

TOPICS & REPORT

Teachers' Retirement System of the State of Illinois
Spring 2010



Involuntary Layoff and RIF Service Credit Available

Spring may bring thousands of statewide teacher layoffs

During this time of economic downturn, many school districts are unable to maintain programs or staff levels due to funding cuts. This may result in a teacher's employment termination called an involuntary layoff or reduction in force (RIF).

If you are involuntarily laid off, you may purchase up to three years of service credit upon meeting eligibility requirements. You may wish to purchase the service to avoid the loss of credit(s) for your retirement benefit. RIF credit may only be attained by teachers. The Illinois

School Code section that discusses layoffs does not cover administrators.

An involuntary leave does not include nonrenewal of employment, dismissal for cause, or other performance-related reasons. An involuntary layoff occurs when a member's employment is terminated as a result of a reduction in force due to the following reasons:

- lack of funding,
- lack of work,
- an elimination of position, or
- a material reorganization.

In general, the amount due for the service credit is equal to the contributions that would have been required if the service had been earned under TRS, plus interest.

To purchase the credit, you must return to a position covered by TRS or State Universities Retirement System (SURS) following the RIF. You must also establish credit for at least the period of the leave or one year, whichever is less. **Due to these requirements, the earliest the cost of a spring 2010 RIF can be calculated will be winter 2011.**

How to Apply for Service Credit

1. Upon receiving notice from your employer, mail TRS a copy of your RIF notification letter that indicates the dismissal is honorable and the reason for the dismissal. The letter will be placed in your file.
2. After you are rehired or in the winter of 2011, contact TRS. Address an e-mail to members@trs.illinois.gov with Involuntary Layoff Certification Form Request in the subject line. In the body of the message, type your full name, zip code, and the last four digits of your Social Security number. Also include the fiscal year that you were laid off and your school district's name. You may also call us at (800) 877-7896 with this information.
3. TRS will mail you the Involuntary Layoff Certification form. It is not available online because the form is specifically bar coded and tracked for you within the TRS computer system.
4. Sign and date the form.
5. As the final step, provide the form to the employer for

Contents

Page 2

Spring Legislative Update

Page 3

State Makes Full Contribution to TRS

TRS News Goes Green

Investment Gains in 2009

Page 4

Exceed Post-Retirement Limitations = Lose Pension

Page 5

PDP Ends June 30, 2010

Benefit Choice Goes Green

Page 6

Law Protects Contributions from Creditors

10 Retirement Process Steps

Page 7

Field Trip of Dreams Granted



Retirement Security for Illinois Educators

Service Credit continued on page 2



Service Credit continued from page 1

completion. Once completed, the employer will mail the form to TRS for processing.

Purchasing the Credit

You are **not required** to purchase the credit upon its calculation. Involuntary layoff service credit

can be purchased at any time prior to retirement. However, if you purchase the service but do not meet eligibility requirements at retirement, TRS will refund the contributions for the ineligible service without interest.

Spring Session Legislative Update

The spring session of the 96th General Assembly is currently underway. Bills of interest to TRS members are listed in this article with brief descriptions.

Please note that a bill is an idea that has been presented to the General Assembly for possible action. The process is complicated, and it does not always lead to enactment of the bill. TRS urges caution in making retirement plans based on pending legislation because bills:

- must pass both houses and be signed by the governor to become law,
- may be amended,
- may not pass,
- may take years to pass, and
- may never become law.

If an important legislative event occurs this spring, we will quickly notify all members with an e-mail alert (see box below for more information).

House Bill 2643

Changes disclosure on fund of fund investment vehicles.

House Bill 4593

Creates a self-managed plan.

House Bill 5059

Bans investment in certain derivatives.

House Bill 5188

Places caps on salary in order for district to receive state aid.

House Bill 5416

For fiscal year 2011, provides that the TRIP premium shall not exceed 90 percent of the premium charged in 2010.

House Bill 5418

Reduces benefits; creates a two-tiered program.

House Bill 5506 and House Amendment 1

Caps salaries for certain teachers.

House Bill 5872

Creates a self-managed plan.



House Bill 6117

Establishes a fiduciary college for trustee ethics training.

Senate Bill 2296

Authorizes a \$10 billion bond sale for pensions.

Senate Bill 2456

Allows transfer to Illinois State Board of Investment (ISBI) by 3/5 vote of board membership vs. majority of membership.

Senate Bill 3408 & 3409

Creates defined contribution plans in each state pension system.

Senate Bill 3776

Creates the Pension Stabilization Fund.

If we do not have your e-mail address for the alerts, please contact us via e-mail. Address an e-mail to members@trs.illinois.gov with "E-mail alerts" in the subject line. Next, type your full name, zip code, the last four digits of your Social Security number, and your e-mail address. We will match your e-mail address to your record upon receipt. You may also submit your e-mail address in the secure Member Account Access area.

