

TOPICS & REPORT

Teachers' Retirement System of the State of Illinois
Winter 2016



**Executive Director
Dick Ingram**

Executive Director's Message

The beginning of January is traditionally a time when people take stock of their lives, identify the things that they don't like and then make a commitment to change. Most people make New Year's resolutions.

Why? Because it's human nature to pursue perfection, even though we realize we'll never get there. When we stop trying to get better, life gets drab pretty quickly.

Instead, we're all constantly engaged in a process of "continuous improvement." Our New Year's resolutions are part of a constant personal assessment and a desire to be better.

That never-ending drive to improve is constantly apparent throughout our lives. It's why we spent all of those years in school, why we learn new skills on the job, get our hair cut or styled, keep up with the latest fashions, practice a musical instrument, go to the gym or train for a marathon.

Continuous improvement is a life-long mission.

At TRS, **continuous improvement** is one of the four values that form the heart of our new Mission Statement.

Like our other values – **diversity, teamwork** and **putting the best interests of others first** – at TRS we strive every day to come up with ways to improve the System and our service for you. Continuous improvement is more a mind-set that leads to a gradual and steady evolution of progress. It's a process.

It starts each day as we accomplish our tasks and interact with each other and with you. We want staff to ask themselves periodically, "Is there a better way?" It's looking at big things and little things. It could be an idea that simply enhances an existing process. Or it could be a difficult solution to a persistent problem that everybody sees but doesn't want to tackle.

The next step is to speak up. Good ideas take root when the established way of doing things is challenged in order to make a positive change. We want to maintain a culture at TRS where we're not afraid of embracing necessary change. We address issues head-on. We have found that we all benefit when everyone has the authority to speak

up and spark change that moves the System forward.

When I think of continuous improvement at TRS, the best example is how we all – members and staff – have harnessed technology to improve communications and keep track of your retirement accounts. In the last 20 years, the world has gone from mailed letters to fax machines to email. That's on-going improvement. Some of you recall what life was like on your job before computers. Can you imagine keeping track of 400,000 members today on paper alone?

TRS is recognized nationwide as an organization that gets things done the right way for our members despite the challenges that we face in Illinois. We have found that the best way we can maintain that reputation is to not rest on the past and to constantly challenge ourselves to make good things better.

Here's to a New Year of continuous improvement for all of us!

Best Wishes,

Dick Ingram
TRS Executive Director



Calculating Post-retirement Days or Hours Before Returning to Classroom

Have you missed mentoring students and sharing ideas with your teaching peers after retirement? Feeling the urge to enter the classroom again? If so, please abide by the following rules governing employment of retired members to avoid losing the pension you earned.

Employment limitations

You may be employed by any college, university, or private school without limitation. In addition, you may be employed by a school district in a position not covered by TRS without limitation. For example, you may be employed as a bus driver for any number of days or hours.

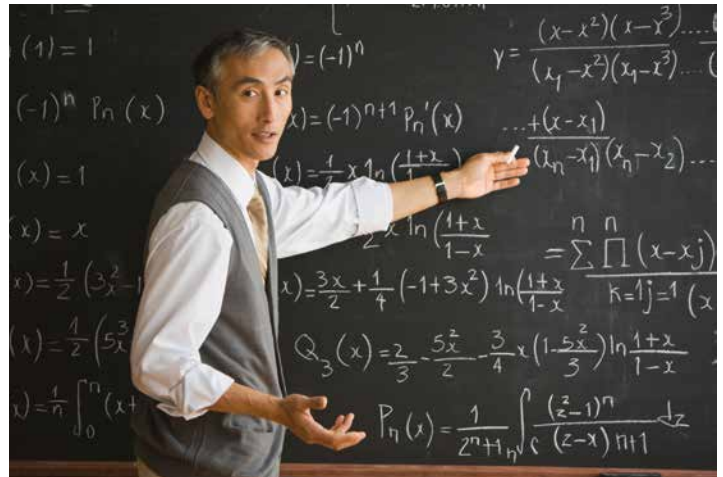
Following retirement, you may not resume employment in a TRS-covered position, including substitute and summer-school teaching, in the same school year in which you last contributed to TRS. The school year is July 1 through June 30. A member who retires during the school year may teach summer school following retirement only if the first day of service is after June 30. In addition, you must wait 30 days from the effective date of your resignation before performing any post-retirement teaching for the same employer.

If you waited to attain a certain age in order to retire, you cannot return to TRS-covered employment until the day following the retirement date. For example, your last day of work is June 3, 2016. You turn 55 on Sept. 20, 2016, and your retirement annuity commences on that day. You may not return to TRS-covered employment until Sept. 21, 2016.

