

TRS Update: 2025

This presentation is to be informative and not to promote specific products, services companies, etc. Illinois ASBO Sponsored Programs are permitted to promote products and services in accordance with the Service Associate Ethics Policy and Code of Conduct.



Introductions

Nicholas Stabler

- Outreach Coordinator, TRS Member Services

Melissa Keehn

- TRS Deferred Compensation Operations Supervisor

Eric VanDerWal

- Employer Services Training and Outreach Manager

Role of TRS

The Teachers' Retirement System (TRS) provides expert pension services to Illinois public educators, ensuring their promised retirement security. Governed by a 15-member Board of Trustees, TRS operates as a fiduciary, managing benefits and assets responsibly, in compliance with the law and in the best interests of our members.

TRS does not have the authority to write or pass legislation. Such decisions rest with the Illinois General Assembly. TRS serves as a reliable resource to legislators and stakeholders, providing subject matter expertise on pension-related matters. For legislative concerns, members should contact their state representatives.

TRS is committed to delivering exceptional service and support to all members.

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Member Services Update



IASPA
Illinois Association of School
Personnel Administrators



ILLINOIS
Association of School Business Officials

Membership

- Total – 456,101
- Active – 171,754 (43.3% Tier 2)
- Inactive – 151,445
- Benefit Recipients – 132,902
- Average Salary, all Actives - \$85,434
- Average Pension, all retirees - \$66,516
- Average New Retiree Age: 60
- Average Service Credit at Retirement: 26 years

TRS Benefit Structure

Retirement

- 9% Member Contribution
- Contributions Invested by TRS Investments Department
- Benefit is defined by service years and final average salary
- Benefit is payable for the lifetime of the member

Disability

- Available to active members with at least three years of service
- Pays 40% of salary as a temporary disability benefit
- Service credit is granted without contribution
- Used by fewer than 1% of active members

Death Benefits

- Monthly benefit to dependent spouse or child
- PLUS refund of any unrecovered pension contributions

TRS Investment Performance

Objective: To invest contributions (member and State of Illinois) adequately to pay benefits from retirement to death

Assumed Rate of Return (as set by TRS Board of Trustees): 7%

Total Portfolio Results:		Value of the Fund:	Funded Ratio:
June 30, 2021	25.5%	\$63.9 billion	42.5%
June 30, 2022	(1.2%)	\$62.5 billion	43.8%
June 30, 2023	7.2%	\$66.3 billion	44.8%
June 30, 2024	8.8%	\$71.2 billion	46.3%
August 31, 2025		\$79.1 billion	47.8%

30-year average rate of return: 7.9%

Extraordinary Members

Oldest Full-time Active Member: Mrs. P

- Age 86
- 47th year of service
- Has never called for a benefit estimate

Oldest Living Retiree: Mrs. J

- Age 107.348
- 38 years of service
- Retired in 1985 (40+ years retired!)
- Contributions while active: \$52,800
- Benefits Paid to date: \$1.7 million



