



## Teachers' Retirement System of the State of Illinois

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

Richard W. Ingram, Executive Director

<http://trs.illinois.gov>

(800) 877-7896 | for the hearing impaired: (866) 326-0087

November 1, 2011

Daily Chronicle  
1586 Barber Greene Road  
DeKalb, Illinois 60115  
[kschott@shawmedia.com](mailto:kschott@shawmedia.com)

To the Editor:

The Chronicle's October 31 story, "Broken Benefits: Pension reform brings concerns," contains several statements that are factually wrong. I would like to correct the record so that your readers fully understand the issues facing Teachers' Retirement System and the other state public pension systems.

In the article, the president of the Civic Committee of the Commercial Club of Chicago is quoted as saying, "TRS does not have enough assets currently in their system to pay for current retirees..." This is incorrect and confuses the System's unfunded liability with the ability to pay benefits. TRS has \$37.5 billion in assets and the System's payments to retirees this year will be \$4.5 billion. Last year total TRS revenues were \$10.5 billion. There is money on hand to pay retirees for decades. TRS has carried an unfunded liability since 1953 and has never missed a pension check.

Ted Dabrowski of the Illinois Policy Institute says that "...many teachers don't pay their share of pension obligation..." and that taxpayers pay it as an "added employee benefit." This is incorrect because the pension contribution is deferred income – like Social Security – and is deducted from a teacher's overall compensation. Plus, it is illogical to say that taxpayers are burdened with an "added employee benefit" because taxpayers fund the entire compensation package – salaries and benefits.

Dabrowski also says that a 401(k)-style plan "would lower the cost to the state." This is incorrect. Placing all Illinois public employees in a 401(k) plan was last investigated in 2007 and studies indicate administrative costs would rise by as much as \$610 million. This is not unusual. Studies in other states have consistently revealed increased costs for 401(k) plans - \$89 million in Florida, \$1.2 billion in Nevada and \$3.5 billion in Minnesota.

Finally, Dabrowski says that any public 401(k) plan would be controlled by employees, who would "no longer be dependent on the state retirement system for payouts." This is incorrect. A bill the IPI supports creating a 401(k) for teachers require the state to run the system. The state would continue to be in charge of administering these benefits.

Sincerely,

Dick Ingram  
Executive Director  
Teachers' Retirement System of the State of Illinois



## TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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Richard W. Ingram, Executive Director  
2815 West Washington Street, P.O. Box 19253  
Springfield, Illinois 62794-9253

January 21, 2015

Letters to the Editor  
DeKalb Daily Chronicle  
1586 Barber Greene Road  
DeKalb, Illinois 60115  
[news@daily-chronicle.com](mailto:news@daily-chronicle.com)

To the editor:

The pension reform plan outlined in your January 20 editorial, "Our view: Plan B for pension reform," is erroneous and misleading in several respects.

Most glaringly, it is grossly misinformed to declare that none of the state's current annual pension contribution "addresses the unfunded liability." This year, less than 25 percent of the \$3.4 billion state contribution to the Teachers' Retirement System is for the cost of pensions. More than 75 percent of the state's contribution is dedicated to the unfunded liability created by decades of underfunding by state government.

Since the lion's share of TRS's \$104 billion total liability is owed to retired and older teachers, closing the existing plan would still leave a significant unfunded debt to be repaid. Further, prudent practice would require that this debt be paid down much more quickly than the 30 year time period that is noted in your editorial. This will increase costs related to the current system in the near term; before you even consider the cost of the contribution the state would make to the new defined contribution plan you propose. Also, you must take into account the documented, historic failure of defined contribution plans as a primary source of retirement income that adequately prepare people for their post-career needs.

Simplistic proposals and poorly researched conclusions do not make a useful contribution to the debate over serious policy issues that affect us all in Illinois.

Sincerely,

Dick Ingram  
Executive Director  
Teachers' Retirement System