

AARP IN THE STATES



OVERVIEW: Illinois State Employees' Retirement System



The **Illinois State Employees' Retirement System (SRS)** provides a defined benefit (DB) pension for public employees. It offers a modest but stable monthly income over a retiree's life. DB pensions help to recruit and retain experienced employees.

The spending from the pension checks of the 78,189 retired public employees helps support:



\$35.8 billion

in economic output in Illinois.



178,473 jobs

paying \$11.9 billion in wages supported by retirees' spending from public pensions in Illinois.



\$5.7 billion

in federal, state, and local tax revenues based on spending of pension benefits in Illinois.

Pensions are a good deal for taxpayers:

Funding of public employee pensions is shared by employees and employers. New SRS employees contribute 4% or 8% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers (via employer contributions) paid only 40.0% of the cost of pension benefits in Illinois.

46.6%
Investment
Earnings



40.0%
Employer
Contributions

13.4%
Employee
Contributions

Key facts about the plan and its benefits:



61,651

Total active members of Illinois State Employees' Retirement System.



50.1%

After a 30-year career, a pension benefit from SRS will replace 50.1% of an employees' pre-retirement income.



\$3,365

Average pension benefit paid to retired SRS members each month.

Pension benefits are a good deal for the economy too:

Each dollar "invested" by Illinois taxpayers (employers) in these plans supported **\$3.94** in total economic activity in the state.



\$1.00



\$3.94

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.



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PRIMER: Illinois State Employees' Retirement System

The Illinois State Employees' Retirement System (SRS) provides benefits to qualified state employees.

The SRS Pension Works for Illinois Stakeholders



Defined benefit (DB) pensions help recruit and retain effective and experienced public employees, which is essential to delivering high quality service to citizens.



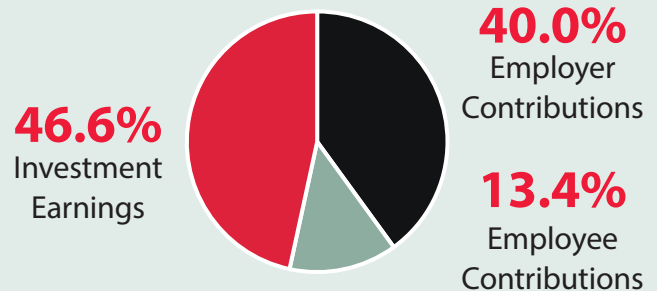
The spending by retired public employees from pension checks supports jobs, greater tax revenues and economic growth in our communities.



Pensions offer employees the best path to retirement security. They are cost-effective and provide modest lifetime income that will not run out.

Taxpayers Only Pay a Small Part of Pension Costs

The funding of public employee pensions is shared by employees and employers. New SRS employees contribute 4% or 8% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers paid only 40.0% of the cost of benefits in Illinois.



Pensions Cost Half as Much as a 401(k) Plan

Pensions can provide the same benefit as a 401(k) retirement account at about half the cost because of the following key factors:



Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.



Illinois SRS serves 61,651 active employees and 78,189 retired members and survivor beneficiaries.



New employees contribute 4% or 8% of pay to SRS.



Employers contribute 51.2% to the fund.



The average monthly retirement benefit for members is \$3,365.



After a 30-year career, a pension benefit from SRS will replace 50.1% of an employee's final average salary.

Historical SRS Funding Experience

Illinois established long-term funding policies to provide for the cost of public pension benefits. The employee contribution is set by law and the actuary calculates the employers' contributions each year. As of the end of its 2023 year, SRS had \$24.1 billion in assets in the fund.

The Actuarially Determined Contribution (ADC) is the amount needed to fund benefits earned in the year and to pay down the plans' unfunded actuarial accrued liability. Paying the full ADC each year is important to ensure that the fund is financially sound over time.

Illinois Paid 82% of Weighted Average Percent of ADC from FY2001-FY2022 for SRS



Illinois Made Plan Changes to SRS in Recent Years

Following the global stock market crash in 2008-2009, Illinois policymakers proactively made changes to SRS to ensure long-term sustainability. These included:

- Each statewide system was directed to offer, from 1/1/18 until 6/30/21, a one-time, irrevocable "accelerated pension payment" to certain plan participants.
- For current active members, the threshold for salary increases used in the determination of final average salary was lowered from 6% to 3%.

The Economic Impact of Illinois Pensions:



\$35.8 billion

in economic output generated by retirees' spending from public pensions in Illinois.



178,473 jobs

paying \$11.9 billion in wages supported by retirees spending from public pensions in Illinois.



\$5.7 billion

in federal, state, and local tax revenues generated by retiree benefits and spending in Illinois.

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OVERVIEW: Teachers' Retirement System of the State of Illinois



The **Teachers' Retirement System of the State of Illinois (TRS)** provides a defined benefit (DB) pension for teachers. It offers a modest but stable monthly income over a retiree's life. DB pensions help to recruit and retain experienced employees.

