

# **IL State Retirement Systems**

**Financial Condition as of  
June 30, 2012**



**Commission on Government  
Forecasting & Accountability**

**February 2013**

# *Commission on Government Forecasting and Accountability*

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## Executive Summary

This report examines the financial status of the five State-funded retirement systems. The following is a summary of the findings:

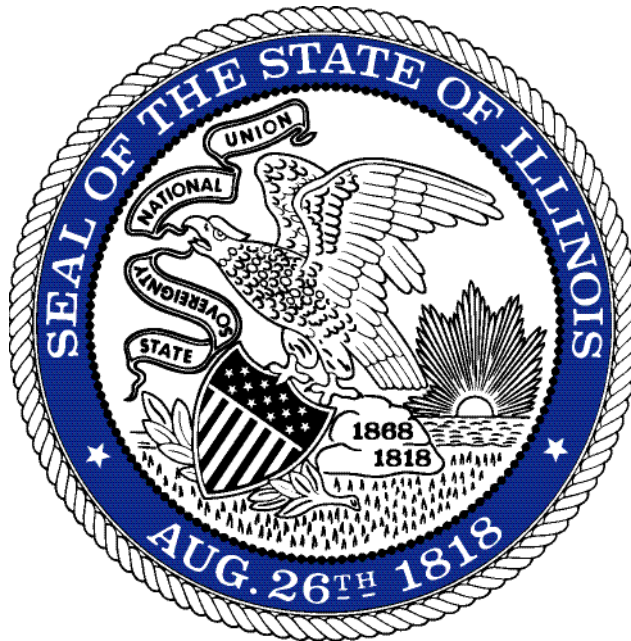
- Public Act 88-0593 requires the State to make contributions to the State retirement systems such that the total assets of the systems will equal 90% of their total actuarial liabilities by Fiscal Year 2045. The contributions are required to be made at a level percent of payroll in Fiscal Years 2011 through 2045, following a phase-in period that began in Fiscal Year 1996.
- From FY 2001 through FY 2012, the combined unfunded liabilities of the systems increased by \$71.8 billion based upon the market value of assets. The main factors for this increase in unfunded liabilities were actuarially insufficient employer contributions, lower-than-assumed investment returns in 5 years, and benefit increases, along with other miscellaneous actuarial factors.
- The discussion of the financial condition of the State retirement systems centers on the funded ratio, or net assets divided by accrued liabilities. A system with a 100% funded ratio is fully funded because its assets are sufficient to pay all benefits earned by employees. Based upon the market value of assets, the funded ratio of the State retirement systems combined was 39.0% as of June 30, 2012.
- Projections of the future financial condition of the State retirement systems provide valuable information on the effect that past funding has had on the retirement systems' financial position. The funding projections shown in the appendices of this report were prepared by the systems' actuaries and by CGFA's actuary based on the laws currently in effect.
- If the State continues funding according to current law, the accrued liabilities of the State retirement systems will increase from approximately \$158.6 billion at the end of FY 2012 to an estimated **\$327.4** billion at the end of FY 2045. At the same time, assets without asset smoothing are projected to increase from \$61.8 billion to **\$294.7** billion. Consequently, the unfunded liabilities are projected to decrease from \$96.8 billion at the end of FY 2012 to **\$32.7** billion at the end of FY 2045, and the funded ratio is expected to increase from 39.0% in FY 2012 to 90.0% by the end of FY 2045. All of the projected figures in this paragraph come from the various systems' actuaries and are based upon asset market values.
- Each of the 5 state retirement systems provided a certification of the required state contribution for FY 2014 reflecting the impact of P.A. 96-0889. These certification letters are displayed in the appendices.
- The first section in this report discusses in detail the characteristics of the 2 tier retirement system enacted by P.A. 96-0889. The various projections contained elsewhere in this report all reflect the changes established by this act.

<b>FY 2013 Pension Appropriation By Fund</b> <b>P.A. 97-0685 (S.B. 2348)</b> <b>(\$ Millions)</b>			
System	GRF	Other State Funds	Total
TRS	\$2,703.5	\$0.0	\$2,703.5
*SERS	1,095.3	564.3	1,659.6
SURS	1,252.8	150.0	1,402.8
JRS	88.2	0.0	88.2
GARS	14.2	0.0	14.2
<b>Total</b>	<b>\$5,154.0</b>	<b>\$714.3</b>	<b>\$5,868.3</b>
* SERS GRF appropriation includes \$54.0 million in 2003 POB debt service. SERS "Other Funds" appropriation includes \$27.8 million in 2003 POB debt service.			

<b>FY 2014 Pension Appropriation By Fund</b> <b>Estimated</b> <b>(\$ Millions)</b>			
System	GRF	Other State Funds	Total*
TRS	\$3,438.6	\$0.0	\$3,438.6
*SERS	1,151.0	592.9	1,743.9
SURS	1,343.7	166.1	1,509.8
JRS	126.8	0.0	126.8
GARS	13.9	0.0	13.9
<b>Total</b>	<b>\$6,074.0</b>	<b>\$759.0</b>	<b>\$6,833.0</b>
*The amounts shown in the "Total" column reflect the individual FY 2014 certified amounts for each system pursuant to P.A. 88-0593. These amounts also reflect the systems final FY 2014 certification pursuant to P.A. 97-0694, the State Actuary Law. This chart is meant to be an estimate only insofar as the FY 2014 appropriation by fund is concerned. The SERS "Other State Funds" amount is based upon an estimate obtained from the retirement system. The SURS "Other State Funds" amount assumes that SURS will receive an FY 2014 appropriation from the State Pension Fund commensurate with the amount that was received by the system in FY 2013. SURS historical appropriation from the State Pension Fund varies widely from year to year.			



# **I. Public Act 96-0889 (SB 1946) and Public Act 96-1495 (SB 3538)**





**Two-Tier Pension Reform for the State Systems, IMRF, and Chicago Funds**  
**Public Act 96-0889**  
**Senate Bill 1946 – Cullerton (Madigan)**

**I. Overview of Key Provisions of Public Act 96-0889 (SB 1946)**

**Effective Date**

- January 1, 2011

**Systems Impacted**

- IMRF, Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, Metropolitan Water, SERS, SURS, TRS, Chicago Teachers (Judges and GA separate; CTA, Police, and Fire excluded)

**Retirement Eligibility – Except State Policemen, Firefighters, and Correctional Guards**

- Normal Retirement: 67 years old with 10 years of service
- Early Retirement: 62 years old with 10 years of service with a 6% per year reduction in benefits for each year age is under 67
- Annuity based on highest 8 years out of last 10 years of service
- Annual Final Average Salary may not exceed \$106,800, as automatically increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year

**Retirement Eligibility – State Policemen, Firefighters, and Correctional Guards**

- Normal Retirement: 60 years old with 20 years of service
- State Policemen, Firefighters, DOC Guards are still eligible for Alternative Formula

**Annual Increases in Annuity**

- Increases begin at the later of the first anniversary of retirement or at age 67
- Increases equal to the lesser of 3% or one-half the annual increase in the CPI-U during the preceding 12-month calendar year; if increase in CPI is zero or if there is a decrease in CPI, then no COLA is payable
- Increase not compounded

**Survivor Benefits**

- 66.7% of the earned retirement benefit at death
- Increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year
- Increases not compounded

**“Double Dipping” Prohibited**

- Prohibition on simultaneously collecting a pension and a salary with public employer.

**Chicago Teachers' Extension of Funding Plan**

- Contributions specified in Fiscal Years 2011 – 2014
- New Goal: CTPF must reach 90% by 2059 (currently 2045)

**Retirement Eligibility – Judges and General Assembly**

- Normal Retirement: 67 years old with 8 years of service
- Early Retirement: 62 years old with 8 years of service

**Change in Benefit Formula – Judges and General Assembly**

- 3% of Final Average Salary for each year of service
- Maximum annuity 60% of Final Average Salary
- Retirement annuity based on highest 8 out of final 10 years of service

**Annual Increase in Annuity – Judges and General Assembly**

- Increases begin after attainment of age 67
- Increases equal to the lesser of 3% or one-half of the annual increase in the CPIU during the preceding 12-month calendar year
- Increases compounded

**Annual Increase in Survivor's Annuity – Judges and General Assembly**

- 66.7% of the earned retirement benefit at death
- Increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year
- Increases compounded

**Police and Fire Pension Reform - Downstate, IMRF, and Chicago**  
**P.A. 96-1495**  
**SB 3538 – Link (McCarthy)**

**Effective Date**

- January 1, 2011

**Systems Impacted**

- Downstate Police, Downstate Fire, Chicago Police, Chicago Fire, IMRF (SLEP)

**Creation of a Two Tier System for Firefighters and Police Officers**

- Benefits for current police officers and firefighters have not changed.
- Changes only apply to police officers and firefighters hired on or after January 1, 2011.
- Normal Retirement: 55 years old with 10 years of service.
- Early Retirement: 50 years old with 10 years of service, but penalty of  $\frac{1}{2}\%$  for each month that the police officer or firefighter is younger than 55 years.
- Retirement Pension based upon 2.5% of Final Average Salary for a maximum of 75%.
- Annuity based on highest 8 years out of last 10 years of service.
- Annual Final Average Salary may not exceed \$106,800, as automatically increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year.

**Annual Increases in Annuity**

- Increases begin at age 60 either on the January 1<sup>st</sup> after police officer/firefighter retires or the first anniversary of pension starting date, whichever is later.
- Increases equal to the lesser of 3% or one-half the annual increase in the CPI-U during the preceding 12-month calendar year; if increase in CPI is zero or if there is a decrease in CPI, then no COLA is payable.
- Increase not compounded

**Survivor Benefits**

- 66.7% of the earned retirement benefit at death
- Increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year
- Increases not compounded

**Municipal Funding Provisions**

- Pension funds must be 90% funded by Fiscal Year 2040
- Annual Municipal contributions will be calculated as level percentage of payroll under "Projected Unit Credit Actuarial Cost Method."
- Comptroller is authorized to redirect municipal monies directly to pension funds if municipal contributions are insufficient.
- Future pension fund studies are authorized to review the condition of pension funds and potential investment pooling.



## II. Pension Legislation History







## ***86th General Assembly (1989 – 1991)***

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### ***Compounded Annual Cost of Living Adjustments (P.A. 86-0273)***

Public Act 86-0273, which took effect on August 23, 1989, provided for compounded 3% annual cost of living adjustments (COLA's) beginning January 1, 1990 for annuitants in all five of the State-funded retirement systems (TRS, SERS, SURS, JRS and GARS). Prior to the enactment of P.A. 86-0273, annual COLA's had been calculated on a simple non-compounded basis.

## ***88th General Assembly (1993 – 1995)***

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### ***Funding Plan for State-Funded Retirement Systems (P. A. 88-0593)***

Public Act 88-0593 implemented a funding plan for the five State retirement systems that requires the State to make contributions as a level percent of payroll in fiscal years 2011 through 2045, following a phase in which began in fiscal year 1996. The contributions are required to be sufficient, when added to employee contributions, investment income, and other income, to bring the total assets of the systems to 90% of the actuarial liabilities by fiscal year 2045. Each system is required to certify the amount necessary for the next fiscal year by November 15 of the current fiscal year, for inclusion in the Governor's budget.

## ***90th General Assembly (1997 – 1999)***

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### ***SERS Formula Increase (P.A. 90-0065)***

P.A. 90-0065 (HB 0110) implemented a flat rate formula for SERS Regular Formula members covered by Social Security of 1.67% for all years of service. Regular Formula members not covered by Social Security moved to a flat rate formula of 2.2% for all years of service. The Act applied to all members retiring on or after January 1, 1998.

### ***TRS Formula Increase (P.A. 90-0582)***

P.A. 90-0582 implemented a retirement formula increase for members of the Teachers' Retirement System. The Act provided that active teachers would earn creditable service on or after July 1, 1998 at a rate of 2.2% of final average salary for each year of service. The Act also allowed teachers to make contributions to TRS in order to upgrade past service earned prior to the implementation of the flat-rate formula.

### ***Creation of Self-Managed Plan in SURS (P.A. 90-0448)***

P.A. 90-0448 gave members of the State Universities Retirement System the option to enroll in a Self-Managed Plan in which participants are able to choose from a variety of investment options ranging from mutual funds to annuity contracts. Members who choose the SMP become vested after earning 5 years of service credit.

## ***91st General Assembly (1999 – 2001)***

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### ***"Rule of 85" for SERS (P.A. 91-0927)***

P.A. 91-0927 created a “Rule of 85” for the State Employees’ Retirement System, wherein an employee is eligible to retire when the employee’s age plus service credit equals 85 years.

### ***92nd General Assembly (2001 – 2003)***

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#### ***SERS Alternative Formula Increase (P.A. 92-0014)***

P.A. 92-0014 changed the retirement formula for alternative formula employees to 2.5% for each year of service for members coordinated with Social Security and 3.0% for each year of service for non-coordinated members. The Act increased the maximum retirement annuity for alternative formula employees to 80% of final average salary.

#### ***Addition of Highway Maintenance Workers to the SERS Alternative Formula (P.A. 92-0257)***

P.A. 92-0257 added state highway maintenance workers to the alternative formula under SERS. Specifically, the Act included persons employed on a full-time basis by the Illinois Department of Transportation in the position of highway maintainer, highway maintenance lead worker, heavy construction equipment operator, and other job titles. The Act also added several positions within the Illinois State Toll Highway Authority such as equipment operator/laborer, welders, sign makers/hangers, and other job titles.

#### ***SERS Early Retirement Incentive (Public Act 92-0566)***

Public Act 92-0566 created the 2002 Early Retirement Incentive for certain SERS and TRS members. The ERI allowed members to purchase up to five years of service credit and age enhancement. Eligible members were then required to leave employment between July 1, 2002 and December 31, 2002. Over 11,000 members took advantage of the ERI, and a majority of the participants were eligible to receive benefits immediately following termination.

### ***93rd General Assembly (2003 – 2005)***

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#### ***Pension Obligation Bond (P.A. 93-0002)***

Public Act 93-0002 amended the General Obligation Bond Act to increase bond authorization by \$10 billion. These general obligation bonds were designated as a pension funding series. The State used a portion of the bond proceeds to pay part of the FY 2003 State contribution and all of the FY 2004 State contributions to the retirement systems. Of the \$10 billion, \$7.3 billion was used to reduce the unfunded liabilities of the State-funded retirement systems.

Along with the \$10 billion increase in bond authorization, Public Act 93-0002 included a provision requiring State contributions to the retirement systems to be reduced by the amount of the debt service (the amount of principal and interest payments) on the bonds. The legislation set the maximum annual employer contribution to each system at the amount that would have been contributed without the bond issuance, minus the total debt service payments for the fiscal year. Effectively, the reduction in retirement contributions is used to pay the debt service on the bonds.

### ***94th General Assembly (2005 – 2007)***

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#### ***FY 2006 – FY 2007 “Pension Holiday” (P.A. 94-0004)***

Public Act 94-0004 temporarily deviated from the funding plan created in 1994 by Public Act 88-0593. The Act set the State contribution levels for FY 2006 and FY 2007, rather than

requiring the State to make contributions based on actuarial calculations set forth under P.A. 88-0593. In addition, the separate funding of the liability created by the 2002 SERS Early Retirement Incentive was eliminated. The following table provides a comparison of the FY 2006 certified contributions and FY 2007 contributions with the State contributions that were required by Public Act 94-0004.

TABLE 1

Public Act 88-0593 Contributions vs. Public Act 94-0004 Contributions (in Millions \$)						
System	FY 2006			FY 2007		
	PA 88-0593	PA 94-0004	Difference	PA 88-0593	PA 94-0004	Difference
TRS	\$1,058.5	\$534.6	\$523.9	\$1,233.1	\$735.5	\$497.6
SERS	690.3	203.8	486.5	832.0	344.2	487.8
SURS	324.9	166.6	158.3	391.9	252.1	139.8
JRS	38.0	29.2	8.8	44.5	35.2	9.3
GARS	5.5	4.2	1.3	6.3	5.2	1.1
Total	\$2,117.2	\$938.4	\$1,178.8	\$2,507.8	\$1,372.3	\$1,135.6

*SERS Alternative Formula Changes (P.A. 94-0004)*

Prior to the enactment of P.A. 94-0004, all employees of the Department of Corrections were covered by the SERS alternative formula. Public Act 94-0004 provides that for employees entering service after July 1, 2005, only Department of Corrections employees who are headquartered at a correctional facility, parole officers, members of an apprehension unit, members of an intelligence unit, and DOC investigators will be covered by the alternative formula. New employees included in other groups currently covered by the alternative formula will continue to be eligible for the SERS alternative formula.

*SURS Money Purchase Retirement Option Changes ( P.A. 94-0004)*

Public Act 94-0004 eliminated the money purchase formula for employees who became members of SURS after July 1, 2005. Beginning in FY 2006, the Act requires the Comptroller (rather than the SURS Board of Trustees) to determine the interest rate to be used when crediting interest to the accounts of current employees.

*Salary Increase Payments For Teachers and State University Personnel (P.A. 94-0004)*

Public Act 94-0004 provided a mechanism by which the liability associated with salary increases above a certain level may be shifted to the employer (school districts and universities) providing those salary increases. The Act provides that during the years used to determine final average salary, the employer must pay to TRS or SURS an amount equal to the present value of the increase in benefits resulting from salary increases above 6%. The employer contribution required by Public Act 94-0004 must be paid in a lump sum within 30 days of the receipt of the bill from the retirement system. The Act specifies that the retirement system must calculate the contribution amount using the same actuarial assumptions and tables used for the most recent actuarial valuation.

The salary increase payment provision for TRS and SURS contained in Public Act 94-0004 does not apply to salaries paid under contracts or collective bargaining agreements entered into, amended, or renewed before the effective date of the Act (June 1, 2005).

*Teacher Sick Leave Service Credit (P.A. 94-0004)*

Prior to the enactment of P.A. 94-0004, members of TRS could establish up to 2 years of service credit for unused and uncompensated sick leave without making contributions. Public Act 94-0004 provides that if days granted by an employer are in excess of the normal annual sick leave allotment, the employer is required to contribute to TRS the normal cost of the benefits associated with this excess sick leave.

*Retention of “Pipeline” Early Retirement Option in TRS (P.A. 94-0004)*

An Early Retirement Option for members of TRS was created in 1980 and, prior to 2005, had been extended every 5 years since its inception. (Public Act 91-0017 extended the TRS ERO option until June 30, 2005). If an employee exercised the ERO option (i.e. retires before age 60 with less than 34 years of service) employee and employer contributions were required to avoid discount. The employee contribution was 7% of salary for each year less than age 60 or 35 years of service (whichever is less) and the employer contribution was 20% of salary for each year less than age 60. Public Act 92-0582 removed the employee contribution for members with 34 years of service and Public Act 91-0017 removed the employer contribution requirement for employees who retire with 34 years of service.

Public Act 94-0004 allowed TRS members to participate in the “pipeline” ERO if the member retired between June 30, 2005 and July 1, 2007.

*New Early Retirement Option in TRS (P.A. 94-0004)*

Public Act 94-0004 creates a new ERO effective July 1, 2005. If an employee exercises the new ERO option (retires before age 60) employee and employer contributions are required to avoid discount. The employee contribution is 11.5% of salary for each year less than age 60 or 35 years of service (whichever is less) and the employer contribution is 23.5% of salary for each year less than age 60. In addition, all active TRS members are required to contribute 0.4% of salary towards the cost of ERO. This contribution would be refunded, without interest, if the member does not utilize the ERO, if the member takes a refund from TRS, if the member dies, or if the ERO is discontinued.

By June 30, 2012 (and every 5 years thereafter), TRS is required to review the System’s ERO experience to determine if the required contributions adequately fund the ERO. The TRS Board of Trustees must submit the results to the Commission on Government Forecasting and Accountability, who must then recommend to the General Assembly (by February 1, 2013) if the required ERO contributions should be adjusted. If the General Assembly does not adjust the required contributions as recommended, the ERO would be terminated at the end of that fiscal year.

*Extension of Early Retirement Option for Chicago Teachers (P.A. 94-0004)*

Public Act 91-0017 extended the Early Retirement Option in the Chicago Teachers’ Pension Fund until June 30, 2005. If an employee exercises that option by retiring before age 60 with less than 34 years of service, employee and employer contributions are required to avoid a reduction in annuity. The employee contribution is 7% of salary for each month less than age

60 or 35 years of service (whichever is less), and the employer contribution is 20% of salary for each year less than age 60. No employee or employer contributions are required for members with 34 years of service. Currently, each employer has the authority to determine whether it should provide an ERO for its employees.

Public Act 94-0004 extends the ERO option to June 30, 2010. The Act also specifies that the employer may not limit the number of ERO participants to less than 200 (rather than 30% of eligible members). The Act also allows the employer and collective bargaining agent to agree to set the limit higher than 200, and to base the allocation for participation on a basis other than seniority.

#### *Application of New Benefits (P.A. 94-0004)*

Public Act 94-0004 requires every new benefit increase to identify and provide for additional funding at least sufficient to fund the resulting annual increase in cost as it accrues to the System. Unless the funding inadequacy is corrected by the General Assembly, the benefit increase would expire at the end of the fiscal year. In addition, Public Act 94-0004 provides that all benefit increases will expire 5 years after the effective date of the increase, unless an earlier date is specified in the legislation that provides the benefit increase. This provision does not apply to the Chicago Teachers' Pension Fund.

#### *Exemptions to 6% End-of-Career Salary Increase Cap (P.A. 94-1057)*

P.A. 94-1057 amended both the Downstate Teachers' and State Universities' Articles of the Pension Code to exempt the employer (the university or the school district) from paying the increased contribution associated with certain salary increases above 6% granted during the employee's final average salary period. The Act applies to specifically enumerated salary increases granted between June 1, 2005 and July 1, 2011 as follows:

- Salary increases paid to teachers or university employees who are ten or more years away from retirement.
- Salary increases that result when a teacher is transferred from one employer to another as a result of school consolidation.
- Salary increases paid to teachers or university employees that are earned as a result of summer school or overload work. (Overload work must be for the sole purpose of academic instruction in excess of the standard number of instruction hours, and the overload pay must be necessary for the educational mission).
- Salary increases due to promotion for which a teacher is required to hold a certificate or supervisory endorsement issued by the State Teacher Certification Board. The certification must be different than what was required for the teacher's previous position, and the position must have existed and been filled by a member for no less than one complete academic year.
- Salary increase due to promotion for which a university employee moves to a higher classification under the State Universities Civil Service System, promotion to a tenure-track faculty position, or promotion to a position recommended on a promotional list created by the Illinois Community College Board.
- Payments to a teacher from the State Board of Education or the State of Illinois over which the school district does not have discretion.

- Salary increases granted to teachers or university employees under the aforementioned conditions after July 1, 2011, but before July 1, 2014, pursuant to a contract or collective bargaining agreement entered into on or after June 1, 2005, but before July 1, 2011.

P.A. 94-1057 also requires both SURS and TRS to file a report with the Governor and General Assembly by January 1, 2007 outlining the number of recalculations performed by school districts or universities, the dollar amount by which each school district or university's contribution was changed due to the recalculation, and the total amount received from each school district or university as a result of P.A. 94-0004. The Act also requires both SURS and TRS to provide an estimate of the increase in state contributions resulting from the aforementioned end-of-career salary increase exemptions.

## **96th General Assembly (2005 – 2007)**

### **Pension Obligation Notes for FY 2010 / Introduction of Asset Smoothing (P.A. 96-0043)**

P.A. 96-0043 mandated the issuance of new pension bonds totaling \$3.466 billion. The bond sale proceeds, net of sales expenses, were used as a portion of the FY 2010 State contributions to the various State pension systems. Specifically, the Act establishes the FY 2010 State pension contributions as follows: (1) TRS - \$2,089,268,000, (2) SERS - \$723,703,100, (3) SURS - \$702,514,000, (4) JRS - \$78,832,000, (5) GARS - \$10,454,000. The FY 2010 total inflows into each of the 5 systems from all sources will be equal to the GRF portion of the certified amounts for each system.

P.A. 96-0043 also establishes that as of June 30, 2008, the actuarial value of each system's assets will be equal to their market value. In determining the actuarial value of the systems' assets for fiscal years after June 30, 2008, any unexpected gains or losses from investment returns incurred in a fiscal year will be recognized in equal annual amounts over the 5 year period following that fiscal year. An unexpected gain or loss will be defined as any deviation from the forecasted return on invested assets.

P.A. 96-0043 contains a statement of legislative intent that all of the operating funds freed up by the bond sale should be used to fund programs and services provided by community-based human services providers to ensure the State continues assisting the most vulnerable citizens.

Calculation of Final Average Salary for Annuity Purposes - General Assembly Retirement System (P.A. 96-0207)

P.A. 96-0207 provides that for participants who become a member of GARS on or after August 10th, 2009 (the effective date of the Act), retirement annuities will be based on the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or by dividing the total period of service, if less than 48 months, by the number of months of service in that period.

Calculation of Final Average Salary for Annuity Purposes - Judges Retirement System (P.A. 96-0207)

P.A. 96-0207 provides that for participants who become members of JRS on or after August 10th, 2009 (the effective date of the Act), retirement annuities will be calculated by dividing the total salary of the participant during the period of the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or the total period of service, if less than 48 months, by the number of months of service in that period.

Illinois Governmental Ethics Act (P.A. 96-0006)

Currently, elected officials and members of certain boards and commissions are required to file verified written statements of economic interests. Public Act 096-0006 amends the Illinois Governmental Ethics Act to add that members of the board of any retirement system, pension fund or investment board established under the Illinois Pension Code will be required to file verified written statements of economic interests only if they are not already required to file such a statement.

Creation of Investment Working Group (P.A. 96-0006)

Public Act 096-0006 amends the State Treasurer Act to add a new Section titled, “working group; peer cost comparison.” The Treasurer shall convene a working group consisting of representatives from the retirement systems, pension funds, and investment board created under the Illinois Pension Code, persons that provide investment services, and members of the financial industry. The working group shall review the performance of investment managers and consultants providing investment services for the retirement systems, pension funds, and investment board created under the Illinois Pension Code. The group shall develop uniform standards for comparing the costs of investment services and make recommendations to the retirement systems, pension funds, and investment board. The working group shall draft a report, and the Treasurer must submit such report, to the Governor and the General Assembly by January 1, 2011.

Expansion of Fiduciary Duties (P.A. 96-0006)

Currently, the Illinois Pension Code defines a fiduciary as someone who exercises discretionary authority or discretionary control respecting management of the pension fund or retirement system. Those who render investment advice for a fee or other compensation are acting in a fiduciary capacity pursuant to current law. Public Act 096-0006 amends the Illinois Pension Code to stipulate that rendering advice with respect to the selection of fiduciaries in and of itself constitutes a fiduciary duty.

Requirements for Consultants (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to add a new Section concerning consultants. The new Section states that “consultant” means any person or entity retained or employed by the board of a retirement system, pension fund, or investment board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers, or monitoring the board’s investments.

*Reporting Requirements for Emerging Investment Managers (P.A. 96-0006)*

Public Act 096-0006 requires that each retirement system, pension fund, and investment board, except for Downstate Police and Downstate Fire pension funds, shall submit a report to the Governor and the General Assembly by January 1 of each year. The report shall include all of the adopted policies, including the names and addresses of the emerging investment managers used, percentage of the assets under the investment control of emerging investment managers, the actions it has undertaken to increase the use of emerging investment managers, including encouraging other investment managers to use emerging investment managers as subcontractors when the opportunity arises, and also including specific actions undertaken to increase the use of minority broker-dealers.

*Prohibited Transactions (P.A. 96-0006)*

Public Act 096-0006 amends the Pension Code to require that a board member, employee, or consultant with respect to a retirement system, pension fund, or investment board shall not knowingly cause or advise the system, fund, or board to engage in an investment transaction with an investment adviser when the board member, employee, consultant, or their spouse (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment adviser that would result in a pecuniary benefit to the board member, employee, consultant, or spouse of such board member, employee, or consultant as a result of the investment transaction. Public Act 096-0006 clarifies that a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of the consulting firm. Any violation of this provision constitutes a Class 4 felony.

*Selection and Appointment of Investment Advisors and Consultants (P.A. 96-0006)*

Public Act 096-0006 creates a new section in the Pension Code concerning investment services for all retirement systems, pension funds, and investment boards, except Downstate Police and Fire pension funds. Pursuant to this new Section, all contracts for investment services shall be awarded by the board using a competitive process that is substantially similar to the process required for the procurement of professional and artistic services under Article 35 of the Illinois Procurement Code. The Act states that each board of trustees shall implement this policy by June 2, 2009.

*Limitations on Investment Consulting Contracts (P.A. 96-0006)*

Public Act 096-0006 states that notwithstanding any other provision of law, a retirement system, pension fund, or investment board shall not enter into a contract with a consultant that exceeds 5 years in duration. The Act provides that no contract to provide consulting services may be renewed or extended. At the end of the term of a contract, however, the consultant is eligible to compete for a new contract. No retirement system, pension fund, or investment board shall attempt to avoid or contravene these restrictions by any means.

*Disclosure of Fees and Commissions by Consultants (P.A. 96-0006)*

P.A. 96-0006 provides that by June 2, 2009, each investment adviser or consultant currently providing services or subject to an existing contract for the provision of services must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment adviser or consultant in connection with the provision of those services and shall update that disclosure promptly after a modification of those payments or an additional payment.

*Investment Transparency (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to create an additional section concerning investment transparency. The purpose of this new section is to provide for transparency in the investment of retirement or pension fund assets and require the reporting of



full and complete information regarding investments by pension funds, retirement systems, and investment boards. A retirement system, pension fund, or investment board subject to the Pension Code and any committees established by such system, fund, or board must comply with the Open Meetings Act.

*Ethics Training (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to create a new Section concerning ethics training. All board members of a retirement system, pension fund, or investment board created under this Code must attend ethics training of at least 8 hours per year. The training shall incorporate the following areas: ethics, fiduciary duty, and investment issues and any other curriculum that the board of the retirement system, pension fund, or investment board establishes as being important.

*Prohibition on Gifts (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to clarify that no trustee or employee of a retirement system, pension fund, or investment board created under the Illinois Pension Code shall intentionally solicit or accept any gift from any prohibited source.

*No Monetary Gain on Investments (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to create a new section stating that no member or employee of the board of trustees of any retirement system, pension fund, or investment board or any spouse of such member or employee shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of a retirement system, pension fund, or investment board for which such person is a member or employee, nor receive any pay or emolument for services in connection with any investment.

*Fraud (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to create a new Section concerning fraud. Any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code or the Illinois State Board of Investment in an attempt to defraud the retirement system, pension fund, or the Illinois State Board of Investment is guilty of a Class 3 felony.

*Contingent and Placement Fees Prohibited (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to create a new section concerning the prohibiting of contingent and placement fees. No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a retirement system, pension fund, or investment board for compensation, contingent in whole or in part upon the decision or procurement. Any person who violates this provision is guilty of a business offense and shall be fined not more than \$10,000. In addition, any person convicted of a violation of this provision is prohibited for a period of 3 years from conducting such activities.

*Approval of Travel or Educational Mission (P.A. 96-0006)*

Public Act 096-0006 creates a new Section concerning travel and educational missions. The expenses for travel or educational missions of a board member of a retirement system, pension fund, or investment board must be approved by a majority of the board prior to the travel or educational mission.

*Changes to SERS Board of Directors (P.A. 96-0006)*

Public Act 96-0006 states that notwithstanding any provision of current law, the term of office of each trustee of the board appointed by the Governor who is sitting on the board is

terminated on that effective date of the Act (April 3<sup>rd</sup>, 2009). Beginning on the 90<sup>th</sup> day after the effective date of this Act (July 2, 2009), the board shall consist of 13 trustees as follows:

- (i) the Comptroller, who shall be the Chairperson;
- (ii) six persons appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 5 years, except that the terms of the initial appointees under this Act shall be 3 for a term of 3 years and 3 for a term of 5 years;
- (iii) four active participants of the system having at least 8 years of creditable service, to be elected from the contributing members of the system;
- (iv) two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system.

*Changes to SURS Board of Trustees (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to add that the terms of all trustees holding office on the effective date of this Act (April 3, 2009) shall terminate on that effective date. The Governor shall make nominations for appointment within 60 days after the effective date of this Act (June 2, 2009). A trustee sitting on the board on April 3, 2009 may not hold over in office for more than 90 days after that effective date. In addition to this, Public Act 096-0006 states that beginning on the 90<sup>th</sup> day after the effective date of this Act (July 2, 2009), the Board of Trustees shall be constituted as follows:

- (i) The Chairperson of the board of Higher Education, who shall act as chairperson of the Board.
- (ii) Four trustees appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 6 years, except that the terms of the initial appointees shall be 2 for a term of 3 years and 2 for a term of 6 years.
- (iii) Four active participants of the system to be elected from the contributing membership of the system by the contributing members, no more than 2 of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be 2 for a term of 3 years and 2 for a term of 6 years.
- (iv) Two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system, no more than one of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be 1 for a term of 3 years and 1 for a term of 6 years.

*Termination of TRS Executive Director (P.A. 96-0006)*

Public Act 096-0006 amends the Illinois Pension Code to add that the secretary and chief executive officer of the Teachers' Retirement System, known as the Executive Director, holding that position on April 1, 2009 is terminated on July 1, 2009, by operation of law, and shall thereafter no longer hold that position or any other employment with the system. The board is directed to take whatever action is necessary to effectuate this termination.

*Changes to the TRS Board of Trustees (P.A. 96-0006)*

Public Act 096-0006 amends the Pension Code to change the composition of the TRS board of trustees. The board shall consist of 13 members, 6 of whom shall be appointed by the

governor; 4 active teachers elected by the contributing members, and 2 annuitant members elected by the annuitants of the system. The Superintendent of Education is an ex-officio member who serves as president of the board.

*Issuance of Pension Obligation Bonds for FY 2011 (P.A. 96-1497)*

Public Act 96-1497 mandated the issuance of new pension bonds totaling \$4.096 billion. The bond sale proceeds, net of expenses, were used as a portion of the FY 2011 State contributions to the five State systems. The actual bond sale proceeds, net of expenses, were \$3.7 billion. Public Act 96-1497 also required the Boards of Trustees of the State Systems to recertify to the Governor the amount of required State contributions for FY 2011 using the assumption that the second tier of benefits implemented by P.A. 96-0889 had been in effect on June 30, 2009.

**97th General Assembly (2005 – 2007)**

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*Anti-Fraud Provisions (P.A. 97-0651)*

P.A. 97-0651 provides that any reasonable suspicion of a false statement by any appointed or elected commissioners, trustees, directors, board members, or employees of a retirement system or pension fund governed by the Pension Code or the State Board of Investment shall be immediately referred to the board of trustees of the pension fund or the State Board of Investment. The Act also states that the board shall immediately notify the State's Attorney of the jurisdiction where any alleged fraudulent activity occurred.

*Pension Credit for Employees of Statewide Teacher Organizations – SURS and TRS (P.A. 97-0651)*

Prior to the enactment of P.A. 97-0651, members of SURS and TRS were allowed to earn pensionable service credit while working for a statewide teacher organization or national teacher organization under certain conditions. P.A. 97-0651 specifies that such service credit can only be earned if the individual first became a full-time employee of the teacher organization and becomes a participant before the effective date of this amendatory Act (January 5th, 2012). This provision effectively prohibits members of SURS and TRS from earning this type of service credit after January 5th, 2012.

*Repeal of Optional TRS Service Credit Provision of P.A. 94-1111 (P.A. 97-0651)*

P.A. 94-1111, which became effective on February 27th, 2007, allowed certain employees of statewide teacher organizations to establish service credit in TRS for periods of employment prior to becoming certified as a teacher if certain conditions were met before the effective date of the Act. P.A. 97-0651 repeals this provision.

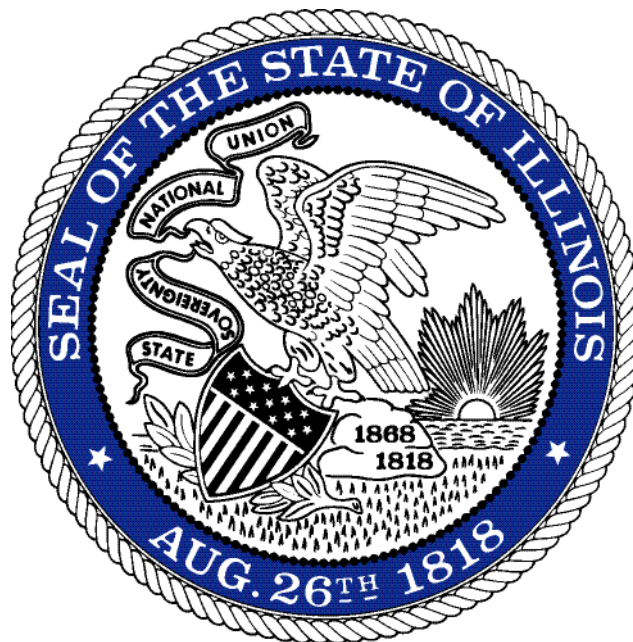
*Payment for Reciprocal Service in GARS (P.A. 97-0967)*

P.A. 97-0967 amends the GARS and the General Provisions Articles of the Illinois Pension Code. In cases where a GARS participant's final average salary in a retirement fund governed under the Retirement Systems Reciprocal Act is used to calculate a GARS pension, and in cases where the final average salary in a reciprocal system is higher than the final salary for annuity purposes in GARS, then the employer of the participant in the reciprocal system must pay to GARS the increased cost that is attributable to the higher level of compensation.

*Creation of the State Actuary (P.A. 97-0694)*

P.A. 97-0694 amends the Illinois State Auditing Act to permit the Auditor General to contract with or hire an actuary to serve as the State Actuary. The Act allows the Auditor General to select the State Actuary without engaging in a competitive procurement process. The State Actuary will have the responsibility for conducting reviews of the actuarial practices of the State retirement systems and identifying recommended changes in actuarial assumptions that the boards of the systems must consider before finalizing their certifications of the required annual State contributions.

# III. Current Combined Financial Condition Of The State Retirement Systems





## STATE RETIREMENT SYSTEMS, COMBINED

The following section of the report looks at historical information regarding the financial condition of the State funded retirement systems. These systems include the Teachers' Retirement System, State Employees' Retirement System, State Universities' Retirement System, Judges' Retirement System, and General Assembly Retirement System. We will begin by examining the five systems together and then take a snapshot of each system's position and outlook as of June 30, 2012. This section of the report covers the period from FY 1996 to FY 2012.

Over the last 17 years, the State of Illinois has appropriated \$40.1 billion to the five retirement systems. Of that amount, \$7.3 billion was from the sale of \$10 billion in pension obligation bonds. The Teachers' Retirement System has received by far the largest amount of contributions, totaling \$21.6 billion. The Judges' and General Assembly Retirement Systems have received the smallest amount of contributions, as they have far fewer participants. The effect these appropriations have had on the unfunded liabilities of the five systems is discussed in greater detail in the following section.

TABLE 2

Summary of Appropriations Authorized State Retirement Systems FY 1996 - FY 2012 (\$ in Millions)						
<u>Fiscal Years</u>	<u>TRS</u>	<u>SURS</u>	<u>SERS</u>	<u>JRS</u>	<u>GARS</u>	<u>Total</u>
1996	\$ 330.8	\$ 123.9	\$ 144.0	\$ 13.0	\$ 2.6	\$ 614.3
1997	386.1	159.5	159.1	14.6	3.0	722.3
1998	467.9	201.6	168.1	16.7	3.4	857.7
1999	573.5	215.4	305.9	20.5	4.0	1,119.3
2000	640.1	224.6	325.7	23.5	4.4	1,218.3
2001	724.9	232.6	341.9	26.4	4.8	1,330.6
2002	815.4	240.4	364.7	29.8	5.2	1,455.5
2003	930.1	269.6	405.5	33.6	5.6	1,644.4
*2004	5,362.0	1,743.7	1,864.7	178.5	32.9	9,181.8
2005	907.0	270.0	498.6	32.0	4.7	1,712.3
2006	534.6	166.6	203.8	29.2	4.2	938.4
2007	738.0	252.0	344.1	35.2	5.2	1,374.5
2008	1,041.3	340.3	551.6	46.9	6.8	1,986.9
2009	1,451.8	450.2	757.2	60.0	8.8	2,728.0
2010	2,080.7	700.2	1,169.0	78.5	10.4	4,038.8
2011	2,170.9	776.5	1,219.7	62.7	11.4	4,241.2
2012	2,406.5	980.5	1,450.8	63.6	10.5	4,911.9
Totals	\$ 21,561.6	\$ 7,347.6	\$ 10,274.4	\$ 764.7	\$ 127.9	\$ 40,076.2

*\*FY 2004 State appropriations authorized include \$7.3 Billion in proceeds from the sale of pension obligation bonds.*

Based upon the actuarial value of assets, the total unfunded liabilities of the State systems totaled \$94.6 billion on June 30, 2012, led by the Teachers' Retirement System (TRS) whose unfunded liabilities amounted to \$52.1 billion. As the largest of the State systems, TRS accounts for over half of the total assets and liabilities of the five State systems combined. Table 3 below provides a summary of the financial condition of each of the five State retirement systems, showing their respective liabilities and assets as well as their accumulated unfunded liabilities and funded ratios. This table includes Asset Smoothing effects.

TABLE 3

Summary of Financial Condition State Retirement Systems Combined Assets at Actuarial Value / <b>With Asset Smoothing</b> Public Act 96-0043 FY 2012 (\$ in Millions)				
System	<u>Accrued Liability</u>	<u>Actuarial Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
TRS	\$90,024.9	\$37,945.4	\$52,079.5	42.1%
SERS	\$33,091.2	\$11,477.3	\$21,613.9	34.7%
SURS	\$33,170.2	\$13,949.9	\$19,220.3	42.1%
JRS	\$2,021.7	\$601.2	\$1,420.5	29.7%
GARS	\$303.5	\$56.1	\$247.4	18.5%
TOTAL	\$158,611.5	\$64,029.9	\$94,581.6	40.4%

However, a much more realistic valuation of the true financial position of the various retirement systems would be based upon the MARKET value of the assets, as shown in Table 4 on the following page. Based upon this more realistic value of the assets, the unfunded liabilities of the State systems totaled \$96.8 billion on June 30, 2012. Teachers' Retirement System (TRS), whose unfunded liabilities amounted to \$53.5 billion, would again represent over 50% of the combined total unfunded balance. Table 4 on the following page provides a summary of the financial condition of each of the five State retirement systems, showing their respective liabilities and assets as well as their accumulated unfunded liabilities and funded ratios. No Asset Smoothing effects are included in these numbers.



TABLE 4

Summary of Financial Condition State Retirement Systems Combined Assets at Market Value / <b>Without Asset Smoothing</b> FY 2012 (\$ in Millions)				
System	<u>Accrued Liability</u>	<u>Net Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
TRS	\$90,024.9	\$36,516.8	\$53,508.1	40.6%
SERS	\$33,091.2	\$10,960.7	\$22,130.5	33.1%
SURS	\$33,170.2	\$13,705.1	\$19,465.1	41.3%
JRS	\$2,021.7	\$578.0	\$1,443.7	28.6%
GARS	\$303.5	\$52.7	\$250.8	17.4%
TOTAL	\$158,611.5	\$61,813.3	\$96,798.2	39.0%

The funded ratios for each of the five State retirement systems may be compared to the aggregate funded ratio of 39.0% for the five systems. Although the Judges' Retirement System and the General Assembly Retirement System have the poorest funded ratios, these two systems are much smaller and their unfunded liabilities are thus more manageable than the three larger systems.

CHART 1

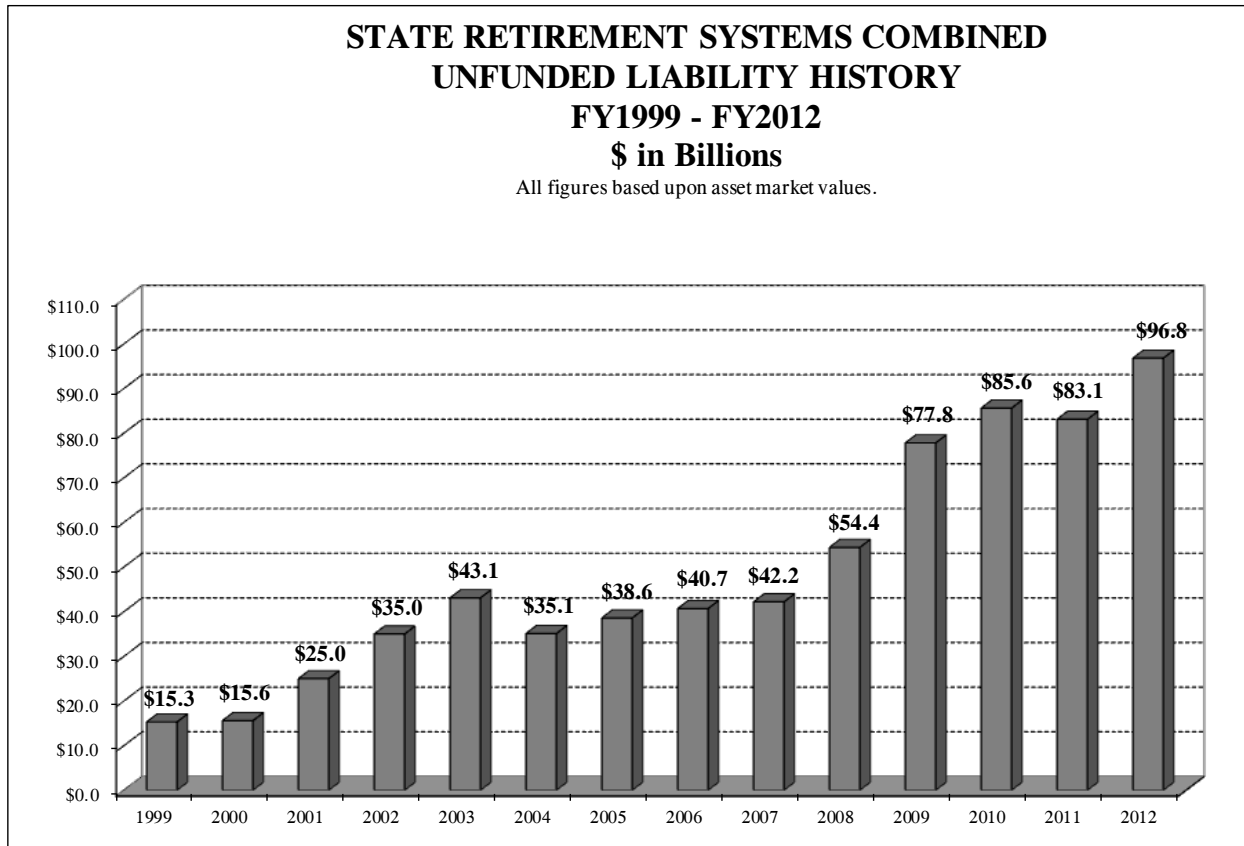
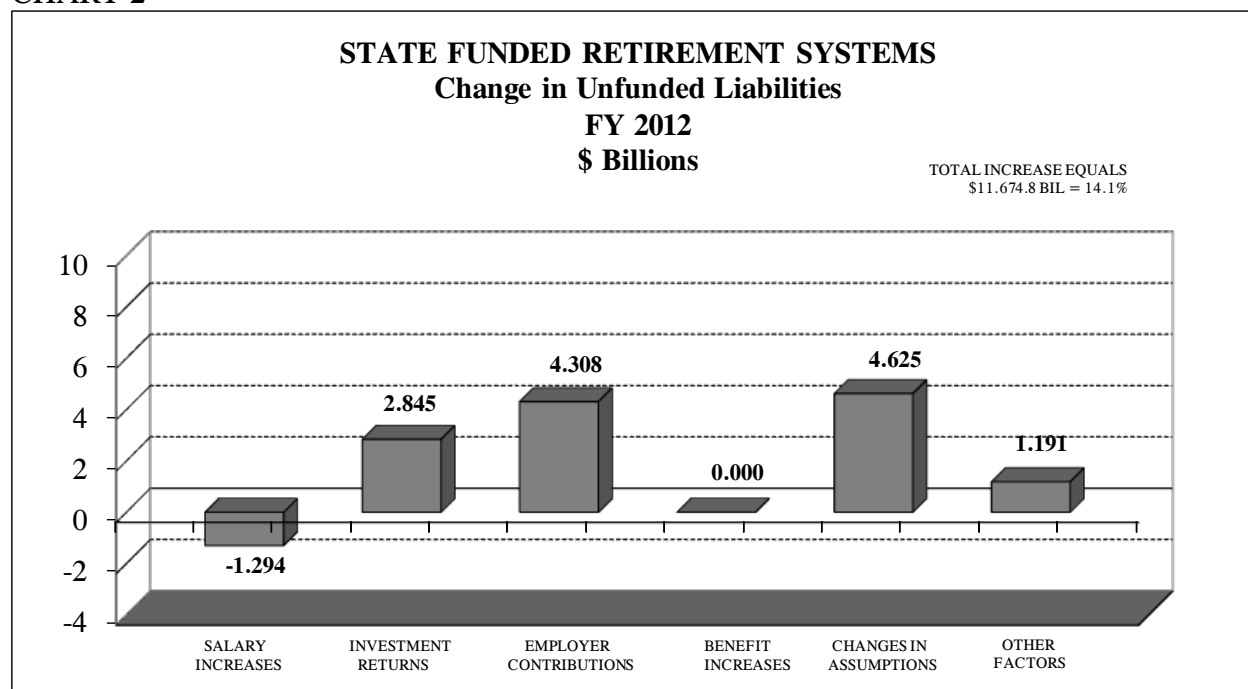


Chart 1 is based upon calculations using the market value of assets for all years, including FY 2012. The full effects of the large investment losses during FY 2009 and investment gains for FY 2011 are therefore reflected in the bars for these years. These extremely large investment losses are the main reason for the significant jump in unfunded liabilities during FY 2009. The asset smoothing approach, required by Public Act 96-0043, only recognizes 20% of the FY 2009 investment losses during the current year. Chart 1 above recognizes 100% of the FY 2009 investment losses in the current year and is therefore a much more realistic representation of the retirement systems' true financial condition.

All of the numbers appearing in the rest of the report, unless otherwise noted, are based upon asset market values as this approach gives the most accurate representation of the true financial position of the retirement funds. As mentioned previously, one way of appraising the financial health of a retirement system is by determining its unfunded liabilities. The following chart shows how six factors affected the combined unfunded actuarial liabilities of the five State systems during FY 2012. All of the factors shown as positive amounts represent increases in the unfunded liability total.

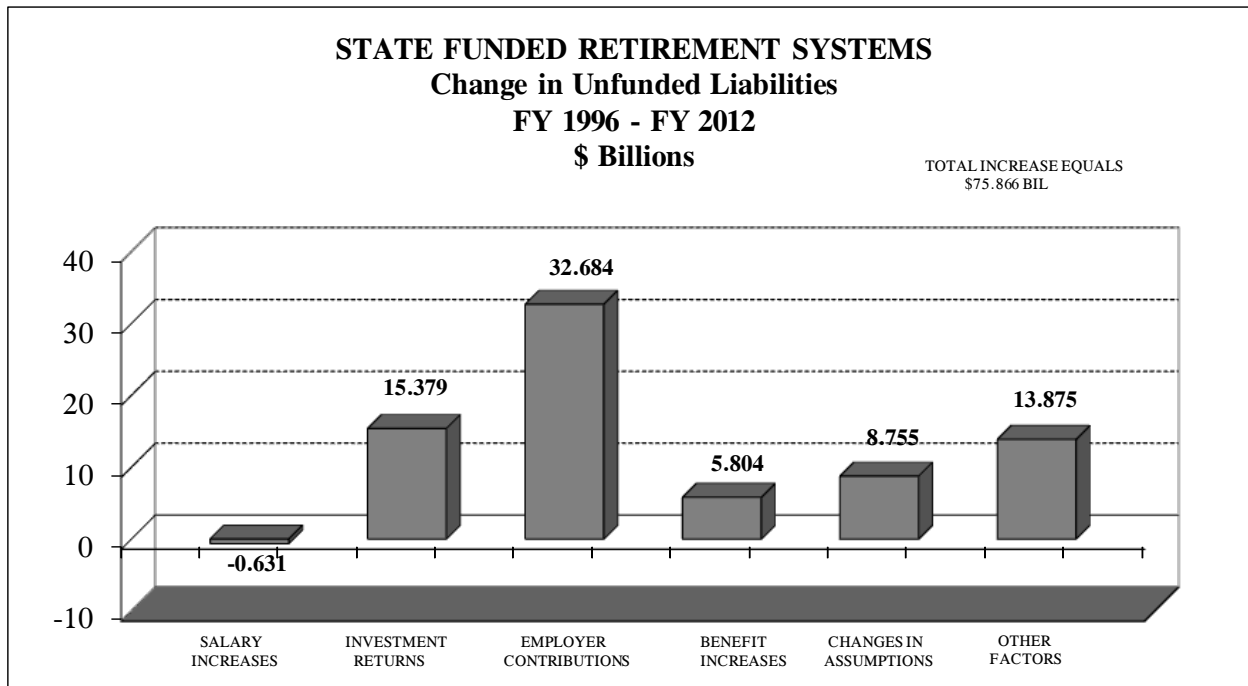
CHART 2



NOTE: This chart is based upon asset actuarial values ,i.e., WITH asset smoothing.

