



IRTA – McHenry County

May 17, 2023

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Teachers' Retirement System of the State of Illinois

Topics

- TRS Funding and Investments
- TRIP/TRAIL
- Pending Legislation
- COVID Closeout
- Questions

TRS Funding Update

Actuarial Funding vs. Actual State Funding

➤ **FY 2022**

Actuarial Payment	\$8.9 billion	Normal Cost	\$1.2 billion
Actual Statutory Payment	\$5.7 billion	Interest on the Debt	\$4.6 billion

➤ **FY 2023**

Actuarial Payment	\$9.1 billion	Normal Cost	\$1.2 billion
Actual Statutory Payment	\$5.9 billion	Interest on the Debt	\$4.8 billion

➤ **FY 2024**

Actuarial Payment	\$9.6 billion	Normal Cost	\$1.3 billion
TRS Certified Statutory Payment	\$6.0 billion	Interest on the Debt	\$4.9 billion

➤ *Every \$1 not paid to TRS now requires \$3 in the future to make up for the lost earnings.*

Source: TRS actuarial valuation reports



Fiscal Year 2022 Key TRS Stats

➤ Finances

- Investments - \$63 billion (*down 2.1%*)
- Revenue - \$6.3 billion (*earnings & contributions*)
- Benefits Paid - \$7.6 billion (*up 3.9%*)
- Investment Return – (1.2%) *net of fees*

➤ Long-Term Funded Status

- Total Liability - \$143.5 billion (*up 3.3%*)
- Unfunded Liability - \$80.6 billion (*up 0.9%*)
- Funded Ratio – 43.8% (*up 1.3%*)

➤ Membership

- Total – 439,833 (*up 1.7%*)
- Active – 165,566 (*up 4.1%*)
- Inactive – 144,801 (*down 0.7%*)
- Benefit Recipients – 129,466 (*up 1.5%*)
- Average Pension, all retirees - \$63,276 (*up 2.3%*)

➤ Membership Breakdown

- Active Tier 1 – 103,163 (*down 1.8%*)
✓ (*62.3% all active members*)
- Active Tier 2 – 62,403 (*up 15.6%*)
✓ (*37.7% of all active members*)
- Average Age of a Retired Member – 73 years old
- Average Service Credit at Retirement – 27 years

Source: Fiscal Year 2022 TRS Annual Report

TRS Investment Returns

Total Portfolio Results

<u>Time Period</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
	<i>Fiscal Year</i>	<i>Fiscal Year</i>	<i>Fiscal Year</i>
1 Year	+ 0.6%	+ 25.5%	-1.2%
3 Years	+ 4.7%	+ 9.9%	+7.6%
5 Years	+ 5.2%	+ 10.1%	+7.3%
10 Years	+ 8.3%	+ 8.4%	+8.2%
40 Years	+ 9.0%	+ 9.5%	+9.3%



- TRS always focuses on long-term results more than on any one year because the System must be financially secure for *all members*, whether they're 85, 65, 45 or 25.
- The current TRS assumed *long-term* rate of return is 7%.

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Gov. Pritzker's "Extra" Pension Funding

Stable State Contributions Help Move Funded Ratio in the Right Direction

- **The Governor's FY 2024 budget commits \$200 million *more* in funding to state pension systems than required by law**
- **This is the third fiscal year in a row that total pension funding will total more than the statutory requirement**
- **Total state pension funding to TRS will exceed \$18 billion in FY 2022, 2023 & 2024**
- **After five years of hovering at 40%, the TRS Funded Ratio is inching up**
 - ✓ ***FY 2020 – 40.5%***
 - ✓ ***FY 2021 – 42.5%***
 - ✓ ***FY 2022 – 43.8%***
 - ✓ ***FY 2023 – 44.9%* (projected)**
 - ✓ ***FY 2024 – 46.1%* (projected)**



Source: Illinois State Budget – Fiscal Year 2023 and Fiscal Year 2024

Russian Divestment

- In December, the General Assembly and Gov. Pritzker enacted Public Act 102-1108 requiring the Illinois Investment Policy Board to identify Russian companies for placement on a “no investment” list.
- Once the Policy Board adds a company to the list, TRS has 12 months to sell, redeem, divest or withdraw system assets from that Russian company if TRS holds any assets in that company.
- Currently, TRS assets in Russia total \$2.9 million, which is 0.004% of the total portfolio.



“Pensionomics” in Illinois

“Defined Benefit” pension payments are vital to the state and national economies

- In Illinois: annual economic impact: **\$30.3 billion**
 - ✓ *Total of pension payments by TRS, other government systems and corporate plans*
- Illinois jobs sustained by DB pension payments: **166,000**
- Illinois wages sustained by DB pension payments: **\$10.4 billion**

- United States: annual economic impact: **\$1.3 trillion**
- U.S. jobs sustained by DB pension payments: **6.8 million**
- U.S. wages sustained by DB pension payments: **\$422 billion**

Source: Pensionomics 2023 - National Institute on Retirement Security

TRIP/TRAIL Updates

- TRIP Open Enrollment/Benefits Choice Period **May 1-May 31**
 - New Enrollment
 - Add a dependent
 - Change your carrier if desired
- Call MyBenefits Service Center 1-844-251-1777
 - New TRAIL carrier for 2023 – AETNA
- TRAIL premiums significantly reduced under new contract
 - TRAIL Benefits Choice is in October-November

TRIP Premiums

Monthly Contributions

The Teachers' Retirement Insurance Program (TRIP) shares the cost of health coverage with you. While TRIP covers the majority of the cost, you must make monthly contributions based upon the health plan you select.