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Employer Services



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Fiscal Year Reporting Cycle

Monthly Pay Period Reports and DB Contributions
- Late Penalty \$50/day

10th of the following month

Summer Payrolls / All FY Reports / All FY Contributions

July 10th

Annual Roll-up & Certification Filing Deadline
- Late Penalty \$250/day

August 15th

Upcoming Training

Flex Plan Rules and Reporting
- Complexities/Examples of Flex Plans

Early November

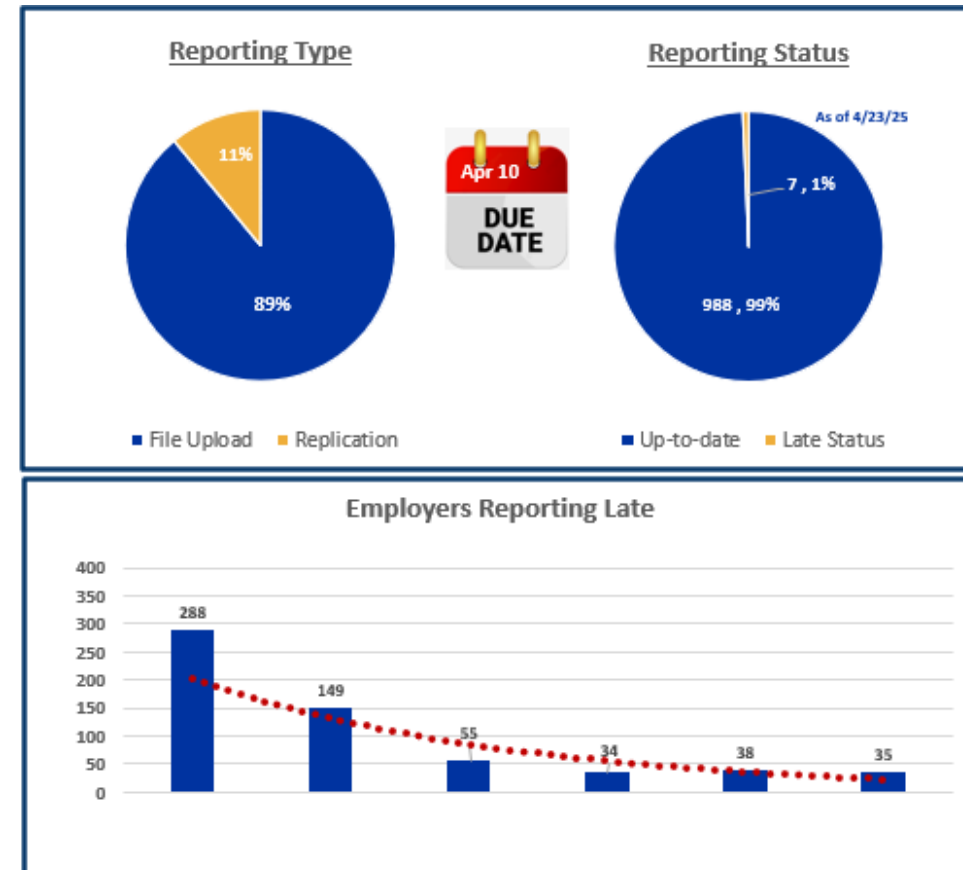
Weekly Zooms at 9:00 AM every Thursday
- Open Questions and Forum

