

Illinois State Retirement Systems

Financial Condition as of
June 30, 2021



Commission on Government
Forecasting & Accountability

September 2022

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 2007 through FY 2021, the combined unfunded liabilities of the systems increased by \$87.5 billion based upon the market value of assets. The main factors for this increase in unfunded liabilities were actuarially insufficient employer contributions, changes in actuarial assumptions and demographics and other miscellaneous actuarial factors, along with lower-than-assumed investment returns.
- 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 46.6% as of June 30, 2021.
- 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 positions. The funding projections shown in the appendices A-F of this report were prepared by the systems' actuaries.
- If the State continues funding according to Public Act 88-0593, the projected accrued liabilities of the State retirement systems will increase from **\$249.0** billion at the end of FY 2022 to **\$322.0** billion at the end of FY 2045. At the same time, the projected actuarial value of assets is projected to increase from **\$111.3** billion to **\$289.8** billion. Consequently, the projected unfunded liabilities are projected to decrease from **\$137.7** billion at the end of FY 2022 to **\$32.2** billion at the end of FY 2045, and the projected funded ratio is expected to increase from **44.7%** in FY 2022 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 predicated upon the State making the necessary contributions as required by law. Please refer to Appendices A-F for more detailed projections.
- Each of the 5 State retirement systems provided a certification of the required State contribution for FY 2023. A certification letter of Chicago Teachers Pension Fund (CTPF) for FY 2023 is also presented in this report. These certification letters are displayed in the appendices U-EE.

- For FY 2021, all the systems experienced a net actuarial gain, largely due to exceptional investment returns. More information on this topic can be found in the “Change in Unfunded Liabilities” charts (Charts 2 and 3) located herein.

FY 2022 Pension Appropriation by Fund
with \$300M Additional Contributions Pursuant to P.A. 102-0696 ^{1,2}
(\$ in Millions)

SYSTEM	General Funds		Other State Funds	Total
	Final Certification	P.A. 102-0696	Final Certification	
TRS	\$ 5,694.11	\$ 172.82	\$0.0	\$ 5,866.93
SURS	\$ 1,883.28	\$ 58.14	\$218.0	\$ 2,159.42
SERS	\$ 1,673.63	\$ 64.79	\$901.2	\$ 2,639.61
GARS	\$ 27.82	\$ 0.68	\$0.0	\$ 28.50
JRS	\$ 152.42	\$ 3.57	\$0.0	\$ 155.99
Total	\$ 9,431.26	\$ 300.00	\$ 1,119.19	\$ 10,850.45

¹ This chart is based on the certified final FY 2022 State contributions by the five State systems. (P.A. 102-0017, the FY 2022 appropriation bill)

² P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. The amount of \$300 million was appropriated from the General Revenue Fund to the Pension Stabilization Fund to reduce the unfunded liabilities of the five retirement systems.

FY 2023 Pension Appropriation by Fund
with \$200M Additional Contributions Pursuant to P.A. 102-0698 ^{3,4}
(\$ in Millions)

System	General Funds		Other State Funds	Total
	Final Certification	P.A. 102-0698	Final Certification	
TRS	\$ 5,894.03	\$ 115.22	\$0.0	\$ 6,009.25
SURS	\$ 1,903.57	\$ 38.76	\$215.0	\$ 2,157.33
SERS ⁵	\$ 1,711.93	\$ 43.19	\$881.9	\$ 2,637.02
GARS	\$ 27.17	\$ 0.45	\$0.0	\$ 27.63
JRS	\$ 142.66	\$ 2.38	\$0.0	\$ 145.04
Total	\$ 9,679.36	\$ 200.00	\$1,096.9	\$ 10,976.26

³ This chart is based on the certified final FY 2023 State contributions by the five State systems.

⁴ P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. The \$200 million was appropriated from the General Revenue Fund to the Pension Stabilization Fund to reduce the unfunded liabilities of the five retirement systems.

⁵ The final certified SERS FY 2023 State contributions include a total of \$109.2 million in 2003 POB debt service. Of this amount, \$72.1 million comes from the General Revenue Fund (GRF) and \$37.1 million comes from the other state funds.

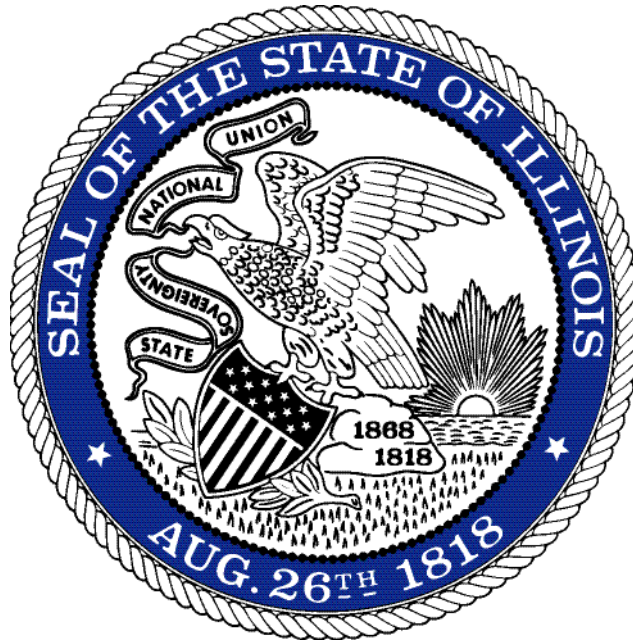
Total FY 2022 Pension Appropriation Pursuant to P.A. 102-0696: \$10,850.4 Million

Total FY 2023 Pension Appropriation Pursuant to P.A. 102-0698: \$10,976.3 Million

Total Increase, FY 2023 over FY 2022: \$125.8 Million

Total GF Increase, FY 2023 over FY 2022: \$148.1 Million

I. Public Act 96-0889 and Public Act 96-1495 (Creation of Tier II)



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 Police Officers, 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 under age 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 Police Officers, Firefighters, and Correctional Guards

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

Annual Increases in Annuity

- Increases begin at the latter 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

- The act prohibits simultaneously collecting a pension and a salary with a public employer.

Chicago Teachers’ Extension of Funding Plan

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

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

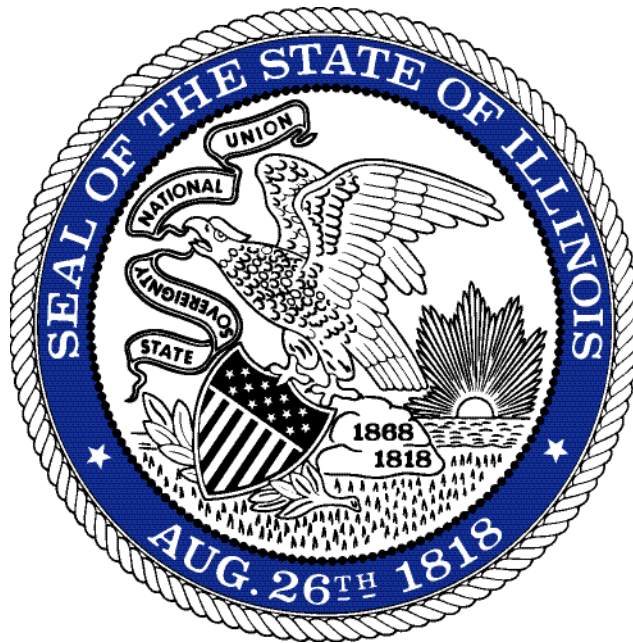
Annual Increase in Annuity – Judges and General Assembly

- Increases begin after attainment of age 67
- Increases equal to the lesser of 3% or one-half of the annual increase in the CPI-U 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

II. Public Act 100-0023 (Creation of Tier III)



Tier Three Pension Reform via the Budget Implementation Act
Public Act 100-0023
Senate Bill 0042 – Trotter (Harris)

I. Overview of Key Provisions of Public Act 100-0023 (SB 42)

Effective Date

- July 6, 2017

Systems Impacted

- GARS, Chicago Fire, Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, SERS, SURS, TRS, Chicago Teachers, and JRS

Optional Tier 3 Hybrid Plan

Tier 3 Availability

- SERS, SURS, and TRS:
 - Tier 3 benefits are available as soon as the board of that respective system authorizes members to begin participation.
 - Each of these systems shall endeavor to make participation available as soon as possible. This requirement is referred to as the “implementation date.”
 - Newly hired and existing Tier 2 members must make the election to participate in Tier 3 within 30 days of becoming a member or participant in the pertinent system.
- MEABF, Cook County Employees, Forest Preserve Employees, LABF, Park Employees, and CTPF
 - Tier 3 benefits are available beginning 6 months after the governing body of the unit of local government approves participation in the plan via adoption of a resolution or ordinance.
 - No later than 5 months after the resolution or ordinance approving participation in Tier 3, the affected system shall prepare and implement the defined contribution component of the Tier 3 hybrid plan.
 - Newly hired members must make the election to participate in the Tier 3 hybrid system within 30 days of becoming a member or participant in the pertinent system.

Tier 3 Benefit Summary

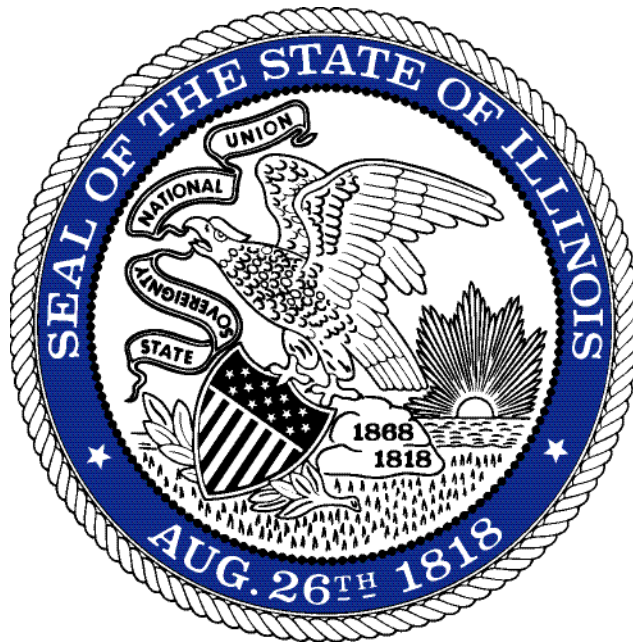
- Retirement Annuity: 1.25% for each year of service credit multiplied by final average salary
- Normal Retirement: determined by Social Security Administration, but no earlier than 67 years of age with at least 10 years of service
- COLA: Beginning 1 year after annuity start date and equal to 50% of the CPI-W
- Survivor's/Widow's Annuity: 66 2/3% of participant's retirement annuity
- Employee Contribution for the DB component: 6.2% of salary (cannot exceed the retirement system's normal cost)
- Employee Contribution for the DC component: 4% minimum

- Employer Contributions for the DC component: between 2% and 6% of salary
 - Employer contributions vest when they are paid into a participant's account.
 - Employee and employer contributions are transferrable into other qualified plans.
- For SURS and TRS
 - Employer Contribution: $\text{DB Normal Cost} - \text{Employee Contribution} + 2\%$ (expressed as a % of payroll)

Changes in State Contributions

- For SURS and TRS, in fiscal years 2018 through 2020, the State shall contribute an additional 2% of payroll of each Tier 3 employee.
- For SURS and TRS, if the amount of a participant's salary exceeds the amount of the Governor's salary, the employer shall pay to the System an amount equal to the employer normal cost multiplied by the excess amount of salary.
- State contribution-altering changes in actuarial or investment assumptions shall be implemented and smoothed over a 5-year period beginning in FY 18.

III. Public Act 100-0587 (HB 3342)



Voluntary Accelerated Pension Benefit Programs – SERS, TRS, and SURS
Public Act 100-0587
House Bill 3342 – Harris (Steans)

I. Overview of Key Provisions of Public Act 100-0587 (HB 3342)

Effective Date

- June 4, 2018

Systems Impacted

- SERS, TRS, and SURS

Voluntary Pension Buyout for Vested, Inactive Members

Until June 30, 2021, an eligible member in SERS, SURS, or TRS may irrevocably elect to receive an accelerated pension benefit payment equal to 60% of the present value of a member's pension benefit in lieu of receiving any pension benefit. An eligible member means a person who:

- 1) Is an inactive member in a DB plan;
- 2) Has enough credits to receive a retirement annuity (i.e., has vested in the pertinent system);
- 3) Has not received any retirement annuity; and
- 4) Has not elected the compounded 3% COLA buyout option.

The accelerated pension payments would be paid from the proceeds of the State Pension Obligation Acceleration Bonds.

Voluntary Compounded 3% COLA Buyout for Tier 1 Members

An eligible member in SERS, SURS, or TRS may irrevocably elect to receive an accelerated pension benefit payment equal to 70% of the difference of the present value of the 3% compounded COLA and the present value of a reduced COLA (simple 1.5%) in exchange for receiving a simple 1.5% COLA. An eligible member means a person who:

- 1) Is a Tier 1 member in a DB plan;
- 2) Has submitted an application for retirement;
- 3) Meets age and service requirements to receive a retirement annuity;
- 4) Has not received any retirement annuity; and
- 5) Has not elected the inactive vested pension buyout option.

The accelerated pension benefit payments would be paid from the proceeds of the State Pension Obligation Acceleration Bonds.

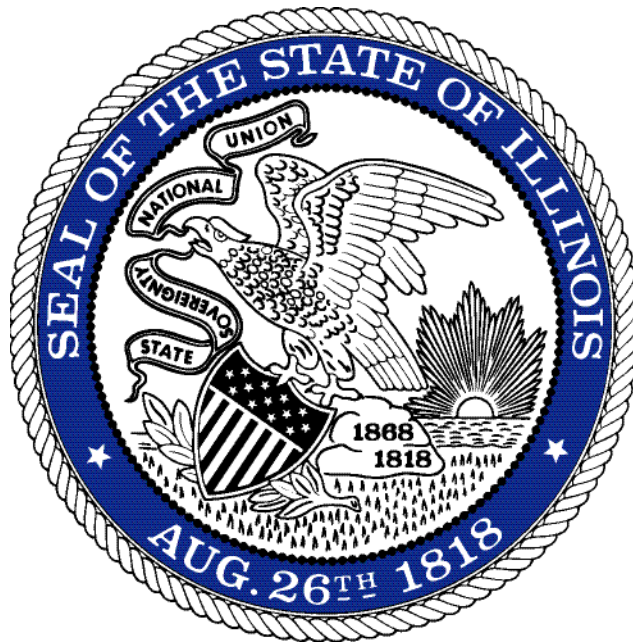
Each system made participation assumptions regarding the pension buyout plans in their respective 2021 actuarial valuations. These assumptions are summarized in the table below:

System	Total Pension Buyout Plan	COLA Buyout
TRS	5% of eligible inactive members	20% of eligible Tier 1 members
SURS	0% of eligible inactive members	0% of eligible Tier 1 members
SERS	2% of eligible inactive members	<ul style="list-style-type: none">• 20% of eligible Tier 1 Regular formula members;• 40% of eligible Tier 1 non-coordinated Alternative formula members; and• 35% of eligible Tier 1 coordinated Alternative formula members

State Pension Obligation Acceleration Bonds

The State Pension Obligation Acceleration Bonds of \$1 billion would be authorized to be issued for the accelerated pension benefit payments for SERS, SURS, and TRS.

IV. Public Act 101-0010 (SB 1814)



Extension of the Voluntary Pension Buyout Programs – SERS, TRS, and SURS
Public Act 101-0010
Senate Bill 1814 – Steans (Harris)

I. Overview of Key Provisions of Public Act 101-0010 (SB 1814)

Effective Date

- June 5, 2019

Systems Impacted

- SERS, TRS and SURS

Extension of the Two Voluntary Pension Buyout Programs

The two existing pension buyout programs for TRS, SURS, and SERS, created by P.A. 100-0587, were extended by 3 years to June 30, 2024, from June 30, 2021, as summarized below.

- **Total pension buyout plan:** If an eligible inactive, vested member irrevocably participates in the total pension buyout plan, the member would receive an accelerated pension benefit payment equal to 60% of the present value of a member's pension benefit in lieu of receiving any pension benefit.
- **3% COLA buyout plan:** If an eligible Tier 1 member irrevocably participates in the COLA buyout plan, the member would receive a lump sum payment equal to 70% of the difference of the present value of the 3% compounded COLA and the present value of a reduced COLA (simple 1.5%) in exchange for receiving a simple 1.5% COLA at the later of January 1 following age 67 or the first anniversary of retirement.

Each system made participation assumptions regarding the pension buyout plans in their respective 2021 valuations as shown in the table below:

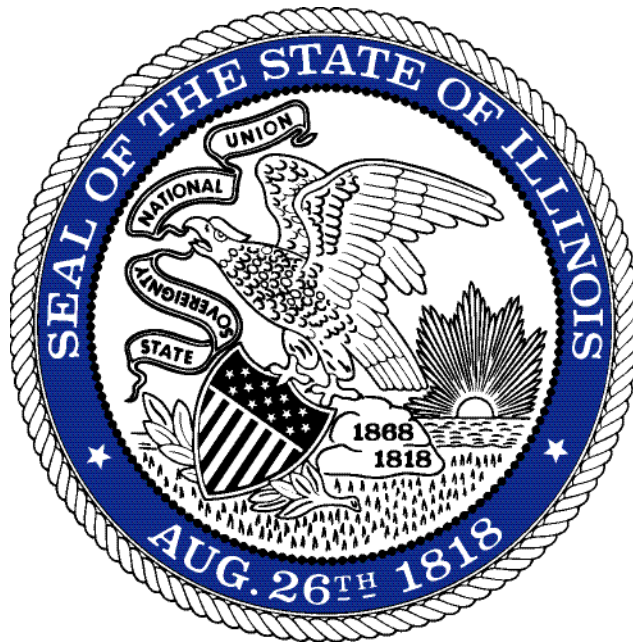
System	Total Pension Buyout Plan	COLA Buyout
TRS	5% of eligible inactive members	20% of eligible Tier 1 members
SURS	0% of eligible inactive members	0% of eligible Tier 1 members
SERS	2% of eligible inactive members	<ul style="list-style-type: none"> • 20% of eligible Tier 1 Regular formula members; • 40% of eligible Tier 1 non-coordinated Alternative formula members; and • 35% of eligible Tier 1 coordinated Alternative formula members

Reinstatement of Teachers' Final Average Salary (FAS) Cap of 6% for TRS and SURS

P.A. 94-0004, which took effect on June 1, 2005, implemented an "excess salary increase penalty" for school districts and universities in both TRS and SURS. Under the Act, for purposes of determining the final average salary, if a teacher's full-time equivalent annual salary increases

more than the salary increase cap with the same employer, the (local) employer would have to make a payment to the retirement system equal to the present value of the increase in benefits resulting from the salary increase in excess of the salary increase cap. P.A. 94-0004 established a 6% “excess salary increase penalty.” P.A. 100-0587, which took effect on June 4, 2018, lowered the cap to 3%. Pursuant to P.A. 101-0010, the final salary cap reverted back to 6%.

V. Public Act 102-0718 (HB 4292)



2-Year Extension of the Two Voluntary Pension Buyout Programs
Public Act 102-0718
House Bill 4292 – Morgan (Martwick)

I. Overview of Key Provisions of Public Act 102-0718

Effective Date

- May 5, 2022.

Systems Impacted

- SERS, SURS, and TRS

2-Year Extension of the Two Voluntary Pension Buyout Programs

P.A. 102-0718 extended the two pension buyout programs by 2 years to June 30, 2026. In other words, eligible members of SERS, SURS, or TRS are allowed to elect to participate in the pension buyout programs until June 30, 2026. Prior to the Act, the programs were first extended by 3 years by P.A. 101-0010, effective June 5, 2019, such that the buyout programs were scheduled to sunset on June 30, 2024.

The two voluntary pension buyout programs for SERS, SURS, and TRS were created by P.A. 100-0587 that went into effect on June 4, 2018. A brief summary of each buyout program is shown below:

- **Voluntary Pension Buyout for Vested, Inactive Members (“Total Pension Buyout”):**

An eligible member in SERS, SURS, or TRS may irrevocably elect to receive an accelerated pension benefit payment equal to 60% of the present value of a member’s pension benefit in lieu of receiving any pension benefit. An eligible member means a person who:

- Is an inactive member in a DB plan;
- Has enough age and service credits to receive a retirement annuity (i.e., the member has vested for a pension);
- Has not received any retirement annuity; and
- Has not elected the compounded 3% COLA buyout option.

- **Voluntary Compounded 3% COLA Buyout for Tier 1 Members:**

An eligible member in SERS, SURS, or TRS may irrevocably elect to receive an accelerated pension benefit payment equal to 70% of the difference between the present value of the standard Tier One 3% compounded COLA and the present value of a reduced COLA (simple 1.5%) in exchange for receiving a simple 1.5% COLA. An eligible member means a person who:

- Is a Tier 1 member in a DB plan;
- Has submitted an application for retirement;
- Meets age and service requirements to receive a retirement annuity;
- Has not received any retirement annuity; and
- Has not elected the total pension buyout option.

Each system made participation assumptions regarding the pension buyout plans in their respective 2021 valuations as shown in the table below:

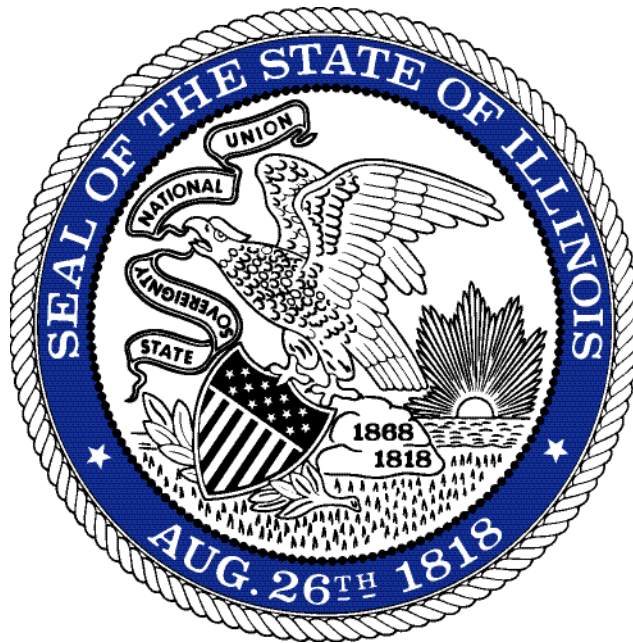
System	Total Pension Buyout Plan	COLA Buyout
TRS	5 % of eligible inactive members	20% of eligible Tier 1 members
SURS	0% of eligible inactive members	0 % of eligible Tier 1 members
SERS	2 % of eligible inactive members	<ul style="list-style-type: none"> • 20 % of eligible Tier 1 Regular formula members; • 40 % of eligible Tier 1 non-coordinated Alternative formula members; and • 35 % of eligible Tier 1 coordinated Alternative formula members

An Additional \$1 Billion of State Pension Obligation Acceleration Bonds

Prior to P.A. 102-0718, the State Pension Obligation Acceleration Bonds of \$1 billion were authorized for the purpose of making the accelerated pension benefit payments to those who elected to participate in the buyout programs.

This Act authorized the issuance of an additional \$1 billion of State Pension Obligation Acceleration Bonds, allowing a total of \$2 billion bonds to be issued for the buyout programs to reflect the extended window period for the buyout programs.

VI. Public Act 102-0719 (HB 1568)



Benefit Changes in the SERS Tier 2 Alternative Formula
Public Act 102-0719
House Bill 1568 – Vella (Martwick)

I. Overview of Key Provisions of Public Act 102-0719

Effective Date

- May 6, 2022.

Systems Impacted

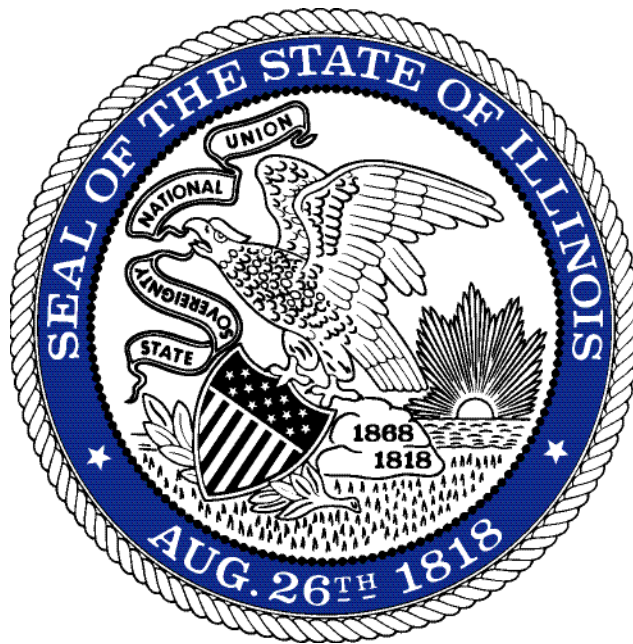
- SERS

Benefit Changes in the SERS Tier 2 Alternative Formula by Lowering the Retirement Age
HB 1568 was signed into law as P.A. 102-0719 on May 6, 2022. Prior to P.A. 102-0719, Tier 2 members in the SERS Alternative Formula were able to retire at age 60 with 20 years of service. P.A. 102-0719 allows the following Tier 2 law enforcement personnel to retire at age 55 with 20 years of service under the Alternative Formula:

- State Police troopers;
- investigators for the Secretary of State;
- Conservation police officers;
- investigators for the Department of Revenue or the Illinois Gaming Board;
- investigators for the Office of the Attorney General; and
- Commerce Commission police officers or arson investigators

Members participating in the SERS Alternative Formula contribute 12.5% of salary towards their pensions, regardless of tier status. The Act does not change the member contribution amount.

VII. Pension Legislation History



86th General Assembly (1989 – 1990)

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 (COLAs) 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 COLAs had been calculated on a simple non-compounded basis.

88th General Assembly (1993 – 1994)

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 – 1998)

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 (SMP) 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 – 2000)

“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 – 2002)

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.

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 – 2004)

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 – 2006)

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

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.

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 those employees participating in the Money Purchase plan.

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.

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 a reduction in annuity. 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 created 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 a reduction in annuity. 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.

Note: The TRS ERO was allowed to automatically sunset on July 1, 2016.

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 extended 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. *The Modified ERO program was allowed to sunset on July 1, 2016 because an extension was not approved by the General Assembly. According to CTPF, the effective date of the last ERO contract was 9/24/2008.*

Note - The Modified ERO program was allowed to sunset on July 1, 2016 because an extension was not approved by the General Assembly. According to CTPF, the effective date of the last ERO contract was September 24th, 2008.

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.

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 increases due to promotions 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; and
- 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 (2009 – 2010)

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 established 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.

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 96-0006 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 96-0006 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 96-0006 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 96-0006 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 96-0006 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 96-0006 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 financial 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 96-0006 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 96-0006 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 96-0006 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 96-0006 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 96-0006 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 the Pension 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 96-0006 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 96-0006 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 96-0006 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 96-0006 amends the Illinois Pension Code to create a new section prohibiting contingent and placement fees. No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision 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 96-0006 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 3rd, 2009). Beginning on the 90th 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; and
- (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 96-0006 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 96-0006 states that beginning on the 90th 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 initially elected members shall be 2 for a term of 3 years and 2 for a term of 6 years; and
- (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 initially elected members 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 96-0006 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 96-0006 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.

Two-Tier Pension Reform (P.A. 96-0889)

Public Act 96-0889, effective January 1, 2011, amends the Pension Code to create a Tier 2 schedule of benefits for IMRF, Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, Metropolitan Water, SERS, SURS, TRS, and Chicago Teachers. (Judges and GA separate; CTA, Police, and Fire excluded.)

The benefit provisions are slightly different among public safety employees including correctional guards, non-public safety employees, and Judges and General Assembly.

Except for State police officers, firefighters, and Correctional guards, the normal retirement age is 67 years old with 10 years of service. Early retirement is available at age 62 with 10 years of service, however, this results in a reduction in benefits by 6% for each year under age 67. The annuity is based on the highest 8 years out of last 10 years of service, and the pensionable salary is capped at \$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.

For State Police Officers, Firefighters, and Correctional Guards, the normal retirement age is 60 years old with 20 years of service. However, State Police officers, Firefighters, and DOC Guards are still eligible for Alternative Formula.

The Tier 2 COLA will be payable at the latter of the first anniversary of retirement or age 67 with an increase rate tied to the CPI-U. The increase rate is the lesser of 3% or one-half the annual increase in the CPI-U during the preceding 12-month calendar year; if an increase in CPI is zero or if there is a decrease in CPI, then no COLA is payable. The Tier 2 COLA is not compounded.

Survivor benefits will be payable at 66.7% of the earned retirement benefit at death, and will increase annually at the same rate (the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year). Also, the annual increase will not be compounded.

As mentioned above, retirement benefit provisions for the Judges and General Assembly systems are separate from the rest of the pension systems. The normal retirement age is 67 years of age with 8 years of service, and early retirement is available at age 62 with 8 years of service. Like other pension systems, early retirement will result in a reduction in benefits by 6% for each year under age 67. The retirement annuity is based on the highest 8 out of the final 10 years of service.

For GARS and JRS, the benefit formula is also changed to 3% of Final Average Salary for each year of service, and the maximum annuity is capped at 60% of Final Average Salary. The annual increases in annuity begin after attainment of age 67, and the increase rate equals the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year, which is the same as the aforementioned funds. However, annual increases are compounded.

Survivor benefits are payable at 66.7% of the earned retirement benefit at death, and will increase annually at the rate of the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year. Also, annual increases will be compounded.

P.A. 96-0889 added two non-benefit provisions. One is that “Double Dipping” is prohibited. In some cases, retirees were allowed to simultaneously collect a pension and a salary with a public employer. The other provision is changes in the Chicago Teachers’ funding plan. Contributions for FY 2011 – 2014 are specified in this Act, and the CTPF’s funding plan is extended such that the pension fund must attain a 90% funded ratio by FY 2059.

Two-Tier Pension Reform for Police and Fire Pension Funds (P.A. 96-1495)

Public Act 96-1495, effective January 1, 2011, amended the Pension Code to create a Tier 2 system for Downstate Police, Downstate Fire, Chicago Police, Chicago Fire, and IMRF (SLEP). The major provisions of the Act are briefly summarized below.

The normal retirement age is 55 years old with 10 years of service. Early retirement is available at age 50 with 10 years of service, however, this results in a reduction in benefits by 6% for each year the retiree is under age 55. The annuity is calculated at the rate of 2.5% of Final Average Salary for a maximum of 75%, and is based on the highest 8 years out of last 10 years of service. The 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 retirement annuity, tied to the CPI, will begin at age 60 either on the January 1st after the police officer/firefighter retires or the first anniversary of the commencement of the pension starting date, whichever is later. The annual increase is the lesser of 3% or one-half the annual increase in the CPI-U during the preceding 12-month calendar year; if an increase in CPI is zero or if there is a decrease in CPI, then no COLA is payable. The COLA for Tier 2 annuitants is not compounded.