At the end of FY 2006, the systems' total unfunded liabilities were approximately \$40.7 billion. These liabilities stood at \$42.2 billion on June 30, 2007, or 3.5% above the FY 2006 level. At June 30, 2008, total unfunded liabilities had increased to \$54.4 billion, or 28.9% above the FY 2007 level. The primary causes of these increases were insufficient employer contributions (when compared to contributions based on normal cost plus interest), insufficient investment earnings, changes in actuarial assumptions, and other factors. Earlier in the period under review these causes were greatly offset by investment returns which were much higher than forecasts. At June 30, 2009, total unfunded liabilities based upon asset market values have increased to \$77.8 billion, or 42.7% above the FY 2008 level. As of June 30, 2010, total unfunded liabilities based upon asset market values have increased to \$85.6 billion, or 10.0% above the FY 2009 level. On June 30, 2011 total unfunded liabilities based upon asset market values had dropped to \$83.1 billion, mainly due to higher than expected investment returns. In the same time period based upon the actuarial value of assets, total unfunded liabilities had increased by \$7.2 billion as the above chart shows. The primary cause of this increase was the actuarially insufficient employer contributions. During FY 2012 the total unfunded liabilities at market value increased to \$96.8 billion primarily due to insufficient State contribution amounts and poor investment returns. More details on the annual changes in unfunded liabilities of the State systems are shown in Appendix M.

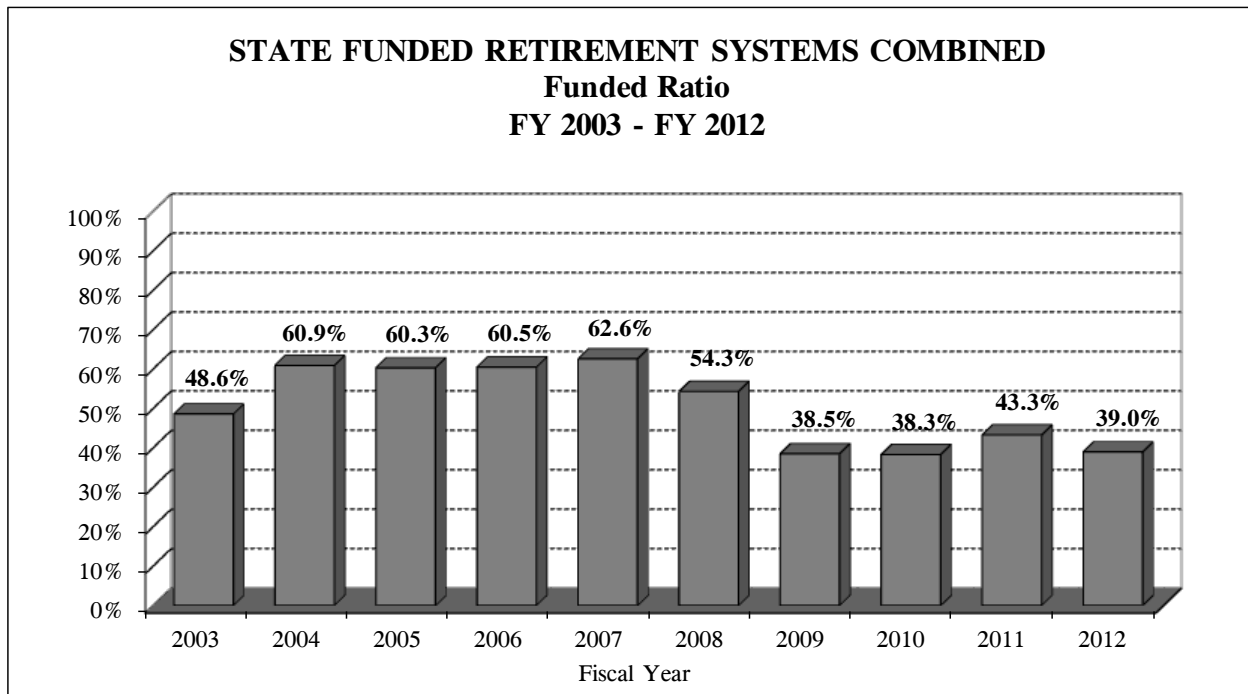
CHART 3



Note: This chart is based upon actuarial asset values, i.e., WITH asset smoothing.

The above chart provides an analysis of the causative factors for the increase in unfunded liabilities since FY 1996. The largest factor was the insufficient employer contributions which caused a \$32.7 billion unfunded increase during the period under review. Investment returns at a rate lower than the actuarial assumption caused an addition increase of \$15.4 billion.

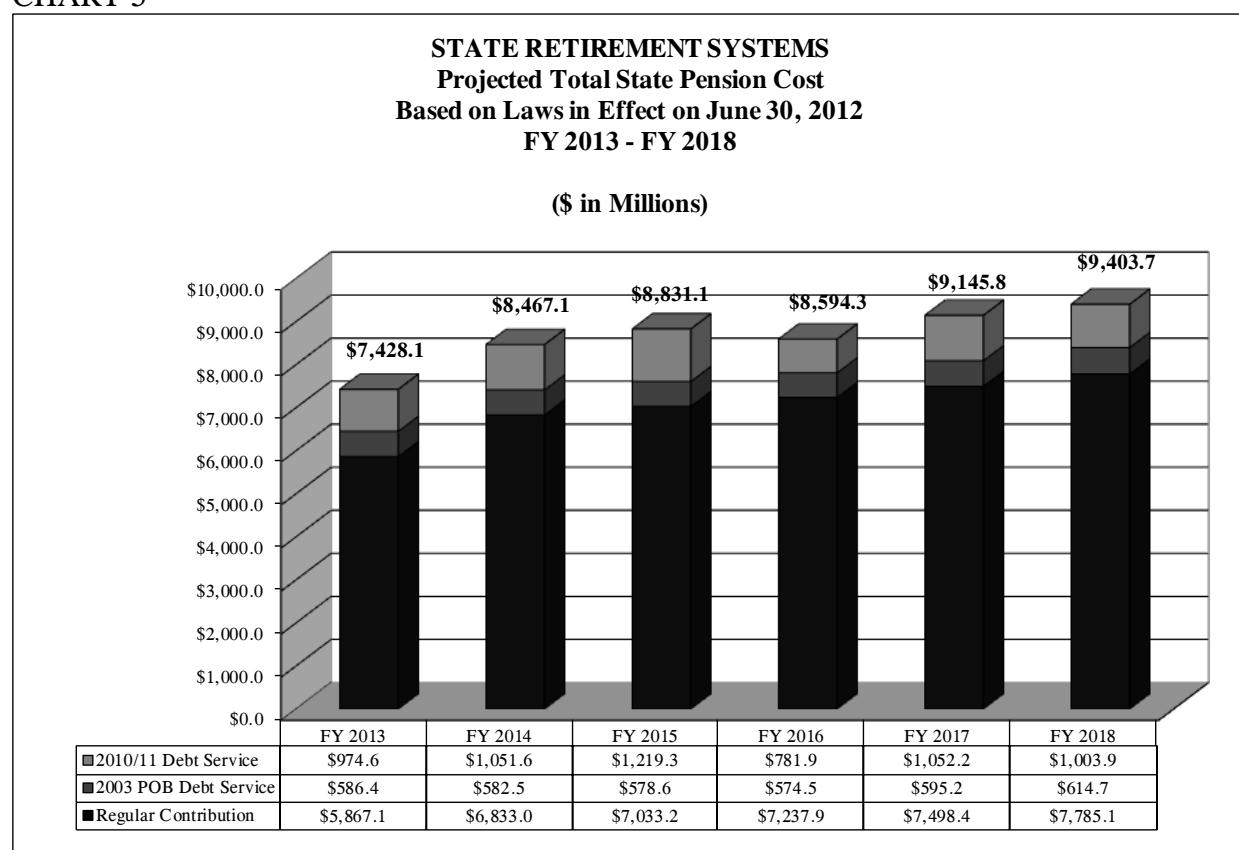
CHART 4



NOTE: The above FY2012 figure is based upon asset market value without asset smoothing.

All of the previously mentioned factors influence the funded ratio, the most commonly recognized measure of a retirement system's financial health, as illustrated above. The funded ratio at any single point in time is less important than the trend over time. In FY 2003, the funded ratio declined as investment returns continued to be lower-than-assumed (by \$2.1 billion). Investments began to bounce back in FY 2004, helping to increase the funded ratio. In addition, in 2003 the State sold \$10 billion in pension obligation bonds and used part of the proceeds to pay all of the contributions for FY 2004. The bond sale generated \$7.3 billion to reduce unfunded liabilities of the state-funded retirement systems. The funded ratio remained relatively stable through FY 2006 before increasing in FY 2007. Despite insufficient employer contributions, higher-than-expected investment returns led to this improvement. In FY 2008 and FY 2009 the funded ratio fell significantly due to much lower than expected investment revenues and insufficient employer contributions. The funded ratio remained essentially unchanged during FY 2010. In FY 2011 the combined funded ratio improved slightly as a result of improved investment returns. The FY 2011 funded ratio gains were reversed during FY 2012 due to insufficient State contributions.

CHART 5



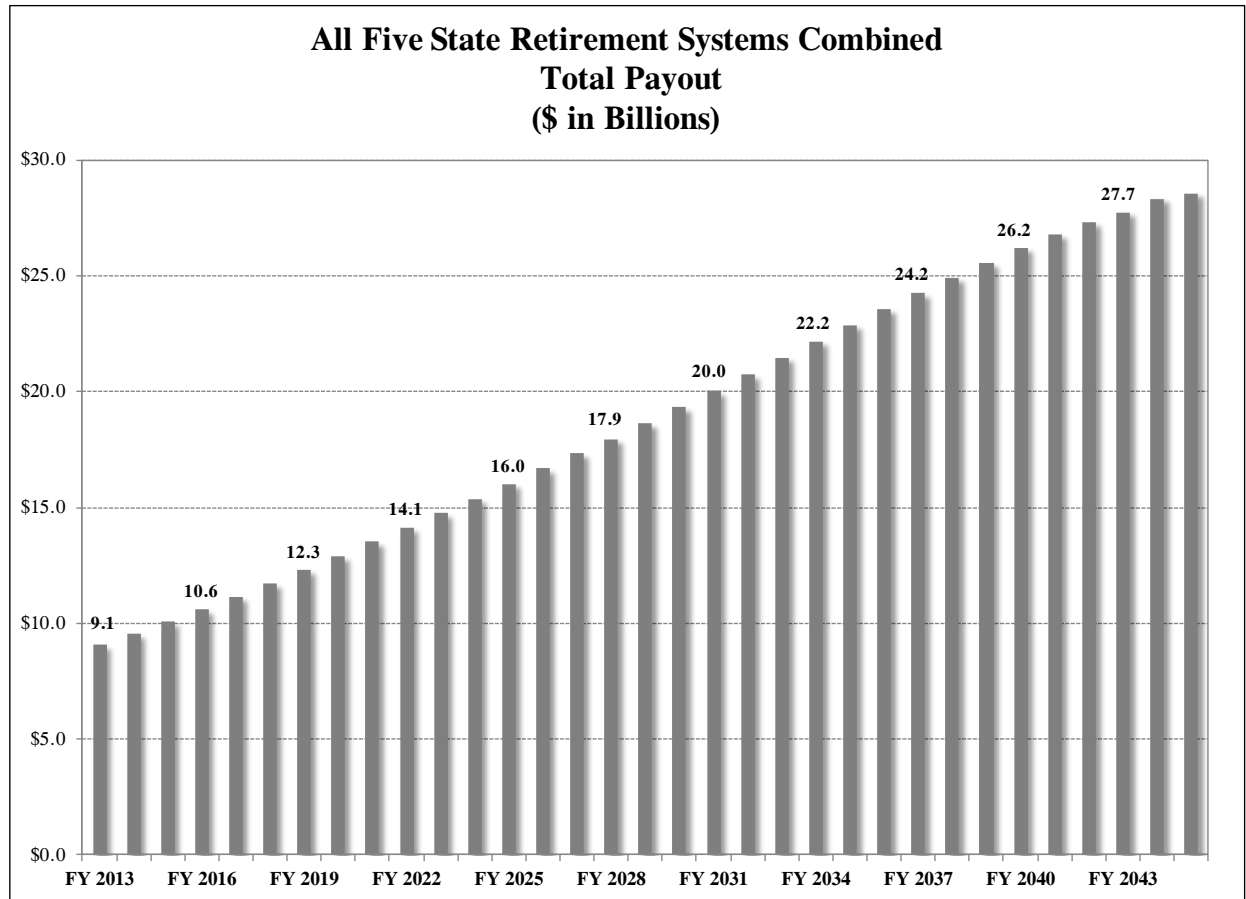
As demonstrated in Chart 5, the pension funding demands on the State of Illinois will not ease during the upcoming 5 year period. This chart reflects the total pension related expenditures by showing regular pension contributions and all related debt service requirements for the period under review. Therefore, this total annual burden on the State Treasury will increase to \$8.47 Billion in FY 2014.

Public Act 93-0002 authorized the 2003 issuance of the pension obligation bonds and established the resulting debt service requirements shown in Appendix N. Public Act 96-0043 authorized the 2010 issuance of the pension obligation notes and established the resulting debt service requirements shown in Appendix P. Public Act 96-1497 authorized the 2011 issuance of additional pension obligation notes and the actual proceeds established the resulting debt service requirements shown in Appendix P.

TABLE 5

<b>COMBINED STATE RETIREMENT SYSTEMS</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in Millions)</b>						
Fiscal Year	Tier 1 Normal Cost	Tier 1 Normal Cost as a % of Payroll	Tier 2 Normal Cost	Tier 2 Normal Cost as a % of Payroll	Total Normal Cost	Total Normal Cost as a % of Payroll
2013	3,254.3	17.4%	81.2	0.4%	3,335.5	17.9%
2014	3,193.1	17.0%	160.9	0.9%	3,354.0	17.9%
2015	3,167.0	16.3%	226.5	1.2%	3,393.5	17.5%
2016	3,143.9	15.7%	292.1	1.5%	3,436.1	17.2%
2017	3,122.3	15.1%	359.2	1.7%	3,481.5	16.8%
2018	3,108.4	14.5%	430.7	2.0%	3,539.1	16.5%
2019	3,090.3	14.0%	505.4	2.3%	3,595.7	16.2%
2020	3,062.5	13.4%	582.7	2.5%	3,645.2	15.9%
2021	3,035.1	12.8%	663.3	2.8%	3,698.4	15.6%
2022	3,000.1	12.2%	747.0	3.0%	3,747.1	15.3%
2023	2,960.4	11.7%	833.9	3.3%	3,794.3	14.9%
2024	2,926.3	11.1%	926.4	3.5%	3,852.8	14.7%
2025	2,874.1	10.6%	1,021.6	3.8%	3,895.7	14.3%
2026	2,814.8	10.0%	1,120.1	4.0%	3,934.9	14.0%
2027	2,747.9	9.4%	1,223.9	4.2%	3,971.7	13.7%
2028	2,689.6	8.9%	1,338.7	4.5%	4,028.2	13.4%
2029	2,589.3	8.3%	1,446.8	4.7%	4,036.0	13.0%
2030	2,493.8	7.8%	1,563.4	4.9%	4,057.2	12.7%
2031	2,387.1	7.2%	1,682.8	5.1%	4,069.9	12.3%
2032	2,274.2	6.7%	1,813.8	5.3%	4,088.0	12.0%
2033	2,148.1	6.2%	1,954.8	5.6%	4,103.0	11.8%
2034	2,003.0	5.6%	2,093.1	5.9%	4,096.1	11.5%
2035	1,847.7	5.1%	2,232.5	6.1%	4,080.2	11.2%
2036	1,686.5	4.2%	2,379.3	5.9%	4,065.8	10.1%
2037	1,502.8	3.9%	2,517.2	6.6%	4,020.0	10.5%
2038	1,329.8	3.4%	2,675.6	6.9%	4,005.4	10.3%
2039	1,146.3	2.9%	2,836.5	7.1%	3,982.7	10.0%
2040	953.4	2.4%	2,990.5	7.4%	3,943.9	9.7%
2041	769.1	1.9%	3,151.0	7.6%	3,920.1	9.5%
2042	594.2	1.4%	3,297.8	7.8%	3,892.0	9.3%
2043	442.9	1.0%	3,426.0	8.0%	3,868.8	9.0%
2044	328.5	0.8%	3,520.1	8.1%	3,848.6	8.8%
2045	255.5	0.6%	3,637.3	8.2%	3,892.8	8.7%

CHART 6

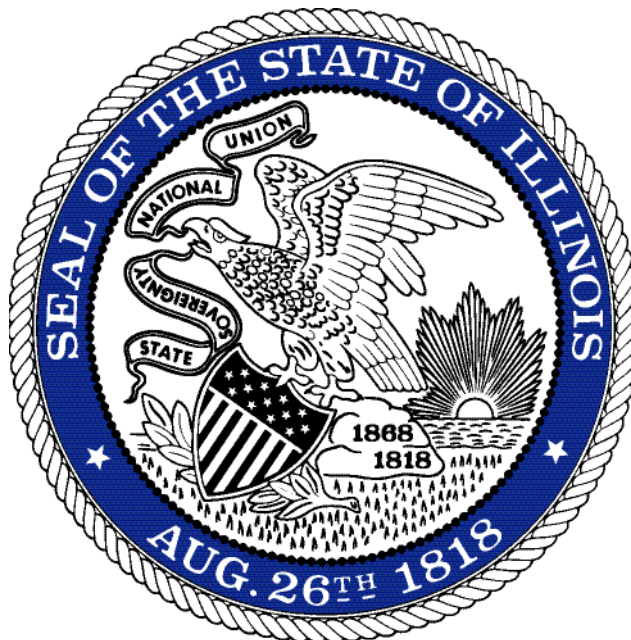






# IV. The Teachers' Retirement System

- Plan Summary
- FY 2012 Change in Unfunded Liabilities
- Funded Ratio History
- Active Member Headcount
- Average Active Member Salaries
- Retiree Headcount
- Average Retirement Annuities
- Unfunded History
- Rate of Return on Investments
- Annual Investment Revenue
- Total Payout
- Annual Changes in Unfunded
- Changes in Net Assets
- Investment Return History
- Historical Underfunding
- Projected Underfunding
- Tier 1 & Tier 2 Projections





# Teachers Retirement System

## Defined Benefit Plan Summary

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### Retirement Age

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- ☐ Age 62 with 5 years of service credit.
- ☐ Age 60 with 10 years of service credit.
- ☐ Age 55 with 20 years of service credit (discounted annuity or Early Retirement Option)
- ☐ Age 55 with 35 years of service credit.
- ☐ “Rule of 85” for TRS members who are employees of the State of Illinois.

### Retirement Formula

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- ☐ 2.2% of final average salary for each year of service credit earned after June 30, 1998 (prior years under graduated formula can be upgraded).

### Maximum Annuity

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- ☐ 75% of final average salary.

### Salary Used to Calculate Pension

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- ☐ Average of the four highest consecutive annual salary rates within the last 10 years of service.

### Annual COLA

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- ☐ 3% compounded.

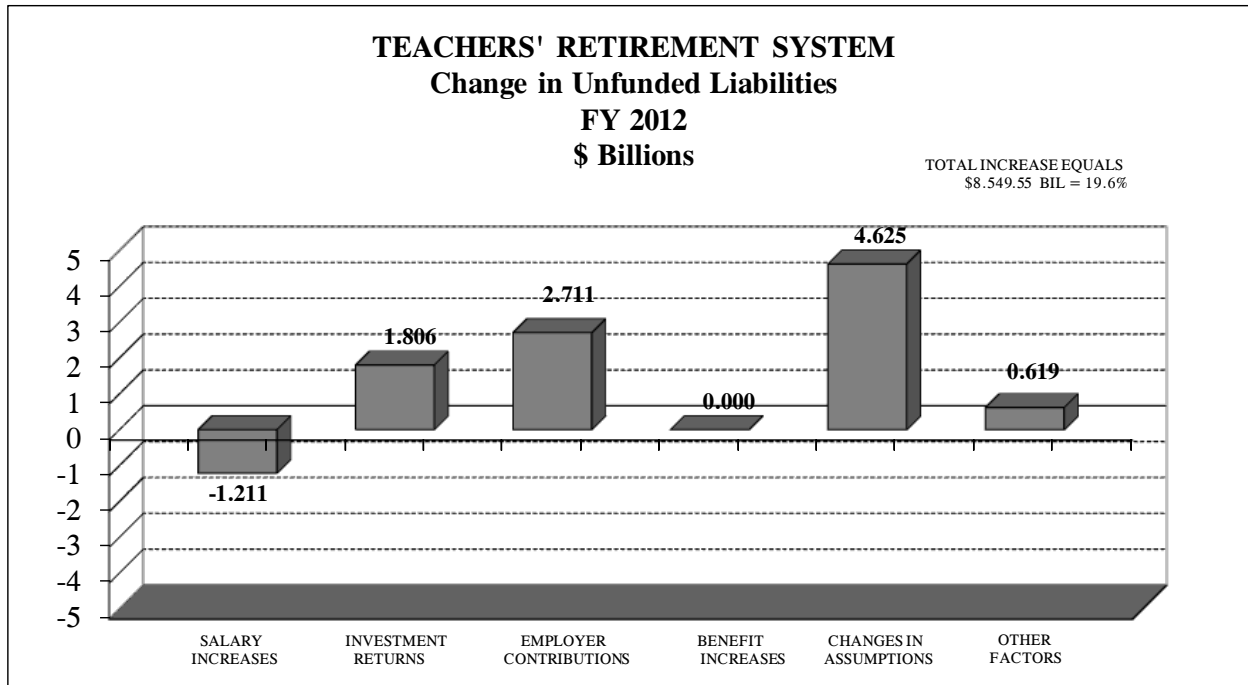
### Employee Contributions

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- ☐ 9.4% of salary.

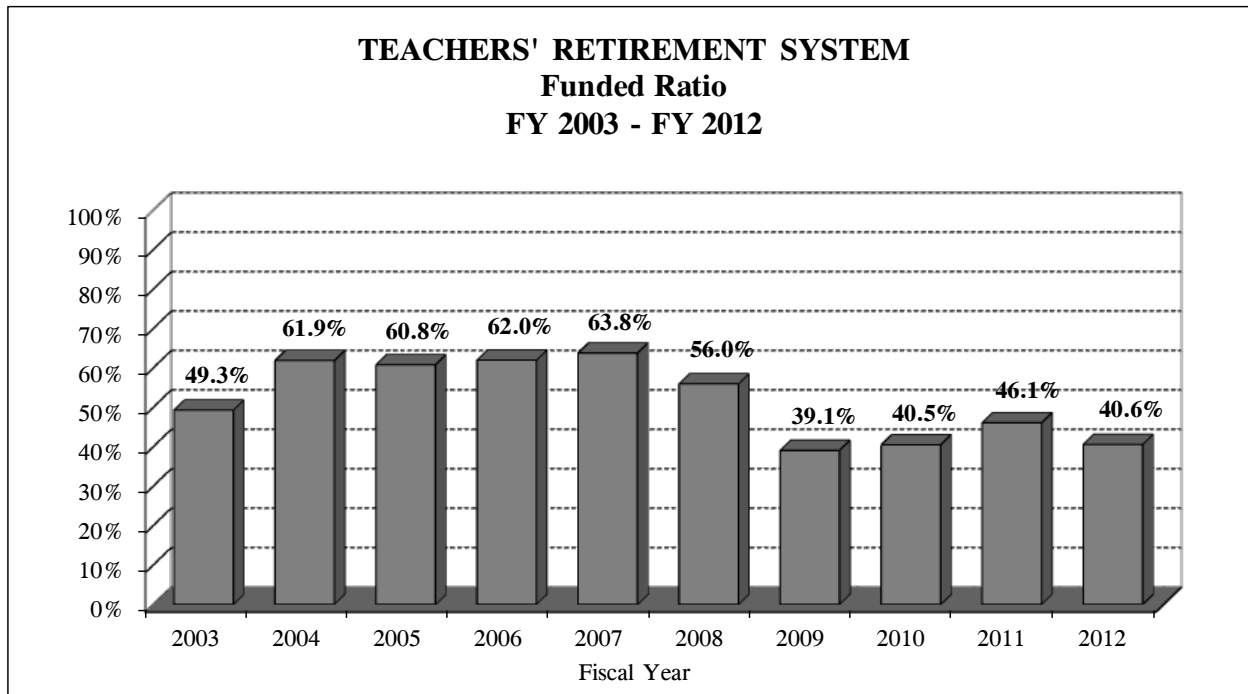
For details of retirement plans applicable to personnel beginning employment on or after January 1, 2011, please refer to Section I earlier in this report.

CHART 7



NOTES: (1) The above chart is based upon asset actuarial values, (2) The assumed interest rate used for investment earnings changed to 8.0% for FY 2012.

CHART 8



NOTE: The above FY2012 figure is based upon asset market values without asset smoothing.

CHART 9

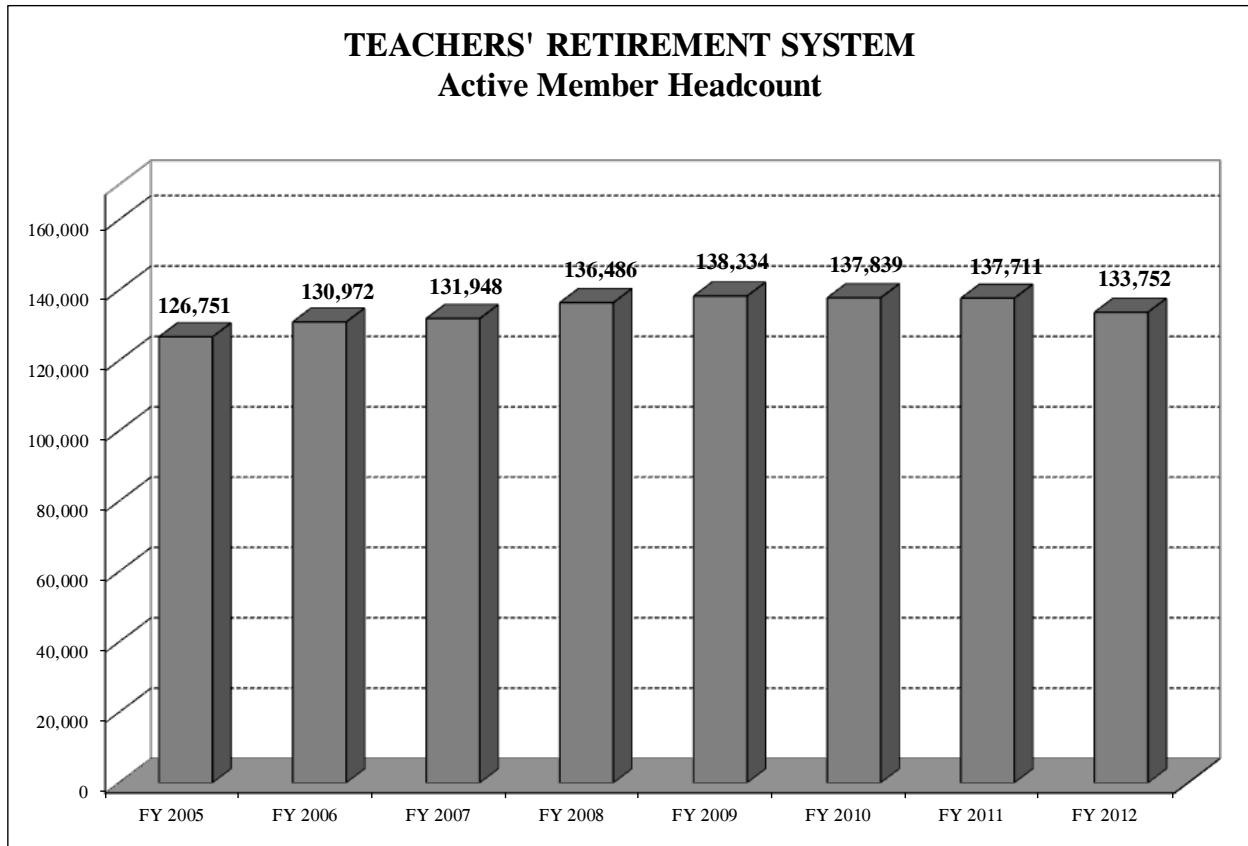


CHART10

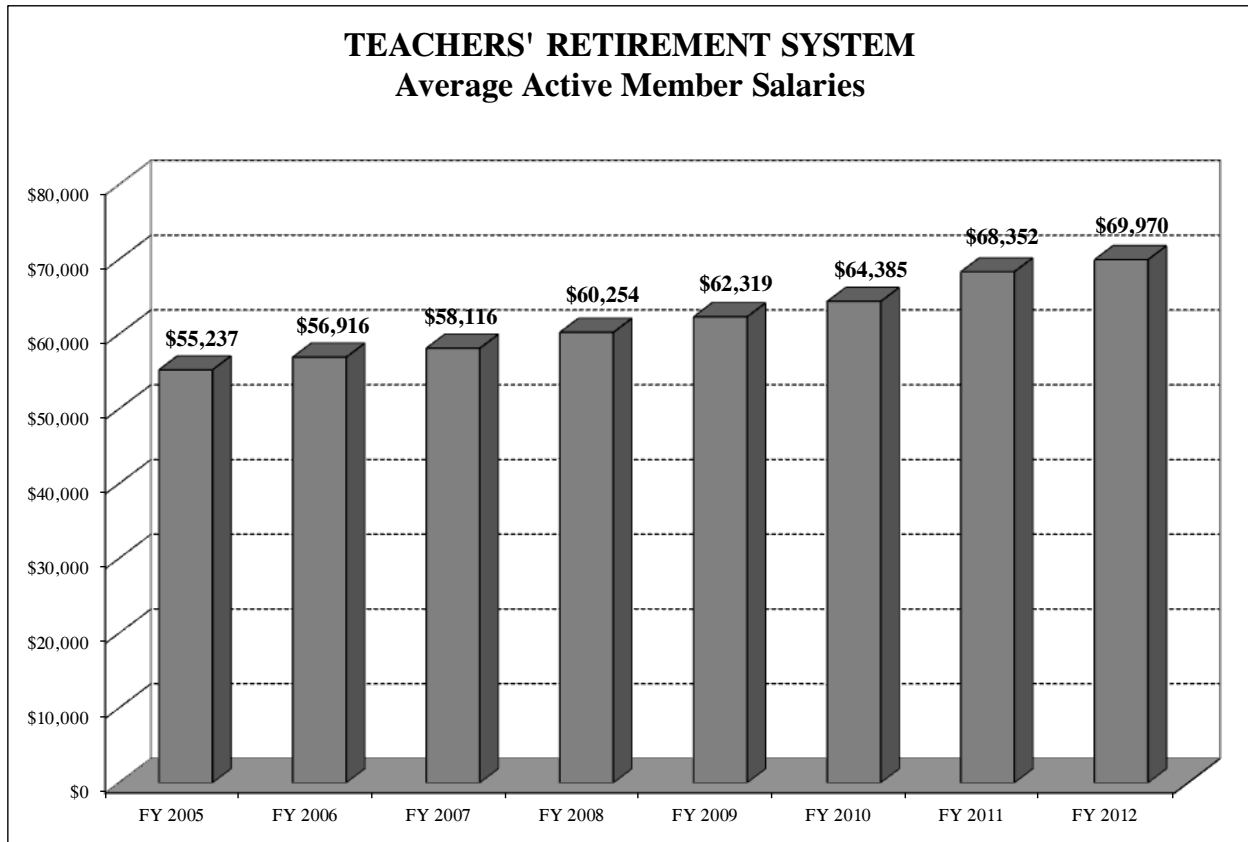


CHART 11

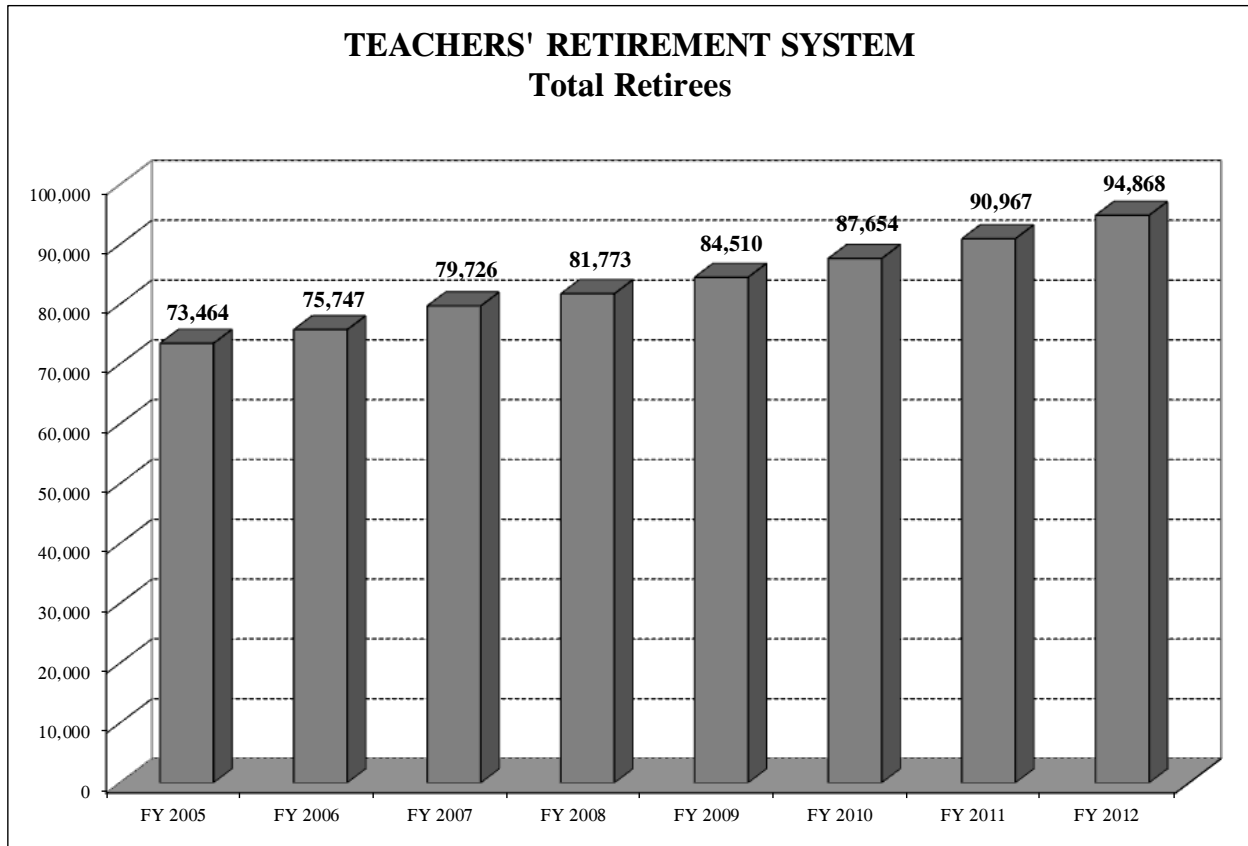


CHART 12

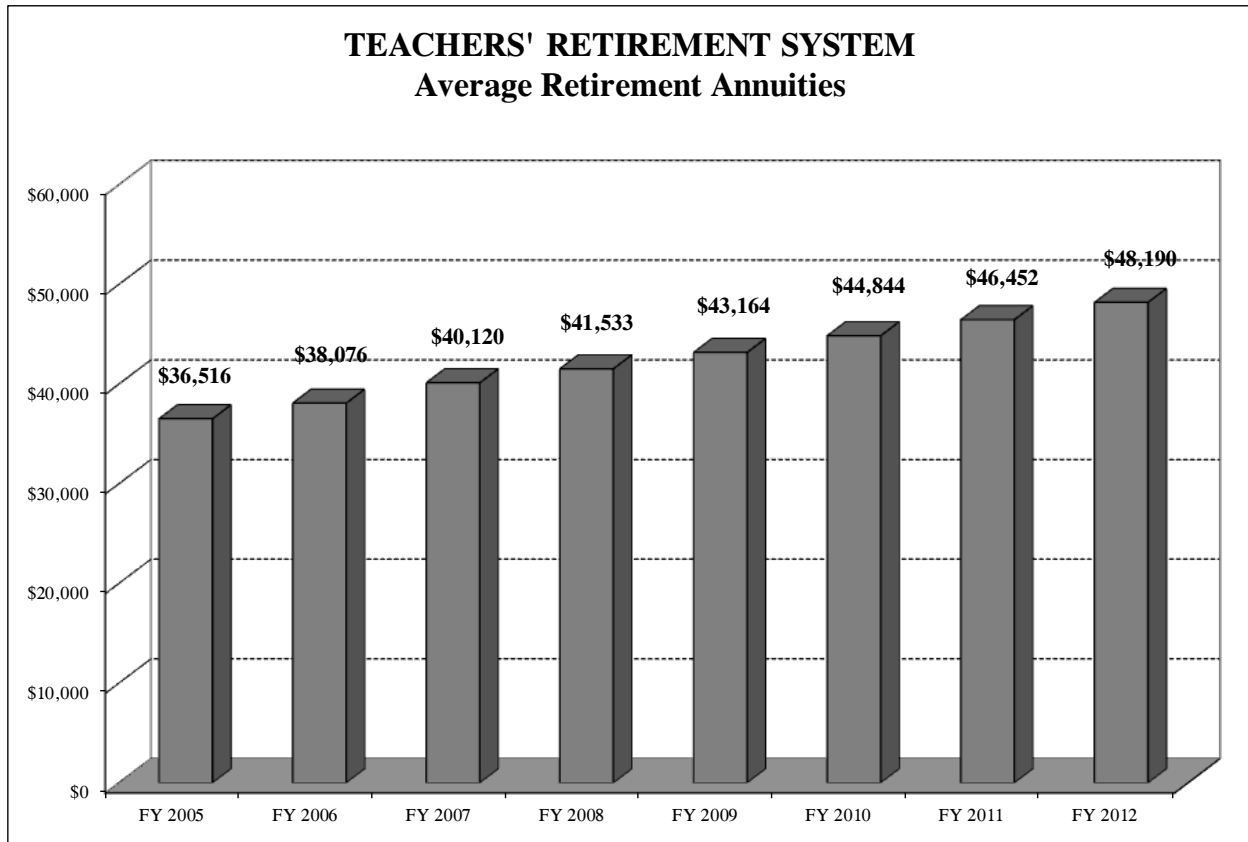


CHART 13

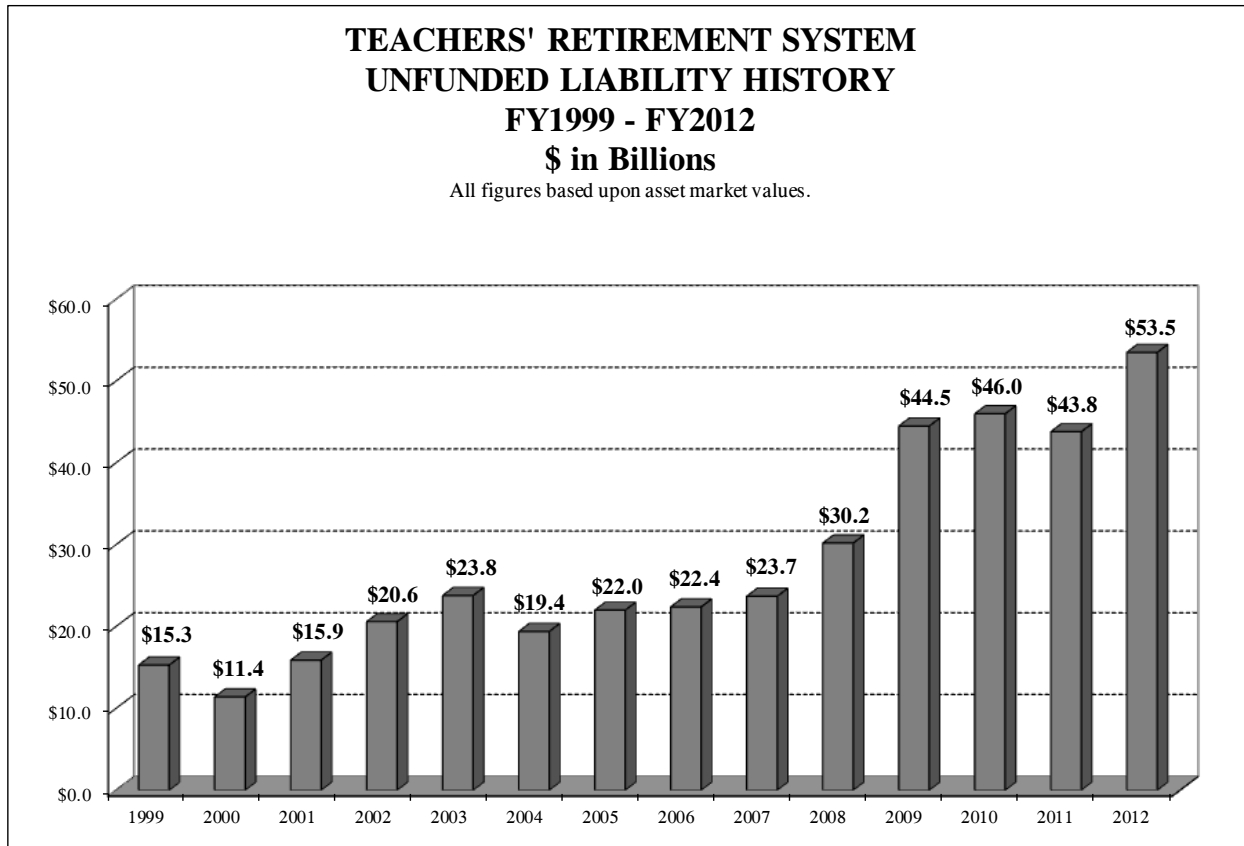


CHART 14

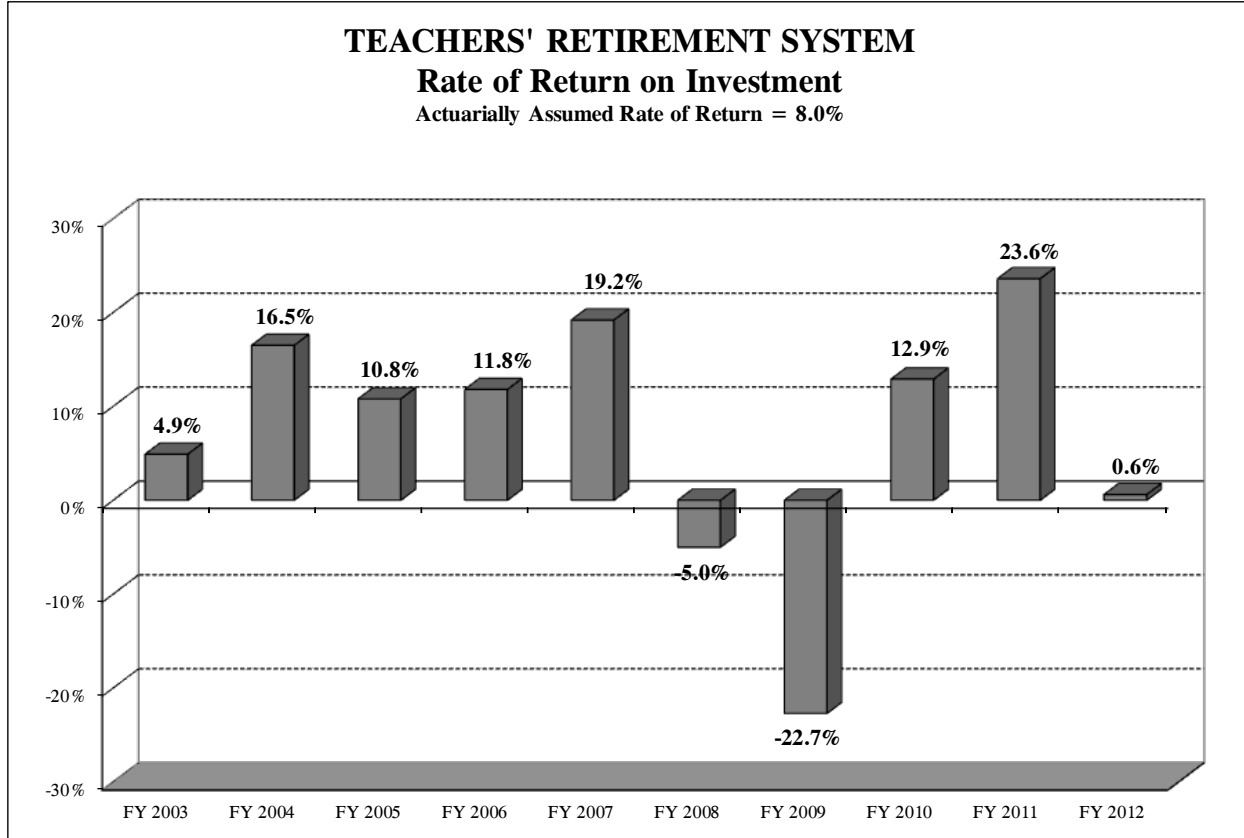


CHART 15

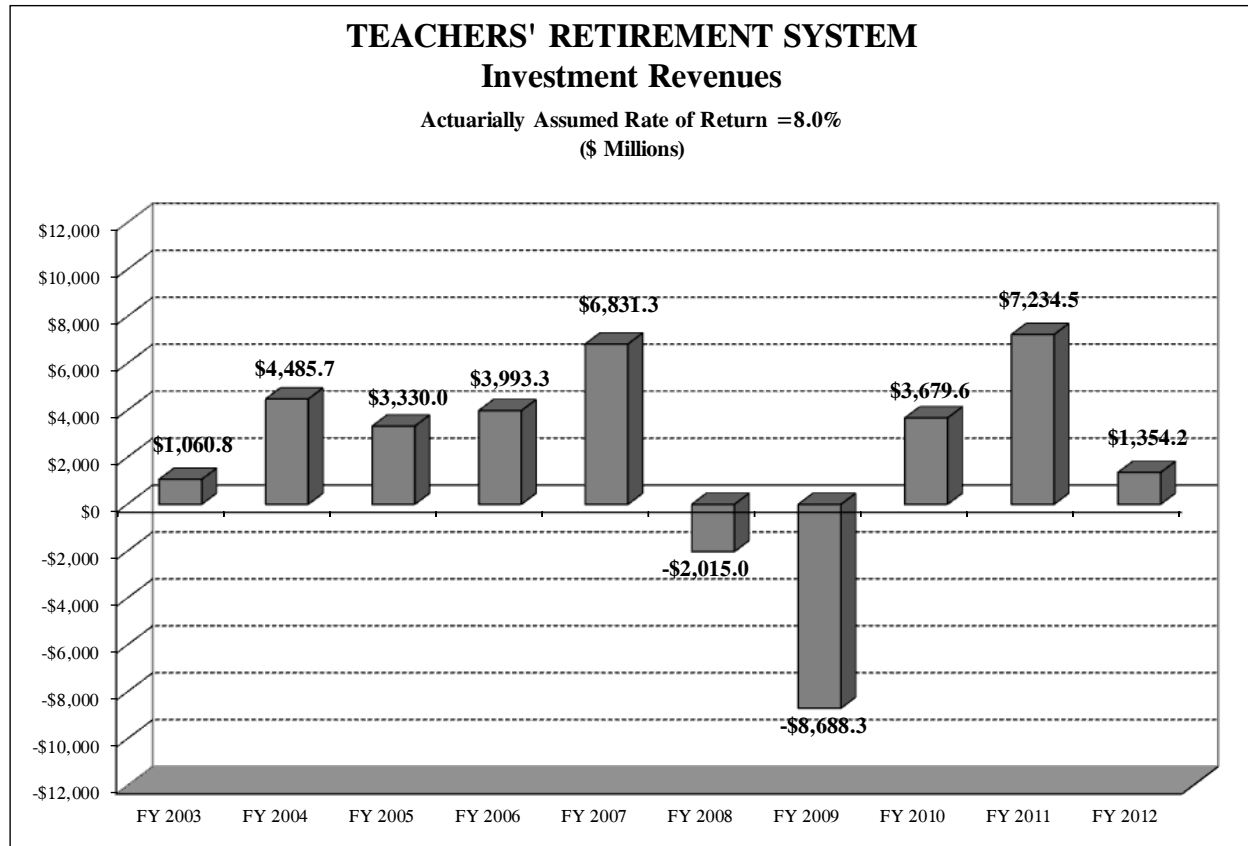


CHART 16

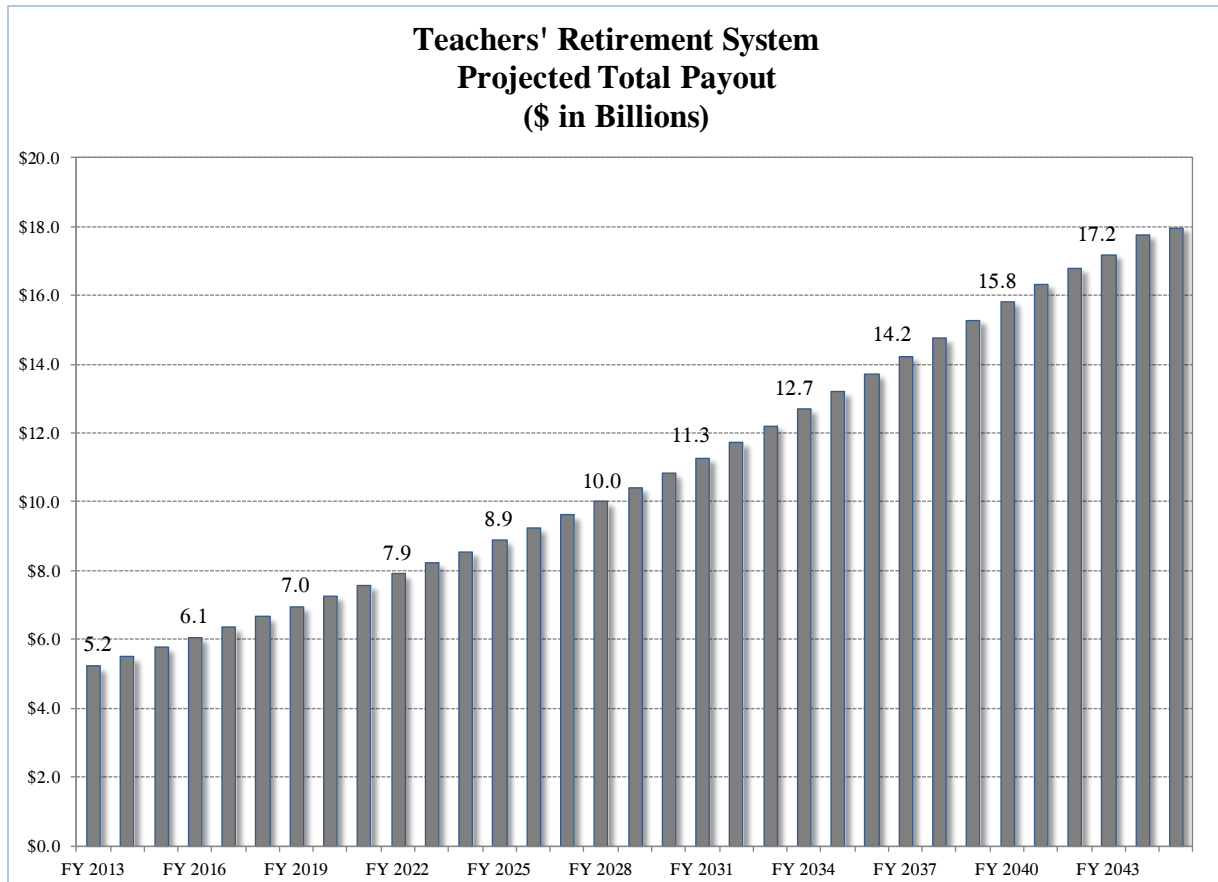




TABLE 6

<b>TEACHERS' RETIREMENT SYSTEM</b> <b>CHANGES IN UNFUNDED LIABILITY</b> <b>FY 1996 - FY 2012</b>							
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
<b>TEACHERS'</b>							
6/30/1996	\$400,399,000	(\$577,281,000)	\$965,961,000	\$17,772,000	\$0	\$166,531,000	\$973,382,000
6/30/1997	(59,062,000)	(830,936,000)	992,390,000	0	(2,944,771,000)	88,773,000	(2,753,606,000)
6/30/1998	(46,017,000)	(1,417,747,000)	776,189,000	1,000,300,000	0	71,152,000	383,877,000
6/30/1999	44,030,000	(389,014,000)	677,408,000	33,870,000	125,223,000	533,933,000	1,025,450,000
6/30/2000	(33,403,000)	(450,361,000)	723,606,000	0	0	197,345,000	437,187,000
6/30/2001	(10,310,000)	3,089,765,000	733,877,000	0	0	632,729,000	4,446,061,000
6/30/2002	4,934,000	2,696,199,000	1,074,422,000	0	694,736,000	360,047,000	4,830,338,000
6/30/2003	171,802,000	827,434,000	1,415,610,000	53,850,000	0	658,524,000	3,127,220,000
6/30/2004	217,255,000	(2,168,876,000)	(2,811,516,000)	0	0	357,250,000	(4,405,887,000)
6/30/2005	236,687,000	(682,294,000)	1,299,840,000	0	26,425,000	1,706,431,000	2,587,089,000
6/30/2006	68,398,000	(1,159,525,000)	1,913,368,000	0	0	(400,028,000)	422,213,000
6/30/2007	149,682,000	(3,785,653,000)	1,739,187,000	0	2,410,756,000	813,081,000	1,327,053,000
6/30/2008	(153,987,000)	5,514,988,000	1,529,701,000	0	0	(428,135,000)	6,462,567,000
6/30/2009	(29,162,000)	2,373,683,000	1,782,855,000	0	0	672,134,000	4,799,510,000
6/30/2010	(210,220,000)	2,929,300,000	1,572,250,000	0	0	561,570,000	4,852,900,000
6/30/2011	(545,612,000)	1,718,405,000	1,913,647,000	0	0	589,446,000	3,675,886,000
6/30/2012	(1,211,160,000)	1,806,150,000	2,710,710,000	0	4,624,970,000	618,880,000	8,549,550,000
<b>TOTALS</b>	<b>(\$1,005,746,000)</b>	<b>\$9,494,237,000</b>	<b>\$19,009,505,000</b>	<b>\$1,105,792,000</b>	<b>\$4,937,339,000</b>	<b>\$7,199,663,000</b>	<b>\$40,740,790,000</b>

NOTE: All of the calculations in this table are based upon asset actuarial values, i.e., WITH Asset Smoothing.

