



October 17, 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: CIP – GASB 43 Projection as of June 30, 2016 - Revised

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 College Insurance Program (CIP). The CIP is a benefit plan designed to provide postemployment healthcare benefits to certain members receiving pension benefits through the State Universities Retirement System of Illinois (SURS).

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 and updated on October 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)

Fiscal Year End (FYE)	6/30/2015	6/30/2016
Actuarial Accrued Liability at beginning of FY	\$1,662.15	\$1,792.63
Net Normal Cost for the FYE	\$77.82	\$81.32
Annual Required Contribution for the FYE	\$133.84	\$141.97

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 SURS 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 CIP 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 CIP 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.

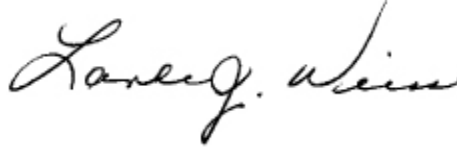
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Please contact us if you have any questions or comments.

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

**College Insurance Program
 Retiree Healthcare Program
 Summary of Demographic Information as of June 30, 2015**

	<u>Currently CIP Eligible^b</u>	<u>Not Currently CIP Eligible^c</u>	<u>Total</u>
A) Active Participants			
i) Counts	13,310	8,749	22,059
ii) Average Age	48.2	50.3	49.0
iii) Average Service	11.9	8.1	10.4
B) Retirees and Survivors Under Age 65 ^a			
i) Counts	1,422		1,422
ii) Average Age	61.3		61.3
C) Retirees and Survivors Over Age 65 ^a			
i) Counts	4,485		4,485
ii) Average Age	74.1		74.1
D) Dependents Under Age 65 ^a			
i) Counts	91		91
ii) Average Age	60.6		60.6
E) Dependents Over Age 65 ^a			
i) Counts	637		637
ii) Average Age	74.2		74.2
F) Waived Retirees and Survivors ^d			
i) Counts	1,698		1,698
ii) Average Age	63.6		63.6
G) Survivor Children ^a			
i) Counts	4		4
ii) Average Age	16.2		16.2
H) Dependent Children ^a			
i) Counts	36		36
ii) Average Age	20.9		20.9
I) Deferred Vested Participants ^d			
i) Counts	1,396	2,475	3,871
ii) Average Age	49.6	53.4	52.0
J) Total Participants	23,079	11,224	34,303

^a Only includes members and dependents currently receiving benefits through CIP.

^b Includes deferred vested members with vested pension and CIP benefits.

^c Includes deferred vested members with vested pension benefits, but not currently vested for CIP benefits.

^d Includes members currently under the age of 70 and waived beneficiaries over the age of 26 and under 70.

Assets Available for Benefits	As of June 30,	
	2015	2016
Net Assets Held in Trust for Post-Employment Benefits, Beginning of Year	\$(18,613,000)	\$(26,774,000)
Revenues		
State Contributions	\$4,479,000	\$4,625,000
Employer Contribution	4,295,000	4,417,000
Federal Government Medicare Part D Subsidy	271,000	157,000
Active Member Contributions	4,295,000	4,417,000
Retired Member Contributions	12,209,000	12,284,000
COBRA	-	-
Interest	9,000	9,000
Other Additions	406,000	-
Total Revenues	\$25,964,000	\$25,909,000
Deductions		
Benefits	\$32,125,000	\$26,608,000
Administrative Expense	2,000,000	1,940,000
Total Deductions	\$34,125,000	\$28,548,000
Net Change	\$(8,161,000)	\$(2,639,000)
Net Assets Held in Trust for Post-Employment Benefits, End of Year	\$(26,774,000)	\$(29,413,000)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2007	\$9,562,000	\$1,846,969,100	\$1,837,407,100	0.52%	\$740,214,000	248.23%
6/30/2009	1,446,000	1,894,271,800	1,892,825,800	0.08%	903,257,200	209.56%
6/30/2011	(19,657,000)	2,053,133,000	2,072,790,000	-0.96%	922,823,300	224.61%
6/30/2013	(13,238,000)	2,382,196,000	2,395,434,000	-0.56%	983,285,500	243.62%
6/30/2014	(18,613,000)	1,662,148,000	1,680,761,000	-1.12%	969,726,800	173.32%
6/30/2015 ^a	(26,774,000)	1,792,632,000	1,819,406,000	-1.49%	1,012,185,300	179.75%

^a *Estimated.*

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	State Contributions	State Percentage Contributed	Employer Contributions	Employer Percentage Contributed	Medicare Part D Contributions	Medicare Part D Percentage Contributed
2007	\$178,542,000	\$3,707,000	2.08%	\$3,645,000	2.04%	\$1,343,000	0.75%
2008	185,683,000	4,740,000	2.55%	3,716,000	2.00%	1,737,000	0.94%
2009	188,465,000	3,916,000	2.08%	3,646,000	1.93%	2,013,000	1.07%
2010	196,946,900	4,059,000	2.06%	3,966,000	2.01%	2,267,000	1.15%
2011	182,236,200	5,237,000	2.87%	4,090,000	2.24%	2,219,000	1.22%
2012	190,436,800	4,396,000	2.31%	4,269,000	2.24%	2,424,000	1.27%
2013	196,999,600	40,176,000 ^a	20.39%	4,148,000	2.11%	2,322,000	1.18%
2014	171,061,900	4,399,000	2.57%	4,396,000	2.57%	1,611,000	0.94%
2015	133,842,900	4,479,000	3.35%	4,295,000	3.21%	271,000	0.20%
2016	141,966,200	4,625,000	3.26%	4,417,000	3.11%	157,000	0.11%

^a *The State made a contribution of approximately \$40.2 million, compared with the statutory contribution of about \$4.2 million during fiscal year 2013 to partially address the funding deficiency.*