Similar to retirement annuity, survivor benefits are payable at 66.7% of the earned retirement benefit at death, and will increase annually at the same rate (the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year). Also, annual increases will not be compounded.

Police/Fire Municipal Funding Provisions (P.A. 96-1495)

P.A. 96-1495 changed the funding goal for Article 3 and 4 pension funds such that the funding ratio must reach 90% by FY 2040. Also, annual municipal contributions will be calculated as a level percentage of payroll under the Projected Unit Credit Actuarial Cost Method. The Comptroller is authorized to redirect funds otherwise payable directly to municipalities if municipal contributions are deemed to be actuarially insufficient.

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 (2011 – 2012)

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 the 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.

98th General Assembly (2013 – 2014)

Temporary Extension of the TRS Early Retirement Option (ERO) (P.A. 98-0042)

P.A. 98-0042 extended the Early Retirement Option in TRS for members who retired on or after July 1, 2013 and before July 1, 2016. P.A. 94-0004 required CGFA to make a recommendation to the General Assembly by February 1, 2013 on any proportional adjustments to member and employer contribution rates. In accordance with TRS' experience study by Buck Consultants, CGFA's actuary, Sandor Goldstein, conducted a review of Buck's recommended revision to member and employer ERO contribution rates. Mr. Goldstein found the revised rates (14.4% for members and 29.3% for employers) to be sufficient to fund 100% of the ERO benefit. CGFA's recommendation was transmitted to the General Assembly on January 10th, 2013.

100th General Assembly (2017 – 2018)

Creation of Tier 3 (P.A. 100-0023)

P.A. 100-0023, effective July 6, 2017, created an optional Tier 3 hybrid plan for the following pension funds: Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, SERS (non-coordinated members), SURS, TRS, and Chicago Teachers. *Please refer to the P.A. 100-0023 section for the summary of the Tier 3 plan.*

For *SERS (only for non-coordinated members), TRS, and SURS*, each system shall endeavor to make participation available "as soon as possible." This requirement is referred to as the "implementation date." Tier 3 benefits are available as soon as the board of that respective system authorizes members to begin participation. Employees hired on or after the "implementation date" and existing Tier 2 members must make the election to participate in Tier 3 within 30 days of becoming a member in the pertinent system.

For *Chicago Municipal, Cook County, Cook County Forest Preserve Employees, LABF, Chicago Park District, and Chicago Teachers*, Tier 3 benefits are available beginning 6 months after the approval of the governing body of the unit of local government. No later than 5 months after the approval of the Tier 3 plan, the affected system shall prepare and implement the defined contribution component of the Tier 3 hybrid plan. Newly hired members must make the election to participate in the Tier 3 hybrid system within 30 days of becoming a member in the pertinent system.

Governor's Salary Cap for SURS and TRS (P.A. 100-0023)

If the amount of a participant's salary exceeds the amount of the Governor's salary, the employer shall pay to the System an amount equal to the employer normal cost multiplied by the excess amount of salary.

Assumption Smoothing for the 5 State Systems (P.A. 100-0023)

State contribution-altering changes in actuarial or investment assumptions shall be implemented and smoothed over a 5-year period beginning in FY 18.

- State contribution-altering changes in actuarial or investment assumptions that first applied in fiscal year 2014, 2015, 2016, or 2017 shall be retroactively smoothed over a 5-year period, beginning with and including the year in which the actuarial change first applied.
- By November 1, 2017, the amount of the State Contribution shall be recertified to include retroactive smoothing.

Changes in Chicago Fire COLA (P.A. 100-0023)

P.A. 100-0023 amends the Chicago Fire Article of the Pension Code such that firefighters born after December 31, 1954 but before January 1, 1966 and retired after September 1, 1967 are entitled to a 3% noncompounded annuity increase upon:

- The 1st of the month following the 1-year anniversary of retirement, and every 1st of January thereafter; or
- Following the attainment of age 55 if they were not 55 after 1 year of retirement

Two Voluntary Pension Buyout Programs for SERS, TRS, and SURS (P.A. 100-0587)

P.A. 100-0587, effective June 4, 2018, amends the Pension Code to create two voluntary pension buyout programs for SERS, TRS, and SURS: The total Pension Buyout Program and the 3% COLA Buyout Program. Each program is briefly summarized as follows:

Total Pension Buyout

Until June 30, 2021, inactive, vested Tier 1 or Tier 2 members in SERS, SURS, or TRS may irrevocably elect to receive an accelerated pension benefit payment equal to 60% of the present value of a member's pension benefit in lieu of receiving any pension benefit. The accelerated pension payments would be paid from the proceeds of the State Pension Obligation Acceleration Bonds.

Voluntary Compounded 3% COLA Buyout

A vested, retiring Tier 1 defined benefit member in SERS, SURS, or TRS may irrevocably elect to receive an accelerated pension benefit payment equal to 70% of the difference of the present value of 3% compounded COLA and the present value of a reduced COLA (simple 1.5%) in exchange for receiving a simple 1.5% COLA. The accelerated pension benefit payments would be paid from the proceeds of the State Pension Obligation Acceleration Bonds.

Teachers' Final salary Spiking Cap of 3% for TRS and SURS (P.A. 100-0587)

For purposes of determining a teacher's or university employee's pensionable salary, annual salary increases with the same employer under SURS or TRS are effectively capped at a certain rate. (This "Final Average Salary Cap," as it is known, was implemented by P.A. 94-0004.) If a teacher's full-time equivalent annual salary increases by more than the specified FAS cap rate with the same employer, the (local) employer would have to make a payment to TRS or SURS equal to the present value of the increase in benefits resulting from the salary increase in excess of the capped rate. P.A. 100-0587 lowered the cap to 3% from 6% for academic years beginning on or after July 1, 2018 and for salary under a contract or collective bargaining agreement on or after June 4, 2018 (the effective date of P.A. 100-0587). However, please note that P.A. 101-0010, *summarized below*, increased the FAS cap back to 6%.

Recertification of FY 2019 State Contributions for SERS, SURS, and TRS (P.A. 100-0587)

Between June 15, 2019, and June 30, 2019, each System shall recalculate and recertify State contributions for FY 2019, taking into account all changes made by P.A. 100-0587.

101st General Assembly (2019 – 2020)

Extension of the Voluntary Pension Buyout Programs (P.A. 101-0010)

The election period for the two existing pension buyout programs, created by P.A. 100-0587, were extended by 3 years to June 30, 2024, from June 30, 2021.

Reinstatement of Teachers' Final Average Salary (FAS) Cap of 6% for TRS and SURS (P.A. 101-0010)

For purposes of determining a teacher's or university employee's pensionable salary, annual salary increases with the same employer under SURS or TRS are effectively capped at a certain rate. (This "Final Average Salary Cap," as it is known, was implemented by P.A. 94-0004.) If a teacher's full-time equivalent annual salary increases by more than the specified FAS cap rate with the same employer, the (local) employer would have to make a payment to TRS or SURS equal to the present value of the increase in benefits resulting from the salary increase in excess of the capped rate. P.A. 101-0010 repealed the lower 3% FAS cap implemented by P.A. 100-0587, restoring the cap to 6% for academic years beginning on or after July 1, 2018 and for salary under a contract or collective bargaining agreement on or after June 4, 2018 (the effective date of P.A. 100-0587).

GRF Lump-sum Appropriation for SERS (P.A. 101-0010)

When State agencies make employer contributions to SERS, the contributions shall be made for each pay period by warrants by the State Comptroller against their respective funds or appropriations based on vouchers. However, contributions for the GRF payrolls are not required to be processed by the Comptroller. Since 2012 the GRF portion of State contributions has been paid by lump sum, via the Budget Implementation bill for the past several years, according to SERS. P.A. 101-0010 eliminates the need to include the appropriation process for the GRF portion of State contributions in the Budget Implementation bill every year as the process would be made permanent under this Act. SERS stated the percentage of total members who are on the GRF payrolls is approximately 65%.

102nd General Assembly (2021 – 2022)

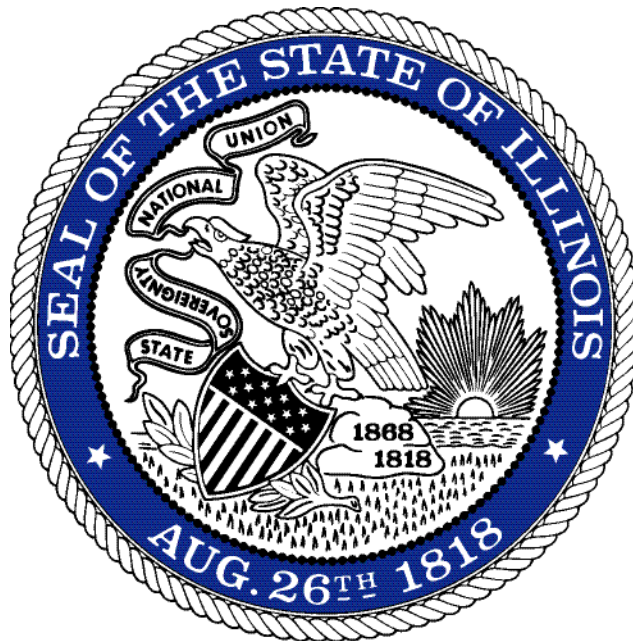
2-Year Extension of the Two Voluntary Pension Buyout Programs (P.A. 102-0718)

P.A. 102-0718 extended the two pension buyout programs by 2 years to June 30, 2026, such that eligible members of SERS, SURS, or TRS are allowed to elect to participate in the pension buyout programs until June 30, 2026. Prior to the Act, the programs were scheduled to sunset on June 30, 2024. This Act also authorized the issuance of an additional \$1 billion of State Pension Obligation Acceleration Bonds, allowing a total of \$2 billion in bonds to be issued for the buyout programs to reflect the extended window period for the buyout programs. Prior to P.A. 102-0718, the State Pension Obligation Acceleration Bonds of \$1 billion were authorized for the purpose of making the accelerated pension benefit payments to those who elected to participate in the buyout programs.

Benefit Changes in the SERS Tier 2 Alternative Formula (P.A. 102-0719)

Under current law, Tier 2 members in the SERS Alternative Formula are able to retire at age 60 with 20 years of service. P.A. 102-0719, effective May 6, 2022, allows certain Tier 2 law enforcement personnel to retire at age 55 with 20 years of service under the Alternative Formula. Those who are allowed to retire at a reduced age under this Act are State Police troopers, investigators for the Secretary of State, Conservation police officers, investigators for the Department of Revenue or the Illinois Gaming Board, investigators for the Office of the Attorney General, and Commerce Commission police officers or arson investigators. Members participating in the SERS Alternative Formula contribute 12.5% of salary towards their pensions, regardless of tier status. The Act does not change the member contribution amount.

VIII. 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 (TRS), State Employees' Retirement System (SERS), State Universities' Retirement System (SURS), Judges' Retirement System (JRS), and General Assembly Retirement System (GARS). We will examine the five systems together and then take a snapshot of each system's position and outlook as of June 30, 2021. This section of the report covers the period from FY 1996 to FY 2021.

TABLE 2

Summary of Appropriations Authorized State Retirement Systems FY 1996 - FY 2023 (\$ 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 ¹	\$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
2013	\$2,703.5	\$1,402.8	\$1,659.6	\$88.2	\$14.2	\$5,868.3
2014	\$3,438.6	\$1,509.8	\$1,743.9	\$126.8	\$13.9	\$6,833.0
2015	\$3,412.9	\$1,544.2	\$1,829.1	\$134.0	\$15.8	\$6,936.0
2016	\$3,742.7	\$1,601.5	\$2,124.9	\$132.1	\$16.1	\$7,617.3
2017	\$3,986.6	\$1,671.4	\$2,097.4	\$131.3	\$21.7	\$7,908.5
2018	\$4,095.3	\$1,629.3	\$2,115.3	\$135.6	\$21.2	\$7,996.7
2019	\$4,466.2	\$1,655.2	\$2,233.9 ²	\$140.5	\$23.2	\$8,518.9
2020	\$4,813.6	\$1,854.7	\$2,385.3	\$144.2	\$25.8	\$9,223.5
2021	\$5,140.7	\$1,995.8	\$2,447.9	\$148.6	\$27.3	\$9,760.3
2022 ³	\$5,866.9	\$2,159.4	\$2,639.6	\$156.0	\$28.5	\$10,850.4
2023 ⁴	\$6,009.2	\$2,157.3	\$2,637.0	\$145.0	\$27.6	\$10,976.3
Totals	\$69,237.9	\$26,529.0	\$34,188.4	\$2,247.0	\$363.1	\$132,565.4
¹ FY 2004 State appropriations authorized include \$7.3 Billion in proceeds from the sale of pension obligation bonds.						
² The FY 2019 recertified State contributions for SERS decreased by approximately \$20 million from \$2,254.1 million to \$2,233.9 million after reflecting the provisions of P.A. 100-0587 that created the voluntary pension buyout programs.						
³ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. The FY 2022 State appropriations authorized reflects the additional \$300 million.						
⁴ P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. The FY 2023 State appropriations authorized reflects the additional \$200 million.						

Over the last 28 years, including FY 2023, the State of Illinois has appropriated \$132.6 billion to the five retirement systems as shown in Table 2 on the previous page. Of that amount, \$7.3 billion was from the sale of \$10 billion in pension obligation bonds. The additional \$300 million and \$200 million contributions were appropriated to the five systems for FY 2022 and FY 2023, via Public Acts 102-0696 and 102-0698, respectively. The Teachers' Retirement System has received by far the largest amount of contributions, totaling \$69.2 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.

Based upon the actuarial value of assets, the total unfunded liabilities of the State systems totaled \$139.8 billion on June 30, 2021, led by the Teachers' Retirement System (TRS), whose unfunded liabilities amounted to \$79.9 billion. As the largest of the State systems, TRS accounts for approximately 57.2% 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. The figures on this table are calculated using the asset smoothing method required by Public Act 96-0043, a technique that averages the annual fluctuation in investment performance over a period of 5 years.

TABLE 3

Summary of Financial Condition FY 2021 State Retirement Systems Combined Assets at Actuarial Value / With Asset Smoothing (P.A. 96-0043) (\$ in Millions)				
<u>System</u>	<u>Accrued Liability</u>	<u>Actuarial Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
TRS	\$138,914.3	\$58,979.9	\$79,934.4	42.5%
SERS	\$51,828.5	\$21,323.6	\$30,504.8	41.1%
SURS	\$48,898.5	\$21,484.8	\$27,413.7	43.9%
JRS	\$2,920.6	\$1,227.4	\$1,693.2	42.0%
GARS	\$373.7	\$72.2	\$301.5	19.3%
TOTAL	\$242,935.6	\$103,087.9	\$139,847.6	42.4%

A more realistic snapshot of the true financial position of the State retirement systems would be based upon the market value of the assets, as shown in Table 4 on the following page. Based upon the market value of assets, the combined unfunded liabilities of the State systems totaled \$129.7 billion on June 30, 2021. TRS, whose unfunded liabilities amounted to \$74.7 billion, represents approximately 57.6% 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 FY 2021 State Retirement Systems Combined Assets at Market Value / Without Asset Smoothing (P.A. 96-0043) (\$ in Millions)				
<u>System</u>	<u>Accrued Liability</u>	<u>Market Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
TRS	\$138,914.3	\$64,212.5	\$74,701.8	46.2%
SERS	\$51,828.5	\$23,825.0	\$28,003.5	46.0%
SURS	\$48,898.5	\$23,768.3	\$25,130.2	48.6%
JRS	\$2,920.6	\$1,377.1	\$1,543.5	47.1%
GARS	\$373.7	\$79.6	\$294.1	21.3%
TOTAL	\$242,935.6	\$113,262.5	\$129,673.1	46.6%

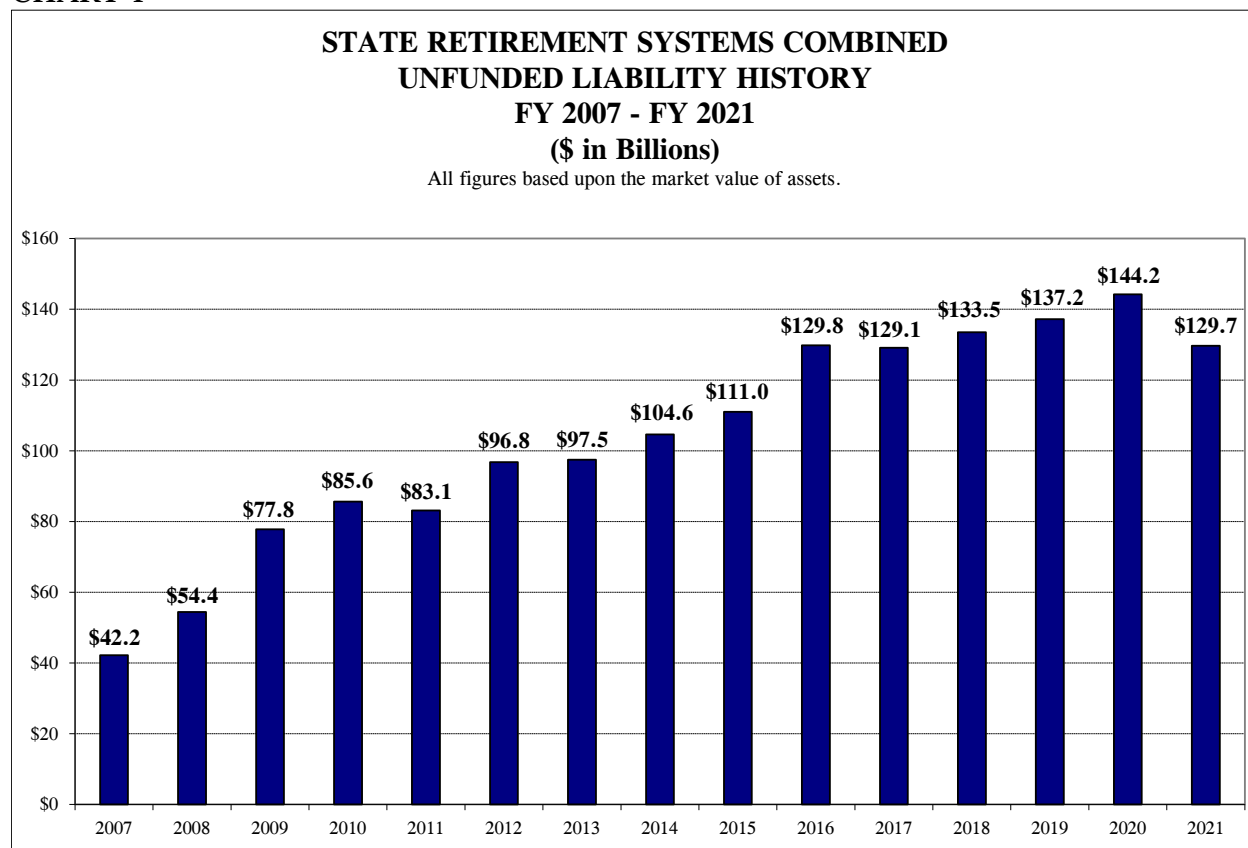
The funded ratios based on the market value of assets for each of the five State retirement systems may be compared to the aggregate funded ratio of 46.6% for the five systems. While the General Assembly Retirement System (GARS) has the lowest funded ratio, the other four systems are more than 45% funded.

Chart 1 on the following page shows a 15-year history of the cumulative unfunded State pension liability and is based upon calculations performed by the retirement systems' actuaries using the market value of assets for all years, including FY 2021. In other words, the asset smoothing method was not used. Therefore, it is a more realistic representation of the retirement systems' true financial condition than the chart depicting the asset smoothing method.

The aggregate unfunded liability has been growing significantly over the past decade. One of the main drivers continues to be actuarially insufficient State contributions determined by the current pension funding policy under P.A. 88-0593. (More information on P.A. 88-0593 is provided on page 41.) As the actuaries for the State retirement systems have noted in the respective annual actuarial valuation reports, the funding plan under P.A. 88-0593 produces employer (State) contributions that are actuarially insufficient, meaning if all other actuarial assumptions are met, unfunded liabilities will increase due to the State contributing an amount that is not sufficient to stop the growth in the unfunded liability. Hence, there is a distinction between contributions that are statutorily sufficient and contributions that are considered actuarially sufficient (the annual reports of the State Actuary have noted this distinction as well).

Other reasons for an increase in unfunded liability are actuarial losses from actuarial assumption changes, including lowering assumed investment rates, or poor investment performance. Further details on the main factors affecting unfunded liability can be found in Charts 2 and 3.

CHART 1



Over the last 5 years, the unfunded liability continued to rise and hit its highest level of \$144.2 billion in FY 2020, until a significant improvement occurred in FY 2021. Again, actuarially insufficient state contributions under the statutory funding plan were the main cause of the upward pressure on the unfunded liability, while each fiscal year had some other contributing factors that led to the deterioration of the financial condition of the pension systems.

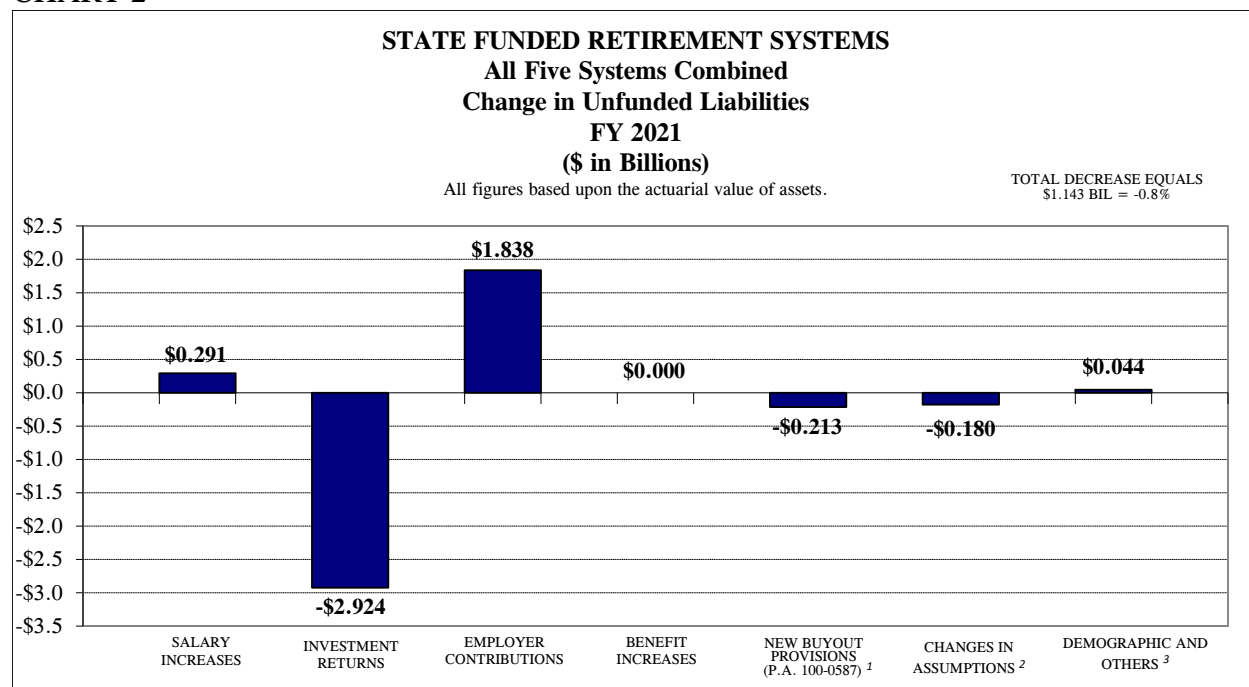
For example, a small uptick in FY 2018 was partially affected by a reduction in SURS' investment return assumption and the five systems' unfavorable actuarial experiences from demographic and other factors. For FY 2019 and 2020 the five systems did not meet their respective actuarially assumed rates of investment return. The five systems experienced poorer investment performances in FY 2020, due to the national and global economic turmoil associated with the COVID-19 pandemic.

However, a significant drop in unfunded liability was recorded in FY 2021, mostly due to exceptionally strong investment performances by all the five systems. This allowed the combined unfunded liability to decrease by \$14.6 billion, a 10.1% decline from the previous year, to \$129.7 billion. During the last 15 years, there were only three occurrences when the unfunded liability decreased from the previous year: in FY 2011 (-2.9%), FY 2017 (-0.5%) and FY 2021.

Details on the factors affecting the combined unfunded liabilities of the five State systems in FY 2021 can be found in Chart 2 on the following page. All the factors shown as positive amounts

represent increases in the unfunded liability and negative amounts represent decreases in the unfunded liability.

CHART 2



¹ The two voluntary Accelerated Pension Benefit Payment Programs (the pension buyout programs) were created by P.A. 100-0587 and extended by 3 years to June 30, 2024 by P.A. 101-0010. P.A. 102-0718 extended the programs by 2 more years to June 30, 2026. Based on the FY 2021 actuarial valuations of the systems, the aggregate unfunded liability decreased by \$213.4 million in FY 2021 due to the buyout programs, coming from TRS and SURS. TRS reported the liability reduction of \$195.5 million, and SURS estimated a \$17.9 million decrease in the liability. SERS did not report a reduction in unfunded liability, although the system noted that an unspecified reduction will be reported in the FY 2022 system valuation.

² The combined liability decreased by \$180 million due to the net effect of the assumption changes by the big 3 systems, TRS, SERS, and SURS. Actuarial gains from TRS and SERS offset an actuarial loss from SURS.

³ The combined liability increased by \$44.2 million due to the net effect of demographic and other factors. An actuarial gain of \$46.2 million from SERS was offset by actuarial losses from the other 4 systems.

At the end of FY 2020, the aggregate unfunded liability based on the actuarial value of assets was \$140.991 billion. A year later, it stood at \$139.848 billion as of FY 2021. This means the combined unfunded liability dropped by \$1.143 billion during FY 2021, a 0.8% decrease, compared to FY 2020. As shown in Chart 2 above, the primary contributor to this improvement was significantly strong investment returns by all the five systems, which improved the aggregate unfunded liability by \$2.924 billion. This gain alone was more than enough to offset an actuarial loss of \$1.838 billion from the actuarially insufficient State contributions and a \$291 million loss from higher-than-assumed salary increases as well as the net effect of demographic/other factors, which resulted in a \$44 million loss.

There were two other small gains that also helped reduce the aggregate unfunded liability: buyout programs and assumption changes. These two small actuarial gains decreased the unfunded liability by \$392.9 million. Of this amount, a \$213.4 million gain came from the effect of the

buyout programs by TRS and SURS. In FY 2021 based on the FY 2021 actuarial valuations of the systems, TRS reported a favorable buyout experience of \$195.5 million and SURS estimated a reduction of \$17.9 million in the liability due to the buyout programs. SERS did not report a liability reduction due to the buyout programs, although the system has indicated that an unspecified reduction in liability will be forthcoming in the system's 2022 actuarial valuation.

The remaining gain of \$179.5 million resulted from the net effect of assumption changes by the Big 3 systems, TRS, SERS, and SURS. Actuarial gains from assumption changes by TRS and SERS outweighed an actuarial loss from SURS' assumption changes, including a reduction of SURS' assumed rate of return.

Only one system, SURS, reduced its assumed rate of investment return to 6.50% from 6.75% in FY 2021 while the other four systems kept their respective assumed investment rates the same. The last time SERS, JRS, and GARS changed their investment rates assumption was FY 2019 while TRS last changed their rate in FY 2016. The table below shows the historical changes in the investment return assumptions for each of the five State systems.

Historical Change in Investment Rate Assumptions											
System	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
TRS	8.50%	8.00%		7.50%		7.00%					
SERS	7.75%			7.25%		7.00%			6.75%		
SURS	7.75%			7.25%				6.75%			6.50%
JARS	7.00%					6.75%			6.50%		
GARS	7.00%					6.75%			6.50%		
NOTE: The years associated with investment rate assumption changes above reflect the actuarial valuation year, not the fiscal year in which the State contribution was calculated using the new rate.											

All five systems experienced exceptional investment returns of more than 20% in FY 2021, which exceeded their actuarially assumed rates of return more than threefold, and thus significant actuarial gains occurred due to much higher-than-assumed investment returns, as detailed below.

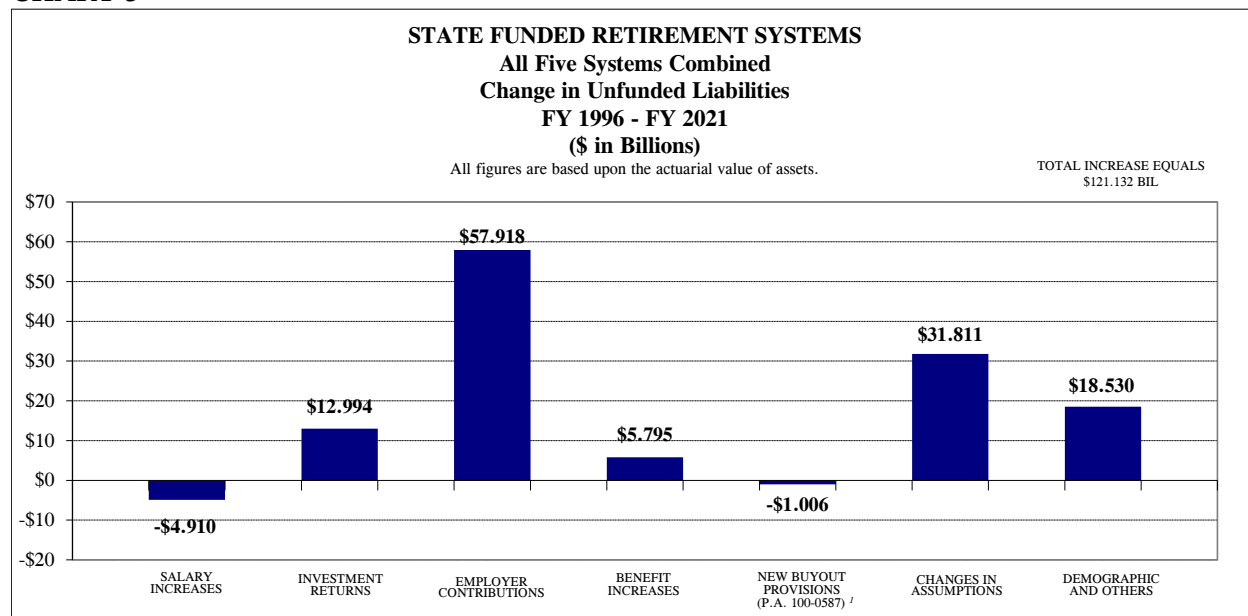
System	Actual Rate of Return	Assumed Rate of Return
TRS	25.5 %	7.00%
SERS	24.9 %	6.75%
SURS	23.8 %	6.50%
JRS	24.9 %	6.50%
GARS	22.9 %	6.50%

As mentioned previously, investment gains or losses of the last five years are subject to smoothing by the asset smoothing method. Despite actuarial investment losses in FY 2019 and 2020, the cumulative effects of asset smoothing in FY 2021 resulted in recognized investment gains, for all the systems, due to the five systems' excess investment gains in FY 2017, 2018, and 2021. (Please refer to Appendix S.)