TABLE 7

<b>TEACHERS' RETIREMENT SYSTEM</b> <b>Changes in Net Assets</b> <b>(\$ in millions)</b>								
Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005
<b>Additions to Assets</b>								
State of Illinois	2,406.4	2,170.9	2,080.7	1,451.6	1,041.1	737.7	534.3	906.8
Pension Obligation Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees	917.7	909.6	899.4	876.2	865.4	826.2	799.0	761.8
School Districts	92.5	89.1	97.1	99.4	88.3	83.4	99.3	109.0
Federal	62.3	66.0	74.4	52.9	42.4	32.5	24.3	39.8
Net Investment Income	224.1	7,234.5	3,679.6	-8,688.3	-2,015.0	6,831.3	3,993.3	3,330.0
<b>Total Asset Additions (A)</b>	<b>3,703.0</b>	<b>10,470.1</b>	<b>6,831.2</b>	<b>-6,208.2</b>	<b>22.2</b>	<b>8,511.1</b>	<b>5,450.2</b>	<b>5,147.4</b>
<b>Deductions from Assets</b>								
Benefits	4,553.8	4,228.2	3,927.8	3,653.7	3,424.0	3,111.8	2,877.2	2,533.1
Refunds	84.6	76.6	60.3	53.7	60.3	59.7	58.0	59.4
Subsidy Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Expenses	19.0	17.8	17.0	17.4	16.6	15.2	15.3	14.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Asset Deductions (B)</b>	<b>4,657.4</b>	<b>4,322.6</b>	<b>4,005.1</b>	<b>3,724.8</b>	<b>3,500.8</b>	<b>3,186.7</b>	<b>2,950.5</b>	<b>2,606.9</b>
<b>Change in Net Assets (A-B=C)</b>	<b>-954.4</b>	<b>6,147.5</b>	<b>2,826.1</b>	<b>-9,933.0</b>	<b>-3,478.6</b>	<b>5,324.4</b>	<b>2,499.7</b>	<b>2,540.5</b>

TABLE 8

TEACHERS RETIREMENT SYSTEM				
Historical Investment Revenues				
(\$ in millions)				
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned	
2003	23,124.8	1,060.9	4.9%	
2004	31,544.7	4,485.7	16.5%	
2005	34,085.2	3,330.0	10.8%	
2006	36,584.9	3,993.3	11.8%	
2007	41,909.3	6,831.3	19.2%	
2008	38,430.7	-2,015.0	-5.0%	
2009	28,961.4	-8,688.3	-22.7%	
2010	31,323.8	3,679.6	12.9%	
2011	37,471.3	7,234.5	23.6%	
2012	36,516.8	1,354.2	0.6%	
2003 - 2012 Asset Values are Market Values.				

TABLE 9

<b>TEACHERS' RETIREMENT SYSTEM</b> <b>Historical Underfunding</b> <b>(\$ in millions)</b>					
Fiscal Year	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	State Contributions	Historical Underfunding
2003	628.5	1,757.9	2,386.4	930.0	1,456.4
2004	598.5	2,023.6	2,622.1	5,362.0	-2,739.9
2005	638.0	1,649.2	2,287.2	907.0	1,380.2
2006	645.7	1,869.1	2,514.8	534.6	1,980.2
2007	650.9	1,905.0	2,555.9	738.0	1,817.9
2008	681.7	2,017.8	2,699.5	1,041.3	1,658.2
2009	817.3	2,567.1	3,384.4	1,451.8	1,932.6
2010	846.9	2,975.1	3,822.0	2,079.1	1,742.9
2011	849.7	3,387.6	4,237.3	2,169.5	2,067.8
2012	842.5	4,426.8	5,269.3	2,405.2	2,864.1

TABLE 10

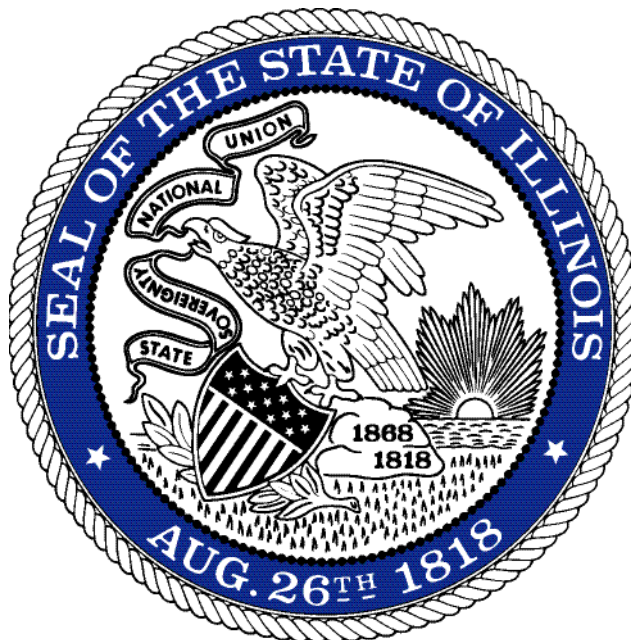
<b>TEACHERS RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>							
Fiscal Year	Total Normal Cost	Employees' Contribution	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Total State Contributions	Projected Underfunding
2013	1,813.5	996.1	817.4	3,700.1	4,517.4	2,702.3	1,815.1
2014	1,791.6	1,004.4	787.2	4,767.1	5,554.3	3,438.6	2,115.7
2015	1,818.3	1,032.8	785.5	4,869.8	5,655.4	3,547.2	2,108.2
2016	1,848.3	1,063.6	784.7	4,996.8	5,781.5	3,679.1	2,102.4
2017	1,882.4	1,098.5	783.9	5,203.7	5,987.6	3,853.2	2,134.4
2018	1,928.8	1,146.4	782.4	5,357.2	6,139.6	4,004.8	2,134.8
2019	1,974.9	1,195.4	779.5	5,508.0	6,287.5	4,165.6	2,121.9
2020	2,014.6	1,239.4	775.2	5,655.9	6,431.2	4,321.4	2,109.8
2021	2,058.6	1,288.9	769.7	5,801.2	6,570.9	4,487.2	2,083.7
2022	2,099.7	1,337.1	762.6	5,941.9	6,704.4	4,663.4	2,041.0
2023	2,140.2	1,386.8	753.4	6,076.9	6,830.3	4,850.2	1,980.1
2024	2,193.7	1,453.2	740.5	6,203.4	6,944.0	5,032.5	1,911.5
2025	2,233.8	1,510.7	723.1	6,321.2	7,044.3	5,223.7	1,820.6
2026	2,269.6	1,570.0	699.6	6,429.3	7,128.8	5,437.5	1,691.3
2027	2,302.9	1,634.2	668.7	6,524.2	7,192.9	5,660.0	1,532.9
2028	2,353.8	1,724.5	629.3	6,603.7	7,233.0	5,873.5	1,359.5
2029	2,353.9	1,769.0	584.9	6,667.2	7,252.1	6,087.2	1,164.9
2030	2,366.2	1,829.5	536.7	6,715.1	7,251.8	6,287.1	964.7
2031	2,369.2	1,885.3	483.9	6,744.3	7,228.1	6,482.3	745.8
2032	2,385.2	1,959.4	425.8	6,754.1	7,179.9	6,687.4	492.5
2033	2,401.0	2,040.8	360.2	6,740.1	7,100.3	6,897.6	202.7
2034	2,387.8	2,099.8	288.0	6,699.9	6,988.0	8,047.5	(1,059.5)
2035	2,361.6	2,150.9	210.7	6,546.9	6,757.5	8,237.9	(1,480.4)
2036	2,336.7	2,207.2	129.5	6,358.2	6,487.8	8,417.2	(1,929.4)
2037	2,279.2	2,232.7	46.5	6,131.4	6,177.9	8,588.0	(2,410.1)
2038	2,248.7	2,290.8	(42.1)	5,864.3	5,822.1	8,751.3	(2,929.2)
2039	2,205.5	2,342.0	(136.5)	5,553.5	5,417.0	8,902.6	(3,485.6)
2040	2,140.8	2,372.5	(231.7)	5,197.0	4,965.3	9,043.4	(4,078.1)
2041	2,085.3	2,408.0	(322.7)	4,793.4	4,470.7	9,176.7	(4,706.0)
2042	2,020.0	2,423.0	(403.0)	4,337.3	3,934.3	9,309.2	(5,374.9)
2043	1,955.2	2,422.0	(466.8)	3,824.9	3,358.1	9,444.7	(6,086.6)
2044	1,890.2	2,396.0	(505.8)	3,254.0	2,748.2	9,589.4	(6,841.2)
2045	1,887.6	2,409.4	(521.8)	2,620.0	2,098.2	9,751.8	(7,653.6)

TABLE 11

<b>TEACHERS RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>						
Fiscal Year	Tier 1 Normal Cost	Tier 1 Normal Cost as a % of Payroll	Tier 2 Normal Cost	Tier 2 Normal Cost as a % of Payroll	Total Normal Cost	Total Normal Cost as a % of Payroll
2013	1,769.2	17.8%	44.3	0.4%	1,813.5	18.3%
2014	1,720.3	17.2%	71.3	0.7%	1,791.6	17.9%
2015	1,719.2	16.6%	99.2	1.0%	1,818.3	17.6%
2016	1,721.6	16.0%	126.7	1.2%	1,848.3	17.2%
2017	1,728.1	15.5%	154.3	1.4%	1,882.4	16.9%
2018	1,744.9	15.1%	183.9	1.6%	1,928.8	16.7%
2019	1,760.3	14.6%	214.6	1.8%	1,974.9	16.4%
2020	1,768.8	14.1%	245.9	2.0%	2,014.6	16.1%
2021	1,779.8	13.7%	278.7	2.1%	2,058.6	15.8%
2022	1,786.9	13.2%	312.7	2.3%	2,099.7	15.5%
2023	1,791.9	12.7%	348.2	2.5%	2,140.2	15.2%
2024	1,805.5	12.3%	388.3	2.6%	2,193.7	15.0%
2025	1,804.7	11.8%	429.1	2.8%	2,233.8	14.7%
2026	1,798.0	11.3%	471.6	3.0%	2,269.6	14.3%
2027	1,785.0	10.8%	517.9	3.1%	2,302.9	14.0%
2028	1,780.2	10.4%	573.6	3.4%	2,353.8	13.8%
2029	1,732.2	9.8%	621.7	3.5%	2,353.9	13.3%
2030	1,689.4	9.2%	676.8	3.7%	2,366.2	12.9%
2031	1,635.8	8.6%	733.4	3.9%	2,369.2	12.5%
2032	1,585.0	8.1%	800.2	4.1%	2,385.2	12.2%
2033	1,526.6	7.6%	874.4	4.4%	2,401.0	12.0%
2034	1,442.1	7.0%	945.7	4.6%	2,387.8	11.6%
2035	1,342.9	6.4%	1,018.7	4.8%	2,361.6	11.2%
2036	1,238.2	5.0%	1,098.6	4.5%	2,336.7	9.5%
2037	1,110.4	5.0%	1,168.8	5.3%	2,279.2	10.4%
2038	989.2	4.4%	1,259.5	5.6%	2,248.7	10.0%
2039	853.0	3.7%	1,352.6	5.9%	2,205.5	9.7%
2040	701.7	3.0%	1,439.1	6.2%	2,140.8	9.2%
2041	552.7	2.4%	1,532.6	6.5%	2,085.3	8.9%
2042	406.9	1.7%	1,613.2	6.8%	2,020.0	8.5%
2043	279.2	1.2%	1,675.9	6.9%	1,955.2	8.1%
2044	184.5	0.8%	1,705.7	6.9%	1,890.2	7.7%
2045	127.9	0.5%	1,759.6	7.0%	1,887.6	7.6%

# V. The State Employees' Retirement System

- Plan Summaries
- FY 2012 Change in Unfunded Liabilities
- Funded Ratio History
- Active Member Headcount
- Average Active Member Salaries
- Retiree Headcount
- Average Retirement Annuities
- Unfunded History
- Rate of Return on Investments
- Annual Investment Revenue
- Total Payout
- Annual Changes in Unfunded
- Changes in Net Assets
- Investment Return History
- Historical Underfunding
- Projected Underfunding
- Tier 1 & Tier 2 Projections





# State Employees' Retirement System

## Regular Formula - Plan Summary

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### Retirement Age

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- ☐ “Rule of 85” – retirement when member’s age plus years of service equals 85.
- ☐ Age 60 with 8 years of service credit.
- ☐ Age 55 with at least 25 years of service (reduced one-half of one percent for each month the member is under age 60).

### Retirement Formula

---

- ☐ 1.67% of final average salary for each year of service for members covered by Social Security.
- ☐ 2.2% of final average salary for each year of service credit for members not covered by Social Security.

### Maximum Annuity

---

- ☐ 75% of final average salary.

### Salary Used to Calculate Pension

---

- ☐ Highest 48 consecutive months of service within the last 120 months of service.

### Annual COLA

---

- ☐ 3% compounded.

### Employee Contributions

---

- ☐ 4.0% of salary for members covered by Social Security.
- ☐ 8.0% of salary for members not covered by Social Security.

For details of retirement plans applicable to personnel beginning employment on or after January 1, 2011, please refer to Section I earlier in this report.

# **State Employees' Retirement System**

## **Alternative Formula - Plan Summary**

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### **Retirement Age**

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- ☐ Age 55 with at least 20 years of service.
- ☐ Age 50 with at least 25 years of service.

### **Retirement Formula**

---

- ☐ 2.5% of final average salary for each year of service for members covered by Social Security.
- ☐ 3.0% of final average salary for each year of service credit for members not covered by Social Security.

### **Maximum Annuity**

---

- ☐ 80% of final average salary.

### **Salary Used to Calculate Pension**

---

- ☐ Rate of pay on the last day of employment, or the average of the last 48 months of compensation, whichever is greater.

### **Annual COLA**

---

- ☐ 3% compounded.

### **Employee Contributions**

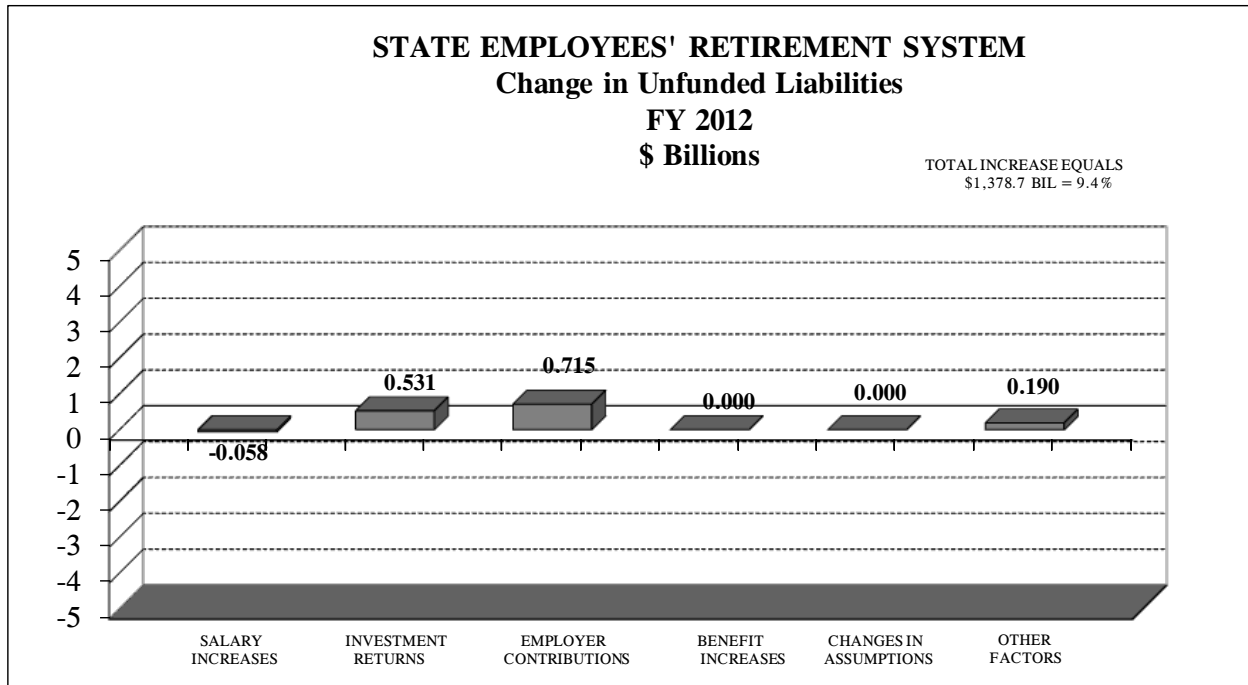
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- ☐ 8.5% of salary for members covered by Social Security. Applies to Security Employees of the Department of Corrections and Department of Human Services, Air Pilots and State Highway Maintenance Workers.
- ☐ 12.5% of salary for members not covered by Social Security. Applies to State Police, Special Agents, Firefighters, Secretary of State Investigators, Conservation Police Officers, Department of Revenue Investigators, Central Management Services Police Officers, Mental Health Police Officers, Dangerous Drug Investigators, Attorney General Investigators, Controlled Substance Inspectors, States Attorneys Appellate Prosecutors Investigators, Commerce Commission Police Officers and Arson Investigators.

For details of retirement plans applicable to personnel beginning employment on or after January 1, 2011, please refer to Section I earlier in this report.

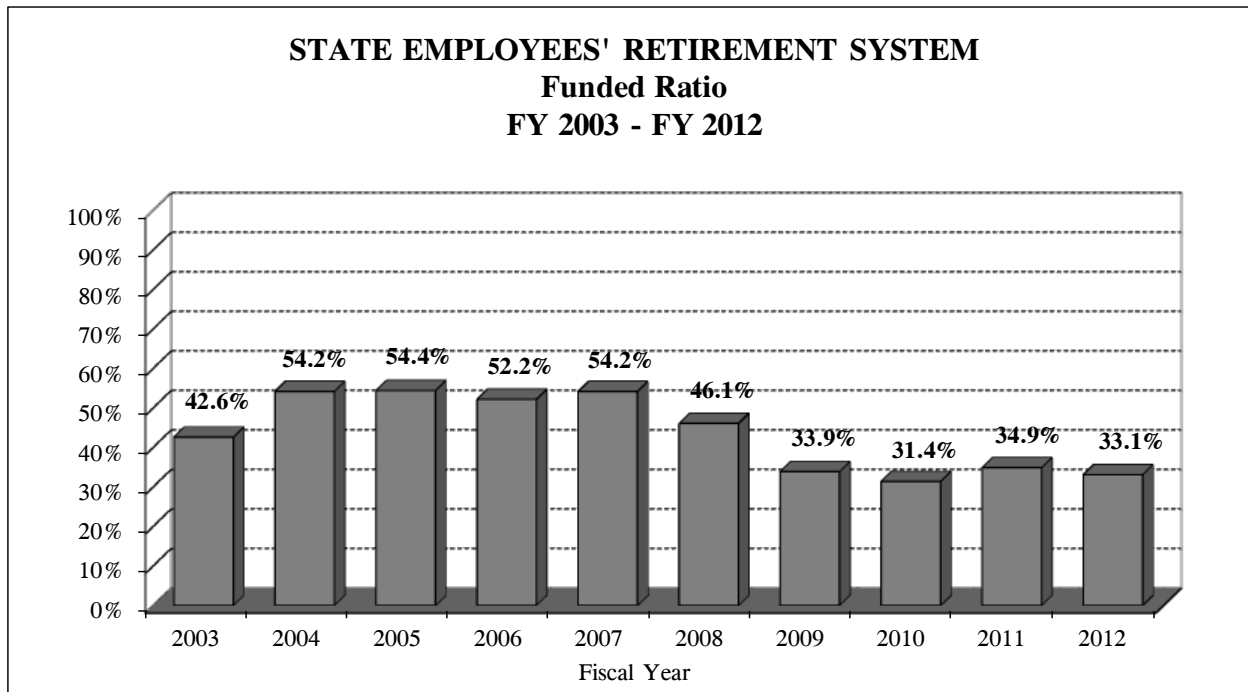


CHART 17



NOTES: (1)The above chart is based upon asset actuarial values, (2) The assumed interest rate used for investment earnings was changed from 8.5% to 7.75% in FY 2010.

CHART 18



NOTE: The above FY2012 figure is based upon asset market values without asset smoothing.

CHART 19

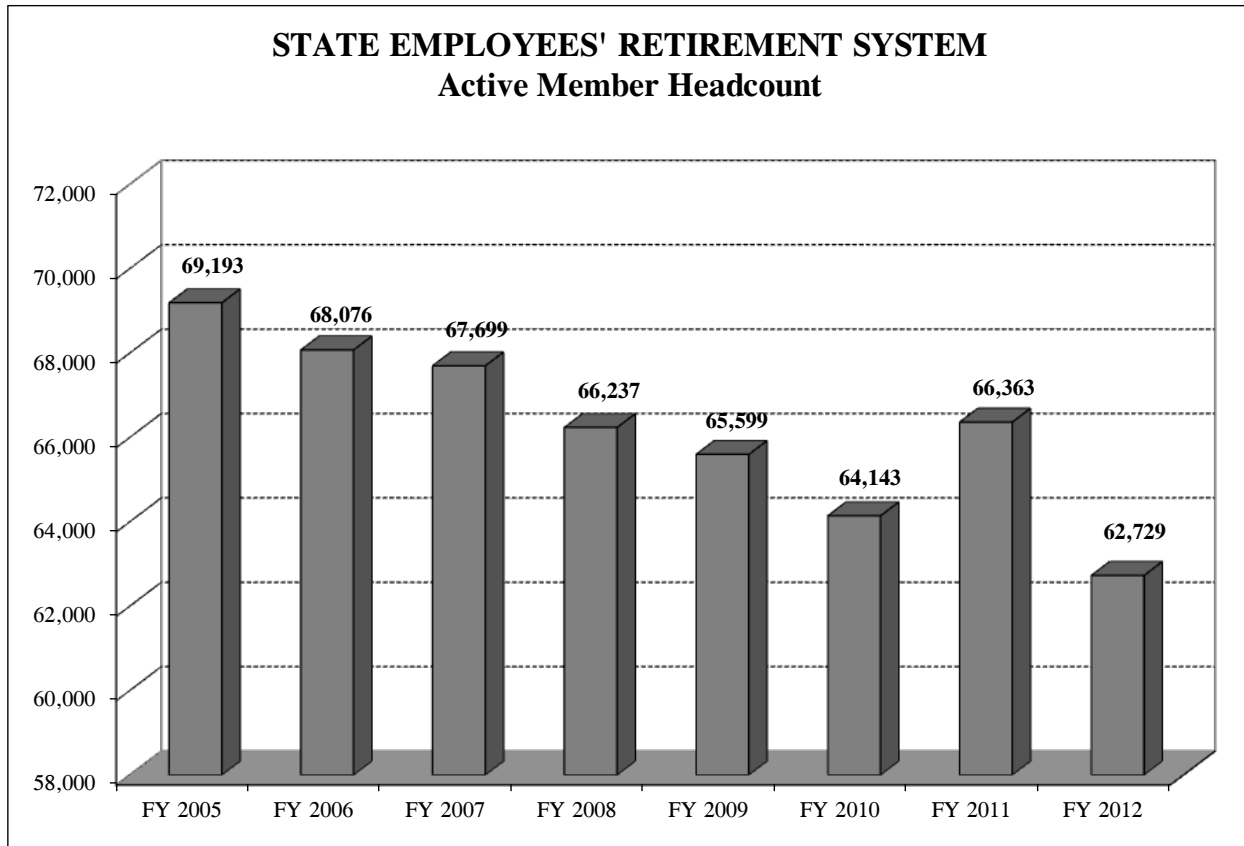


CHART 20

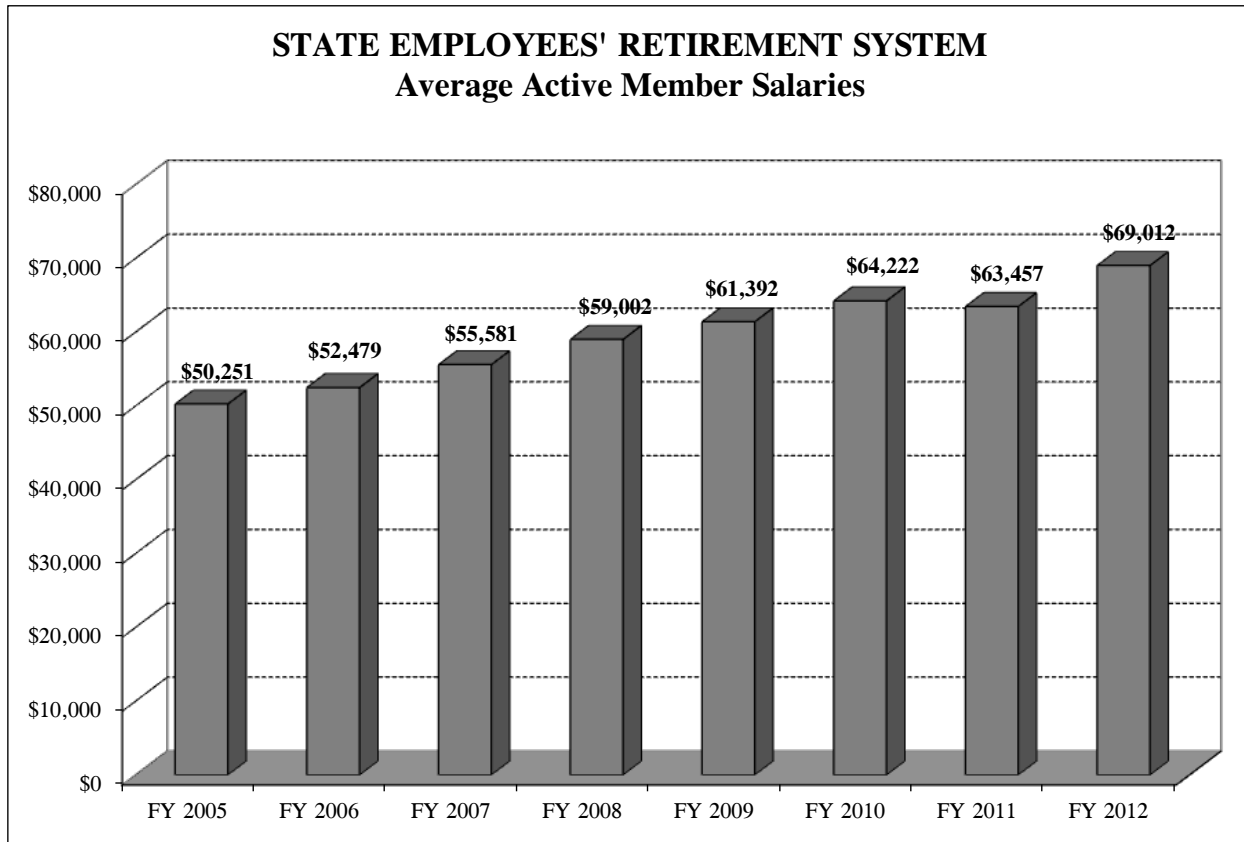


CHART 21

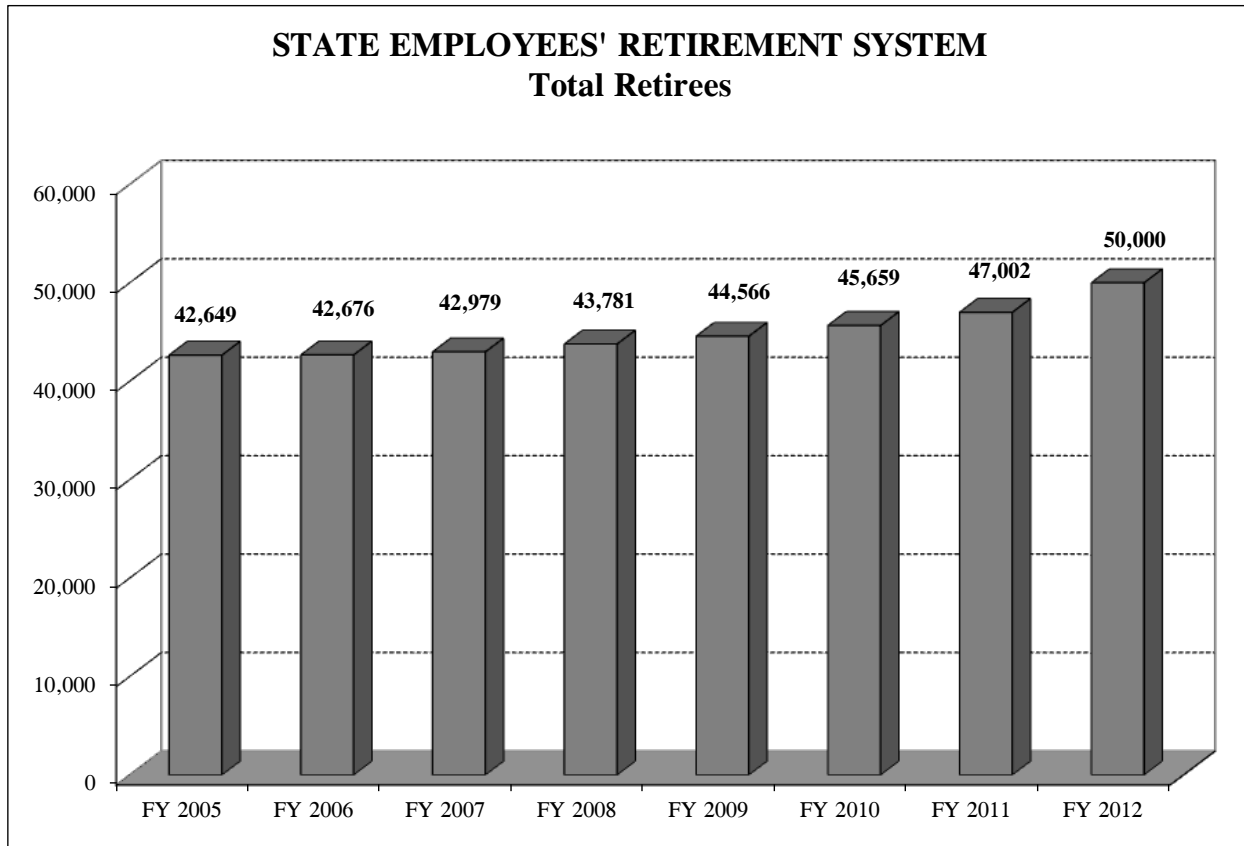


CHART 22

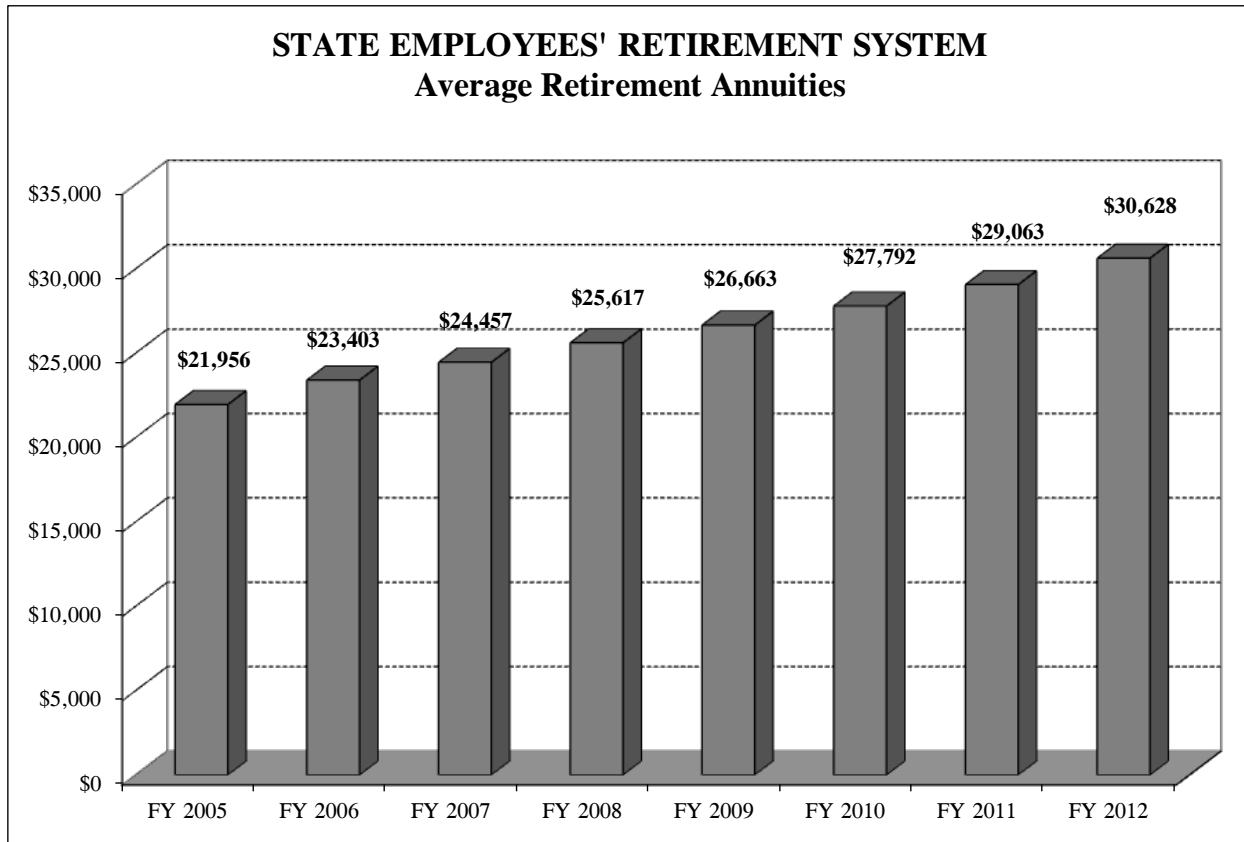


CHART 23

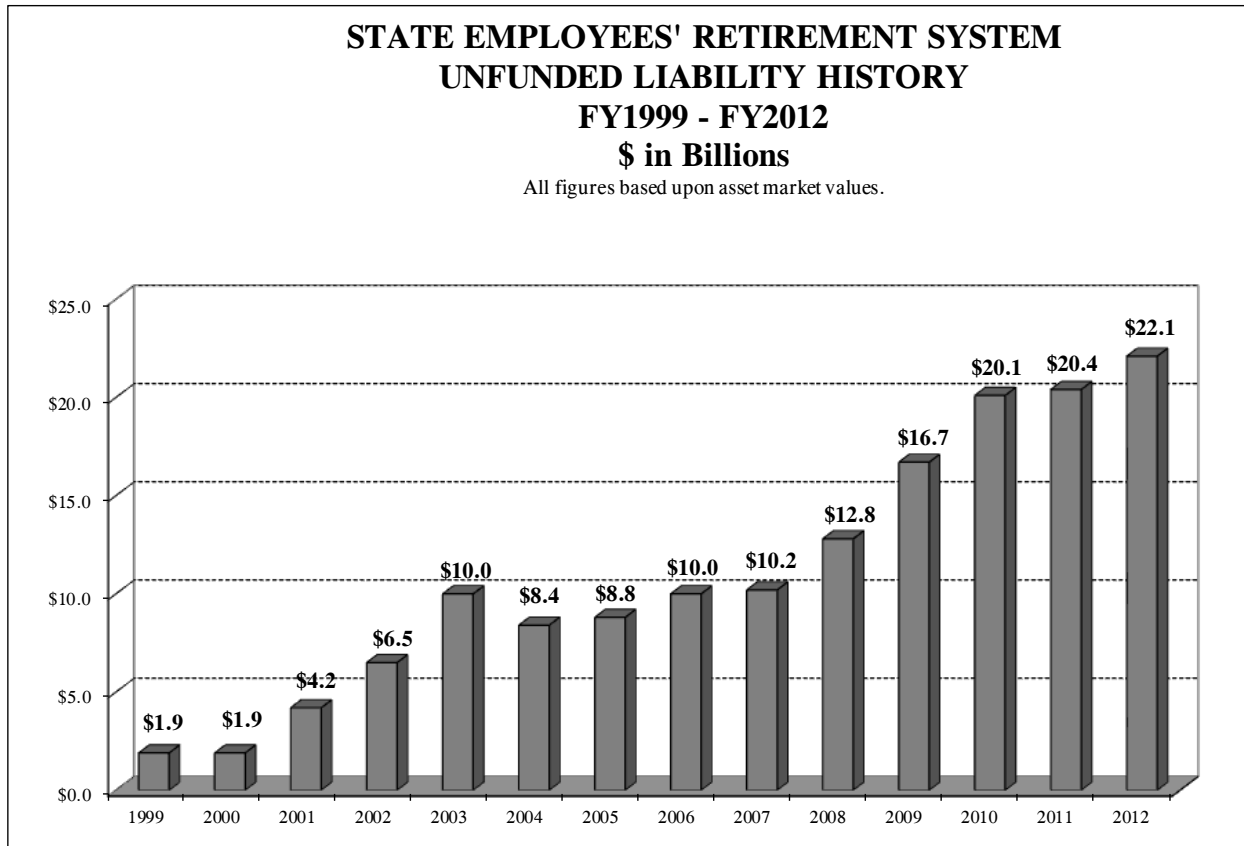


CHART 24

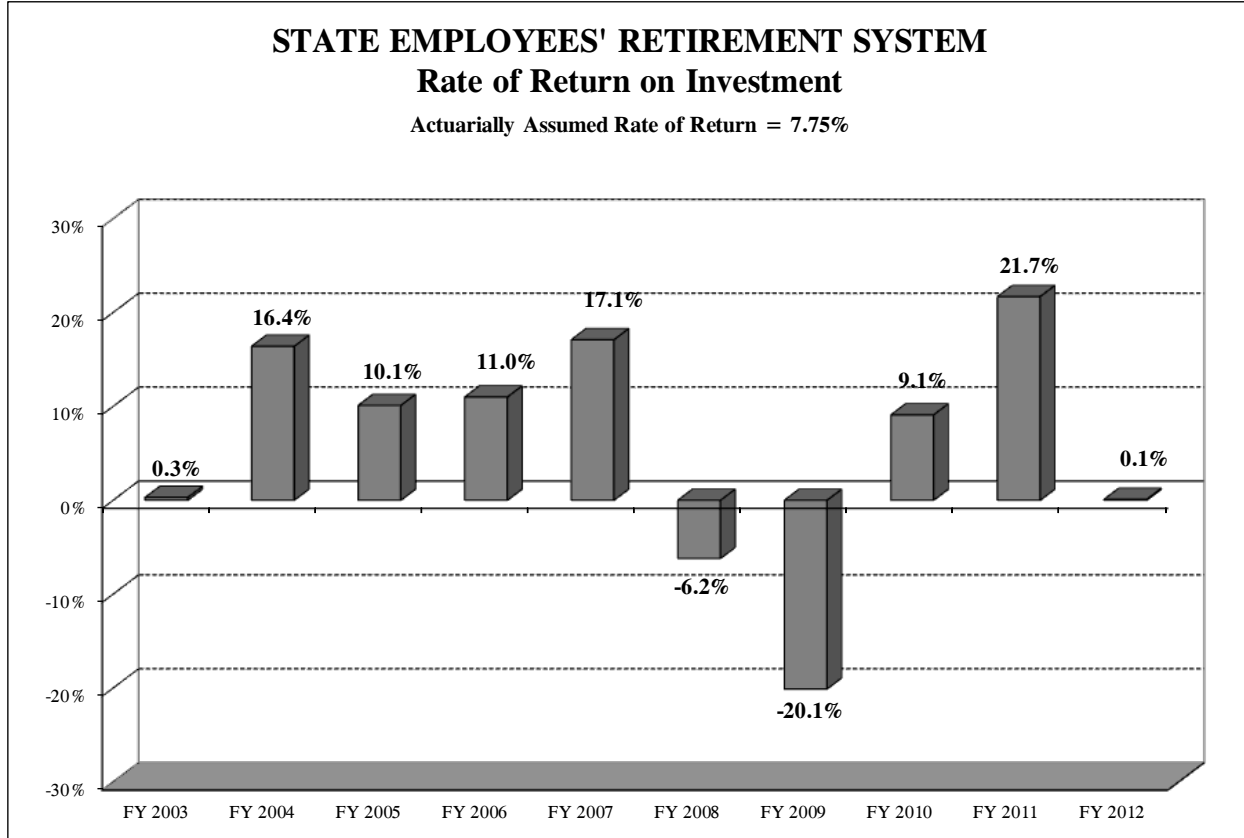


CHART 25

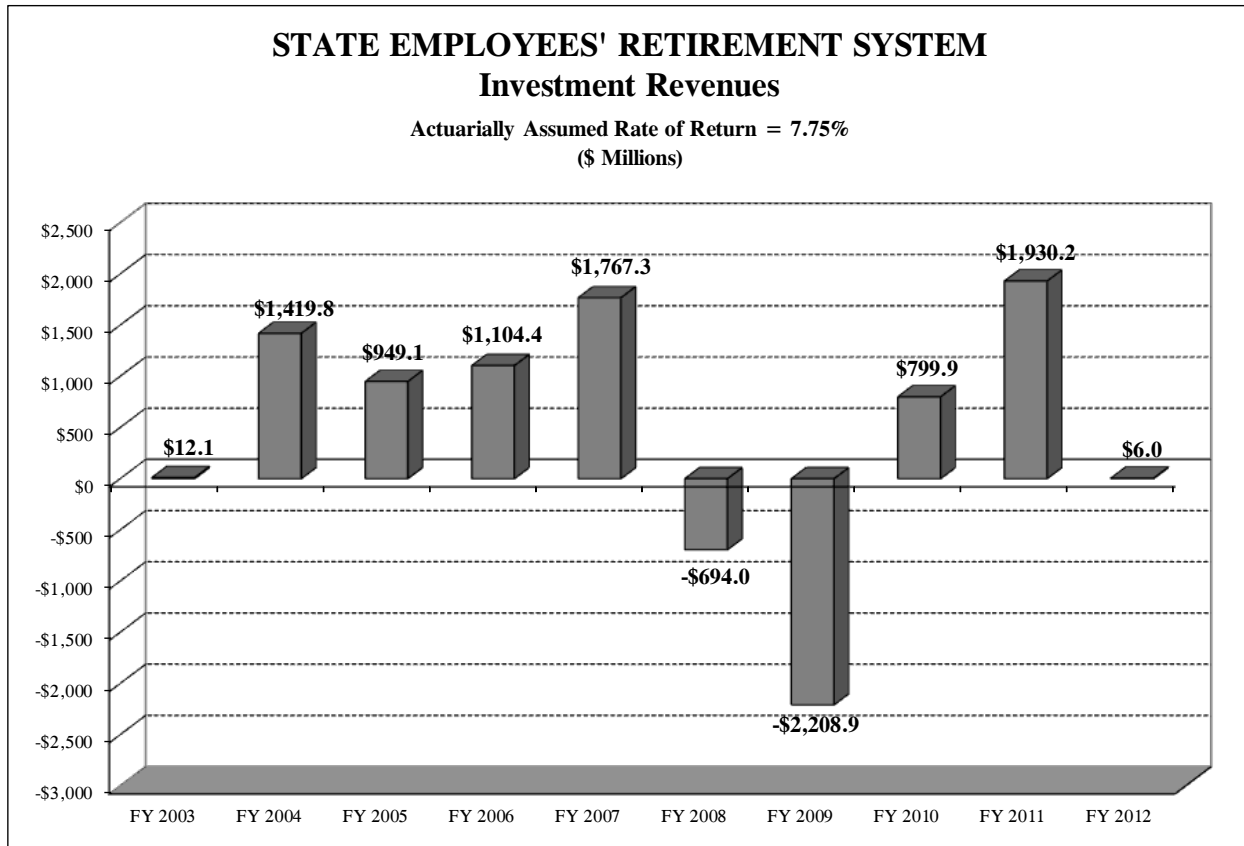


CHART 26

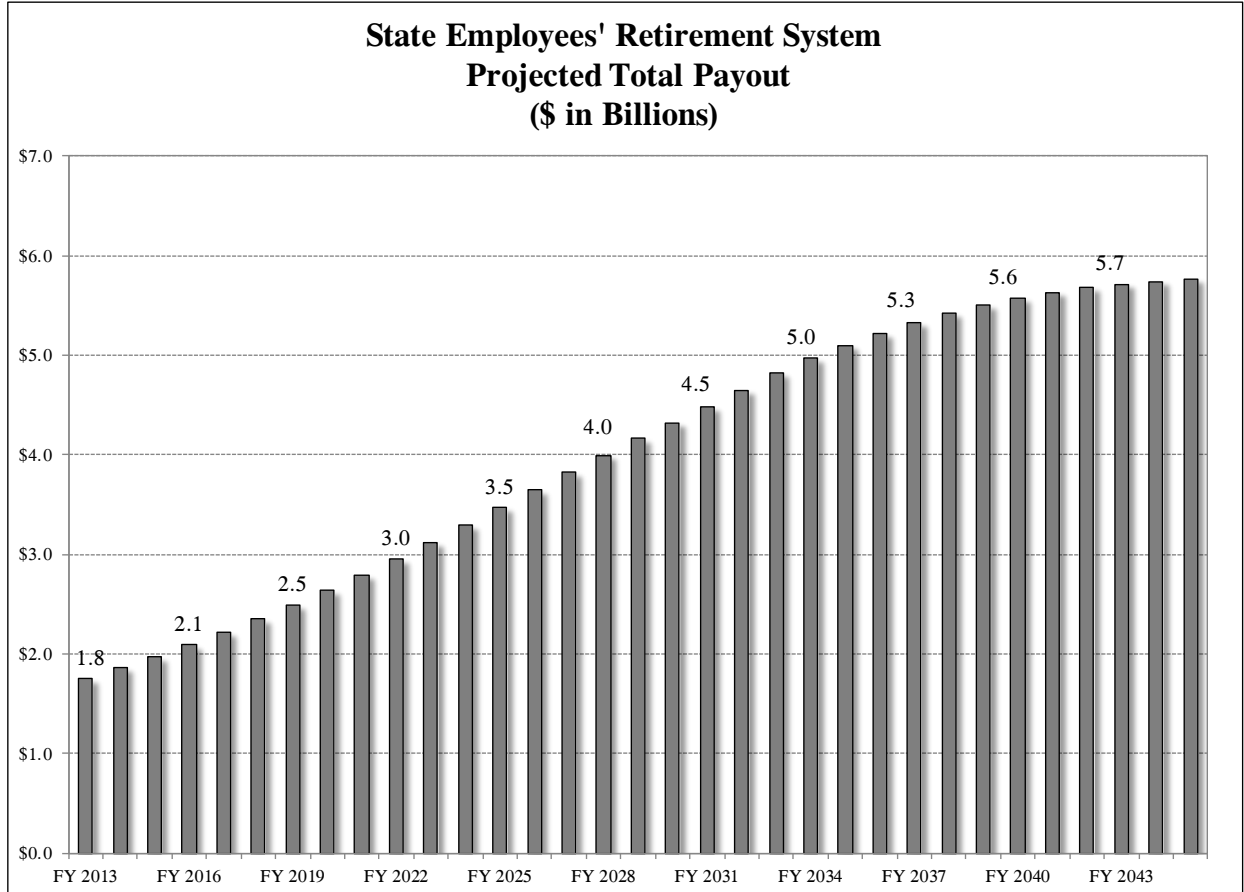


TABLE 12

STATE EMPLOYEES' RETIREMENT SYSTEM CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2012							
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
STATE EMPLOYEES							
6/30/1996	(\$63,804,332)	(\$251,369,719)	\$196,620,212	\$0	\$0	\$47,104,123	(\$71,449,716)
6/30/1997	(65,121,542)	(541,583,072)	121,668,957	0	(379,894,379)	152,898,511	(712,031,525)
6/30/1998	(62,013,427)	(568,807,725)	9,431,057	1,249,883,128	0	148,729,225	777,222,258
6/30/1999	(12,536,220)	(307,064,512)	21,020,544	0	0	32,949,396	(265,630,792)
6/30/2000	14,642,937	(252,699,421)	(21,811,201)	0	0	250,182,926	(9,684,759)
6/30/2001	(8,000,000)	1,368,815,911	(29,398,605)	652,110,224	0	309,964,003	2,293,491,533
6/30/2002	52,000,000	1,247,268,792	186,860,538	171,100,000	168,144,000	496,199,643	2,321,572,973
6/30/2003	(28,282,435)	629,483,966	404,526,925	2,371,173,094	0	97,815,307	3,474,716,857
6/30/2004	(22,316,647)	(679,743,495)	(944,135,304)	0	0	6,804,783	(1,639,390,663)
6/30/2005	(166,479,933)	(123,132,472)	503,532,346	0	0	144,142,000	358,061,941
6/30/2006	33,070,000	(250,686,000)	772,374,000	0	710,976,000	(101,544,000)	1,164,190,000
6/30/2007	98,239,312	(878,435,107)	816,648,269	0	0	190,866,392	227,318,866
6/30/2008	207,247,739	1,690,697,791	615,695,516	0	0	130,264,860	2,643,905,906
6/30/2009	(70,364,604)	608,553,603	662,751,770	0	0	251,538,179	1,452,478,948
6/30/2010	(84,030,000)	894,330,000	470,040,000	0	2,606,330,000	162,930,000	4,049,600,000
6/30/2011	(116,457,671)	483,803,315	749,926,844	0	554,815,304	215,159,241	1,887,247,033
6/30/2012	(57,658,148)	530,809,433	715,357,450	0	0	190,241,965	1,378,750,700
TOTALS	(\$351,864,971)	\$3,600,241,288	\$5,251,109,318	\$4,444,266,446	\$3,660,370,925	\$2,726,246,554	\$19,330,369,560

NOTE: All of the calculations in this table are based upon asset actuarial values, i.e., WITH Asset Smoothing.

