjustments. A chart outlining the differences between Tier I and Tier II rules is on the following page.

We will continue to update members and potential members on the status of the new law and how it affects educators in the future.

### Contents

**Page 2**

EZ Guide to Tier I and Tier II

**Page 3**

Debate Over Pension Funding  
Pension Benefits Protection

**Page 4**

Job Sharing Not a Leave  
TRS Staff Changes

**Page 5**

Fall Member Meetings

**Page 6**

One Sick Child, Two Teachers,  
and a Selfless Act

**Page 7**

Field Trip of Dreams Revisited





## EZ Guide to Tier I and Tier II Retirement under Public Act 96-0889

Tier I – Members Who First Contributed Prior to Jan. 1, 2011	Tier II – Members Who First Contribute on or after Jan. 1, 2011
<b>Who does this new law affect?</b>	
<p>The new law does not affect teachers and administrators who <i>first contributed</i> to TRS prior to Jan. 1, 2011, or teachers and administrators who had any previous service credit with TRS or a reciprocal pension system prior to 2011, even if they left TRS or a reciprocal pension system at any time and then returned to a TRS-covered position.</p>	<p>The new law affects teachers and administrators <i>who first contribute</i> to TRS on or after Jan. 1, 2011 and without any previous service credit with a pension system that has reciprocal rights with TRS.</p>
<b>What are the changes in retirement eligibility?</b>	
<p>Retirement eligibility for Tier I teachers and administrators is set according to a sliding scale:</p> <ul style="list-style-type: none"> <li>Members can retire at age 55 with full benefits if they have 35 years of service credit accumulated if the member has elected to have his/her pension determined by the 2.2% formula and paid the required fee.</li> <li>Members also can retire at age 55 with at least 20 years of service credit and receive a benefit that is reduced by 6 percent for every year the member is under age 60.</li> <li>Members can retire at age 60 with 10 years of service and receive benefits that the member has earned. For example, 10 years of service multiplied by 2.2% equals 22% of the final average salary.</li> <li>Members can retire at age 62 with five years of service and receive full earned benefits.</li> </ul>	<p>The new law requires Tier II teachers and administrators to be 67 years old and have accumulated 10 years of service credits in order to qualify for full benefits that a member has earned. Tier II members may retire at age 62 with 10 years of service, but will receive retirement benefits reduced 6 percent for every year the member is under age 67.</p> <p>Ten years of service is equal to 22% of the member's average salary before any age reductions.</p>
<b>What are the changes in the benefit formula?</b>	
<p>Retirement benefits are capped once: The maximum benefit a member can receive is 75 percent of his or her final average salary. The benefit for most members is based on a formula: 2.2% multiplied by the member's final average salary multiplied by years of creditable service. A small percentage of TRS members employed before July 1, 1998 have their benefits determined by an older, graduated formula.</p> <p>The final average salary is the member's highest average salary earned during four consecutive years out of the last 10 years of service.</p>	<p>Retirement benefits will be capped in two ways. <i>One:</i> The maximum benefit a member can receive is 75 percent of his or her final average salary. <i>Two:</i> Under the new law, in determining a final average salary, no member's salary will exceed a limit that increases more slowly than the Consumer Price Index. The current limit is \$106,800. Benefits will still be determined by the formula of 2.2% multiplied by final average salary multiplied by years of creditable service. Benefits for Tier II will be based on the member's highest average salary earned during eight consecutive years out of the last 10 years of service.</p>
<b>What are the changes to the annual cost-of-living adjustment?</b>	
<p>The annual cost-of-living increase is 3 percent, compounded annually.</p>	<p>Annual cost-of-living increases for members will be calculated using either 3 percent or one-half of the Consumer Price Index, whichever is less. The increase will not be compounded.</p>
<b>What are the changes to survivor benefits?</b>	
<p>Survivor benefits for Tier I members' dependent beneficiaries are no less than 50 percent of the retired member's benefit.</p>	<p>Survivor benefits for Tier II members' dependent beneficiaries will be 66.66 percent of the retired member's benefit.</p>
<b>What are the new rules on post-retirement employment?</b>	
<p>Currently, retired members may be employed in another position covered by TRS and retain their benefits, but their service is limited to 120 days or 600 hours per year. On July 1, 2011, this cap for Tier I members will be reduced to 100 days or 500 hours per year. Members can be employed in a position covered by a pension system that has reciprocal rights with TRS, but the annual length of employment allowed may be capped by that pension system.</p>	<p>The law suspends a Tier II member's retirement benefits if the member accepts full-time employment in a position covered by another pension system that has reciprocal rights with TRS.</p>



