

October 11, 2016

Mr. Colm Brewer  
Bureau of Benefits Chief Financial Officer  
Illinois Department of Central Management Services  
401 South Spring Street  
Springfield, IL 62706

Via E-mail

**Subject: TRIP – GASB 43 Projection as of June 30, 2016**

Dear Colm:

Submitted in this report is the updated GASB 43 Required Supplementary Information as of June 30, 2016, associated with the employer financed retiree health benefits provided through the State of Illinois Teachers' Retirement Insurance Program (TRIP). The TRIP is a benefit plan designed to provide postemployment healthcare benefits to certain members receiving pension benefits through the Teachers' Retirement System of Illinois (TRS).

The results in this report are based on an actuarial projection of liabilities using the actuarial valuation as of June 30, 2014. As you review the enclosures please note the following:

- Asset information as of June 30, 2016, is based on the information you provided via e-mail on September 14, 2016.
- The number of projected enrollees was consistent with actual experience, so no liability adjustments were made for demographic experience.
- The projected accrued liabilities at June 30, 2015, reflect available premium, enrollment and claim experience through June 30, 2015, as provided by Central Management Services (CMS).
- Other assumptions and methods are consistent with those used for the June 30, 2014, actuarial valuation.
- Payroll for fiscal year 2016 was estimated assuming a wage inflation increase of four and one half percent.

A comparison of the actuarial liabilities, normal cost and annual required contribution follows:

*(\$ in Millions)*

<b>Fiscal Year End (FYE)</b>	<b>6/30/2015</b>	<b>6/30/2016</b>
Actuarial Accrued Liability at beginning of FY	\$18,759.78	\$20,116.15
Net Normal Cost for the FYE	\$741.92	\$770.32
Annual Required Contribution for the FYE	\$1,370.17	\$1,443.07

We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by TRS or CMS.

Authorization of the actuarial assumptions and methods applicable to this actuarial valuation was granted by the State, and they are disclosed in the actuarial assumptions and methods section of the actuarial valuation report as of June 30, 2014.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report was prepared for purposes of complying with the requirements of Statement No. 43 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of this accounting standard. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the financial reporting requirements of TRIP and participating employers may produce significantly different results.

This report was prepared at the request of the Department of Central Management Services (CMS) and is intended for use by CMS and those designated or approved by CMS. This report may be provided to other parties only in its entirety and only with the permission of CMS.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of TRIP as of the actuarial valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes. Alex Rivera and Lance J. Weiss are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

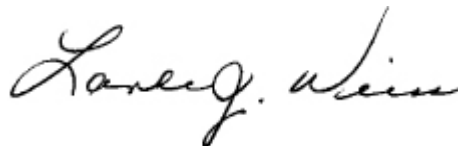
The signing actuaries are independent of the plan sponsor.

Please contact us if you have any questions or comments.

Sincerely,



Alex Rivera, FSA, EA, MAAA, FCA  
Senior Consultant



Lance J. Weiss, EA, MAAA, FCA  
Senior Consultant

cc: Ms. Jessica Olive, Central Management Services

Enclosure

**Teachers' Retirement Insurance Program**  
**Summary of Demographic Information as of June 30, 2015**

	<b>Primary Members</b>	<b>Dependents</b>	<b>Total</b>
A) Active Participants - Full-Time and Part-Time <sup>a</sup>			
i) Counts	128,989		128,989
ii) Average Age	41.4		41.4
iii) Average Service	12.6		12.6
B) Active Participants - Hourly and Substitute			
i) Counts	25,087		25,087
ii) Average Age	43.5		43.5
iii) Average Service	2.4		2.4
C) Retirees, Survivor, and Dependents Under Age 65 <sup>b</sup>			
i) Counts	16,210	2,038	18,248
ii) Average Age	62.1	61.0	61.9
D) Retirees, Survivor, and Dependents Over Age 65 <sup>b</sup>			
i) Counts	47,556	7,952	55,508
ii) Average Age	74.6	74.4	74.6
E) Waived Retirees and Survivors <sup>c</sup>			
i) Counts	21,803		21,803
ii) Average Age	64.2		64.2
F) Children			
i) Counts	7	760	767
ii) Average Age	16.6	21.5	21.5
G) Deferred vesteds <sup>d</sup>			
i) Counts	10,403		10,403
ii) Average Age	47.6		47.6
H) Deferred vesteds <sup>e</sup>			
i) Counts	6,266		6,266
ii) Average Age	44.6		44.6
<b>I) Total Participants</b>	<b>256,321</b>	<b>10,750</b>	<b>267,071</b>

<sup>a</sup> Excludes members that are active in TRS and categorized as a dependent in SEGIP, and active members in TRS with vested benefits in SERS, SURS, GARS or JRS.