TABLE 13

STATE EMPLOYEES' RETIREMENT SYSTEM Changes in Net Assets (\$ in millions)								
Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005
Additions to Assets								
State of Illinois	1,391.4	1,127.9	1,095.5	774.9	587.7	358.8	210.5	427.5
Pension Obligation Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees	259.1	254.2	246.2	242.2	250.0	224.7	214.1	209.3
School Districts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Investment Income	6.0	1,930.2	799.9	-2,208.9	-680.8	1,779.9	1,104.4	949.1
Total Asset Additions (A)	1,656.5	3,312.3	2,141.6	-1,191.8	156.9	2,363.4	1,529.0	1,585.9
Deductions from Assets								
Benefits	1,627.4	1,492.1	1,390.6	1,300.2	1,214.1	1,161.5	1,110.6	1,064.0
Refunds	23.5	37.6	15.3	14.8	16.8	14.1	13.4	14.1
Subsidy Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Expenses	15.7	13.7	11.7	10.7	9.5	8.8	8.1	8.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Asset Deductions (B)	1,666.6	1,543.4	1,417.6	1,325.7	1,240.4	1,184.4	1,132.1	1,086.4
Change in Net Assets (A-B=C)	-10.1	1,768.9	724.0	-2,517.5	-1,083.5	1,179.0	396.9	499.5

TABLE 14

<b>STATE EMPLOYEES' RETIREMENT SYSTEM</b> <b>Historical Investment Revenues</b> <b>(\$ in millions)</b>			
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned
2003	7,436.1	12.1	0.3 %
2004	9,840.0	1,419.8	16.4 %
2005	10,271.3	949.1	10.1 %
2006	10,654.9	1,104.4	11.0 %
2007	11,810.1	1,767.3	17.1 %
2008	10,654.0	-694.2	-6.2 %
2009	8,565.7	-2,208.9	-20.1 %
2010	9,201.8	799.9	9.1 %
2011	10,970.8	1,930.2	21.7 %
2012	10,960.7	6.0	0.1 %
<i>2003 - 2012 Asset Values are Market Values.</i>			

NOTE: SERS investment management is provided by the Illinois State Board of Investment.

TABLE 15

<b>STATE EMPLOYEES' RETIREMENT SYSTEM</b> <b>Historical Underfunding</b> <b>(\$ in millions)</b>					
Fiscal Year	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Total Employer Contributions	Historical Underfunding
2003	244.4	556.2	800.6	405.5	395.1
2004	192.5	728.1	920.6	1,864.7	-944.1
2005	221.1	709.9	931.0	498.6	432.4
2006	233.0	749.9	982.9	203.8	779.1
2007	328.8	846.6	1,175.4	344.2	831.2
2008	346.3	867.2	1,213.5	551.6	661.9
2009	362.9	1,091.9	1,454.8	757.2	697.6
2010	380.0	1,215.4	1,595.4	1,169.0	426.4
2011	480.5	1,422.0	1,902.5	1,127.9	774.6
2012	569.8	1,568.2	2,138.0	1,391.4	746.6

TABLE 16

<b>STATE EMPLOYEES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>							
Fiscal Year	Total Normal Cost	Employees' Contribution	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Total Employer Contributions	Projected Underfunding
2013	799.5	245.1	554.4	1,658.4	2,212.8	1,659.6	553.2
2014	816.8	242.5	574.3	1,763.4	2,337.7	1,743.9	593.8
2015	833.4	250.7	582.7	1,805.6	2,388.3	1,757.0	631.3
2016	850.0	258.8	591.2	1,846.0	2,437.2	1,817.0	620.2
2017	865.2	267.1	598.1	1,904.7	2,502.8	1,874.0	628.8
2018	879.3	275.4	603.9	1,950.0	2,553.9	1,947.0	606.9
2019	891.9	284.1	607.8	1,993.3	2,601.1	2,012.0	589.1
2020	903.3	292.8	610.5	2,035.1	2,645.6	2,074.0	571.6
2021	913.3	301.9	611.4	2,075.4	2,686.8	2,139.0	547.8
2022	920.3	311.0	609.3	2,113.6	2,722.9	2,206.0	516.9
2023	925.8	319.8	606.0	2,149.2	2,755.2	2,274.0	481.2
2024	928.8	328.9	599.9	2,181.7	2,781.6	2,340.0	441.6
2025	929.2	337.4	591.8	2,211.2	2,803.0	2,406.0	397.0
2026	929.2	346.2	583.0	2,236.7	2,819.7	2,479.0	340.7
2027	928.3	355.2	573.1	2,257.6	2,830.7	2,555.0	275.7
2028	929.1	364.2	564.9	2,273.2	2,838.1	2,628.0	210.1
2029	931.6	373.7	557.9	2,283.3	2,841.2	2,705.0	136.2
2030	935.3	383.3	552.0	2,287.5	2,839.5	2,777.0	62.5
2031	939.9	393.3	546.6	2,285.6	2,832.2	2,854.0	(21.8)
2032	936.1	403.3	532.8	2,277.0	2,809.8	2,936.0	(126.3)
2033	928.5	409.1	519.4	2,260.0	2,779.4	3,012.0	(232.6)
2034	927.7	416.6	511.1	2,234.2	2,745.3	3,372.0	(626.7)
2035	930.9	426.3	504.6	2,176.8	2,681.4	3,460.0	(778.6)
2036	933.8	436.1	497.7	2,107.2	2,604.9	3,549.0	(944.1)
2037	937.7	445.8	491.9	2,024.5	2,516.4	3,637.0	(1,120.6)
2038	945.3	456.0	489.3	1,927.7	2,417.0	3,726.0	(1,309.0)
2039	956.0	466.6	489.4	1,816.0	2,305.4	3,816.0	(1,510.6)
2040	969.5	477.6	491.9	1,688.3	2,180.2	3,908.0	(1,727.8)
2041	985.4	488.8	496.6	1,543.2	2,039.8	4,001.0	(1,961.2)
2042	1,004.4	500.2	504.2	1,379.8	1,884.0	4,094.0	(2,210.0)
2043	1,026.1	511.8	514.3	1,196.8	1,711.1	4,188.0	(2,476.9)
2044	1,049.8	523.5	526.3	992.7	1,519.0	4,283.0	(2,764.0)
2045	1,074.8	535.2	539.6	766.0	1,305.6	4,379.0	(3,073.4)



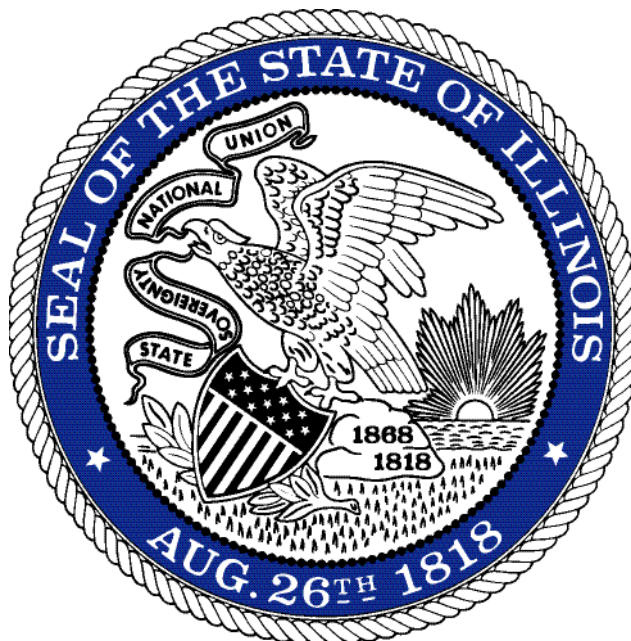
TABLE 17

<b>STATE EMPLOYEES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>						
Fiscal Year	Tier 1 Normal Cost	Tier 1 Normal Cost as a % of Payroll	Tier 2 Normal Cost	Tier 2 Normal Cost as a % of Payroll	Total Normal Cost	Total Normal Cost as a % of Payroll
2013	789.5	18.1%	10.0	0.2%	799.5	18.3%
2014	795.2	17.6%	21.6	0.5%	816.8	18.1%
2015	798.0	17.0%	35.3	0.8%	833.4	17.8%
2016	799.8	16.5%	50.3	1.0%	850.0	17.6%
2017	798.6	16.0%	66.6	1.3%	865.2	17.3%
2018	794.6	15.4%	84.7	1.6%	879.3	17.0%
2019	787.6	14.8%	104.3	2.0%	891.9	16.7%
2020	777.3	14.1%	125.9	2.3%	903.3	16.4%
2021	764.3	13.4%	149.0	2.6%	913.3	16.0%
2022	746.7	12.7%	173.6	3.0%	920.3	15.7%
2023	725.9	12.0%	200.0	3.3%	925.8	15.3%
2024	701.7	11.2%	227.1	3.6%	928.8	14.9%
2025	673.2	10.5%	256.0	4.0%	929.2	14.4%
2026	643.0	9.7%	286.2	4.3%	929.2	14.0%
2027	610.8	8.9%	317.4	4.6%	928.3	13.6%
2028	578.9	8.2%	350.1	5.0%	929.0	13.2%
2029	548.3	7.6%	383.2	5.3%	931.6	12.9%
2030	517.8	7.0%	417.5	5.6%	935.3	12.6%
2031	487.3	6.4%	452.6	5.9%	939.9	12.3%
2032	447.3	5.7%	488.9	6.2%	936.1	11.9%
2033	401.1	5.0%	527.4	6.5%	928.5	11.5%
2034	362.0	4.4%	565.7	6.8%	927.7	11.2%
2035	327.6	3.8%	603.3	7.1%	930.9	10.9%
2036	292.9	3.3%	640.9	7.3%	933.8	10.7%
2037	258.8	2.9%	679.0	7.6%	937.9	10.4%
2038	228.2	2.8%	717.1	8.7%	945.3	11.5%
2039	201.0	2.1%	755.0	8.0%	956.0	10.1%
2040	176.7	1.8%	792.8	8.2%	969.5	10.0%
2041	155.1	1.6%	830.3	8.3%	985.4	9.9%
2042	137.0	1.3%	867.4	8.5%	1,004.4	9.9%
2043	122.2	1.2%	903.9	8.7%	1,026.1	9.8%
2044	110.0	1.0%	939.8	8.8%	1,049.8	9.8%
2045	99.8	0.9%	975.0	8.9%	1,074.8	9.8%



# VI. The State Universities Retirement System

- Plan Summary
- FY 2012 Change in Unfunded Liabilities
- Funded Ratio History
- Active Member Headcount
- Average Active Member Salaries
- Retiree Headcount
- Average Retirement Annuities
- Unfunded History
- Rate of Return on Investments
- Annual Investment Revenue
- Total Payout
- Annual Changes in Unfunded
- Changes in Net Assets
- Investment Return History
- Historical Underfunding
- Projected Underfunding
- Tier 1 & Tier 2 Projections





# **State Universities Retirement System**

## **Traditional Defined Benefit Formula Plan Summary**

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### **Retirement Age**

---

- ☐ Age 62 with at least 5 years of service.
- ☐ Age 60 with at least 8 years of service.
- ☐ Any age with 30 years of service.

### **Retirement Formula**

---

- ☐ 2.2% of final average salary for each year of service.

### **Maximum Annuity**

---

- ☐ 80% of final average salary.

### **Salary Used to Calculate Pension**

---

- ☐ For hourly employees and those who receive an annual salary in installments during 12 months of each academic year, the 48 consecutive calendar-month period ending with the last day of final termination of employment or the 4 consecutive academic years of service in which the employee's earnings were the highest, whichever is greater.
- ☐ For all other employees, the average annual earnings during the 4 consecutive academic years of service which his or her earnings were the highest.

### **Annual COLA**

---

- ☐ 3% compounded.

### **Employee Contributions**

---

- ☐ 8.0% of salary.

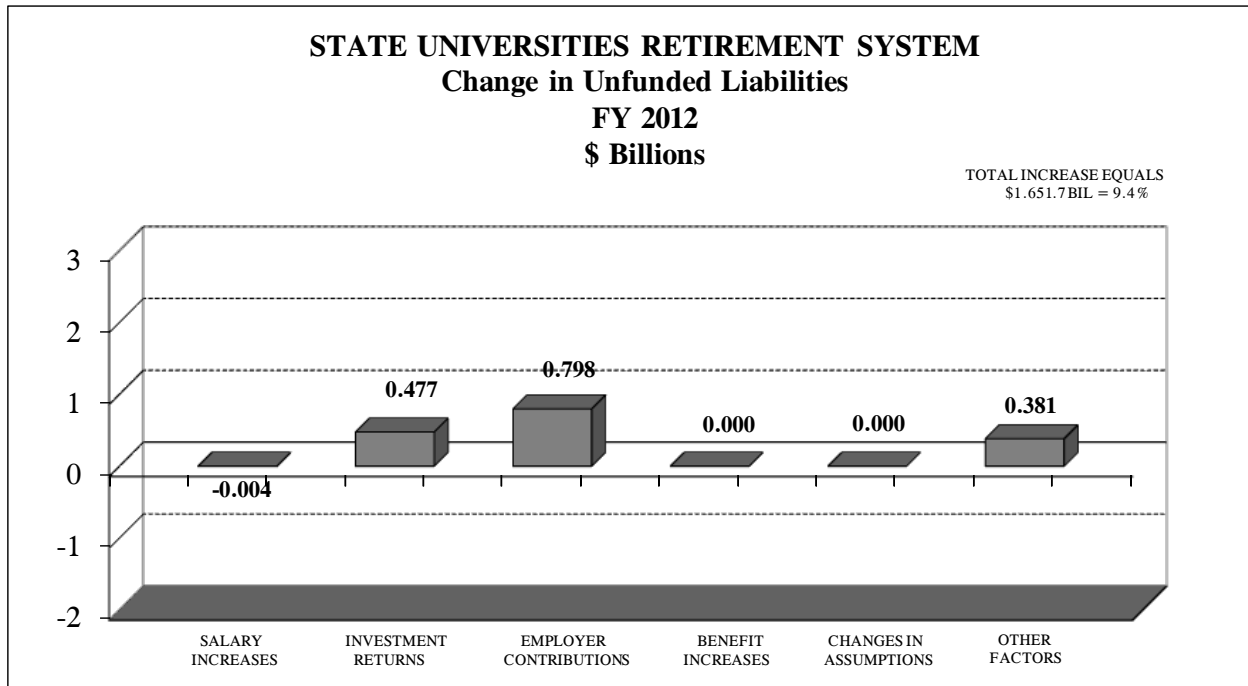
### **Self-Managed Plan (SMP)**

---

All SURS employees have the option to place 8.0% of their earnings into a SMP retirement account. The State of Illinois will subsequently add an additional 7.6% of employee earnings into their account. This SMP is a defined contribution plan where the employee decides how their account balance will be invested, selecting from a variety of mutual funds, stable value funds and variable annuities. The employee is solely responsible for the ultimate balance in the account, and the State of Illinois bears no responsibility for the outcome of the employee investment decisions.

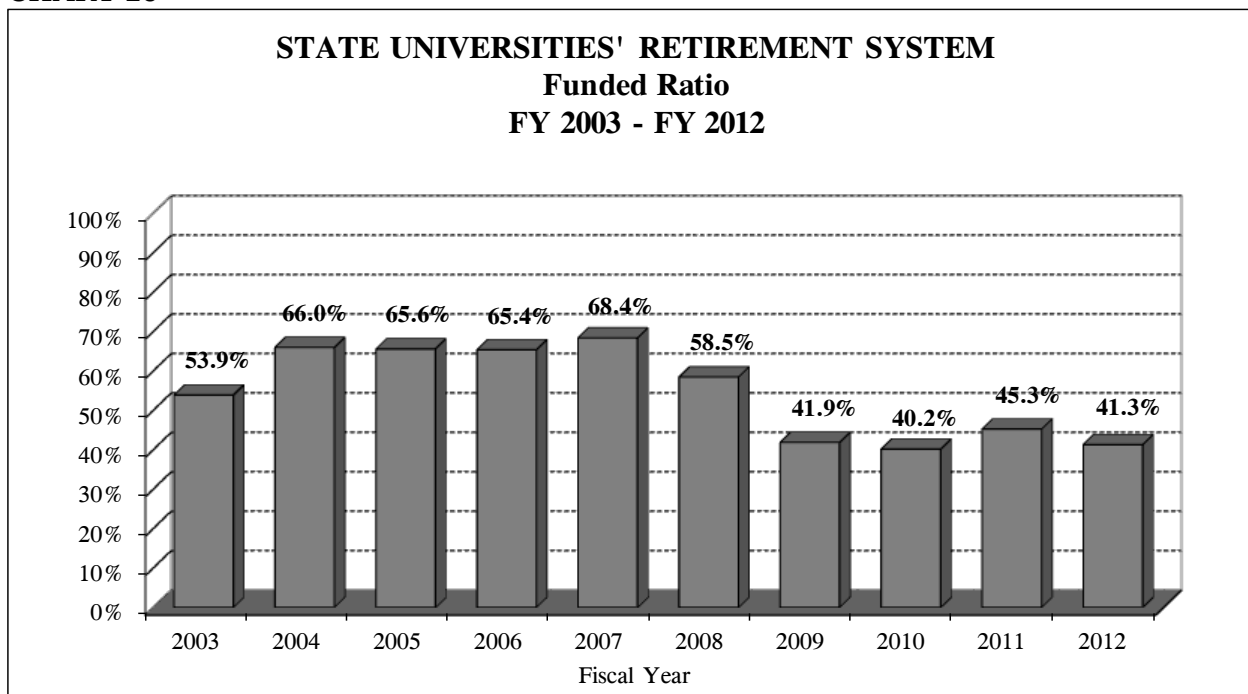
For details of retirement plans applicable to personnel beginning employment on or after January 1, 2011, please refer to Section I earlier in this report.

CHART 27



NOTES: (1)The above chart is based upon asset actuarial values, (2)The assumed interest rate used for investment earnings was changed from 8.5 % to 7.75 % in FY 2010.

CHART 28



NOTE: The above FY2012 figure is based upon asset market values without asset smoothing,

CHART 29

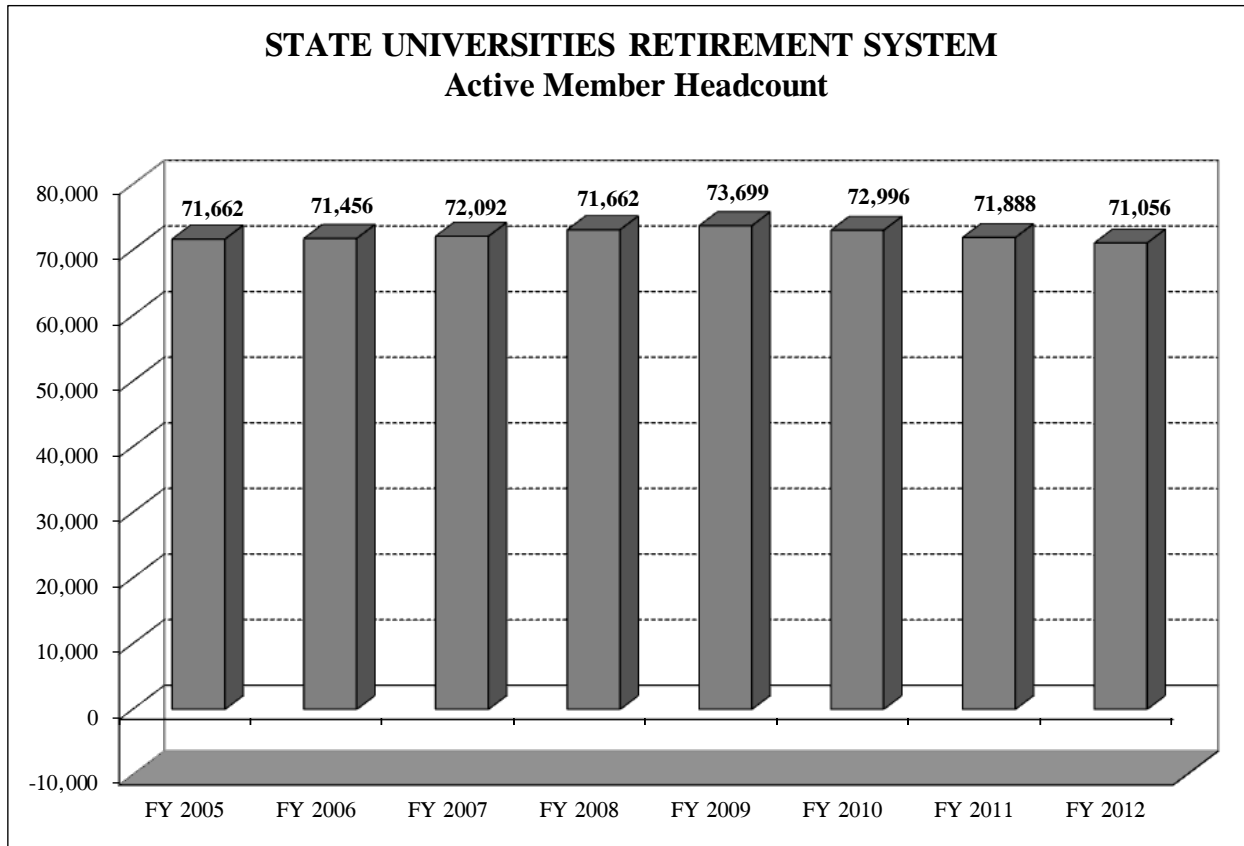


CHART 30

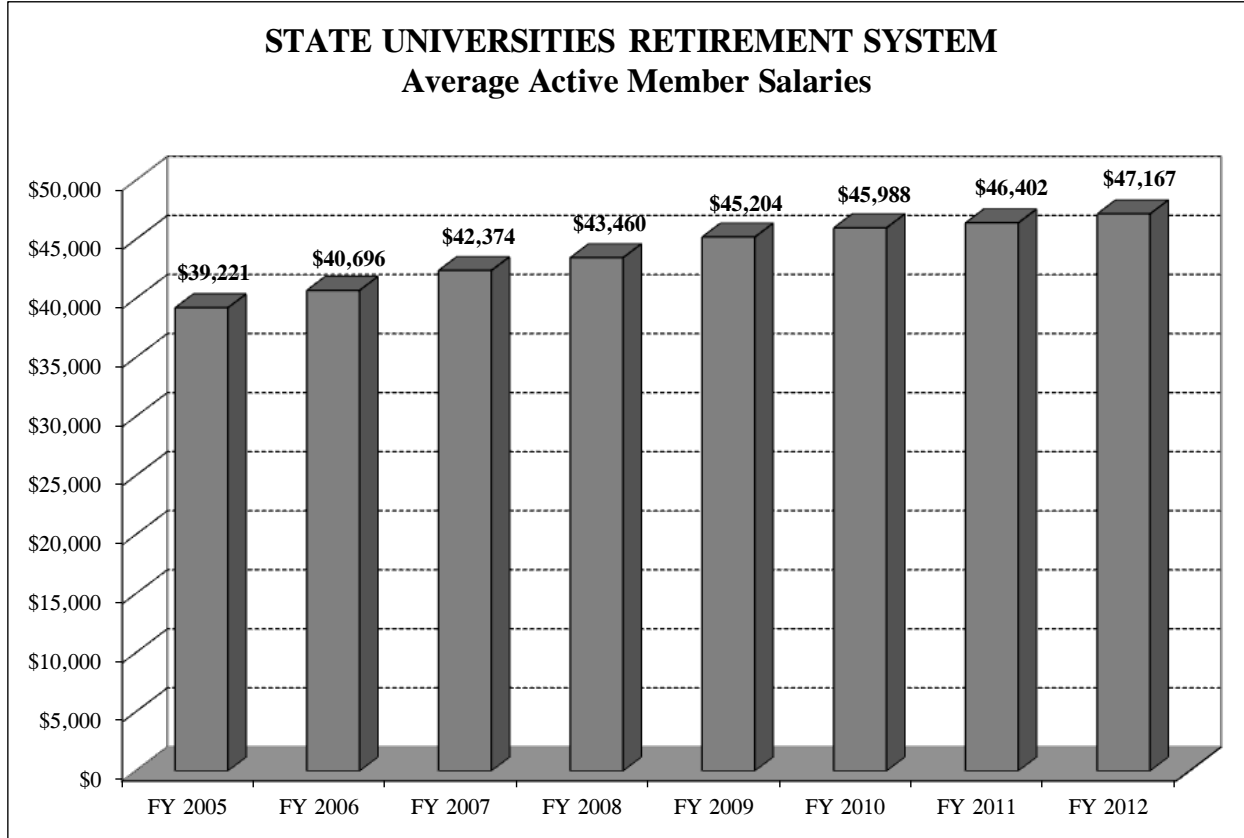


CHART 31

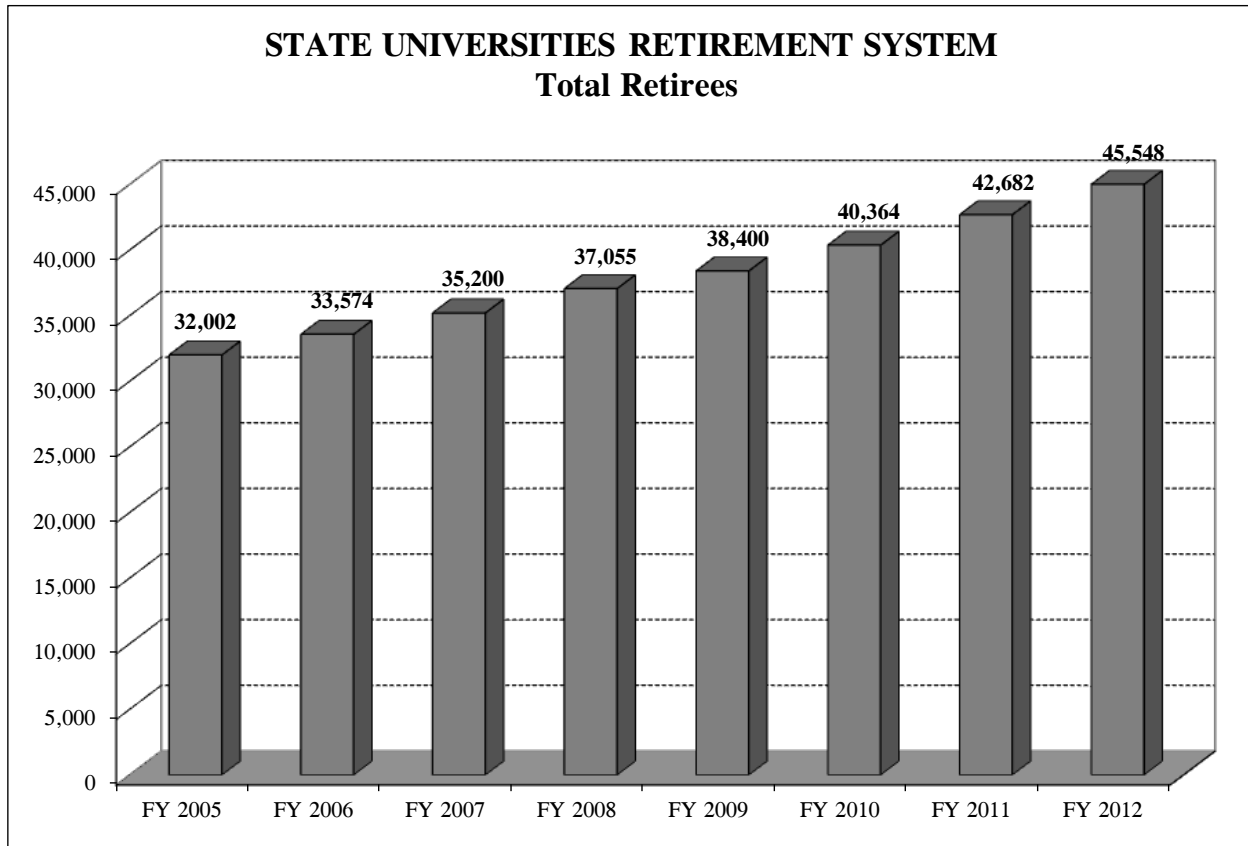


CHART 32

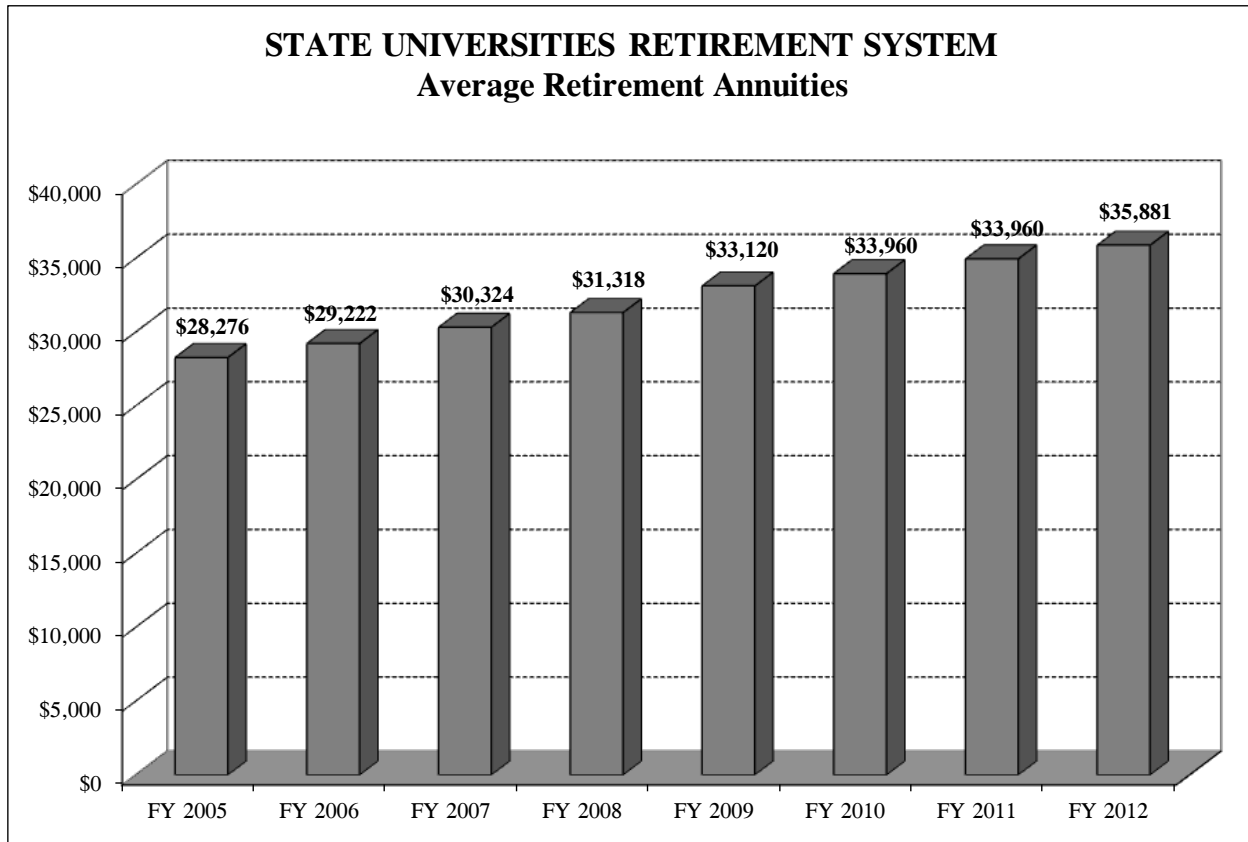




CHART 33

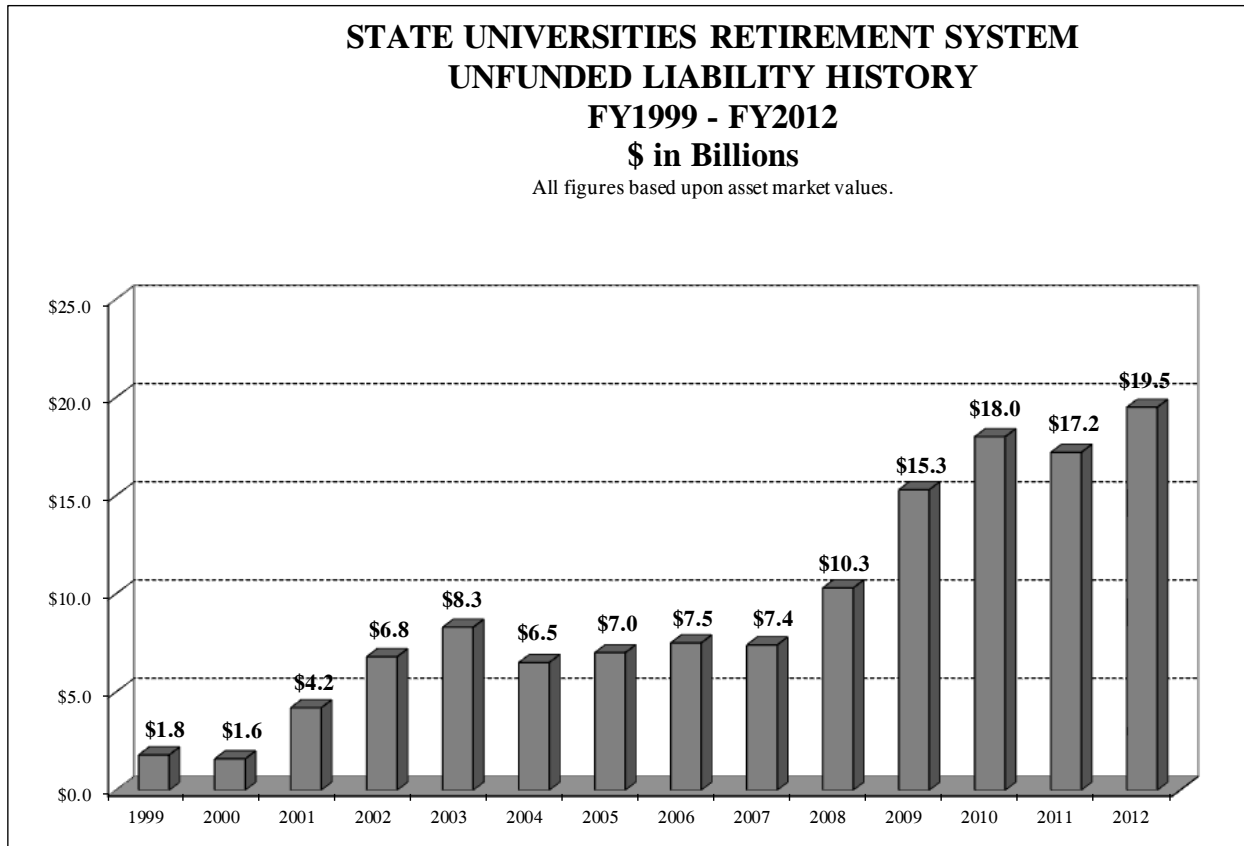


CHART 34

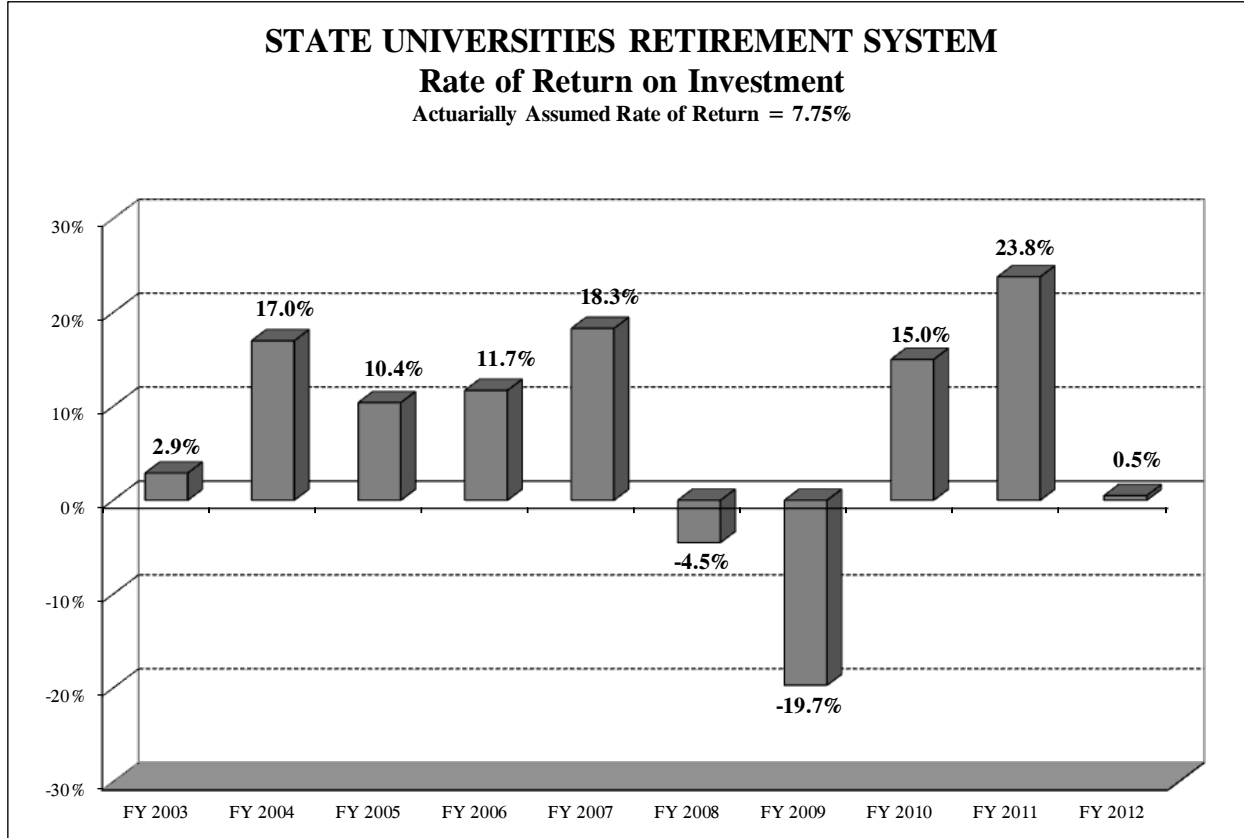


CHART 35

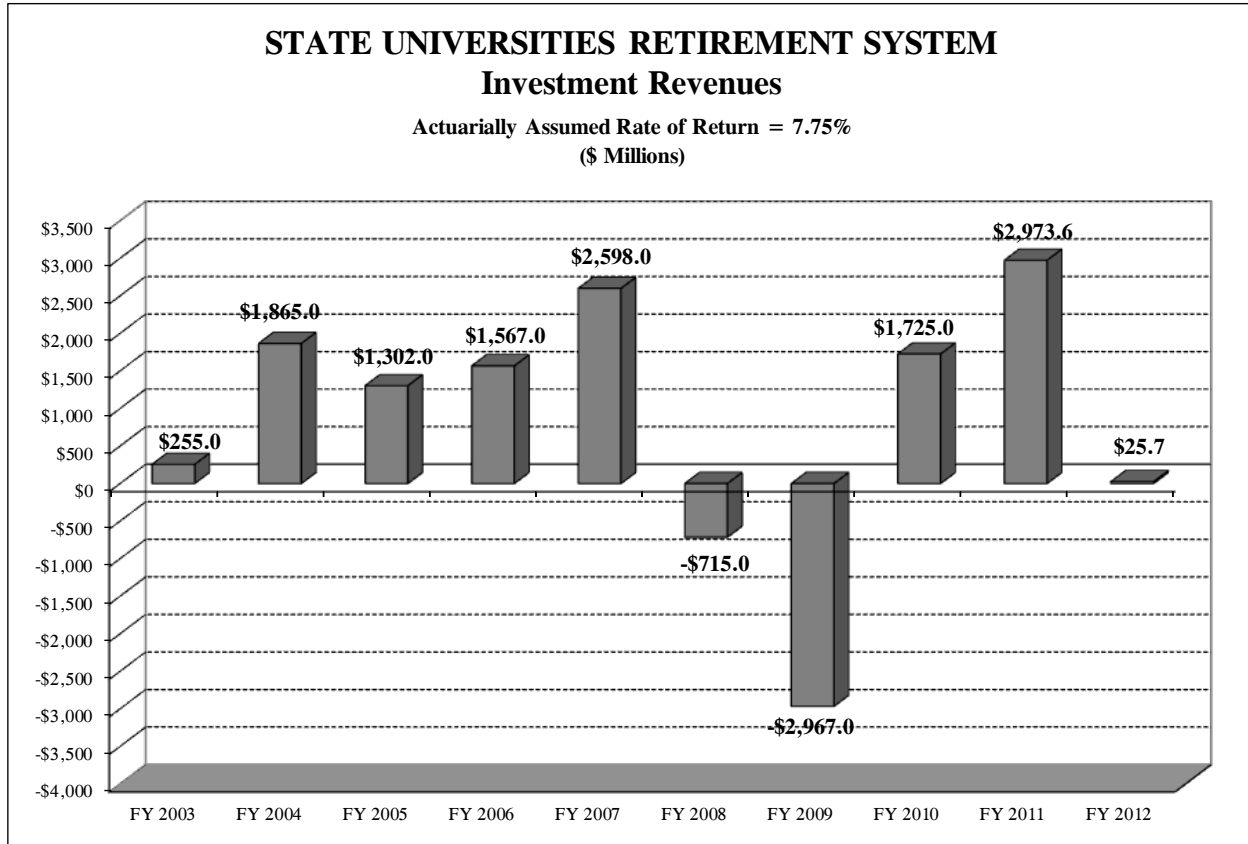


CHART 36

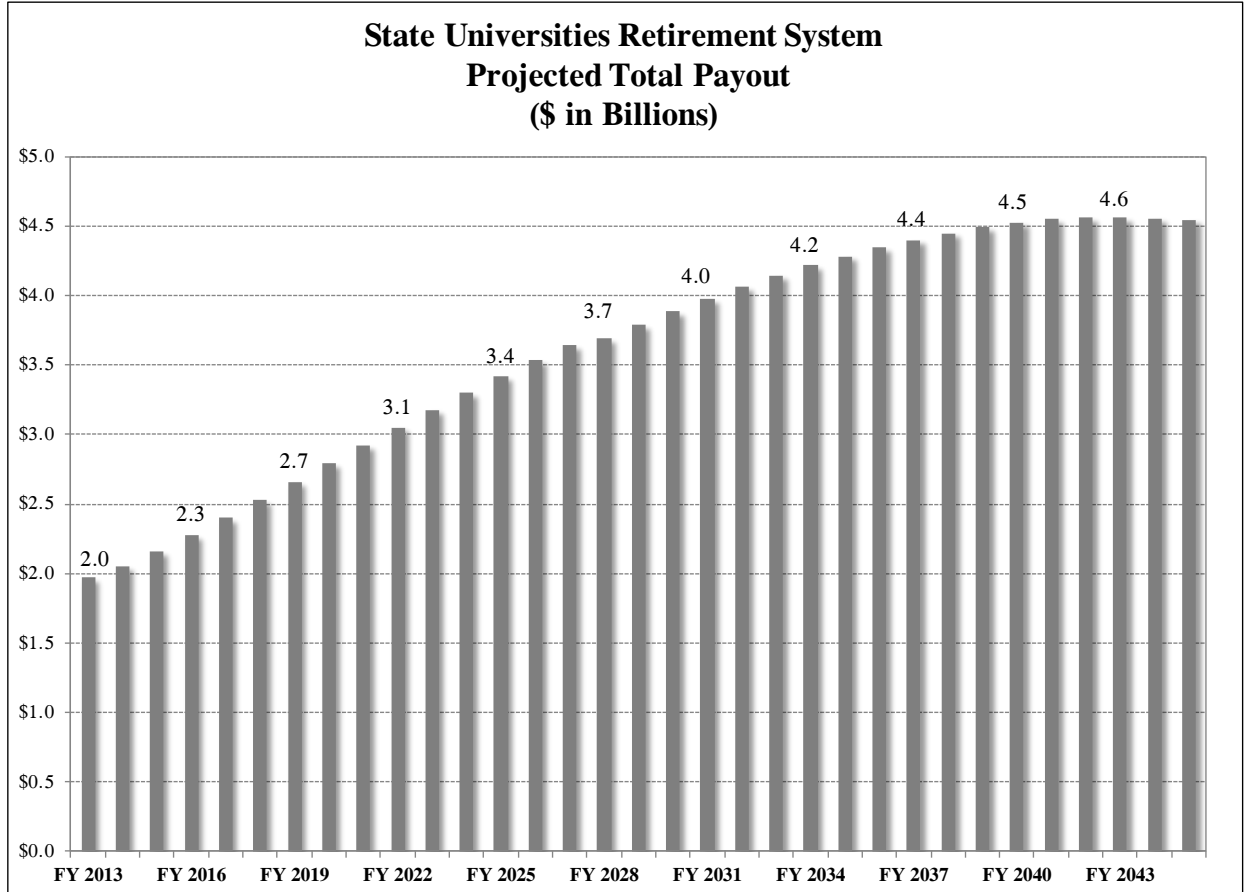


TABLE 18

<b>STATE UNIVERSITIES RETIREMENT SYSTEM</b> <b>CHANGES IN UNFUNDED LIABILITY</b> <b>FY 1996 - FY 2012</b>							
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
<b>STATE UNIVERSITIES</b>							
6/30/1996	(\$70,535,000)	(\$105,383,000)	\$456,044,000	\$0	\$0	\$86,823,000	\$366,949,000
6/30/1997	(44,026,000)	(312,322,000)	424,816,000	179,117,000	(3,342,395,000)	198,529,000	(2,896,281,000)
6/30/1998	5,238,000	(765,736,000)	158,840,000	0	0	48,075,000	(553,583,000)
6/30/1999	44,300,000	(273,300,000)	271,300,000	0	0	190,800,000	233,100,000
6/30/2000	171,500,000	(587,500,000)	306,700,000	0	0	(130,949,000)	(240,249,000)
6/30/2001	70,300,000	2,068,500,000	301,000,000	0	0	107,131,000	2,546,931,000
6/30/2002	90,800,000	1,568,700,000	430,800,000	63,000,000	485,300,000	38,744,000	2,677,344,000
6/30/2003	10,300,000	583,000,000	558,500,000	0	0	319,300,000	1,471,100,000
6/30/2004	(62,900,000)	(950,500,000)	(822,700,000)	0	0	17,893,000	(1,818,207,000)
6/30/2005	(19,400,000)	(218,000,000)	574,300,000	0	0	170,520,000	507,420,000
6/30/2006	28,600,000	(414,100,000)	734,900,000	0	0	164,900,000	514,300,000
6/30/2007	67,000,000	(1,342,000,000)	707,200,000	0	324,400,000	105,900,000	(137,500,000)
6/30/2008	30,600,000	2,004,400,000	590,900,000	0	0	329,100,000	2,955,000,000
6/30/2009	(1,300,000)	812,300,000	738,700,000	0	0	153,200,000	1,702,900,000
6/30/2010	(113,100,000)	940,500,000	667,500,000	0	2,413,900,000	210,800,000	4,119,600,000
6/30/2011	(172,300,000)	430,000,000	930,200,000	0	(24,900,000)	251,800,000	1,414,800,000
6/30/2012	(4,000,000)	476,700,000	797,800,000	0	0	381,200,000	1,651,700,000
<b>TOTALS</b>	<b>31,077,000</b>	<b>3,915,259,000</b>	<b>7,826,800,000</b>	<b>242,117,000</b>	<b>(143,695,000)</b>	<b>2,643,766,000</b>	<b>14,515,324,000</b>

NOTE: All of the calculations in this table are based upon asset actuarial values, i.e., WITH Asset Smoothing.