Weekly



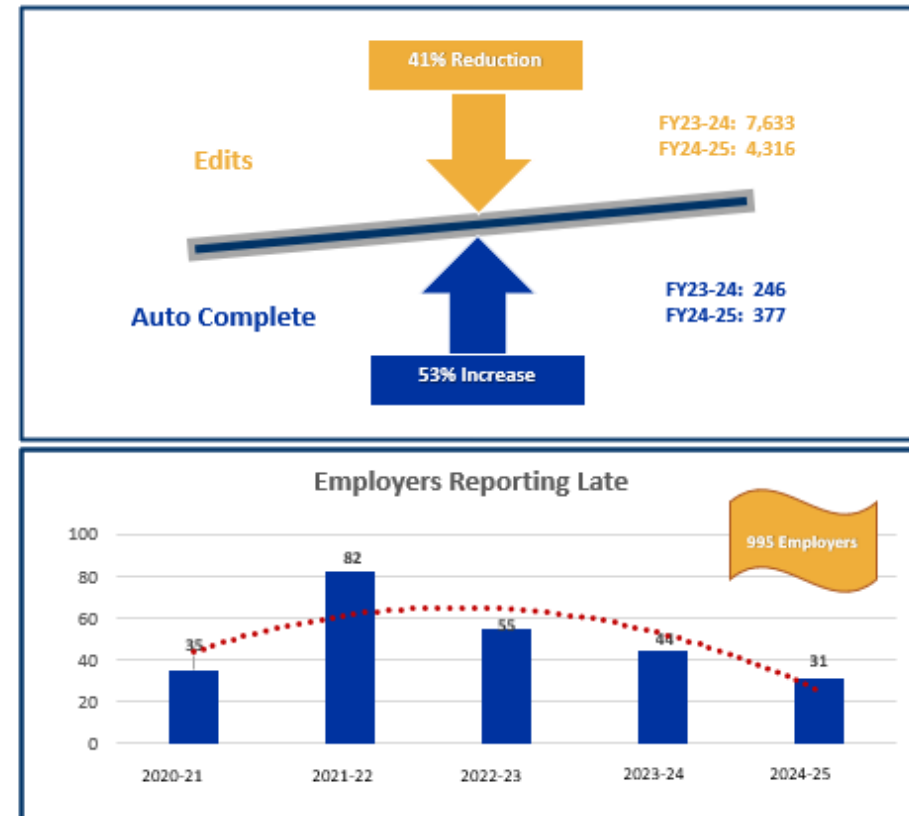
Pay Period Reports

- Employer submissions (for the prior month) due the 10th of each month.
- Late penalty is \$50/day until all pay period reports submitted.
- Two options for submitting: replication and file upload.
- Report submissions align with Employer payroll schedules (monthly, bi-weekly, etc.).
- Gemini runs edits and Employers correct/verify before submission.
- **ES Auditors do not review pay period reports.**
- Employer payments are scheduled upon report submission.



Annual Reports

- Employer report/certification due August 15th.
- Late penalty is \$250/day until report submitted.
- Every Employer (995) must submit report.
- Roll up entire year's pay period reports.
- Summer payroll for prior FY should be included.
- Gemini runs edits and Employers correct/verify before submission.
 - Systematic edits have reduced from prior year.
 - Late reports continue to drop each year.
- **ES Auditors review, correct and post all reports.**
 - Exceptions: reports that auto complete without review.



Employer Survey



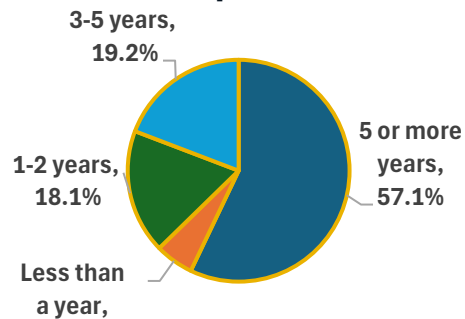
Sent to all 2,957 contacts in Gemini

Total of 789 Responses (27%)

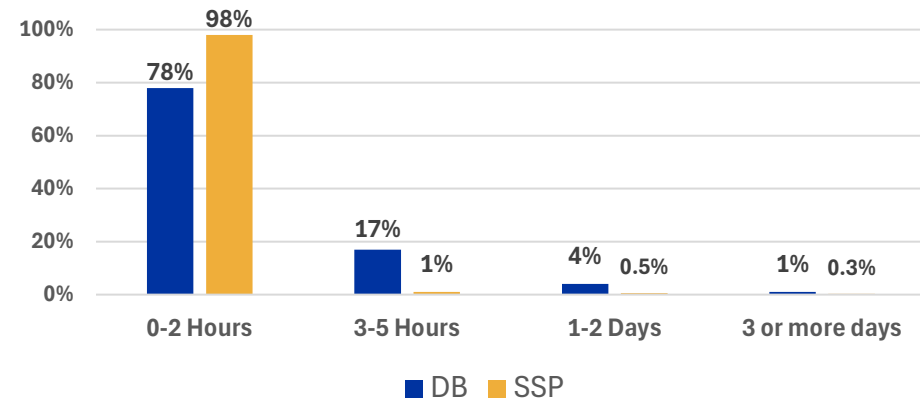
552 out of 995 Employers (55%)