## Fiscal Year 2011 Budget Debate Over Pension Funding

Facing a \$13 billion gap between revenues and spending in the state budget for fiscal year 2011, the General Assembly this spring has been caught between the proverbial rock and a hard place: Cast a politically unpopular vote to raise new revenues or cast a politically unpopular vote to cut state services.

At the heart of the debate lies one of the biggest single expenses in each year's state budget – the annual contribution to TRS and the other four state retirement systems designed to help them remain solvent in the future. Next year's contribution is supposed to be \$4.6 billion, with TRS receiving \$2.4 billion.

**Despite the ongoing budget debate, retired TRS members and beneficiaries will continue to receive their monthly checks without interruption.**

The legislature recessed in late May so Democratic and Republican leaders could contemplate and develop potential alternatives to a no-win situation. One alternative to address the pension payment supported by Gov. Pat Quinn and Democratic leaders calls for the state to borrow the needed money.



The proposal has passed the House of Representatives but remains stalled in the Senate, a few votes shy of the majority needed for approval. A second alternative that has passed the Senate but not the House would allow the state to forego the contribution entirely during fiscal year 2011.

Of these two options, TRS officials prefer borrowing. Selling state bonds to raise the necessary cash would cost the state approximately \$1 billion in interest over time and

TRS would receive its necessary payment. But foregoing the contribution this year would not only cost TRS about \$2 billion, but an additional \$20 billion in lost investment income over the long term that is necessary to stabilize the pension fund in future decades.

Any loss of the state's contribution in fiscal year 2011 compounds the unfunded liability that TRS already faces and makes it much more expensive in the long run to fund the benefits already earned.

The TRS Board of Trustees continues to urge the General Assembly and state officials to live up to its obligations to teachers and make sure that all pensions, current and future, are fully funded.

### Pension Benefits Cannot be Diminished or Impaired

Despite recent media coverage, the chance that legislators will cut pension benefits to current TRS members is very small.

Article XIII, Section 5 of the Illinois Constitution protects public employee pensions from being "diminished or impaired." A change in that particular clause, or the way it's been interpreted for 38 years, is highly unlikely.

Since the state's current constitution took effect in 1972, there have been at least seven court

decisions in Illinois that uphold the meaning of the Constitution to be that the benefits and rules in place when a teacher or a public employee begins his or her service cannot be reduced or limited.

The Constitution establishes a "contractual relationship" between public employees and the state regarding pension benefits in the same way that a collective bargaining agreement guarantees salaries and benefits.



## Job Sharing Not Eligible for Leave of Absence Purchase

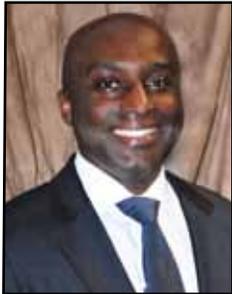
Teachers in Illinois who job share “share” the equivalent of one full-time teaching position with another teacher. The time worked may be split equally or one teacher may work more days per week than the other. Teachers who job share are considered part-time employees by TRS.

Confusion may arise when a district labels the part-time job share position as a “job share leave of absence.” Teachers may get the false impression that there is an opportunity to purchase those days not in their contract as leave of absence optional service credit.



The reductions in work hours that are contractually agreed upon do not constitute a leave of absence. Leave of absence credit cannot be purchased as optional service credit for days a member is not working due to his/her work schedule. In a true leave of absence situation, a person is totally absent from his/her contractual work schedule for a set period of time with a promise of renewed employment upon return.