TABLE 19

<b>STATE UNIVERSITIES' RETIREMENT SYSTEM</b> <b>Changes in Net Assets</b> <b>(\$ in millions)</b>								
Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005
<b>Additions to Assets</b>								
State of Illinois	989.8	776.6	700.2	445.6	340.3	252.1	166.7	269.9
Pension Obligation Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees	312.4	309.9	323.6	322.1	310.1	304.0	292.4	285.6
Federal	41.9	41.9	39.5	44.2	43.6	42.4	43.0	42.9
Net Investment Income	25.7	2,973.6	1,725.3	-2,967.1	-714.8	2,597.8	1,566.8	1,302.0
<b>Total Asset Additions (A)</b>	<b>1,369.8</b>	<b>4,102.0</b>	<b>2,788.6</b>	<b>-2,155.2</b>	<b>-20.8</b>	<b>3,196.3</b>	<b>2,068.9</b>	<b>1,900.4</b>
<b>Deductions from Assets</b>								
Benefits	1,757.7	1,622.5	1,483.7	1,376.7	1,279.2	1,180.6	1,086.6	1,005.4
Refunds	85.2	73.9	57.5	51.4	54.9	53.4	51.4	43.1
Subsidy Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Expenses	13.5	12.6	12.5	12.9	12.1	11.7	12.0	12.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.7
<b>Total Asset Deductions (B)</b>	<b>1,856.4</b>	<b>1,709.0</b>	<b>1,553.7</b>	<b>1,441.0</b>	<b>1,346.2</b>	<b>1,245.7</b>	<b>1,150.2</b>	<b>1,061.3</b>
<b>Change in Net Assets (A-B=C)</b>	<b>-486.6</b>	<b>2,393.0</b>	<b>1,235.0</b>	<b>-3,596.2</b>	<b>-1,367.0</b>	<b>1,950.6</b>	<b>918.7</b>	<b>839.1</b>
<i>* Includes both the Defined Benefit and Self Managed Plans.</i>								

TABLE 20

<b>STATE UNIVERSITIES' RETIREMENT SYSTEM</b> <b>Historical Investment Revenues</b> <b>(\$ in millions)</b>			
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned
2003	9,879.5	255.4	2.9%
2004	12,839.2	1,865.3	17.0%
2005	13,280.1	1,302.0	10.4%
2006	14,045.4	1,566.8	11.7%
2007	16,283.8	2,597.8	18.3%
2008	15,202.7	-714.8	-4.5%
2009	11,292.0	-2,967.1	-19.7%
2010	12,163.9	1,725.3	15.0%
2011	14,274.0	2,973.6	23.8%
2012	13,705.1	25.7	0.1%
<i>* These figures include both the Defined Benefit and Self Managed Plans</i>			

TABLE 21

<b>STATE UNIVERSITIES RETIREMENT SYSTEM</b> <b>Historical Underfunding</b> <b>(\$ in millions)</b>					
Fiscal Year	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Employer Contributions	Historical Underfunding
2003	254.5	530.1	843.8	285.3	574.2
2004	267.3	644.1	934.8	1,757.5	-808.9
2005	271.0	503.2	859.7	285.4	589.7
2006	292.3	542.5	914.9	180.0	748.3
2007	301.4	582.3	968.3	261.1	716.2
2008	310.4	571.7	982.3	344.9	642.0
2009	317.9	800.7	1,147.3	451.6	697.1
2010	355.4	932.7	1,278.3	696.6	578.1
2011	463.6	1,251.9	1,715.5	773.6	941.9
2012	442.8	1,361.6	1,804.4	985.8	818.6

TABLE 22

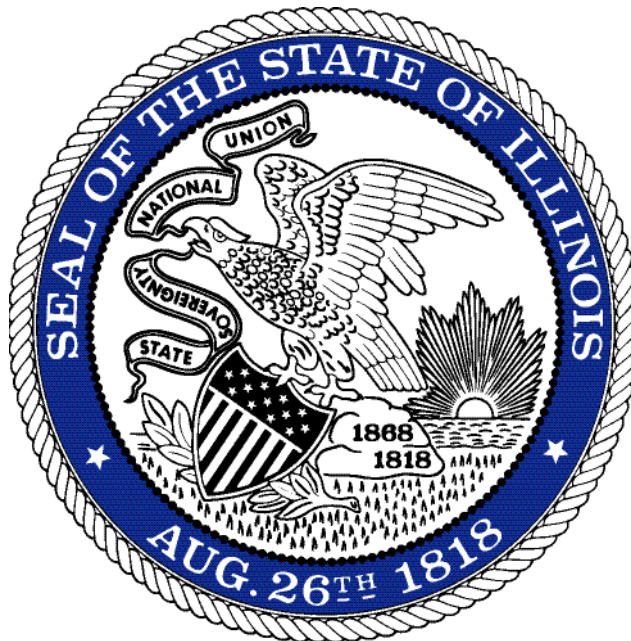
<b>STATE UNIVERSITIES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>							
Fiscal Year	Total Normal Cost	Employees' Contributions	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Total State Contributions	Projected Underfunding
2013	656.8	285.0	371.8	1,303.1	1,674.9	1,402.8	272.1
2014	680.9	341.9	339.0	1,416.1	1,755.1	1,509.8	245.3
2015	678.0	349.7	328.3	1,423.7	1,752.0	1,583.8	168.2
2016	675.2	357.5	317.7	1,437.9	1,755.6	1,595.2	160.4
2017	673.1	366.2	306.9	1,479.1	1,786.0	1,623.4	162.6
2018	671.8	375.2	296.6	1,504.7	1,801.3	1,683.2	118.1
2019	671.3	384.5	286.8	1,527.3	1,814.1	1,726.6	87.5
2020	671.5	394.1	277.4	1,548.1	1,825.5	1,771.5	54.0
2021	672.8	404.1	268.7	1,566.8	1,835.5	1,817.7	17.8
2022	675.0	414.3	260.7	1,583.1	1,843.8	1,865.2	(21.4)
2023	677.7	424.8	252.9	1,597.0	1,849.9	1,914.0	(64.1)
2024	680.9	435.5	245.4	1,608.0	1,853.4	1,961.2	(107.8)
2025	684.9	446.4	238.5	1,616.2	1,854.7	2,005.8	(151.1)
2026	689.5	457.6	231.9	1,621.5	1,853.4	2,057.1	(203.7)
2027	694.8	468.9	225.9	1,623.3	1,849.2	2,109.9	(260.7)
2028	700.5	480.5	220.0	1,621.2	1,841.2	2,159.4	(318.2)
2029	706.2	492.2	214.0	1,615.2	1,829.2	2,210.1	(380.9)
2030	711.6	504.0	207.6	1,604.9	1,812.5	2,257.1	(444.6)
2031	716.9	515.9	201.0	1,590.4	1,791.4	2,306.0	(514.6)
2032	722.7	528.1	194.6	1,570.9	1,765.5	2,362.2	(596.7)
2033	729.2	540.6	188.6	1,545.8	1,734.4	2,425.6	(691.2)
2034	735.8	553.2	182.6	1,514.0	1,696.6	2,509.9	(813.3)
2035	742.4	566.0	176.4	1,473.6	1,650.0	2,569.4	(919.4)
2036	749.2	578.9	170.3	1,425.8	1,596.1	2,629.6	(1,033.5)
2037	756.1	591.9	164.2	1,369.9	1,534.1	2,690.4	(1,156.3)
2038	763.6	605.1	158.5	1,305.2	1,463.7	2,752.7	(1,289.0)
2039	772.3	618.7	153.6	1,231.1	1,384.7	2,816.7	(1,432.0)
2040	783.6	632.7	150.9	1,146.7	1,297.6	2,882.4	(1,584.8)
2041	798.2	647.3	150.9	1,051.1	1,202.0	2,951.6	(1,749.6)
2042	815.2	662.6	152.6	943.3	1,095.9	3,023.5	(1,927.6)
2043	833.7	678.2	155.5	822.9	978.4	3,097.3	(2,118.9)
2044	853.4	694.2	159.2	688.4	847.6	3,172.9	(2,325.3)
2045	873.7	710.4	163.3	538.9	702.2	3,249.7	(2,547.5)

TABLE 23

<b>STATE UNIVERSITIES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>						
Fiscal Year	Tier 1 Normal Cost	Tier 1 Normal Cost as a % of Payroll	Tier 2 Normal Cost	Tier 2 Normal Cost as a % of Payroll	Total Normal Cost	Total Normal Cost as a % of Payroll
2013	631.2	15.1%	25.6	0.6%	656.8	15.7%
2014	615.4	14.4%	65.5	1.5%	680.9	15.9%
2015	590.0	13.5%	88.0	2.0%	678.0	15.5%
2016	565.5	12.7%	109.7	2.5%	675.2	15.1%
2017	541.8	11.8%	131.3	2.9%	673.1	14.7%
2018	518.5	11.1%	153.3	3.3%	671.8	14.3%
2019	495.5	10.3%	175.8	3.7%	671.3	14.0%
2020	473.0	9.6%	198.4	4.0%	671.5	13.6%
2021	451.5	8.9%	221.3	4.4%	672.8	13.3%
2022	430.7	8.3%	244.3	4.7%	675.0	13.0%
2023	410.2	7.7%	267.5	5.0%	677.7	12.8%
2024	390.0	7.2%	290.9	5.3%	680.9	12.5%
2025	370.4	6.6%	314.5	5.6%	684.9	12.3%
2026	351.2	6.1%	338.3	5.9%	689.5	12.1%
2027	332.3	5.7%	362.5	6.2%	694.8	11.9%
2028	313.5	5.2%	387.0	6.4%	700.5	11.7%
2029	294.2	4.8%	412.0	6.7%	706.2	11.5%
2030	274.2	4.4%	437.4	6.9%	711.6	11.3%
2031	253.6	3.9%	463.3	7.2%	716.9	11.1%
2032	233.2	3.5%	489.6	7.4%	722.7	10.9%
2033	213.1	3.2%	516.1	7.6%	729.2	10.8%
2034	192.8	2.8%	543.0	7.9%	735.8	10.6%
2035	172.1	2.4%	570.3	8.1%	742.4	10.5%
2036	151.2	2.1%	598.0	8.3%	749.2	10.4%
2037	130.2	1.8%	625.9	8.5%	756.1	10.2%
2038	109.5	1.4%	654.1	8.6%	763.6	10.1%
2039	89.9	1.2%	682.4	8.8%	772.3	10.0%
2040	73.0	0.9%	710.6	9.0%	783.6	9.9%
2041	59.7	0.7%	738.5	9.1%	798.2	9.9%
2042	49.1	0.6%	766.1	9.2%	815.2	9.8%
2043	40.4	0.5%	793.3	9.4%	833.7	9.8%
2044	33.2	0.4%	820.2	9.5%	853.4	9.8%
2045	27.1	0.3%	846.6	9.5%	873.7	9.8%

# VII. The Judges' Retirement System

- Plan Summary
- FY 2012 Change in Unfunded Liabilities
- Funded Ratio History
- Active Member Headcount
- Average Active Member Salaries
- Retiree Headcount
- Average Retirement Annuities
- Unfunded History
- Rate of Return on Investments
- Annual Investment Revenue
- Total Payout
- Annual Changes in Unfunded
- Changes in Net Assets
- Investment Return History
- Historical Underfunding
- Projected Underfunding







# Judges' Retirement System

## Plan Summary

---

### Retirement Age

---

- ☐ Age 60 with 10 years of service.
- ☐ Age 62 with 6 years of service.
- ☐ Age 55 with 10 years of service (reduced  $\frac{1}{2}$  of 1% for each month under 60).

### Retirement Formula

---

- ☐ 3.5% of final salary for each of the first 10 years of service, plus
- ☐ 5% of final salary for each year of service in excess of 10 years.

### Maximum Annuity

---

- ☐ 85% of final salary.

### Salary Used to Calculate Pension

---

- ☐ Salary on last day of service.

### Annual COLA

---

- ☐ 3% compounded.

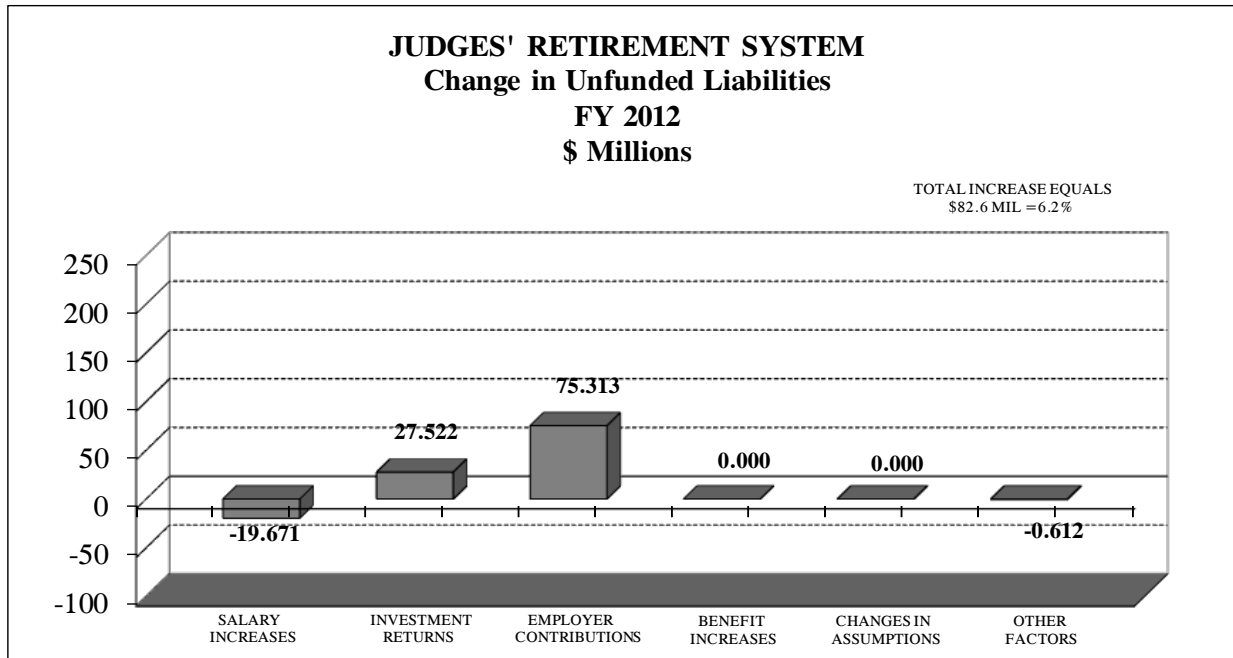
### Employee Contributions

---

- ☐ 11.0% of salary.

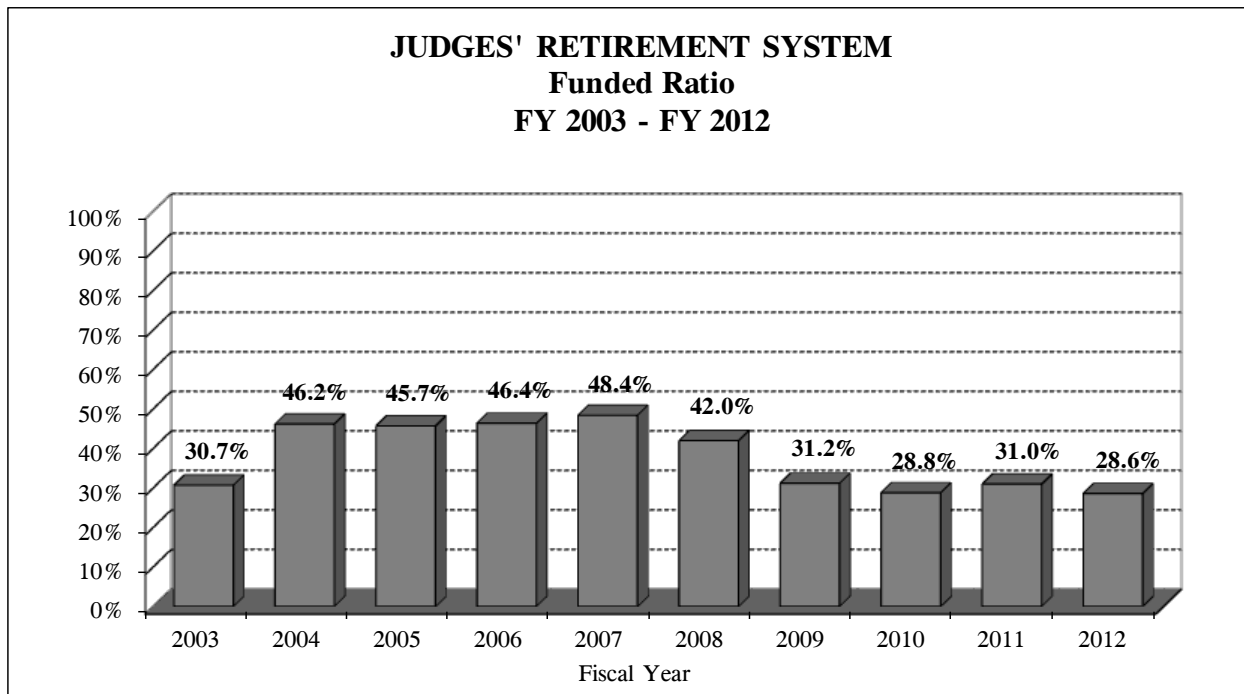
For details of retirement plans applicable to personnel beginning employment on or after January 1, 2011, please refer to Section I earlier in this report.

CHART 37



NOTES: (1) The above chart is based upon asset actuarial values, (2) The assumed interest rate used for investment earnings was changed from 8.0% to 7.0% in FY 2010.

CHART 38



NOTE: The above FY2012 figure is based upon asset market values without asset smoothing.

CHART 39

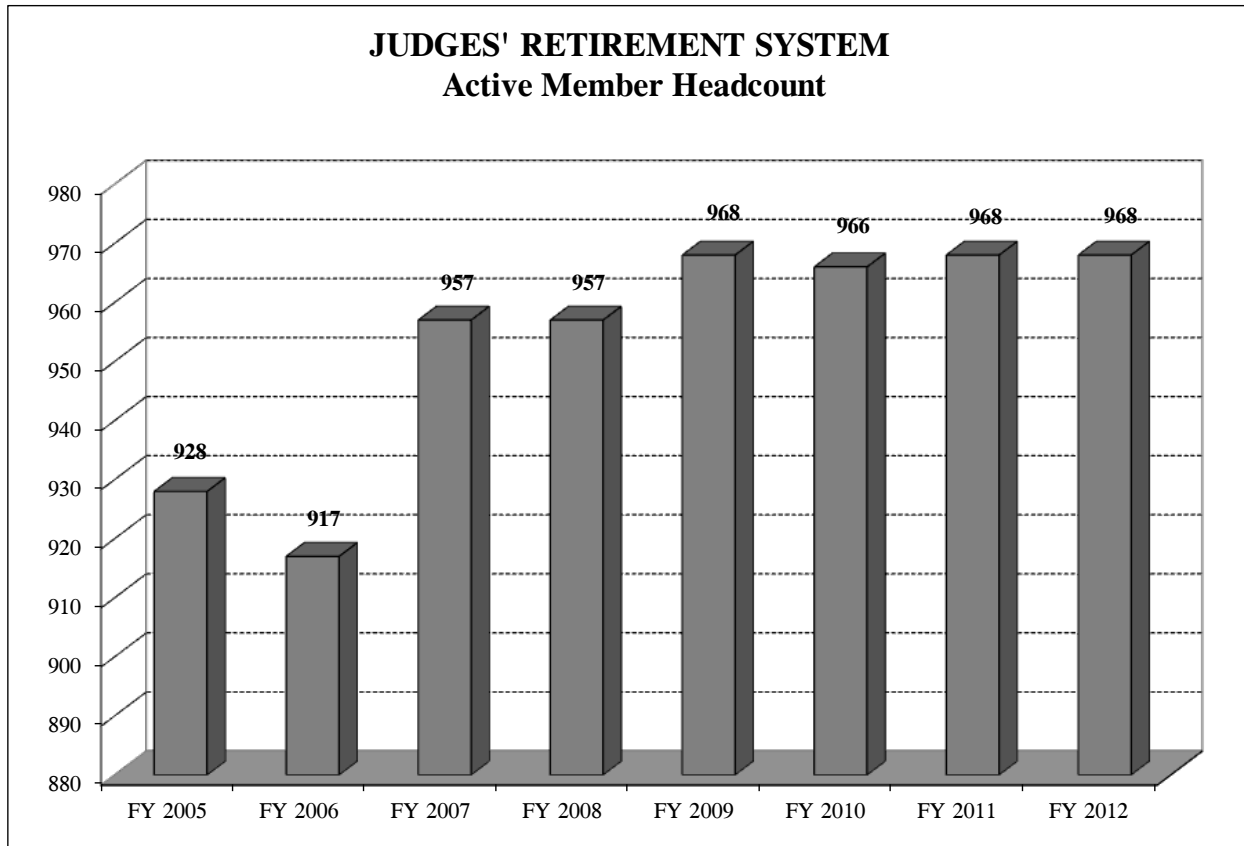


CHART 40

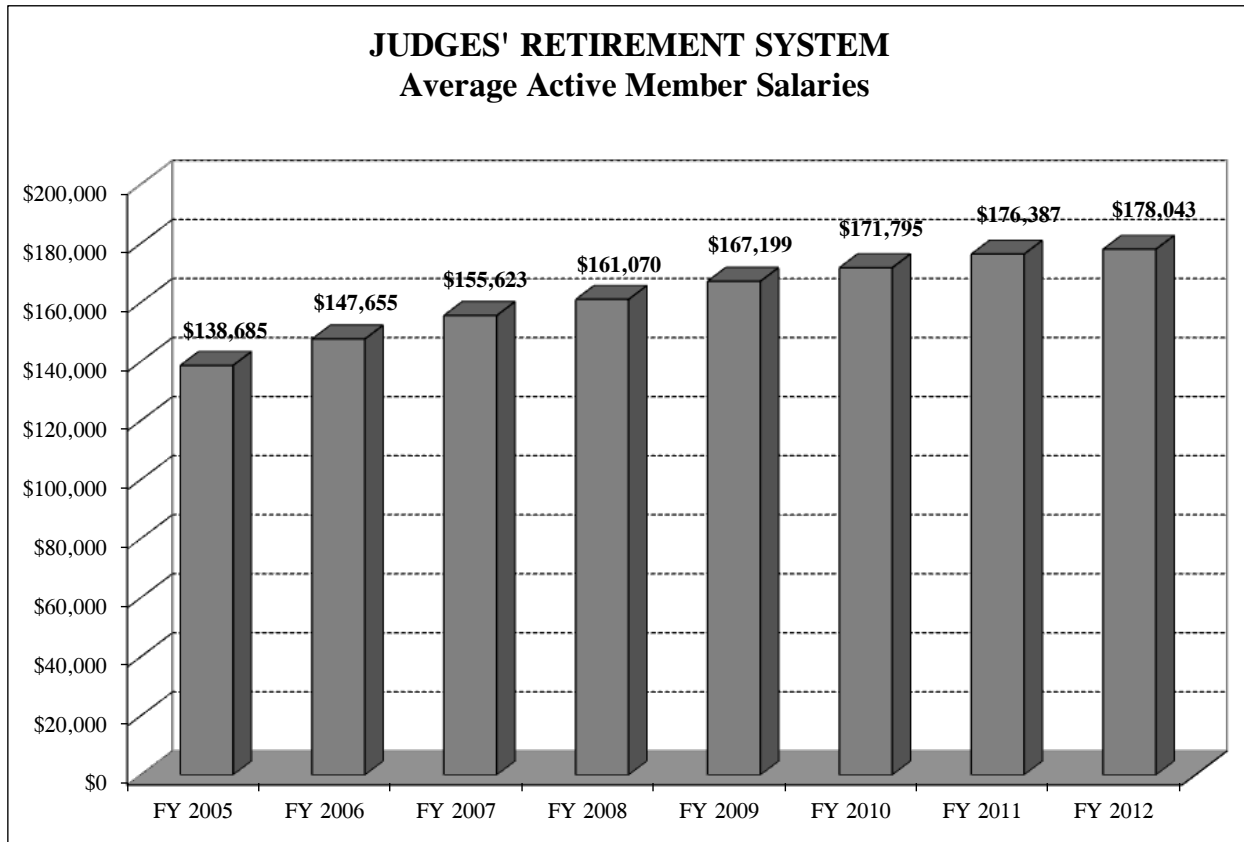


CHART 41

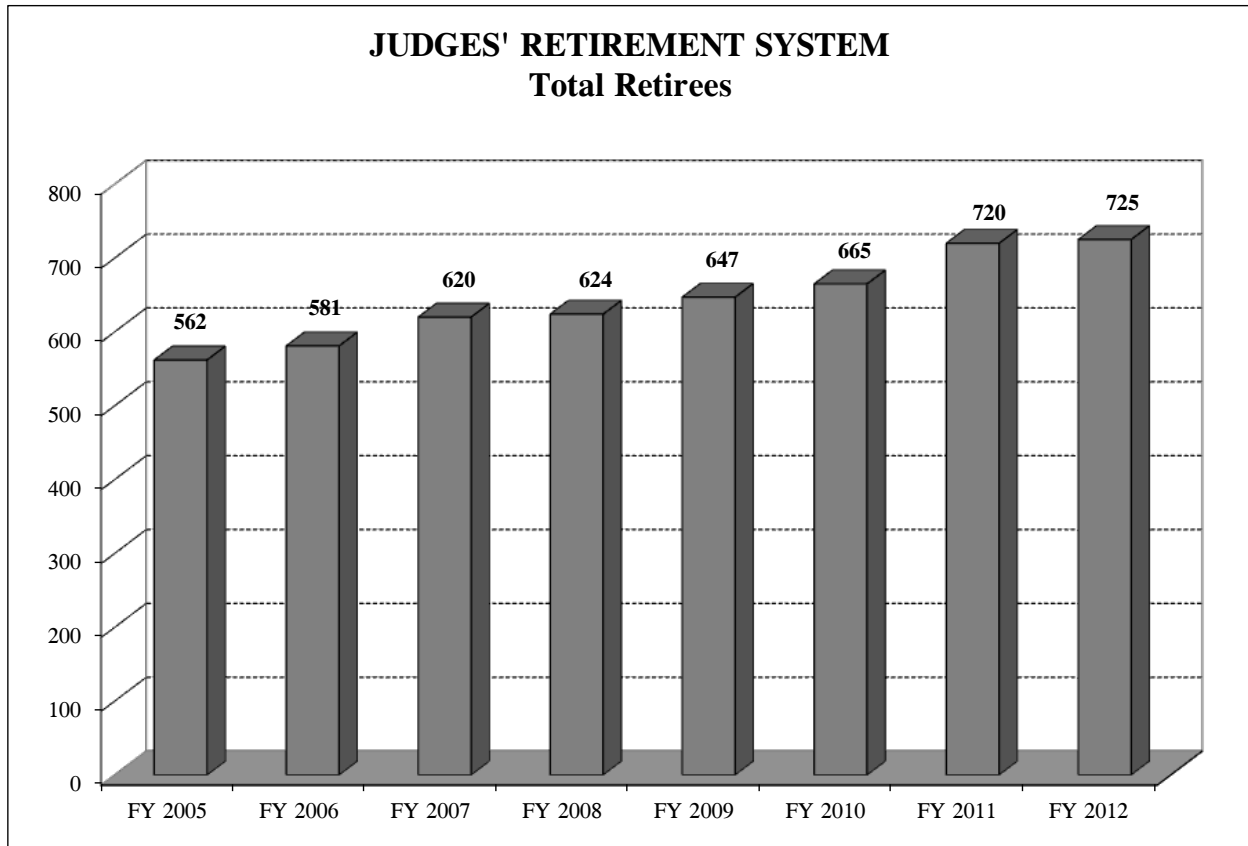


CHART 42

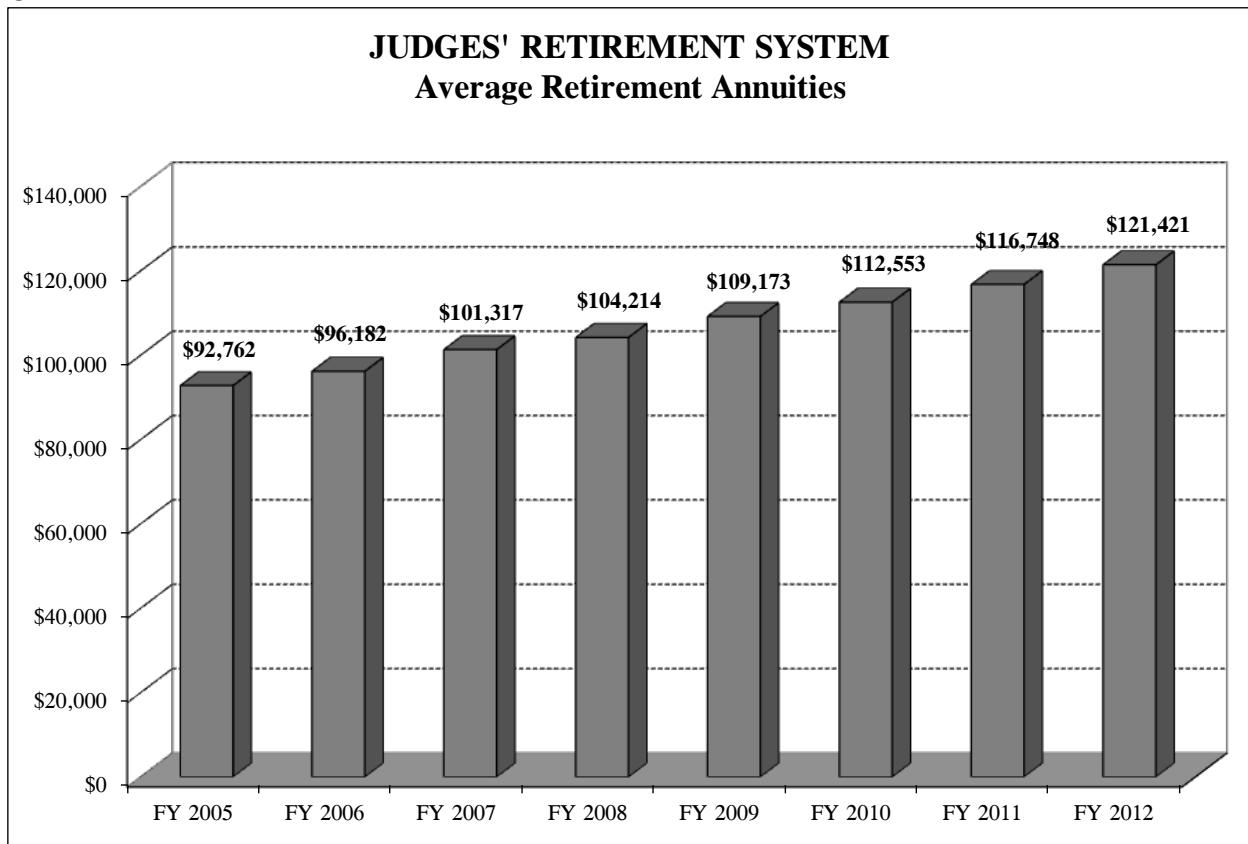


CHART 43

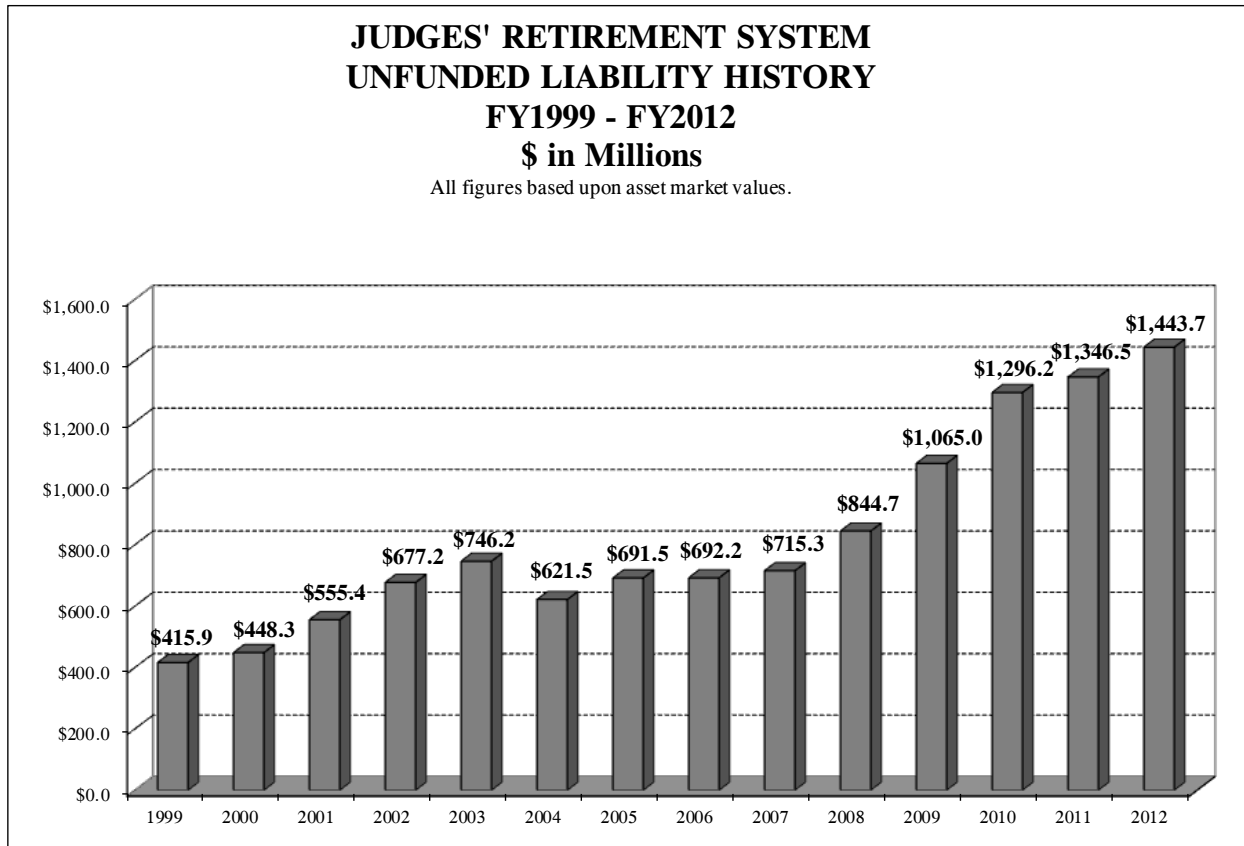


CHART 44

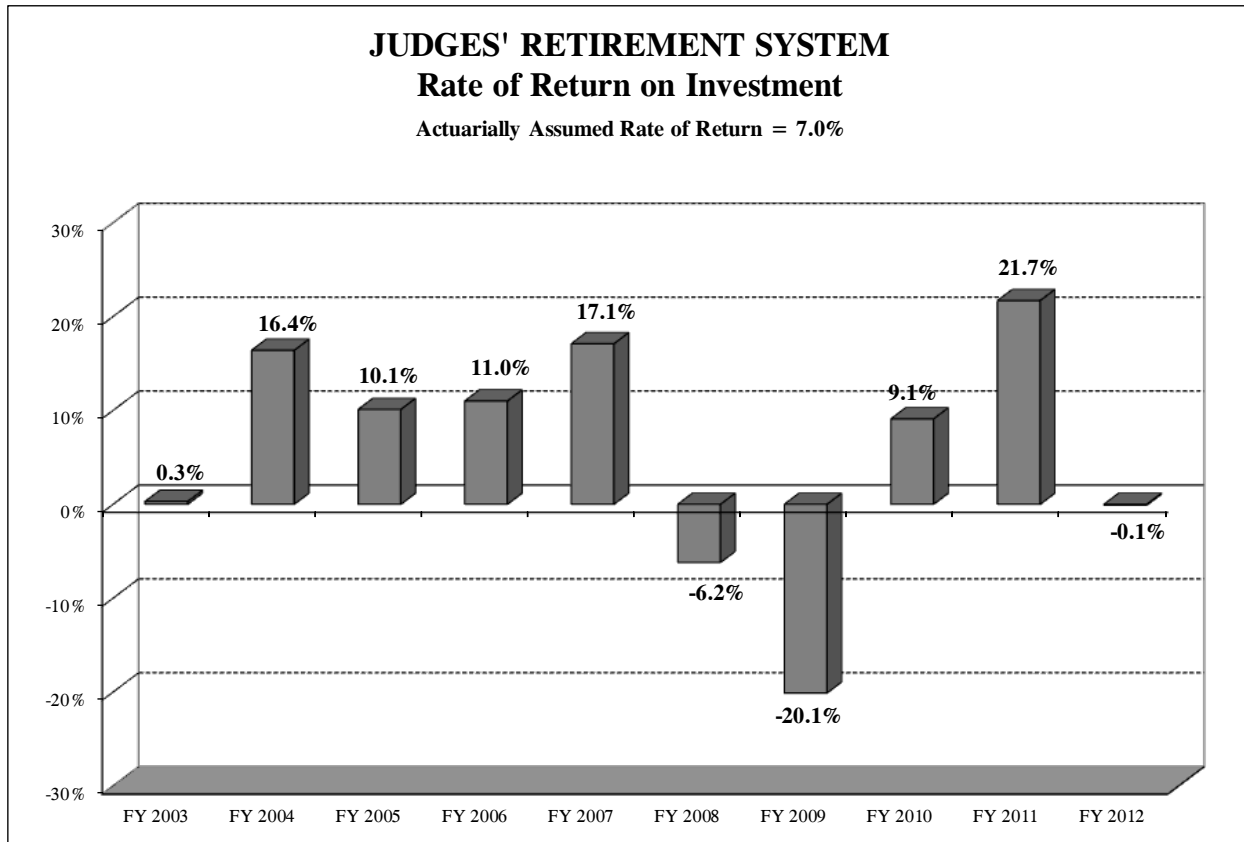


CHART 45

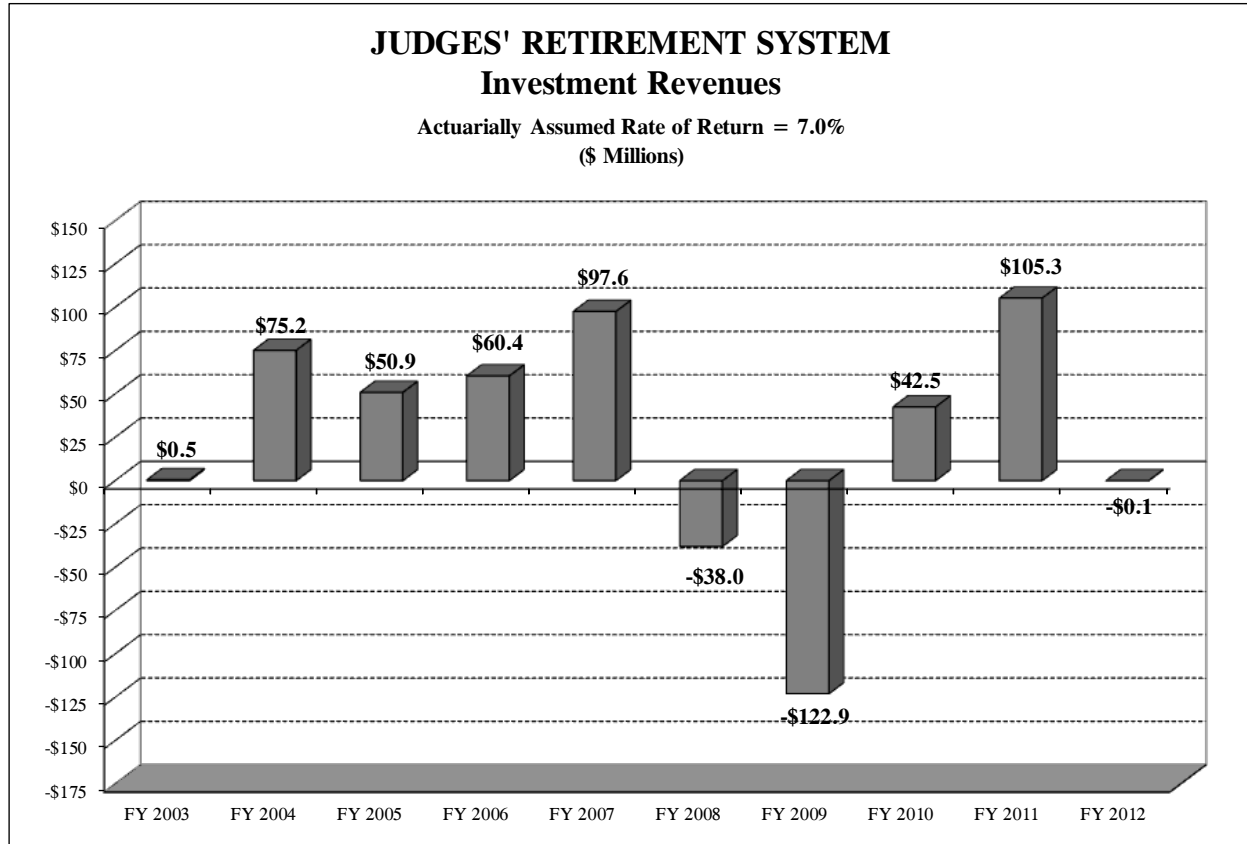


CHART 46

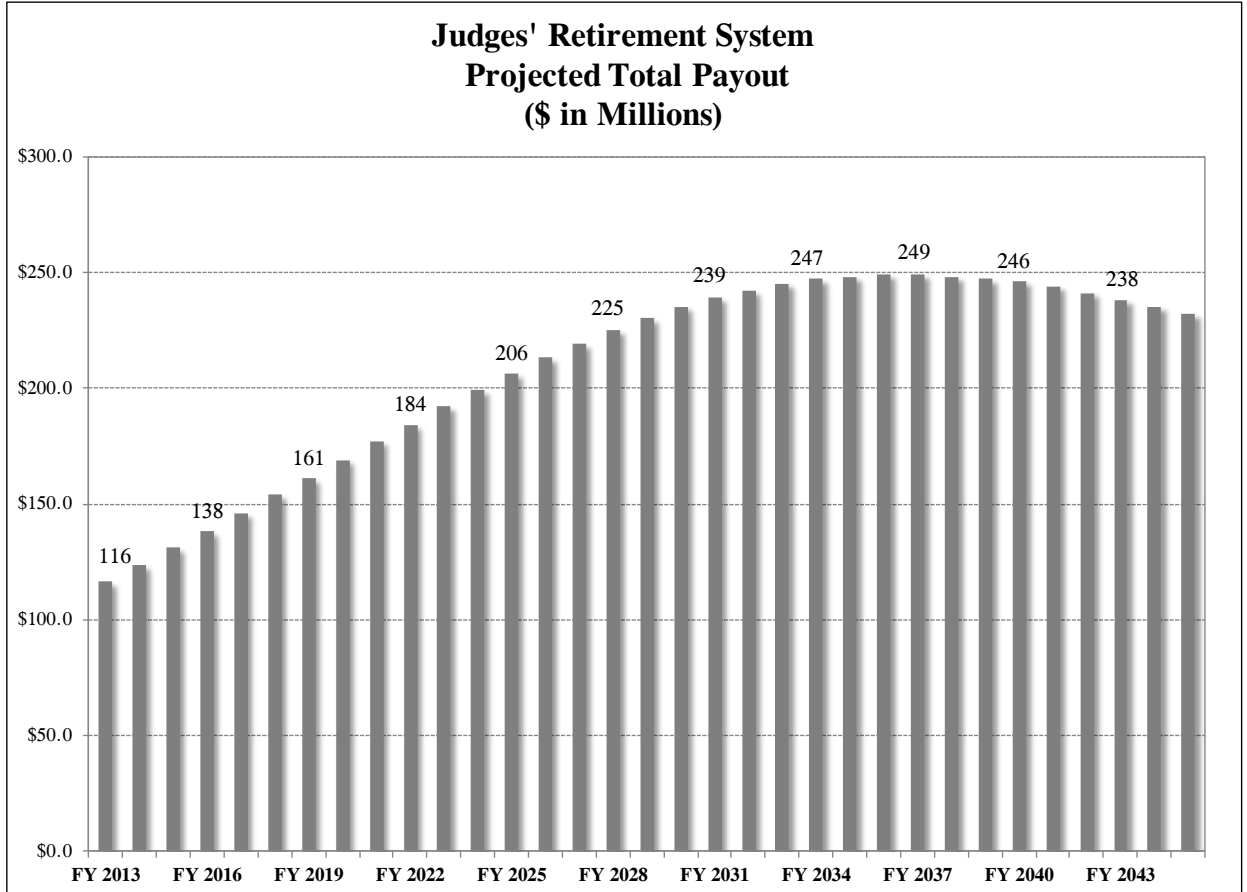


TABLE 24

<b>JUDGES' RETIREMENT SYSTEM</b> <b>CHANGES IN UNFUNDED LIABILITY</b> <b>FY 1996 - FY 2012</b>							
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
<b>JUDGES</b>							
6/30/1996	\$9,999,484	(\$13,671,404)	\$24,518,236	\$0	\$0	\$14,931,343	\$35,777,659
6/30/1997	(7,658,092)	(28,145,182)	27,156,529	0	37,922,093	15,264,216	44,539,564
6/30/1998	(10,160,914)	(30,497,137)	34,123,085	0	0	7,218,733	683,767
6/30/1999	456,439	(16,539,663)	32,504,330	0	0	8,821,168	25,242,274
6/30/2000	2,215,672	(14,134,561)	33,196,266	2,848,501	0	8,268,502	32,394,380
6/30/2001	(7,464,258)	61,790,163	35,767,996	0	0	17,044,333	107,138,234
6/30/2002	(11,821,953)	54,489,350	42,170,792	0	28,381,924	8,609,434	121,829,547
6/30/2003	(26,392,926)	27,183,676	49,293,246	0	0	18,906,930	68,990,926
6/30/2004	6,291,883	(36,709,772)	(92,295,242)	0	0	(1,952,146)	(124,665,277)
6/30/2005	(15,087,614)	(8,899,756)	46,427,305	0	0	27,509,646	49,949,581
6/30/2006	(18,612,759)	(17,213,516)	55,344,402	0	(11,189,825)	12,319,701	20,648,003
6/30/2007	(3,952,822)	(51,310,984)	50,305,409	0	0	28,046,308	23,087,911
6/30/2008	(8,834,671)	90,806,378	42,511,153	0	0	4,924,005	129,406,865
6/30/2009	(6,661,210)	33,322,668	40,870,123	0	0	19,481,669	87,013,250
6/30/2010	(14,290,000)	48,210,000	30,640,000	0	188,890,000	14,350,000	267,800,000
6/30/2011	(17,743,557)	31,451,544	66,647,892	0	15,622,518	42,442,760	138,421,157
6/30/2012	(19,671,785)	27,522,701	75,313,560	0	0	(611,876)	82,552,600
<b>TOTALS</b>	<b>(\$149,389,083)</b>	<b>\$157,654,505</b>	<b>\$594,495,082</b>	<b>\$2,848,501</b>	<b>\$259,626,710</b>	<b>\$245,574,726</b>	<b>\$1,110,810,441</b>

NOTE: All of the calculations in this table are based upon asset actuarial values, i.e., WITH Asset Smoothing.

TABLE 25

<b>JUDGES' RETIREMENT SYSTEM</b> <b>Changes in Net Assets</b> <b>(\$ in millions)</b>								
Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005
<b>Additions to Assets</b>								
State of Illinois	63.7	62.7	78.5	60.0	47.0	35.2	29.2	32.0
Pension Obligation Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees	16.4	16.7	16.0	15.8	15.4	14.2	13.6	13.3
Net Investment Income	-0.1	105.3	42.5	-122.7	-38.0	98.2	60.4	50.9
<b>Total Asset Additions (A)</b>	<b>80.0</b>	<b>184.7</b>	<b>137.0</b>	<b>-46.9</b>	<b>24.4</b>	<b>147.6</b>	<b>103.2</b>	<b>96.2</b>
<b>Deductions from Assets</b>								
Benefits	106.6	100.7	91.6	85.8	80.5	75.6	69.0	64.5
Refunds	0.6	0.7	0.5	0.4	0.8	0.6	0.8	0.7
Subsidy Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Expenses	0.8	0.6	0.5	0.6	0.5	0.5	0.4	0.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Asset Deductions (B)</b>	<b>108.0</b>	<b>102.0</b>	<b>92.6</b>	<b>86.8</b>	<b>81.8</b>	<b>76.7</b>	<b>70.2</b>	<b>65.7</b>
<b>Change in Net Assets (A-B=C)</b>	<b>-28.0</b>	<b>82.7</b>	<b>44.4</b>	<b>-133.7</b>	<b>-57.4</b>	<b>70.9</b>	<b>33.0</b>	<b>30.5</b>

TABLE 26

JUDGES' RETIREMENT SYSTEM				
Historical Investment Revenues				
(\$ in millions)				
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned	
2003	317.5	-24.2	-6.9%	
2004	321.4	0.5	0.3%	
2005	550.4	75.2	16.4%	
2006	582.6	50.9	10.1%	
2007	658.2	60.4	11.0%	
2008	589.2	97.6	17.1%	
2009	483.5	-38.0	-6.2%	
2010	523.3	-122.7	-20.1%	
2011	606.0	42.5	9.1%	
2012	578.0	-0.1	-0.1%	
2003 - 2012 Asset Values are Market Values.				

Note: JRS investment management is provided by the Illinois State Board of Investment.

TABLE 27

<b>JUDGES' RETIREMENT SYSTEM</b> <b>Historical Underfunding</b> <b>(\$ in millions)</b>					
Fiscal Year	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Total Employer Contributions	Historical Underfunding
2003	23.1	47.2	70.3	33.6	36.7
2004	22.9	57.6	80.5	178.5	-98.0
2005	25.7	63.4	89.1	32.0	57.1
2006	32.2	52.7	84.9	29.2	55.7
2007	34.4	52.4	86.8	35.2	51.6
2008	35.8	51.1	86.9	46.9	40.0
2009	37.4	63.4	100.8	60.0	40.8
2010	47.2	61.9	109.1	78.5	30.6
2011	45.6	83.6	129.2	62.4	66.8
2012	45.8	93.7	139.5	63.7	75.8



TABLE 28

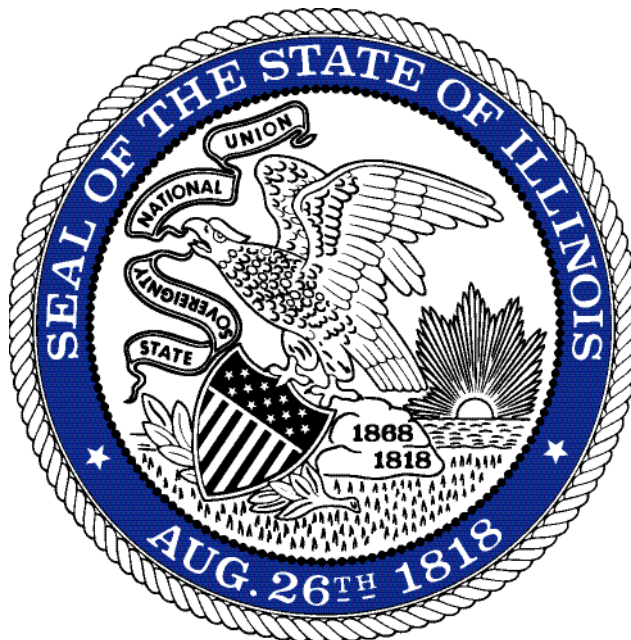
<b>JUDGES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>							
Fiscal Year	Total Normal Cost	Employees' Contributions	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Total Employer Contributions	Projected Underfunding
2013	61.0	16.3	44.7	93.7	138.4	88.2	50.2
2014	60.0	16.2	43.8	105.2	149.0	126.8	22.2
2015	59.0	16.6	42.4	106.1	148.5	130.6	17.9
2016	57.8	16.5	41.3	106.8	148.1	131.3	16.8
2017	56.0	16.6	39.4	108.4	147.8	132.0	15.8
2018	54.3	16.4	37.9	109.3	147.2	133.6	13.6
2019	52.8	16.5	36.3	110.0	146.3	134.4	11.9
2020	50.9	16.6	34.3	110.6	144.9	135.2	9.7
2021	48.8	16.8	32.0	111.0	143.0	135.8	7.2
2022	47.3	16.9	30.4	111.3	141.7	136.4	5.3
2023	45.7	17.0	28.7	111.4	140.1	137.1	3.0
2024	44.3	17.2	27.1	111.3	138.4	137.0	1.4
2025	43.0	17.5	25.5	111.1	136.6	137.3	(0.7)
2026	41.7	17.8	23.9	110.1	134.0	138.2	(4.2)
2027	40.6	17.9	22.7	110.3	133.0	139.3	(6.3)
2028	39.7	17.9	21.8	109.5	131.3	140.1	(8.8)
2029	39.2	18.0	21.2	108.5	129.7	141.3	(11.6)
2030	38.7	18.2	20.5	107.4	127.9	142.4	(14.5)
2031	38.5	18.7	19.8	106.0	125.8	143.8	(18.0)
2032	38.4	18.9	19.5	104.4	123.9	146.1	(22.2)
2033	38.6	19.8	18.8	102.4	121.2	149.2	(28.0)
2034	38.9	20.6	18.3	100.0	118.3	157.8	(39.5)
2035	39.3	21.5	17.8	96.8	114.6	161.0	(46.4)
2036	39.8	22.3	17.5	93.1	110.6	164.6	(54.0)
2037	40.5	23.1	17.4	88.9	106.3	168.5	(62.2)
2038	41.2	23.9	17.3	84.1	101.4	172.6	(71.2)
2039	42.1	24.8	17.3	78.6	95.9	176.9	(81.0)
2040	42.9	25.6	17.3	72.4	89.7	181.5	(91.8)
2041	43.9	26.5	17.4	65.5	82.9	186.3	(103.4)
2042	44.9	27.3	17.6	57.7	75.3	191.3	(116.0)
2043	46.0	28.2	17.8	49.1	66.9	196.6	(129.7)
2044	47.2	29.1	18.1	39.4	57.5	202.1	(144.6)
2045	48.4	30.0	18.4	28.7	47.1	207.8	(160.7)

TABLE 29

<b>JUDGES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>						
Fiscal Year	Tier 1 Normal Cost	Tier 1 Normal Cost as a % of Payroll	Tier 2 Normal Cost	Tier 2 Normal Cost as a % of Payroll	Total Normal Cost	Total Normal Cost as a % of Payroll
2013	60.1	33.9%	0.9	0.5%	61.0	34.5%
2014	57.9	33.9%	2.1	1.2%	60.0	35.1%
2015	55.7	32.2%	3.3	1.9%	58.9	34.1%
2016	53.1	30.4%	4.6	2.6%	57.8	33.1%
2017	50.0	28.4%	6.0	3.4%	56.0	31.8%
2018	46.7	26.3%	7.6	4.3%	54.3	30.7%
2019	43.5	24.4%	9.3	5.2%	52.8	29.6%
2020	40.0	22.3%	10.9	6.1%	50.9	28.4%
2021	36.3	20.2%	12.5	6.9%	48.8	27.1%
2022	32.9	18.2%	14.3	7.9%	47.3	26.1%
2023	29.7	16.3%	16.0	8.8%	45.7	25.1%
2024	26.6	14.5%	17.7	9.7%	44.3	24.2%
2025	23.6	12.8%	19.4	10.5%	43.0	23.3%
2026	20.6	11.0%	21.1	11.3%	41.7	22.4%
2027	17.8	9.5%	22.8	12.1%	40.6	21.6%
2028	15.3	8.0%	24.5	12.9%	39.7	20.9%
2029	13.1	6.8%	26.1	13.6%	39.2	20.4%
2030	11.0	5.6%	27.7	14.2%	38.7	19.8%
2031	9.2	4.6%	29.3	14.8%	38.5	19.4%
2032	7.6	3.8%	30.8	15.3%	38.4	19.1%
2033	6.3	3.1%	32.3	15.7%	38.6	18.8%
2034	5.2	2.5%	33.7	16.1%	38.9	18.6%
2035	4.3	2.0%	35.0	16.4%	39.3	18.4%
2036	3.5	1.6%	36.4	16.6%	39.8	18.2%
2037	2.9	1.3%	37.6	16.8%	40.5	18.1%
2038	2.3	1.0%	38.9	17.0%	41.2	18.0%
2039	1.9	0.8%	40.2	17.1%	42.1	17.9%
2040	1.5	0.6%	41.4	17.2%	42.9	17.8%
2041	1.2	0.5%	42.7	17.3%	43.9	17.8%
2042	0.9	0.4%	44.0	17.3%	44.9	17.7%
2043	0.7	0.3%	45.3	17.4%	46.0	17.7%
2044	0.6	0.2%	46.6	17.4%	47.2	17.6%
2045	0.4	0.1%	48.0	17.4%	48.4	17.6%

# VIII. The General Assembly Retirement System

- Plan Summary
- FY 2012 Change in Unfunded Liabilities
- Funded Ratio History
- Active Member Headcount
- Average Active Member Salaries
- Retiree Headcount
- Average Retirement Annuities
- Unfunded History
- Rate of Return on Investments
- Annual Investment Revenue
- Total Payout
- Annual Changes in Unfunded
- Changes in Net Assets
- Investment Return History
- Historical Underfunding
- Projected Underfunding
- Tier 1 & Tier 2 Projections





# **General Assembly Retirement System Plan Summary**

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## **Retirement Age**

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- ☐ Age 55 with 8 years of service.
- ☐ Age 62 with at least 4 years of service.