Chart 3 on the following page shows the change in the unfunded liability since the enactment of P.A. 88-0593 in FY 1996, commonly known as the "1995 pension funding law," or "the ramp,"

which created the 50-year funding policy that governs annual State contributions to the five State systems.

CHART 3



¹ The two voluntary Accelerated Pension Benefit Payment Programs (the pension buyout programs) for TRS, SERS, and SURS were created by P.A. 100-0587, effective June 4, 2018, and extended by 3 years to June 30, 2024 by P.A. 101-0010, effective June 5, 2019. P.A. 102-0718 extended the programs by 2 more years to June 30, 2026. Based on the actuarial valuations of the systems including the most recent FY 2021 actuarial valuations, a \$1 billion decrease in the liability came from all the Big 3 systems, TRS (\$576.4 million), SERS (\$404.7 million), and SURS (\$24.8 million).

The above chart provides an analysis of the causative factors for the increase in unfunded liabilities since FY 1996. From FY 1996 through FY 2021, the unfunded liability increased by \$121.132 billion to \$139.848 billion. Actuarially insufficient State contributions contributed the most to the increase in unfunded liability, accounting for approximately 47.8% of the total increase. Assumption changes caused a \$31.811 billion increase, representing 26.3% of the total increase. “Demographic and other factors” and investment returns that did not meet assumed rates also served to worsen the unfunded liability over time. The only factors resulting in an actuarial gain were salary increases being less than assumed and gains from TRS, SERS and SURS due to the new pension buyout programs pursuant to P.A. 100-0587.

The current status of the two buyout programs of the Big 3 systems is briefly summarized in the table on the following page. As of May/June of 2022, the total payout amounts of the three systems are \$911.7 million.

Status of the Two Buyout Programs as of May/June of 2022 (\$ in Millions)			
	TRS	SERS	SURS
AAI Payouts (COLA buyout)	\$340.3	\$295.5	\$12.6
Total Pension Buyout Payouts	\$230.4	\$12.7	\$20.2
Total	\$570.7	\$308.2	\$32.8
Grand Total	\$911.7		

CHART 4

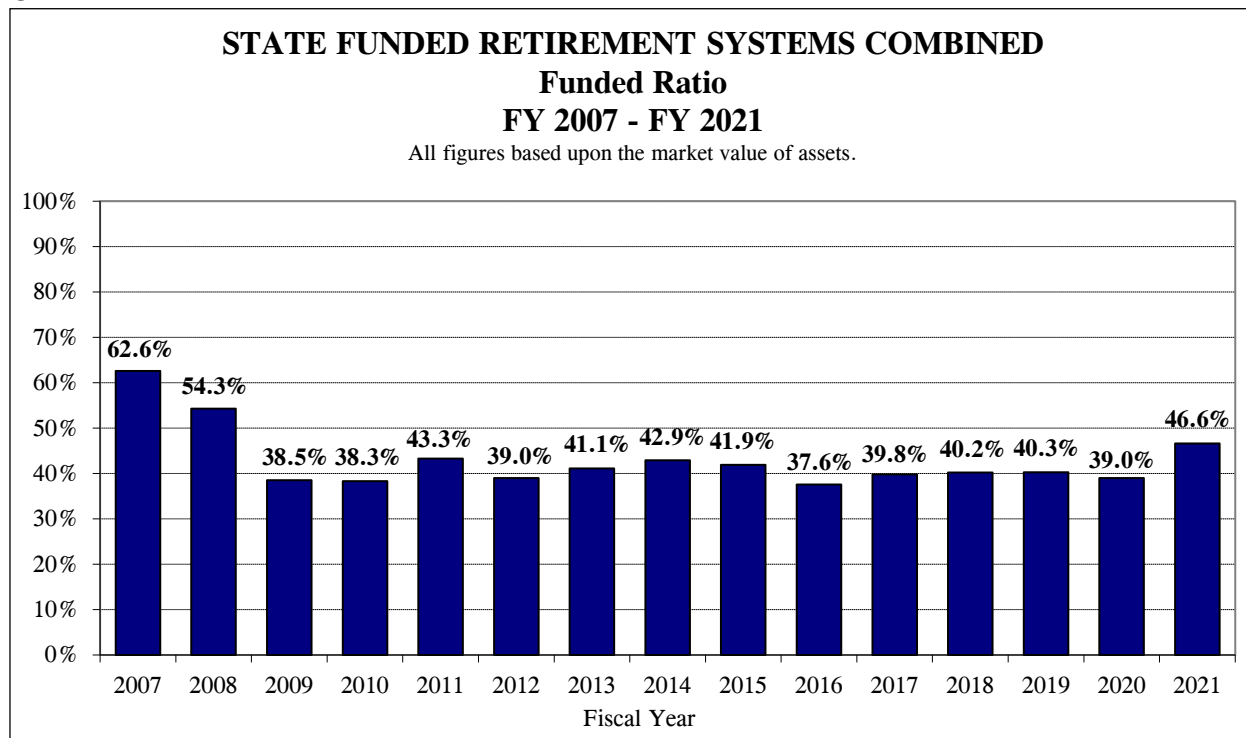


Chart 4 above shows the systems' funded ratio based on the market value of assets, without the asset smoothing method. A funded ratio is the most commonly recognized measure of a retirement system's financial health, and the trend of the funded ratio over time is more important than the ratio at any single point in time. While both the unfunded liability (Chart 1) and funded ratio (Chart 4) illustrate the financial condition of the pension systems, the two are negatively correlated by nature. (i.e., when one rises, the other falls.)

In FY 2004, the State sold \$10 billion in pension obligation bonds and used part of the proceeds to pay all the contributions for FY 2004. The bond sale generated \$7.3 billion to reduce unfunded liabilities of the state-funded retirement systems. In the wake of the bond sale, although not shown in Chart 4, the funded ratio remained relatively stable at a low 60% level from FY 2004 through FY 2007. In FY 2008 and 2009, the funded ratio fell significantly due to much lower-than-expected investment returns during the 2007-2009 recession. In FY 2009, it slipped to 38.5%. While exceptionally strong investment returns helped increase the funded ratio to 43.3% in FY 2011, these gains were largely erased by poor investment returns in the following year as

well as TRS' reduction in investment return assumption from 8.5% to 8.0%. Since then, the combined funded ratio has been hovering around 40% in the past decade.

The funded ratio slightly improved in FY 2013 and 2014, which mainly resulted from higher-than-expected investment returns. However, the upward movement did not last long. In FY 2015 and 2016, the funding ratio went down again. The sudden drop in the funding ratio in FY 2016 was due to the actuarial assumptions changes by TRS, SERS, JRS, and GARS including lowering their respective assumed investment rates, along with lower-than-projected investment returns. The funding ratio ticked slightly upwards in FY 2017 and 2018. Robust investment performances in FY 2017, well above the respective systems' assumed rates of return, helped to push the funded ratio up to 39.8%. Also, FY 2018 was another good year in terms of investment performances, although returns were not as strong as they were in FY 2017. Then, in FY 2020, the funded ratio stood at 39%, a slight drop from FY 2019, in part because of lower investment returns caused by the pandemic.

Finally, in FY 2021, the aggregate funded ratio hit its highest level of 46.6% since FY 2008, mainly due to exceptional investment returns of more than 20% by all the five systems, as mentioned earlier.

CHART 5

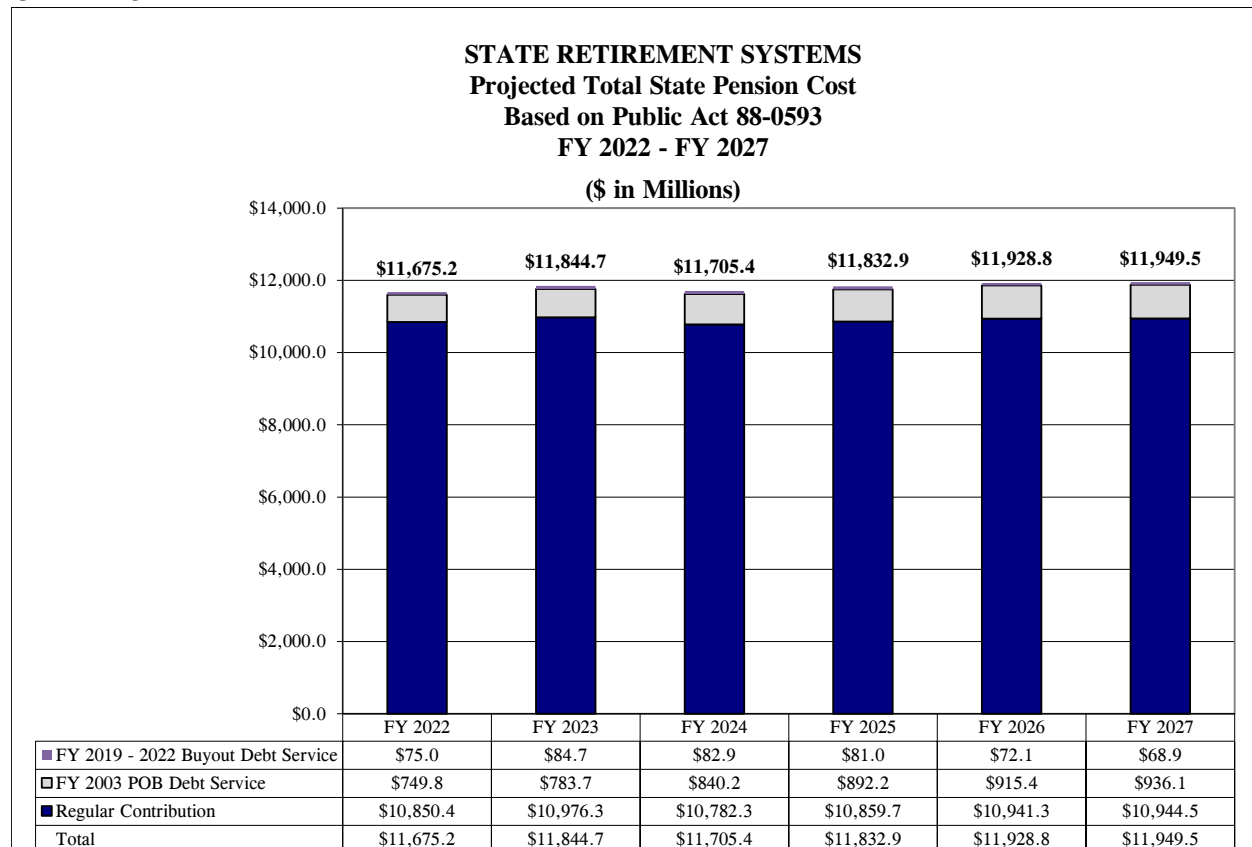


Chart 5 reflects the total pension-related expenditures by showing State contribution projections based on P.A. 88-0593 and all related debt service requirements for the period under review.

Pubic Act 93-0002 authorized the 2003 issuance of the pension obligation bonds and established the resulting debt service requirements, which is shown as the FY 2003 POB debt service in

P.A. 100-0587 authorized the issuance of the \$1 billion Pension Acceleration Bonds to fund the buyout programs, created by P.A. 100-0587. P.A. 102-0718 subsequently authorized the issuance of an additional \$1 billion of the Pension Acceleration Bonds to reflect the extended window period for the buyout programs, which are now scheduled to sunset on June 30, 2026. As of this writing, there were five issuances of Pension Acceleration Bonds: \$300 million in FY 2019, \$225 million in FY 2020, \$125 million and \$87 million in FY 2021, and \$148 million in FY 2022, all of which are also reflected in Chart 5. Please note that more information regarding the combined debt service of the bonds/notes can be found in Appendix J.

Table 5 below shows the projected normal cost for the all five State systems from FY 2022 through FY 2045. The normal cost is the cost of the benefit accrued in any given year. Employee contributions cover the employees' share of the total normal cost, and the rest will be covered by employer(s) (i.e., employer normal cost).

TABLE 5

ALL FIVE STATE RETIREMENT SYSTEMS COMBINED Projected Normal Costs based on Public Act 88-0593 Projections Provided by Retirement System Actuaries using FY 2021 Data (\$ in Millions)									
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	Employee Contributions	Employer Normal Cost	Employer Normal Cost as a % of Payroll
2022	\$3,378.5	15.8%	\$541.7	2.5%	\$3,920.2	18.4%	\$1,614.4	\$2,305.8	10.8%
2023	\$3,313.7	15.3%	\$617.9	2.8%	\$3,931.7	18.1%	\$1,637.4	\$2,294.3	10.6%
2024	\$3,244.9	14.6%	\$695.7	3.1%	\$3,940.6	17.8%	\$1,669.7	\$2,270.9	10.2%
2025	\$3,164.5	14.0%	\$776.7	3.4%	\$3,941.2	17.4%	\$1,701.9	\$2,239.3	9.9%
2026	\$3,073.6	13.3%	\$859.8	3.7%	\$3,933.4	17.0%	\$1,735.0	\$2,198.4	9.5%
2027	\$2,975.3	12.6%	\$946.3	4.0%	\$3,921.6	16.6%	\$1,766.9	\$2,154.6	9.1%
2028	\$2,869.9	11.9%	\$1,037.0	4.3%	\$3,907.0	16.2%	\$1,798.8	\$2,108.1	8.7%
2029	\$2,757.1	11.2%	\$1,131.5	4.6%	\$3,888.6	15.8%	\$1,830.4	\$2,058.2	8.4%
2030	\$2,639.3	10.5%	\$1,229.6	4.9%	\$3,868.9	15.4%	\$1,863.0	\$2,005.9	8.0%
2031	\$2,515.9	9.8%	\$1,331.4	5.2%	\$3,847.3	15.0%	\$1,895.7	\$1,951.7	7.6%
2032	\$2,384.8	9.1%	\$1,436.8	5.5%	\$3,821.6	14.6%	\$1,929.3	\$1,892.3	7.2%
2033	\$2,245.9	8.4%	\$1,545.8	5.8%	\$3,791.6	14.2%	\$1,962.5	\$1,829.1	6.9%
2034	\$2,099.8	7.7%	\$1,658.0	6.1%	\$3,757.9	13.8%	\$1,995.4	\$1,762.4	6.5%
2035	\$1,945.6	7.0%	\$1,773.7	6.4%	\$3,719.3	13.4%	\$2,028.3	\$1,691.0	6.1%
2036	\$1,784.9	6.3%	\$1,893.3	6.7%	\$3,678.2	13.0%	\$2,061.4	\$1,616.8	5.7%
2037	\$1,621.8	5.6%	\$2,016.0	7.0%	\$3,637.8	12.6%	\$2,095.2	\$1,542.6	5.4%
2038	\$1,456.0	5.0%	\$2,140.8	7.3%	\$3,596.7	12.3%	\$2,130.6	\$1,466.1	5.0%
2039	\$1,281.2	4.3%	\$2,268.5	7.6%	\$3,549.7	11.9%	\$2,166.7	\$1,383.0	4.6%
2040	\$1,100.9	3.6%	\$2,398.9	7.9%	\$3,499.8	11.5%	\$2,203.6	\$1,296.2	4.2%
2041	\$921.2	3.0%	\$2,532.0	8.1%	\$3,453.2	11.1%	\$2,243.2	\$1,210.0	3.9%
2042	\$747.1	2.3%	\$2,665.7	8.4%	\$3,412.8	10.7%	\$2,285.2	\$1,127.6	3.5%
2043	\$584.7	1.8%	\$2,798.9	8.6%	\$3,383.6	10.4%	\$2,330.1	\$1,053.5	3.2%
2044	\$437.8	1.3%	\$2,930.9	8.8%	\$3,368.7	10.1%	\$2,377.9	\$990.8	3.0%
2045	\$311.6	0.9%	\$3,060.6	9.0%	\$3,372.3	9.9%	\$2,428.9	\$943.4	2.8%

CHART 6

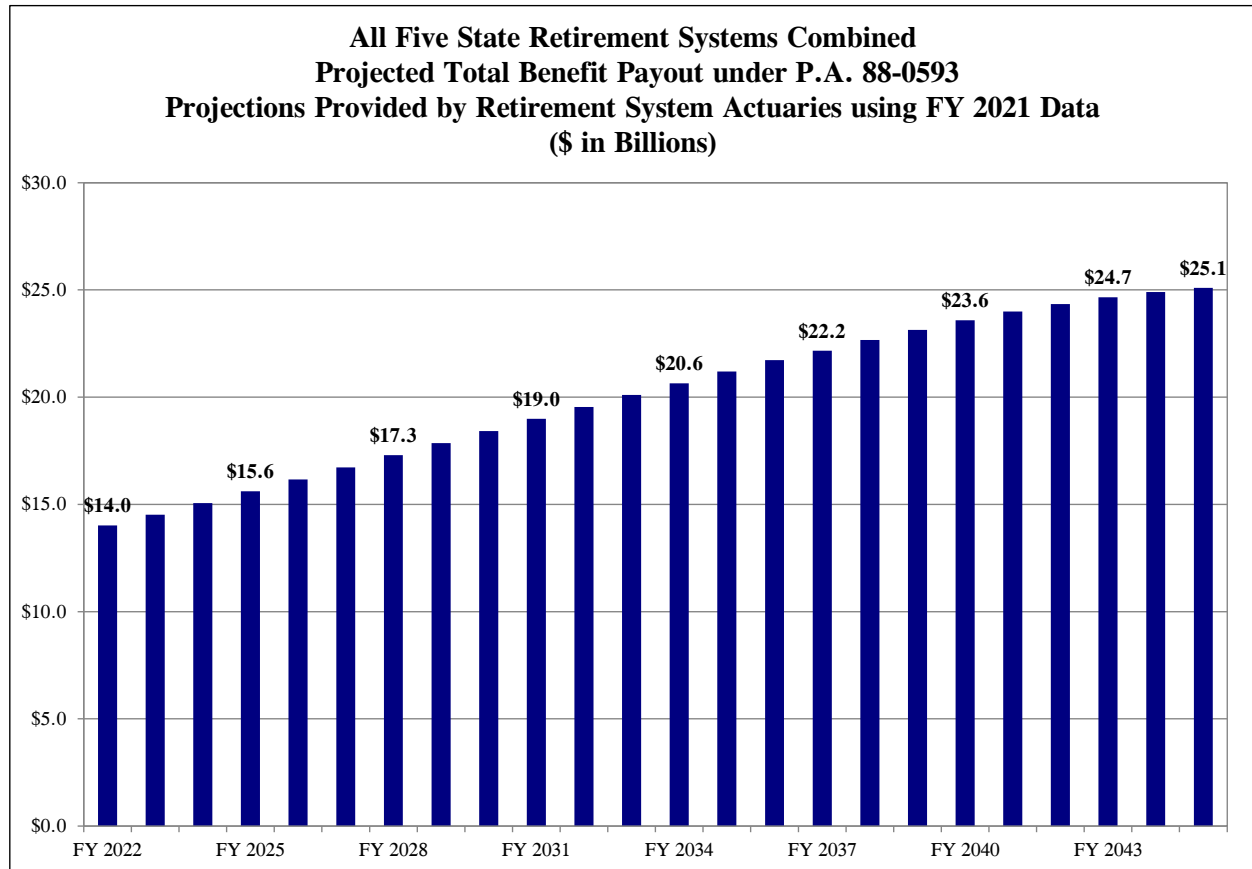
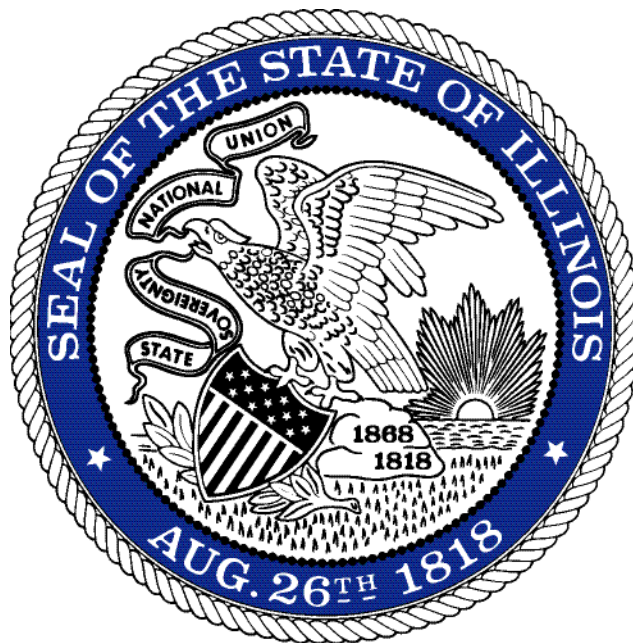


Chart 6 shows the projected total retirement benefits to be paid to annuitants.

IX. The Teachers' Retirement System

- **Plan Summary**
- **FY 2021 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 Liabilities**
- **Changes in Net Assets**
- **Investment Return History**
- **Reduction in State Contributions**
- **Tier 1 & Tier 2 Normal Cost Projections**



Teachers' Retirement System

Tier 1 Defined Benefit Plan Summary

Retirement Age

- ☐ 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

* Early Retirement Option (ERO) expired on July 1, 2016. The last day ERO was available to a TRS member was June 30, 2016.

Retirement Formula

- ☐ 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

- ☐ 75% of final average salary

Salary Used to Calculate Pension

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

Annual COLA

- ☐ 3% compounded

Employee Contributions

- ☐ 9.0% of salary
 - 7.5% for retirement benefit, 0.5% for annual COLA, and 1% for death benefit

The benefits shown do not reflect P.A. 96-0889 (2 Tier Act of 2011). Please refer to Section I earlier in this report for details.

Teachers' Retirement System

Tier 2 Defined Benefit Plan Summary

Retirement Age

- ❑ Age 67 with 10 years of service credit
- ❑ Age 62 with 10 years of service credit (reduced annuity)

Retirement Formula

- ❑ 2.2% of final average salary for each year of service credit

Maximum Annuity

- ❑ 75% of final average salary

Salary Used to Calculate Pension

- ❑ Average of the eight highest consecutive annual salary rates within the last 10 years of service
- ❑ Pensionable Salary is limited by an amount tied to the 2010 Social Security Wage Base of \$106,800. This amount increases annually by 3% or ½ of the increase in the Consumer Price Index-U, whichever is less. The salary limits for calendar year 2021 and 2022 are \$116,740 and \$119,892, respectively.

Annual COLA

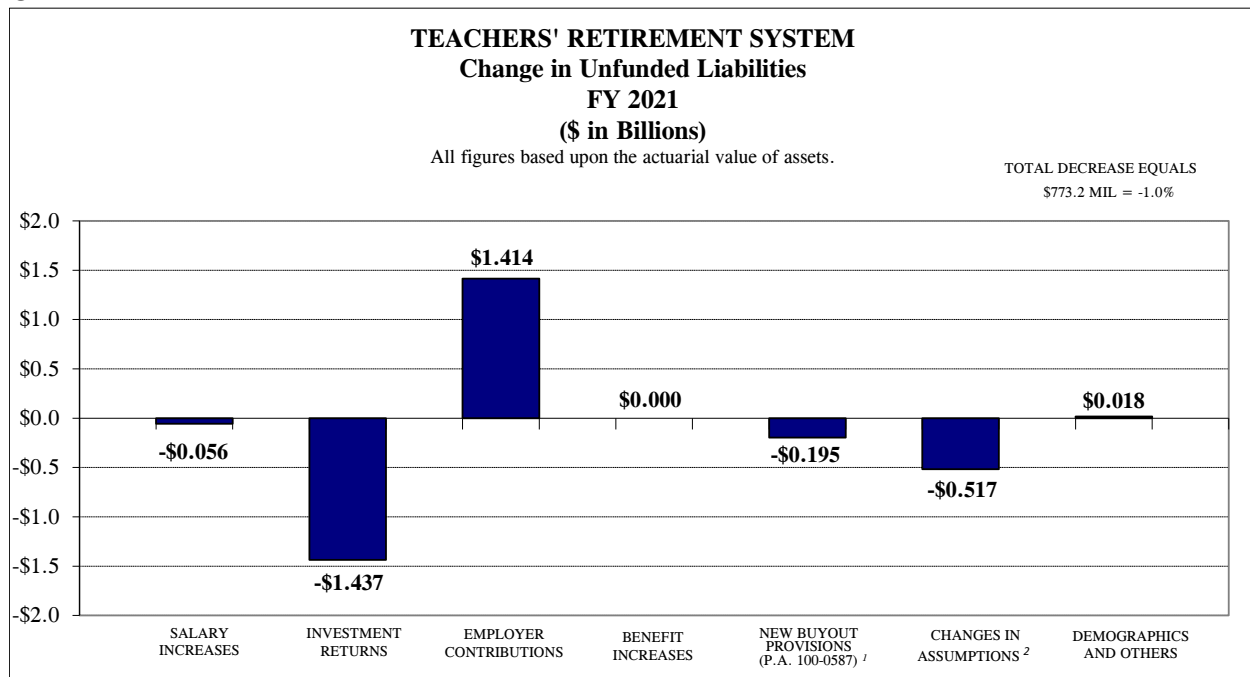
- ❑ Simple 3% or ½ of the increase in the Consumer Price Index-U, whichever is less

Employee Contributions

- ❑ 9.0% of salary
 - 7.5% for retirement benefit, 0.5% for annual COLA, and 1% for death benefit

The benefits shown reflect P.A. 96-0889 (2 Tier Act of 2011) and are for Tier 2 members who first contribute to the system on or after January 1, 2011. Please refer to Section I earlier in this report for details.

CHART 7



¹ The two voluntary buyout programs were created by P.A. 100-0587 and extended by 3 years to June 30, 2024 by P.A. 101-0010. P.A. 102-0718 extended the programs by 2 more years to June 30, 2026 (the impact of that extension is not reflected in this chart). In the TRS 2021 actuarial valuation, the participation assumptions for the two voluntary buyout programs were updated, which were 5% for the total pension buyout program and 20% for the automatic annual increase buyout program.

² TRS changed their actuarial assumptions in the FY 2021 actuarial valuation as a result of the 3-year experience study. This decreased the liability by \$516.7 million. Some of the assumption changes included the inflation assumption and individual salary increase as well as the buyout programs participation rates. The TRS investment assumption rate remained unchanged at 7%.

CHART 8

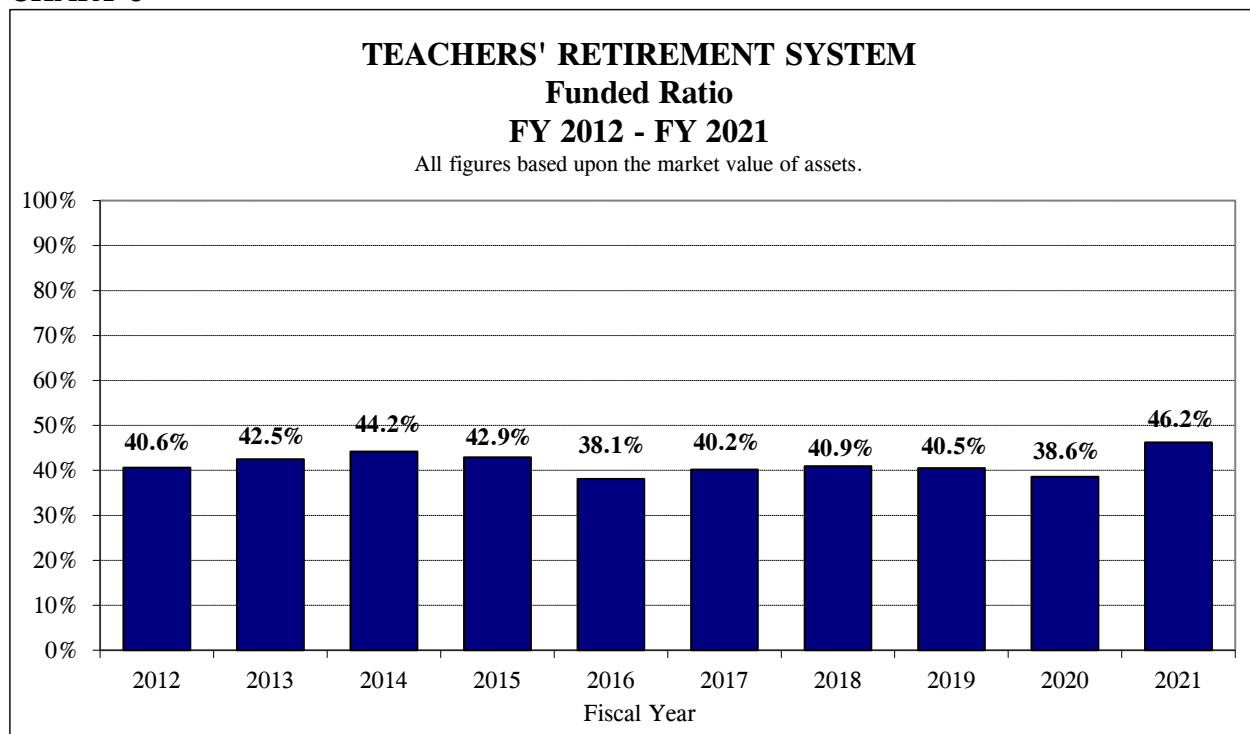
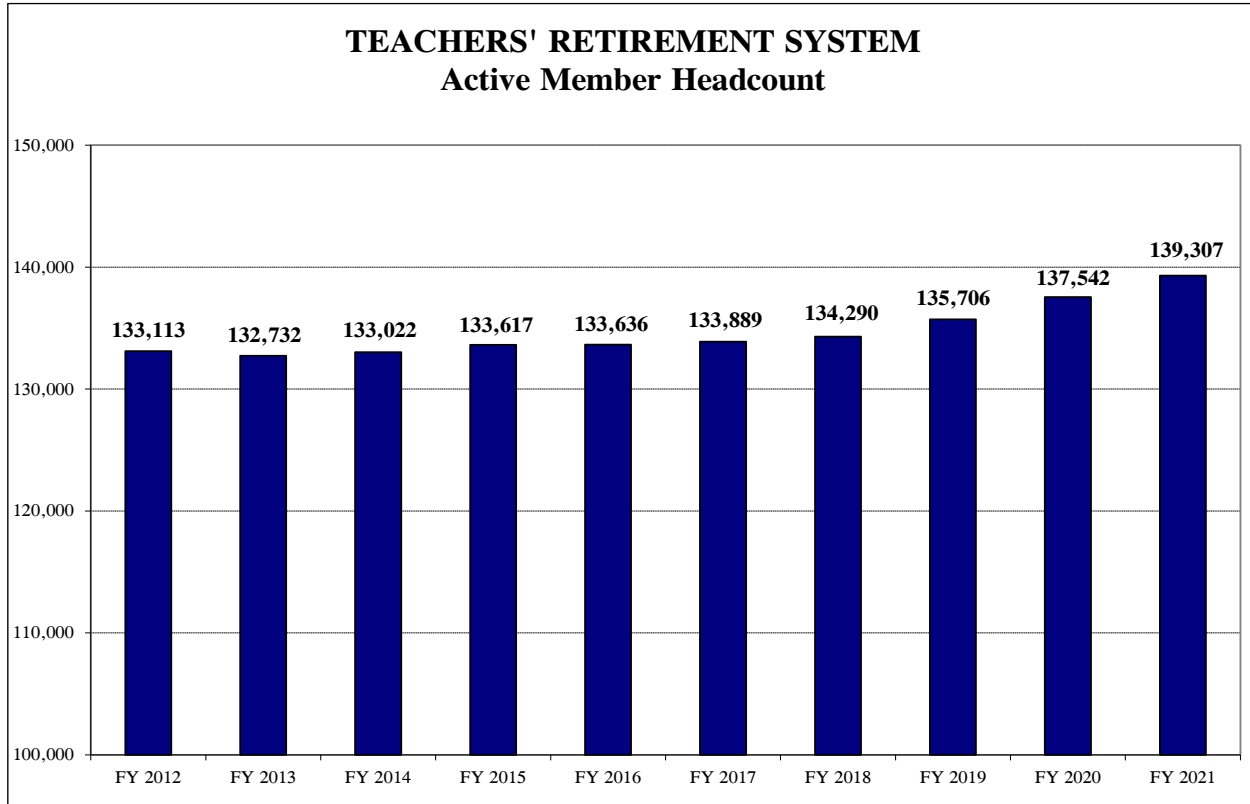
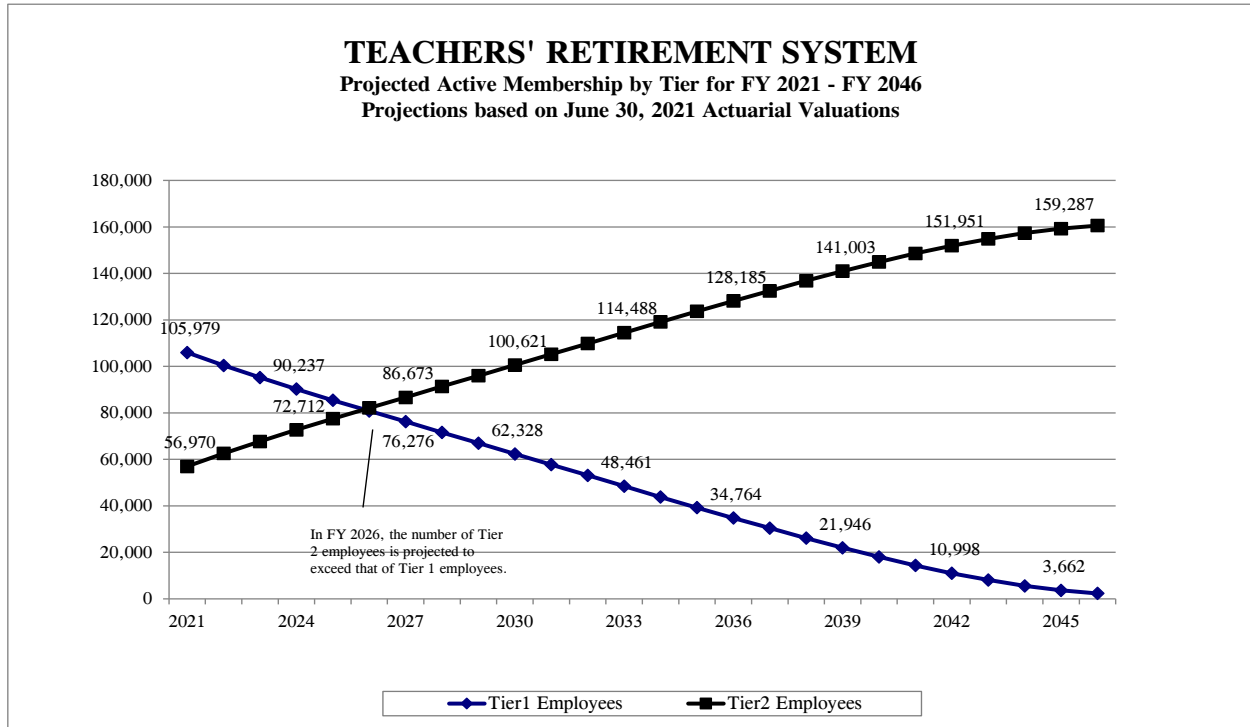