## Staff Changes: Two Hires and a Counselor Retires



**Kenyatta K. Matheny**, who has 15 years of experience in high-level institutional investments, has been named an investment officer and will administer the Emerging Managers Program. The program is designed to create and foster long-term relationships between TRS and new or growing investment management firms, with a focus on minority/female-owned companies and Illinois-based organizations.

Kenyatta comes to TRS from the Federal Reserve Bank of Chicago, where he was a financial markets manager: central bank services. He earned a Bachelor of Science degree in public finance and economics from Indiana University in Bloomington, Indiana in 1995 and in 2009 earned a Master’s Degree in Business Administration with a concentration in finance from the University of Chicago’s Booth School of Business, where he also was a Robert A. Toigo Fellow.



Public Information Officer **Dave Urbanek** was hired on April 1, 2010 as the primary media spokesperson for TRS. He is responsible for planning, developing and administering the public relations program.

Until joining TRS, Dave was the communications director and senior writer for Hospital Sisters Health System. He also served as press secretary in both the Secretary of State’s Office and the Governor’s Office between 1995 and 2002 and also worked at the Capital Development Board.

His higher education includes a bachelor’s degree in journalism from the University of Illinois at Urbana and a master’s degree in public affairs reporting from Sangamon State University, now known as the University of Illinois at Springfield (UIS).



Benefits Counselor **Jim Snopko** retired in May 2010 after serving as a counselor since 1994. A teacher before joining TRS, Jim believes the most rewarding part of his job was helping members. “I always liked meeting teachers face to face to really take time to help them with their specific concerns,” he said.

**Claire Ribelin**, who is the deputy director of Counseling Services, said “Jim was an outstanding counselor with a wealth of TRS knowledge. His time teaching helped him see the teacher’s point of view. We will miss working with him.”

His successor is former Member Services Representative **Heidi Noel**.



## Fall Member Meetings Explain the Retirement Process

TRS will host 100 statewide meetings from September to November that are designed to explain the retirement process and to provide you with information about disability, death and insurance benefits.

The meetings are being conducted in cooperation with regional offices of education and selected school districts.



Sessions at the following locations are now being arranged. Most meetings are scheduled to begin at 4:30 p.m.

Please check our Web site, [trs.illinois.gov](http://trs.illinois.gov), and look for notices this fall in your district offices to confirm the locations and time of the meeting closest to you.