32 Questions – Opened on 2/19/25
Closed on 4/4/25

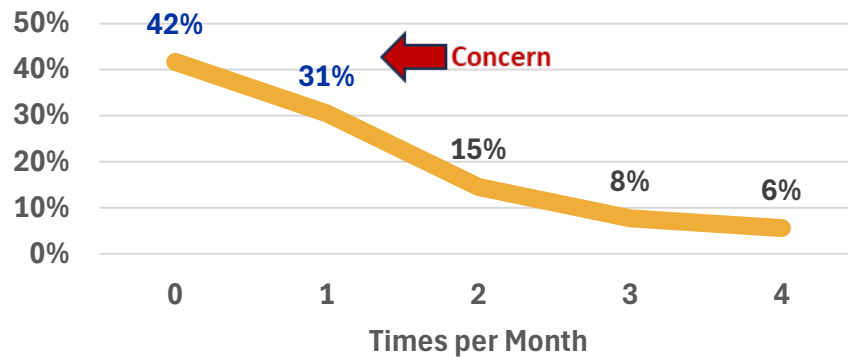
Job Experience



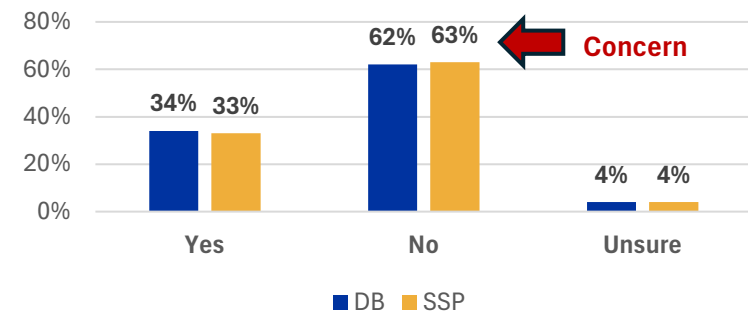
Time Spent on Pay-Period Reporting



Gemini Zoom Attendance



Reporting Backup



New Overtime Provision

How should employers treat these new requirements given they are retroactively back to January 1, 2025?

What impact, if any, does this have on report files submitted to TRS?

This change has no impact on your TRS reporting. You should continue to report earnings according to TRS guidelines. The change in law only affects the taxability of overtime.

WEP and GPO

Social Security Fairness Act
Signed into Law on January 5,
2025.

Repeals the Windfall
Elimination Provision (WEP)
and Government Pension
Offset (GPO).

The Act does not affect TRS
benefits; however, it may
affect the SS benefits of some
TRS members.

The SSA-1945 has been
modified to reflect that the
WEP & GPO reductions no
longer apply.

Employers still need to
provide the SSA-1945 to all
TRS-covered employees. It is
available at
www.ssa.gov/forms/ssa-1945.pdf.

Each employee signs the form
upon hiring, uses their SSN as
the Employee ID, and your TRS
Code for the Employer ID.

Retirement – 6% Cap

What are the rules of going over the 6% cap and what is the impact on schools?

Public Act 94-0004, signed into law on June 1, 2005, requires employer contributions for salary increases in excess of 6 percent. When a member retires, the employer is required to pay TRS contributions equal to the actuarial value of a pension benefit that results from any salary increase over 6 percent that is used in a retiring member's final average salary calculation.

6% Cap Calculation

Annual Benefit using Final Average Salary (FAS) = \$42,562.50
Reduced Amount Assuming 6% was Not Exceeded = \$42,078.75

For this example assume an actuarial factor of 13.459.

Benefit difference	\$483.75*
Actuarial factor	x 13.459
Employer contribution	<u>\$6,510.79</u>

NOTE: TRS provides a separate notification for each member with employer contributions due on salary increases in excess of 6%.

Retirement – 6% Cap

What's the difference in the 6% calculation for Tier 1 & Tier 2?

Tier 1 - average of the four highest consecutive annual salary rates within the last 10 years of creditable service.*

Tier 2 - average of the eight highest consecutive annual salary rates within the last 10 years of creditable service.*

* Public Act 102-0016 removes the requirement that the final average salary calculation use the four for Tier 1 or eight for Tier 2 “consecutive” highest salaries. This change only applies to members who are retiring after June 1, 2021 and the 2020-21 school year is used in their final average salary calculation.



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Retirement – 6% Cap

The amount may vary depending upon the final calculation. To calculate the estimated employer contribution for salary increases due as a result of Public Acts 94-004 (6%), fill in the following fields:

Member name

Birthdate * mm/dd/yyyy 

Tier

- ☒ Tier 1 (first contributed to TRS before Jan. 1, 2011 or have preexisting creditable service with a reciprocal pension system prior to Jan. 1, 2011)
- ☐ Tier 2 (first contributed to TRS on or after Jan. 1, 2011 and have no pre-existing creditable service with a reciprocal pension system prior to Jan. 1, 2011)

Anticipated retirement date * mm/dd/yyyy 

Total service credit at retirement, including sick leave credit *

Benefits will be based on the member's average salary earned during the four highest consecutive years out of the last 10 years of service. Visit <http://trsil.org/members/retired/guide/chapter-eight-retirement-benefits> for more information about annuity calculations.