After your e-mail address is added to your record, you will begin receiving important e-mail alerts and also this newsletter electronically.



State Makes Full Contribution to TRS

TRS received its entire certified amount of \$2.089 billion from the state this fiscal year. The State of Illinois fiscal year 2010 budget assumed that approximately \$3.5 billion in taxable general obligation bonds would be issued to pay the year's pension contributions.



The System received a total of \$834.9 million in monthly contributions through the end of the calendar year. In early January, the state implemented its bond plan and sold the full \$3.5 billion in bonds. From this amount, TRS received \$1.25 billion to complete the contribution for fiscal year 2010. The other monies were distributed to the other four state pension systems. Unlike the 2003 bond sale, the debt service payments will not reduce state appropriations to TRS.

Board Meetings

All meetings will be held at the 2815 West Washington Street TRS office in Springfield. The meetings are tentatively scheduled to begin at 1 p.m. on Wednesday and continue until Friday, if necessary. This schedule is subject to change. Board actions are located on our Web site, trs.illinois.gov.

- April 22-23, 2010 – Retreat
- May 19-21, 2010
- June 24-25, 2010 (Tentative)

Join 100,000 Other Members by “Going Green”

Green publications save printing and mailing costs



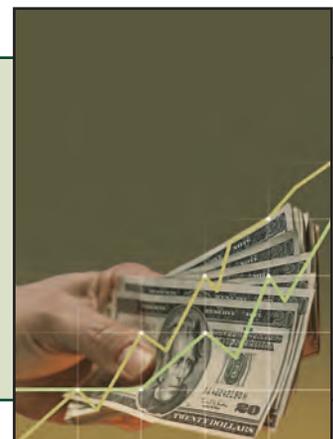
Since the summer of 2009, TRS has been saving money and natural resources by electronically distributing several publications, including our *Topics & Report* newsletter. Members who have an e-mail address on file with TRS now receive the newsletter via e-mail. Not only is the electronic distribution both environmentally and fiscally responsible, but it is also available to our members sooner than paper copies can be printed and mailed.

To help us with our green effort, we need your e-mail address and some personal details to match your e-mail address to your TRS record. Address an e-mail to members@trs.illinois.gov with “Going Green” in the subject line.

Next, type your full name, zip code, the last four digits of your Social Security number, and your e-mail address. We will match your e-mail address to your record upon receipt. You may also submit your e-mail address in the secure Member Account Access area.

Investment Performance Gain in 2009

After two difficult years, TRS performance is again positive. As of December 31, 2009, TRS reported a fiscal year to date return (six months) of 15.3 percent, with performance of 15.4 percent for one year and a loss of 2.3 percent annualized over the three-year period. Over the longer five- and 10-year time periods, TRS reported annualized gains of 3.3 percent and 4.1 percent, respectively.





Exceed Post-retirement Limitations = Lose Pension

In the past, several annuitants have exceeded post-retirement limitations. The TRS Board and staff never want TRS annuitants to lose the benefits they have earned. However, annuitants who do not comply with the limitations will have their pensions **suspended or terminated**.

Please review the following limitations and be certain that you comply after retirement.

Same school year limitation.

If you return to a TRS-covered position in the same school year that you last contributed to TRS, your retirement annuity will be cancelled and you will be required to repay all annuity payments. The school year ends June 30. *Example:* Your last day of work is May 25, 2010. You cannot return to TRS-covered employment until July 1, 2010.

Employment in subsequent school years.

Following the school year in which you last contributed to TRS, you may be employed in a TRS-covered position for up to 120-paid days or 600-paid hours per school year and still receive a retirement annuity. All time that you are required to be present for duties requiring teacher certification is subject to the limitation.

Also, if you had to wait to attain a certain birthday in order to retire, you cannot return to TRS-covered employment until the day following your retirement date, *i.e.* your birthday. *Example:* Your last day of work is June 3, 2010. You turn age 55 on September 20, 2010 and your retirement annuity commences on that day. If you return to a TRS-covered position (full-time, part-time, substitute) prior to your retirement date, you are considered an active member. Contributions will be withheld and you may impair your ability to retire using ERO or you may cause your district to lose exemptions from making certain contributions. To avoid these consequences, you cannot return to TRS-covered employment until September 21, 2010.

Summer school. Summer school counts towards your 120 days/600 hours limitation.

Consequences of exceeding limits

If you exceed the limitations during the first year following retirement, your retirement annuity will be cancelled and you will be required to repay all annuity payments. Contributions will be required on earnings for the entire period of employment.

If you received Teachers' Retirement Insurance Plan (TRIP) benefits, your coverage will be cancelled retroactively and you may be required to pay for uncovered medical costs.