Type of Participant	Type of Plan	Not Medicare Primary Under Age 26	Not Medicare Primary Age 26-64	Not Medicare Primary Age 65 and Older	Medicare Primary* All Ages
Benefit Recipient	Managed Care Plan (OAP and HMO)	\$106.45	\$330.67	\$450.52	\$130.68
	Teachers Choice Health Plan (TCHP)	\$276.27	\$771.71	\$1,172.71	\$309.86
	TCHP when managed care is not available in your county	\$138.13	\$385.85	\$586.37	\$154.94
Dependent Beneficiary	Managed Care Plan (OAP and HMO)	\$425.96	\$1,322.65	\$1,802.05	\$450.24**
	Teachers Choice Health Plan (TCHP)	\$552.55	\$1,543.41	\$2,345.44	\$619.72
	TCHP when managed care is not available in your county	\$552.55	\$1,543.41	\$2,345.44	\$464.80**

* You must enroll in both Medicare Parts A and B to qualify for the lower premiums. Send a copy of your Medicare card to TRS. If you or your dependent is actively working and eligible for Medicare, or you have additional questions about this requirement, contact the CMS Group Insurance Division, Medicare Coordination of Benefits (COB) Unit (see page 7).

** Medicare Primary Dependent Beneficiaries enrolled in a managed care plan, or in TCHP when no managed care plan is available, receive a premium subsidy.

TRAIL Premiums

Aetna MAPD PPO (Effective Jan. 1, 2023)		
Monthly Contributions	Member Rate	\$2.06
	Dependent Rate	\$6.18



Potential Legislation

Extend the option to verify 2 years of Private School teaching in Illinois to 2028

- Currently must verify by 6/30/2023

Extend the Post Retirement Limitation on TRS-covered work of 120 days/600 hours to 2026

- Currently expires 6/30/2023
- An additional Bill suggests a temporary limit of 150 days/750 hours

Service credit for in-person learning during COVID: In “rules” with no recent action

Change various provision for Tier 2 members (retirement age, salary cap, annual increases):

In “rules” with no recent action

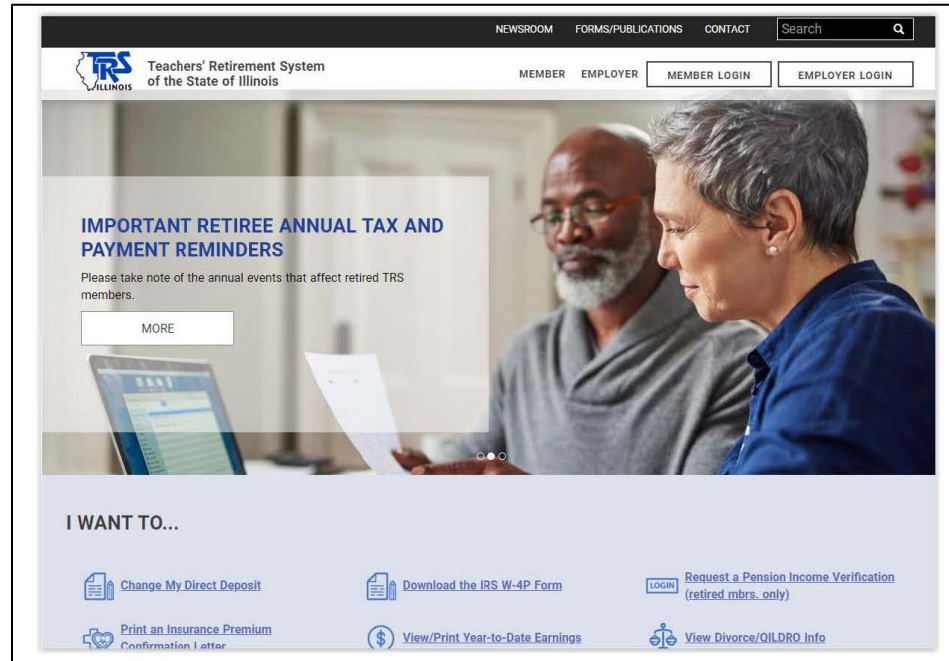
TRS Members - Lights That Never Stop Glowing

Their Legacies Live Forever

- To date, 600 TRS members have died because of COVID-19 or complications related to the virus.
- *Each of them represents the loss of a bright and shining light to their families, friends and communities, as well as their profession.*
- In January, the System's oldest member – 108 years young from Rushville – passed on.
- The mantle of “oldest TRS member” now belongs to a retiree in Flossmoor aged 106. She has been an annuitant since 1976.
- The oldest *full-time active* TRS member is 83 and lives in Olmstead.



Thank You! / Contact TRS



Member Services

To speak to a TRS representative, or to schedule a telephone, in-office or virtual counseling session:

(877) 927-5877

8:30 a.m. to 4:30 p.m. – Monday-Friday

members@trsil.org

www.trsil.org

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