



Teachers' Retirement System of the State of Illinois

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News

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TRUSTEES APPROVE TRS ASSET ALLOCATION PLAN

SPRINGFIELD, IL – The Teachers' Retirement System Board of Trustees today approved a revised asset allocation plan for the System's \$34.6 billion portfolio that reflects predicted market trends and continues a steady and deliberate diversification of TRS investments toward opportunities that will enhance long-range returns.

The allocation plan was developed over the last several months by TRS investment staff and the System's investment consultant, R. V. Kuhns & Associates of Portland, Oregon. The plan is the product of a detailed, multi-layered analysis of historical trends in each asset class and the status of the international economy. The System's current asset allocation plan was approved by the Board in 2006.

"These asset allocation goals reflect our overall strategy of a steady, deliberate evolution of allocating TRS assets into areas that will enhance the portfolio and strengthen the future for our members," said TRS Chief Investment Officer Stan Rupnik. "Our goal is to diversify the portfolio, minimize risk as much as possible and invest assets to maximize returns."

Under the revised plan, which takes effect with the state's new fiscal year on July 1:

- **Domestic Equity** - The allocation will be set at 20 percent of total assets, down from the current target of 26 percent. As of December 31, 2010, this asset class held \$9.96 billion of TRS assets.
- **International Equity** - The allocation is held at the existing target of 20 percent. As of December 31, 2010, this asset class held \$7.2 billion of TRS assets.

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- **Fixed Income** - Assets allocated to this portfolio will rise from the current 15 percent target to 16 percent. As of December 31, 2010, this asset class held \$5.3 billion of TRS assets.
- **Real Estate** - Investment assets allocated will remain at the current target level of 14 percent. As of December 31, 2010, this asset class held \$3.5 billion of TRS assets.
- **Absolute Return** – The asset allocation for this portfolio will rise from 5 percent to 8 percent. As of December 31, 2010, this asset class held \$1.3 billion of TRS assets.
- **Private Equity** – Assets allocated to this portfolio will rise from the current 10 percent target to 12 percent. As of December 31, 2010, this asset class held \$3.2 billion of TRS assets.
- **Real Return** – Asset allocation for this portfolio will remain at 10 percent of total assets. As of December 31, 2010, this asset class held \$3.5 billion of TRS assets.

The allocation of investment assets is constantly monitored by TRS Trustees and staff and the long-term target allocations are reviewed and adjusted by the Board every five years. With the target allocations in place, investment staff and outside investment managers will now develop a tactical plan to fulfill the allocation targets.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 86th largest pension system in the world, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 372,000 members and had assets of \$34.6 billion as of December 31, 2010.