100 days/500 hours limitation

Following the school year in which you last contributed to TRS, you may be employed in a TRS-covered position for up to 100-paid days or 500-paid hours per school year and still receive a retirement annuity. Only work that requires teacher licensure (including summer school and substitute teaching) is subject to the 100-days or 500-hours post-retirement employment limitation.

All of the time that a teacher or administrator is required to be present for certificated duties is subject to the limitation. For teachers, this includes preparation periods and time before, between, and after classes. For administrators, this includes all time that is required to be spent on administrative duties, such as attendance



at board meetings. Extra duties that do not require teacher licensure are not subject to the post-retirement employment limitations.

Calculating post-retirement hours

For post-retirement employment purposes, the Illinois Pension Code equates one full day with five hours. TRS recommends that each annuitant maintain a record of time worked. For more information, visit the TRS website.

Reciprocal retirement

If you retired under the Illinois Retirement Systems Reciprocal Act, you must adhere to the post-retirement limitations of each system under which you retired.

Exceeding the limitations

If you exceed the TRS post-retirement employment limitations after being retired for one complete school year:

- TRS must be notified,
- your retirement annuity will be suspended,
- you will re-enter active membership,
- your employer must remit TRS contributions on all creditable earnings after the employment limitations are exceeded, and
- your insurance will be canceled effective the first of the month following re-entry into active service.

If you resume TRS-covered employment in the same school year that you last contributed to TRS, you must

Post-Retirement *continued on page 3*

Post-Retirement *continued from page 2*

repay all annuity payments received from the date of retirement. Annuity payments must also be repaid if you do not remain in retirement one complete school year before exceeding the limits.

Early retirement cancelations

Special consequences apply if your annuity is suspended or canceled following a retirement under the Early Retirement Option (ERO). ERO contributions are not refundable. The employer remains responsible for the full employer contribution. Additionally, all

enhanced age and service credit under early retirement incentives are forfeited and may not be used again at retirement.

Retirement with CTPF

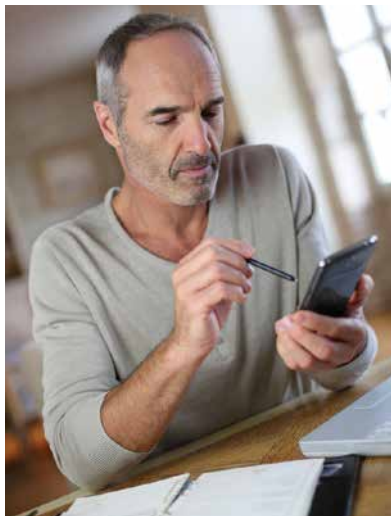
If you retired under the Chicago Teachers' Pension Fund (CTPF), you may be employed in a TRS-covered position without limitation for CTPF purposes. However, you will qualify as a TRS member and must contribute to TRS if you work in a TRS-covered position for more than 100 days or 500 hours.

Large Attendance Increase in Fall Member Meetings Due to Emails

Thanks to a change in the way TRS advertises its annual large group meetings throughout Illinois, the System saw attendance at these sessions increase by 40 percent over the previous year.

Each year between September and November, TRS hosts a series of after-school meetings designed to explain the retirement process and to provide information about disability, death and insurance benefits. The meetings are prepared for Tier I members – those who first contributed to TRS prior to Jan. 1, 2011 or had existing creditable service time with a reciprocal state pension systems prior to Jan. 1, 2011.

In previous years, TRS emailed a Fall Member Meeting schedule in August to all members who are close to



retirement with an email on file. But, it became apparent that this email could be lost or easily missed during the busy start of a new school year. A new strategy was needed to make sure members did not miss out on the important information presented at the meeting.

So this fall, TRS not only sent a state-wide email in August announcing the entire fall schedule, but also sent a second email about each individual meeting to a targeted audience residing close to that meeting location. These targeted messages were sent about one week before the actual meeting date.

Success! Compared to 2014, TRS staff recorded 1,373 more members in attendance during the 2015 Fall Member Meetings. Total attendance for the fall meetings this year was 4,828.

Due to the success of this year's new strategy, the second advisory email will be a permanent addition to our efforts to help you better understand the retirement process and your benefits.