The spending from the pension checks of the 130,051 retired public employees helps support:



\$35.8 billion

in economic output in Illinois.



178,473 jobs

paying \$11.9 billion in wages supported by retirees' spending from public pensions in Illinois.



\$5.7 billion

in federal, state, and local tax revenues based on spending of public pension benefits in Illinois.

Pensions are a good deal for taxpayers:

Funding of teacher pensions is shared by employees and employers. New TRS employees contribute 9% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers (via employer contributions) paid only 40.0% of the cost of pension benefits in Illinois.

46.6%
Investment
Earnings



40.0%
Employer
Contributions

13.4%
Employee
Contributions

Key facts about the plan and its benefits:



166,714

Total active members of Teachers' Retirement System of the State of Illinois.



45%

After a 30-year career, a pension benefit from TRS will replace 45% of an employee's pre-retirement income.



\$4,976

Average pension benefit paid to retired TRS members each month.

Pension benefits are a good deal for the economy too:

Each dollar "invested" by Illinois taxpayers (employers) in these plans supported **\$3.94** in total economic activity in the state.



\$1.00



\$3.94

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PRIMER: Teachers' Retirement System of the State of Illinois

The Teachers' Retirement System of the State of Illinois (TRS) provides benefits to qualified public school educators.

The TRS Pension Works for Illinois Stakeholders



Effective teachers are the cornerstone of education quality, but teachers are underpaid. Pensions help schools keep teachers and compensate for low pay.



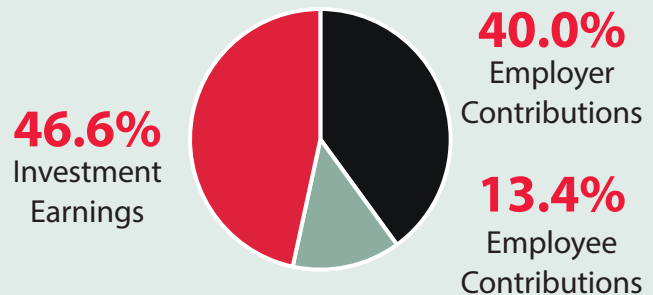
Retaining experienced midcareer teachers boosts student performance. Pensions help keep effective midcareer teachers in the classroom, increasing education quality.



Pensions offer teachers the best path to retirement security. They are cost-effective and provide modest lifetime income that will not run out.

Taxpayers Only Pay a Small Part of Pension Costs

The funding of public employee pensions is shared by employees and employers. New TRS employees contribute 9% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers paid only 40.0% of the cost of benefits in Illinois.



Pensions Cost Half as Much as a 401(k) Plan

Pensions can provide the same benefit as a 401(k) retirement account at about half the cost because of the following key factors:



Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

TRS Key Facts



TRS serves 166,714 active employees and 130,051 retired members and survivor beneficiaries.



New employees contribute 9% to TRS.



Employers contribute 49.3% to the fund for employees.



The average monthly retirement benefit for members is \$4,976.



After a 30-year career, a pension benefit from TRS will replace 45% of final average salary.

Historical TRS Funding Experience

Illinois established long-term funding policies to provide for the cost of public pension benefits. The employee contribution is set by law and the actuary calculates the employers' contributions each year. As of the end of its 2023 year, TRS had \$66.5 billion in assets in the fund.

The Actuarially Determined Contribution (ADC) is the amount needed to fund benefits earned in the year and to pay down the plans' unfunded actuarial accrued liability. Paying the full ADC each year is important to ensure that the fund is financially sound over time.

Illinois Paid 69% of Weighted Average Percent of ADC from FY2001-FY2019 for TRS



Illinois Made Plan Changes to TRS in Recent Years

Following the global stock market crash in 2008-2009, Illinois policymakers proactively made changes to TRS to ensure long-term sustainability. These included:

- Each statewide system was directed to offer, from 1/1/18 until 6/30/21, a one-time, irrevocable "accelerated pension payment" to certain plan participants.
- For current active members, the threshold for salary increases used in the determination of final average salary was lowered from 6% to 3%.

The Economic Impact of Illinois Pensions:



\$35.8 billion

in economic output generated by retirees' spending from public pensions in Illinois.



178,473 jobs

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\$5.7 billion

in federal, state, and local tax revenues based on spending of pension benefits in Illinois.

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Pensions Help Deliver Quality Education in Illinois

There are important policy reasons to continue offering teachers defined benefit (DB) pensions. DB pensions give schools an effective tool to retain high-quality, experienced teachers. These teachers are the most important school-based element that provides positive educational outcomes for our children.

