

LEGISLATIVE PLATFORM



Teachers' Retirement System of the State of Illinois
October 2007

Preamble

Retirement security for Illinois educators is the primary goal of the TRS Board of Trustees and the underlying principle in the evaluation of all legislative proposals. In order to provide this security, adequate funding is necessary to meet the requirements of the Illinois Pension Code. Funding must be provided on an actuarial basis as determined by the System and include regular and continuing contributions from the State of Illinois employer and employees. In addition, when the General Assembly passes benefit improvements, it must consider an adequate funding source to pay for any corresponding increase in the System's unfunded liability.

The legislative platform represents the long-term goals of the TRS Board of Trustees. Items contained in the legislative platform constitute an historical record of the Board of Trustees' positions on significant issues affecting the members of TRS.

I. Funding

- a. TRS supports maintaining State of Illinois funding for the Teachers' Retirement System at no less than the amounts required by PA 90-582.
- b. TRS opposes any legislation that reduces funds available for pension funding.
- c. TRS supports measures to improve the System's funded position, including the issuance of pension obligation bonds, or lump sum funding, when such measures improve long-term financial stability, and when contributions from the State of Illinois are not diminished. In addition, no funding component may result in an addition to system debt, or create disadvantageous cash flow situations.
- d. TRS supports increases in funding to pay for the increase in liability resulting from benefit improvements.

II. Retirement Benefits

- a. TRS supports maintaining and improving retirement and health insurance benefits as a primary means of the State attracting and retaining the highest quality education professionals in Illinois.
- b. TRS supports providing retired teachers with health insurance benefits that are similar to the benefits provided to retired state and university employees.
- c. TRS supports allowing retirement without discount at age 55 with 30 years of service.
- d. TRS supports reducing the early retirement discount for persons with 20 years of service but fewer than 30 years from $\frac{1}{2}$ percent to $\frac{1}{4}$ percent for each month the member is under age 60.
- e. TRS supports legislation that allows a member to retire at any age without a discount upon the attainment of 34 years of service.

III. Defined Benefit Structure

- a. TRS opposes the use of defined contribution plans to cover TRS members.
- b. TRS supports the use of a Defined Benefit system as the lowest cost and most stable means of providing retirement security to Illinois Teachers.

IV. Disability Benefits

- a. TRS supports increasing temporary and permanent disability benefits to 50 percent of salary.
- b. TRS supports beginning the annual increase for disability recipients on the first day of January following the first year of receipt of disability benefits.

V. Post-Retirement Benefits

- a. TRS supports ad hoc increases as necessary to offset the effects of inflation and to protect the purchasing power of annuities.
- b. TRS supports the annual increase in annuities to begin on the first day of January following the first year in retirement.

VI. Survivor Benefits

- a. TRS supports increasing the lump-sum benefit for survivors of a retired member from \$3,000 to \$5,000.

VII. Optional Service

- a. TRS supports legislation to allow members to purchase service credit for service in recognized private schools in Illinois, provided that the member contribution covers the full actuarial cost of the optional service.
- b. TRS supports the purchase of optional service credit for pregnancies and adoptions that interrupt public school teaching.
- c. TRS supports the purchase of optional service credit for out of state service credit if such service credit is purchased at full actuarial cost.

VIII. Investments

- a. TRS opposes investment restrictions or mandates that would infringe on the System's fiduciary responsibilities under the prudent person rule as specified in Section 1-109 of the Illinois Pension Code.
- b. TRS opposes any restrictions or limitations on investments that reduce the System's ability to achieve the best possible investment performance.
- c. TRS opposes any measures that reduce the efficacy of investment functions.

IX. Social Security

- a. TRS opposes the extension of Social Security coverage to all public employees.
- b. TRS supports the repeal or reduction of the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

X. General Provisions

- a. TRS opposes legislation which, through either unclear language or deliberate purpose, creates an impossible or excessive administrative burden for the system.
- b. TRS opposes any measures that would create a multi-tiered benefit structure for Illinois teachers.
- c. TRS supports legislation to maintain the plan's qualified status under the Internal Revenue Code.
- d. TRS opposes any measures that impair existing benefits provided by the Illinois Pension Code, the Illinois Constitution or the Federal Constitution.
- e. TRS supports Constitutional protection of members' benefits, specifically Section 5 of Article XIII of the Illinois Constitution that states "Membership in any pension or retirement system of the state... shall not be diminished or impaired."
- f. TRS supports any federal labor or contract law that protects members' rights to their pensions.
- g. TRS opposes changes in the State or Federal Internal Revenue Code that would subject member contributions or trust fund investment income to current taxation.
- h. TRS opposes any measures that reduce the Board's ability to administer the fund for the sole benefit of the membership and the attainment of the highest possible rate of return.

- i. TRS supports legislation that allows members to pay 2.2 upgrade costs as a regular deduction from their annuity check, regardless of the date of retirement.
- j. TRS supports legislation that allows retired teachers to return to work without loss of pension benefits if the legislation meets the following criteria:
 - i. shortage areas determined by regional superintendents
 - ii. school district health insurance coverage of the retiree
 - iii. waiting periods for retirees before they return to work
 - iv. a five-year window period for the program.