Don't Miss Information: Notify TRS When Your Address Changes

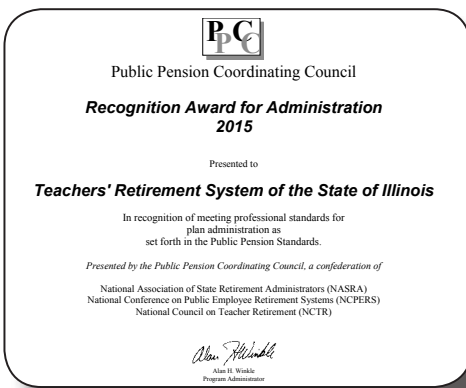
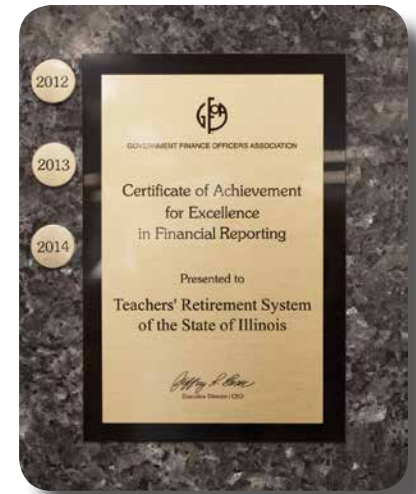
To ensure that all information about your benefits reaches you, please notify us each time your mailing address changes. You may call us or send us the following information in writing:

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

TRS Receives Awards for Financial Reporting and Plan Administration

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TRS for its *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2014. This was the 26th consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government or government entity must publish an easily readable and efficiently organized *Comprehensive Annual Financial Report*. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Public Pension Coordinating Council (PPCC) Recognition Award for Administration

TRS received the Recognition Award for Administration in 2015 in recognition of meeting professional standards for plan administration as set forth in the Public Pension Standards of the PPCC. The award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR).

Upcoming 2016 Board Meeting Dates

All meetings will be held at the 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 website, <http://trs.illinois.gov>.

- Feb. 17-19, 2016
- March 29-30, 2016 (retreat - TBD)
- May 18-20, 2016
- June 23-24, 2016 (tentative)



October 2015 TRS Board of Trustees meeting

Current Board of Trustees

Tony Smith President Springfield	Cinda Klickna Vice President Rochester
Mark Bailey Palos Park	Robert Lyons Hoffman Estates
Michael Busby Kenilworth	Alexander Stuart Lake Forest
Andrew Hirshman Oak Park	Sonia Walwyn Naperville
Rainy Kaplan Schaumburg	Daniel Winter Decatur

(Three appointed positions are vacant.)

Important Annuitant Tax and Payment Reminders in 2016

Expect arrival of 1099-R

If you received a TRS benefit in 2015, the Office of the Comptroller will mail an IRS Form 1099-R to you by Jan. 31, 2016. This form will report your income received from TRS during 2015.

The amount shown in Box 5 on the 1099-R form represents the non-taxable portion of TRS retirement benefits paid to you for the year and is the difference between Boxes 1 and 2a. Box 9B will only have a value if 2015 was the first year that you received a benefit from TRS.

If you do not receive a 1099-R form by Feb. 1, 2016 or you need a duplicate copy sent to you, please log in to the secure Member Account Access area. Annually after Feb. 1, you may request a duplicate 1099-R online for a prior year.

If you have not yet set up your online member account, please watch this video to learn how: <http://trs.illinois.gov/members/videos/acctAccess.htm>.

Your member ID is required to set up an account. All annuitants received their member cards with their member IDs in July 2014 via email or mail.

Increase reflected on Feb. 1 check

TRS pays your monthly annuity in arrears. The check issued Jan. 1, 2016 is your payment for the month of December. Cost-of-living adjustment (COLA) increases, certain insurance premiums and federal tax withholding changes will be reflected on the check issued Feb. 1, 2016, which is your monthly annuity for January 2016.

The checks you receive in January and February may be for different amounts if the January 2016 benefit payment received in February reflects your annual 3 percent post-retirement increase. With some exceptions, recipients of monthly survivor benefits will also see a 3 percent increase. The COLA increase is first effective on Jan. 1 following

either your first retirement anniversary or your 61st birthday, whichever is later. TRS only sends a notification letter before your first COLA occurs. If you are not a new retiree, you may log in to the secure Member Account Access area to view your annual benefit amount changes. You may also view your monthly statements online in Member Account Access.

Tax withholding tables change

Revised federal income tax withholding tables will go into effect on Jan. 1, 2016. As a result, the federal taxes withheld from your Jan. 1, 2016 annuity payment may increase or decrease based on your filing status. TRS cannot give tax advice due to federal and state restrictions. You may wish to contact a qualified tax advisor or the Internal Revenue Service at (800) 829-1040 to ensure that you have adequate federal withholding for the 2016 tax year. If you are underwithholding, there could be a negative consequence at tax time.