## **Retirement Formula**

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- ☐ 3.0% of final salary for each of the first 4 years of service, plus
- ☐ 3.5% of final salary for each of the next 2 years of service, plus
- ☐ 4.0% of final salary for each of the next 2 years of service, plus
- ☐ 4.5% of final salary for each of the next 4 years of service, plus
- ☐ 5.0% of final salary for each year of service in excess of 12 years

## **Maximum Annuity**

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- ☐ 85% of final salary.

## **Salary Used to Calculate Pension**

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- ☐ Salary on last day of service.

## **Annual COLA**

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- ☐ 3% compounded.

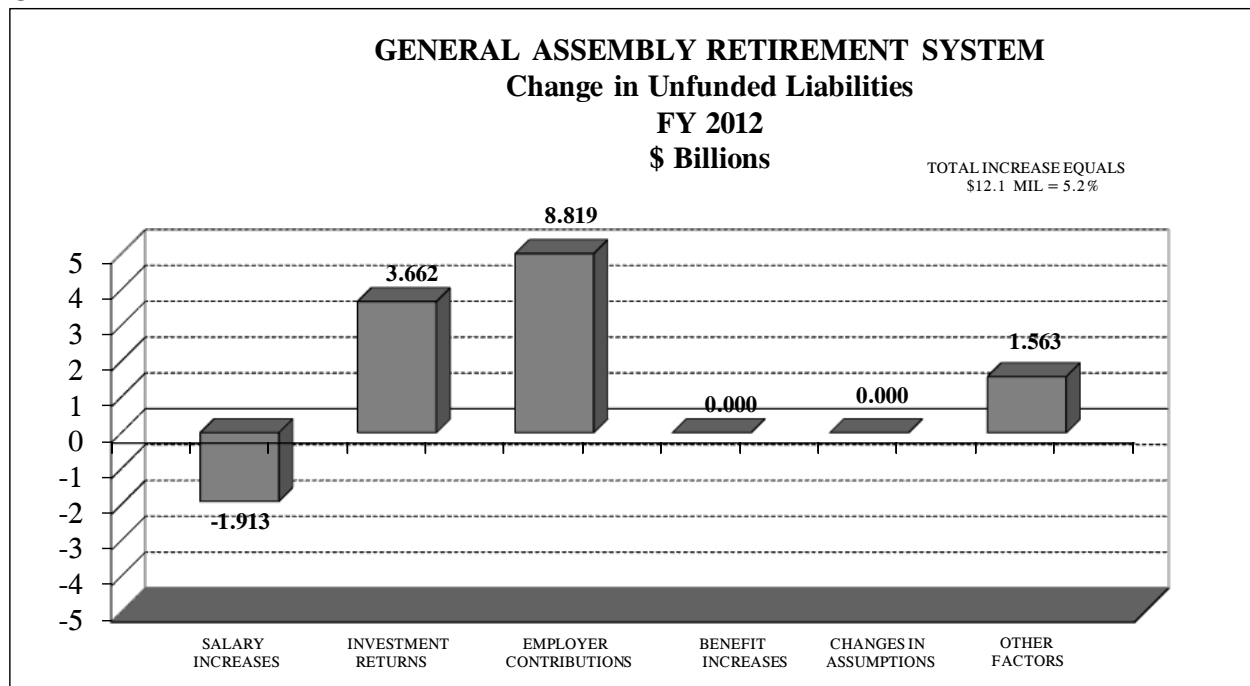
## **Employee Contributions**

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- ☐ 11.5% of salary.

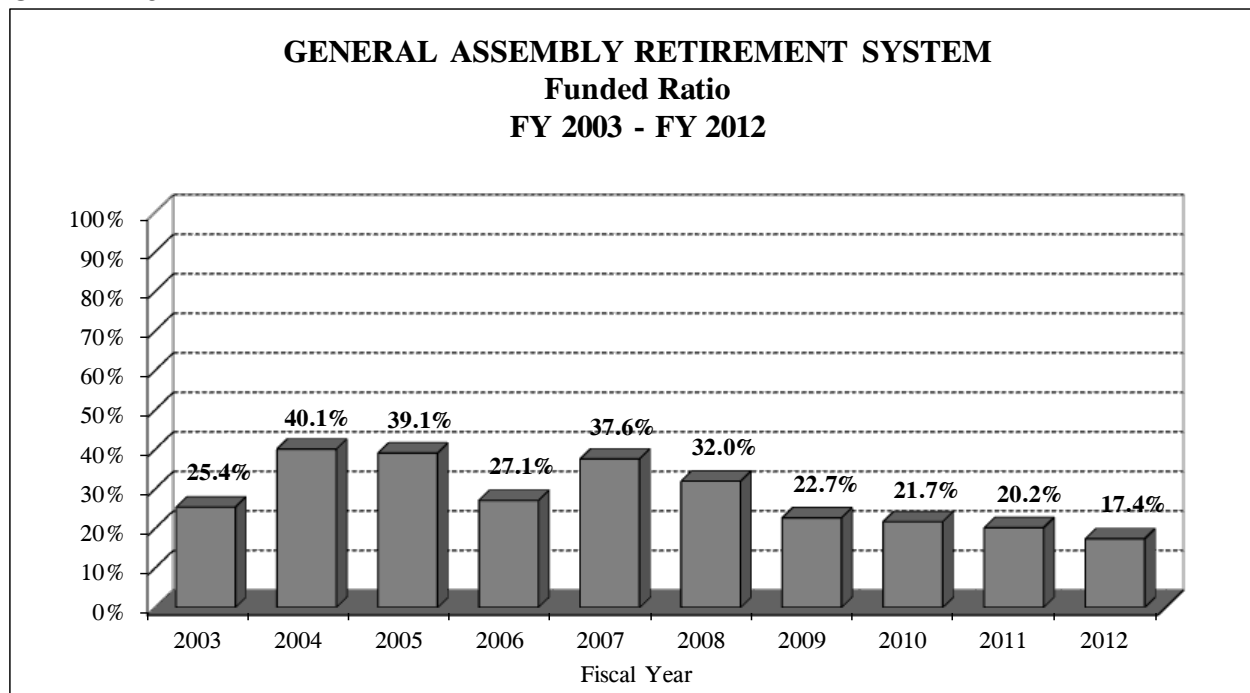
For details of retirement plans applicable to personnel beginning employment on or after January 1, 2011, please refer to Section I earlier in this report.

CHART 47



NOTES: (1) The above chart is based upon asset actuarial values, (2) The assumed interest rate used for investment earnings changed from 8.0% to 7.0% for FY 2011.

CHART 48



NOTE: The above FY 2012 figure is based upon asset market values without asset smoothing.

CHART 49

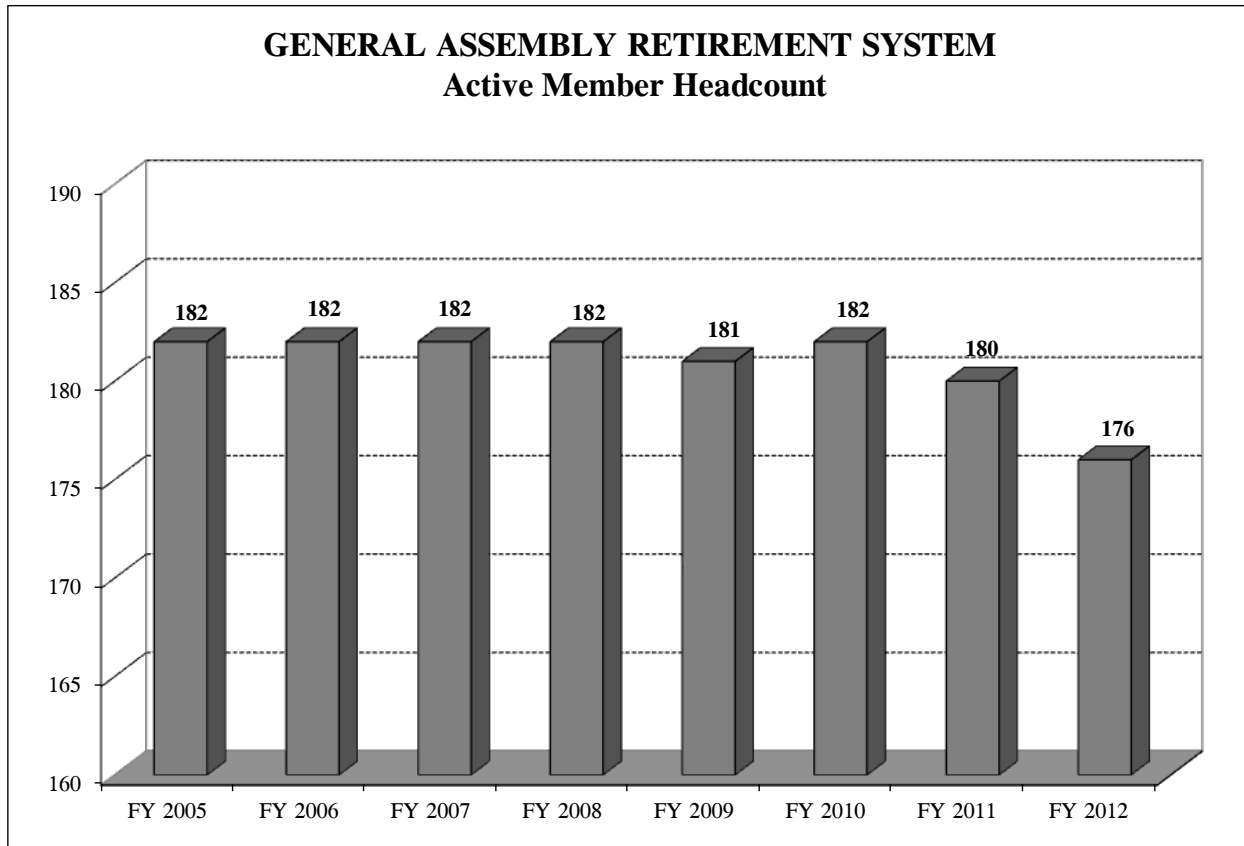


CHART 50

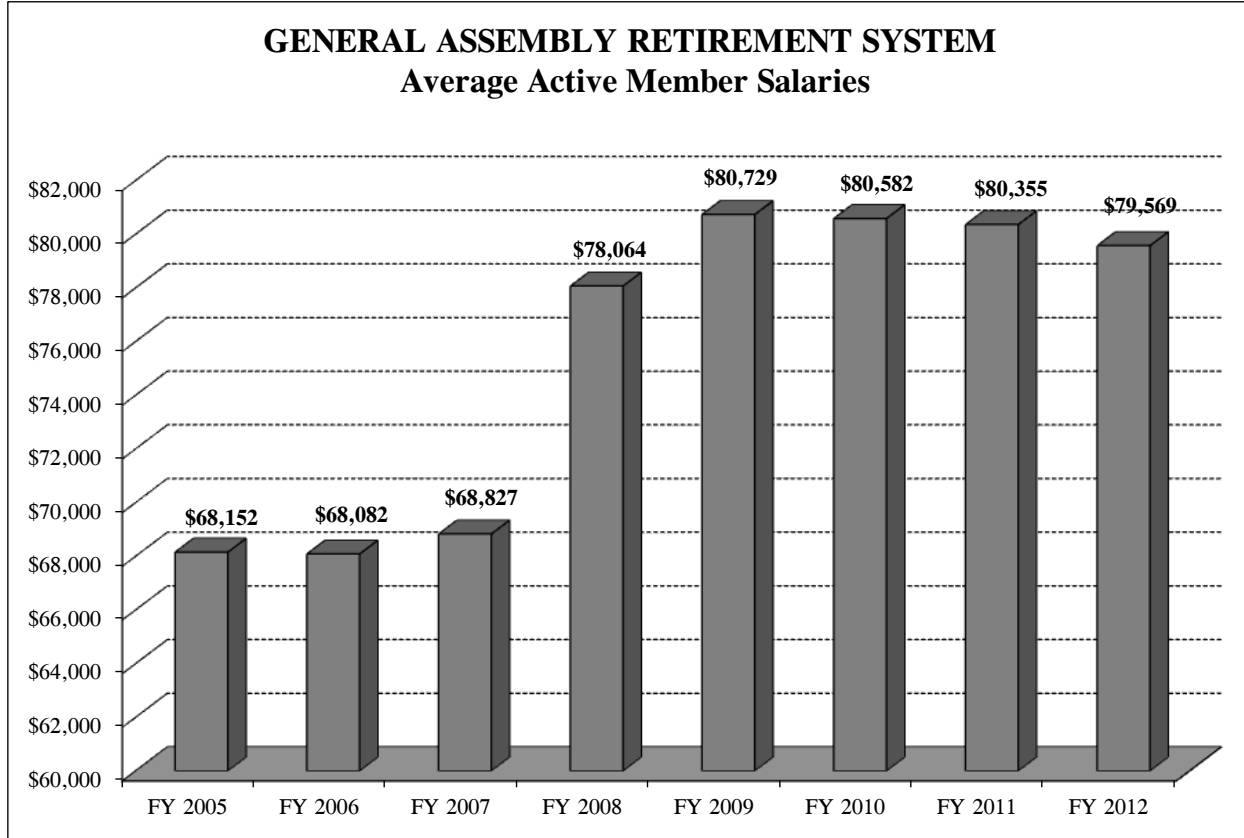


CHART 51

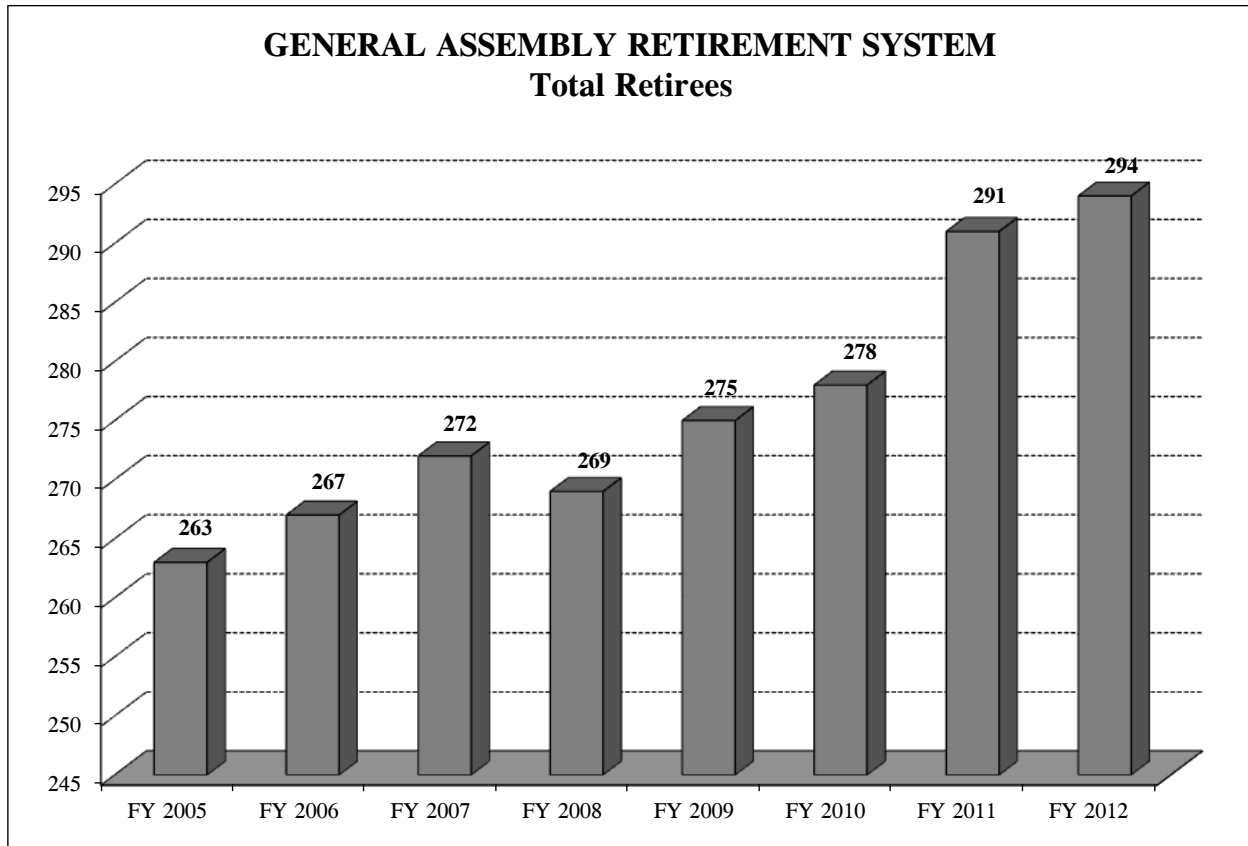


CHART 52

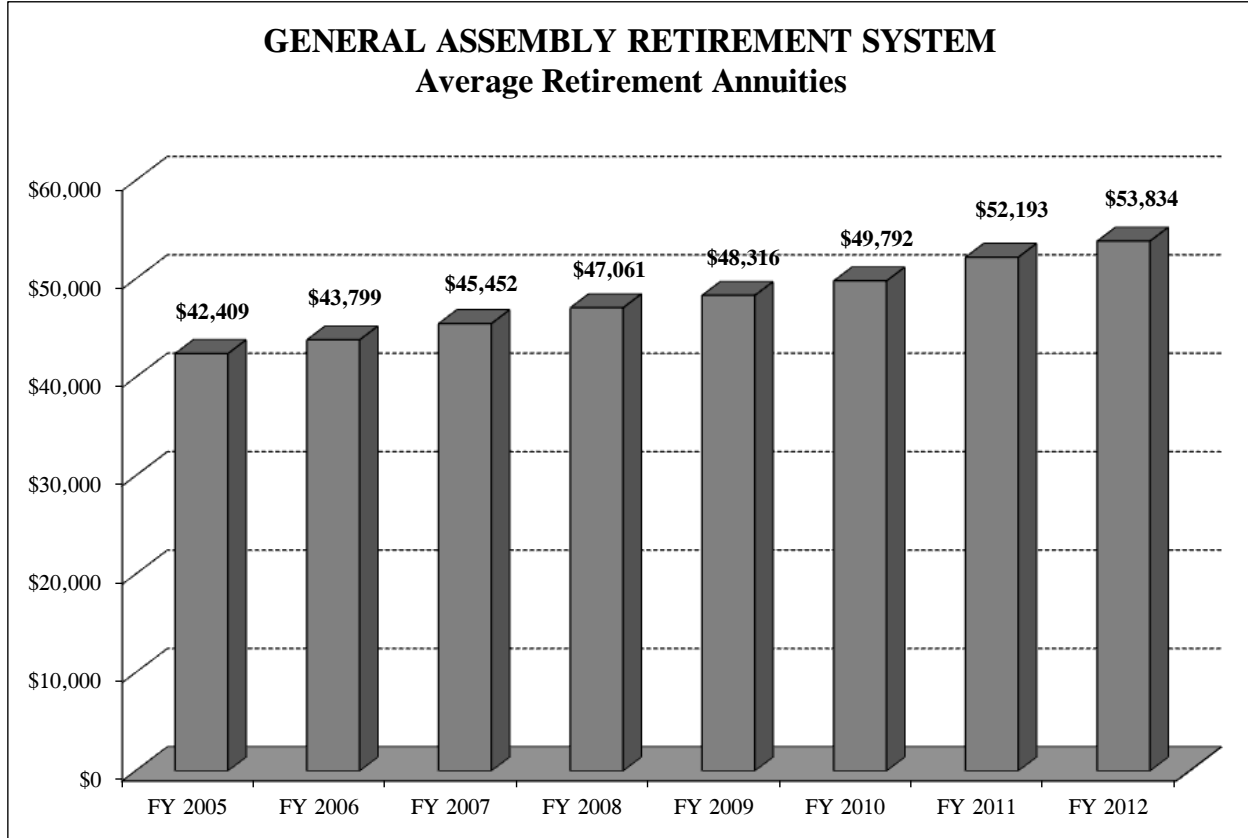




CHART 53

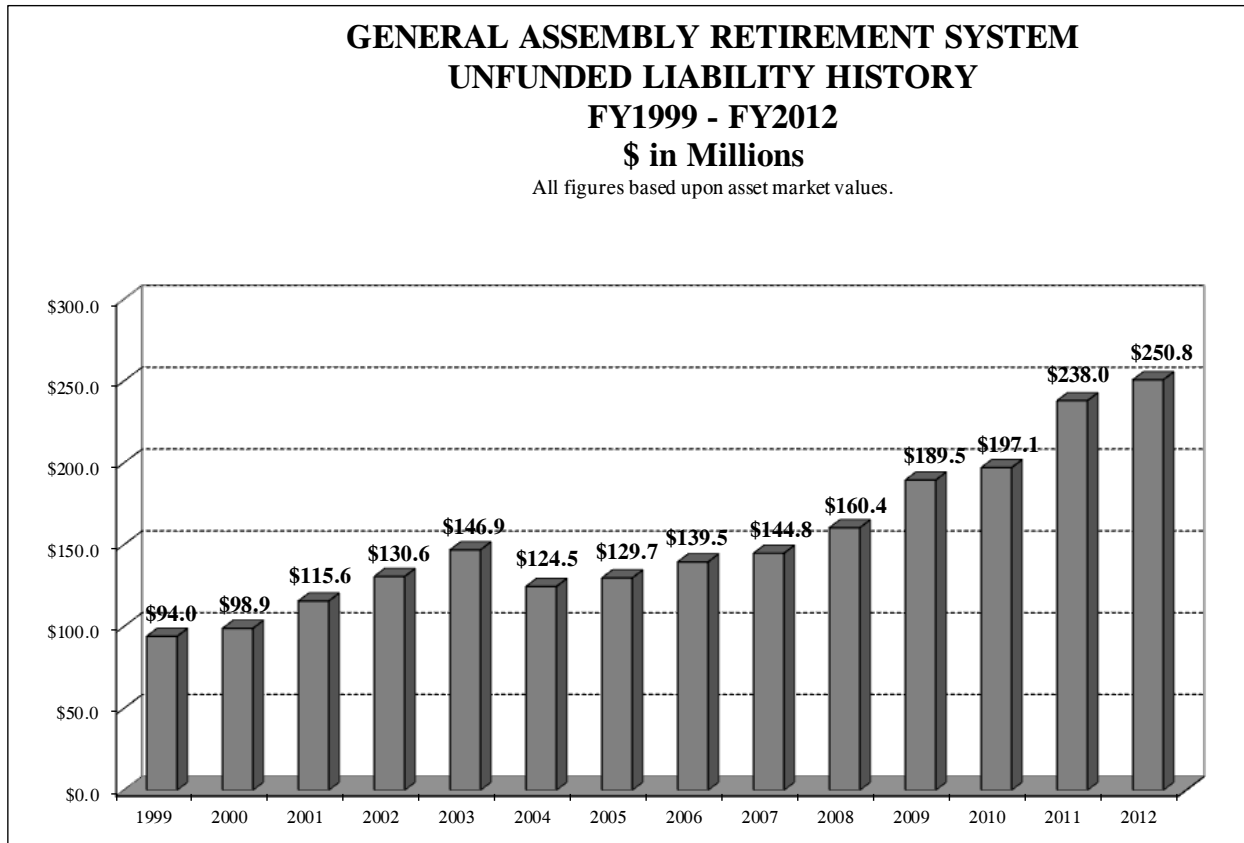


CHART 54

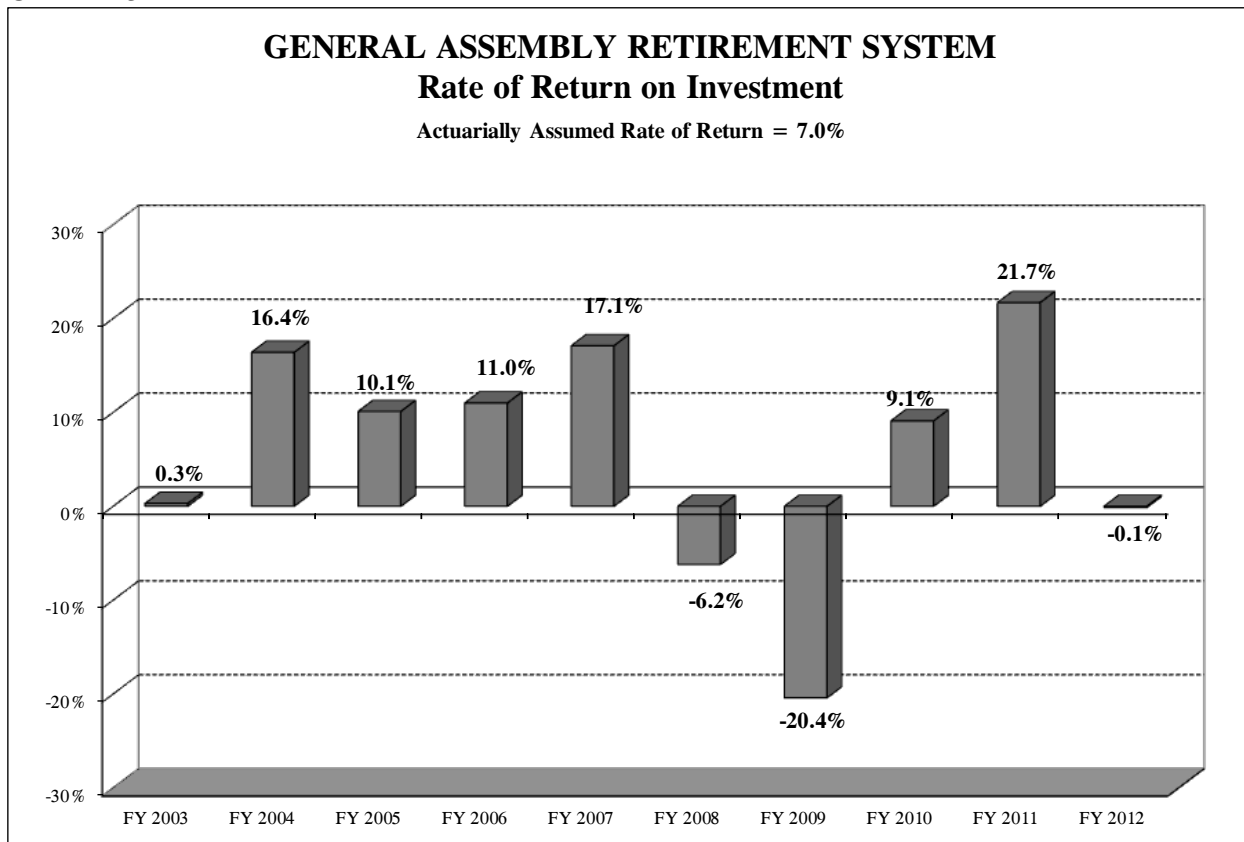


CHART 55

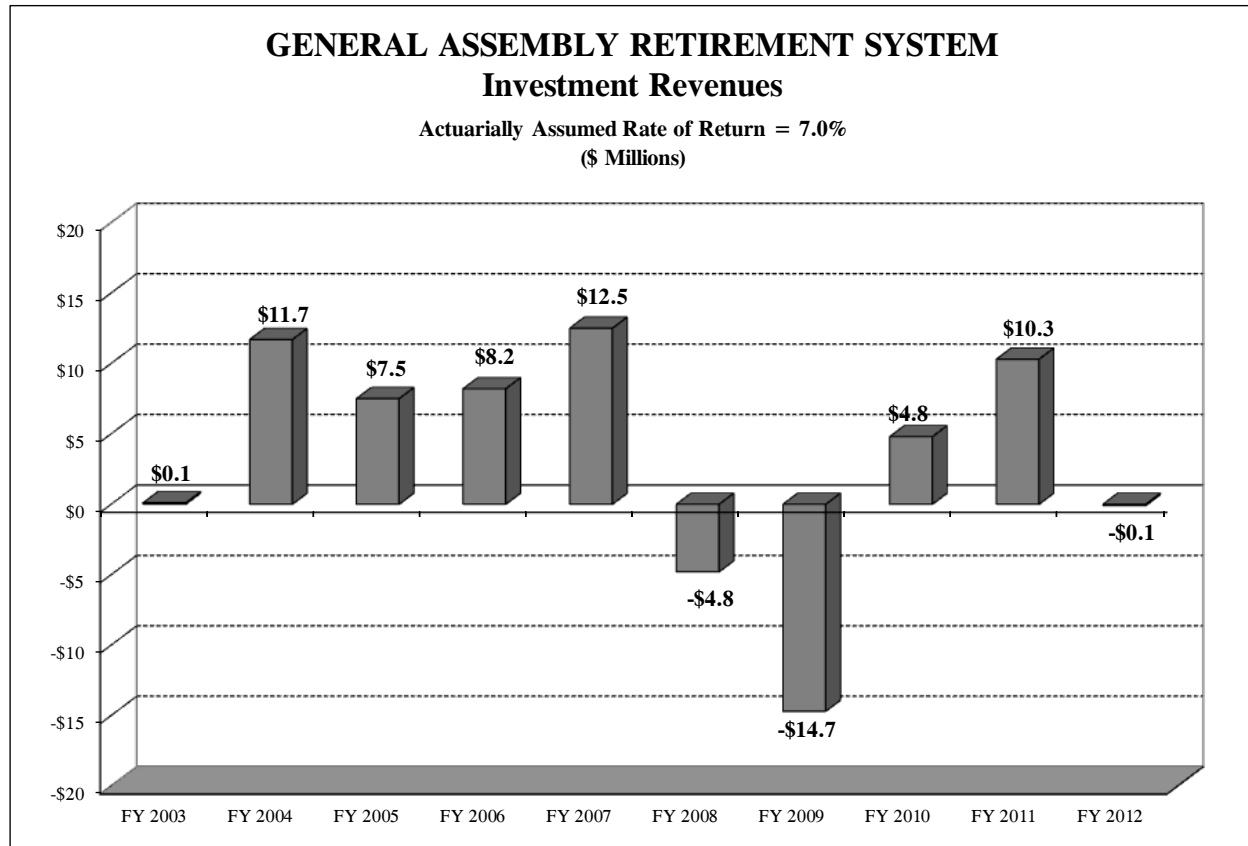


CHART 56

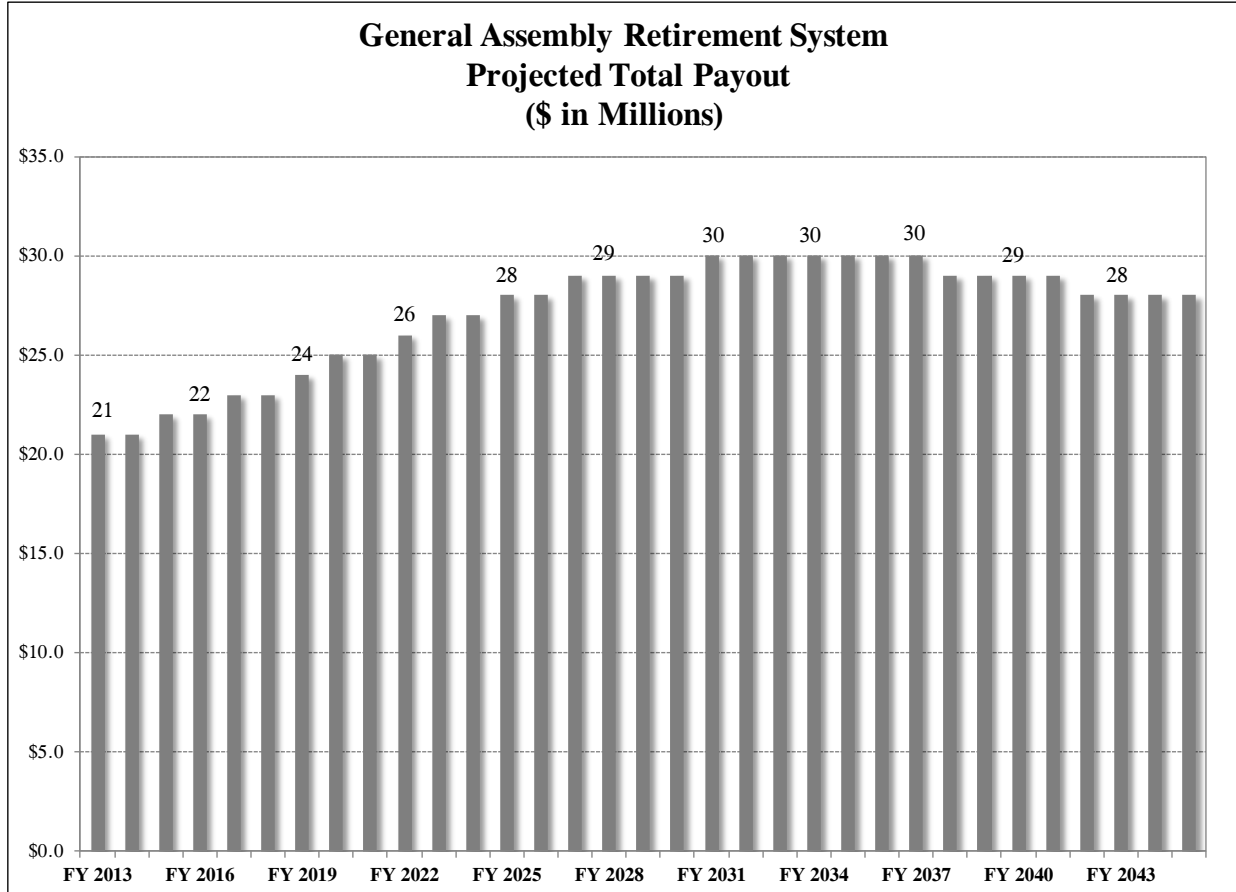


TABLE 30

GENERAL ASSEMBLY RETIREMENT SYSTEM CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2012							
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
GENERAL ASSEMBLY							
6/30/1996	\$1,926,843	(\$2,564,790)	\$5,271,809	\$0	\$0	\$1,441,644	\$6,075,506
6/30/1997	1,298,457	(5,057,646)	5,529,869	0	(136,881)	753,138	2,386,937
6/30/1998	(233,098)	(5,394,158)	5,710,203	0	0	460,957	543,904
6/30/1999	846,137	(2,808,175)	5,298,511	0	0	3,030,916	6,367,389
6/30/2000	(431,214)	(2,371,993)	5,576,440	0	0	2,079,991	4,853,224
6/30/2001	(555,323)	10,135,725	5,803,227	0	0	1,273,197	16,656,826
6/30/2002	(1,520,756)	8,713,370	6,741,725	0	1,211,951	(162,610)	14,983,680
6/30/2003	(1,793,094)	4,391,493	7,217,512	0	0	6,485,877	16,301,788
6/30/2004	(2,633,642)	(5,927,446)	(19,174,182)	0	0	5,286,195	(22,449,075)
6/30/2005	(645,631)	(1,288,918)	7,445,358	0	0	(262,887)	5,247,922
6/30/2006	(3,113,674)	(1,566,794)	8,528,558	0	4,786,991	1,190,775	9,825,856
6/30/2007	3,962,835	(6,733,144)	7,670,304	0	0	373,350	5,273,345
6/30/2008	(2,217,940)	11,400,154	7,073,235	0	0	(613,134)	15,642,315
6/30/2009	1,737,809	3,991,729	6,172,942	0	0	1,380,596	13,283,076
6/30/2010	(2,450,000)	5,710,000	5,670,000	2,140,000	0	830,000	11,900,000
6/30/2011	(1,718,437)	3,577,042	5,621,165	0	35,809,167	6,405,797	49,694,734
6/30/2012	(1,912,815)	3,662,246	8,818,897	0	0	1,563,530	12,131,858
TOTALS	(\$9,453,543)	\$17,868,695	\$84,975,573	\$2,140,000	\$41,671,228	\$31,517,332	\$168,719,285

NOTE: All of the calculations in this table are based upon asset actuarial values, i.e., WITH Asset Smoothing.

TABLE 31

GENERAL ASSEMBLY RETIREMENT SYSTEM Changes in Net Assets (\$ in millions)								
Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005
Additions to Assets								
State of Illinois	10.5	11.4	10.4	8.9	6.8	5.4	4.2	4.7
Pension Obligation Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees	1.6	2.0	1.7	1.7	1.8	1.7	1.4	1.5
Net Investment Income	-0.1	10.3	4.8	-14.7	-4.7	13.0	8.2	7.5
Total Asset Additions (A)	12.0	23.7	16.9	-4.1	3.9	20.1	13.8	13.7
Deductions from Assets								
Benefits	19.3	17.6	16.8	15.8	15.3	14.7	14.1	13.4
Refunds	0.1	0.1	0.2	0.1	0.1	0.3	0.2	0.0
Subsidy Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Expenses	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Asset Deductions (B)	19.7	18.0	17.3	16.2	15.7	15.2	14.6	13.7
Change in Net Assets (A-B=C)	-7.7	5.7	-0.4	-20.3	-11.8	4.9	-0.8	0.0

TABLE 32

GENERAL ASSEMBLY RETIREMENT SYSTEM				
Historical Investment Revenues				
(\$ in millions)				
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned	
2003	47.4	0.1	0.3 %	
2004	81.3	11.7	16.4 %	
2005	80.8	7.5	10.1 %	
2006	79.0	8.2	11.0 %	
2007	83.9	12.5	17.1 %	
2008	71.9	-4.8	-6.2 %	
2009	71.9	-4.8	-6.2 %	
2010	54.7	4.8	9.1 %	
2011	60.4	10.3	21.7 %	
2012	52.7	-0.1	-0.1 %	
2003 - 2012 Asset Values are Market Values.				

NOTE: GARS investment management is provided by the Illinois State Board of Investment.

TABLE 33

<b>GENERAL ASSEMBLY RETIREMENT SYSTEM</b> <b>Historical Underfunding</b> <b>(\$ in millions)</b>					
Fiscal Year	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Employer Contributions	Historical Underfunding
2003	1.6	10.8	12.4	5.6	6.8
2004	1.3	12.4	13.7	32.9	-19.2
2005	1.5	10.6	12.1	4.7	7.4
2006	2.4	10.3	12.7	4.2	8.5
2007	2.6	10.2	12.8	5.2	7.6
2008	2.7	11.6	14.3	6.8	7.5
2009	2.8	12.3	15.1	8.8	6.3
2010	2.8	13.3	16.1	10.4	5.7
2011	3.0	14.1	17.1	11.4	5.7
2012	3.2	16.4	19.6	10.5	9.1

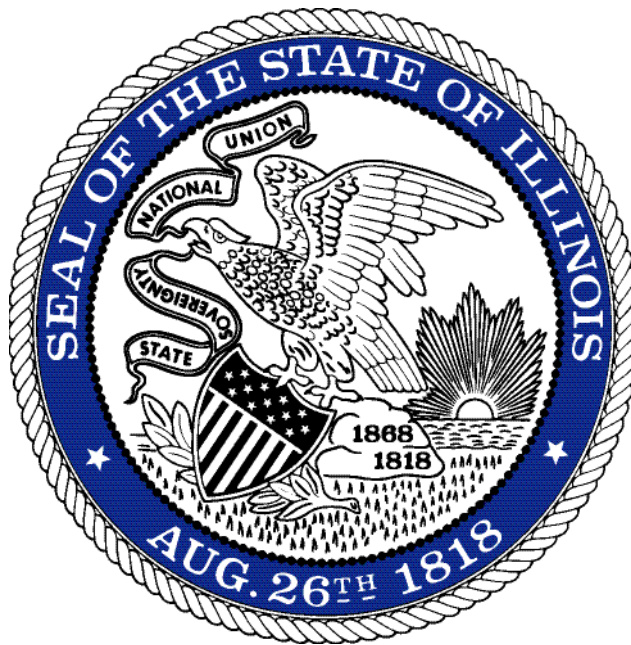
TABLE 34

<b>GENERAL ASSEMBLY RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>							
Fiscal Year	Total Normal Cost	Employees; Contributions	Employer's Normal Cost	Interest on Unfunded Liabilities	Employer's Normal Cost + Interest	Total Employer Contributions	Projected Underfunding
2013	4.7	1.6	3.1	17.1	20.2	14.2	6.0
2014	4.7	1.7	3.0	18.0	21.0	13.9	7.1
2015	4.8	1.7	3.1	18.4	21.5	14.6	7.0
2016	4.8	1.8	3.0	18.9	21.9	15.2	6.6
2017	4.8	1.9	2.9	19.3	22.2	15.8	6.4
2018	4.9	1.9	3.0	19.8	22.8	16.5	6.3
2019	4.9	2.0	2.9	20.2	23.1	17.1	5.9
2020	4.9	2.1	2.8	20.5	23.3	17.7	5.6
2021	4.9	2.2	2.7	20.9	23.6	18.4	5.2
2022	4.9	2.3	2.6	21.2	23.8	19.1	4.7
2023	4.9	2.4	2.5	21.5	24.0	19.8	4.2
2024	4.9	2.5	2.4	21.8	24.2	20.5	3.7
2025	4.9	2.5	2.4	22.0	24.4	21.2	3.1
2026	5.0	2.6	2.4	22.1	24.5	22.1	2.4
2027	5.0	2.8	2.2	22.3	24.4	23.0	1.4
2028	5.1	2.9	2.2	22.3	24.5	23.9	0.6
2029	5.2	3.0	2.2	22.3	24.5	24.9	(0.4)
2030	5.3	3.1	2.2	22.2	24.4	25.8	(1.3)
2031	5.4	3.2	2.2	22.1	24.3	26.7	(2.5)
2032	5.6	3.3	2.3	21.8	24.1	27.9	(3.8)
2033	5.7	3.5	2.2	21.5	23.7	29.2	(5.5)
2034	5.9	3.6	2.3	21.0	23.3	30.8	(7.4)
2035	6.1	3.8	2.3	20.4	22.7	32.0	(9.3)
2036	6.2	3.9	2.3	19.7	22.0	33.2	(11.3)
2037	6.4	4.1	2.3	18.8	21.1	34.5	(13.4)
2038	6.6	4.2	2.4	17.8	20.2	35.8	(15.7)
2039	6.8	4.4	2.4	16.6	19.0	37.2	(18.2)
2040	7.1	4.5	2.6	15.2	17.8	38.6	(20.8)
2041	7.3	4.7	2.6	13.7	16.3	40.1	(23.8)
2042	7.5	4.9	2.6	11.8	14.4	41.6	(27.1)
2043	7.8	5.1	2.7	9.9	12.6	43.1	(30.5)
2044	8.0	5.2	2.8	7.6	10.4	44.7	(34.2)
2045	8.3	5.4	2.9	5.1	8.0	46.3	(38.3)

TABLE 35

<b>GENERAL ASSEMBLY RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>						
Fiscal Year	Tier 1 Normal Cost	Tier 1 Normal Cost as a % of Payroll	Tier 2 Normal Cost	Tier 2 Normal Cost as a % of Payroll	Total Normal Cost	Total Normal Cost as a % of Payroll
2013	4.4	29.4%	0.3	2.2%	4.7	31.6%
2014	4.3	29.4%	0.5	3.3%	4.7	32.7%
2015	4.1	27.3%	0.6	4.2%	4.8	31.6%
2016	4.0	25.4%	0.8	5.2%	4.8	30.6%
2017	3.8	23.5%	1.0	6.1%	4.8	29.6%
2018	3.7	21.7%	1.2	7.1%	4.9	28.8%
2019	3.5	19.9%	1.4	7.7%	4.9	27.6%
2020	3.3	18.2%	1.6	8.6%	4.9	26.8%
2021	3.1	16.3%	1.8	9.3%	4.9	25.6%
2022	2.9	14.7%	2.0	10.1%	4.9	24.8%
2023	2.7	13.1%	2.2	10.8%	4.9	23.9%
2024	2.5	11.7%	2.5	11.5%	4.9	23.2%
2025	2.3	10.2%	2.7	12.1%	4.9	22.3%
2026	2.1	8.9%	2.9	12.8%	5.0	21.7%
2027	1.9	7.8%	3.2	13.4%	5.1	21.1%
2028	1.7	6.8%	3.4	13.9%	5.1	20.7%
2029	1.5	5.8%	3.7	14.3%	5.2	20.1%
2030	1.4	5.1%	4.0	14.7%	5.3	19.9%
2031	1.2	4.4%	4.2	15.0%	5.4	19.5%
2032	1.1	3.9%	4.5	15.3%	5.6	19.2%
2033	1.0	3.3%	4.7	15.6%	5.7	18.9%
2034	0.9	2.9%	5.0	15.8%	5.9	18.7%
2035	0.8	2.5%	5.2	16.0%	6.1	18.5%
2036	0.7	2.1%	5.5	16.2%	6.2	18.3%
2037	0.6	1.8%	5.8	16.4%	6.4	18.2%
2038	0.6	1.6%	6.0	16.5%	6.6	18.1%
2039	0.5	1.4%	6.3	16.6%	6.8	18.0%
2040	0.5	1.2%	6.6	16.7%	7.1	17.9%
2041	0.4	1.0%	6.9	16.8%	7.3	17.8%
2042	0.3	0.8%	7.2	16.9%	7.5	17.7%
2043	0.3	0.7%	7.5	17.0%	7.8	17.7%
2044	0.2	0.5%	7.8	17.1%	8.0	17.6%
2045	0.2	0.4%	8.1	17.1%	8.3	17.6%

# Appendices







**APPENDIX A**

<b>FUNDING PROJECTIONS FOR THE STATE RETIREMENT SYSTEMS</b> <b>All Five Systems Combined</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	18,678.8	5,867.1	31.4%	1,544.0	165,290.1	64,462.0	100,828.2	39.0%
<b>2014</b>	<b>18,767.8</b>	<b>6,833.0</b>	<b>36.4%</b>	<b>1,607.2</b>	<b>172,214.0</b>	<b>69,505.9</b>	<b>102,708.1</b>	<b>40.4%</b>
2015	19,385.9	7,033.2	36.3%	1,652.8	179,207.4	74,265.6	104,941.8	41.4%
2016	20,026.0	7,237.9	36.1%	1,699.4	186,250.2	77,497.8	108,752.4	41.6%
2017	20,706.5	7,498.4	36.2%	1,751.1	193,325.8	81,799.7	111,526.1	42.3%
2018	21,411.5	7,785.1	36.4%	1,815.9	200,422.2	86,223.3	114,198.9	43.0%
2019	22,150.0	8,055.7	36.4%	1,883.4	207,534.3	90,745.6	116,788.7	43.7%
2020	22,915.1	8,319.8	36.3%	1,946.2	214,643.7	95,347.9	119,295.8	44.4%
2021	23,714.5	8,598.1	36.3%	2,014.8	221,742.9	100,057.2	121,685.7	45.1%
2022	24,545.4	8,890.1	36.2%	2,082.4	228,817.9	104,882.0	123,936.0	45.8%
2023	25,405.7	9,195.1	36.2%	2,151.8	235,862.5	109,857.7	126,004.8	46.6%
2024	26,295.1	9,491.2	36.1%	2,238.1	242,873.5	114,985.8	127,887.7	47.3%
2025	27,202.6	9,794.0	36.0%	2,314.9	249,820.7	120,269.0	129,551.7	48.1%
2026	28,133.7	10,133.9	36.0%	2,394.7	256,723.8	125,756.0	130,967.7	49.0%
2027	29,093.2	10,487.2	36.0%	2,479.7	263,532.7	131,468.7	132,064.0	49.9%
2028	30,068.1	10,824.9	36.0%	2,590.8	270,300.6	137,457.4	132,843.2	50.9%
2029	31,047.4	11,168.5	36.0%	2,656.1	276,948.9	143,652.7	133,296.2	51.9%
2030	32,023.7	11,489.3	35.9%	2,738.8	283,451.6	150,066.8	133,384.8	52.9%
2031	32,988.4	11,812.9	35.8%	2,817.1	289,793.3	156,709.1	133,084.3	54.1%
2032	33,937.5	12,159.6	35.8%	2,913.8	295,922.1	163,613.4	132,308.8	55.3%
2033	34,833.3	12,513.6	35.9%	3,014.6	301,795.6	170,785.5	131,010.1	56.6%
2034	35,707.8	14,117.9	39.5%	3,094.3	307,403.0	179,566.1	127,836.9	58.4%
2035	36,568.3	14,460.3	39.5%	3,168.1	312,730.3	188,757.2	123,973.2	60.4%
2036	40,403.4	14,793.7	36.6%	3,248.2	317,747.4	198,381.4	119,366.0	62.4%
2037	38,216.8	15,118.4	39.6%	3,297.7	322,433.0	208,466.8	113,966.2	64.7%
2038	39,017.5	15,438.4	39.6%	3,380.1	326,781.5	219,067.7	107,713.8	67.0%
2039	39,795.9	15,749.4	39.6%	3,456.9	330,768.8	230,210.6	100,558.2	69.6%
2040	40,554.1	16,053.9	39.6%	3,513.3	334,377.3	241,926.0	92,451.3	72.4%
2041	41,303.9	16,355.6	39.6%	3,575.5	337,593.6	254,289.7	83,303.9	75.3%
2042	42,061.9	16,659.6	39.6%	3,617.8	340,448.5	267,408.2	73,040.3	78.5%
2043	42,836.1	16,969.7	39.6%	3,645.5	342,994.0	281,396.4	61,597.6	82.0%
2044	43,639.6	17,292.0	39.6%	3,648.6	345,300.9	296,411.0	48,889.9	85.8%
2045	44,491.3	17,634.6	39.6%	3,690.3	347,477.7	312,731.3	34,746.5	90.0%

**APPENDIX B**

<b>FUNDING PROJECTIONS FOR THE TEACHERS RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 8.00%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	9,932.8	2,702.3	27.2%	996.1	93,809.5	37,725.6	56,083.9	40.2%
<b>2014</b>	<b>9,982.1</b>	<b>3,438.6</b>	<b>34.4%</b>	<b>1,004.4</b>	<b>97,787.9</b>	<b>40,495.8</b>	<b>57,292.1</b>	<b>41.4%</b>
2015	10,346.1	3,547.2	34.3%	1,032.8	101,828.9	43,042.8	58,786.1	42.3%
2016	10,734.1	3,679.1	34.3%	1,063.6	105,934.8	44,714.6	61,220.2	42.2%
2017	11,145.7	3,853.2	34.6%	1,098.5	110,101.8	47,075.7	63,026.1	42.8%
2018	11,578.3	4,004.8	34.6%	1,146.4	114,338.1	49,537.7	64,800.4	43.3%
2019	12,033.8	4,165.6	34.6%	1,195.4	118,648.6	52,108.2	66,540.4	43.9%
2020	12,510.9	4,321.4	34.5%	1,239.4	123,031.4	54,781.8	68,249.6	44.5%
2021	13,010.5	4,487.2	34.5%	1,288.9	127,487.2	57,582.6	69,904.6	45.2%
2022	13,534.4	4,663.4	34.5%	1,337.1	132,021.4	60,528.4	71,493.0	45.8%
2023	14,082.5	4,850.2	34.4%	1,386.8	136,633.7	63,652.0	72,981.7	46.6%
2024	14,653.0	5,032.5	34.3%	1,453.2	141,332.8	66,965.6	74,367.2	47.4%
2025	15,240.4	5,223.7	34.3%	1,510.7	146,115.2	70,476.6	75,638.6	48.2%
2026	15,843.8	5,437.5	34.3%	1,570.0	150,972.5	74,217.3	76,755.2	49.2%
2027	16,466.4	5,660.0	34.4%	1,634.2	155,890.6	78,200.3	77,690.3	50.2%
2028	17,099.6	5,873.5	34.3%	1,724.5	160,851.5	82,413.6	78,437.9	51.2%
2029	17,727.5	6,087.2	34.3%	1,769.0	165,828.3	86,826.9	79,001.4	52.4%
2030	18,350.9	6,287.1	34.3%	1,829.5	170,794.7	91,450.4	79,344.3	53.5%
2031	18,954.2	6,482.3	34.2%	1,885.3	175,736.5	96,276.6	79,459.9	54.8%
2032	19,537.5	6,687.4	34.2%	1,959.4	180,623.1	101,328.0	79,295.1	56.1%
2033	20,090.5	6,897.6	34.3%	2,040.8	185,428.8	106,606.1	78,822.7	57.5%
2034	20,606.7	8,047.5	39.1%	2,099.8	190,112.8	113,090.9	77,021.9	59.5%
2035	21,094.3	8,237.9	39.1%	2,150.9	194,639.2	119,836.3	74,802.9	61.6%
2036	24,553.4	8,417.2	34.3%	2,207.2	198,972.7	126,838.0	72,134.7	63.7%
2037	21,990.9	8,588.0	39.1%	2,232.7	203,083.8	134,092.5	68,991.3	66.0%
2038	22,409.1	8,751.3	39.1%	2,290.8	206,948.8	141,613.7	65,335.1	68.4%
2039	22,796.4	8,902.6	39.1%	2,342.0	210,525.2	149,384.1	61,141.1	71.0%
2040	23,156.8	9,043.4	39.1%	2,372.5	213,777.4	157,384.8	56,392.6	73.6%
2041	23,498.1	9,176.7	39.1%	2,408.0	216,665.3	165,638.5	51,026.8	76.4%
2042	23,837.5	9,309.2	39.1%	2,423.0	219,188.5	174,189.5	44,999.0	79.5%
2043	24,184.5	9,444.7	39.1%	2,422.0	221,373.8	183,092.0	38,281.8	82.7%
2044	24,555.0	9,589.4	39.1%	2,396.0	223,266.9	192,442.9	30,824.0	86.2%
2045	24,970.8	9,751.8	39.1%	2,409.4	224,960.2	202,464.2	22,496.0	90.0%

# APPENDIX C

<b>FUNDING PROJECTIONS FOR THE STATE EMPLOYEES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.75%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution*	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	4,369.0	1,659.6	38.0%	245.0	34,637.0	11,883.0	22,754.0	34.3%
<b>2014</b>	<b>4,326.0</b>	<b>1,743.9</b>	<b>40.3%</b>	<b>243.0</b>	<b>36,242.0</b>	<b>12,944.0</b>	<b>23,298.0</b>	<b>35.7%</b>
2015	4,480.0	1,757.0	39.2%	252.0	37,874.0	14,055.0	23,819.0	37.1%
2016	4,633.0	1,817.0	39.2%	260.0	39,523.0	14,946.0	24,577.0	37.8%
2017	4,791.0	1,874.0	39.1%	268.0	41,185.0	16,024.0	25,161.0	38.9%
2018	4,949.0	1,947.0	39.3%	276.0	42,850.0	17,130.0	25,720.0	40.0%
2019	5,114.0	2,012.0	39.3%	285.0	44,513.0	18,254.0	26,259.0	41.0%
2020	5,280.0	2,074.0	39.3%	294.0	46,164.0	19,385.0	26,779.0	42.0%
2021	5,454.0	2,139.0	39.2%	303.0	47,795.0	20,523.0	27,272.0	42.9%
2022	5,632.0	2,206.0	39.2%	312.0	49,391.0	21,660.0	27,731.0	43.9%
2023	5,811.0	2,274.0	39.1%	321.0	50,943.0	22,792.0	28,151.0	44.7%
2024	5,994.0	2,340.0	39.0%	330.0	52,441.0	23,910.0	28,531.0	45.6%
2025	6,175.0	2,406.0	39.0%	338.0	53,869.0	25,009.0	28,860.0	46.4%
2026	6,361.0	2,479.0	39.0%	347.0	55,225.0	26,095.0	29,130.0	47.3%
2027	6,553.0	2,555.0	39.0%	356.0	56,501.0	27,170.0	29,331.0	48.1%
2028	6,747.0	2,628.0	39.0%	365.0	57,697.0	28,235.0	29,462.0	48.9%
2029	6,949.0	2,705.0	38.9%	374.0	58,814.0	29,298.0	29,516.0	49.8%
2030	7,151.0	2,777.0	38.8%	384.0	59,853.0	30,361.0	29,492.0	50.7%
2031	7,359.0	2,854.0	38.8%	394.0	60,814.0	31,434.0	29,380.0	51.7%
2032	7,568.0	2,936.0	38.8%	404.0	61,672.0	32,511.0	29,161.0	52.7%
2033	7,750.0	3,012.0	38.9%	410.0	62,406.0	33,577.0	28,829.0	53.8%
2034	7,945.0	3,372.0	42.4%	417.0	63,041.0	34,953.0	28,088.0	55.4%
2035	8,153.0	3,460.0	42.4%	426.0	63,595.0	36,405.0	27,190.0	57.2%
2036	8,362.0	3,549.0	42.4%	436.0	64,070.0	37,947.0	26,123.0	59.2%
2037	8,569.0	3,637.0	42.4%	446.0	64,470.0	39,596.0	24,874.0	61.4%
2038	8,779.0	3,726.0	42.4%	456.0	64,809.0	41,377.0	23,432.0	63.8%
2039	8,993.0	3,816.0	42.4%	467.0	65,099.0	43,315.0	21,784.0	66.5%
2040	9,209.0	3,908.0	42.4%	478.0	65,350.0	45,438.0	19,912.0	69.5%
2041	9,426.0	4,001.0	42.4%	489.0	65,575.0	47,771.0	17,804.0	72.8%
2042	9,646.0	4,094.0	42.4%	500.0	65,787.0	50,344.0	15,443.0	76.5%
2043	9,869.0	4,188.0	42.4%	512.0	65,998.0	53,189.0	12,809.0	80.6%
2044	10,093.0	4,283.0	42.4%	524.0	66,221.0	56,337.0	9,884.0	85.1%
2045	10,317.0	4,379.0	42.4%	535.0	66,463.0	59,818.0	6,645.0	90.0%

\*Pursuant to P.A. 93-0589, FY 2014 State Contribution includes \$81.2 million of 2003 POB debt service collected through payroll deduction. State contribution amounts shown for FY 2015 - 2045 do not include projected debt service as these amounts are not known until the annual SERS certification letters are issued pursuant to P.A. 97-0694 (State Actuary Law).

