



Illinois Public Employee Retirement Systems

The five public employee retirement systems in Illinois are the: State Employees Retirement System ('SERS'), Downstate Teacher's Retirement System ('TRS'), State Universities Retirement System ('SURS'), Judges Retirement System ('JRS') and General Assembly Retirement System ('GARS'). Three primary sources of contributions finance Illinois' State retirement systems: employee contributions, employer contributions and returns on investments. The figures below paint a picture of typical Illinois public employees and retirees, followed by some numbers which will help place this information into context.

SURS in Brief¹

Who are the people who participate in SURS?

- SURS participants are comprised of academics and staff serving at Illinois universities and community colleges (including the City Colleges of Chicago).
- The average gross salary of a SURS participant is \$40,696.
- Each participant contributes annually 8 percent of their gross salary to their pension fund.

Who is a typical SURS retiree?

- A typical SURS is 62 years old and has served an Illinois University or community college for 20 years.

What sort of benefits do SURS retirees receive?

- The typical SURS retiree receives a monthly benefit of \$2,508.

SURS participants do not contribute to social security.

TRS in Brief²

Who are the people who participate in TRS?

- TRS participants are comprised of Illinois public school teachers and administrators.
- The average gross salary of a TRS participant is \$56,916.
- Each participant contributes annually 9.4 percent of their gross salary to their pension fund.

Who is a typical TRS retiree?

- A typical TRS retiree is 69 and has served Illinois public schools for 29 years.

What sort of benefits do TRS retirees receive?

- The typical TRS retiree receives a monthly benefit of \$3,173.

TRS participants do not contribute to social security.

SERS in Brief³

Who are the people who participate in SERS?

- SERS participants are comprised of all state employees.
- The average gross salary of a SERS participant is \$52,479.
- Each participant contributes annually 4 percent of their gross salary to their pension fund.

Who is a typical SERS retiree?

- A typical SERS retiree is 69 years old and has served Illinois for 25 years.

What sort of benefits do SERS retirees receive?

- The typical SERS retiree receives a monthly benefit of \$1,974.35.

With the exception of police and firefighters, virtually all SERS participants contribute to social security.

GARS in Brief⁴

Who are the people who participate in GARS?

- GARS participants are comprised of members of the general assembly and certain state officials within Illinois.
- The average gross salary of a GARS participant is \$69,995.
- Each participant contributes annually 11.5 percent of their gross salary to their pension fund.

Who is a typical GARS retiree?

- A typical GARS retiree is 60 years old and has served the Illinois General Assembly or state of Illinois for 14 years.

What sort of benefits do GARS retirees receive?

- The typical GARS retiree receives a monthly benefit of \$3,650.

GARS participants do not contribute to social security.

JRS in Brief⁵

Who are the people who participate in JRS?

- JRS participants are comprised of judges serving within Illinois courts.
- The average gross salary of a JRS participant is \$147,655.
- Each participant contributes annually 11 percent of their gross salary to their pension fund.

Who is a typical JRS retiree?

- A typical JRS retiree is a 63 year old attorney who has served as an Illinois judge for 17 years.

What sort of benefits do JRS retirees receive?

- The typical JRS retiree receives a monthly benefit of \$8,015.

JRS participants do not contribute to social security.

The following figures provide some facts about Illinois which will allow you to place these numbers into perspective;

Illinois

- The total of all participants in the state's pension plans represent only 5.3% of Illinois total population. In fact, Illinois ranks dead last in the nation, in number of employees per capita.⁷
- TRS makes up 49.53% of the participants in the Illinois pension plans, SURS makes up 28.79%, SERS makes up 21.3%, JRS makes up 0.97% and GARS makes up 0.27%.⁸
- According to the Illinois State Comptroller, pension benefits paid to regular state employees in Illinois are low relative to benefits provided by other states. Illinois ranks in the bottom one fifth of all states for retirement benefits paid to an average state worker.⁹
- Illinois currently faces a 40.7 billion unfunded pension liability, worst in the nation, because while employees have made their full pension contributions on time each year since the inception of the state retirement systems, the state has failed to fully fund the system since 1974.⁶ Unfortunately, under state law, any funding shortfall must be paid back with interest.
- Normal cost is the current total contribution required to fund the promised benefit on retirement, based on actuarial tables. It is typically expressed as the percentage of current payroll needed to fund future benefits. The 'normal cost' across all five Illinois' pension systems, as a percentage of active members' payroll, averages 9.13 percent.¹⁰ The national average for state and local government is 12.5 percent, placing the normal cost of Illinois' current defined benefit program far below the national average.¹¹
- In fact, for Fiscal Year 2006, the normal cost was \$1.33 billion. However, the FY06 required pension payment was \$2.1 billion, meaning if Illinois had no unfunded pension liability, it would have an addition \$770 million for public services like education, public safety and transportation.¹²
- A common misconception is that taxpayers shoulder most of the cost of funding public pension systems. To the contrary, investment income accounts for the majority of Illinois state retirement funding. In fiscal year 2006 alone, the system spent \$5.3 billion on benefits, expenses and related administrative costs. Member and state contributions only totaled \$2.3 billion; however an additional \$6.7 billion was earned in investment income from a healthy world equities market leading to a \$3.7 billion increase in pension assets for the year.¹³
- In fact investment income accounted for nearly 65% of all TRS funding for FY05.¹⁴
- According to the U.S. Department of Health and Human Services the poverty level for a family of 2 is \$13, 690 annually or \$1,140.83 a month. Only \$834 less than the average SERS retiree.¹⁵
- Moreover, Chicago's overall cost of living is about 66% above the national average, with the typical Chicago apartment renting for just over \$1,000 a month with utilities costing an average of \$86.

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¹2006 State Universities Retirement Systems Annual Report

²2006 Teachers Retirement Systems Annual Report

³2006 Service Employees Retirement Systems Annual Report

⁴2006 General Assembly Retirement Systems Annual Report

⁵2006 Judges Retirement Systems Annual Report

⁶State of Illinois FY08 Budget Book

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⁸ Illinois Comptroller, Fiscal Focus, January/February 2007

⁹State of Illinois FY08 Budget Book

¹⁰Based on 2006 U.S. Census Data

¹¹Norman Jones and Paul Zorn, Harvard Law School, Pensions and Capital Stewardship Project Conference, October 2005

¹²Calculations based on Illinois Commission on Government Forecasting and Accountability Monthly Briefing, November 2006 and Retirement Systems 2006 Annual Reports

¹³Illinois Comptroller, Fiscal Focus, January/February 2007

¹⁴Field Hearing on "Examining the Retirement Security of State and Local Government Employees" Statement of Jon Bauman August 30, 2006

¹⁵United States Department of Health and Human Services, Federal Poverty Guidelines, 2007