Enter school years in ascending order.

SCHOOL YEAR *	ACTUAL OR PROJECTED SALARY *

Website Calculator:

- Go to trsil.org
- Employers Tab

Retirement Issues



Post-Retirement Limitations

Sick Leave Reporting

Salary Increases Over 6 Percent

Excess Sick Leave Calculator

Excess Salary Increase Calculator



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TRS Reporting – Tier 2

For Tier 2 members, how should employers treat TRS and other deductions like Social Security when they meet their wage cap for the year?



See the Employer coverage guide from Chapter 2 of the *Employer Guide*. Social Security and TRS contributions should not be withheld.

Employee coverage guide

Duty	TRS	Medicare	Social Security
A FT or P.T. teacher at a district after March 31, 1986 who teaches summer school.	X	X	
A FT or P.T. teacher at a district prior to April 1, 1986 who performs summer extra duties that are related to the academic program, such as curriculum writing.	X		
A FT. or P.T. teacher who performs summer work not involving teaching or supervising students or related to the academic program.		X	X
A FT. or P.T. teacher from a neighboring school district who teaches summer school.	X	X	
A FT. or P.T. teacher from a neighboring school district who performs summer extra duties related to the academic program.	X	X	
A FT. or P.T. teacher from a neighboring school district who performs summer extra duties not related to the academic program.		X	X
A substitute or hourly teacher during the school year who teaches summer school.	X	X	
Substitute or hourly teacher during the school year who performs summer extra duties that do not require licensure, but are related to the academic program.	X	X	
A substitute or hourly teacher during the school year who performs summer extra duties that do not require licensure and not related to the academic program.		X	X
A substitute or hourly teacher who performs extra duties during the school year that do not require licensure, but are related to the academic program.	X	X	
A substitute or hourly teacher who performs extra duties during the school year that do not require licensure and are not related to the academic program.		X	X
A teacher who has never taught for a TRS-covered employer and teaches only summer school.	X	X	
A retired teacher who teaches during the school term.		X	
A retired teacher who teaches summer school that requires licensure.		X	
A retired teacher who performs extra duties that do not require teacher licensure, but are related to the academic program (does not count against post-retirement employment limitations).		X	
Earnings that are in excess of 401(a)(17) limits.		X	
Earnings that are in excess of Tier 2 limits.		X	

This chart should only be used as a guide. Specific Social Security or Medicare questions related to withholding should be referred to the Social Security Administration.



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TRS Supplemental Savings Plan (SSP)

 **Bring More**
to your retirement



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TRS Supplemental Savings Plan & Voya



The Teachers' Retirement System of the State of Illinois (TRS) provides a retirement pension, disability and death benefits through a defined benefit plan for certified teachers and administrators in public common and charter school districts located outside of Chicago.



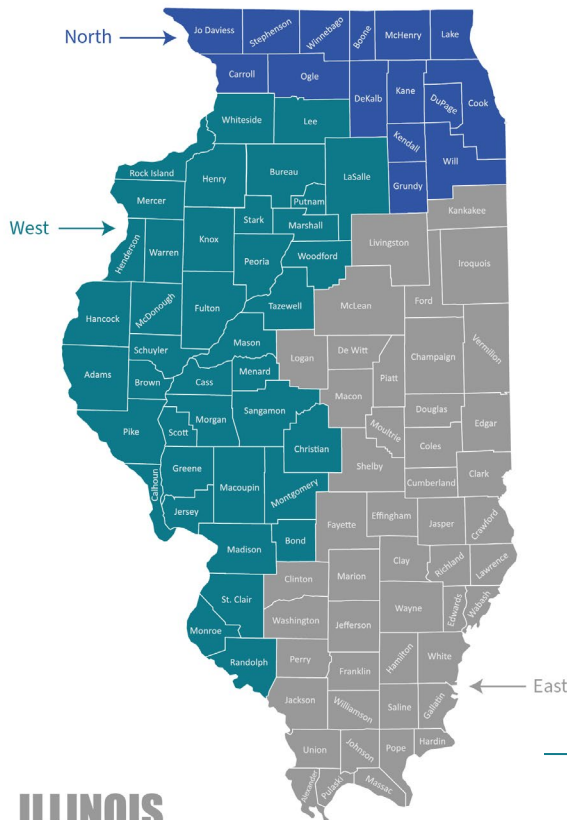
The TRS Supplemental Savings Plan (SSP) is an optional 457(b) retirement savings plan offered by TRS through Voya Financial, the trusted third-party recordkeeper.

