



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 W Washington St | PO Box 19253 | Springfield IL 62794-9253

Richard W. Ingram, Executive Director

members@trsil.org | <http://www.trsil.org>

877-927-5877 (877-9-ASK-TRS) | FAX: 217-753-0964

June 21, 2019

The Honorable JB Pritzker, Governor
Senator Bill Brady, Senate Minority Leader
Senator John Cullerton, President of the Senate
Representative Jim Durkin, House Minority Leader
Representative Michael Madigan, Speaker of the House

Re: Recertification of TRS FY 2019 State Funding Requirement under Public Act 100-587

Gentlemen:

In accordance with 40 ILCS 5/16-158 (a-15), we are recertifying the FY 2019 state funding requirements. The amounts being recertified are the same as previously certified.

Public Act 100-587, the 2019 Budget Implementation bill, contained benefit buyout provisions and lowered the cap on salaries used in final average salary calculations. The act requires TRS to recertify the FY 2019 contribution, taking into account changes in the act. The attached letter from the TRS actuary, Segal Consulting, explains why the board reaffirmed the original amounts.

TRS certifies two state funding requirements. One is based on Illinois statute and the other is based on the funding policy adopted by the TRS board which follows actuarial methods and principles. Both include \$600,000 in minimum benefit reimbursements:

- **Based on Illinois statute:** **\$4,466,178,109**
- **Based on TRS Board Actuarial Funding Policy:** **\$7,370,930,484**

Please contact Kathleen Farney, Director of Research (kfarney@trsil.org) at 217.814.2067 with any questions about our recertifications.

Sincerely,

A handwritten signature in black ink that reads "Richard W. Ingram". The signature is written in a cursive style.

Richard W. Ingram
Executive Director

cc: Gene Kalwarski, Cheiron
Jon Fox, Office of the Auditor General


Attachments:

- TRS board resolution, June 14, 2019 meeting
- Segal Consulting letter to TRS board

RECERTIFICATION OF FY 2019 STATE CONTRIBUTION TO TRS

I certify that the following resolution was adopted during the Regular Board meeting of the TRS Board of Trustees on June 14, 2019:

Resolved: To recertify the FY 2019 state contribution to the TRS, as required by Public Act 100-587. The amounts previously certified by the TRS board are reaffirmed for reasons outlined in a June 6, 2019 letter from the TRS actuary, Segal Consulting.


Richard W. Ingram, Executive Director
June 21, 2019



101 North Wacker Drive, Suite 500 Chicago, IL 60606-1724
T 312 984 8500 www.segalco.com

June 6, 2019

Via E-Mail

Mr. Richard Ingram
Executive Director
Teachers' Retirement System of the State of Illinois
2815 W. Washington St.
Springfield, IL 62702

Re: Reaffirmation of FY 2019 State Contribution

Dear Dick:

The certified FY 2019 State Contribution for the Teachers' Retirement System of the State of Illinois ("TRS") of \$4,466,178,109 was based on the June 30, 2017 actuarial valuation report dated January 8, 2018. Public Act 100-0587, enacted June 4, 2018, created two new temporary buyout provisions, lowered the so-called "FAS Cap" threshold from 6% to 3%, and required a recertification of the FY 2019 State Contribution amount in order to reflect these changes.

The June 30, 2018 actuarial valuation report dated January 11, 2019, contained a preliminary recertification of the FY 2019 State Contribution, which reflected the 3% "FAS Cap" and an assumption for members who would elect the new buyout provisions. However, Public Act 101-0010, enacted on June 5, 2019, reverted the "FAS Cap" threshold back to 6%. In addition, an immaterial number of TRS members have elected the buyout provisions thus far in FY 2019, which supports eliminating the assumption that members will elect the buyout provisions. Therefore, we reaffirm the certified FY 2019 State Contribution for TRS of \$4,466,178,109.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Kim Nicholl".

Kim Nicholl, FSA, MAAA, EA
Senior Vice President and Actuary

A handwritten signature in black ink that reads "Matthew A. Strom".

Matthew A. Strom, FSA, MAAA, EA
Vice President and Actuary

A handwritten signature in black ink that reads "Jake Libauskas".

Jake Libauskas, FSA, MAAA, EA
Consulting Actuary

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