CHART 9



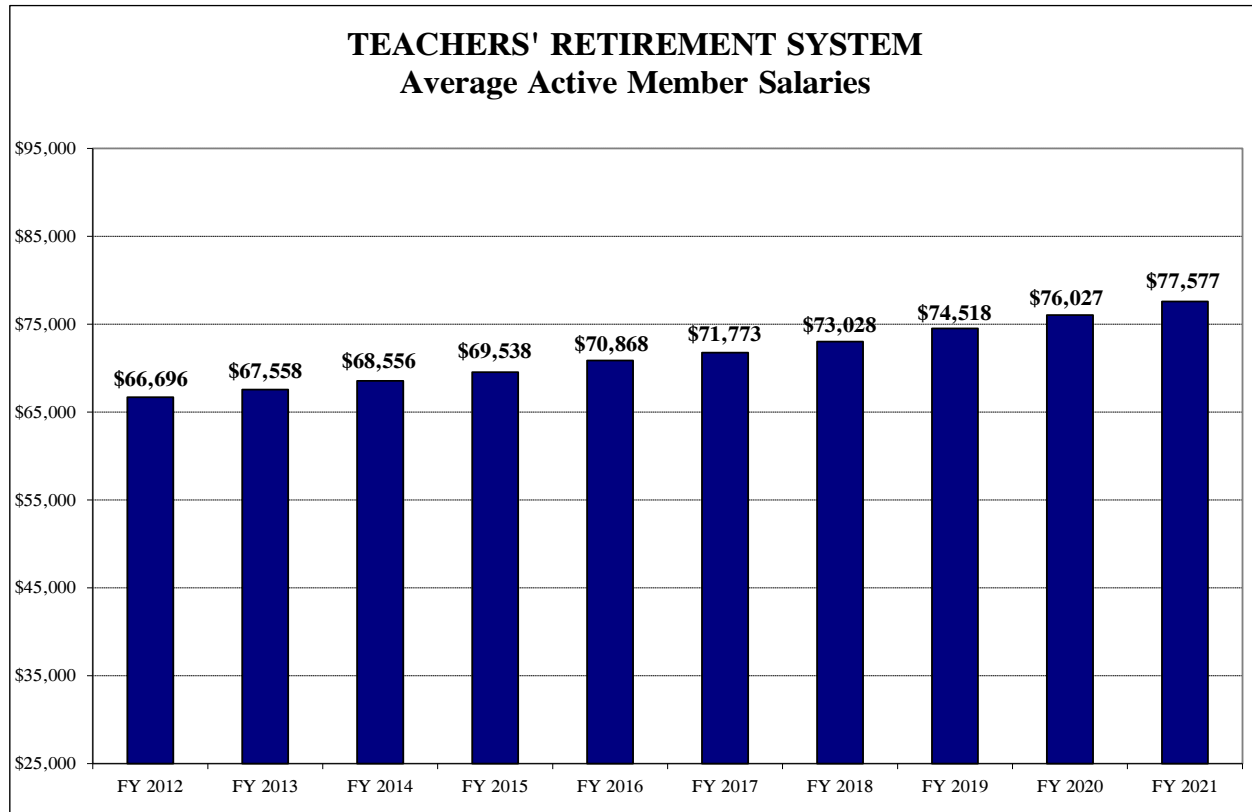
Note: Includes full- and part-time members only. All the data is based on TRS' Comprehensive Annual Financial Reports (CAFRs).

CHART 10



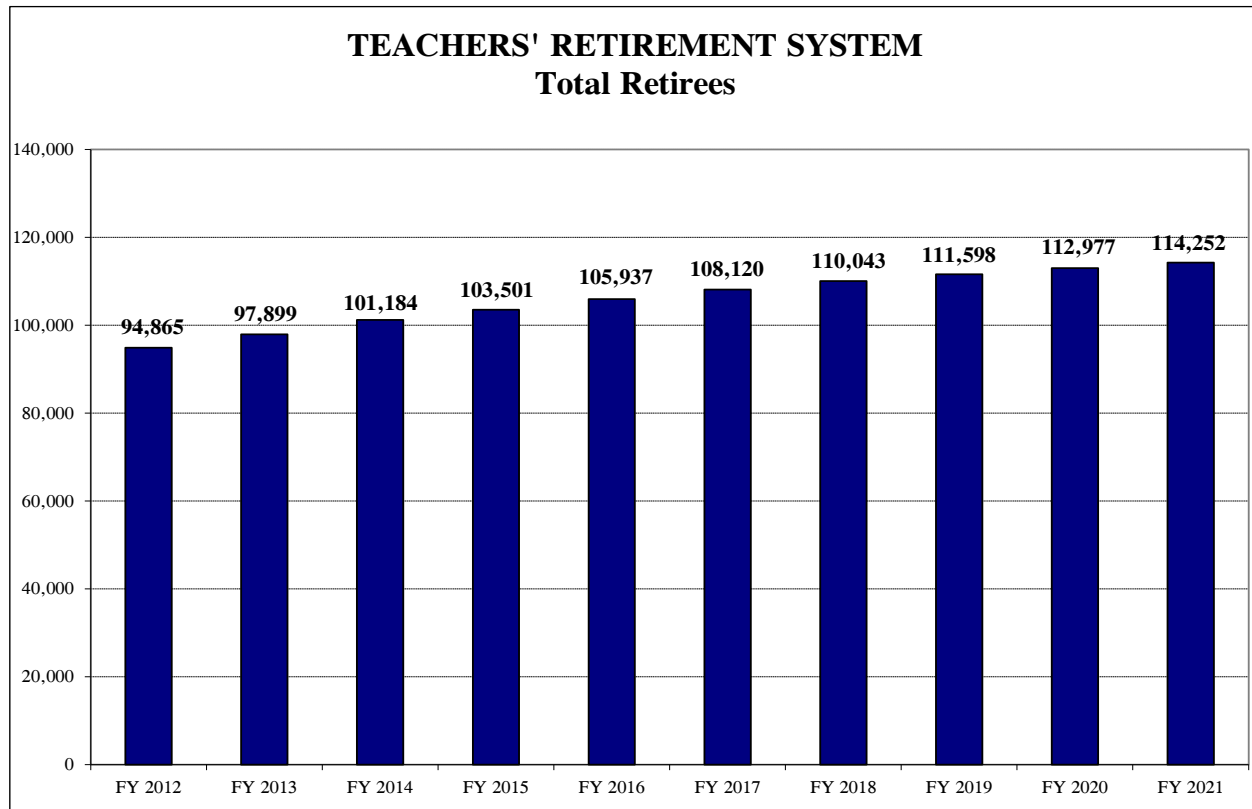
NOTE: The above membership projections include all active employees such as full-time, part-time, substitute, and hourly employees.

CHART 11



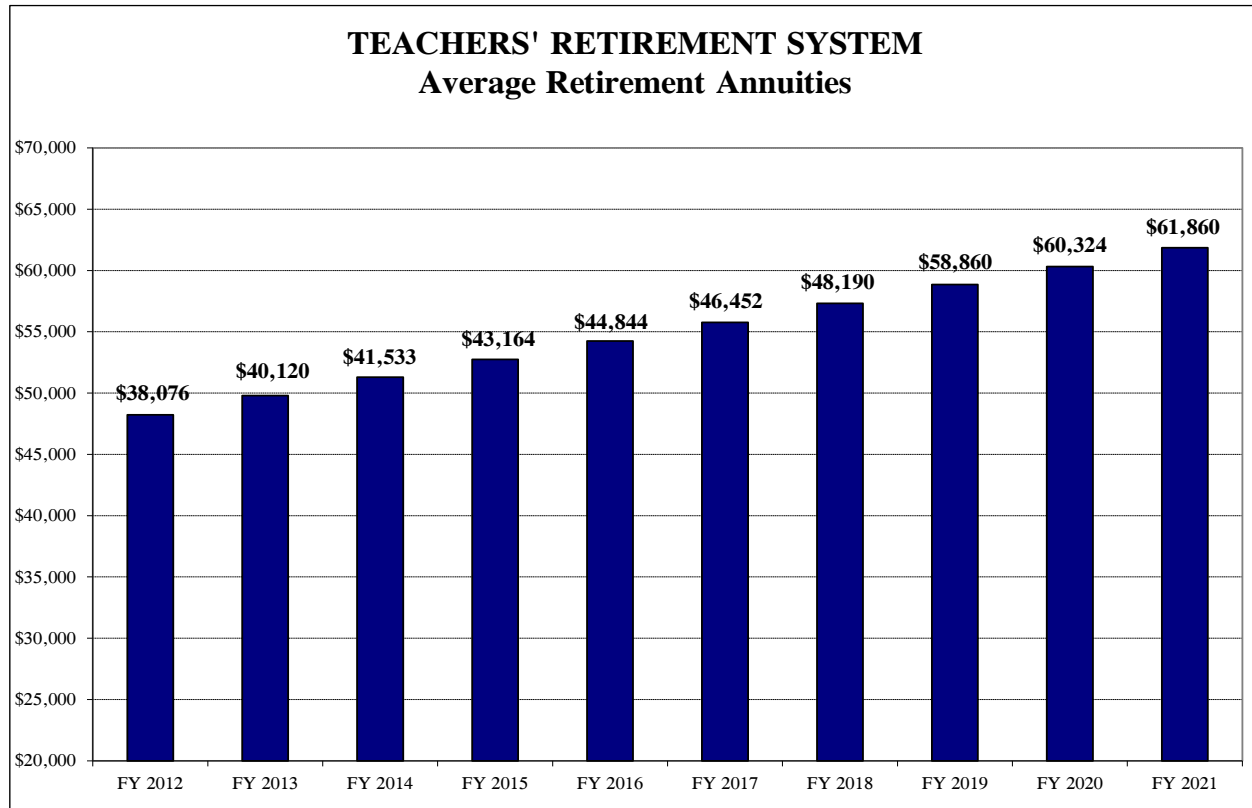
NOTE: All the data is based on TRS' Comprehensive Annual Financial Reports (CAFRs).

CHART 12



NOTE: All the data is based on TRS' Comprehensive Annual Financial Reports (CAFRs).

CHART 13



NOTE: All the data is based on TRS' Comprehensive Annual Financial Reports (CAFRs).

CHART 14

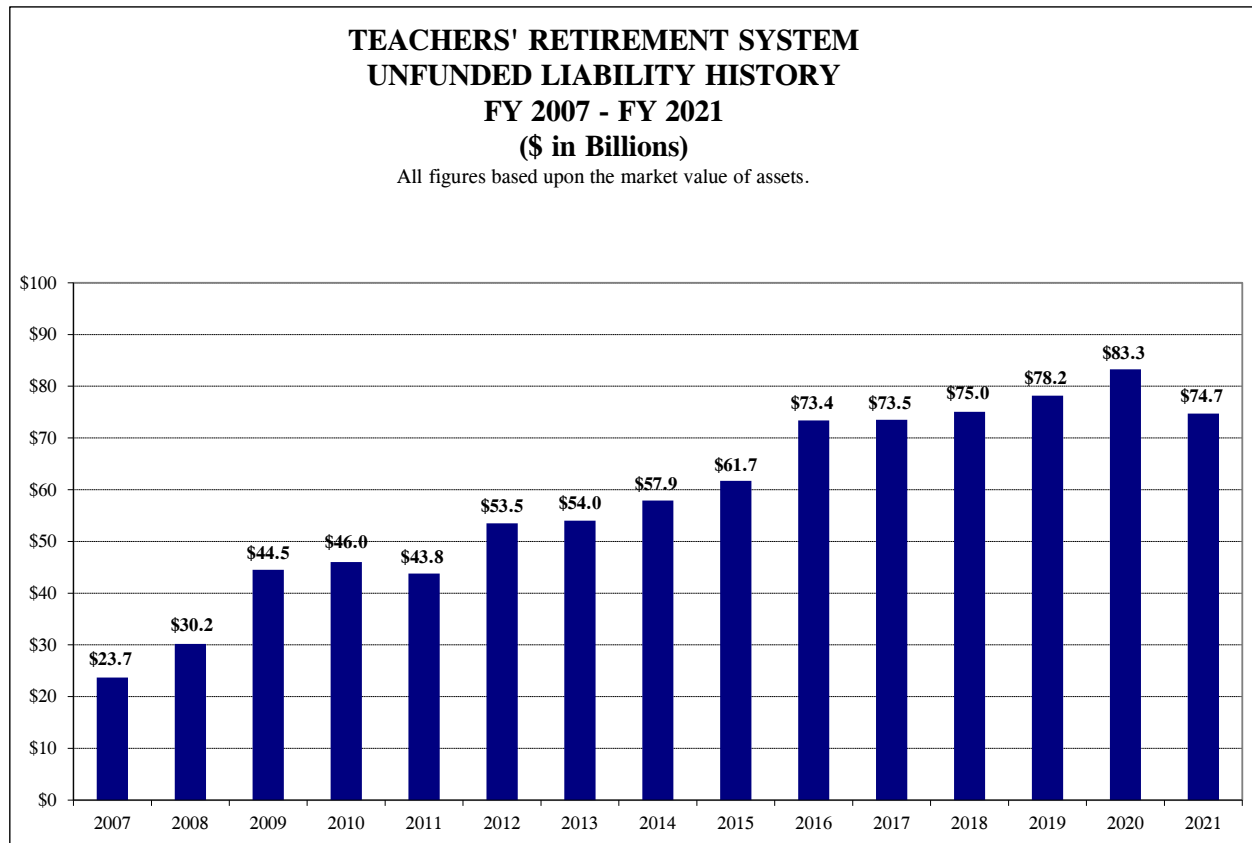


CHART 15

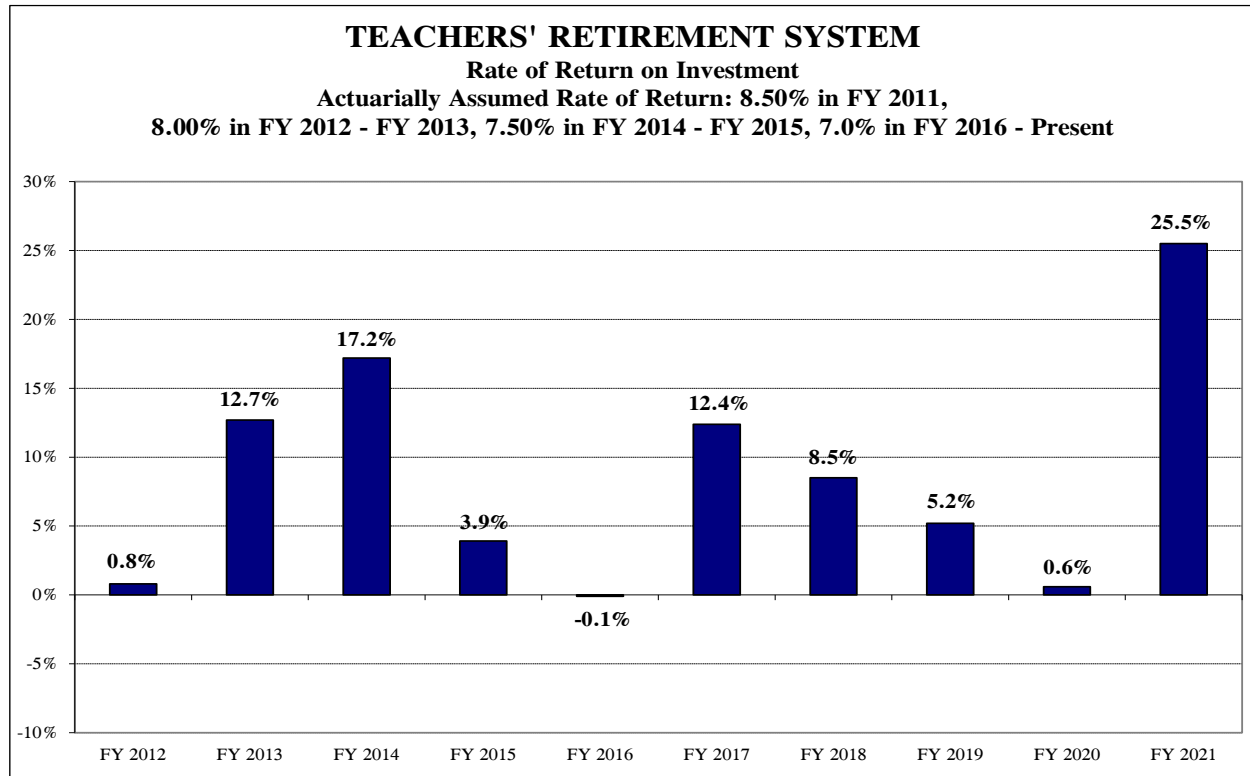


CHART 16

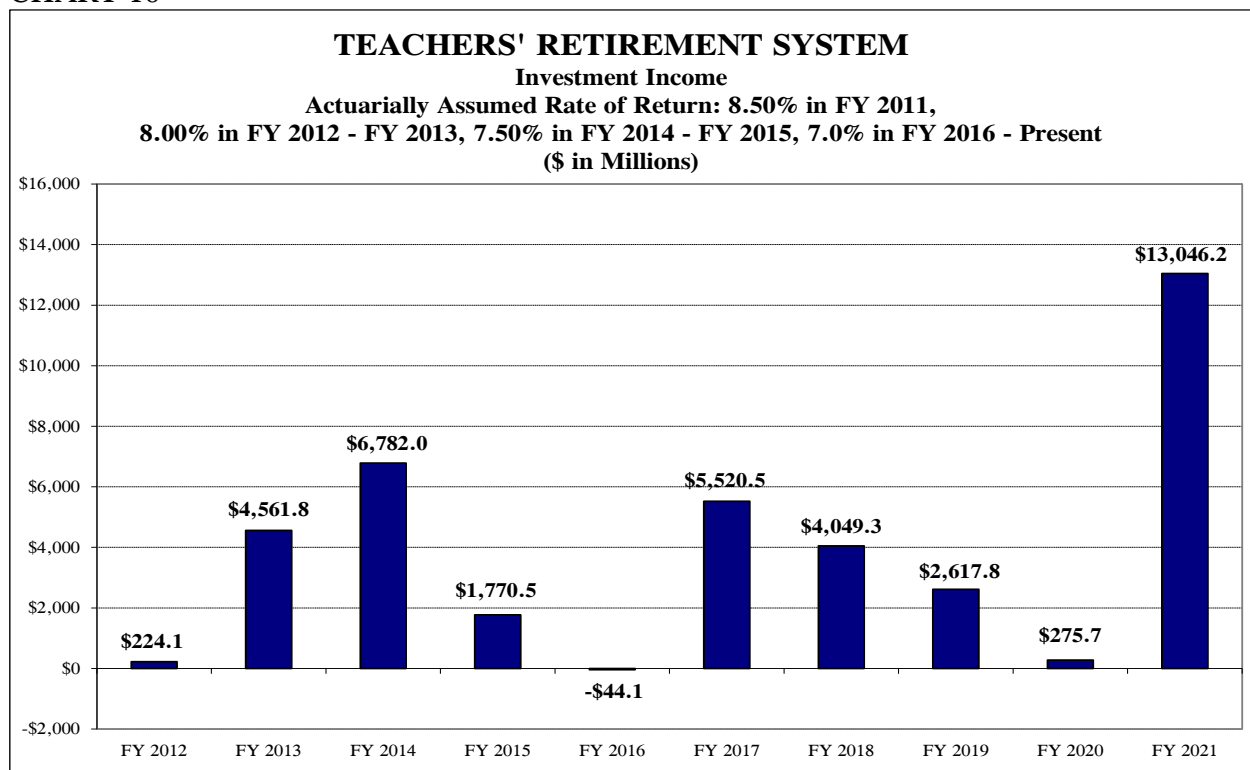


CHART 17

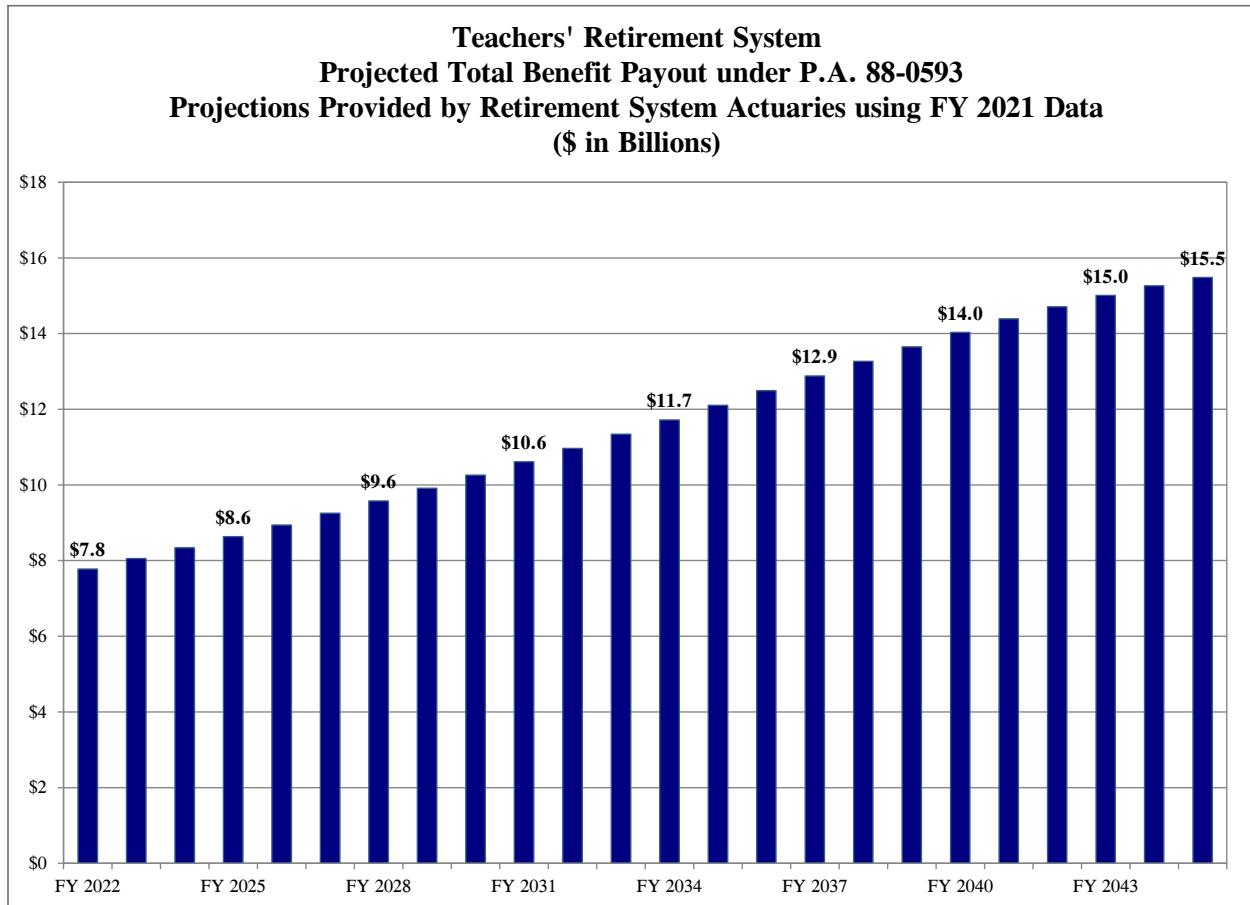


TABLE 6

TEACHERS' RETIREMENT SYSTEM CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2021								
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N.C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	NEW BUYOUT PROVISIONS (P.A. 100-0587)	CHANGES IN ACTUARIAL ASSUMPTIONS	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
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
6/30/2013	(412,776,000)	1,557,219,000	2,125,732,000	0		0	382,074,000	3,652,249,000
6/30/2014	(474,190,195)	(1,791,604,611)	1,648,042,240	0		6,403,256,969	72,310,315	5,857,814,718
6/30/2015	(468,541,235)	(1,354,881,665)	1,992,652,465	0		586,418,960	341,371,995	1,097,020,520
6/30/2016	(65,504,184)	467,184,012	1,635,079,237	0		5,654,841,998	1,029,558,907	8,721,159,970
6/30/2017	29,518,579	(384,476,850)	1,808,876,910	0		0	574,797,924	2,028,716,563
6/30/2018	(40,293,935)	(306,966,173)	1,909,537,067	0	(380,955,376)	(711,686,423)	1,382,295,985	1,851,931,145
6/30/2019	(84,011,865)	589,910,262	1,754,692,033	0	0	80,717,984	436,027,601	2,777,336,015
6/30/2020	(41,780,212)	972,850,068	1,622,083,905	0	0	0	88,641,204	2,641,794,965
6/30/2021	(56,331,439)	(1,436,959,691)	1,414,463,477	0	(195,467,590)	(516,709,885)	17,785,894	(773,219,234)
TOTALS	(\$2,619,656,486)	\$7,806,511,352	\$34,920,664,334	\$1,105,792,000	(\$576,422,966)	\$16,434,178,603	\$11,524,526,825	\$68,595,593,662

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

TABLE 7

TEACHERS' RETIREMENT SYSTEM Changes in Net Assets (\$ in Millions)										
Fiscal Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Additions to Assets										
State of Illinois	\$2,406.4	\$2,703.3	\$3,438.4	\$3,377.7	\$3,742.5	\$3,986.4	\$4,095.1	\$4,466.0	\$4,813.5	\$5,140.6
Pension Obligation Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Employees	\$917.7	\$921.4	\$928.7	\$935.5	\$951.8	\$929.1	\$938.0	\$964.0	\$994.4	\$1,023.5
School Districts	\$92.5	\$88.3	\$83.9	\$75.8	\$73.5	\$73.8	\$64.6	\$70.0	\$69.4	\$69.6
Federal	\$62.3	\$68.9	\$74.5	\$69.8	\$74.5	\$75.7	\$20.0	\$18.5	\$23.2	\$28.0
Net Investment Income	\$224.1	\$4,561.8	\$6,782.0	\$1,770.6	-\$44.1	\$5,520.5	\$4,049.3	\$2,617.8	\$275.7	\$13,046.2
Total Asset Additions (A)	\$3,703.0	\$8,343.6	\$11,307.5	\$6,229.3	\$4,798.2	\$10,585.4	\$9,167.1	\$8,136.3	\$6,176.2	\$19,307.9
Deductions from Assets										
Benefits	\$4,553.8	\$4,893.1	\$5,225.2	\$5,536.4	\$5,848.2	\$6,152.9	\$6,458.7	\$6,745.5	\$7,035.3	\$7,323.9
Refunds	\$84.6	\$88.4	\$95.5	\$88.6	\$83.0	\$285.1	\$92.9	\$73.2	\$64.2	\$64.2
Subsidy Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Administrative Expenses	\$19.0	\$20.3	\$21.2	\$21.7	\$23.0	\$22.7	\$21.6	\$24.3	\$23.0	\$23.8
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Asset Deductions (B)	\$4,657.4	\$5,001.7	\$5,341.9	\$5,646.7	\$5,954.2	\$6,460.7	\$6,573.2	\$6,843.1	\$7,122.5	\$7,411.9
Change in Net Assets (A-B=C)	-\$954.4	\$3,341.9	\$5,965.6	\$582.5	-\$1,156.0	\$4,124.7	\$2,593.9	\$1,293.2	-\$946.3	\$11,896.0