**APPENDIX D**

<b>FUNDING PROJECTIONS FOR THE STATE UNIVERSITIES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.75%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll**	Total State Contribution*	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	4,185.1	1,402.8	33.5%	285.0	34,429.8	14,200.0	20,229.8	41.2%
<b>2014</b>	<b>4,274.0</b>	<b>1,509.8</b>	<b>35.3%</b>	<b>341.9</b>	<b>35,684.0</b>	<b>15,345.6</b>	<b>20,338.4</b>	<b>43.0%</b>
2015	4,371.8	1,583.8	36.2%	349.7	36,921.3	16,379.8	20,541.5	44.4%
2016	4,468.6	1,595.2	35.7%	357.5	38,129.7	16,999.3	21,130.4	44.6%
2017	4,577.4	1,623.4	35.5%	366.2	39,301.6	17,806.1	21,495.5	45.3%
2018	4,690.0	1,683.2	35.9%	375.2	40,427.3	18,608.3	21,819.0	46.0%
2019	4,806.4	1,726.6	35.9%	384.5	41,501.7	19,385.8	22,115.9	46.7%
2020	4,926.7	1,771.5	36.0%	394.1	42,519.4	20,136.8	22,382.6	47.4%
2021	5,050.8	1,817.7	36.0%	404.1	43,480.6	20,864.3	22,616.3	48.0%
2022	5,178.4	1,865.2	36.0%	414.3	44,380.9	21,567.3	22,813.6	48.6%
2023	5,309.7	1,914.0	36.0%	424.8	45,223.3	22,252.2	22,971.1	49.2%
2024	5,443.5	1,961.2	36.0%	435.5	46,006.2	22,918.2	23,088.0	49.8%
2025	5,580.2	2,005.8	35.9%	446.4	46,729.0	23,565.0	23,164.0	50.4%
2026	5,719.5	2,057.1	36.0%	457.6	47,392.0	24,202.5	23,189.5	51.1%
2027	5,861.7	2,109.9	36.0%	468.9	47,996.9	24,837.1	23,159.8	51.7%
2028	6,006.4	2,159.4	36.0%	480.5	48,604.8	25,530.5	23,074.3	52.5%
2029	6,152.5	2,210.1	35.9%	492.2	49,162.3	26,234.6	22,927.7	53.4%
2030	6,299.7	2,257.1	35.8%	504.0	49,668.3	26,949.0	22,719.3	54.3%
2031	6,449.0	2,306.0	35.8%	515.9	50,121.1	27,679.1	22,442.0	55.2%
2032	6,601.3	2,362.2	35.8%	528.1	50,523.9	28,440.9	22,083.0	56.3%
2033	6,757.4	2,425.6	35.9%	540.6	50,880.2	29,251.1	21,629.1	57.5%
2034	6,915.4	2,509.9	36.3%	553.2	51,194.6	30,142.5	21,052.1	58.9%
2035	7,074.7	2,569.4	36.3%	566.0	51,469.9	31,101.4	20,368.5	60.4%
2036	7,235.7	2,629.6	36.3%	578.9	51,708.9	32,139.3	19,569.6	62.2%
2037	7,398.2	2,690.4	36.4%	591.9	51,915.2	33,269.4	18,645.8	64.1%
2038	7,563.9	2,752.7	36.4%	605.1	52,092.0	34,505.2	17,586.8	66.2%
2039	7,733.9	2,816.7	36.4%	618.7	52,245.1	35,864.2	16,380.9	68.6%
2040	7,908.2	2,882.4	36.4%	632.7	52,382.0	37,366.0	15,016.0	71.3%
2041	8,091.8	2,951.6	36.5%	647.3	52,515.6	39,036.9	13,478.7	74.3%
2042	8,282.2	3,023.5	36.5%	662.6	52,663.5	40,907.2	11,756.3	77.7%
2043	8,477.9	3,097.3	36.5%	678.2	52,838.4	43,003.7	9,834.7	81.4%
2044	8,677.9	3,172.9	36.6%	694.2	53,051.7	45,353.2	7,698.5	85.5%
2045	8,880.6	3,249.7	36.6%	710.4	53,312.2	47,981.0	5,331.2	90.0%

\* State Contribution Only - Excludes Estimated \$42 Million In Federal Funds in All Years Shown

\*\* Payroll projections include SMP payroll - 15% of new SURS members are assumed to enter SMP

**APPENDIX E**

<b>FUNDING PROJECTIONS FOR THE JUDGES RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.00%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	177.0	88.2	49.8%	16.3	2,105.6	602.1	1,503.5	28.6%
<b>2014</b>	<b>171.2</b>	<b>126.8</b>	<b>74.1%</b>	<b>16.2</b>	<b>2,187.1</b>	<b>670.8</b>	<b>1,516.3</b>	<b>30.7%</b>
2015	172.9	130.6	75.5%	16.6	2,265.8	739.9	1,525.9	32.7%
2016	174.6	131.3	75.2%	16.6	2,341.1	792.7	1,548.4	33.9%
2017	176.2	132.0	74.9%	16.6	2,411.9	850.8	1,561.1	35.3%
2018	177.2	133.6	75.4%	16.4	2,477.9	906.4	1,571.5	36.6%
2019	178.2	134.4	75.4%	16.5	2,539.0	959.1	1,579.9	37.8%
2020	179.3	135.2	75.4%	16.6	2,594.3	1,008.2	1,586.1	38.9%
2021	180.2	135.8	75.4%	16.7	2,643.3	1,053.6	1,589.7	39.9%
2022	180.9	136.4	75.4%	16.7	2,686.1	1,095.0	1,591.1	40.8%
2023	182.0	137.1	75.3%	16.9	2,722.7	1,132.5	1,590.2	41.6%
2024	183.3	137.0	74.7%	17.0	2,753.0	1,165.3	1,587.6	42.3%
2025	184.8	137.3	74.3%	17.2	2,766.6	1,193.8	1,572.8	43.1%
2026	186.4	138.2	74.1%	17.5	2,793.5	1,218.4	1,575.1	43.6%
2027	188.2	139.3	74.0%	17.8	2,803.9	1,239.7	1,564.2	44.2%
2028	190.2	140.1	73.7%	17.9	2,807.9	1,257.4	1,550.5	44.8%
2029	192.6	141.3	73.4%	18.0	2,806.1	1,272.2	1,533.9	45.3%
2030	195.3	142.4	72.9%	18.2	2,798.8	1,284.6	1,514.2	45.9%
2031	198.3	143.8	72.5%	18.7	2,786.5	1,295.7	1,490.8	46.5%
2032	201.6	146.1	72.5%	18.9	2,769.6	1,306.7	1,463.0	47.2%
2033	205.2	149.2	72.7%	19.8	2,748.8	1,319.7	1,429.1	48.0%
2034	209.3	157.8	75.4%	20.6	2,724.6	1,341.2	1,383.5	49.2%
2035	213.6	161.0	75.4%	21.5	2,697.9	1,367.1	1,330.7	50.7%
2036	218.4	164.6	75.4%	22.3	2,669.0	1,398.8	1,270.2	52.4%
2037	223.5	168.5	75.4%	23.1	2,638.6	1,437.4	1,201.2	54.5%
2038	228.9	172.6	75.4%	23.9	2,607.3	1,484.2	1,123.0	56.9%
2039	234.6	176.9	75.4%	24.8	2,575.7	1,540.9	1,034.8	59.8%
2040	240.7	181.5	75.4%	25.6	2,544.3	1,608.7	935.7	63.2%
2041	247.1	186.3	75.4%	26.5	2,513.9	1,689.2	824.7	67.2%
2042	253.8	191.3	75.4%	27.3	2,484.9	1,784.1	700.9	71.8%
2043	260.7	196.6	75.4%	28.2	2,458.0	1,894.8	563.2	77.1%
2044	268.0	202.1	75.4%	29.1	2,433.6	2,023.3	410.4	83.1%
2045	275.6	207.8	75.4%	30.0	2,412.3	2,171.0	241.3	90.0%

**APPENDIX F**

<b>FUNDING PROJECTIONS FOR THE GENERAL ASSEMBLY RETIREMENT SYSTEM</b> <b>System Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.00%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	14.9	14.2	95.0%	1.6	308.2	51.3	257.0	16.6%
<b>2014</b>	<b>14.5</b>	<b>13.9</b>	<b>95.5%</b>	<b>1.7</b>	<b>313.0</b>	<b>49.7</b>	<b>263.3</b>	<b>15.9%</b>
2015	15.1	14.6	96.7%	1.7	317.4	48.1	269.3	15.1%
2016	15.7	15.2	97.2%	1.8	321.6	45.2	276.4	14.1%
2017	16.3	15.8	97.2%	1.9	325.5	43.1	282.4	13.2%
2018	16.9	16.5	97.3%	1.9	328.9	40.9	288.1	12.4%
2019	17.6	17.1	97.4%	2.0	332.0	38.5	293.5	11.6%
2020	18.3	17.7	97.2%	2.1	334.6	36.1	298.5	10.8%
2021	19.0	18.4	96.9%	2.2	336.8	33.7	303.1	10.0%
2022	19.7	19.1	96.8%	2.3	338.5	31.3	307.2	9.2%
2023	20.5	19.8	96.7%	2.4	339.8	29.0	310.8	8.5%
2024	21.3	20.5	96.2%	2.5	340.6	26.7	313.9	7.8%
2025	22.1	21.2	95.9%	2.6	340.9	24.6	316.3	7.2%
2026	23.0	22.1	96.0%	2.6	340.8	22.8	317.9	6.7%
2027	23.9	23.0	96.3%	2.8	340.3	21.6	318.7	6.3%
2028	24.9	23.9	96.2%	2.9	339.4	21.0	318.5	6.2%
2029	25.9	24.9	96.2%	3.0	338.2	21.0	317.2	6.2%
2030	26.9	25.8	95.9%	3.1	336.8	21.8	315.0	6.5%
2031	27.9	26.7	95.8%	3.2	335.2	23.6	311.6	7.0%
2032	29.1	27.9	96.0%	3.3	333.5	26.8	306.7	8.0%
2033	30.2	29.2	96.6%	3.5	331.8	31.7	300.1	9.5%
2034	31.4	30.8	97.9%	3.6	330.0	38.5	291.5	11.7%
2035	32.7	32.0	97.9%	3.8	328.4	47.3	281.0	14.4%
2036	33.9	33.2	97.9%	3.9	326.8	58.3	268.6	17.8%
2037	35.2	34.5	97.9%	4.1	325.5	71.6	253.9	22.0%
2038	36.6	35.8	97.9%	4.2	324.4	87.5	236.9	27.0%
2039	38.0	37.2	97.9%	4.4	323.8	106.4	217.4	32.9%
2040	39.4	38.6	97.9%	4.5	323.6	128.5	195.1	39.7%
2041	40.9	40.1	97.9%	4.7	323.8	154.1	169.7	47.6%
2042	42.4	41.6	97.9%	4.9	324.6	183.4	141.1	56.5%
2043	44.0	43.1	97.9%	5.1	325.8	216.8	109.0	66.6%
2044	45.6	44.7	97.9%	5.3	327.7	254.6	73.1	77.7%
2045	47.3	46.3	97.9%	5.4	330.1	297.0	33.0	90.0%

APPENDIX G

<b>FUNDING PROJECTIONS FOR THE STATE RETIREMENT SYSTEMS</b> <b>All Five Systems Combined</b> <b>CoGFA Projections Based on Laws in Effect on June 30, 2012</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Assets	Unfunded Liabilities	Funded Ratio
2013	18,674.4	5,792.3	31.0%	1,481.9	165,521.0	64,582.3	100,938.8	39.0%
<b>2014</b>	<b>18,893.9</b>	<b>6,841.8</b>	<b>36.2%</b>	<b>1,499.2</b>	<b>172,659.8</b>	<b>69,757.9</b>	<b>102,901.9</b>	<b>40.4%</b>
2015	19,529.1	6,959.1	35.6%	1,550.8	179,841.9	74,544.4	105,297.5	41.4%
2016	20,194.2	7,190.7	35.6%	1,603.9	187,055.1	77,827.2	109,227.9	41.6%
2017	20,888.4	7,489.3	35.9%	1,659.3	194,284.3	82,208.9	112,075.4	42.3%
2018	21,609.1	7,743.4	35.8%	1,717.1	201,520.7	86,666.6	114,854.1	43.0%
2019	22,351.4	8,005.4	35.8%	1,777.3	208,760.6	91,204.4	117,556.2	43.7%
2020	23,124.5	8,261.1	35.7%	1,840.2	215,985.9	95,806.3	120,179.6	44.4%
2021	23,935.1	8,533.1	35.7%	1,906.0	223,188.3	100,490.6	122,697.7	45.0%
2022	24,780.6	8,820.4	35.6%	1,974.5	230,343.5	105,266.2	125,077.4	45.7%
2023	25,660.9	9,122.3	35.5%	2,046.2	237,452.8	110,169.7	127,283.1	46.4%
2024	26,583.3	9,422.2	35.4%	2,121.1	244,499.8	115,193.8	129,306.0	47.1%
2025	27,537.5	9,738.1	35.4%	2,197.9	251,452.3	120,357.9	131,094.4	47.9%
2026	28,522.8	10,089.2	35.4%	2,278.2	258,315.7	125,701.1	132,614.5	48.7%
2027	29,546.9	10,457.3	35.4%	2,361.5	265,038.4	131,249.6	133,788.8	49.5%
2028	30,597.0	10,818.2	35.4%	2,446.4	276,531.9	136,978.2	139,553.7	49.5%
2029	31,668.1	11,191.6	35.3%	2,532.2	282,874.7	142,923.9	139,950.8	50.5%
2030	32,752.4	11,554.0	35.3%	2,619.7	289,004.9	149,093.9	139,911.0	51.6%
2031	33,833.8	11,920.4	35.2%	2,706.1	294,900.1	155,507.4	139,392.8	52.7%
2032	34,909.3	12,308.6	35.3%	2,790.9	300,538.5	162,202.5	138,336.1	54.0%
2033	35,974.7	12,717.0	35.3%	2,871.7	305,874.3	169,203.8	136,670.5	55.3%
2034	36,991.1	14,342.0	38.8%	2,949.0	310,829.8	177,768.5	133,061.3	57.2%
2035	38,024.2	14,745.3	38.8%	3,027.1	315,427.4	186,764.4	128,663.1	59.2%
2036	39,042.2	15,143.7	38.8%	3,104.5	319,642.5	196,209.6	123,432.9	61.4%
2037	39,971.0	15,504.2	38.8%	3,174.1	323,432.2	206,097.1	117,335.1	63.7%
2038	40,856.1	15,846.2	38.8%	3,239.9	326,810.3	216,450.2	110,360.1	66.2%
2039	41,684.8	16,165.0	38.8%	3,302.1	329,792.0	227,291.3	102,500.7	68.9%
2040	42,441.2	16,454.0	38.8%	3,358.2	332,411.3	238,665.4	93,745.9	71.8%
2041	43,181.6	16,737.3	38.8%	3,413.0	334,723.9	250,643.4	84,080.5	74.9%
2042	43,898.0	17,009.9	38.7%	3,465.6	336,787.3	263,332.5	73,454.8	78.2%
2043	44,614.4	17,281.7	38.7%	3,519.1	338,678.3	276,830.9	61,847.4	81.7%
2044	45,354.7	17,561.2	38.7%	3,574.8	340,477.1	291,280.6	49,196.5	85.6%
2045	46,127.9	17,851.6	38.7%	3,632.6	340,994.5	306,895.0	34,099.6	90.0%

Note: The JRS and GARS portions of these projections came from the retirement systems.

APPENDIX H

<b>FUNDING PROJECTIONS FOR THE TEACHERS RETIREMENT SYSTEM</b> <b>CoGFA Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 8.0%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liability	Assets	Unfunded Liabilities	Funded Ratio
2013	9,932.8	2,709.2	27.3%	933.7	94,011.6	37,842.5	56,169.1	40.3%
<b>2014</b>	<b>10,029.9</b>	<b>3,343.5</b>	<b>33.3%</b>	<b>942.8</b>	<b>98,172.3</b>	<b>40,603.4</b>	<b>57,568.9</b>	<b>41.4%</b>
2015	10,433.5	3,464.4	33.2%	980.7	102,365.2	43,137.9	59,227.3	42.1%
2016	10,865.3	3,608.4	33.2%	1,021.3	106,602.1	44,808.3	61,793.8	42.0%
2017	11,323.3	3,794.0	33.5%	1,064.4	110,892.4	47,177.2	63,715.2	42.5%
2018	11,804.0	3,958.4	33.5%	1,109.6	115,247.5	49,651.7	65,595.8	43.1%
2019	12,297.0	4,127.8	33.6%	1,155.9	119,676.9	52,243.4	67,433.5	43.7%
2020	12,815.3	4,293.4	33.5%	1,204.6	124,184.0	54,956.2	69,227.8	44.3%
2021	13,360.8	4,470.3	33.5%	1,255.9	128,768.6	57,806.0	70,962.6	44.9%
2022	13,932.1	4,658.1	33.4%	1,309.6	133,427.1	60,810.6	72,616.5	45.6%
2023	14,529.3	4,856.7	33.4%	1,365.8	138,171.8	64,007.3	74,164.5	46.3%
2024	15,153.8	5,052.4	33.3%	1,424.5	142,994.7	67,390.8	75,603.9	47.1%
2025	15,798.2	5,257.8	33.3%	1,485.0	147,883.6	70,975.6	76,908.0	48.0%
2026	16,464.1	5,487.7	33.3%	1,547.6	152,818.2	74,788.1	78,030.1	48.9%
2027	17,151.4	5,726.9	33.4%	1,612.2	157,775.8	78,834.2	78,941.6	50.0%
2028	17,850.1	5,957.4	33.4%	1,677.9	162,730.6	83,076.7	84,575.8	49.6%
2029	18,547.6	6,189.5	33.4%	1,743.5	167,652.5	87,525.2	84,989.1	50.7%
2030	19,236.2	6,406.3	33.3%	1,808.2	172,514.3	92,159.8	85,127.1	52.0%
2031	19,900.1	6,616.9	33.3%	1,870.6	177,286.9	96,973.0	84,969.3	53.3%
2032	20,537.2	6,835.1	33.3%	1,930.5	181,942.3	101,961.3	84,485.4	54.7%
2033	21,140.0	7,057.4	33.4%	1,987.2	186,446.7	107,117.2	83,643.9	56.2%
2034	21,705.9	8,219.2	37.9%	2,040.4	190,761.1	113,430.5	81,416.1	58.2%
2035	22,239.2	8,421.2	37.9%	2,090.5	194,846.6	119,951.8	78,713.9	60.4%
2036	22,744.3	8,612.4	37.9%	2,138.0	198,665.7	126,655.3	75,523.3	62.6%
2037	23,222.7	8,793.6	37.9%	2,182.9	202,178.6	133,545.1	71,806.0	65.0%
2038	23,673.9	8,964.4	37.9%	2,225.3	205,351.1	140,602.2	67,560.8	67.5%
2039	24,090.0	9,122.0	37.9%	2,264.5	208,163.0	147,818.8	62,793.2	70.2%
2040	24,464.4	9,263.8	37.9%	2,299.7	210,612.0	155,216.5	57,504.6	73.0%
2041	24,813.6	9,396.0	37.9%	2,332.5	212,721.1	162,822.5	51,709.9	75.9%
2042	25,148.9	9,522.9	37.9%	2,364.0	214,532.4	170,705.6	45,386.4	79.0%
2043	25,488.4	9,651.5	37.9%	2,395.9	216,092.0	178,927.3	38,547.0	82.3%
2044	25,858.0	9,791.5	37.9%	2,430.7	217,474.3	187,593.7	31,165.2	85.8%
2045	26,269.2	9,947.2	37.9%	2,469.3	218,758.9	196,883.0	21,875.9	90.0%



APPENDIX I

<b>FUNDING PROJECTIONS FOR THE STATE EMPLOYEES RETIREMENT SYSTEM</b> <b>CoGFA Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.75%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liability	Assets	Unfunded Liabilities	Funded Ratio
2013	4,369.0	1,577.9	36.1%	245.0	34,665.8	11,883.2	22,782.6	34.3%
2014	4,326.0	1,770.8	40.9%	243.0	36,321.6	13,021.5	23,300.1	35.9%
2015	4,474.3	1,747.2	39.0%	251.7	38,014.4	14,178.4	23,836.0	37.3%
2016	4,621.1	1,805.4	39.1%	259.3	39,730.1	15,116.4	24,613.7	38.0%
2017	4,768.1	1,872.3	39.3%	266.7	41,457.9	16,251.0	25,206.9	39.2%
2018	4,916.0	1,930.2	39.3%	274.2	43,187.5	17,398.6	25,788.9	40.3%
2019	5,068.5	1,990.2	39.3%	282.5	44,914.3	18,557.4	26,356.9	41.3%
2020	5,221.3	2,045.9	39.2%	290.7	46,627.4	19,714.0	26,913.4	42.3%
2021	5,381.1	2,105.1	39.1%	298.9	48,318.1	20,866.8	27,451.3	43.2%
2022	5,543.9	2,166.0	39.1%	307.1	49,969.5	22,007.4	27,962.1	44.0%
2023	5,708.2	2,228.0	39.0%	315.3	51,568.1	23,129.0	28,439.1	44.9%
2024	5,880.2	2,288.8	38.9%	323.7	53,105.6	24,226.0	28,879.6	45.6%
2025	6,057.0	2,352.6	38.8%	331.5	54,567.9	25,293.3	29,274.6	46.4%
2026	6,237.0	2,423.2	38.9%	340.2	55,949.1	26,335.2	29,613.9	47.1%
2027	6,427.1	2,498.4	38.9%	349.2	57,240.9	27,356.2	29,884.7	47.8%
2028	6,623.5	2,571.9	38.8%	358.3	58,443.3	28,357.0	30,086.3	48.5%
2029	6,833.2	2,651.9	38.8%	367.8	59,562.5	29,351.2	30,211.3	49.3%
2030	7,055.4	2,732.9	38.7%	378.9	60,603.3	30,349.6	30,253.7	50.1%
2031	7,289.8	2,819.9	38.7%	390.3	61,567.7	31,365.3	30,202.4	50.9%
2032	7,533.7	2,916.6	38.7%	402.2	62,454.9	32,416.7	30,038.2	51.9%
2033	7,790.6	3,024.3	38.8%	412.1	63,245.8	33,512.5	29,733.3	53.0%
2034	8,023.2	3,399.1	42.4%	421.1	63,930.7	34,932.2	28,998.5	54.6%
2035	8,294.0	3,513.8	42.4%	433.4	64,556.9	36,473.9	28,083.0	56.5%
2036	8,569.1	3,630.4	42.4%	446.8	65,132.2	38,160.0	26,972.2	58.6%
2037	8,841.4	3,745.8	42.4%	460.2	65,666.7	40,012.9	25,653.8	60.9%
2038	9,097.0	3,854.1	42.4%	472.5	66,182.6	42,055.4	24,127.2	63.5%
2039	9,331.1	3,953.2	42.4%	484.6	66,689.9	44,301.7	22,388.2	66.4%
2040	9,534.4	4,039.3	42.4%	494.9	67,187.2	46,754.0	20,433.2	69.6%
2041	9,717.6	4,117.0	42.4%	504.1	67,675.8	49,421.1	18,254.7	73.0%
2042	9,890.5	4,190.2	42.4%	512.7	68,153.4	52,315.7	15,837.7	76.8%
2043	10,059.0	4,261.6	42.4%	521.9	68,614.1	55,452.8	13,161.3	80.8%
2044	10,221.0	4,330.2	42.4%	530.6	69,050.3	58,845.8	10,204.5	85.2%
2045	10,374.2	4,395.1	42.4%	538.0	69,452.3	62,507.0	6,945.3	90.0%

APPENDIX J

<b>FUNDING PROJECTIONS FOR THE STATE UNIVERSITIES RETIREMENT SYSTEM</b> <b>CoGFA Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.75%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll**	Total State Contribution*	State Contribution as a % of Payroll	Employee Contribution	Accrued Liability	Assets	Unfunded Liabilities	Funded Ratio
2013	4,180.7	1,402.8	33.6%	285.3	34,429.8	14,203.2	20,226.6	41.3%
<b>2014</b>	<b>4,352.3</b>	<b>1,586.8</b>	<b>36.5%</b>	<b>295.5</b>	<b>35,665.8</b>	<b>15,412.5</b>	<b>20,253.3</b>	<b>43.2%</b>
2015	4,433.3	1,602.3	36.1%	300.1	36,879.1	16,440.1	20,439.0	44.6%
2016	4,517.5	1,630.3	36.1%	304.9	38,060.2	17,064.6	20,995.6	44.8%
2017	4,604.6	1,675.2	36.4%	309.8	39,196.6	17,886.8	21,309.8	45.6%
2018	4,694.9	1,704.7	36.3%	315.0	40,278.9	18,669.0	21,609.9	46.3%
2019	4,790.1	1,735.9	36.2%	320.4	41,298.4	19,406.0	21,892.4	47.0%
2020	4,890.4	1,768.9	36.2%	326.2	42,245.6	20,091.8	22,153.8	47.6%
2021	4,994.0	1,803.5	36.1%	332.3	43,121.5	20,730.5	22,391.0	48.1%
2022	5,104.0	1,840.8	36.1%	338.8	43,922.3	21,321.9	22,600.4	48.5%
2023	5,220.9	1,880.7	36.0%	345.9	44,650.4	21,871.9	22,778.5	49.0%
2024	5,344.7	1,923.5	36.0%	353.5	45,306.0	22,385.0	22,921.0	49.4%
2025	5,475.3	1,969.2	36.0%	361.6	45,893.3	22,870.6	23,022.7	49.8%
2026	5,612.3	2,018.0	36.0%	370.3	46,414.1	23,336.6	23,077.5	50.3%
2027	5,756.3	2,069.7	36.0%	379.5	46,877.5	23,797.9	23,079.6	50.8%
2028	5,908.3	2,124.9	36.0%	389.4	47,288.8	24,266.2	23,022.6	51.3%
2029	6,068.9	2,184.0	36.0%	400.0	47,653.6	24,754.3	22,899.3	51.9%
2030	6,238.7	2,246.7	36.0%	411.3	47,979.1	25,278.1	22,701.0	52.7%
2031	6,417.7	2,313.0	36.0%	423.3	48,268.4	25,849.7	22,418.7	53.6%
2032	6,607.7	2,382.9	36.1%	435.9	48,533.8	26,491.0	22,042.8	54.6%
2033	6,808.7	2,456.9	36.1%	449.2	48,786.8	27,222.8	21,564.0	55.8%
2034	7,021.3	2,535.2	36.1%	463.3	48,997.9	28,026.1	20,971.8	57.2%
2035	7,244.7	2,617.3	36.1%	478.0	49,178.6	28,924.2	20,254.4	58.8%
2036	7,476.5	2,703.0	36.2%	493.5	49,335.9	29,937.2	19,398.7	60.7%
2037	7,648.2	2,761.8	36.1%	503.8	49,450.4	31,030.2	18,420.2	62.8%
2038	7,819.7	2,819.3	36.1%	513.9	49,533.0	32,220.8	17,312.2	65.0%
2039	7,991.1	2,875.7	36.0%	523.8	49,590.6	33,523.5	16,067.1	67.6%
2040	8,162.3	2,930.8	35.9%	533.4	49,635.1	34,957.7	14,677.4	70.4%
2041	8,362.4	2,998.0	35.9%	545.2	49,678.0	36,556.5	13,121.5	73.6%
2042	8,562.4	3,063.9	35.8%	556.7	49,732.4	38,343.7	11,388.7	77.1%
2043	8,762.3	3,128.9	35.7%	568.0	49,806.1	40,339.1	9,467.0	81.0%
2044	8,962.0	3,192.8	35.6%	579.1	49,906.6	42,563.2	7,343.4	85.3%
2045	9,161.6	3,255.2	35.5%	589.8	50,041.0	45,036.9	5,004.1	90.0%

\* State Contribution Only - Excludes Estimated \$42 Million in Federal Funds in All Years Shown

\*\* Payroll Projections Include SMP Payroll - 15% of New SURS Employees Are Assumed to Enter SMP

**APPENDIX K**

<b>FUNDING PROJECTIONS FOR THE JUDGES RETIREMENT SYSTEM</b> <b>CoGFA Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.00%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	177.0	88.2	49.8%	16.3	2,105.6	602.1	1,503.5	28.6%
<b>2014</b>	<b>171.2</b>	<b>126.8</b>	<b>74.1%</b>	<b>16.2</b>	<b>2,187.1</b>	<b>670.8</b>	<b>1,516.3</b>	<b>30.7%</b>
2015	172.9	130.6	75.5%	16.6	2,265.8	739.9	1,525.9	32.7%
2016	174.6	131.3	75.2%	16.6	2,341.1	792.7	1,548.4	33.9%
2017	176.2	132.0	74.9%	16.6	2,411.9	850.8	1,561.1	35.3%
2018	177.2	133.6	75.4%	16.4	2,477.9	906.4	1,571.5	36.6%
2019	178.2	134.4	75.4%	16.5	2,539.0	959.1	1,579.9	37.8%
2020	179.3	135.2	75.4%	16.6	2,594.3	1,008.2	1,586.1	38.9%
2021	180.2	135.8	75.4%	16.7	2,643.3	1,053.6	1,589.7	39.9%
2022	180.9	136.4	75.4%	16.7	2,686.1	1,095.0	1,591.1	40.8%
2023	182.0	137.1	75.3%	16.9	2,722.7	1,132.5	1,590.2	41.6%
2024	183.3	137.0	74.7%	17.0	2,753.0	1,165.3	1,587.6	42.3%
2025	184.8	137.3	74.3%	17.2	2,766.6	1,193.8	1,572.8	43.1%
2026	186.4	138.2	74.1%	17.5	2,793.5	1,218.4	1,575.1	43.6%
2027	188.2	139.3	74.0%	17.8	2,803.9	1,239.7	1,564.2	44.2%
2028	190.2	140.1	73.7%	17.9	2,807.9	1,257.4	1,550.5	44.8%
2029	192.6	141.3	73.4%	18.0	2,806.1	1,272.2	1,533.9	45.3%
2030	195.3	142.4	72.9%	18.2	2,798.8	1,284.6	1,514.2	45.9%
2031	198.3	143.8	72.5%	18.7	2,786.5	1,295.7	1,490.8	46.5%
2032	201.6	146.1	72.5%	18.9	2,769.6	1,306.7	1,463.0	47.2%
2033	205.2	149.2	72.7%	19.8	2,748.8	1,319.7	1,429.1	48.0%
2034	209.3	157.8	75.4%	20.6	2,724.6	1,341.2	1,383.5	49.2%
2035	213.6	161.0	75.4%	21.5	2,697.9	1,367.1	1,330.7	50.7%
2036	218.4	164.6	75.4%	22.3	2,669.0	1,398.8	1,270.2	52.4%
2037	223.5	168.5	75.4%	23.1	2,638.6	1,437.4	1,201.2	54.5%
2038	228.9	172.6	75.4%	23.9	2,607.3	1,484.2	1,123.0	56.9%
2039	234.6	176.9	75.4%	24.8	2,575.7	1,540.9	1,034.8	59.8%
2040	240.7	181.5	75.4%	25.6	2,544.3	1,608.7	935.7	63.2%
2041	247.1	186.3	75.4%	26.5	2,513.9	1,689.2	824.7	67.2%
2042	253.8	191.3	75.4%	27.3	2,484.9	1,784.1	700.9	71.8%
2043	260.7	196.6	75.4%	28.2	2,458.0	1,894.8	563.2	77.1%
2044	268.0	202.1	75.4%	29.1	2,433.6	2,023.3	410.4	83.1%
2045	275.6	207.8	75.4%	30.0	2,412.3	2,171.0	241.3	90.0%

Note: Theses JRS projections came from the retirement system.

**APPENDIX L**

<b>FUNDING PROJECTIONS FOR THE GENERAL ASSEMBLY RETIREMENT SYSTEM</b> <b>CoGFA Projections Based on Laws in Effect on June 30, 2012</b> <b>Actuarially Assumed Rate of Return: 7.00%</b> <b>(\$ in millions)</b>								
Fiscal Year	Annual Payroll	Total State Contribution	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2013	14.9	14.2	95.0%	1.6	308.2	51.3	257.0	16.6%
<b>2014</b>	<b>14.5</b>	<b>13.9</b>	<b>95.5%</b>	<b>1.7</b>	<b>313.0</b>	<b>49.7</b>	<b>263.3</b>	<b>15.9%</b>
2015	15.1	14.6	96.7%	1.7	317.4	48.1	269.3	15.1%
2016	15.7	15.2	97.2%	1.8	321.6	45.2	276.4	14.1%
2017	16.3	15.8	97.2%	1.9	325.5	43.1	282.4	13.2%
2018	16.9	16.5	97.3%	1.9	328.9	40.9	288.1	12.4%
2019	17.6	17.1	97.4%	2.0	332.0	38.5	293.5	11.6%
2020	18.3	17.7	97.2%	2.1	334.6	36.1	298.5	10.8%
2021	19.0	18.4	96.9%	2.2	336.8	33.7	303.1	10.0%
2022	19.7	19.1	96.8%	2.3	338.5	31.3	307.2	9.2%
2023	20.5	19.8	96.7%	2.4	339.8	29.0	310.8	8.5%
2024	21.3	20.5	96.2%	2.5	340.6	26.7	313.9	7.8%
2025	22.1	21.2	95.9%	2.6	340.9	24.6	316.3	7.2%
2026	23.0	22.1	96.0%	2.6	340.8	22.8	317.9	6.7%
2027	23.9	23.0	96.3%	2.8	340.3	21.6	318.7	6.3%
2028	24.9	23.9	96.2%	2.9	339.4	21.0	318.5	6.2%
2029	25.9	24.9	96.2%	3.0	338.2	21.0	317.2	6.2%
2030	26.9	25.8	95.9%	3.1	336.8	21.8	315.0	6.5%
2031	27.9	26.7	95.8%	3.2	335.2	23.6	311.6	7.0%
2032	29.1	27.9	96.0%	3.3	333.5	26.8	306.7	8.0%
2033	30.2	29.2	96.6%	3.5	331.8	31.7	300.1	9.5%
2034	31.4	30.8	97.9%	3.6	330.0	38.5	291.5	11.7%
2035	32.7	32.0	97.9%	3.8	328.4	47.3	281.0	14.4%
2036	33.9	33.2	97.9%	3.9	326.8	58.3	268.6	17.8%
2037	35.2	34.5	97.9%	4.1	325.5	71.6	253.9	22.0%
2038	36.6	35.8	97.9%	4.2	324.4	87.5	236.9	27.0%
2039	38.0	37.2	97.9%	4.4	323.8	106.4	217.4	32.9%
2040	39.4	38.6	97.9%	4.5	323.6	128.5	195.1	39.7%
2041	40.9	40.1	97.9%	4.7	323.8	154.1	169.7	47.6%
2042	42.4	41.6	97.9%	4.9	324.6	183.4	141.1	56.5%
2043	44.0	43.1	97.9%	5.1	325.8	216.8	109.0	66.6%
2044	45.6	44.7	97.9%	5.3	327.7	254.6	73.1	77.7%
2045	47.3	46.3	97.9%	5.4	330.1	297.0	33.0	90.0%

Note: These GARS projections came from the retirement system.

# APPENDIX M

STATE RETIREMENT SYSTEMS CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2012							
	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YR
TRS							
6/30/1996	400,399,000	(577,281,000)	965,961,000	17,772,000	0	166,531,000	973,382,000
6/30/1997	(59,062,000)	(830,936,000)	992,390,000	0	(2,944,771,000)	88,773,000	(2,753,606,000)
6/30/1998	(46,017,000)	(1,417,747,000)	776,189,000	1,000,300,000	0	71,152,000	383,877,000
6/30/1999	44,030,000	(389,014,000)	677,408,000	33,870,000	125,223,000	533,933,000	1,025,450,000
6/30/2000	(33,403,000)	(450,361,000)	723,606,000	0	0	197,345,000	437,187,000
6/30/2001	(10,310,000)	3,089,765,000	733,877,000	0	0	632,729,000	4,446,061,000
6/30/2002	4,934,000	2,696,199,000	1,074,422,000	0	694,736,000	360,047,000	4,830,338,000
6/30/2003	171,802,000	827,434,000	1,415,610,000	53,850,000	0	658,524,000	3,127,220,000
6/30/2004	217,255,000	(2,168,876,000)	(2,811,516,000)	0	0	357,250,000	(4,405,887,000)
6/30/2005	236,687,000	(682,294,000)	1,299,840,000	0	26,425,000	1,706,431,000	2,587,089,000
6/30/2006	68,398,000	(1,159,525,000)	1,913,368,000	0	0	(400,028,000)	422,213,000
6/30/2007	149,682,000	(3,785,653,000)	1,739,187,000	0	2,410,756,000	813,081,000	1,327,053,000
6/30/2008	(153,987,000)	5,514,988,000	1,529,701,000	0	0	(428,135,000)	6,462,567,000
6/30/2009	(29,162,000)	2,373,683,000	1,782,855,000	0	0	672,134,000	4,799,510,000
6/30/2010	(210,220,000)	2,929,300,000	1,572,250,000	0	0	561,570,000	4,852,900,000
6/30/2011	(545,612,000)	1,718,405,000	1,913,647,000	0	0	589,446,000	3,675,886,000
6/30/2012	(1,211,160,000)	1,806,150,000	2,710,710,000	0	4,624,970,000	618,880,000	8,549,550,000
Total	(1,005,746,000)	9,494,237,000	19,009,505,000	1,105,792,000	4,937,339,000	7,199,663,000	40,740,790,000
SERS							
6/30/1996	(63,804,332)	(251,369,719)	196,620,212	0	0	47,104,123	(71,449,716)
6/30/1997	(65,121,542)	(541,583,072)	121,668,957	0	(379,894,379)	152,898,511	(712,031,525)
6/30/1998	(62,013,427)	(568,807,725)	9,431,057	1,249,883,128	0	148,729,225	777,222,258
6/30/1999	(12,536,220)	(307,064,512)	21,020,544	0	0	32,949,396	(265,630,792)
6/30/2000	14,642,937	(252,699,421)	(21,811,201)	0	0	250,182,926	(9,684,759)
6/30/2001	(8,000,000)	1,368,815,911	(29,398,605)	652,110,224	0	309,964,003	2,293,491,533
6/30/2002	52,000,000	1,247,268,792	186,860,538	171,100,000	168,144,000	496,199,643	2,321,572,973
6/30/2003	(28,282,435)	629,483,966	404,526,925	2,371,173,094	0	97,815,307	3,474,716,857
6/30/2004	(22,316,647)	(679,743,495)	(944,135,304)	0	0	6,804,793	(1,639,390,653)
6/30/2005	(166,479,933)	(123,132,472)	503,532,346	0	0	144,142,000	358,061,941
6/30/2006	33,070,000	(250,686,000)	772,374,000	0	710,976,000	(101,544,000)	1,164,190,000
6/30/2007	98,239,312	(878,435,107)	816,648,269	0	0	190,866,392	227,318,866
6/30/2008	207,247,739	1,690,697,791	615,695,516	0	0	130,264,860	2,643,905,906
6/30/2009	(70,364,604)	608,553,603	662,751,770	0	0	251,538,179	1,452,478,948
6/30/2010	(84,030,002)	894,330,007	470,040,010	0	2,606,329,995	162,930,002	4,049,600,012
6/30/2011	(116,457,671)	483,803,315	749,926,844	0	554,815,304	215,159,241	1,887,247,033
6/30/2012	(57,658,148)	530,809,433	715,357,450	0	0	190,241,965	1,378,750,700
Total	(351,864,973)	3,600,241,295	5,251,109,328	4,444,266,446	3,660,370,920	2,726,246,566	19,330,369,582
SURS							
6/30/1996	(70,535,000)	(105,383,000)	456,044,000	0	0	86,823,000	366,949,000
6/30/1997	(44,026,000)	(312,322,000)	424,816,000	179,117,000	(3,342,395,000)	198,529,000	(2,896,281,000)
6/30/1998	5,238,000	(765,736,000)	158,840,000	0	0	48,075,000	(553,583,000)
6/30/1999	44,300,000	(273,300,000)	271,300,000	0	0	190,800,000	233,100,000
6/30/2000	171,500,000	(587,500,000)	306,700,000	0	0	(130,949,000)	(240,249,000)
6/30/2001	70,300,000	2,068,500,000	301,000,000	0	0	107,131,000	2,546,931,000
6/30/2002	90,800,000	1,568,700,000	430,800,000	63,000,000	485,300,000	38,744,000	2,677,344,000
6/30/2003	10,300,000	583,000,000	558,500,000	0	0	319,300,000	1,471,100,000
6/30/2004	(62,900,000)	(950,500,000)	(822,700,000)	0	0	17,893,000	(1,818,207,000)
6/30/2005	(19,400,000)	(218,000,000)	574,300,000	0	0	170,520,000	507,420,000
6/30/2006	28,600,000	(414,100,000)	734,900,000	0	0	164,900,000	514,300,000
6/30/2007	67,000,000	(1,342,000,000)	624,100,000	0	324,400,000	189,000,000	(137,500,000)
6/30/2008	30,600,000	2,004,400,000	590,900,000	0	0	329,100,000	2,955,000,000
6/30/2009	(1,300,000)	812,300,000	738,700,000	0	0	153,200,000	1,702,900,000
6/30/2010	(113,100,000)	940,500,000	667,500,000	0	2,413,900,000	210,800,000	4,119,600,000
6/30/2011	(172,300,000)	430,000,000	930,200,000	0	(24,900,000)	251,800,000	1,414,800,000
6/30/2012	(4,000,000)	476,700,000	797,800,000	0	0	381,200,000	1,651,700,000
Total	31,077,000	3,915,259,000	7,743,700,000	242,117,000	(143,695,000)	2,726,866,000	14,515,324,000

# APPENDIX M

STATE RETIREMENT SYSTEMS CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2012						
SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YR
<b>JRS</b>						
6/30/1996	9,999,484	(13,671,404)	24,518,236	0	14,931,343	35,777,659
6/30/1997	(7,658,092)	(28,145,182)	27,156,529	0	15,264,216	44,539,564
6/30/1998	(10,160,914)	(30,497,137)	34,123,085	0	7,218,733	683,767
6/30/1999	456,439	(16,539,663)	32,504,330	0	8,821,168	25,242,274
6/30/2000	2,215,672	(14,134,561)	33,196,266	2,848,501	8,268,502	32,394,380
6/30/2001	(7,464,258)	61,790,163	35,767,996	0	17,044,333	107,138,234
6/30/2002	(11,821,953)	54,489,350	42,170,792	0	8,609,434	121,829,547
6/30/2003	(26,392,926)	27,183,676	49,293,246	0	18,906,930	68,990,926
6/30/2004	6,291,883	(36,709,772)	(92,295,242)	0	(1,952,146)	(124,665,277)
6/30/2005	(15,087,614)	(8,899,756)	46,427,305	0	27,509,646	49,949,581
6/30/2006	(18,612,759)	(17,213,516)	55,344,402	0	12,319,701	20,648,003
6/30/2007	(3,952,822)	(51,310,984)	50,305,409	0	28,046,308	23,087,911
6/30/2008	(8,834,671)	90,806,378	42,511,153	0	4,924,005	129,406,865
6/30/2009	(6,661,210)	33,322,668	40,870,123	0	19,481,669	87,013,250
6/30/2010	(14,290,007)	48,210,010	30,640,985	0	14,350,002	267,801,097
6/30/2011	(17,743,557)	31,451,544	66,647,892	0	42,442,760	138,421,157
6/30/2012	(19,671,785)	27,522,701	75,313,560	0	(611,876)	82,552,600
Total	(149,389,090)	157,654,515	594,496,067	2,848,501	245,574,728	1,110,811,538
<b>GARS</b>						
6/30/1996	1,926,843	(2,564,790)	5,271,809	0	1,441,644	6,075,506
6/30/1997	1,298,457	(5,057,646)	5,529,869	0	753,138	2,386,937
6/30/1998	(233,098)	(5,394,158)	5,710,203	0	460,957	543,904
6/30/1999	846,137	(2,808,175)	5,298,511	0	3,030,916	6,367,389
6/30/2000	(431,214)	(2,371,993)	5,576,440	0	2,079,991	4,853,224
6/30/2001	(555,323)	10,135,725	5,803,227	0	1,273,197	16,656,826
6/30/2002	(1,520,756)	8,713,370	6,741,725	0	(162,610)	14,983,680
6/30/2003	(1,793,094)	4,391,493	7,217,512	0	6,485,877	16,301,788
6/30/2004	(2,633,642)	(5,927,446)	(19,174,182)	0	5,286,195	(22,449,075)
6/30/2005	(645,631)	(1,288,918)	7,445,358	0	(262,887)	5,247,922
6/30/2006	(3,113,674)	(1,566,794)	8,528,558	0	1,190,775	9,825,856
6/30/2007	3,962,835	(6,733,144)	7,670,304	0	373,350	5,273,345
6/30/2008	(2,217,940)	11,400,154	7,073,235	0	(613,134)	15,642,315
6/30/2009	1,737,809	3,991,729	6,172,942	0	1,380,596	13,283,076
6/30/2010	(2,450,015)	5,710,003	5,669,975	2,140,009	830,022	11,899,994
6/30/2011	(1,718,437)	3,577,042	5,621,165	6,514,624	(108,827)	49,694,734
6/30/2012	(1,912,815)	3,662,246	8,818,897	0	1,563,530	12,131,858
Total	(9,453,558)	17,868,698	84,975,548	8,654,633	25,002,730	168,719,279
<b>COMBINED</b>						
6/30/1996	277,985,995	(950,269,913)	1,648,415,257	17,772,000	316,831,110	1,310,734,449
6/30/1997	(174,569,177)	(1,718,043,900)	1,571,561,355	179,117,000	456,217,865	(6,314,992,024)
6/30/1998	(113,186,439)	(2,788,182,020)	984,293,345	2,250,183,128	275,635,915	608,743,929
6/30/1999	77,096,356	(988,726,350)	1,007,531,385	33,870,000	769,534,480	1,024,528,871
6/30/2000	154,524,395	(1,307,066,975)	1,047,267,505	2,848,501	326,927,419	224,500,845
6/30/2001	43,970,419	6,599,006,799	1,047,049,618	652,110,224	1,068,141,533	9,410,278,593
6/30/2002	134,391,291	5,575,370,512	1,740,995,055	234,100,000	903,437,467	9,966,068,200
6/30/2003	125,633,545	2,071,493,135	2,435,147,683	2,425,023,094	1,101,032,114	8,158,329,571
6/30/2004	135,696,594	(3,841,756,713)	(4,689,820,728)	0	385,281,842	(8,010,599,005)
6/30/2005	35,073,822	(1,033,615,146)	2,431,545,009	0	2,048,339,759	3,507,768,444
6/30/2006	108,341,567	(1,843,091,310)	3,484,514,960	0	(323,161,524)	2,131,176,859
6/30/2007	314,931,325	(6,064,132,235)	3,237,910,982	0	1,221,367,050	1,445,233,122
6/30/2008	72,808,128	9,312,292,323	2,785,880,904	0	35,540,731	12,206,522,086
6/30/2009	(105,750,005)	3,831,851,000	3,231,349,835	0	1,097,734,444	8,055,185,274
6/30/2010	(424,090,024)	4,818,050,020	2,746,100,970	2,140,009	950,480,026	13,301,801,103
6/30/2011	(853,831,665)	2,667,236,901	3,666,042,901	6,514,624	1,098,739,179	7,166,048,924
6/30/2012	(1,294,402,748)	2,844,844,380	4,307,999,907	0	1,191,273,619	11,674,685,158
Total	(1,485,376,621)	17,185,260,508	32,683,785,943	5,803,678,580	12,923,353,024	75,866,014,399

