



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

Letters to the Editor
South County Publications
110 North Fifth Street
Auburn, Illinois 62615
southco@royell.org

January 6, 2014

To the Editor:

A recent story you published from the Illinois News Network clearly misunderstands the role of the Teachers' Retirement System Board of Trustees. The TRS Board is a fiduciary administrator and does not set policy.

For example, it is true that the largest item in the annual state budget is the TRS appropriation. But that amount is determined by state law and independent actuaries before the TRS Board certifies it. The annual contribution is not influenced by outside considerations.

The article notes that the state's annual contributions to TRS far exceed member contributions in recent years. But it does not explain why. Members pay more than half the cost of earned pension benefits. The state's contribution grows solely because of past underfunding. Illinois taxpayers are paying seven decades of financing costs caused by poor fiscal discipline in the legislature, not benefit costs.

The expected long-term rate of investment return is a significant component of the contribution. TRS has consistently exceeded its investment expectations because we adhere to a disciplined investment process. Investment decisions are made only after thorough, best-in-class due diligence. Neither the TRS Board nor individual trustees advance "inside deals".

The article expresses concern that the Board's majority is made up of members affiliated with teachers' unions. But this has long been the case and should not be a surprise. As a fiduciary, the TRS Board is charged with keeping retirement promises made by the state. We share the writer's desire to have a full, 13-member Board. But the facts cited about the open seats are in error. One vacancy arose just in August, 2013. The other seat effectively has been open for nearly three years. However, a person named to fill that vacancy in 2012 did not meet statutory residency requirements.

Sincerely,

Dick Ingram
Executive Director
Teachers' Retirement System