



**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

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R. Stanley Rupnik, Executive Director & Chief Investment Officer

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October 28, 2025

The Honorable JB Pritzker, Governor  
Senator Don Harmon, President of the Senate  
Senator John Curran, Senate Minority Leader  
Representative Chris Welch, Speaker of the House  
Representative Tony McCombie, House Minority Leader  
Mr. Gene Kalwarski, Cheiron, State Actuary

**Re: Preliminary Certification of TRS Fiscal Year 2027 State Funding Requirement**

At its meeting on October 24, 2025, the TRS Board of Trustees certified the preliminary fiscal year (FY) 2027 state contribution requirements, along with the results of the preliminary actuarial valuation as of June 30, 2025.

These contribution requirements and valuation results are being submitted to the State Actuary for review. Pending the State Actuary's concurrence, the Board will be asked to provide final certification at its December 2025 meeting.

In accordance with the TRS Legislative Platform, two certifications are included: one pursuant to Illinois statute, and the other based on the funding policy adopted by the TRS Board of Trustees. The Board's policy, outlined below, reflects the methodology recommended by the TRS actuary for determining contributions to the plan.

The proposed certifications for FY 2027 both include \$200,000 in minimum benefit reimbursements and are detailed in attached Exhibit A:

- **Based on Illinois statute:** **\$6,594,062,236**
- **Based on TRS Board Actuarial Funding Policy:** **\$11,177,466,698**

Assumptions. The preliminary actuarial valuation report as of June 30, 2025 includes assumptions about the impact of the accelerated pension benefit programs originally contained in Public Act 100-0587 and subsequently extended by Public Act 102-0718.

Board Funding Policy. The funding policy adopted by the TRS Board of Trustees is based on the entry age normal actuarial cost method which allocates costs evenly over a member's career. This contrasts with the statutory method – projected unit credit –

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which tends to backload costs. The Board's policy funds 100 percent of benefits earned, rather than 90 percent target set by statute, and amortizes the unfunded liability over a closed 20-year period. Any subsequent increases in the unfunded liability are amortized over new 20-year periods. By comparison, the statutory amortization period is a closed 50-year schedule.

Under the Board's policy, state contributions are not constrained by the state's debt service on the 2003 pension obligation bonds, and changes in actuarial assumptions are not retroactively phased in. According to Segal Consulting, the TRS actuary, the state could save approximately \$16.3 billion in financing costs for the period FY2027-FY2045 under the TRS board's funding policy.

Please contact TRS Director of Research Amy Z. Reynolds ([areynolds@trsil.org](mailto:areynolds@trsil.org)) at 217.814.2272 with any questions about our certifications.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Stanley Rupnik', with a long horizontal flourish extending to the right.

R. Stanley Rupnik  
Executive Director & Chief Investment Officer

Attachments:

- TRS board resolution from October 2025 meeting
- Segal's Exhibit A showing calculations.
- June 30, 2025 Preliminary Actuarial Valuation, prepared by Segal

**PROPOSED CERTIFICATION  
FY 2027 STATE CONTRIBUTION TO TRS  
(ILLINOIS STATUTE AND BOARD FUNDING POLICY)**

I certify that the following resolution was adopted during the October 2025 regular board meeting of the TRS Board of Trustees, in accordance with 40 ILCS 5/16-158(a-5):

**Resolved: To accept the results of the preliminary June 30, 2025 actuarial valuation report as presented by the System's actuary, Segal Consulting:**

- In accordance with Illinois statute, to propose to certify an FY 2027 state funding amount of \$6,594,062,236, including \$200,000 for minimum retirement benefits.
- In accordance with the board's funding policy, to propose to certify an FY 2027 state funding amount of \$11,177,466,698, including \$200,000 for minimum retirement benefits.

This proposed certification will be submitted to the State Actuary, the Governor, and the General Assembly, along with the actuarial assumptions, calculations, and data upon which this proposed certification is based.

The board will consider any changes in actuarial assumptions recommended by the State Actuary's preliminary report due on or before January 1, before finalizing its certification of the required State contributions at its December 2025 regular board meeting.



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R. Stanley Rupnik  
Executive Director & Chief Investment Officer  
October 24, 2025

**Summary of State Contributions under Illinois Pension Code and  
Board-Adopted Actuarial Funding Policy<sup>1</sup>**

**Fiscal Year 2027**

<b>Based on Statutory Funding Plan</b>	
• Benefit trust reserve	
– 48.48% of membership payroll <sup>2</sup>	\$6,741,568,056
– Less school districts contributions	
• (0.58% of membership payroll)	(80,661,372)
• (6.00% final average salary cap increases)	(10,162,900)
• (10.00% of membership payroll above the governor's salary)	(1,809,276)
– Less federal funds contribution	
• (10.00% of membership payroll from federal funds)	(27,814,266)
– Less phase-in of the effect of assumption changes	(27,258,006)
– State contribution	6,593,862,236
• Plus guaranteed minimum annuity reserve	200,000
<b>• Total state contribution (current law)</b>	<b>\$6,594,062,236</b>
<b>Based on Board-Adopted Actuarial Funding Policy<sup>3</sup></b>	
• Benefit trust reserve	
– Normal cost plus amortization of unfunded actuarial accrued liability (Actuarially Determined Contribution)	\$11,297,714,512
– Less school districts contributions	
• (0.58% of membership payroll)	(80,661,372)
• (6.00% final average salary cap increases)	(10,162,900)
• (10.00% of membership payroll above the governor's salary)	(1,809,276)
– Less federal funds contribution	
• (10.00% of membership payroll from federal funds)	(27,814,266)
– State contribution	11,177,266,698
• Less guaranteed minimum annuity reserve	200,000
<b>• Total Board-Adopted Actuarial Funding Policy contribution</b>	<b>\$11,177,466,698</b>
<b>Total normal cost and employer normal cost rate and federal contribution rate</b>	
• Total normal cost rate (including administrative expenses)	19.00%
• Less member contribution rate	(9.00%)
• Employer normal cost rate	10.00%
• Federal contribution rate (employer normal cost rate, per Public Act 100-0340)	10.00%

<sup>1</sup> Based on the preliminary June 30, 2025 actuarial valuation

<sup>2</sup> Expected fiscal year 2027 membership payroll is \$13,907,133,095

<sup>3</sup> Board-Adopted Actuarial Funding Policy is based on the entry age normal actuarial cost method, current asset valuation method and an amortization policy as follows:

- 20-year closed amortization of Unfunded Actuarial Accrued Liability (UAAL) beginning with Fiscal Year 2017
- Use layered amortization, with new UAAL after Fiscal Year 2017 being amortized over 20 years regardless of source
- Amortization payment increase at the rate of future State revenue growth (assumed to be 2.00%)
- Minimum total contribution is no less than the normal cost in any given year