APPENDIX N

<b>2003 PENSION OBLIGATION BONDS (P.A. 93-0002)</b> <b>Debt Service Schedule &amp; Allocation By Retirement System</b> ( \$ in Millions)								
FY	Principle	Interest	Total Debt Service	Allocation By System				
				TRS	SERS	JRS	GARS	SURS
2004	\$0.0	\$481.1	\$481.1	\$284.7	\$91.1	\$9.3	\$1.8	\$94.2
2005	\$0.0	\$496.2	\$496.2	\$293.6	\$94.0	\$9.6	\$1.8	\$97.1
2006	\$0.0	\$496.2	\$496.2	\$293.6	\$94.0	\$9.6	\$1.8	\$97.1
2007	\$0.0	\$496.2	\$496.2	\$293.6	\$94.0	\$9.6	\$1.8	\$97.1
2008	\$50.0	\$496.2	\$546.2	\$323.2	\$103.5	\$10.6	\$2.0	\$106.9
2009	\$50.0	\$495.0	\$545.0	\$322.5	\$103.2	\$10.6	\$2.0	\$106.7
2010	\$50.0	\$493.6	\$543.6	\$321.7	\$103.0	\$10.5	\$2.0	\$106.4
2011	\$50.0	\$491.9	\$541.9	\$320.7	\$102.6	\$10.5	\$2.0	\$106.1
2012	\$100.0	\$490.1	\$590.1	\$349.2	\$111.8	\$11.5	\$2.2	\$115.5
2013	\$100.0	\$486.4	\$586.4	\$347.0	\$111.1	\$11.4	\$2.2	\$114.8
2014	\$100.0	\$482.5	\$582.5	\$344.7	\$110.3	\$11.3	\$2.1	\$114.0
2015	\$100.0	\$478.6	\$578.6	\$342.4	\$109.6	\$11.2	\$2.1	\$113.2
2016	\$100.0	\$474.5	\$574.5	\$340.0	\$108.8	\$11.1	\$2.1	\$112.4
2017	\$125.0	\$470.2	\$595.2	\$352.2	\$112.7	\$11.6	\$2.2	\$116.5
2018	\$150.0	\$464.7	\$614.7	\$363.8	\$116.4	\$11.9	\$2.3	\$120.3
2019	\$175.0	\$458.2	\$633.2	\$374.7	\$119.9	\$12.3	\$2.3	\$123.9
2020	\$225.0	\$449.6	\$674.6	\$399.2	\$127.8	\$13.1	\$2.5	\$132.0
2021	\$275.0	\$438.4	\$713.4	\$422.2	\$135.1	\$13.8	\$2.6	\$139.6
2022	\$325.0	\$424.8	\$749.8	\$443.7	\$142.0	\$14.6	\$2.8	\$146.7
2023	\$375.0	\$408.7	\$783.7	\$463.8	\$148.4	\$15.2	\$2.9	\$153.4
2024	\$450.0	\$390.2	\$840.2	\$497.2	\$159.2	\$16.3	\$3.1	\$164.4
2025	\$525.0	\$367.2	\$892.2	\$528.0	\$169.0	\$17.3	\$3.3	\$174.6
2026	\$575.0	\$340.4	\$915.4	\$541.7	\$173.4	\$17.8	\$3.4	\$179.2
2027	\$625.0	\$311.1	\$936.1	\$554.0	\$177.3	\$18.2	\$3.5	\$183.2
2028	\$700.0	\$279.2	\$979.2	\$579.5	\$185.5	\$19.0	\$3.6	\$191.6
2029	\$775.0	\$243.5	\$1,018.5	\$602.7	\$192.9	\$19.8	\$3.8	\$199.3
2030	\$875.0	\$204.0	\$1,079.0	\$638.5	\$204.4	\$20.9	\$4.0	\$211.2
2031	\$975.0	\$159.4	\$1,134.4	\$671.3	\$214.9	\$22.0	\$4.2	\$222.0
2032	\$1,050.0	\$109.7	\$1,159.7	\$686.3	\$219.7	\$22.5	\$4.3	\$227.0
2033	\$1,100.0	\$56.1	\$1,156.1	\$684.1	\$219.0	\$22.4	\$4.3	\$226.3
<b>TOTALS</b>	<b>\$10,000.0</b>	<b>\$11,933.9</b>	<b>\$21,933.9</b>	<b>\$12,979.9</b>	<b>\$4,154.8</b>	<b>\$425.7</b>	<b>\$80.9</b>	<b>\$4,292.7</b>

# APPENDIX O

FINANCIAL CONDITION OF THE STATE RETIREMENT SYSTEMS (\$ in millions)						
Fiscal Year	TRS	SERS	SURS	JRS	GARS	Total
<b>Assets @ Market Value</b>						
1996	13,829.7	5,178.7	5,082.9	232.4	42.6	24,366.3
1997	17,393.1	6,048.0	8,376.3	314.6	56.7	32,188.7
1998	19,965.9	7,064.5	9,793.8	356.7	62.7	37,243.6
1999	22,237.7	7,986.4	10,762.2	389.8	66.9	41,443.0
2000	24,481.4	8,910.9	12,063.9	422.9	70.5	45,949.6
2001	23,315.6	8,276.7	10,753.3	381.7	62.0	42,789.3
2002	22,366.3	7,673.9	9,814.7	343.7	54.0	40,252.6
2003	23,124.8	7,502.1	9,714.5	330.1	50.0	40,721.5
2004	31,544.7	9,990.2	12,586.3	534.6	83.2	54,739.0
2005	34,085.2	10,494.1	13,350.3	564.9	83.3	58,577.8
2006	36,584.9	10,899.8	14,175.1	599.2	82.2	62,341.2
2007	41,909.3	12,078.9	15,985.7	670.1	87.2	70,731.2
2008	38,430.7	10,995.4	14,586.3	612.7	75.4	64,700.5
2009	28,531.3	8,565.8	11,033.0	483.5	55.6	48,669.2
2010	31,323.8	9,201.8	12,121.5	523.3	54.7	53,225.1
2011	37,471.3	10,970.8	14,274.0	606.0	60.4	63,382.5
2012	36,516.8	10,960.7	13,705.1	578.0	52.7	61,813.3
<b>Liabilities</b>						
1996	26,141.8	7,390.9	10,155.0	577.8	127.4	44,392.9
1997	26,951.6	7,548.2	10,552.2	704.5	143.9	45,900.4
1998	29,908.2	9,341.9	11,416.1	747.3	150.4	51,563.9
1999	33,205.5	9,998.2	12,617.5	805.6	160.9	56,787.7
2000	35,886.4	10,912.9	13,679.0	871.2	169.4	61,518.9
2001	39,166.7	12,572.2	14,915.3	937.1	177.5	67,768.8
2002	43,047.7	14,291.0	16,654.0	1,020.8	184.6	75,198.1
2003	46,933.4	17,593.9	18,025.0	1,076.2	196.5	83,825.0
2004	50,947.5	18,442.6	19,078.6	1,156.1	207.6	89,832.4
2005	56,075.0	19,304.6	20,349.9	1,236.5	212.9	97,178.9
2006	58,996.9	20,874.5	21,688.9	1,291.4	221.7	103,073.4
2007	65,648.4	22,280.9	23,362.1	1,385.3	231.9	112,908.6
2008	68,632.4	23,841.3	24,917.7	1,457.3	235.8	119,084.5
2010	77,293.2	29,309.5	30,120.4	1,819.4	251.8	138,794.3
2010	77,293.2	29,309.5	30,120.4	1,819.4	251.8	138,794.3
2011	81,299.7	31,395.0	31,514.3	1,952.5	298.4	146,459.9
2012	90,024.9	33,091.2	33,170.2	2,021.7	303.5	158,611.5



# APPENDIX O

FINANCIAL CONDITION OF THE STATE RETIREMENT SYSTEMS (\$ in millions)						
Fiscal Year	TRS	SERS	SURS	JRS	GARS	Total
<b>Unfunded</b>						
1996	12,312.1	2,212.2	5,072.1	345.4	84.8	20,026.6
1997	9,558.5	1,500.2	2,175.9	389.9	87.2	13,711.7
1998	9,942.3	2,277.4	1,622.3	390.6	87.7	14,320.3
1999	10,967.8	2,011.8	1,855.3	415.8	94.0	15,344.7
2000	11,405.0	2,002.0	1,615.1	448.3	98.9	15,569.3
2001	15,851.1	4,295.5	4,162.0	555.4	115.5	24,979.5
2002	20,681.4	6,617.1	6,839.3	677.1	130.6	34,945.5
2003	23,808.6	10,091.8	8,310.5	746.1	146.5	43,103.5
2004	19,402.8	8,452.4	6,492.3	621.5	124.4	35,093.4
2005	21,989.8	8,810.5	6,999.6	671.6	129.6	38,601.1
2006	22,412.0	9,974.7	7,513.8	692.2	139.5	40,732.2
2007	23,739.1	10,202.0	7,376.4	715.2	144.7	42,177.4
2008	30,201.7	12,845.9	10,331.4	844.6	160.4	54,384.0
2009	44,495.9	16,732.5	15,283.2	1,065.0	189.6	77,766.2
2010	45,969.4	20,107.6	17,998.9	1,296.2	197.1	85,569.2
2011	43,828.4	20,424.2	17,240.3	1,346.5	238.0	83,077.4
2012	53,508.1	22,130.5	19,465.1	1,443.7	250.8	96,798.2
<b>Funded Ratios</b>						
1996	52.9%	70.1%	50.1%	40.2%	33.4%	54.9%
1997	64.5%	80.1%	79.4%	44.7%	39.4%	70.1%
1998	66.8%	75.6%	85.8%	47.7%	41.7%	72.2%
1999	67.0%	79.9%	85.3%	48.4%	41.6%	73.0%
2000	68.2%	81.7%	88.2%	48.5%	41.6%	74.7%
2001	59.5%	65.8%	72.1%	40.7%	34.9%	63.1%
2002	52.0%	53.7%	58.9%	33.7%	29.3%	53.5%
2003	49.3%	42.6%	53.9%	30.7%	25.4%	48.6%
2004	61.9%	54.2%	66.0%	46.2%	40.1%	60.9%
2005	60.8%	54.4%	65.6%	45.7%	39.1%	60.3%
2006	62.0%	52.2%	65.4%	46.4%	37.1%	60.5%
2007	63.8%	54.2%	68.4%	48.4%	37.6%	62.6%
2008	56.0%	46.1%	58.5%	42.0%	32.0%	54.3%
2009	39.1%	33.9%	41.9%	31.2%	22.7%	38.5%
2010	40.5%	31.4%	40.2%	28.8%	21.7%	38.3%
2011	46.1%	34.9%	45.3%	31.0%	20.2%	43.3%
2012	40.6%	33.1%	41.3%	28.6%	17.4%	39.0%

# APPENDIX P

COMBINED DEBT SERVICE OF 2003, 2010 and 2011 PENSION OBLIGATION BONDS AND NOTES												
Fiscal Year	FY2003 \$10 BILLION PENSION OB BONDS			FY 2010 \$3.466 BILLION PENSION OB NOTES			FY 2011 \$3.7 BILLION PENSION OB BONDS			COMBINED TOTALS		
	2003 Principal	2003 Interest	2003 POB Total	2010 Principal	2010 Interest	2010 PON Total	2011 Principal	2011 Interest	2011 POB Total	Total Principal	Total Interest	Grand Total
FY 2004	\$0	\$481,038,333	\$481,038,333							\$0	\$481,038,333	\$481,038,333
FY 2005	0	496,200,000	\$496,200,000							\$0	\$496,200,000	\$496,200,000
FY 2006	0	496,200,000	\$496,200,000							\$0	\$496,200,000	\$496,200,000
FY 2007	0	496,200,000	\$496,200,000							\$0	\$496,200,000	\$496,200,000
FY 2008	50,000,000	496,200,000	\$546,200,000							\$50,000,000	\$496,200,000	\$546,200,000
FY 2009	50,000,000	494,950,000	\$544,950,000							\$50,000,000	\$494,950,000	\$544,950,000
FY 2010	50,000,000	493,550,000	\$543,550,000							\$50,000,000	\$493,550,000	\$543,550,000
FY 2011	50,000,000	491,900,000	\$541,900,000	\$693,200,000	\$109,277,049	\$802,477,049				\$743,200,000	\$601,177,049	\$1,344,377,049
FY 2012	100,000,000	490,125,000	\$590,125,000	\$693,200,000	\$101,061,628	\$794,261,628		\$194,500,800	\$194,500,800	\$793,200,000	\$785,687,428	\$1,578,887,428
FY 2013	100,000,000	486,375,000	\$586,375,000	\$693,200,000	\$81,887,716	\$775,087,716		\$199,488,000	\$199,488,000	\$793,200,000	\$767,750,716	\$1,560,950,716
FY 2014	100,000,000	482,525,000	\$582,525,000	\$693,200,000	\$58,866,544	\$752,066,544	\$100,000,000	\$199,488,000	\$299,488,000	\$893,200,000	\$740,879,544	\$1,634,079,544
FY 2015	100,000,000	478,575,000	\$578,575,000	\$693,200,000	\$30,646,372	\$723,846,372	\$300,000,000	\$195,462,000	\$495,462,000	\$1,093,200,000	\$704,683,372	\$1,797,883,372
FY 2016	100,000,000	474,525,000	\$574,525,000				\$600,000,000	\$181,929,000	\$781,929,000	\$700,000,000	\$656,454,000	\$1,356,454,000
FY 2017	125,000,000	470,175,000	\$595,175,000				\$900,000,000	\$152,163,000	\$1,052,163,000	\$1,025,000,000	\$622,338,000	\$1,647,338,000
FY 2018	150,000,000	464,737,500	\$614,737,500				\$900,000,000	\$103,878,000	\$1,003,878,000	\$1,050,000,000	\$568,615,500	\$1,618,615,500
FY 2019	175,000,000	458,212,500	\$633,212,500				\$900,000,000	\$52,893,000	\$952,893,000	\$1,075,000,000	\$511,105,500	\$1,586,105,500
FY 2020	225,000,000	449,550,000	\$674,550,000							\$225,000,000	\$449,550,000	\$674,550,000
FY 2021	275,000,000	438,412,500	\$713,412,500							\$275,000,000	\$438,412,500	\$713,412,500
FY 2022	325,000,000	424,800,000	\$749,800,000							\$325,000,000	\$424,800,000	\$749,800,000
FY 2023	375,000,000	408,712,500	\$783,712,500							\$375,000,000	\$408,712,500	\$783,712,500
FY 2024	450,000,000	390,150,000	\$840,150,000							\$450,000,000	\$390,150,000	\$840,150,000
FY 2025	525,000,000	367,200,000	\$892,200,000							\$525,000,000	\$367,200,000	\$892,200,000
FY 2026	575,000,000	340,425,000	\$915,425,000							\$575,000,000	\$340,425,000	\$915,425,000
FY 2027	625,000,000	311,100,000	\$936,100,000							\$625,000,000	\$311,100,000	\$936,100,000
FY 2028	700,000,000	279,225,000	\$979,225,000							\$700,000,000	\$279,225,000	\$979,225,000
FY 2029	775,000,000	243,525,000	\$1,018,525,000							\$775,000,000	\$243,525,000	\$1,018,525,000
FY 2030	875,000,000	204,000,000	\$1,079,000,000							\$875,000,000	\$204,000,000	\$1,079,000,000
FY 2031	975,000,000	159,375,000	\$1,134,375,000							\$975,000,000	\$159,375,000	\$1,134,375,000
FY 2032	1,050,000,000	109,650,000	\$1,159,650,000							\$1,050,000,000	\$109,650,000	\$1,159,650,000
FY 2033	1,100,000,000	56,100,000	\$1,156,100,000							\$1,100,000,000	\$56,100,000	\$1,156,100,000
<b>TOTAL</b>	<b>\$10,000,000,000</b>	<b>\$11,933,713,333</b>	<b>\$21,933,713,333</b>	<b>\$3,466,000,000</b>	<b>\$381,739,309</b>	<b>\$3,847,739,309</b>	<b>\$3,700,000,000</b>	<b>\$1,279,801,800</b>	<b>\$4,979,801,800</b>	<b>\$17,166,000,000</b>	<b>\$13,595,254,442</b>	<b>\$30,761,254,442</b>

# APPENDIX Q

SUMMARY OF TRS APPROPRIATIONS BY FUND: FY 1996 - 2012								
Fiscal Year		State Pension Fund	Common School Fund	Education Assistance Fund	Pension Notes 2010	General Revenue Fund	Min & Supp Reserves through FY 2000, then Min Only	Total
1996	*	\$30,958,800	\$293,317,200	-	-	-	\$6,542,000	\$330,818,000
1997		\$31,403,500	\$346,565,500	-	-	-	\$8,179,000	\$386,148,000
1998		\$37,868,300	\$422,570,700	-	-	-	\$7,443,000	\$467,882,000
1999	**	\$54,310,700	\$480,740,900	-	-	\$32,016,000	\$6,440,000	\$573,507,600
2000		\$55,600,000	\$520,595,100	-	-	\$57,843,900	\$6,035,000	\$640,074,000
2001		\$57,180,000	\$617,977,000	-	-	\$44,200,000	\$5,500,000	\$724,857,000
2002		\$58,600,000	\$477,019,000	\$275,000,000	-	-	\$4,800,000	\$815,419,000
2003		\$63,455,000	\$550,000,000	\$300,000,000	-	\$12,595,000	\$4,000,000	\$930,050,000
2004		\$47,360,000	\$575,000,000	\$345,000,000	-	\$60,889,000	\$3,400,000	\$1,031,649,000
2005		-	\$422,763,000	\$300,000,000	-	\$181,165,000	\$3,100,000	\$907,028,000
2006		-	\$531,827,700	-	-	-	\$2,800,000	\$534,627,700
2007		-	\$735,514,500	-	-	-	\$2,500,000	\$738,014,500
2008		-	\$1,039,195,000	-	-	-	\$2,100,000	\$1,041,295,000
2009		-	\$1,449,889,000	-	-	-	\$1,900,000	\$1,451,789,000
2010		-	\$834,862,000	-	\$1,245,867,000	-	-	\$2,080,729,000
2011		-	\$110,000,000	\$2,060,918,000	-	-	-	\$2,170,918,000
2012		-	\$2,405,172,000	\$1,300,000	-	-	-	\$2,406,472,000

\* 1996 minimum benefit amount includes additional \$2,200,000 due to minimum benefit increase enacted after certification submitted (increase effective January 1, 1996).

\*\* 1999 includes \$32,016,000 for state share of 2.2 formula enacted after original certification submitted and additional \$9,695,600 in State Pensions Fund appropriations.

# APPENDIX R

SUMMARY OF SURS APPROPRIATIONS BY FUND: FY 1996 - 2012							
Fiscal Year		State Pension Fund	Bond Issue Proceeds	Education Assistance Fund	General Revenue Fund	Common School Fund	Total
1996		\$13,134,800	-	-	\$110,776,200	-	\$123,911,000
1997		\$13,031,400	-	-	\$146,515,600	-	\$159,547,000
1998		\$15,600,400	-	-	\$186,023,600	-	\$201,624,000
1999		\$10,156,100	-	-	\$205,268,900	-	\$215,425,000
2000		\$9,040,000	-	-	\$215,547,000	-	\$224,587,000
2001		\$9,670,000	-	-	\$222,934,000	-	\$232,604,000
2002		\$8,300,000	-	-	\$232,124,000	-	\$240,424,000
2003		\$16,600,000	-	-	\$252,986,000	-	\$269,586,000
2004		\$15,660,000	\$1,431,994,224	-	\$296,080,000	-	\$1,743,734,224
2005		\$222,630,000	-	-	\$47,352,000	-	\$269,982,000
2006		\$80,000,000	-	-	\$86,641,900	-	\$166,641,900
2007		\$134,235,922	-	\$65,065,395	\$52,762,783	-	\$252,064,100
2008		\$186,998,705	-	\$153,321,295	-	-	\$340,320,000
2009		\$223,890,000	-	\$150,072,000	\$76,254,000	-	\$450,216,000
2010		\$139,000,000	\$552,668,057	-	\$8,542,833	-	\$700,210,890
2011		\$63,000,000	\$713,478,354	-	-	-	\$776,478,354
2012		\$230,000,000	-	\$750,485,000	-	-	\$980,485,000

# APPENDIX S

SUMMARY OF SERS APPROPRIATIONS BY FUND: FY 1996 - 2012							
Fiscal Year		State Pension Fund	Common School Fund	Education Assistance Fund	General Revenue Fund	Other State Funds	Total
1996	*	\$8,823,800	-	-	\$87,871,550	\$47,315,450	\$144,010,800
1997	*	\$8,489,800	-	-	\$97,874,400	\$52,701,600	\$159,065,800
1998	*	\$9,208,400	-	-	\$103,279,322	\$55,611,943	\$168,099,665
1999	*	\$8,523,961	-	-	\$193,289,330	\$104,078,870	\$305,892,161
2000	*	\$12,720,000	-	-	\$203,444,540	\$109,547,060	\$325,711,600
2001	*	\$10,490,000	-	-	\$215,437,325	\$116,004,714	\$341,932,039
2002	*	\$10,290,000	-	-	\$230,360,000	\$124,040,000	\$364,690,000
2003	*	\$17,195,000	-	-	\$252,383,300	\$135,898,700	\$405,477,000
2004	*	\$15,150,000	-	-	\$325,436,800	\$175,235,200	\$515,822,000
2005	*	-	-	-	\$324,057,500	\$174,492,500	\$498,550,000
2006	*	-	-	-	\$132,459,535	\$71,324,365	\$203,783,900
2007	*	-	-	-	\$223,706,860	\$120,457,540	\$344,164,400
2008	*	-	-	-	\$358,558,200	\$193,069,800	\$551,628,000
2009	*	-	-	-	\$492,196,250	\$265,028,750	\$757,225,000
2010	*	-	-	-	\$773,162,687	\$395,788,354	\$1,168,951,041
2011	*	-	-	-	\$772,448,140	\$447,275,486	\$1,219,723,626
2012	*	-	-	-	\$957,537,240	\$493,276,760	\$1,450,814,000

\*Estimated GRF and Other State Funds based on annual certified State contributions are 65% GRF and 35% Other State Funds.

APPENDIX T

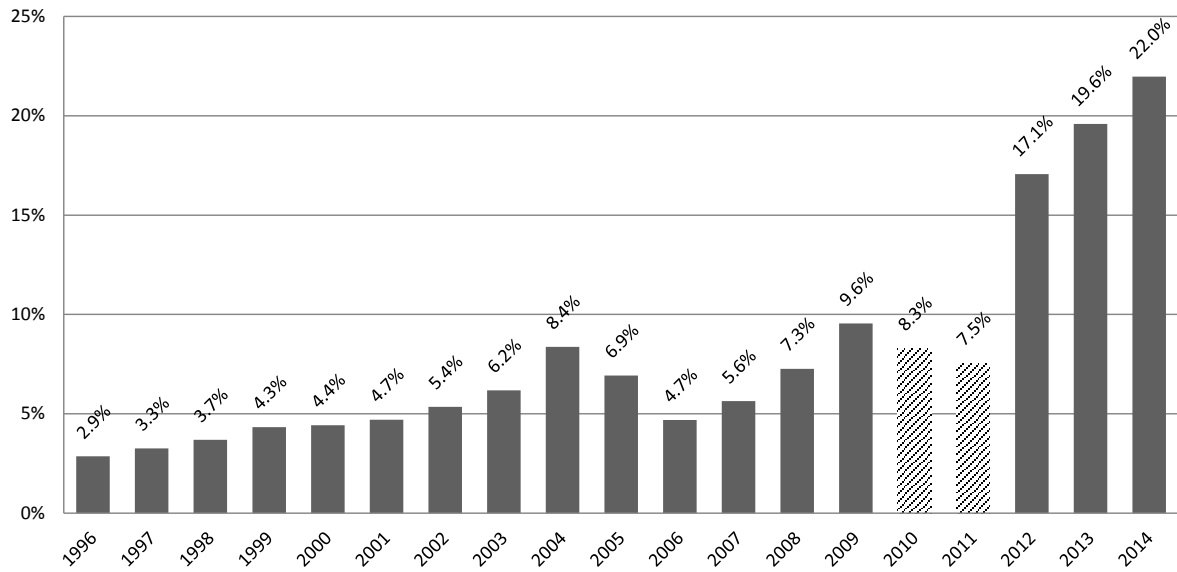
SUMMARY OF JRS APPROPRIATIONS BY FUND: FY 1996 - 2012							
Fiscal Year		State Pension Fund	Common School Fund	Education Assistance Fund	General Revenue Fund	Other State Funds	Total
1996		\$861,000	-	-	\$12,129,000	-	\$12,990,000
1997		\$857,400	-	-	\$13,747,000	-	\$14,604,400
1998		\$1,062,200	-	-	\$15,664,000	-	\$16,726,200
1999		\$2,215,716	-	-	\$18,293,000	-	\$20,508,716
2000		\$2,160,000	-	-	\$21,388,000	-	\$23,548,000
2001		\$2,170,000	-	-	\$24,218,000	-	\$26,388,000
2002		\$2,300,000	-	-	\$27,532,000	-	\$29,832,000
2003		\$2,225,000	-	-	\$31,373,000	-	\$33,598,000
2004		\$609,769	-	-	\$36,526,000	-	\$37,135,769
2005		-	-	-	\$31,991,000	-	\$31,991,000
2006		-	-	-	\$29,189,400	-	\$29,189,400
2007		-	-	-	\$35,236,800	-	\$35,236,800
2008		-	-	-	\$46,872,500	-	\$46,872,500
2009		-	-	-	\$59,983,000	-	\$59,983,000
2010		-	-	-	\$78,509,810	-	\$78,509,810
2011		-	-	-	\$62,699,460	-	\$62,699,460
2012		-	-	-	\$63,644,099	-	\$63,644,099

APPENDIX U

SUMMARY OF GARS APPROPRIATIONS BY FUND: FY 1996 - 2012						
Fiscal Year	State Pension Fund	Common School Fund	Education Assistance Fund	General Revenue Fund	Other State Funds	Total
1996	\$221,600	-	-	\$2,400,000	-	\$2,621,600
1997	\$217,900	-	-	\$2,738,000	-	\$2,955,900
1998	\$260,700	-	-	\$3,113,000	-	\$3,373,700
1999	\$494,718	-	-	\$3,504,000	-	\$3,998,718
2000	\$480,000	-	-	\$3,951,000	-	\$4,431,000
2001	\$490,000	-	-	\$4,305,000	-	\$4,795,000
2002	\$510,000	-	-	\$4,678,000	-	\$5,188,000
2003	\$465,000	-	-	\$5,163,000	-	\$5,628,000
2004	\$300,000	-	-	\$5,790,000	-	\$6,090,000
2005		-	-	\$4,674,000	-	\$4,674,000
2006	-	-	-	\$4,157,000	-	\$4,157,000
2007	-	-	-	\$5,220,300	-	\$5,220,300
2008	-	-	-	\$6,809,800	-	\$6,809,800
2009	-	-	-	\$8,847,000	-	\$8,847,000
2010	-	-	-	\$10,411,274	-	\$10,411,274
2011	-	-	-	\$11,443,614	-	\$11,443,614
2012	-	-	-	\$10,502,000	-	\$10,502,000

## APPENDIX V

### GRF Pension Cost as a Percentage of Total General Funds Regular Contributions plus Pension Bond/Note Debt Service FY 1996 - FY 2045 (Projected)



Note - Only the GRF portion of the regular pension appropriation is shown here. FY 2010 and FY 2011 amounts do not reflect the pension bond/note proceeds pursuant to P.A. 96-0043 and P.A. 96-1497.



## APPENDIX W



### Teachers' Retirement System of the State of Illinois

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

Richard W. Ingram, Executive Director

<http://trs.illinois.gov>

(800) 877-7896 | for the hearing impaired: (866) 326-0087

November 1, 2012

The Honorable Pat Quinn, Governor  
Senator John Cullerton, President of the Senate  
Senator Christine Radogno, Senate Republican Leader  
Representative Michael Madigan, Speaker of the House  
Representative Tom Cross, House Republican Leader  
Mr. Gene Kalwarski, Cheiron, State Actuary

RE: Proposed Certification of FY 2014 TRS State Contribution Requirement

In accordance with 40 ILCS 5/16-158 (a-1) please find with this letter a resolution adopted by the System's board of trustees during its regular board meeting on October 26, 2012.

The resolution accepts the results of the June 30, 2012 actuarial valuation and certifies the proposed total normal cost and employer normal cost rates for FY 2014. It certifies two different amounts for the proposed FY 2014 state contribution to TRS, consistent with TRS board resolution dated March 30, 2012 (and amended April 30, 2012) stating that the board will certify funding requirements based on sound actuarial principles and standards.

The first proposed FY 2014 state contribution is calculated under the current statutory funding plan. The amount required under current state statute is **\$3,438,578,000**. The second amount is that needed to fund the system according to generally accepted actuarial standards. Those standards would have the state contribute the employer's normal cost and amortize all of the unfunded liability over an open 30-year period, and is **\$4,380,537,000**.

Both of these contribution amounts, shown in Exhibit A, are based on the actuarial assumptions adopted by the board of trustees at its September 21, 2012 special meeting. We will submit our final FY 2014 funding certification on or before January 15, 2013, pursuant to 40 ILCS 5/16-158 (a-5).

Please direct any questions to me or Kathleen Farney, Director of Research, at (217) 753-0970.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is fluid and cursive, written over a horizontal line.

Richard W. Ingram  
Executive Director

Enclosures (3)

- Certification of TRS board resolution on proposed FY 2014 funding amount & Exhibit A
- TRS board resolution on actuarial standards and benefit changes, 3/30/12 (amended 4/30/12)
- June 30, 2012 actuarial valuation report for the Teachers' Retirement System of the State of Illinois, Buck Consultants (includes state normal cost for FY 2014)

## APPENDIX X



State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

P.O. Box 2710 • Champaign, IL 61825-2710  
(217) 378-8855 • (217) 378-9801 (fax)

William E. Mabe  
*Executive Director*

October 26, 2012

The Honorable Pat Quinn  
Governor of the State of Illinois  
207 Statehouse  
Springfield, Illinois 62706

Mr. Michael Noble  
Cheiron, Incorporated  
200 West Monroe Street, Suite 1800  
Chicago, Illinois 60606

Re: Proposed Certification of Required State Contribution to the  
State Universities Retirement System for  
State Fiscal Year 2014

Ladies and Gentlemen:

Pursuant to Section 15-165 of the Illinois Pension Code, the Board of Trustees of the State Universities Retirement System (the "System") hereby submits the System's proposed certification of the required State contribution for Fiscal Year 2014 for the purposes of the System.

The Board expects to certify \$1,509,766,000 as being the total net required contribution for Fiscal Year 2014.

As required by Section 15-165, a copy of the preliminary actuarial recommendation, upon which the proposed certification is based, is also enclosed.

Please note that the preliminary actuarial valuation recommends a funding policy that contributes normal cost plus a 30-year closed amortization period for paying the current unfunded accrued liability in full. The current statutory contribution does not comply with this recommendation. Underfunding the System creates a risk that, ultimately, benefit obligations cannot be met from the trust. This will require a greater amount of funding from other State resources.

Additionally, the proposed actuarial valuation recommends that an asset corridor on the actuarial value of assets be implemented. This will reduce the risk of the System not being able to satisfy its obligations in the event of a global market downturn, similar to what was experienced during Fiscal Year 2009, forcing the State to access other resources as previously mentioned.

While the State statute governs funding policy, it is important to highlight the differences between the current statutory appropriation and the recommended actuarially determined funding policy so that potential risks and additional ramifications of underfunding are fully understood.

Sincerely,

  
William E. Mabe  
Executive Director

## APPENDIX Y



Gabriel Roeder Smith & Company  
Consultants & Actuaries

20 North Clark Street  
Suite 2400  
Chicago, IL 60602-5111

312.456.9800 phone  
312.456.9801 fax  
www.gabrielroeder.com

October 30, 2012

Board of Trustees and Executive Secretary  
State Employees' Retirement System of Illinois  
P. O. Box 19255  
2101 S. Veterans Parkway  
Springfield, Illinois 62794-9255

**CONFIDENTIAL**

### Re: Actuarial Certification

At your request, we have performed the annual actuarial valuation of the assets and liabilities of the State Employees' Retirement System of Illinois ("SERS") as of June 30, 2012. This valuation has been performed to measure the funding status of the Fund and determine the employer statutory contribution rate for the year beginning July 1, 2013, and ending June 30, 2014. In addition, it includes disclosure information required under GASB Statement No. 25 and Statement No. 27.

The required statutory contribution rate has been determined under the Projected Unit Credit Cost Method, providing for a 90 percent funding of total actuarial liabilities by fiscal year 2045 as required by 40 ILCS Section 5/14-131(e). Contribution rates are determined according to P.A. 93-0589 reflecting the infusion of the proceeds from the sale of general obligation bonds. The total rate includes a portion of the debt service due to the sale of the general obligation bonds per P.A. 93-0589. The applicable portion of the debt service includes the amount necessary to pay all principal and interest for State fiscal year 2014 on the general obligation bonds except portions reserved under Section 7.2(c) of the General Obligation Bond Act. Additionally, this amount is decreased by the amount set aside in the capitalized interest fund on the understanding this was the legislative intent. The contribution rates reflect the impact of P.A. 96-0889, which created a second tier for future members of SERS hired after December 31, 2010.

The required statutory contribution rates and amounts for fiscal year beginning July 1, 2013, as determined in the June 30, 2012, actuarial valuation are shown below.

	Preliminary	Debt Service	Total
Required Rate	38.435%	1.877%	40.312%
Required Contribution	1,662,667,000	81,198,000	1,743,865,000

The system's current funding plan does not meet the requirements for amortizing the unfunded liability provided under GASB Statement No. 25. In all other respects, the assumptions and methods used to develop the normal cost and actuarial accrued liability meet the requirements of GASB Statement No. 25.

**Gabriel Roeder Smith & Company**

Pursuant to P.A. 96-0043, for purposes of determining statutory contribution rates for fiscal year 2013 an actuarial value of the System's assets was used. The actuarial value of assets is assumed to earn a rate of return equal to the System's actuarially assumed rate of return. The liabilities have been valued based on financial and employee data, which is supplied by the administrative staff of the System and verified by the System's auditor. We did not audit this data, but have reviewed the statistical support and concluded that the data is reasonable and consistent with the prior year's data.

For the actuarial valuation as of June 30, 2012, the assumed rate of return used to discount liabilities and project assets was 7.75 percent.


In our opinion, the calculations also comply with the requirements of Illinois state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board except as noted above. All of our work conforms with generally accepted actuarial principles and practices, and to the Actuarial Standards of Practice issued by the Actuarial Standards Board.

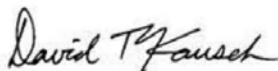
We certify that the information presented herein is accurate and fairly portrays the actuarial position of SERS as of June 30, 2012. We prepared the accompanying Summary of Actuarial Cost Method and Major Actuarial Assumptions, but the SERS staff prepared the other supporting schedules in this section and the trend tables in the financial section, based on information supplied in our report.

The undersigned are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

**Gabriel, Roeder, Smith & Company**

By:   
Alex Rivera, FSA, EA, MAAA  
Senior Consultant

By:   
David Kausch, FSA, EA, MAAA  
Senior Consultant

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**Gabriel Roeder Smith & Company**

## APPENDIX Z



Gabriel Roeder Smith & Company  
Consultants & Actuaries

20 North Clark Street  
Suite 2400  
Chicago, IL 60602-5111

312.456.9800 phone  
312.456.9801 fax  
www.gabrielroeder.com

October 26, 2012

Board of Trustees and Executive Secretary  
Judges' Retirement System of Illinois  
P. O. Box 19255  
2101 S. Veterans Parkway  
Springfield, Illinois 62794-9255

**CONFIDENTIAL**

**Re: Actuarial Certification**

At your request, we have performed the annual actuarial valuation of the assets and liabilities of the Judges' Retirement System of Illinois ("JRS") as of June 30, 2012. This valuation has been performed to measure the funding status of the System and determine the employer statutory contribution rate for the year beginning July 1, 2013, and ending June 30, 2014. In addition, it includes disclosure information required under GASB Statement No. 25 and Statement No. 27.

The required statutory contribution rate has been determined under the Projected Unit Credit Cost Method, providing for a 90 percent funding of total actuarial liabilities by fiscal year 2045 as required by 40 ILCS Section 5/18-131(c). Contribution rates are determined according to P.A. 93-0589 reflecting the infusion of the proceeds from the sale of general obligation bonds. The contribution rates reflect the impact of P.A. 96-0889, which created a second tier for future members of JRS hired after December 31, 2010.

The required statutory contribution rates and amounts for fiscal year beginning July 1, 2013, as determined in the June 30, 2012, actuarial valuation are shown below.

	Total
Required Rate	74.091%
Required Contribution	126,808,000

The system's current funding plan satisfies the requirements for amortizing the unfunded liability provided under GASB Statement No. 25 for the fiscal year ending June 30, 2014. The assumptions and methods used to develop the normal cost and actuarial accrued liability meet the requirements of GASB Statement No. 25.

Pursuant to P.A. 96-0043, for purposes of determining statutory contribution rates for fiscal year 2013 an actuarial value of the System's assets was used. The actuarial value of assets is assumed to earn a rate of return equal to the System's actuarially assumed rate of return. The liabilities have been valued based on financial and employee data, which is supplied by the administrative staff of the System and verified by the System's auditor. We did not audit this data, but have reviewed the statistical support and concluded that the data is reasonable and consistent with the prior year's data.

**Gabriel Roeder Smith & Company**

For the actuarial valuation as of June 30, 2012, the assumed rate of return used to discount liabilities and project assets was 7.0 percent.


In our opinion, the calculations also comply with the requirements of Illinois state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board except as noted above. All of our work conforms with generally accepted actuarial principles and practices, and to the Actuarial Standards of Practice issued by the Actuarial Standards Board.

We certify that the information presented herein is accurate and fairly portrays the actuarial position of JRS as of June 30, 2012. We prepared the accompanying Summary of Actuarial Cost Method and Major Actuarial Assumptions, but the JRS staff prepared the other supporting schedules in this section and the trend tables in the financial section, based on information supplied in our report.


The undersigned are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

**Gabriel, Roeder, Smith & Company**

By:   
Alex Rivera, FSA, EA, MAAA  
Senior Consultant

DRAFT

By:   
David Kausch, FSA, EA, MAAA  
Senior Consultant

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**Gabriel Roeder Smith & Company**



## APPENDIX AA



Gabriel Roeder Smith & Company  
Consultants & Actuaries

20 North Clark Street  
Suite 2400  
Chicago, IL 60602-5111

312.456.9800 phone  
312.456.9801 fax  
www.gabrielroeder.com

October 26, 2012

Board of Trustees and Executive Secretary  
General Assembly Retirement System of Illinois  
P. O. Box 19255  
2101 S. Veterans Parkway  
Springfield, Illinois 62794-9255

**CONFIDENTIAL**

**Re: Actuarial Certification**

At your request, we have performed the annual actuarial valuation of the assets and liabilities of the General Assembly Retirement System of Illinois ("GARS") as of June 30, 2012. This valuation has been performed to measure the funding status of the System and determine the employer statutory contribution rate for the year beginning July 1, 2013, and ending June 30, 2014. In addition, it includes disclosure information required under GASB Statement No. 25 and Statement No. 27.

The required statutory contribution rate has been determined under the Projected Unit Credit Cost Method, providing for a 90 percent funding of total actuarial liabilities by fiscal year 2045 as required by 40 ILCS Section 5/2-124(c). Contribution rates are determined according to P.A. 93-0589 reflecting the infusion of the proceeds from the sale of general obligation bonds. The contribution rates reflect the impact of P.A. 96-0889, which created a second tier for future members of GARS hired after December 31, 2010.

The required statutory contribution rates and amounts for fiscal year beginning July 1, 2013, as determined in the June 30, 2012, actuarial valuation are shown below.

	Total
Required Rate	95.461%
Required Contribution	13,856,000

The system's current funding plan does not meet the requirements for amortizing the unfunded liability provided under GASB Statement No. 25. In all other respects, the assumptions and methods used to develop the normal cost and actuarial accrued liability meet the requirements of GASB Statement No. 25.

Pursuant to P.A. 96-0043, for purposes of determining statutory contribution rates for fiscal year 2013 an actuarial value of the System's assets was used. The actuarial value of assets is assumed to earn a rate of return equal to the System's actuarially assumed rate of return. The liabilities have been valued based on financial and employee data, which is supplied by the administrative staff of the System and verified by the System's auditor. We did not audit this data, but have reviewed the statistical support and concluded that the data is reasonable and consistent with the prior year's data.

**Gabriel Roeder Smith & Company**

For the actuarial valuation as of June 30, 2012, the assumed rate of return used to discount liabilities and project assets was 7.0 percent.

In our opinion, the calculations also comply with the requirements of Illinois state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board except as noted above. All of our work conforms with generally accepted actuarial principles and practices, and to the Actuarial Standards of Practice issued by the Actuarial Standards Board.

We certify that the information presented herein is accurate and fairly portrays the actuarial position of GARS as of June 30, 2012. We prepared the accompanying Summary of Actuarial Cost Method and Major Actuarial Assumptions, but the GARS staff prepared the other supporting schedules in this section and the trend tables in the financial section, based on information supplied in our report.

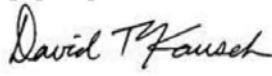
The undersigned are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

**Gabriel, Roeder, Smith & Company**

By: 

Alex Rivera, FSA, EA, MAAA  
Senior Consultant

  
By:

David Kausch, FSA, EA, MAAA  
Senior Consultant

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**Gabriel Roeder Smith & Company**



## APPENDIX BB



### Teachers' Retirement System of the State of Illinois

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

Richard W. Ingram, Executive Director

<http://trs.illinois.gov>

(800) 877-7896 | for the hearing impaired: (866) 326-0087

January 15, 2013

The Honorable Pat Quinn, Governor  
Senator John Cullerton, President of the Senate  
Senator Christine Radogno, Senate Republican Leader  
Representative Michael Madigan, Speaker of the House  
Representative Tom Cross, House Republican Leader

RE: FY 2014 Final Certification of State Contribution under Public Act 097-0694  
(State Actuary Act)

In accordance with 40 ILCS 5/16-158 (a-5), TRS is submitting its final FY 2014 state funding certification. There is no change from the original certification. After reviewing the actuarial model used to determine the preliminary funding requirement, the state actuary found our assumptions reasonable and appropriate, both individually and when taken as a whole.

The attached resolution confirms the TRS board's acceptance of the June 30, 2012 actuarial valuation results and certifies the final total normal cost rate for FY 2014. It certifies two different amounts for the FY 2014 state contribution to TRS, consistent with TRS board resolution dated March 30, 2012 (and amended April 30, 2012) stating that the board will certify funding requirements based on sound actuarial principles and standards.

The first FY 2014 state contribution is calculated under the current statutory funding plan. The amount required under current state statute is \$3,438,578,000. At its December meeting, the TRS Board of Trustees directed that we note as part of this certification the impact of Illinois law that provides this annual contribution shall be reduced by the amount of debt service on the 2003 pension obligation bonds issued by the state. The debt service costs have reduced the funding amount by \$344,738,000 to the \$3,438,578,000 shown.

The second amount is that needed to fund the system according to generally accepted actuarial standards. Those standards would have the state contribute the employer's normal cost and amortize all of the unfunded liability over an open 30- year period and is \$4,046,419,000, a revision from the original \$4,380,537,000.

Both of these contribution amounts, shown in Revised Exhibit A, are based on the actuarial assumptions adopted by the board at its September 21, 2012 special meeting.

January 15, 2013  
Page 2

Please direct any questions to me or Kathleen Farney, Director of Research, at (217) 753-0970.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard W. Ingram", with a stylized flourish at the end.

Richard W. Ingram  
Executive Director

Enclosures (2)

1. Certification of TRS board resolution on final FY 2014 funding amount & Revised Exhibit A
2. TRS board resolution on actuarial standards and benefit changes, 3/30/12 (amended 4/30/12)

## APPENDIX CC



State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

P.O. Box 2710 • Champaign, IL 61825-2710  
(217) 378-8855 • (217) 378-9801 (fax)

William E. Mabe  
*Executive Director*

January 7, 2013

The Honorable Pat Quinn  
Governor of the State of Illinois  
207 Statehouse  
Springfield, Illinois 62706

Re: Certification of Required State Contribution to the  
State Universities Retirement System for State Fiscal Year 2014

Dear Governor Quinn:

As required by 40 ILCS 5/15-165, the Board of Trustees of the State Universities Retirement System has certified the required State contribution for State fiscal year 2014 for the purposes of the System.

The Board hereby certifies that \$1,509,766,000 is the total net required State contribution for State fiscal year 2014. An official certification is enclosed. A copy of the actuarial recommendation upon which the certification is based is also enclosed, as required by Section 15-165.

Please note that the Fiscal Year 2014 contributions are based on the current 7.75% present investment return assumption. In addition, the projected normal cost for the Fiscal Year 2014 is \$408,800,000 and the projected State cost for the self-managed plan for Fiscal Year 2014 is \$48,080,000.

As further required by the recent amendments to Section 15-165, the State Actuary has reviewed all of the actuarial assumptions used in the State Universities Retirement System's 2012 actuarial valuation. The State Actuary has concluded that the assumptions are reasonable and no changes are needed. Additionally, the State Actuary has verified the arithmetic used in the calculations made by the State Universities Retirement System's actuary to develop the required State contribution.

The State Actuary made certain disclosure recommendations with respect to the State Universities Retirement Systems 2012 actuarial valuation report and future valuation reports. The Board of Trustees has accepted the proposed recommendations and further notes that the State Actuary's recommended disclosures have no impact on the required State contribution amount.

Sincerely,

William E. Mabe  
Executive Director

Encl: Certification  
Actuarial Valuation Report  
State Actuary's Report

## APPENDIX DD



STATE  
RETIREMENT  
SYSTEMS

- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

Internet: <http://www.state.il.us/srs> E-Mail: [ser@mail.state.il.us](mailto:ser@mail.state.il.us)

2101 South Veterans Parkway, P.O. Box 19255, Springfield, IL 62794-9255

January 11, 2013

The Honorable Pat Quinn  
Governor  
207 Statehouse  
Springfield, IL 62706



Dear Governor Quinn:

Pursuant to Public Act 97-694, the Board of Trustees of the State Employees' Retirement System has certified a State contribution for FY 2014 of \$1,743,865,000, or 40.312% of payroll. This contribution level is based on provisions contained in Public Act 88-0593, as amended. The FY 2014 certification includes \$574 million for the employer's portion of expected normal cost, \$81.2 million for debt service on the 2003 pension obligation bonds, and \$1,088.7 million for the amortization of the unfunded liabilities.

Attached is the FY 2012 actuarial valuation along with the certification letter prepared by the System's actuaries.

Very truly yours,

A handwritten signature in cursive script that reads 'Timothy Blair'.

Timothy Blair  
Executive Secretary

cc: Governor Pat Quinn, Chicago Office  
Jerome Stermer, Director, Governor's Office of Management & Budget  
Cory Burris, Governor's Office of Management & Budget  
Dan Long, Director, Commission on Government Forecasting & Accountability  
Dan Hankiewicz, Commission on Government Forecasting & Accountability  
Senate President John Cullerton  
Republican Leader Christine Radogno  
Speaker of the House Michael Madigan  
Republican Leader Thomas Cross  
Noe Chaimongkol, Office of Senate President  
John Lowder, Speaker's Office  
Mike Mahoney, House Republican Staff  
Kim Fowler, Senate Republican Staff  
Kristin Richards, Senate President's Office  
John Hamman, House Democratic Staff  
Judy Baar Topinka, Comptroller  
Lindsay Anderson, Director of Legislative Affairs, Governor's Office



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## APPENDIX EE



STATE  
RETIREMENT  
SYSTEMS

- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

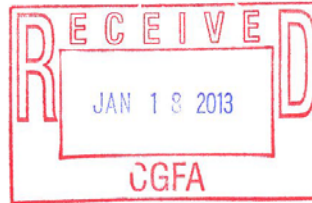
Internet: <http://www.state.il.us/srs>

E-Mail: [ser@mail.state.il.us](mailto:ser@mail.state.il.us)

2101 South Veterans Parkway, P.O. Box 19255, Springfield, IL 62794-9255

January 11, 2013

The Honorable Pat Quinn  
Governor  
207 Statehouse  
Springfield, IL 62706



Dear Governor Quinn:

Pursuant to Public Act 97-694, the Board of Trustees of the Judges Retirement System has certified a State contribution for FY 2014 of \$126,808,000, or 74.091% of payroll. This contribution level is based on provisions contained in Public Act 88-0593, as amended. The FY 2014 certification includes \$43.8 million for the employer's portion of expected normal and \$83.2 million for the amortization of the unfunded liabilities.

Attached is the FY 2012 actuarial valuation along with the certification letter prepared by the System's actuaries.

Very truly yours,

Timothy Blair  
Executive Secretary

cc: Governor Pat Quinn, Chicago Office  
Jerome Stermer, Director, Governor's Office of Management & Budget  
Cory Burris, Governor's Office of Management & Budget  
Dan Long, Director, Commission on Government Forecasting & Accountability  
Dan Hankiewicz, Commission on Government Forecasting & Accountability  
Senate President John Cullerton  
Republican Leader Christine Radogno  
Speaker of the House Michael Madigan  
Republican Leader Thomas Cross  
Noe Chaimongkol, Office of Senate President  
John Lowder, Speaker's Office  
Mike Mahoney, House Republican Staff  
Kim Fowler, Senate Republican Staff  
Kristin Richards, Senate President's Office  
John Hamman, House Democratic Staff  
Judy Baar Topinka, Comptroller  
Lindsay Anderson, Director of Legislative Affairs, Governor's Office



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## APPENDIX FF



STATE  
RETIREMENT  
SYSTEMS

- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

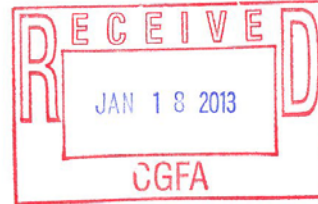
Internet: <http://www.state.il.us/srs>

E-Mail: [ser@mail.state.il.us](mailto:ser@mail.state.il.us)

2101 South Veterans Parkway, P.O. Box 19255, Springfield, IL 62794-9255

January 11, 2013

The Honorable Pat Quinn  
Governor  
207 Statehouse  
Springfield, IL 62706



Dear Governor Quinn:

Pursuant to Public Act 97-694, the Board of Trustees of the General Assembly Retirement System has certified a State contribution for FY 2014 of \$13,856,000, or 95.461% of payroll. This contribution level is based on provisions contained in Public Act 88-0593, as amended. The FY 2014 certification includes \$3.1 million for the employer's portion of expected normal cost and \$10.8 million for the amortization of the unfunded liabilities.

Attached is the FY 2012 actuarial valuation along with the certification letter prepared by the System's actuaries.

Very truly yours,

Timothy Blair  
Executive Secretary

TB

cc: Governor Pat Quinn, Chicago Office  
Jerome Stermer, Director, Governor's Office of Management & Budget  
Cory Burris, Governor's Office of Management & Budget  
Dan Long, Director, Commission on Government Forecasting & Accountability  
Dan Hankiewicz, Commission on Government Forecasting & Accountability  
Senate President John Cullerton  
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Kim Fowler, Senate Republican Staff  
Kristin Richards, Senate President's Office  
John Hamman, House Democratic Staff  
Judy Baar Topinka, Comptroller  
Lindsay Anderson, Director of Legislative Affairs, Governor's Office



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## **BACKGROUND**

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of State debt impact notes on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans;
- 5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
- 6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
- 7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a "Monthly Briefing", the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Legislative Capital Plan Analysis" examines the State's capital appropriations plan and debt position. "The Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year "Budget Summary"; "Report on the Liabilities of the State Employees' Group Insurance Program"; and "Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program". The Commission also publishes each year special topic reports that have or could have an impact on the economic well being of Illinois. All reports are available on the Commission's website.

These reports are available from:

Commission on Government Forecasting and Accountability  
703 Stratton Office Building  
Springfield, Illinois 62706  
(217) 782-5320  
(217) 782-3513 (FAX)

[http://www.ilga.gov/commission/cgfa/cgfa\\_home.html](http://www.ilga.gov/commission/cgfa/cgfa_home.html)