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	
2012	\$36,516.8	\$224.1	0.8%	
2013	\$39,858.8	\$4,561.8	12.7%	
2014	\$45,824.4	\$6,782.0	17.2%	
2015	\$46,406.9	\$1,770.6	3.9%	
2016	\$45,251.0	-\$44.1	-0.1%	
2017	\$49,375.7	\$5,520.5	12.4%	
2018	\$51,969.5	\$4,049.3	8.5%	
2019	\$53,262.8	\$2,617.8	5.2%	
2020	\$52,316.5	\$275.7	0.6%	
2021	\$64,212.5	\$13,046.2	25.5%	

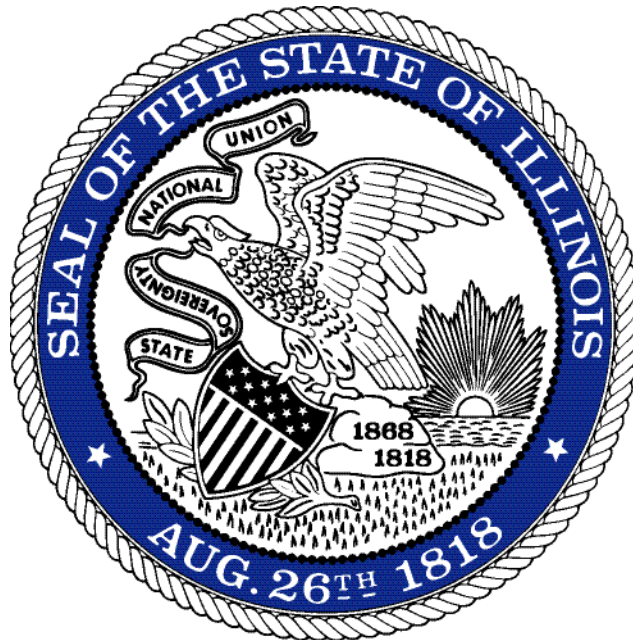
TABLE 9

TEACHERS' RETIREMENT SYSTEM Projected Normal Costs based on Public Act 88-0593 Projections Provided by Retirement System Actuaries using FY 2021 Data (\$ in Millions)									
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	Employee Contributions	Employer Normal Cost*	Employer Normal Cost as a % of Payroll
2022	\$2,014.6	17.6%	\$189.9	1.7%	\$2,204.5	19.2%	\$1,032.3	\$1,172.2	10.2%
2023	\$2,016.8	17.3%	\$219.9	1.9%	\$2,236.7	19.1%	\$1,051.4	\$1,185.3	10.1%
2024	\$2,014.5	16.8%	\$251.5	2.1%	\$2,266.0	18.9%	\$1,078.4	\$1,187.6	9.9%
2025	\$2,003.7	16.3%	\$284.7	2.3%	\$2,288.4	18.6%	\$1,104.5	\$1,183.8	9.6%
2026	\$1,984.2	15.8%	\$319.0	2.5%	\$2,303.2	18.3%	\$1,130.6	\$1,172.6	9.3%
2027	\$1,957.7	15.3%	\$355.4	2.8%	\$2,313.1	18.0%	\$1,155.2	\$1,157.9	9.0%
2028	\$1,921.0	14.7%	\$394.2	3.0%	\$2,315.2	17.7%	\$1,179.2	\$1,136.0	8.7%
2029	\$1,874.2	14.0%	\$436.2	3.3%	\$2,310.4	17.3%	\$1,201.8	\$1,108.6	8.3%
2030	\$1,821.1	13.4%	\$480.3	3.5%	\$2,301.4	16.9%	\$1,224.7	\$1,076.7	7.9%
2031	\$1,761.1	12.7%	\$527.2	3.8%	\$2,288.3	16.5%	\$1,247.4	\$1,040.9	7.5%
2032	\$1,694.0	12.0%	\$576.8	4.1%	\$2,270.8	16.1%	\$1,270.4	\$1,000.4	7.1%
2033	\$1,616.9	11.3%	\$629.3	4.4%	\$2,246.2	15.6%	\$1,292.7	\$953.5	6.6%
2034	\$1,530.0	10.5%	\$684.9	4.7%	\$2,215.0	15.2%	\$1,314.2	\$900.8	6.2%
2035	\$1,435.4	9.7%	\$743.4	5.0%	\$2,178.7	14.7%	\$1,335.3	\$843.4	5.7%
2036	\$1,335.1	8.9%	\$804.8	5.3%	\$2,139.9	14.2%	\$1,356.9	\$783.0	5.2%
2037	\$1,230.4	8.0%	\$868.9	5.7%	\$2,099.2	13.7%	\$1,378.8	\$720.4	4.7%
2038	\$1,120.1	7.2%	\$935.3	6.0%	\$2,055.4	13.2%	\$1,401.7	\$653.6	4.2%
2039	\$997.6	6.3%	\$1,004.7	6.3%	\$2,002.3	12.6%	\$1,425.0	\$577.3	3.6%
2040	\$864.9	5.4%	\$1,076.7	6.7%	\$1,941.6	12.1%	\$1,448.6	\$493.0	3.1%
2041	\$727.2	4.4%	\$1,151.2	7.0%	\$1,878.4	11.5%	\$1,473.9	\$404.5	2.5%
2042	\$588.4	3.5%	\$1,227.5	7.4%	\$1,815.9	10.9%	\$1,501.0	\$314.9	1.9%
2043	\$455.4	2.7%	\$1,304.3	7.7%	\$1,759.8	10.3%	\$1,530.3	\$229.5	1.3%
2044	\$333.1	1.9%	\$1,381.3	8.0%	\$1,714.4	9.9%	\$1,562.3	\$152.1	0.9%
2045	\$227.3	1.3%	\$1,457.6	8.2%	\$1,684.9	9.5%	\$1,597.1	\$87.8	0.5%
2046	\$146.0	0.8%	\$1,532.7	8.4%	\$1,678.7	9.2%	\$1,635.8	\$42.9	0.2%

*Administrative expenses are not included.

X. The State Employees' Retirement System

- Plan Summaries
- FY 2021 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 Liabilities
- Changes in Net Assets
- Investment Return History
- Reduction in State Contributions
- Tier 1 & Tier 2 Normal Cost Projections



State Employees' Retirement System

Tier 1 Regular Formula - Plan Summary

Retirement Age

- ☐ "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
 - 3.5% for retirement benefit and 0.5% for survivors' benefit
- ☐ 8.0% of salary for members not covered by Social Security
 - 7.0% for retirement benefit and 1.0% for survivors' benefit

The benefits shown do not reflect P.A. 96-0889 (Tier 2 Act of 2011). Please refer to Section I earlier in this report for details.

State Employees' Retirement System

Tier 1 Alternative Formula - Plan Summary

Retirement Age

- ❑ 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
- ❑ Salary capped at Tier II cap level. This salary cap rises annually at an increase that is equal to one-half of the annual rate of inflation in the previous year.

Annual COLA

- ❑ 3% compounded

Employee Contributions

- ❑ 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
 - 8.0% for retirement benefit and 0.5% for survivors' benefit
- ❑ 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
 - 11.5% for retirement benefit and 1.0% for survivors' benefit

State Employees' Retirement System

Tier 2 Regular Formula - Plan Summary

Retirement Age

- ❑ Age 67 with 10 years of service credit
- ❑ Age 62 with 10 years of service (reduced one-half of one percent for each month the member is under age 67)

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 96 consecutive months of service within the last 120 months of service
- ❑ Pensionable Salary is limited by an amount tied to the 2010 Social Security Wage Base of \$106,800. This amount increases annually by 3% or ½ of the increase in the Consumer Price Index-U, whichever is less. The salary limit for calendar year 2021 and 2022 are \$116,740 and \$119,892, respectively.

Annual COLA

- ❑ Simple 3% or ½ of the increase in the Consumer Price Index-U, whichever is less

Employee Contributions

- ❑ 4.0% of salary for members covered by Social Security
 - 3.5% for retirement benefit and 0.5% for survivors' benefit
- ❑ 8.0% of salary for members not covered by Social Security
 - 7.0% for retirement benefit and 1.0% for survivors' benefit

The benefits shown reflect P.A. 96-0889 (2 Tier Act of 2011) and are for Tier 2 members who first contribute to the system on or after January 1, 2011. Please refer to Section I earlier in this report for details.

State Employees' Retirement System

Tier 2 Alternative Formula - Plan Summary

Retirement Age

- ❑ Age 60 with at least 20 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

- ❑ Highest 96 consecutive months of service within the last 120 months of service
- ❑ Pensionable Salary is limited by an amount tied to the 2010 Social Security Wage Base of \$106,800. This amount increases annually by 3% or ½ of the increase in the Consumer Price Index-U, whichever is less. The salary limit for calendar year 2021 and 2022 are \$116,740 and \$119,892, respectively.

Annual COLA

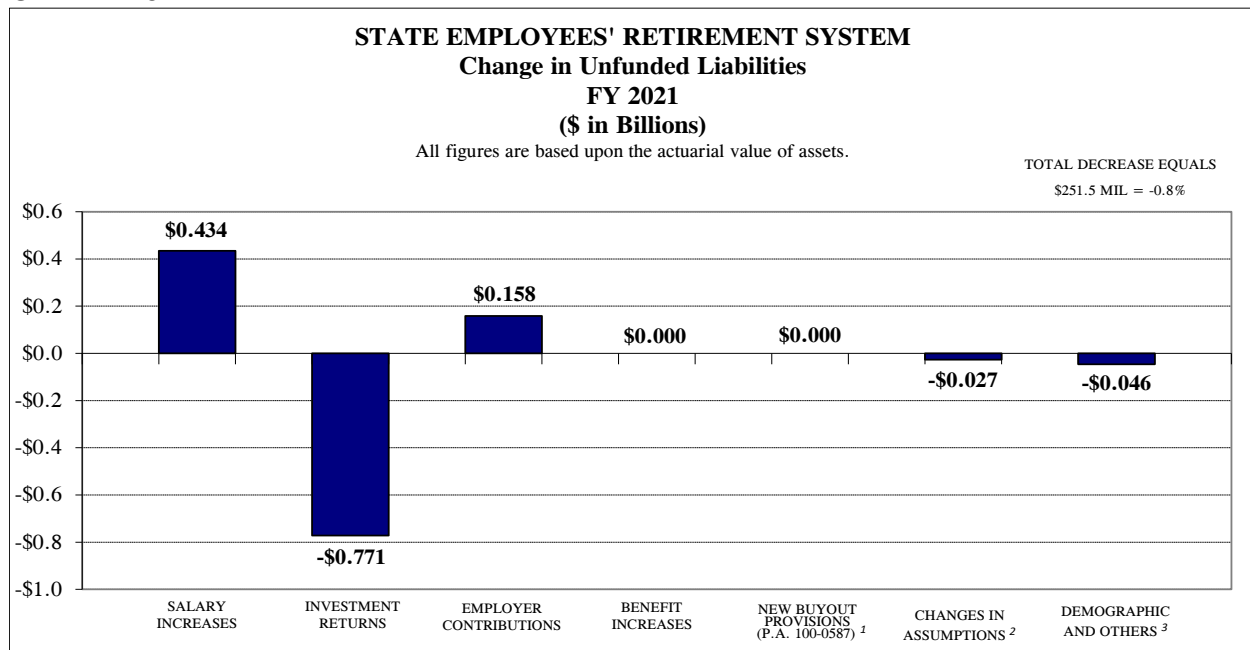
- ❑ Simple 3% or ½ of the increase in the Consumer Price Index-U, whichever is less

Employee Contributions

- ❑ 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
 - 8.0% for retirement benefit and 0.5% for survivors' benefit
- ❑ 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
 - 11.5% for retirement benefit and 1.0% for survivors' benefit

The benefits shown reflect P.A. 96-0889 (2 Tier Act of 2011) and are for Tier 2 members who first contribute to the system on or after January 1, 2011. Please refer to Section I earlier in this report for details.

CHART 18



¹ The two voluntary buyout programs were created by P.A. 100-0587 and extended by 3 years to June 30, 2024 by P.A. 101-0010. P.A. 102-0718 extended the programs by 2 more years to June 30, 2026. In the FY 2021 SERS actuarial valuation, the SERS buyout participation assumptions were updated. The participation assumption for the COLA buyout was reduced to 20% from 21% for eligible Regular formula members and increased from 28% to 40% for eligible Alternative formula members not covered by Social Security and to 35% for eligible Alternative formula members who are covered by Social Security. The assumed participation rate for the total buyout was reduced to 2% from 5%. The SERS FY 2021 actuarial valuation did not show the liability reductions in FY 2021, but the system indicates an unspecified reduction will be reported in the FY 2022 valuation.

² SERS changed their actuarial assumptions in the FY 2021 actuarial valuation, which decreased the liability by \$26.6 million. As mentioned above, SERS changed the buyout programs participation assumptions.

³ The unfunded liability decreased by \$46.2 million due to the net effects of demographic experiences and other factors, including a \$2.5 million liability increase due to the effect of P.A. 101-0610. Pursuant to P.A. 101-0610, effective January 1, 2020, certain Tier 2 police officers are allowed to have coverage under the Tier 2 alternative formula plan. Plus, these employees may convert up to 8 years of their previous Tier 2 regular formula service to the Tier 2 alternative formula service if they pay the differences between the employee contributions for the two plans, plus interest.