If you violate the post-retirement employment restrictions in subsequent years, your retirement annuity will be suspended and you will return to active member status. This means you will start making contributions to TRS for the salary you earned after the limitation was exceeded. You will have to repay any annuity paid after you attain 120 paid days or 600 paid hours. Your TRIP coverage also ceases.

Common questions

Who is responsible for keeping track of post-retirement employment?

The retired teacher is responsible during the fiscal year for keeping track of the 120 days/600 hours paid to comply with the limitation. The 120 days/600 hours is not a limit per employer; it is for individual annuitants.

How do I count hours?

For post-retirement employment purposes, the Illinois Pension Code equates one full day with five hours. Therefore, if you work only full days (five or more hours per day), each day would be counted toward the 120 days limitation. If you work all partial days or a combination of full and partial days, the time worked would be counted toward





Limitations

(continued from page 4)

the 600 hours limitation. *Example:* If you work two days during a given week, three hours on Tuesday and seven hours on Thursday, a total of eight hours (three for Tuesday and five for Thursday) would be counted toward the 600 hours limitation.

Non-TRS employment

Annuitants may be employed by any college, university, private school, out-of-state public school district, or Chicago Public Schools after retirement without limitations. A school district may also employ an annuitant in a position not covered by TRS, such as a bus driver.

Reciprocal Act

Annuitants who retired under the Retirement Systems Reciprocal Act should contact each system for the employment limitations that apply.

PDP Ends June 30, 2010

In order to comply with recent IRS guidance, the TRS Payroll Deduction Program (PDP) will end on June 30, 2010.



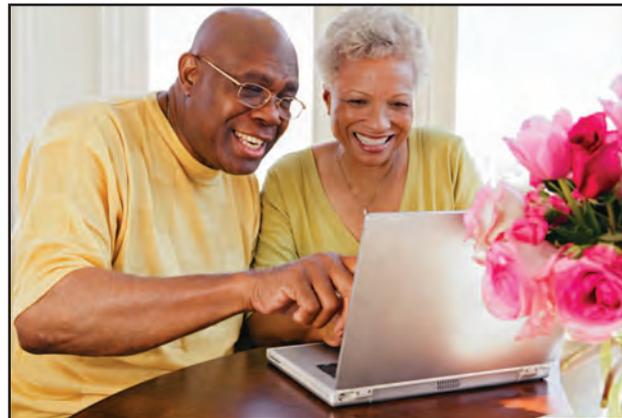
Members affected by the ending of the program were notified by mail in May 2008. These members will be contacted again in July about their remaining balances. The balance does not need to be paid in full on June 30, 2010. However, members should research their remaining balance payment options.

Members with outstanding balances after June 30, 2010 may pay the remaining balance on a pre-tax basis through a rollover from a qualified plan. They may choose to consult a tax advisor or plan administrator for details. Members may also read *Expanded Tax-Free Rollovers to TRS* (Information Bulletin 0059) online under the Member Publications area of the TRS Web site, trs.illinois.gov, for more information.

TRIP Information Goes Green for Benefit Choice Period

No booklets will be mailed this year

The annual Benefit Choice Period for Teachers' Retirement Insurance Program (TRIP) participants is planned May 1 through May 31, 2010. Health insurance providers were negotiating coverage details with Central Management Services (CMS) at press time. TRS will post any updates about Benefit Choice on our Web site. Benefit Choice is the time to make changes in TRIP coverage and to enroll yourself and eligible dependents if you have never previously been enrolled.



CMS usually mails information about the Benefit Choice Period to retirees currently enrolled in TRIP at the end of April. As part of the state's "going green" efforts, the full Benefits Choice booklet will only be available on the CMS Web site, www.benefitschoice.il.gov, this year. In order to conserve resources and to be fiscally responsible, the CMS mailing will include an insert with an explanation of health insurance options for the coming year and changes in coverage benefits and premiums.

If you are already enrolled in TRIP and wish to make a change in coverage, please call TRS in May for a new Benefit Choice form at (800) 877-7896. The Benefit Choice form will only be provided upon request this year. If you are enrolling yourself or an eligible dependent for the first time during the Benefit Choice Period, please contact TRS for a TRIP enrollment application.



Law Protects You from Losing Your TRS Contributions to Creditors

The Member Services Department has received more inquiries from members asking to borrow from their TRS accounts due to the recent recession. By law, you are protected from creditors placing a lien on, garnishing, or confiscating contributions you have made to TRS. This provision does not extend to federal tax levies. You may not assign your TRS contributions to a creditor or borrow against your account funds.



