

TOPICS & REPORT

Teachers' Retirement System of the State of Illinois
Summer 2010



If You Are a Member Reading This, You Are in Tier I

The lightning-quick passage this spring of a new law that enforces drastic changes in the retirement rules and benefits for new public employees set off a flurry of questions from teachers across Illinois – chiefly: “Am I in Tier I or Tier II?”

The new law, Public Act 96-0889, for the first time establishes a two-tiered system of benefits and retirement rules for Illinois educators, with the dividing line set at Jan. 1, 2011.

Any person first hired to a TRS-covered position on or after that

Any person in a TRS-covered position who paid into TRS prior to Jan. 1, 2011 will retain “Tier I” status.

date will fall under the new “Tier II” provisions. Any person in a TRS-covered position who paid into TRS prior to Jan. 1 will retain “Tier I” status.

During a 24-hour period in March, the General Assembly approved the new law as a way of reducing future spending pressures on the state budget, which currently has a \$13 billion revenue gap. Gov. Pat Quinn signed the bill into law in April and estimated that over time the act would save the state several billion.

But the swiftness of the government’s action left confusion in its wake among teachers, especially new teachers graduating this spring and hoping to find a position in an Illinois classroom. All TRS members who have paid anything into TRS – whether they are currently teaching or

not – will fall under the Tier I rules, as will any person who is a member of one of the 12 other Illinois pension systems for public employees.

Any person with any service credit accumulated in any of the reciprocal retirement systems prior to Jan. 1, 2011 will forever be in Tier I.

Teachers’ aides, for instance, are members of the reciprocal Illinois Municipal Retirement Fund.

Tier II rules only apply to a person first hired to a TRS-covered position on or after Jan. 1 who also does not have service credit established in one of the other reciprocal pension systems.

The biggest differences between the two tiers are in a member’s eligibility for retirement and the reduction in the cost of living adjustments. A chart outlining the differences between Tier I and Tier II rules is on the following page.

We will continue to update members and potential members on the status of the new law and how it affects educators in the future.

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