CHART 19

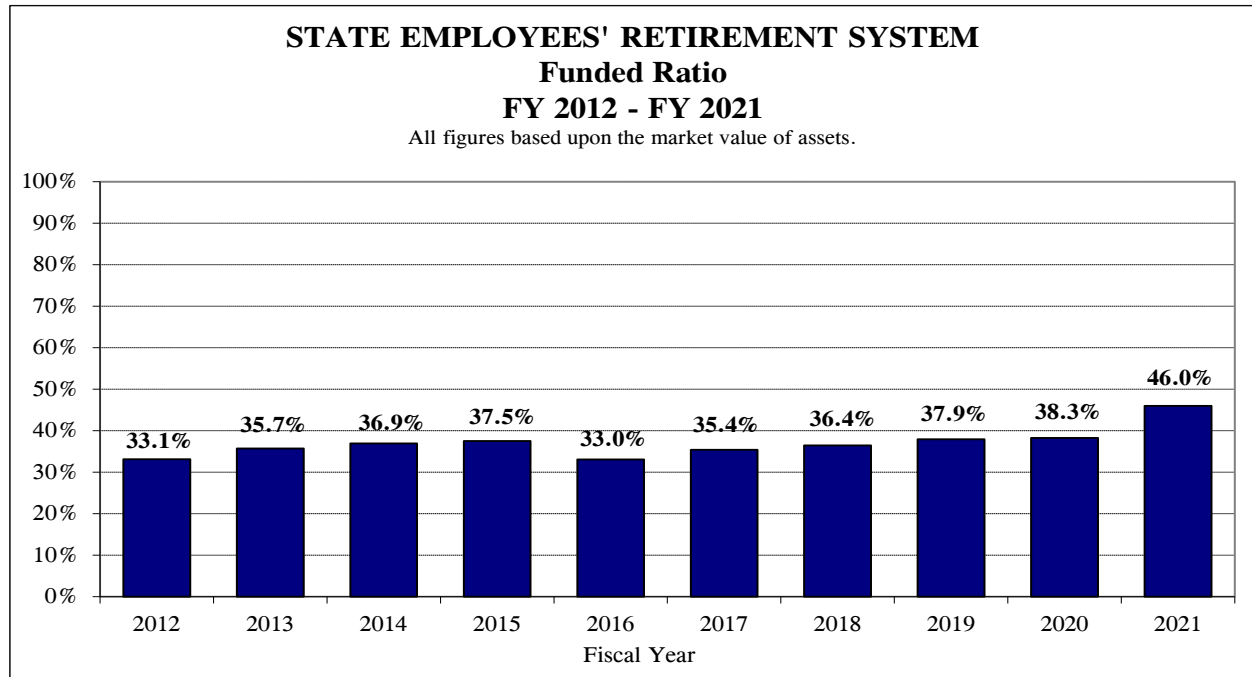


CHART 20

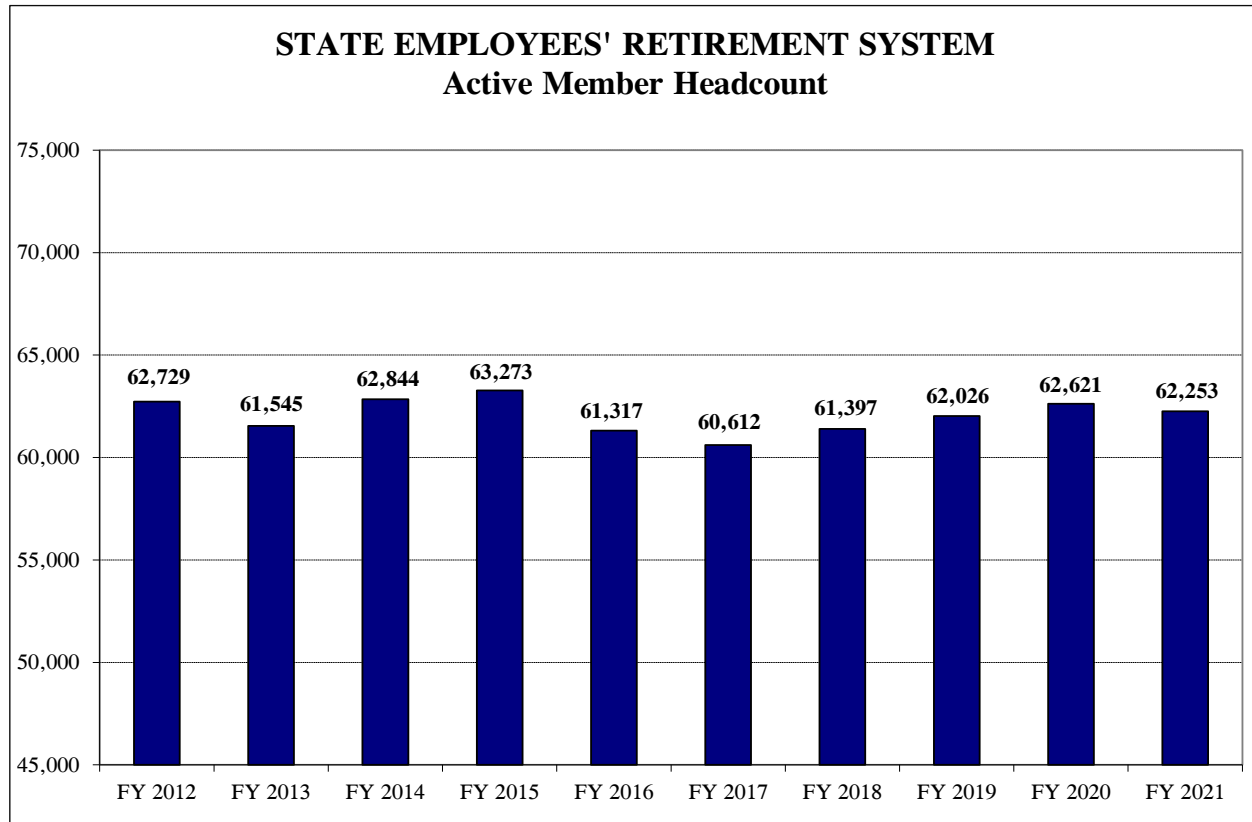


CHART 21

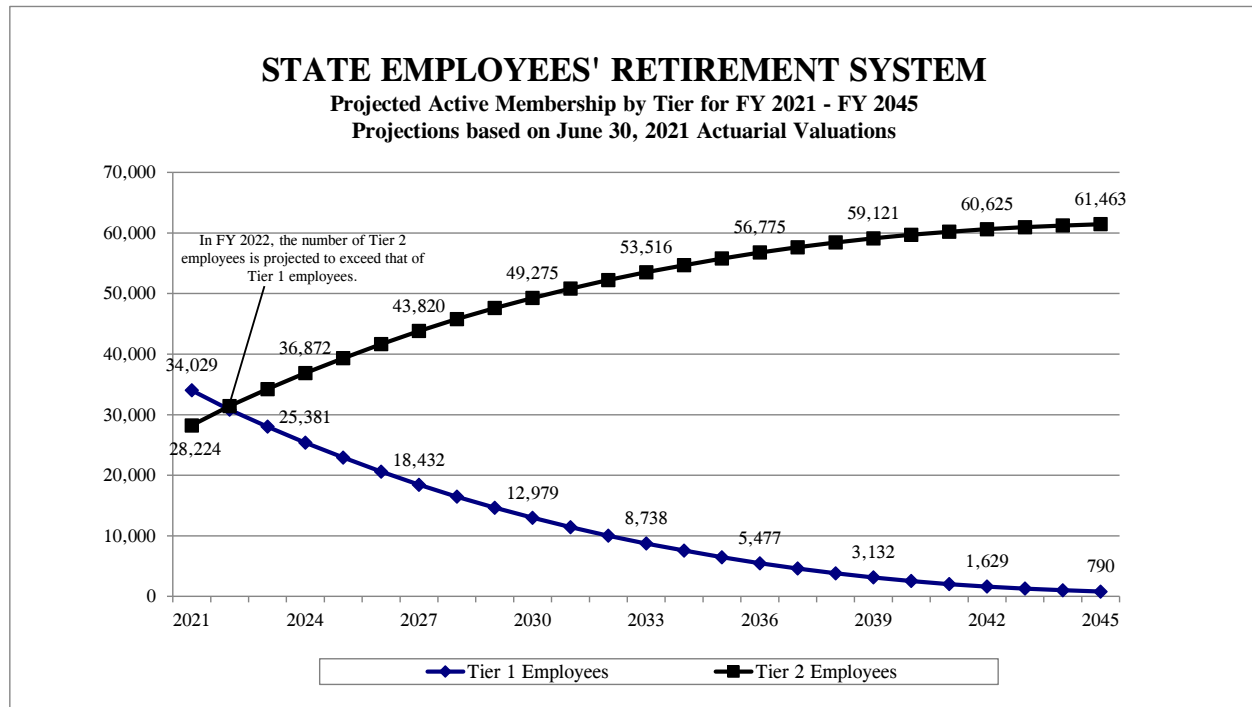


CHART 22

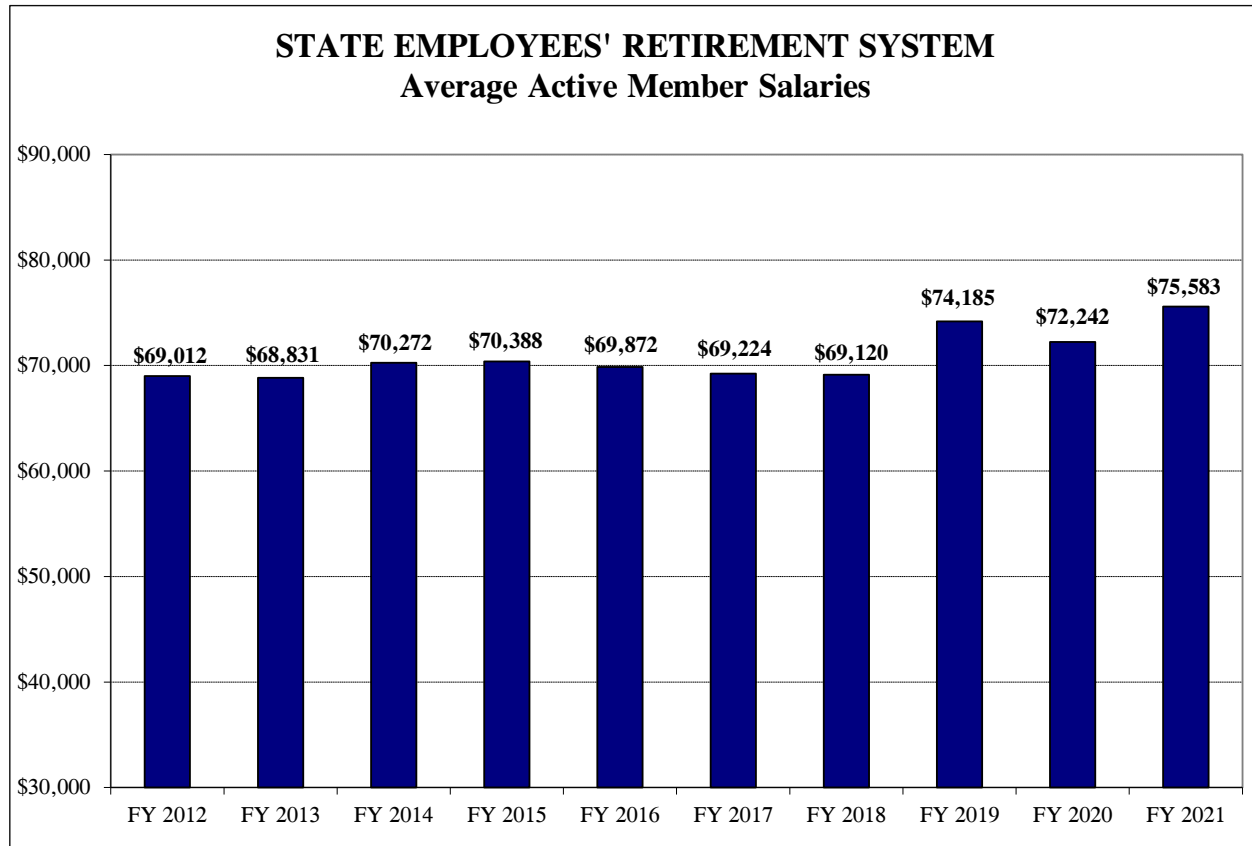


CHART 23

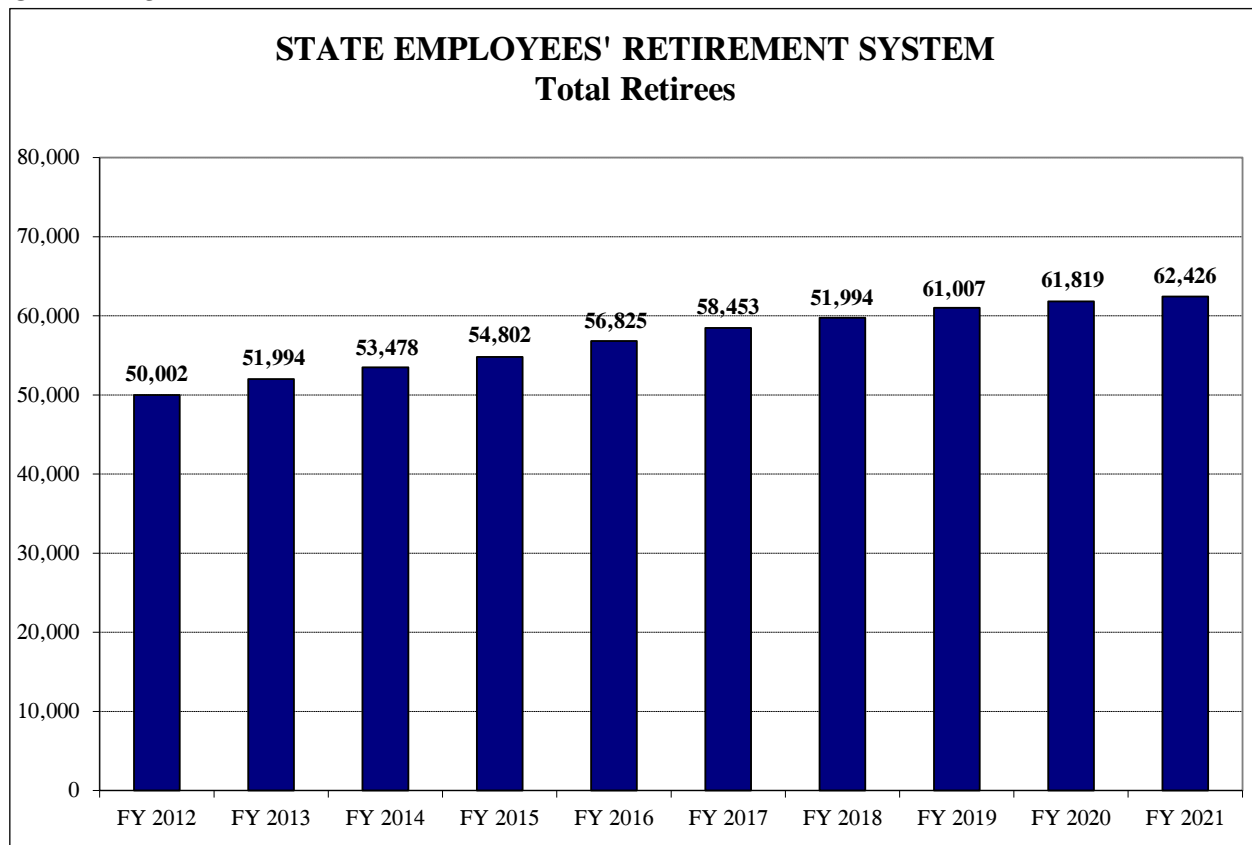


CHART 24

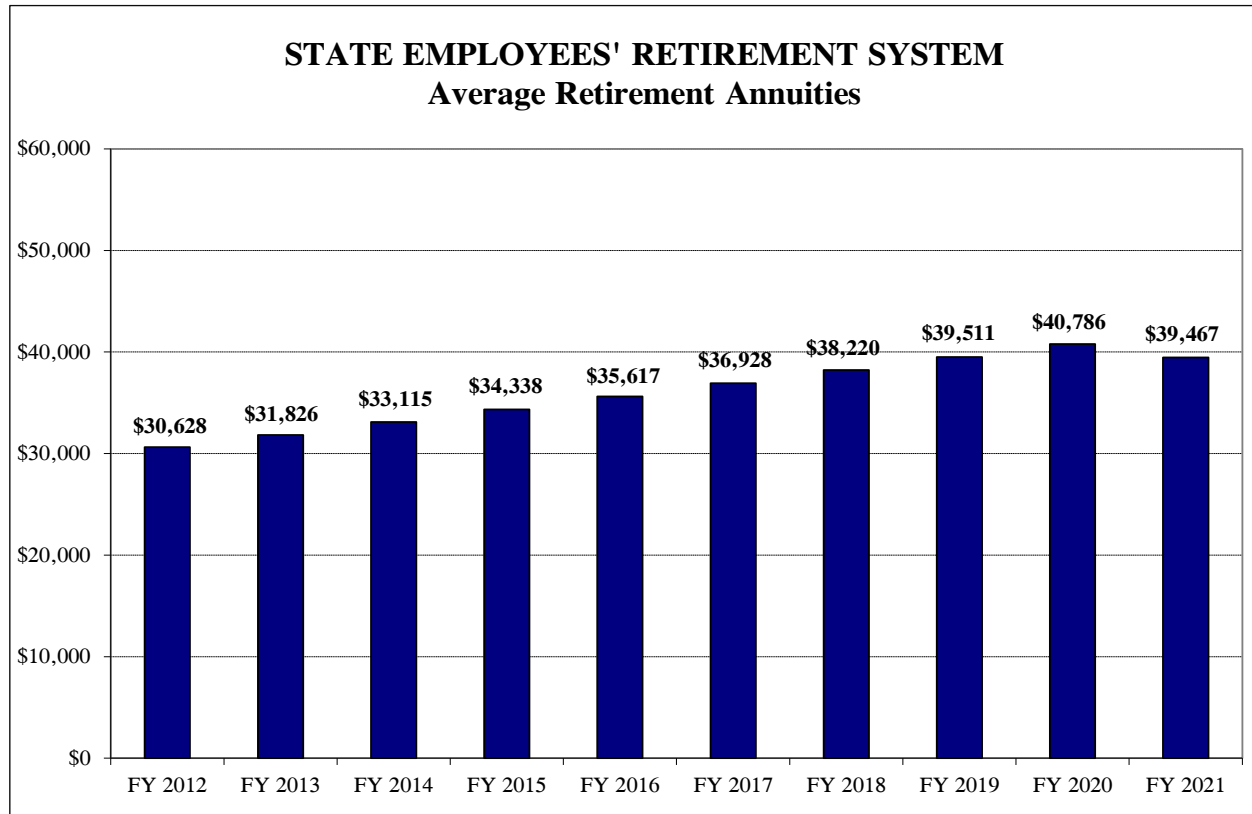


CHART 25

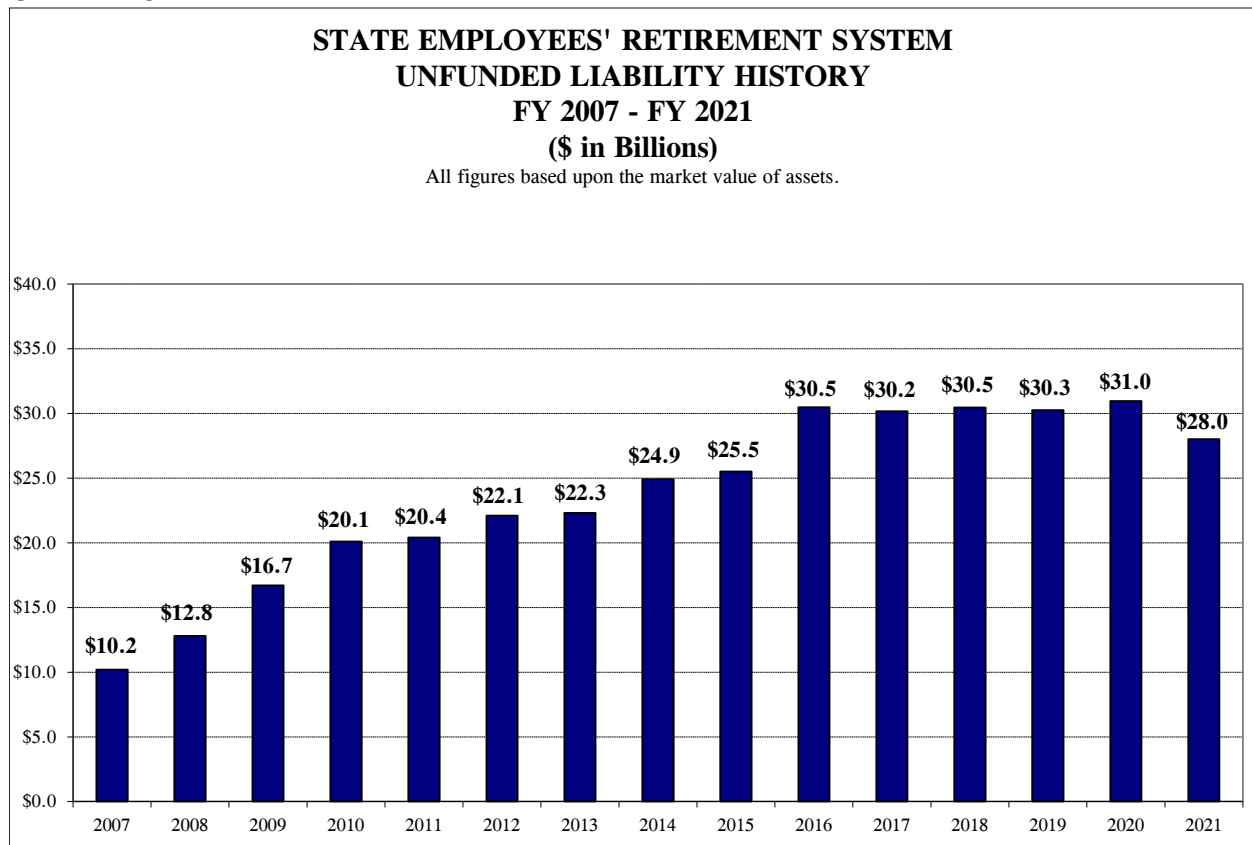


CHART 26

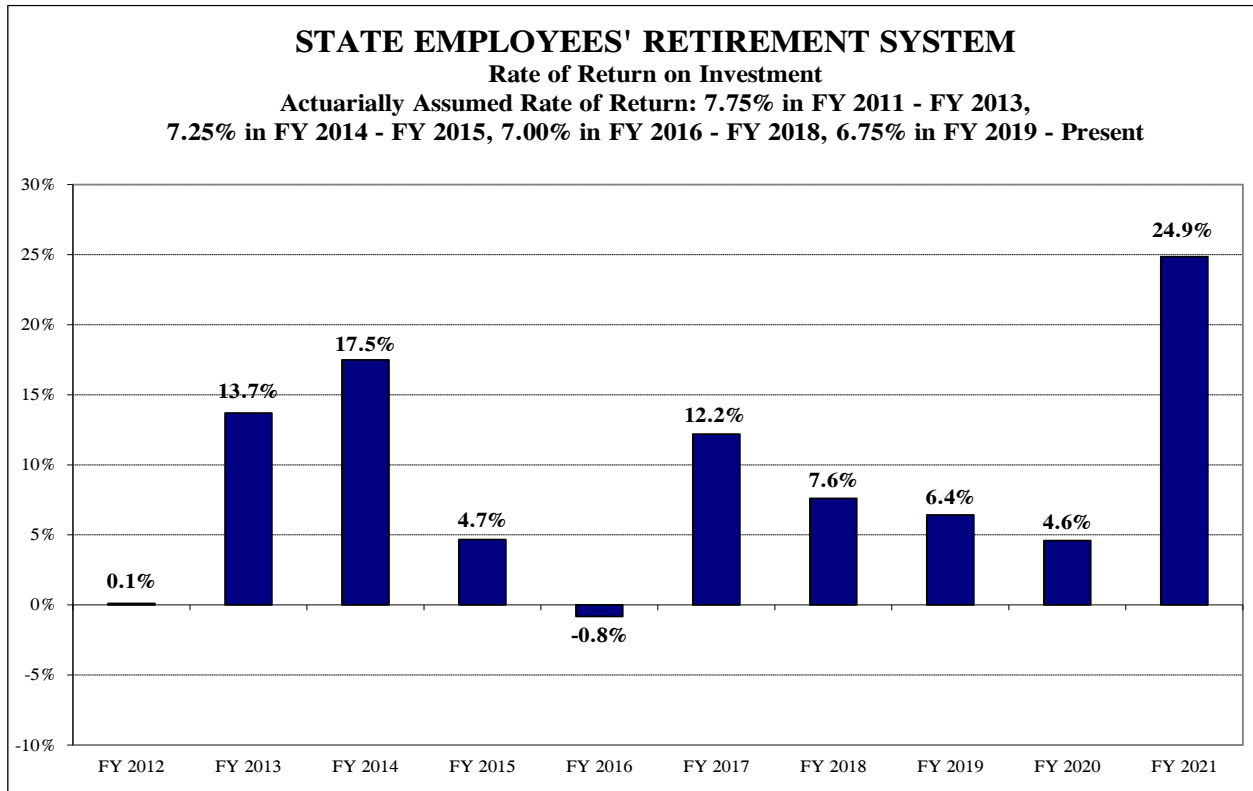


CHART 27

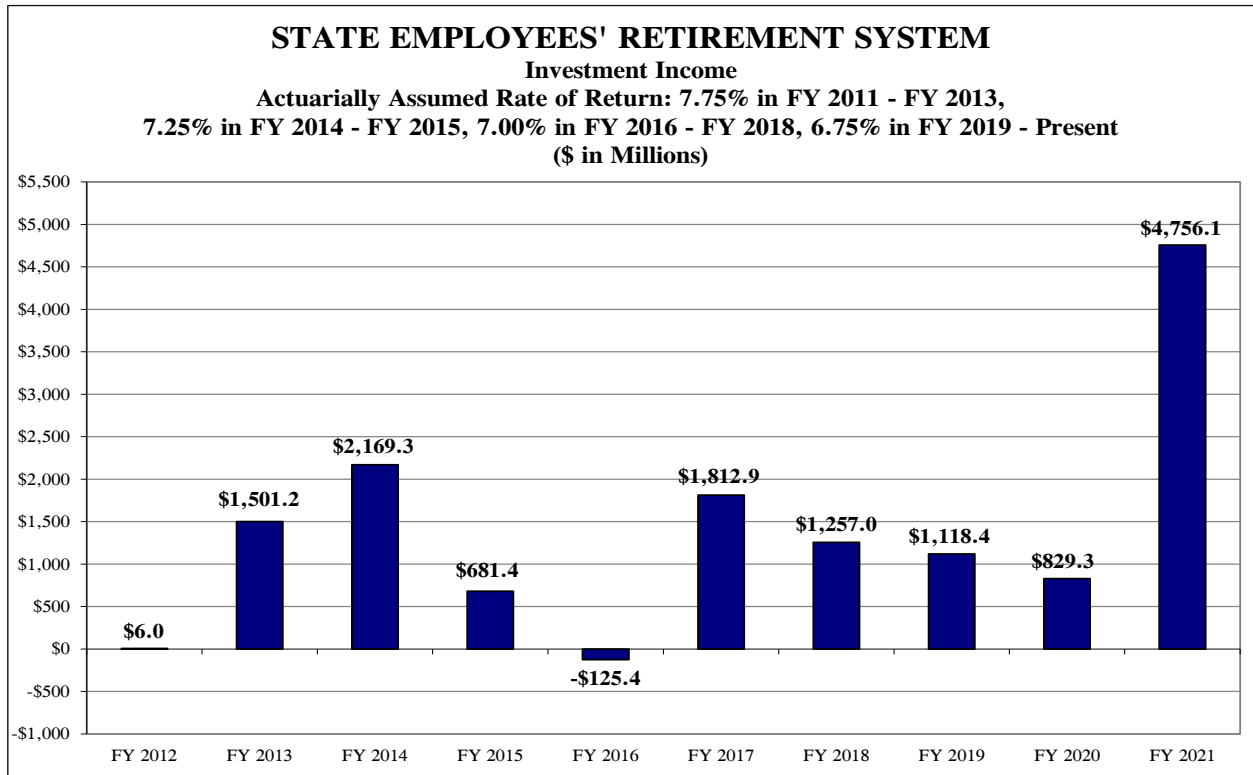


CHART 28

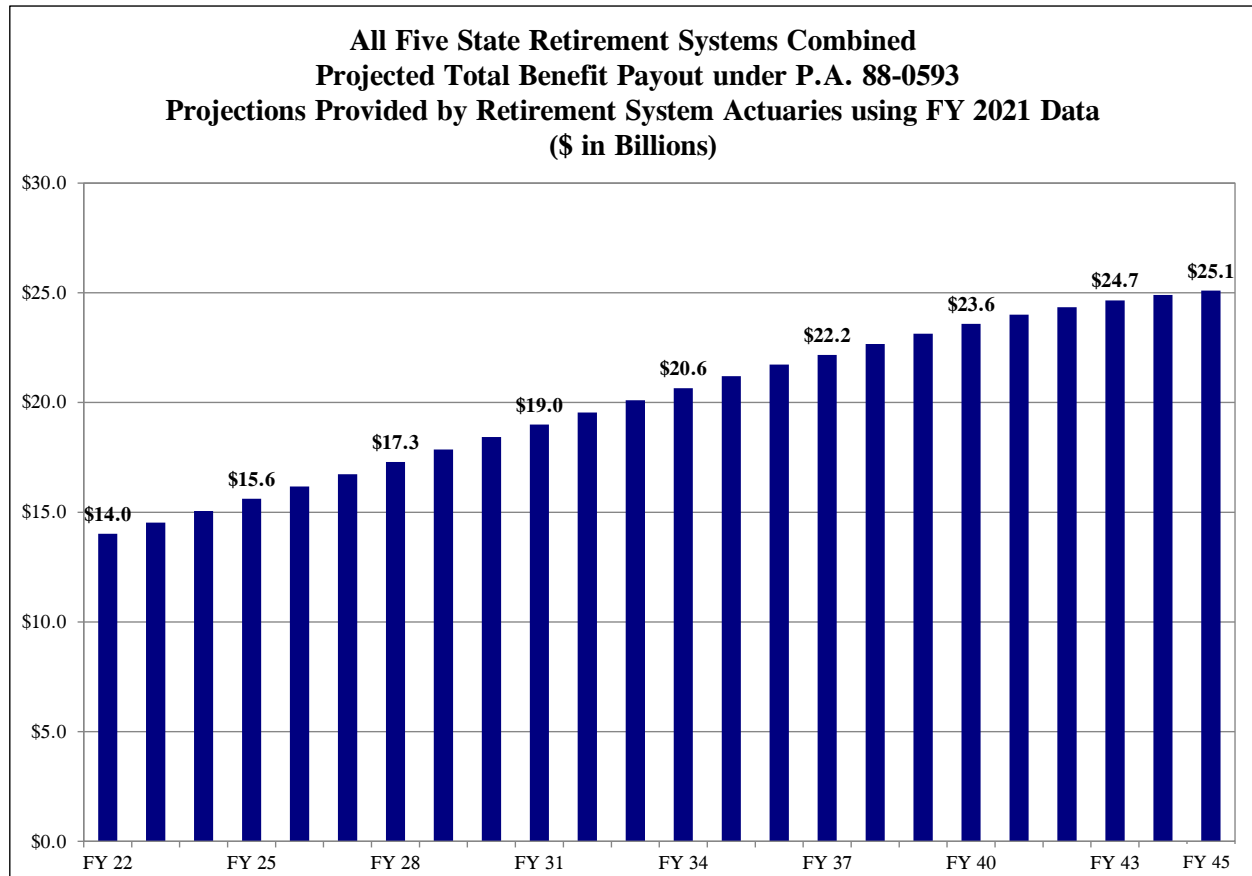


TABLE 10

STATE EMPLOYEES' RETIREMENT SYSTEM CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2021								
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N.C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	NEW BUYOUT PROVISIONS (P.A. 100-0587)	CHANGES IN ACTUARIAL ASSUMPTIONS	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
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	(84,033,935)	894,331,428	470,035,082	0		2,606,334,218	162,864,774	4,049,531,567
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
6/30/2013	(145,924,336)	425,364,445	660,382,617	0		0	289,600,870	1,229,423,596
6/30/2014	356,142,591	(505,321,103)	578,293,232	0		2,915,263,296	23,508,555	3,367,886,571
6/30/2015	(289,320,641)	(464,963,323)	742,380,222	0		0	(197,654,338)	(209,558,080)
6/30/2016	(744,045,004)	79,632,491	613,771,983	0		3,824,257,624	107,475,059	3,881,092,153
6/30/2017	(475,475,873)	(164,266,681)	933,395,000	0		0	(33,944,016)	259,708,430
6/30/2018	(287,352,188)	(95,232,463)	806,137,890	0	0	(213,956,554)	95,471,795	305,068,480
6/30/2019	(22,147,976)	164,421,442	438,041,644	0	(404,655,016)	(293,913,072)	(27,036,676)	(145,289,654)
6/30/2020	52,104,683	158,910,288	238,552,463	0	0	0	4,508,857	454,076,291
6/30/2021	434,449,541	(771,406,566)	158,284,157	0	0	(26,619,575)	(46,187,724)	(251,480,167)
TOTALS	(\$1,473,438,109)	\$2,427,381,246	\$10,420,343,608	\$4,444,266,446	(\$404,655,016)	\$9,865,406,862	\$2,941,923,710	\$28,221,228,747

TABLE 11

STATE EMPLOYEES' RETIREMENT SYSTEM Changes in Net Assets (\$ in Millions)											
Fiscal Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Additions to Assets											
State of Illinois	\$1,391.4	\$1,531.9	\$1,699.4	\$1,804.3	\$1,882.2	\$1,798.3	\$1,929.2	\$2,269.8	\$2,368.9	\$2,478.2	
Pension Obligation Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Employees	\$259.1	\$248.2	\$269.2	\$266.1	\$256.2	\$251.6	\$254.4	\$274.3	\$271.7	\$280.6	
Net Investment Income	\$6.0	\$1,501.2	\$2,169.3	\$681.4	-\$125.4	\$1,812.9	\$1,257.0	\$1,118.4	\$829.3	\$4,756.1	
Total Asset Additions (A)	\$1,656.5	\$3,281.3	\$4,138.0	\$2,751.8	\$2,013.0	\$3,862.8	\$3,440.7	\$3,662.5	\$3,470.0	\$7,514.9	
Deductions from Assets											
Benefits	\$1,627.4	\$1,799.9	\$1,917.1	\$2,034.9	\$2,190.5	\$2,328.6	\$2,464.8	\$2,601.3	\$2,727.8	\$2,853.5	
Refunds	\$23.5	\$24.3	\$23.1	\$23.1	\$26.7	\$26.6	\$27.5	\$31.3	\$19.4	\$17.1	
Subsidy Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Administrative Expenses	\$15.7	\$17.5	\$16.6	\$16.5	\$16.1	\$16.0	\$15.3	\$14.9	\$17.4	\$16.6	
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Total Asset Deductions (B)	\$1,666.6	\$1,841.7	\$1,956.8	\$2,074.5	\$2,233.3	\$2,371.2	\$2,507.6	\$2,647.5	\$2,764.6	\$2,887.2	
Change in Net Assets (A-B=C)	-\$10.1	\$1,439.6	\$2,181.3	\$677.3	-\$220.3	\$1,491.7	\$933.1	\$1,015.0	\$705.4	\$4,627.7	

TABLE 12

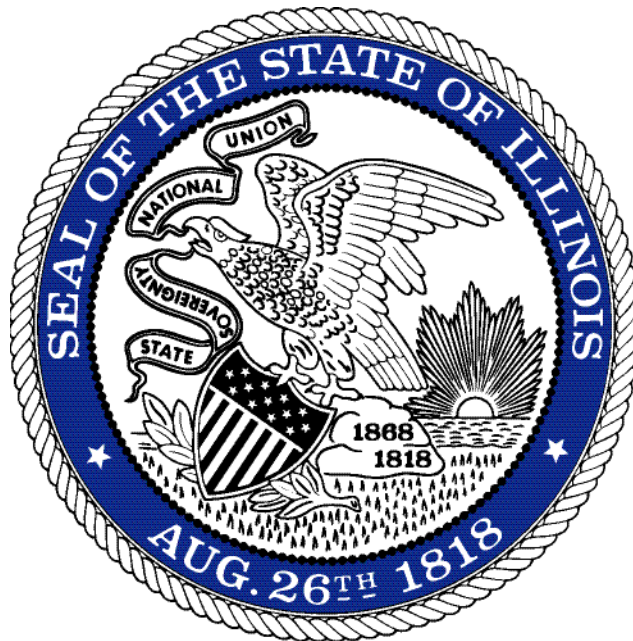
STATE EMPLOYEES' RETIREMENT SYSTEM Historical Investment Revenues (\$ in Millions)				
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned	
2012	\$10,960.7	\$6.0	0.1%	
2013	\$12,400.3	\$1,501.2	13.7%	
2014	\$14,581.6	\$2,169.3	17.5%	
2015	\$15,258.9	\$681.4	4.7%	
2016	\$15,038.5	-\$125.4	-0.8%	
2017	\$16,530.2	\$1,812.9	12.2%	
2018	\$17,463.3	\$1,257.0	7.6%	
2019	\$18,478.3	\$1,118.4	6.4%	
2020	\$19,191.4	\$829.3	4.6%	
2021	\$23,825.0	\$4,756.1	24.9%	

TABLE 13

STATE EMPLOYEES' RETIREMENT SYSTEM Projected Normal Costs based on Public Act 88-0593 Projections Provided by Retirement System Actuaries using FY 2021 Data (\$ in Millions)									
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	Employee Contributions	Employer Normal Cost	Employer Normal Cost as a % of Payroll
2022	\$730	15.2%	\$171	3.6%	\$901	18.8%	\$271	\$630	13.1%
2023	\$697	14.3%	\$195	4.0%	\$892	18.3%	\$273	\$620	12.7%
2024	\$664	13.4%	\$220	4.4%	\$884	17.9%	\$275	\$609	12.3%
2025	\$628	12.5%	\$246	4.9%	\$873	17.4%	\$278	\$596	11.8%
2026	\$588	11.5%	\$273	5.3%	\$861	16.8%	\$281	\$580	11.3%
2027	\$547	10.5%	\$301	5.8%	\$848	16.3%	\$284	\$564	10.8%
2028	\$507	9.6%	\$330	6.2%	\$837	15.8%	\$287	\$550	10.4%
2029	\$470	8.7%	\$359	6.6%	\$829	15.3%	\$291	\$538	10.0%
2030	\$434	7.9%	\$389	7.1%	\$822	14.9%	\$295	\$527	9.6%
2031	\$398	7.1%	\$419	7.5%	\$818	14.6%	\$300	\$518	9.2%
2032	\$363	6.3%	\$450	7.9%	\$813	14.2%	\$305	\$509	8.9%
2033	\$328	5.6%	\$482	8.2%	\$810	13.8%	\$309	\$501	8.6%
2034	\$295	4.9%	\$513	8.6%	\$809	13.5%	\$314	\$494	8.3%
2035	\$262	4.3%	\$545	8.9%	\$807	13.2%	\$319	\$488	8.0%
2036	\$227	3.6%	\$578	9.3%	\$805	12.9%	\$324	\$481	7.7%
2037	\$195	3.1%	\$610	9.6%	\$806	12.7%	\$330	\$476	7.5%
2038	\$165	2.5%	\$643	9.9%	\$808	12.4%	\$335	\$473	7.3%
2039	\$138	2.1%	\$675	10.1%	\$813	12.2%	\$341	\$472	7.1%
2040	\$114	1.7%	\$707	10.4%	\$821	12.1%	\$347	\$474	7.0%
2041	\$92	1.3%	\$740	10.6%	\$832	11.9%	\$354	\$478	6.9%
2042	\$74	1.0%	\$772	10.8%	\$846	11.9%	\$361	\$486	6.8%
2043	\$60	0.8%	\$803	11.0%	\$863	11.8%	\$368	\$495	6.8%
2044	\$48	0.6%	\$833	11.1%	\$881	11.8%	\$375	\$506	6.8%
2045	\$38	0.5%	\$863	11.3%	\$900	11.8%	\$383	\$517	6.8%

XI. The State Universities Retirement System

- Plan Summary
- FY 2021 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 Liabilities
- Changes in Net Assets
- Investment Return History
- Reduction in State Contributions
- Tier 1 & Tier 2 Normal Cost Projections



State Universities Retirement System

Tier 1 Traditional Defined Benefit Formula Plan

Retirement Age

- ☐ Age 62 with at least 5 years of service
- ☐ Age 60 with at least 8 years of service
- ☐ Age 55 with at least 8 years of service (reduced annuity)
- ☐ 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
 - 6.5% for retirement benefit, 0.5% for annual COLA, and 1% for survivors' insurance

The benefits shown do not reflect P.A. 96-0889 (Tier 2 Act of 2011). Please refer to Section I earlier in this report for details.

State Universities Retirement System

Tier 2 Traditional Defined Benefit Formula Plan

Retirement Age

- ❑ Age 67 with at least 10 years of service
- ❑ Age 62 with at least 10 years of service (reduced annuity)

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

- ❑ Highest 96 consecutive months of service within the last 120 months of service
- ❑ Pensionable Salary is limited by an amount tied to the 2010 Social Security Wage Base of \$106,800. This amount increases annually by 3% or ½ of the increase in the Consumer Price Index-U, whichever is less. The salary limits for calendar year 2021 and 2022 are \$116,740 and \$119,892, respectively.

Annual COLA

- ❑ Simple 3% or ½ of the increase in the Consumer Price Index-U, whichever is less

Employee Contributions

- ❑ 8.0% of salary
 - 6.5% for retirement benefit, 0.5% for annual COLA, and 1% for survivors' insurance

The benefits shown reflect P.A. 96-0889 (2 Tier Act of 2011) and are for Tier 2 members who first contribute to the system on or after January 1, 2011. Please refer to Section I earlier in this report for details.

State Universities Retirement System

Retirement Savings Defined Contribution Formula Plan

Summary

** The SURS Self-Managed Plan (SMP) has been renamed the Retirement Savings Plan (RSP), effective September 1, 2020.*

Maximum Annuity

- ❑ There is no minimum or maximum annuity. The annuity is based solely on the account value at retirement.

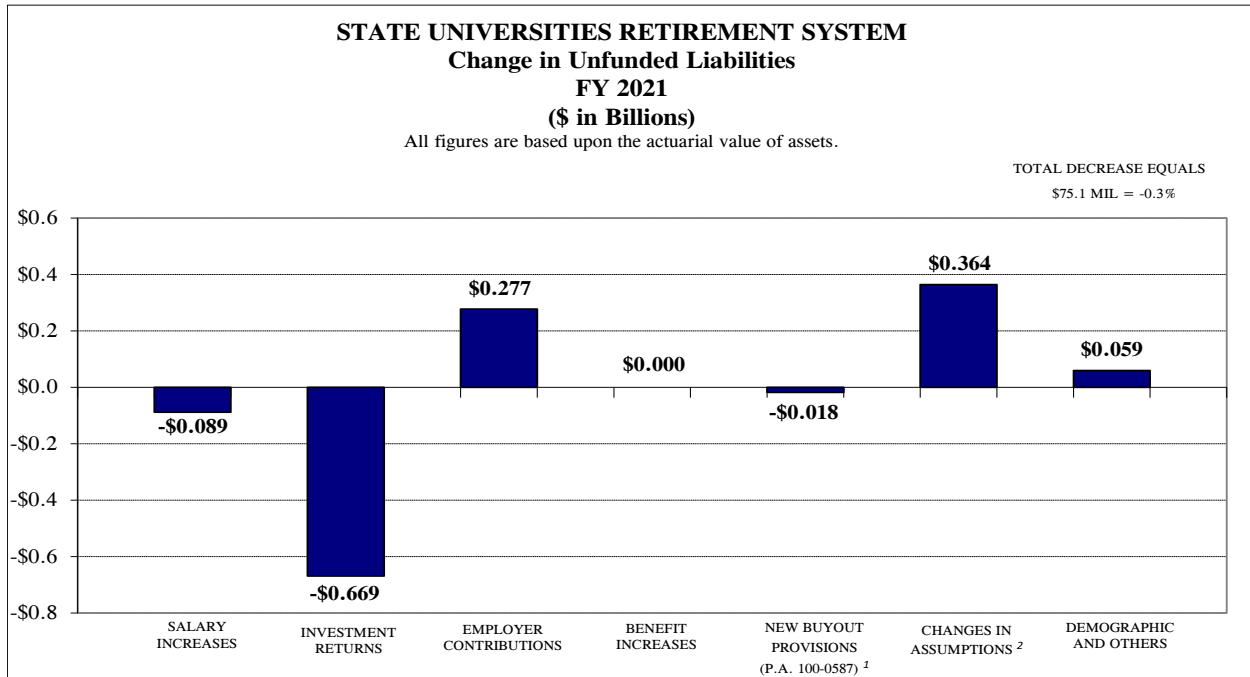
Key Plan Features

- ❑ All SURS employees have the option to place 8.0% of their earnings into a Self-Managed Plan (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.
- ❑ If SURS-covered employment ends before retirement with less than 5 years of service (Tier 1) or 10 years (Tier 2), an employee is entitled to a lump sum of the value of their employee contributions and the investment return earned.
- ❑ If SURS-covered employment ends before retirement with greater than 5 years of service (Tier 1) or 10 years (Tier 2), an employee is entitled to a lump sum of the value of their employee contributions, matching employer contributions, and the investment return earned.

Employee Contributions

- ❑ 8.0% of salary

CHART 29



¹ The two voluntary buyout programs were created by P.A. 100-0587 and extended by 3 years to June 30, 2024 by P.A. 101-0010. P.A. 102-0718 extended the programs by 2 more years to June 30, 2026. SURS estimated that the system's accrued liability was reduced by \$17.9 million in FY 2021 due to the buyout programs. The FY 2021 SURS actuarial valuation noted SURS made 0% a participation rate assumption for both buyout programs.

² SURS changed their actuarial assumptions in the FY 2021 actuarial valuation as a result of the 3-year experience study. This increased the liability by \$363.8 million. The predominant assumption changes included a decrease in the assumed investment rate from 6.75% to 6.50% and a decrease in the general salary inflation assumption from 3.25% to 3.00%.