10 Retirement Process Steps for Eligible Members

1. Start the process by completing the Personalized Retirement Interview (PRI) either online under Member Account Access at trs.illinois.gov or by calling (800) 877-7896.
2. Provide your e-mail address within the secure Member Account Access area to receive e-mail messages about the status of your retirement application (optional).
3. After completing your PRI, you'll receive the following prefilled forms in three to four weeks:
 - Retirement Application
 - Teachers' Health Insurance Program (TRIP) enrollment form
 - Direct Deposit form
 - Supplementary Report (Completed by your employer after your last day of work.)
 - Sick Leave Certification form (Your employer must also complete this.)



4. You must pay your optional service balances prior to retirement.
5. You may want to speak to a tax advisor about how much should be withheld from your retirement check for taxes on your W-4P. You may need to change your withholding information from when you were employed to make sure you have withheld enough.

6. If your Payroll Deduction Program is scheduled to end after your retirement date, you must pay the outstanding balance to TRS.
7. We must receive your ERO payment, Supplementary Report, and Sick Leave Certification before your pension benefits may begin.
8. When your pension benefits have been determined, you will receive a letter indicating the gross amount of your first annuity check, the gross amount of your following monthly checks, and the date that your first check will arrive.
9. Your first check will arrive approximately 90 days after all forms and necessary payments have been received.
10. Enjoy your retirement!

If you have any questions or concerns, please call our Member Services Department at (800) 877-7896 or send an e-mail to members@trs.illinois.gov.



Field Trip of Dreams Granted for First Graders in Caseyville

For the past 20 years, first grade teacher Sandra Callahan has dreamed of taking her students on a field trip to see Abraham Lincoln sites in Springfield.

Last July, she met with Sonya Williams, a benefits counselor at TRS. During their retirement planning meeting, she enthusiastically told Sonya about her field trip goal of taking first grade students to Springfield to learn about Abraham Lincoln. Sandra teaches at Caseyville Elementary School, which is part of the Collinsville School District. Budget constraints for the school and district made this goal unattainable.

Sonya wrote down Sandra's name and number and told her that she would call her if she heard about any grant opportunities for educational field trips.

After her visit to TRS, Sandra headed directly to the Abraham Lincoln Presidential Museum to experience it for the first time. She said, "I thought the museum was very educational and authentically presented. It makes history come alive in an exciting and interesting way." It also made her believe even more that she wanted her students at Caseyville School to relive history through the exhibits.

Weeks passed and Sonya kept Sandra's information on her desk. One day, another visiting teacher told Sonya about the Target Field Trip Grants program because she had recently received one. Sonya knew the Target grant was the right information to pass along to Sandra.

"Sometimes our members feel compelled to tell us personal things. We (as counselors) should keep in mind that what they tell us can be a blessing for another teacher," Sonya said.

Sandra said, "When Sonya called with information about the Target grant, I was thrilled to learn that there was a possible source of funding assistance for a field trip for my first grade students."



*Sandra Callahan
First Grade Teacher*



*Sonya Williams
TRS Benefits Counselor*

She applied for the grant and was accepted in January!

When Sandra delivered the news at school, "The students' eyes were as big as saucers, and the staff kept saying, 'Congratulations, how wonderful! What a memorable field trip. They'll never forget this trip!'"

The field trip is scheduled for March 22. "The children are ecstatic! Every day, on our classroom calendar, they count how many days are left until our field trip," Sandra said.

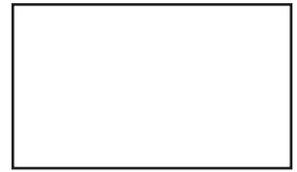
On the field trip, she hopes the students will gain a greater understanding and appreciation of life during the time of Lincoln's childhood through his White House years. Sandra also hopes that the students will remember the important role Lincoln played in shaping U.S. history.

Without the information Sonya provided, the trip would not have been possible due to financial constraints. Sandra appreciates Sonya notifying her about the existence of the Target Field Trip Grant. She is excited that the first graders will have this wonderful experience.

Sonya said, "I know this is not in my job description, but it feels great to know I helped a person accomplish something she feels so much passion for."

Target, the American retailing company, created the one-of-a-kind Field Trip Grants program as part of their commitment to education. According to their Web site, they have awarded 7,400 grants, totaling \$6 million, to educators in all 50 states.

For more field trip grant information, visit the Target Web site. Open registration begins on August 1, 2010.



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Address changes
To ensure that all information about your retirement benefit reaches you, please notify us each time your mailing address changes. You may call us or send us the following information in writing:

- your name and Social Security number
- former street address, city, state, and ZIP
- new street address, city, state, and ZIP
- daytime telephone number.

Go Green!
To receive this newsletter electronically, send us an e-mail at members@trs.illinois.gov. Include your full name, zip code, the last four digits of your Social Security number, and your e-mail address.

Topics & Report

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