<b>Algonquin</b> November 16	<b>Charleston</b> October 13	<b>Elmhurst</b> September 21	<b>Lena</b> September 15	<b>Naperville</b> October 20	<b>Rockford</b> October 28
<b>Alton</b> September 23	<b>Chicago Heights</b> September 14	<b>Evanston</b> October 26	<b>Libertyville</b> November 9	<b>New Lenox</b> October 7	<b>Rock Falls</b> October 20
<b>Arlington Heights</b> October 7	<b>Cicero</b> October 28	<b>Fairbury</b> September 27	<b>Lincoln</b> October 6	<b>Normal</b> September 8	<b>Romeoville</b> October 19
<b>Aurora</b> October 13	<b>Collinsville</b> October 25	<b>Fairfield</b> October 19	<b>Machesney Park</b> October 21	<b>North Chicago</b> November 4	<b>Savanna</b> September 14
<b>Barrington</b> September 29	<b>Crystal Lake</b> November 4	<b>Galesburg</b> November 9	<b>Macomb</b> November 10	<b>Northbrook</b> September 16	<b>Schaumburg</b> October 27
<b>Bartonville</b> October 28	<b>Danville</b> September 15	<b>Geneseo</b> October 18	<b>Manteno</b> October 6	<b>Oak Lawn</b> September 15	<b>South Holland</b> October 19
<b>Belleville</b> September 29	<b>Decatur</b> October 18	<b>Geneva</b> September 28	<b>Marion</b> October 13	<b>Oak Park</b> November 16	<b>Sparta</b> November 16
<b>Belvidere</b> September 30	<b>DeKalb</b> September 29	<b>Glendale Heights</b> November 10	<b>Mascoutah</b> September 20	<b>Olney</b> October 6 (scheduled to begin at 5 p.m.)	<b>Springfield</b> September 16
<b>Benton</b> October 14	<b>Des Plaines</b> September 21	<b>Granite City</b> September 9	<b>Mattoon</b> October 14	<b>Ottawa</b> September 30	<b>Streator</b> September 21
<b>Bloomington</b> September 14	<b>Dixon</b> October 13	<b>Grayslake</b> October 21	<b>McHenry</b> September 28	<b>Paris</b> October 12	<b>Sycamore</b> October 14
<b>Bourbonnais</b> November 16	<b>Downers Grove</b> October 5	<b>Hillsboro</b> September 8	<b>Metamora</b> September 28	<b>Pekin</b> October 5	<b>Taylorville</b> September 13
<b>Cahokia</b> September 21	<b>Dunlap</b> September 29	<b>Harrisburg</b> October 12	<b>Moline</b> October 19	<b>Peoria</b> October 27	<b>Tinley Park</b> September 23
<b>Canton</b> October 26	<b>DuQuoin</b> November 15	<b>Highland Park</b> November 17	<b>Monmouth</b> November 8	<b>Plainfield</b> September 22	<b>Urbana</b> September 22
<b>Carbondale</b> October 7	<b>East Peoria</b> October 4	<b>Jacksonville</b> November 3	<b>Morris</b> September 14	<b>Plano</b> October 5	<b>Warrenville</b> October 6
<b>Carmi</b> October 18	<b>Edwardsville</b> September 13	<b>Kankakee</b> September 23	<b>Morton</b> September 30	<b>Princeton</b> September 28	<b>Waterloo</b> November 17
<b>Centralia</b> September 14	<b>Effingham</b> October 7	<b>Kewanee</b> September 27	<b>Mt. Vernon</b> October 20	<b>Quincy</b> September 7	<b>Western Springs</b> October 14
<b>Champaign</b> September 9	<b>Elgin</b> October 27	<b>Lemont</b> November 17	<b>Murphysboro</b> October 6		

Institutes will take place on Fri., Oct. 8 in Charleston, East St. Louis, Jerseyville, Ullin, and Vandalia. Consult your institute schedule for details.

## One Sick Child, Two Teachers and a Selfless Act

Originally printed in *The State Journal-Register* newspaper on May 26, 2010; reprinted with permission.

By Columnist Dave Bakke

Tuesday was Tim Chavosky's last full day as a science teacher at Lincoln High School. In February, the ax fell on nine LHS teachers who were laid off because of budget constraints. Chavosky was one of the teachers cut.

But Chavosky's situation is different from the other eight. He volunteered to go. Why he volunteered might end up being the best lesson he ever taught the students at Lincoln High.

His classroom is next door to Tim Stuckey's classroom; rooms 206 and 207. Both men are science teachers. Both started at LHS the same year. Both are coaches of school athletic teams. Both are family men. They are also friends outside of school.

But there is one big difference between the two. Tim Stuckey's son, Nate, is 4 years old. He has leukemia. He is the reason Chavosky volunteered to lose his job.

When Chavosky saw that it would very likely either be him or Stuckey as the ninth teacher laid off, he didn't hesitate. He told Superintendent Robert Bagby that if it was going to be one of them to go, he wanted to be the one because the Stuckeys were already dealing with their son's cancer and he didn't want to see



Tim Chavosky (left) and Tim Stuckey

Tim Stuckey lose his job on top of that.

Bagby confirmed Tuesday that Chavosky did come to him and make the offer. However, Bagby said, that was not the reason the decision to lay off Chavosky was made.

"The district's decision was based on course certifications and district needs," Bagby said.

But even if his friend's offer was completely disregarded by the school administration, Stuckey says the fact that Chavosky offered to sacrifice his own job leaves him astonished. Chavosky's wife, Stephanie, is a stay-at-home mother. They have two small children. This is going to hurt.