CHART 30

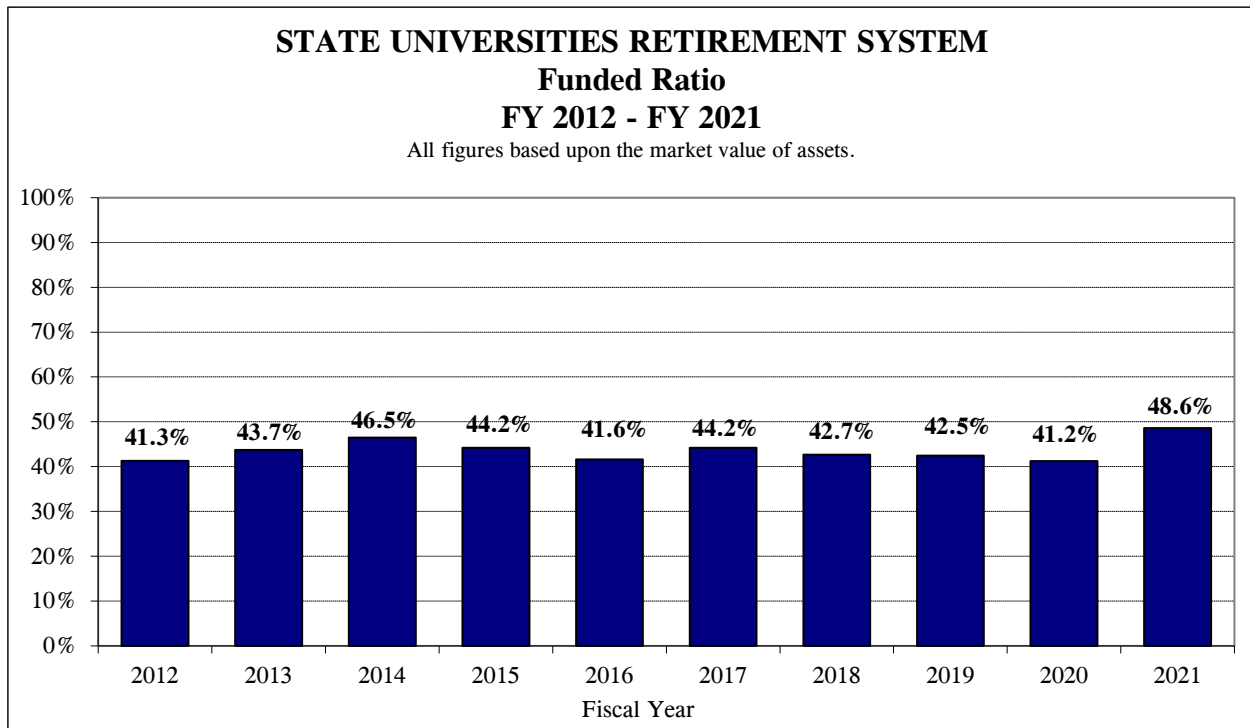


CHART 31

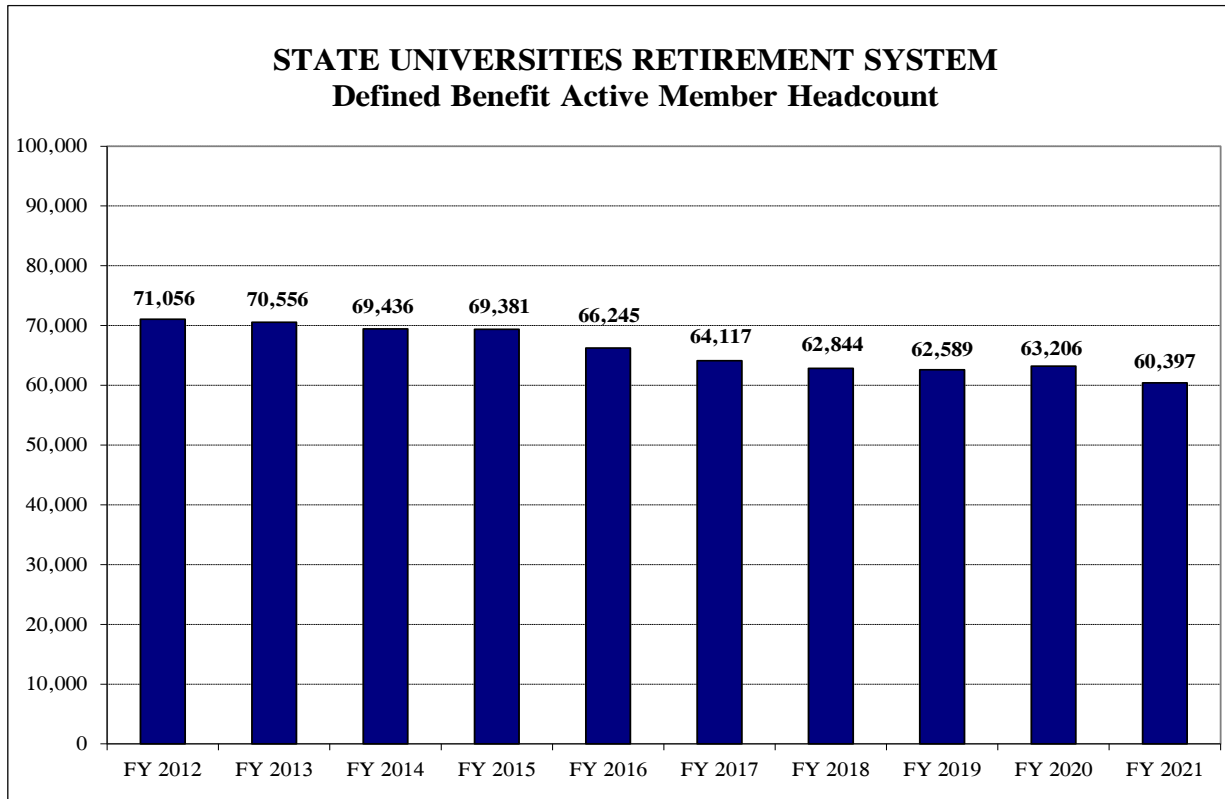
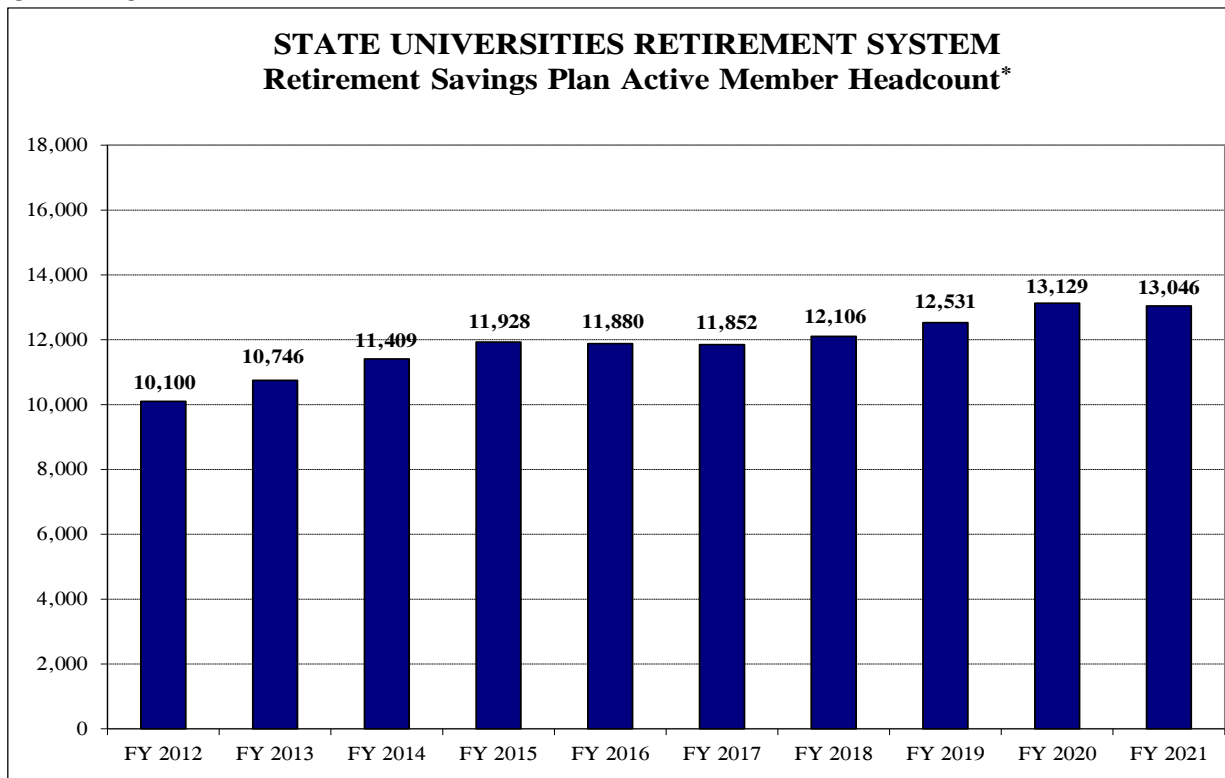


CHART 32



* The SURS Self-Managed Plan (SMP) has been renamed the Retirement Savings Plan (RSP), effective September 1, 2020.

CHART 33

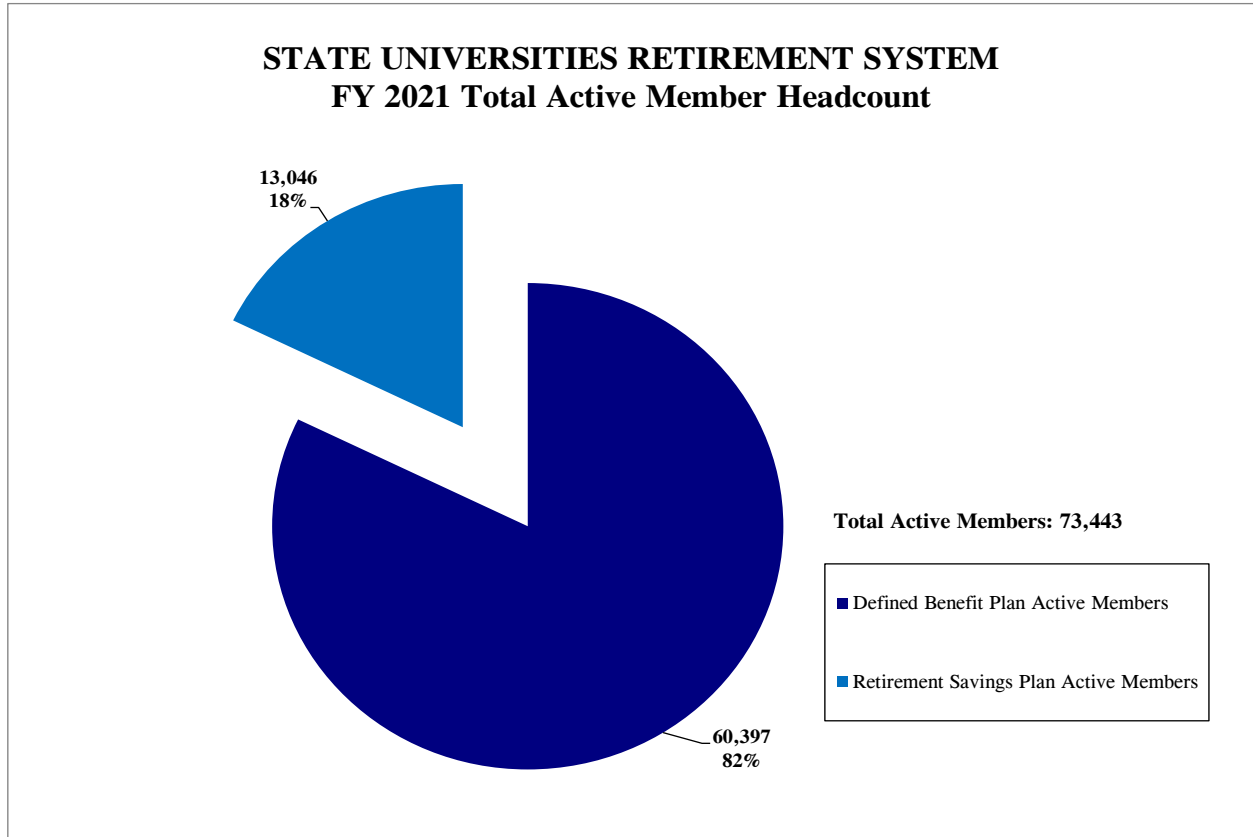
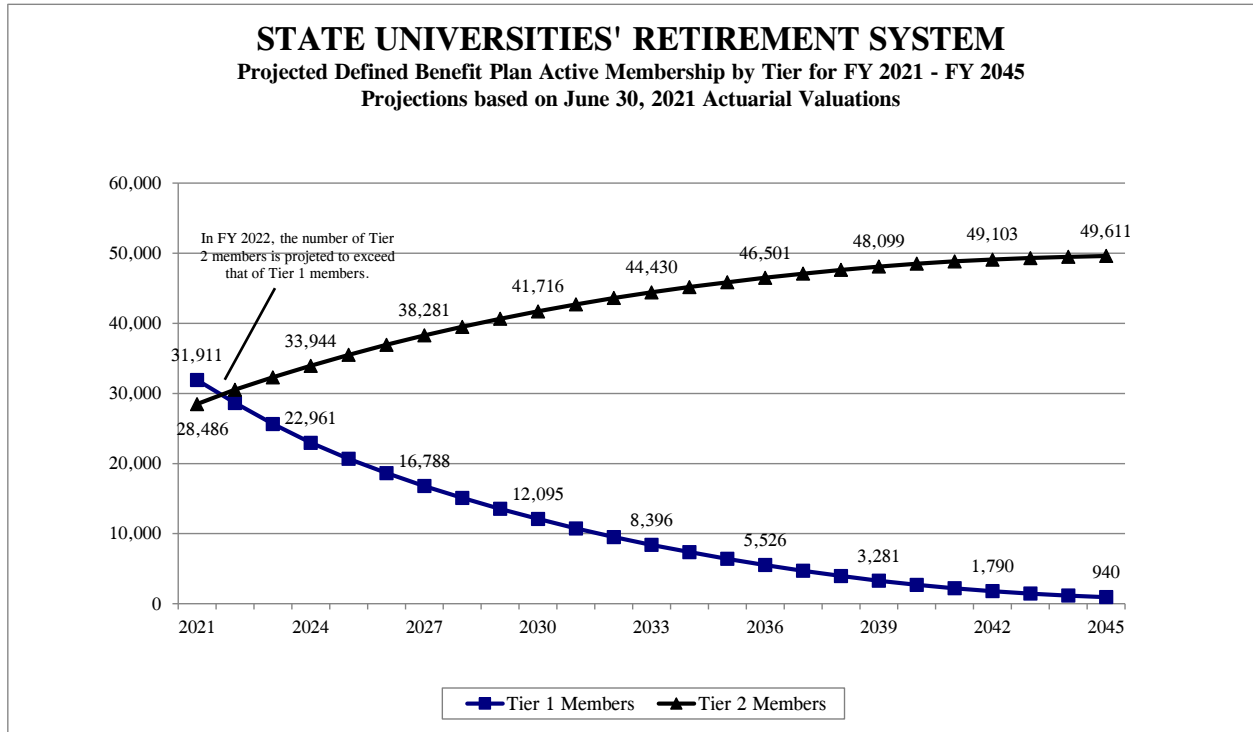


CHART 34



Note: The number of projected takers of the Optional Hybrid Plan (OHP) created by P.A. 100-0023 is not included in the 2021 valuation as the OHP has not been implemented yet.

CHART 35

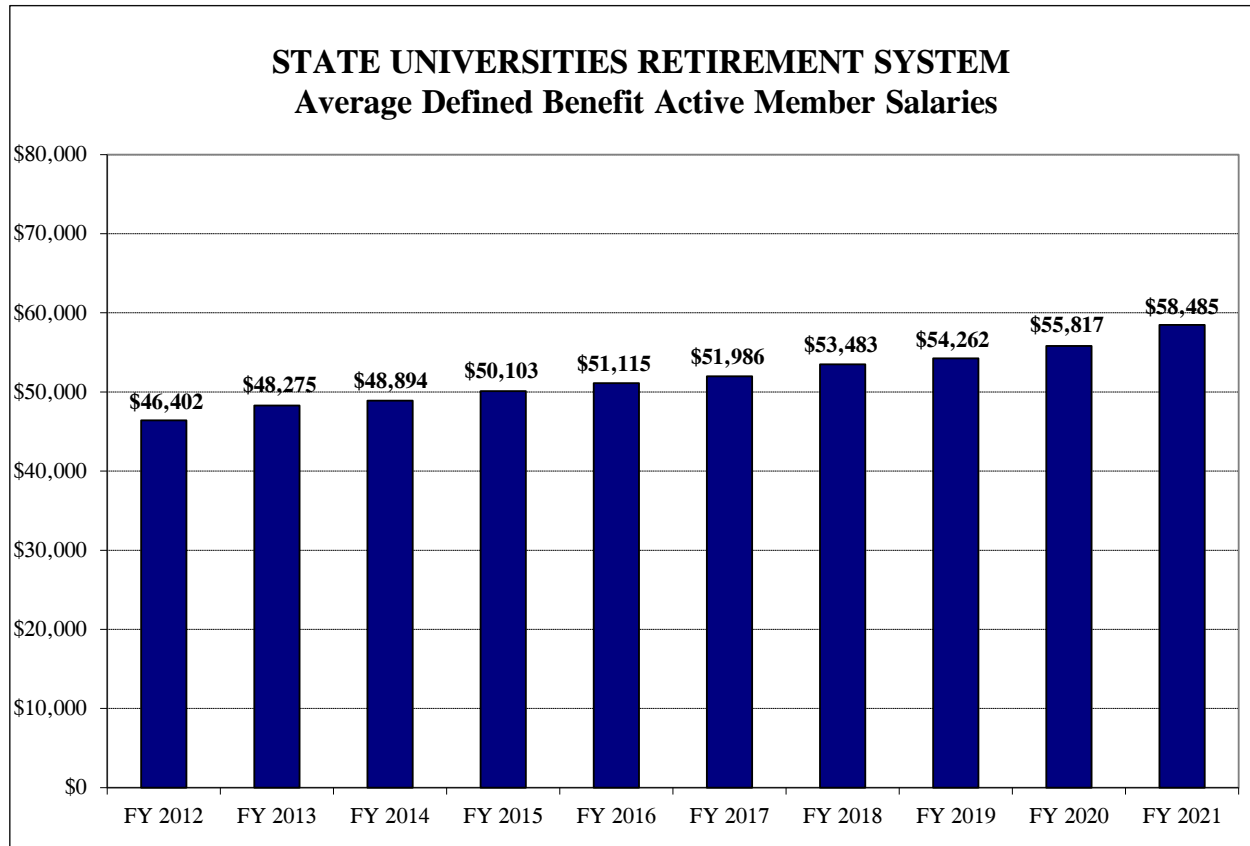


CHART 36

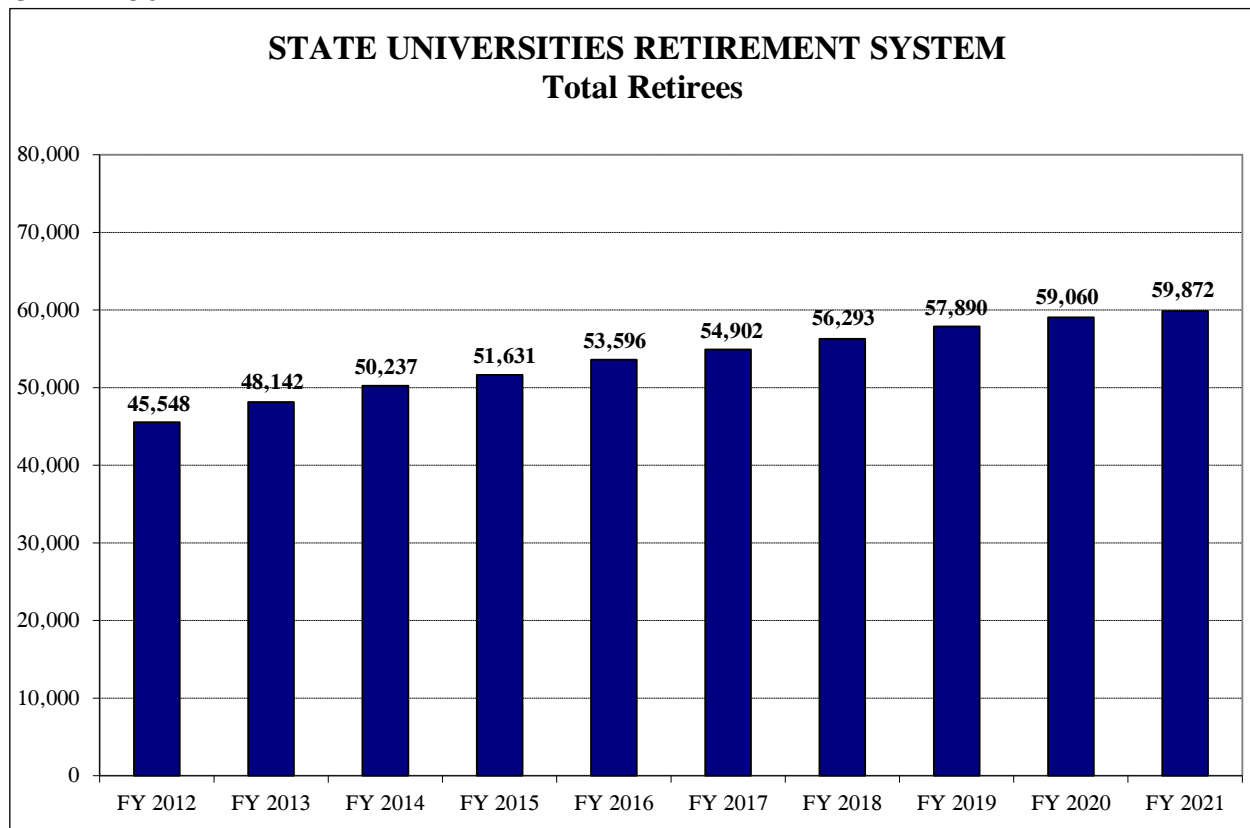


CHART 37

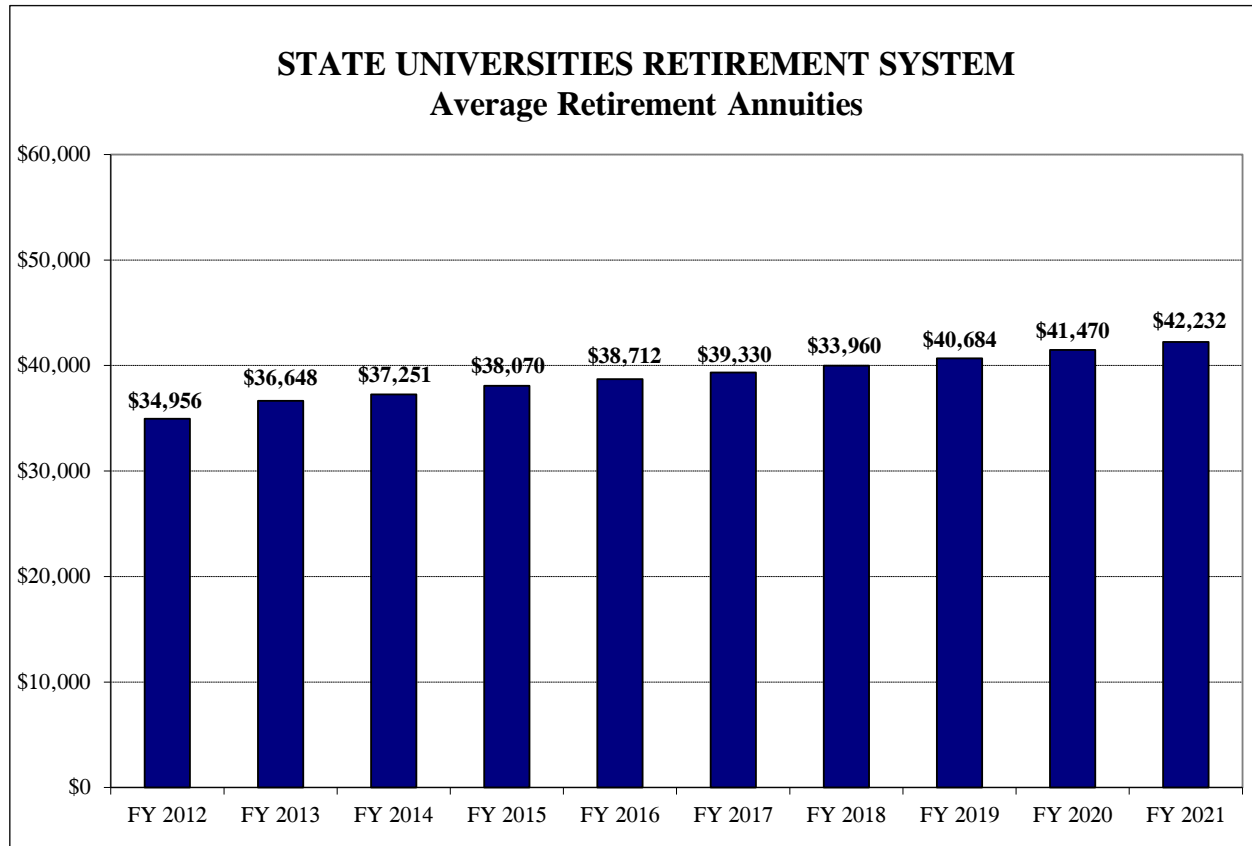


CHART 38

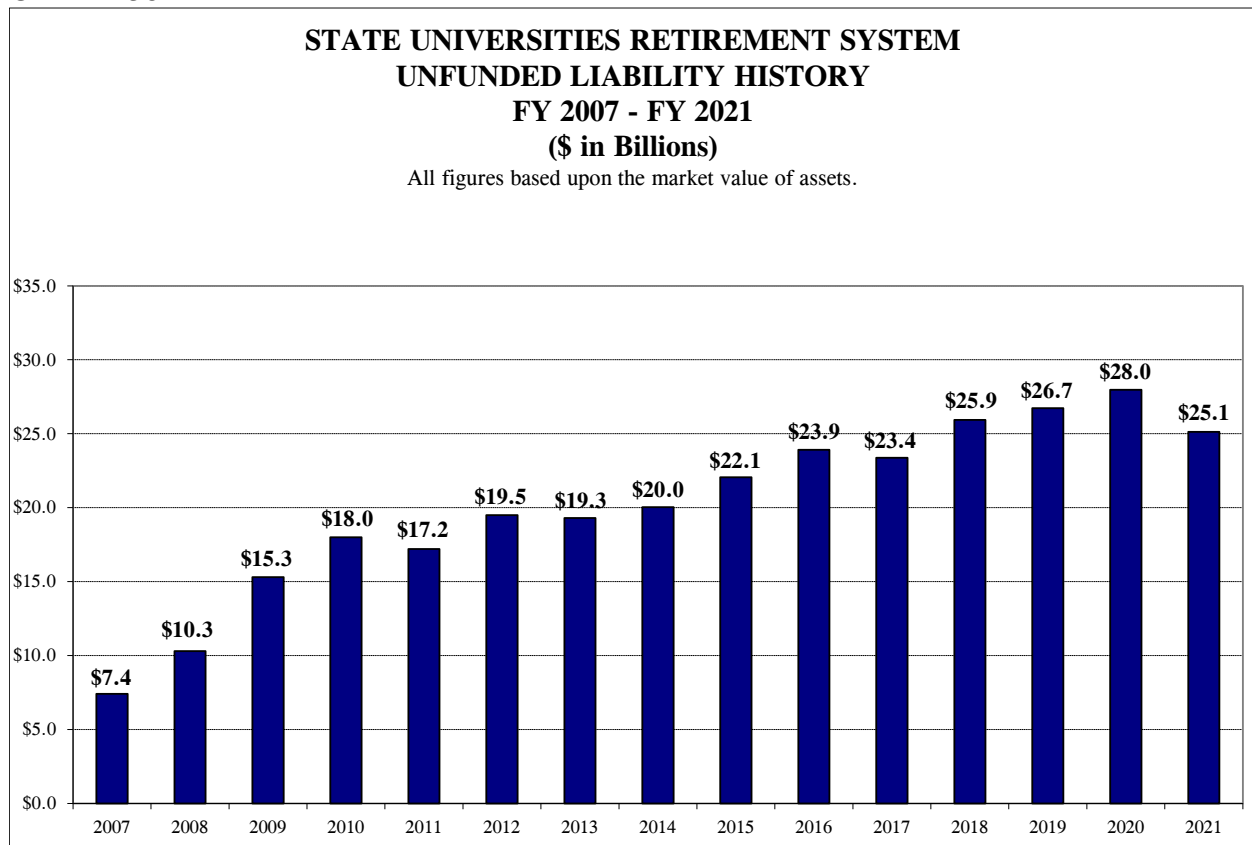


CHART 39

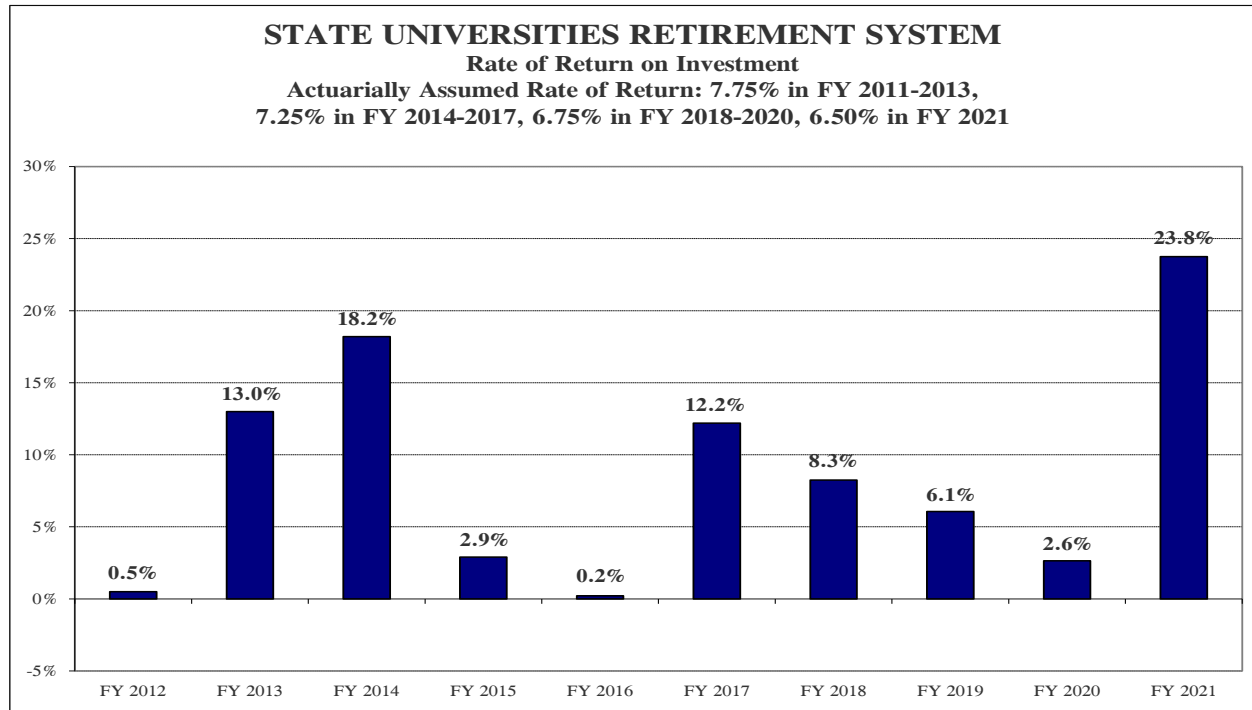
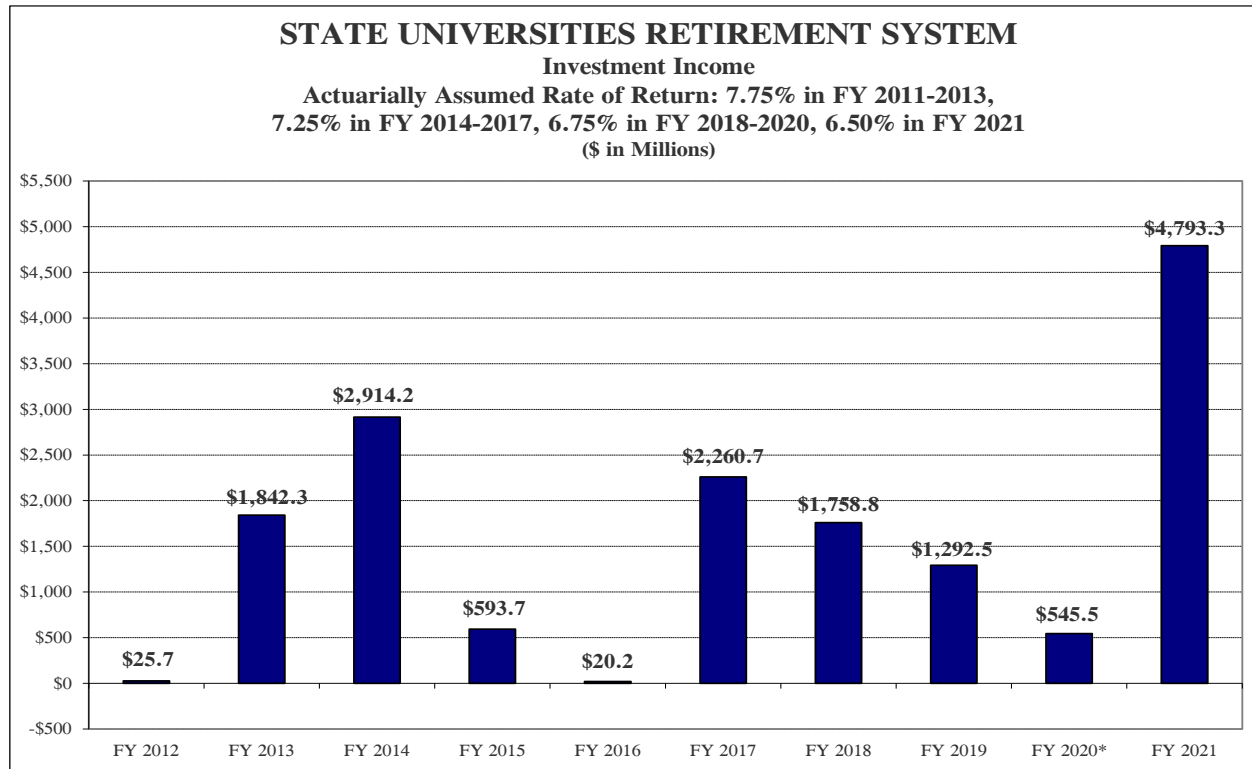


CHART 40



*The FY 2020 investment income has been updated in the FY 2021 SURS reports.

