Teachers' Retirement System of the State of Illinois
Legislative Platform
August 26, 2014

The Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS or "the System") is a fiduciary trust charged with the responsibility of safeguarding and administering the retirement promises made to its members by the State of Illinois and the school districts and other organizations that employ them.

TRS believes that providing for a sound and financially secure retirement is good public and social policy. This is traditionally provided by offering multiple sources to fund a secure retirement. Namely,

- A core lifetime income stream from a Defined Benefit plan with shared risks and rewards.
- Supplemental individual savings that reflect the individual decisions and desires of the member. This includes the availability of tax advantaged savings such as Defined Contribution plans.
- A safety net provided by Social Security. Since TRS members do not participate in Social Security, the soundness of the first two elements becomes paramount.

This legislative policy statement reflects these fiduciary responsibilities of the TRS Board of Trustees. In order to satisfy the Board's fiduciary obligations these objectives must be met:

- The State of Illinois must provide adequate, actuarially based funding in order to properly fund the benefits provided by the Illinois Pension Code.
- The Board must have the fiduciary independence required to prudently administer the fund for the sole benefit of the membership and to attain the highest possible rate of return, consistent with the requirements of a qualified plan.

Funding

Funding must be provided on an actuarial basis as determined by the System and include regular and continuing contributions from the State of Illinois, local employers and members. As such:

- TRS supports measures to improve the System's funded position and continue on the path towards full funding.
- When the General Assembly passes benefit improvements, it must provide a funding source adequate to pay for any corresponding increase in the System's unfunded liability, if not already provided for in existing law.
- TRS will provide the time and expertise of System staff and consultants to prepare unbiased professional analysis of any legislative proposals in order to ensure that they are actuarially sound and prudently analyzed.

Fiduciary Independence

The Board as an independent fiduciary entity is charged with prudently administering the Plan established by the General Assembly as Plan Sponsor. As such:

- TRS opposes investment restrictions or mandates that would infringe on the System's fiduciary responsibilities. This includes any restrictions or limitations that infringe on the efficient administration of the plan or investing practices that unreasonably or unduly inhibit the System's ability to achieve the best possible investment performance.
- TRS opposes changes in Illinois statute or the Federal Internal Revenue Code that would adversely affect the tax status of the fund.
- TRS opposes any legislation or action that jeopardizes the plan's qualified status under the Internal Revenue Code.
- TRS opposes proposals that would create an undue administrative burden, unreasonable expense or that would not be able to be administered equitably to all members.
- TRS supports any proposal that would give the board increased flexibility in meeting its fiduciary duties.
- TRS supports proposals that are adequately funded and that would remedy inequitable or discriminatory benefits.
- Since funding policy is determined by Illinois law and not by TRS, strict adherence to these principles is not within the control of the system. To mitigate the limitations that reality imposes:
  - TRS will determine annually the contribution required from the State of Illinois according to generally accepted actuarial principles.
  - In those instances where the contribution determined according to Illinois law is less than an actuarially determined contribution, TRS will certify both the actuarially based contribution and that required by statute.