Pension benefits provide teachers an incentive to continue delivering quality education to K-12 students. This incentive becomes all the more important over a teaching career as the erosion of teachers' wages, when compared to the wages of similar college-educated workers, widens for more experienced teachers.¹

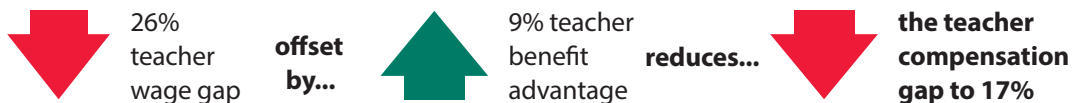
Because pensions help attract and retain workers, Illinois can keep skilled teachers in the classroom and empower students to achieve their highest potential. The nationwide teacher shortage is impacting Illinois, as enrollment in traditional teacher preparation programs has *declined by 40%* between 2009-2010 and 2021-2022.

Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

Pensions Help to Bridge the Teacher Wage Gap

A national study of K-12 public school teachers' wages identified a 26 percent pay gap relative to comparable private sector workers in 2019. At the same time, teachers' benefits, including pensions, help bridge that gap and allow states to attract and retain highly qualified educators by reducing that overall gap in compensation to 17 percent. In Illinois, teachers experience a 23.9% wage gap when compared to other college graduates in the workforce.²



Americans understand that teacher pensions play an important role in retaining quality teachers and in offsetting the impact of their lower salaries.



82%

82 percent of Americans say pensions are a good way to recruit and retain qualified teachers.

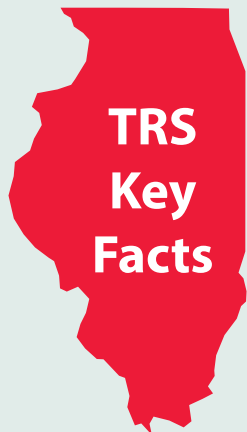
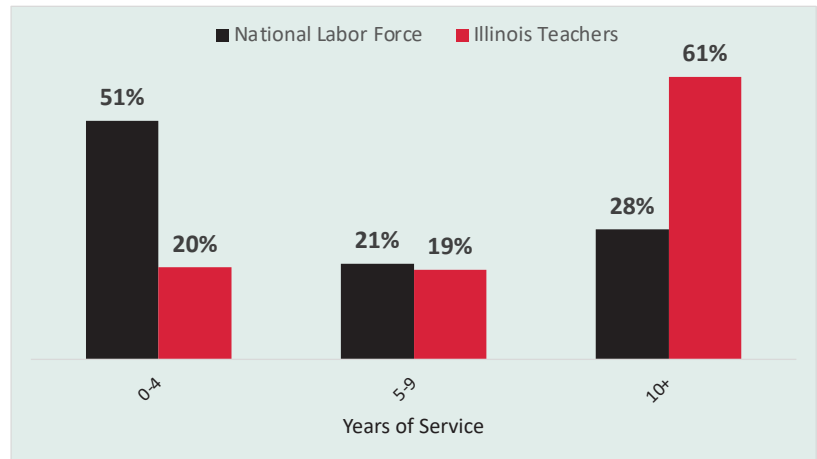


78%

78 percent of Americans agree that teachers deserve pensions to compensate for lower pay.³

Pensions Reduce Teacher Turnover and Save Money

Experienced teachers are more effective teachers. DB pensions help to retain highly productive teachers longer, as compared with individual DC accounts. Moreover, the cost of teacher turnover is quite high, both in terms of financial cost and loss of productivity to the school district.⁴



TRS serves 166,714 active employees and 130,051 retired members and survivor beneficiaries.



New employees contribute 9% to the fund.



Employers contribute 49.3% to the fund.



The average monthly retirement benefit for members is \$4,976.



TRS has \$66.5 billion in assets and \$81.8 billion in unfunded actuarial accrued liability.⁵

The Economic Impact of Illinois Pensions

\$35.8 billion



in economic output generated by retirees' spending from public pensions in Illinois.

178,473 jobs



paying \$11.9 billion in wages supported by retirees' spending from public pensions in Illinois.

\$5.7 billion



in federal, state, and local tax revenues based on spending of pension benefits in Illinois.⁶

¹ Weller, C. 2017. "Win-Win: Pensions Effectively Serve American Schools and Teachers." Washington, DC. National Institute of Retirement Security (NIRS).

² Allegretto, S. 2023. "Teacher pay penalty still looms large." Washington, DC. Economic Policy Institute.

³ Doonan, D. and Kenneally, K. 2024. "Retirement Insecurity 2024: Americans' Views of Retirement." Washington, DC. NIRS.

⁴ Copeland, C. 2023. "Trends in Employee Tenure, 1983–2022." Washington, DC. Employee Benefit Research Institute.

⁵ All data, unless otherwise noted, as of fiscal year ended 2023.

⁶ Boivie, I. 2025. "Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures." Washington, DC. NIRS.