If you would like to change your withholding election, you must complete a new Form W4-P. You may print a personalized Form W4-P online within the secure Member Account Access area after you have signed in. Additionally, you can obtain a new blank form by calling us at (800) 877-7896 and pressing "2" for our 24-hour Forms Order Line and selecting #600, by visiting <http://www.irs.gov/pub/irs-pdf/fw4p.pdf> for a blank Form W4-P or by calling your local Internal Revenue Service office. A new Form W4-P replaces any former version on file with TRS.

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution		OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		\$		2015		
		2a Taxable amount		Form 1099-R		
		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>		This information is being furnished to the Internal Revenue Service. Box 9b
PAYER'S federal identification number		3 Capital gain (included in box 2a)		4 Federal income tax withheld		
RECIPIENT'S identification number		\$		\$		Form 1099-R
RECIPIENT'S name		5 Employee contributions / Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities		
Street address (including apt. no.)		\$		\$		Form 1099-R
City or town, state or province, country, and ZIP or foreign postal code		7 Distribution code(s)		8 Other		
		IRAs/SEP/SIMPLE <input type="checkbox"/>		%		Form 1099-R
		9a Your percentage of total distribution		9b Total employee contributions		
		%		\$		Form 1099-R
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		12 State tax withheld		
\$		\$		\$		Form 1099-R
Account number (see instructions)		13 State/Payer's state no.		14 State distribution		
		\$		\$		Form 1099-R
		15 Local tax withheld		16 Name of locality		
		\$		\$		Form 1099-R
		17 Local distribution		\$		
		\$		\$		Form 1099-R

Staying in Touch with Teachers' Retirement System Has Never Been Easier

At TRS, we pride ourselves on being accessible year-round to all of our 400,598 members, ready to answer their questions and help resolve any problems that arise.

TRS currently administers \$478.6 million in benefits every month, including annuities for 115,994 members. The System also oversees the enrollment of 65,000 members and 10,900 of their dependents in the state's health insurance programs.

During fiscal year 2015, which ended on June 30, TRS processed 4,966 new retirements and 1,210 new claims for disability and survivor benefits.

Through all forms of communication – telephone, email, the Internet and personal meetings – TRS members know that they can reach knowledgeable counselors and member service representatives who can translate the intricacies of the state's pension code and health insurance plans.

In the last fiscal year:

TRS received 145,396 telephone calls and placed 20,231 calls to members. That's an average of 662 telephone calls every working day. TRS is constantly working to reduce the amount of time that members must wait before speaking to one of its 25 member service representatives or counselors.

TRS received 12,895 email requests from members and reciprocal systems or 51 requests every working day.

TRS received 7,564 pieces of business mail. The System itself generated 295,405 pieces of correspondence or 1,181 letters every working day.

Approximately 13,000 members met in person with a TRS counselor during fiscal year 2015, or an average of 52 meetings every day at the System's offices in Springfield and Lisle.

TRS staff processed 40,509 benefit estimates in that time, made 1,941 information changes on member records and fulfilled 1,845 requests for various forms needed to complete a process with TRS.

of eight pages of information. The System's instructional videos on various topics were viewed 33,645 times, or an average of 92 views per day. Fifty-one percent of the visitors to the TRS website during the year were first-timers.

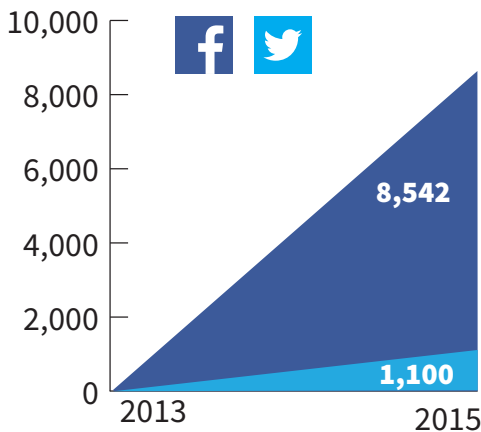
Currently, more than 224,645 members have provided TRS with their email addresses, giving them access to *Topics & Report* online, as well as periodic email alerts on important issues affecting TRS, public pensions and state government.

In February 2014, TRS started an online social media presence with Facebook and Twitter to engage TRS membership. Since then, TRS followers and page "likes" have dramatically increased. Social Media posts are becoming an important source of information for members.

