

## An Overview of the History of the Teachers' Retirement System (TRS) in Illinois

Many major events and milestones have occurred as the Teachers' Retirement System (TRS) for Illinois educators has evolved over the years from 1915 until the present time. The present TRS program for providing a pension to Illinois educators has existed since 1939, but its origins go back to 1915. At that time the retirement program did not include all educators in the state of Illinois and was not financially and actuarially sound. All dates listed below are effective as of July 1st of that year unless otherwise noted. A complete listing of dates and events for pensions and health insurance can be accessed from the Teacher Retirement System web site at <TRS.illinois.gov>.

- 1915** Retirement benefits began for some teachers and were paid quarterly using a "flat benefit plan," and included a permanent disability payment if an educator had 15 years of service credit.
- 1919** Educators who served in the Spanish American War or World War I received credit for their military service.
- 1939** The present TRS program became operational. An age retirement allowance was calculated under an actuarial plan using individual and state contributions made and the age of the individual, classifications of teachers based on salary rather than years of experience, minimum retirement benefits (\$400) for individuals with 25 years of credit, minimum disability benefits (\$200) were made if an individual had at least 10 years of credit, a death refund of accumulated contributions was made to the estate or beneficiary(ies) of a member, and any educator who ceased teaching could receive a refund of all contributions made without any interest accrued.
- January 2, 1944** Retirement allowances became payable monthly.
- 1945** The purchase of optional service for military service immediately following teaching became permitted, and administrative review of service credit was established.
- 1949** Full-time teaching was defined if normal employment exceeded 450 hours, fractional years of credit became allowable, and average salary was based on highest five consecutive years of credit within the last 10 years.
- 1953** The state of Illinois has continued to carry an unfunded liability to TRS since this date.
- 1955** Educators no longer had to pay into TRS if they continued their employment past age 70.
- 1959** A year of service credit equaled 170 days, and survivor benefits were enacted.
- 1961** An educator could teach 75 days on a temporary basis within a school year (raised from 60 in 1957), and a second formula for calculating retirement benefits could be used if it allowed a greater benefit.
- 1963** The purchase of optional service credit for permitted leaves of absence, and military service of up to five years became allowable. School nurses were now allowed into TRS.
- 1964** A penalty of 6% per year (0.5% per month) was taken if retirement occurred prior to age 60, unless disability occurred.
- 1969** Part-time teachers were included in TRS if employed on a permanent and continuous basis for a complete school year. Individuals could receive a pension if they had 10 years of credit at age 60, 5 years of credit at age 62, and 20 years of credit at age 55 (penalty of 6% per year under age 60 still involved though).
- 1972** Service credit was given for 85 sick leave days was granted. Service credit of 170 days granted (1984).

- 1979** An Early Retirement Option (ERO) for educators after June 1, 1980 was allowable, and school boards could now pay for the educator's contribution to TRS (July 1, 1983).
- 1980** A health insurance program was established for TRS annuitants.
- April 1, 1986** Newly hired educators are to begin making payments to Medicare through their districts.
- January 1, 1990** Post-retirement percentage increases compounded annually, and post-retirement employment limitations rose to 100 days or 500 hours of employment in a TRS funded position.
- 1991** The purchase of two years of military service credit for service prior to teaching permitted.
- January 1, 1993** The 5 & 5 Early Retirement Incentive (ERI) program was enacted, and if retired between 1993 and 1994 or if employer delayed retirement until 1995. Individuals could "buy" five years of service credit and/or age. Individuals using the ERI option for retirement could not also use the ERO option for retirement purposes.
- 1995** State scheduled payments to TRS for the unfunded liability created are to be paid over the next 50 years (to reach 90% funding).
- 1998** The variable year pension multiplier to calculate retirement benefits changed to a flat 2.2% multiplier, and sick leave could be used for service credit (only if not compensated in any other way) and educator contribution increased to 9.0 percent of salary (plus 0.4% for funding of Teacher Retirement Insurance Program also known as TRIP for a total of 9.4%).
- 2002** Educators were no longer eligible to receive Social Security credit for Summer School employment.
- January 1, 2003** Service credit of two years (2.0) for accumulated sick leave of 340 days, and private school employment (if entire cost was paid by individual) granted.
- April, 2010** Tier II created that any TRS member hired without TRS experience after January 1, 2011 be included with different pension benefits from those TRS members hired prior to January 1, 2011. It increases minimum retirement age to 67 (without penalty) with 10 years of credit, establishes a cap on salaries to calculate retirement benefits, and limits cost-of-living adjustments (COLAs) to the lesser of three (3.0) percent or one-half of the annual increase in the Consumer Price Index.

#### **1970 Illinois State Constitution Article XIII Section 5**

**"Membership in any pension or retirement system of the State, any unit of government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."**

**Please note that this section of the Illinois State Constitution has been tested and upheld through seven previous court cases before the Illinois Supreme Court.**

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