Chavosky never said a word to Stuckey about what he had done. Stuckey heard about it for the first time on Monday (May 24). "I called and asked him if it was true," Stuckey says, "there was a long pause and he was, like, 'Well ...'

"I don't know what to say. I'm speechless."

Chavosky made his decision, went to Bagby, and then told his wife what he had done after the fact. "She was OK with it," he says.

Stephanie Chavosky and Sara Stuckey are also friends. Stephanie knows what the Stuckeys have gone through these last seven months and why

her husband did what he did.

"The treatments have gone very well," Tim Stuckey says of his son. "He gets his treatment at St. John's (Hospital in Springfield).

He has three years of chemo left, but we're just 10 days away from what they call 'maintenance.' That will mean only monthly trips to St. John's. We were going weekly from Oct. 7 when he was diagnosed until February."

He displays several photos of Nate on the door of Room 207 along with a message of thanks for the support he has received from students and faculty at LHS.

Aside from being science teachers, friends, coaches and having started at LHS the same year, Stuckey and Chavosky are linked in another way. Stuckey was head coach of the Railsplitters girls soccer team. Chavosky was his assistant. When Stuckey stepped down this season to concentrate on Nate's treatment, Chavosky moved up to head coach.

David Spencer/The State Journal-Register

**Chavosky** continued from page 6

“I got the head coaching job and lost my teaching job at the same school board meeting,” he says. Chavosky has no prospects for another teaching position. He has call-back rights at LHS for two years should something open up. But given the poor state of education funding in Illinois, he said he is thinking about doing something else for a living.

If Chavosky leaves teaching altogether, it would be the education system’s loss. He was Lincoln High’s Teacher of the Year this school year. He

was nominated for the honor by his fellow faculty members and voted Teacher of the Year by the students — none of whom knew about his offer to sacrifice his job so Stuckey could stay.

There is a saying that some of the most important lessons kids ever learn in school do not come from their textbooks.

“When it comes to the kids, we want them to learn science,” says Stuckey, “but we also want to be role models for them. What he did is just what we are talking about.”

## Board Meetings

All meetings will be held at the TRS office in Springfield. The meetings are tentatively scheduled to begin at 1 p.m. on Wednesday and continue until Friday, if necessary. This schedule is subject to change. Board actions are located on our Web site, [trs.illinois.gov](http://trs.illinois.gov).

### 2010 Meetings

Aug. 4-6  
Oct. 27-29  
Dec. 8-10

### 2011 Meetings

Jan. 28 – Stakeholder Forum  
Feb. 23-25  
April 6-8 (location TBD)  
May 18-20  
June 23-24

## Field Trip of Dreams Came True in March

As featured in the spring 2010 issue of *Topics & Report*, first grade teacher Sandra Callahan dreamed for 20 years about taking her students on a field trip to see Abraham Lincoln sites in Springfield. The dream came true on March 22 after TRS Benefits Counselor Sonya Williams informed Sandra about Target’s one-of-a-kind Field Trip Grants program, for which Sandra applied and received. Sandra said, “The children had a fantastic time. I’m just so appreciative that our first grade children were able to go on this ‘awesome trip.’ That’s how the children described it.”



Sandra (center, standing) with Caseyville first graders at the Abraham Lincoln Presidential Museum.



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#### **Phone**

Toll Free: (800) 877-7896

Forms Order Line: (800) 877-7896, press "2" when prompted

#### **Address changes**

To ensure that all information about your retirement benefit reaches you, please notify us each time your mailing address changes. You may call us or send us the following information in writing:

- your name and Social Security number
- former street address, city, state, and ZIP
- new street address, city, state, and ZIP
- daytime telephone number.

#### **Go Green!**

To receive this newsletter electronically, send us an e-mail at [members@trs.illinois.gov](mailto:members@trs.illinois.gov). Include your full name, zip code, the last four digits of your Social Security number, and your e-mail address.

### **Topics & Report**

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