<sup>b</sup> Only includes members and dependents currently receiving benefits through TRIP.

<sup>c</sup> Includes members currently under the age of 70 and waived beneficiaries over the age of 26 and under 70.

<sup>d</sup> Members with at least 7 years of service and currently under the age of 70.

<sup>e</sup> Members with 5 to 7 years of service and currently under the age of 70.

<b>Assets Available for Benefits</b>	<b>As of June 30,</b>	
	<b>2015</b>	<b>2016</b>
<b>Net Assets Held in Trust for Post-Employment Benefits, Beginning of Year</b>	\$(87,555,000)	\$(66,272,000)
<b>Revenues</b>		
State Contributions	\$100,983,000	\$108,259,000
Employer Contribution	81,415,000	86,146,000
Federal Government Medicare Part D Subsidy	2,760,000	1,838,000
Active Member Contributions	109,413,000	115,355,000
Retired Member Contributions	124,140,000	124,788,000
COBRA	108,000	87,000
Interest	161,000	174,000
<b>Total Revenues</b>	<u>\$418,980,000</u>	<u>\$436,647,000</u>
<b>Deductions</b>		
Benefits	\$389,280,000	\$420,458,000
Administrative Expense	8,417,000	9,332,000
<b>Total Deductions</b>	<u>\$397,697,000</u>	<u>\$429,790,000</u>
Net Change	\$21,283,000	\$6,857,000
<b>Net Assets Held in Trust for Post-Employment Benefits, End of Year</b>	\$(66,272,000)	\$(59,415,000)

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
6/30/2007	\$65,790,000	\$14,284,678,100	\$14,218,888,100	0.46%	\$7,785,457,500	182.63%
6/30/2009	54,603,000	14,931,395,700	14,876,792,700	0.37%	8,428,359,200	176.51%
6/30/2011	7,125,000	18,860,374,900	18,853,249,900	0.04%	8,791,038,900	214.46%
6/30/2013	(80,139,000)	19,459,607,400	19,539,746,400	-0.41%	9,110,414,500	214.48%
6/30/2014	(87,555,000)	18,759,775,800	18,847,330,800	-0.47%	9,340,200,400	201.79%
6/30/2015 <sup>a</sup>	(66,272,000)	20,116,154,500	20,182,426,500	-0.33%	9,760,509,400	206.78%

<sup>a</sup> *Estimated.*

**Schedule of Employer Contributions**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>State Contributions</b>	<b>State Percentage Contributed</b>	<b>Employer Contributions</b>	<b>Employer Percentage Contributed</b>	<b>Medicare Part D Contributions</b>	<b>Medicare Part D Percentage Contributed</b>
2007	\$1,013,794,100	\$75,839,000	7.48%	\$58,191,000	5.74%	\$17,026,000	1.68%
2008	1,059,414,800	68,596,600	6.47%	63,458,000	5.99%	19,930,000	1.88%
2009	1,145,504,500	75,474,000	6.59%	66,312,000	5.79%	22,285,000	1.95%
2010	1,197,052,100	79,007,000	6.60%	67,706,000	5.66%	23,897,000	2.00%
2011	1,540,322,200	85,953,000	5.58%	70,570,000	4.58%	23,422,000	1.52%
2012	1,609,636,700	87,622,000	5.44%	71,376,000	4.43%	24,911,000	1.55%
2013	1,513,938,500	86,683,000	5.73%	74,023,000	4.89%	23,958,000	1.58%
2014	1,445,469,000	90,430,000	6.26%	77,290,000	5.35%	16,360,000	1.13%
2015	1,370,165,900	100,983,000	7.37%	81,415,000	5.94%	2,760,000	0.20%
2016	1,443,066,700	108,259,000	7.50%	86,146,000	5.97%	1,838,000	0.13%