Website trs.illinois.gov

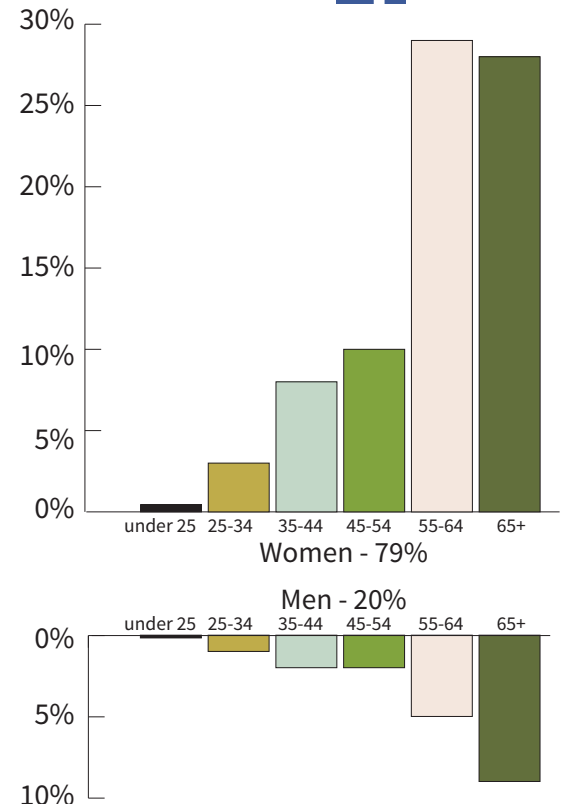
During the last fiscal year, 384,004 people made 707,569 visits to the TRS website, connecting for an average of 5 minutes, 44 seconds and viewing an average

Facebook & Twitter Followers



Source: Facebook and Twitter

TRS Facebook Fans



Source: Facebook

Are You Receiving Email Alerts from TRS Yet?

If you received this newsletter by “snail” mail, you are not receiving email alerts from TRS. If you did receive this newsletter by email, you are signed up for alerts and you don’t need to take action.

To receive email alerts, email us, members@trs.illinois.gov, using your “home” email address (not work) and include your full name/address/last four-digits of your Social Security number or TRS member ID so we may quickly contact you about important TRS news. You can also sign in to TRS Member Account Access online and enter your email address under “Contact Information.”



TRS Benefits Report Emailed to Active and Inactive Members in November

A notification that the TRS Benefits Report was available online was emailed to active and inactive members on Nov. 23. The report summarizes the following information about your TRS account: refundable contributions, beneficiary refund, beneficiaries, sick leave service, 2.2 upgrade information, reciprocal service, refunded service that may be reinstated, optional service, and active service as of June 30, 2015.



If you have not provided your email address to TRS and you received this newsletter by mail, please visit our site, <http://trs.illinois.gov>. Then, set up an account under “Member Account Access,” which can be found on the far left side of the home page. You will need your member ID, which was mailed to you in a letter in 2014 or it can be located on the first page on the right side on a past printed TRS Benefits Report. You may also call us for your member ID, (800) 877-7896. You will be able to view your TRS Benefits Report after signing in. Additionally, please enter your email address under the contact information in the secure area so you will receive future email alerts.

Recent payments and changes in outstanding balances that have occurred since the 2015 report was sent will be shown online. If you need to change your beneficiaries, visit the member forms area of our website and complete a Member Information and Beneficiary Designation (MIBD) form, which you can complete

online. Please print out and mail the form to us; we will update your file. A new MIBD form replaces any former version on file with TRS. If you see an error on your reported service record or salaries, contact your employer (school district) without delay to correct the problem. This information

is reported by your employer on your behalf to us. It may be more difficult to correct an error if you wait until retirement.

Please call us at (800) 877-7896 if you believe your report has an error (other than salary or service credit), if you need an additional copy or if you have any questions about the content.

Reports are only sent to members who are not yet collecting a benefit. Annuitants do not receive TRS Benefits Reports.

Proof of Birth Now Required

For active and inactive members, TRS requires proof of your birth date to be on file in order to help safeguard your account. Acceptable proof includes a copy of either a birth certificate, a valid driver’s license, valid passport or valid state-issued identification card. For instructions on how to send TRS your proof of birth, go to the secure Member Account Access area online.



Teachers' Retirement System of the State of Illinois

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Winter 2016 Topics & Report and Annual Financial Report Summary

Go Green!

To receive this newsletter electronically, send an email to members@trs.illinois.gov. Include your full name, zip code, the last four digits of your Social Security number, and your email address.

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Topics & Report

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