The SSP is the only deferred compensation plan sponsored and administered by TRS and is designed to supplement your existing TRS pension – it does not replace it. Voya representatives working on behalf of TRS are known as TRS SSP Retirement Education Specialists.

Plan administrative services are provided by Voya Institutional Plan Services, LLC (VIPS).

VIPS is a member of the Voya® family of companies and is not affiliated with TRS. CN4144248_0127

TRS SSP Retirement Education Specialists



Northern Illinois

Loretta Paluch

(860) 580-4678

Loretta.Paluch@voyta.com



Western/Metro East Illinois

Stacey Russell

(217) 502-9711

Stacey.Russell@voyta.com



Eastern/Southern Illinois

Terri Bailey

(217) 306-2455

Terri.Bailey@voyta.com

SERVICES

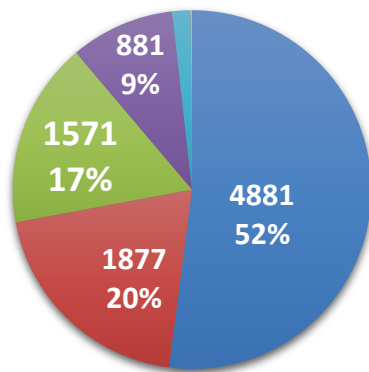
- TRS SSP plan information and education
- 1-on-1 appointments
- Financial wellness education
- Investment education
- Retirement planning
- Webinars and seminars

To schedule an appointment, go to
<https://trsssp457b.timetap.com>

Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax or investment advice. Local Plan Service Representatives are registered representatives of Voyta Financial Advisors, Inc., member SIPC. Registered representative of and retirement educational seminars are provided by Voyta Financial Advisors, Inc. (VFA). These educational seminars are provided to you as a supplemental service to your plan sponsor as part of the Plan Administrative services provided by Voyta Institutional Plan Services, LLC (VIPS). The information contained herein should not be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. You should contact your investment representative (or advisor), attorney, accountant or tax advisor, regarding your individual situation prior to implementing a retirement plan strategy

SSP Enrollment Demographics

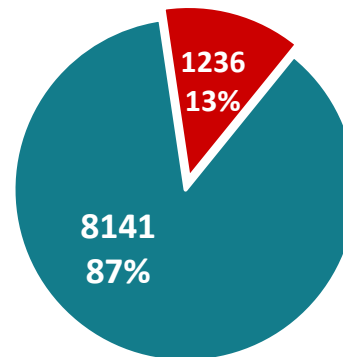
SSP Enrollees by Age Group



Range

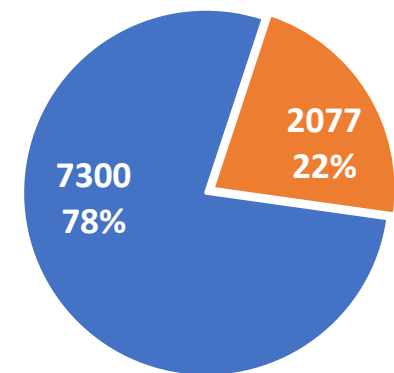
■ 20-29	■ 30-39	■ 40-49
■ 50-59	■ 60-69	■ 70+

SSP Enrollees by Tier



■ Tier 2 ■ Tier 1

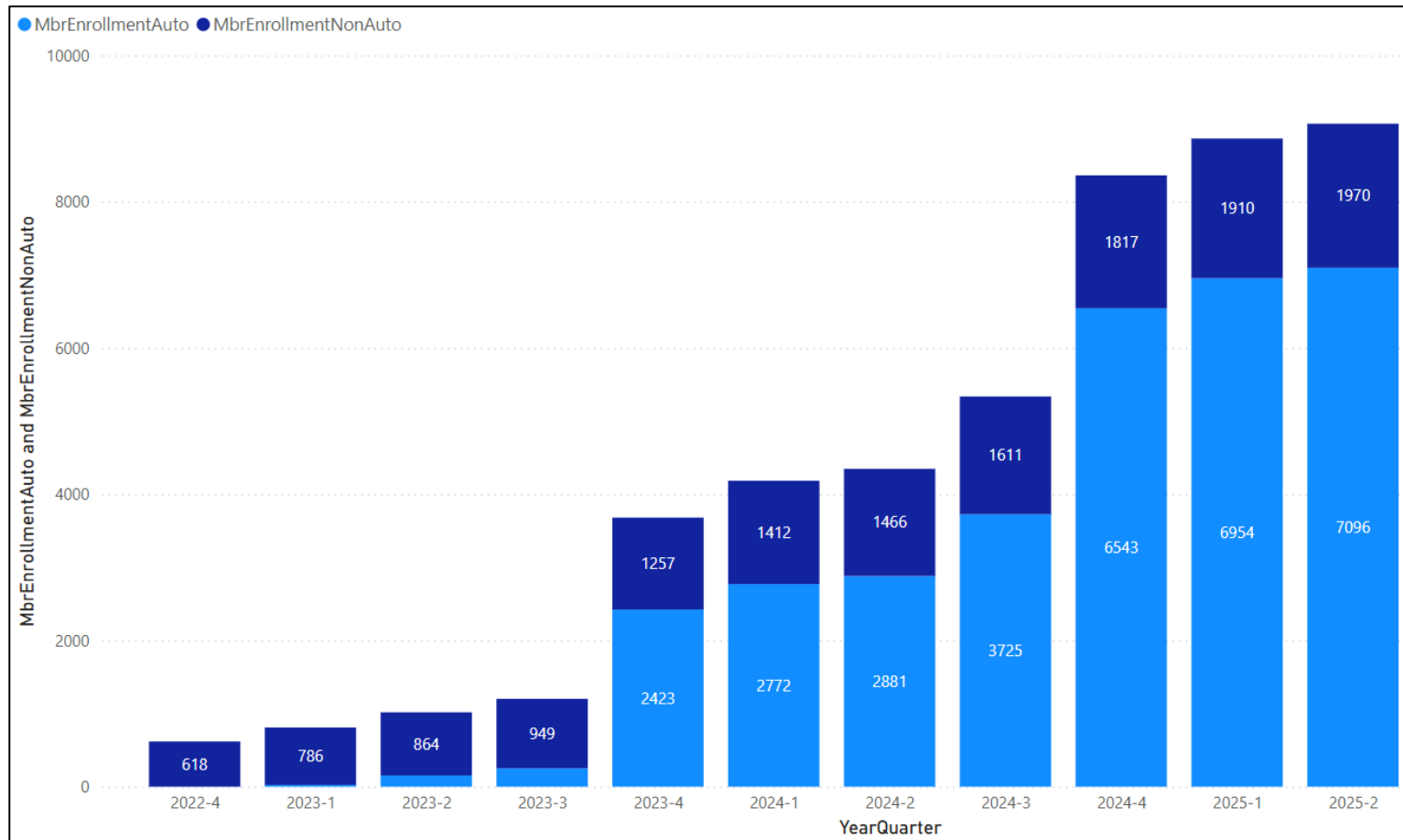
SSP Enrollees by Enrollment Type



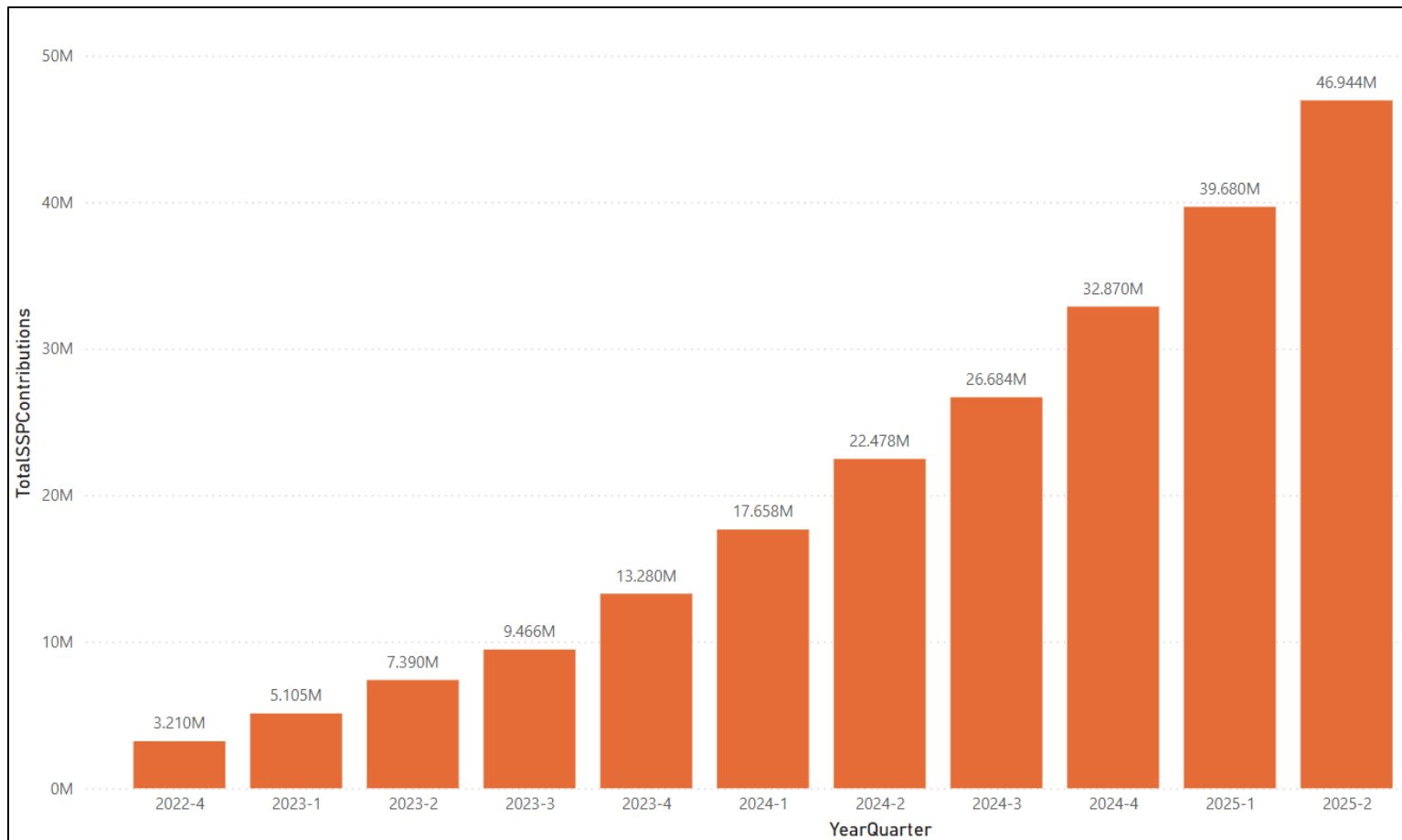
■ Auto Enrolled ■ Non-Auto Enrolled

* Data as of 09/15/2025

SSP Enrollment Trends



SSP Payroll Contribution Trend





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SSP Employer Reporting

Calendar

Year
Reporting
Cycle



Pay Period Reports and DC Contributions

As Close to Pay Date as Possible*



Summer Payrolls and DC Contributions

When Paid to the Member



IRS 457(b) Contribution Limit Monitoring

Calendar Year based on Pay Date

Gemini
Processes
and Tools



SSP Delinquent Contributions Emails
- Sent to Reporting & Accounting Contacts

7 Days Past *Unposted* Pay Date
- Weekly on Tuesdays



Reporting Edits, IRS Limit Met Column,
DC Calendar Year To Date Report

Ongoing, as Reported in Gemini

* As soon as administratively feasible, but no later than fifteen (15) business days following the end of the month in which such amount is withheld from the Compensation of the Participant.

Questions and Answers

We thank you for your time!



Presenters:

Nicholas Stabler

Outreach Coordinator, TRS Member Services

nstabler@trsil.org

Melissa Keehn

TRS Deferred Compensation Operations Supervisor

mkeehn@trsil.org

Eric VanDerWal

Employer Services Training and Outreach Manager

evanderwal@trsil.org