CHART 41

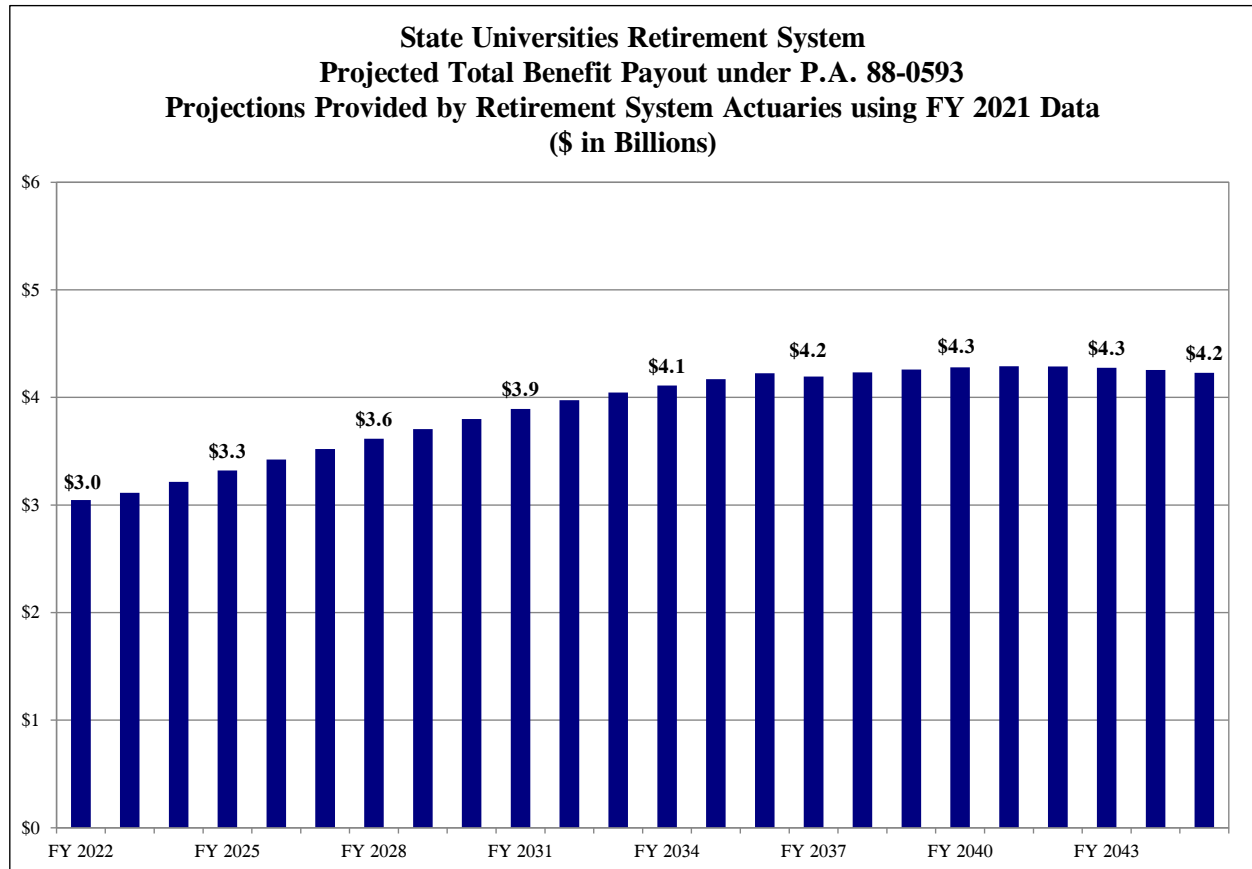


TABLE 14

STATE UNIVERSITIES RETIREMENT SYSTEM CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2021								
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N.C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	NEW BUYOUT PROVISIONS (P.A. 100-0587)	CHANGES IN ACTUARIAL ASSUMPTIONS	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
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
6/30/2013	(53,600,000)	391,800,000	506,700,000	0		(157,000,000)	202,300,000	890,200,000
6/30/2014	(94,300,000)	(802,400,000)	429,500,000	0		1,788,500,000	153,000,000	1,474,300,000
6/30/2015	(45,300,000)	(558,100,000)	460,700,000	0		972,900,000	1,100,000	831,300,000
6/30/2016	(135,000,000)	151,800,000	463,600,000	0		0	325,200,000	805,600,000
6/30/2017	(144,700,000)	(142,800,000)	430,500,000	0		0	(105,700,000)	37,300,000
6/30/2018	(8,500,000)	(92,700,000)	455,200,000	0	0	2,181,300,000	116,500,000	2,651,800,000
6/30/2019	(55,200,000)	234,100,000	517,600,000	0	0	0	174,700,000	871,200,000
6/30/2020	5,400,000	233,500,000	369,800,000	0	(5,200,000)	0	103,300,000	706,800,000
6/30/2021	(88,500,000)	(668,900,000)	277,200,000	0	(17,900,000)	363,800,000	59,100,000	(75,100,000)
TOTALS	\$ (588,623,000)	\$ 2,661,559,000	\$ 11,737,600,000	\$ 242,117,000	\$ (23,100,000)	\$ 5,005,805,000	\$ 3,673,266,000	\$ 22,708,724,000

Note: All figures in this table are based upon the actuarial value of assets, i.e., With Asset Smoothing.

TABLE 15

Changes in Net Assets (\$ in Millions)										
Fiscal Years	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Additions to Assets										
State of Illinois	\$989.8	\$1,408.8	\$1,518.1	\$1,544.2	\$1,601.5	\$1,671.4	\$1,629.3	\$1,655.2	\$1,854.7	\$1,995.8
Pension Obligation Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Employees	\$312.4	\$305.1	\$348.6	\$340.0	\$355.3	\$363.9	\$366.9	\$368.6	\$375.4	\$387.0
Federal/trust/other funds	\$41.9	\$41.9	\$41.9	\$46.7	\$46.2	\$46.0	\$48.0	\$58.1	\$62.3	\$67.3
Net Investment Income	\$25.7	\$1,842.3	\$2,914.2	\$593.7	\$20.2	\$2,260.7	\$1,758.8	\$1,292.5	\$545.5	\$4,793.3
Total Asset Additions (A)	\$1,369.8	\$3,598.1	\$4,822.8	\$2,524.5	\$2,023.2	\$4,342.0	\$3,803.1	\$3,374.3	\$2,838.0	\$7,243.3
Deductions from Assets										
Benefits	\$1,748.7	\$1,934.1	\$2,021.2	\$2,160.8	\$2,281.8	\$2,383.8	\$2,497.9	\$2,617.2	\$2,678.0	\$2,782.7
Refunds	\$94.2	\$101.6	\$107.7	\$108.6	\$111.6	\$118.9	\$123.8	\$115.1	\$69.0	\$79.1
Subsidy Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Contributions sent to third-party administrator	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$170.3	\$178.5
Administrative Expenses	\$13.5	\$13.9	\$14.3	\$14.5	\$15.2	\$15.3	\$14.8	\$16.7	\$19.2	\$22.0
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Asset Deductions (B)	\$1,856.4	\$2,049.6	\$2,143.2	\$2,284.0	\$2,408.6	\$2,518.1	\$2,636.6	\$2,748.9	\$2,936.5	\$3,062.4
Change in Net Assets (A-B=C)	-\$486.6	\$1,548.5	\$2,679.6	\$240.5	-\$385.4	\$1,823.9	\$1,166.5	\$625.4	-\$98.5	\$4,180.9

* Some of the FY 2020 numbers, including the investment income, have been updated in the SURS FY 2021 Annual Comprehensive Financial Report.

TABLE 16

STATE UNIVERSITIES RETIREMENT SYSTEM Historical Investment Revenues (\$ in Millions)			
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned
2012	\$13,705.1	\$25.7	0.1%
2013	\$15,037.1	\$1,842.3	12.5%
2014	\$17,391.3	\$2,914.2	18.2%
2015	\$17,426.2	\$593.7	2.9%
2016	\$17,005.6	\$20.2	0.2%
2017	\$18,484.8	\$2,260.7	12.2%
2018	\$19,321.1	\$1,758.8	8.3%
2019	\$19,717.3	\$1,292.5	6.1%
2020	\$19,617.0	\$545.5 *	2.6%
2021	\$23,768.3	\$4,793.3	23.8%

*The FY 2020 investment income has been updated in the FY 2021 SURS reports.

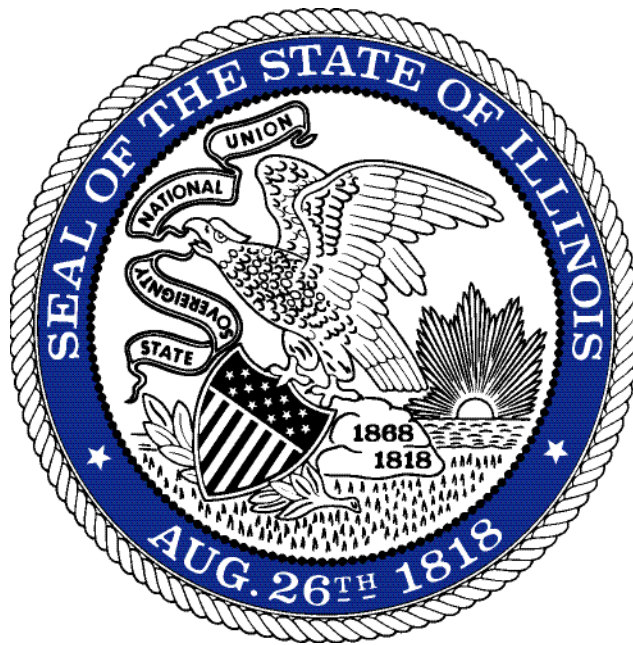
TABLE 17

STATE UNIVERSITIES RETIREMENT SYSTEM Projected Normal Costs based on Public Act 88-0593 Projections Provided by Retirement System Actuaries using FY 2021 Data (\$ in Millions)									
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	Employee Contributions	Employer Normal Cost	Employer Normal Cost as a % of Payroll
2022	\$599.8	12.2%	\$165.5	3.4%	\$765.3	15.6%	\$296.4	\$468.9	9.6%
2023	\$568.5	11.4%	\$186.0	3.7%	\$754.5	15.1%	\$298.3	\$456.2	9.1%
2024	\$538.1	10.6%	\$206.2	4.0%	\$744.4	14.6%	\$301.1	\$443.3	8.7%
2025	\$508.3	9.8%	\$226.7	4.3%	\$735.0	14.1%	\$304.6	\$430.4	8.3%
2026	\$479.5	9.0%	\$247.1	4.6%	\$726.6	13.6%	\$308.7	\$418.0	7.8%
2027	\$451.9	8.3%	\$268.1	4.9%	\$719.9	13.2%	\$313.1	\$406.9	7.5%
2028	\$425.3	7.6%	\$289.7	5.2%	\$715.0	12.8%	\$317.8	\$397.2	7.1%
2029	\$399.0	7.0%	\$311.8	5.5%	\$710.8	12.4%	\$322.8	\$388.0	6.8%
2030	\$372.6	6.4%	\$334.3	5.7%	\$706.9	12.1%	\$328.0	\$378.9	6.5%
2031	\$346.1	5.8%	\$357.4	6.0%	\$703.5	11.8%	\$333.2	\$370.3	6.2%
2032	\$319.5	5.2%	\$381.0	6.2%	\$700.5	11.4%	\$338.6	\$361.9	5.9%
2033	\$293.6	4.7%	\$404.8	6.4%	\$698.4	11.1%	\$344.4	\$354.0	5.6%
2034	\$268.5	4.2%	\$428.7	6.7%	\$697.2	10.8%	\$350.3	\$347.0	5.4%
2035	\$243.5	3.7%	\$452.9	6.9%	\$696.5	10.6%	\$356.2	\$340.2	5.2%
2036	\$218.3	3.2%	\$477.5	7.1%	\$695.8	10.3%	\$362.3	\$333.5	4.9%
2037	\$193.0	2.8%	\$502.2	7.3%	\$695.2	10.1%	\$368.4	\$326.8	4.7%
2038	\$167.7	2.4%	\$527.1	7.4%	\$694.9	9.8%	\$374.6	\$320.2	4.5%
2039	\$143.4	2.0%	\$552.3	7.6%	\$695.7	9.6%	\$381.1	\$314.6	4.3%
2040	\$120.7	1.6%	\$577.4	7.8%	\$698.1	9.4%	\$387.9	\$310.3	4.2%
2041	\$100.5	1.3%	\$602.4	7.9%	\$702.8	9.2%	\$395.0	\$307.8	4.0%
2042	\$83.3	1.1%	\$626.9	8.0%	\$710.2	9.1%	\$402.5	\$307.7	3.9%
2043	\$68.7	0.9%	\$651.2	8.1%	\$719.8	9.0%	\$410.2	\$309.7	3.9%
2044	\$56.4	0.7%	\$674.9	8.2%	\$731.3	8.9%	\$418.0	\$313.3	3.8%
2045	\$46.0	0.5%	\$698.2	8.3%	\$744.1	8.9%	\$426.0	\$318.2	3.8%

Note: The number of projected takers of the Optional Hybrid Plan (OHP) created by P.A. 100-0023 is not included in the 2021 valuation as the OHP has not been implemented yet.

XII. The Judges' Retirement System

- **Plan Summary**
- **FY 2021 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 Liabilities**
- **Changes in Net Assets**
- **Investment Return History**
- **Tier 1 & Tier 2 Normal Cost Projections**



Judges' Retirement System

Tier 1 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
 - 7.5% for retirement benefit, 1.0% for annual COLA, and 2.5% for survivor's benefit

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

Judges' Retirement System

Tier 2 Plan Summary

Retirement Age

- ❑ Age 67 with 8 years of service
- ❑ Age 62 with 8 years of service (reduced $\frac{1}{2}$ of 1% for each month under 67)

Retirement Formula

- ❑ 3% of final average salary for each year of service

Maximum Annuity

- ❑ 60% of final average salary

Salary Used to Calculate Pension

- ❑ Highest 96 consecutive months of service within the last 120 months of service
- ❑ Pensionable Salary is limited by an amount tied to the Social Security Wage Base of \$106,800. This amount increases annually by 3% or the increase in the Consumer Price Index-U, whichever is less. The salary limit for calendar year 2021 and 2022 are \$126,375 and \$130,166, respectively.

Annual COLA

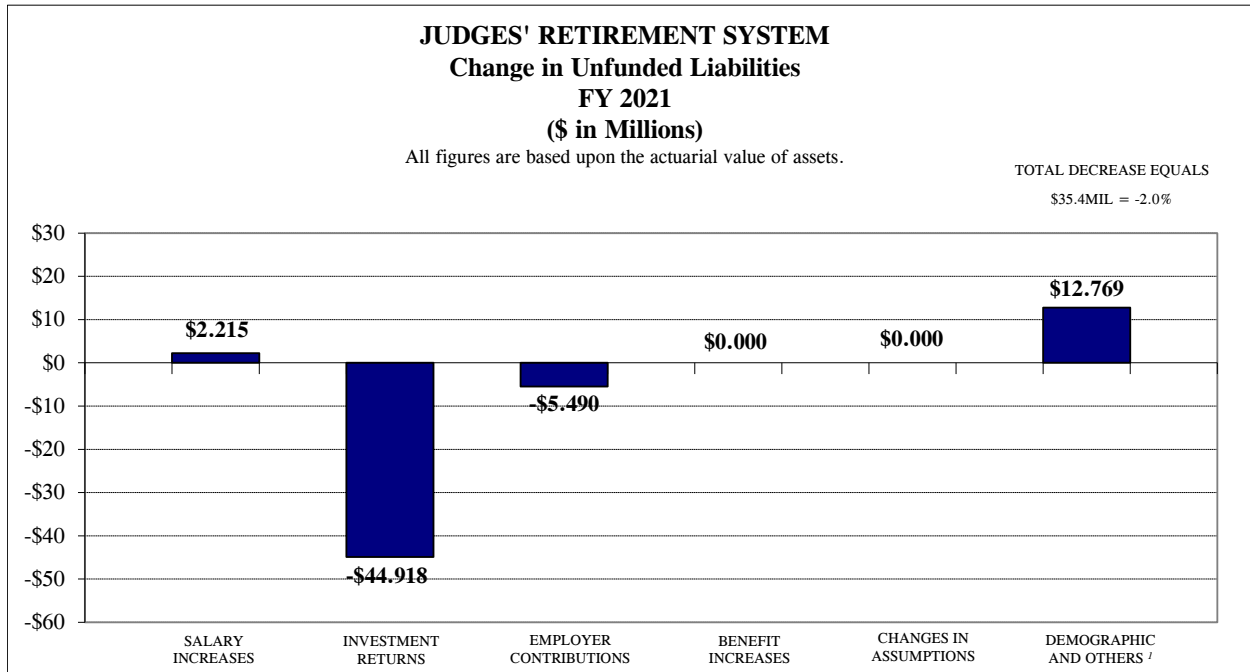
- ❑ Simple 3% or the increase in the Consumer Price Index-U, whichever is less

Employee Contributions

- ❑ 11.0% of salary
 - 7.5% for retirement benefit, 1.0% for annual COLA, and 2.5% for survivor's benefit

The benefits shown reflect P.A. 96-0889 (Tier 2 Act of 2011) and are for Tier 2 members who first contribute to the system on or after January 1, 2011. Please refer to Section I earlier in this report for more details.

CHART 42



¹ The liability increased by \$12.8 million, majorly due to actuarial losses from unfavorable retirement experiences.

CHART 43

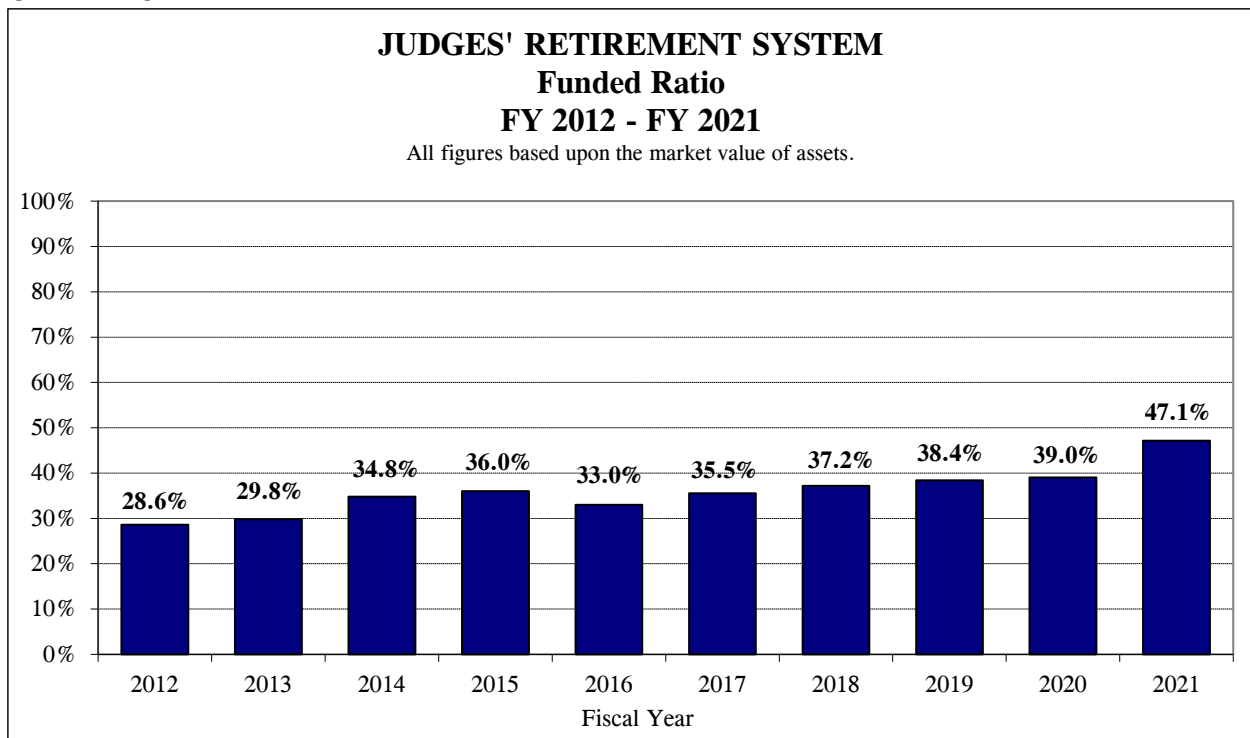


CHART 44

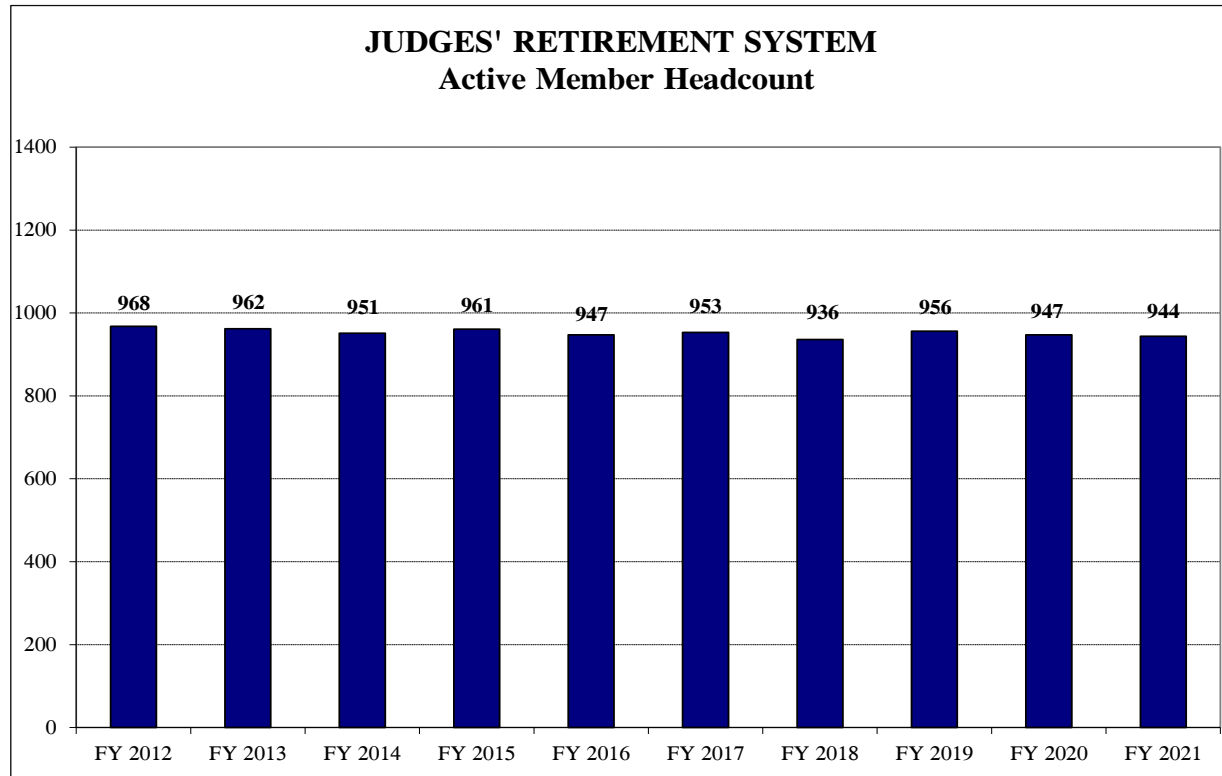


CHART 45

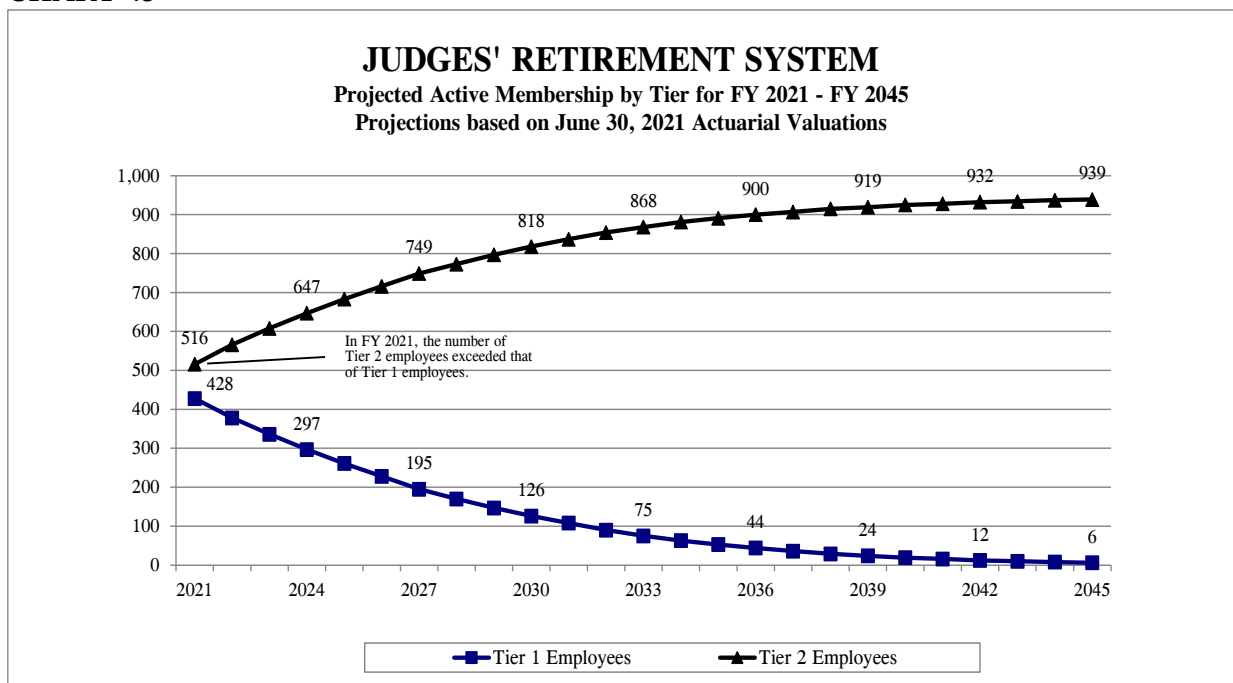


CHART 46

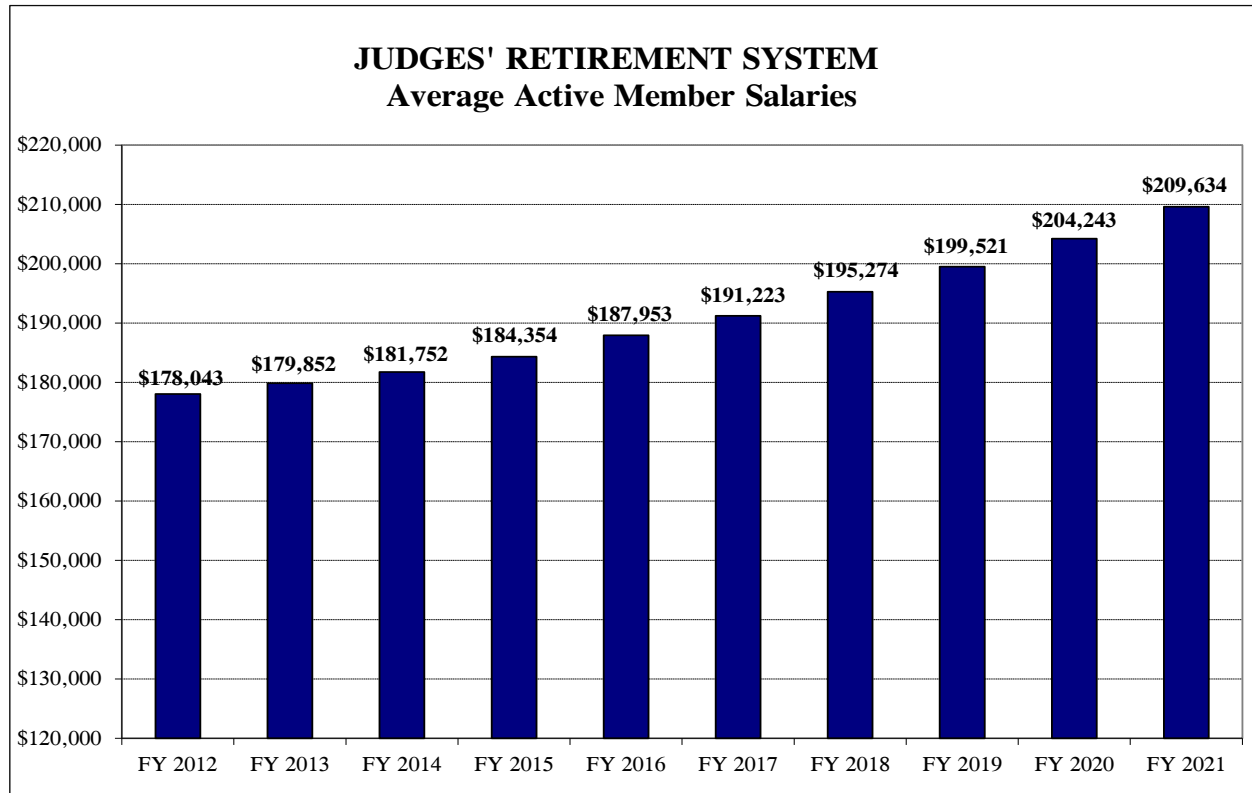


CHART 47

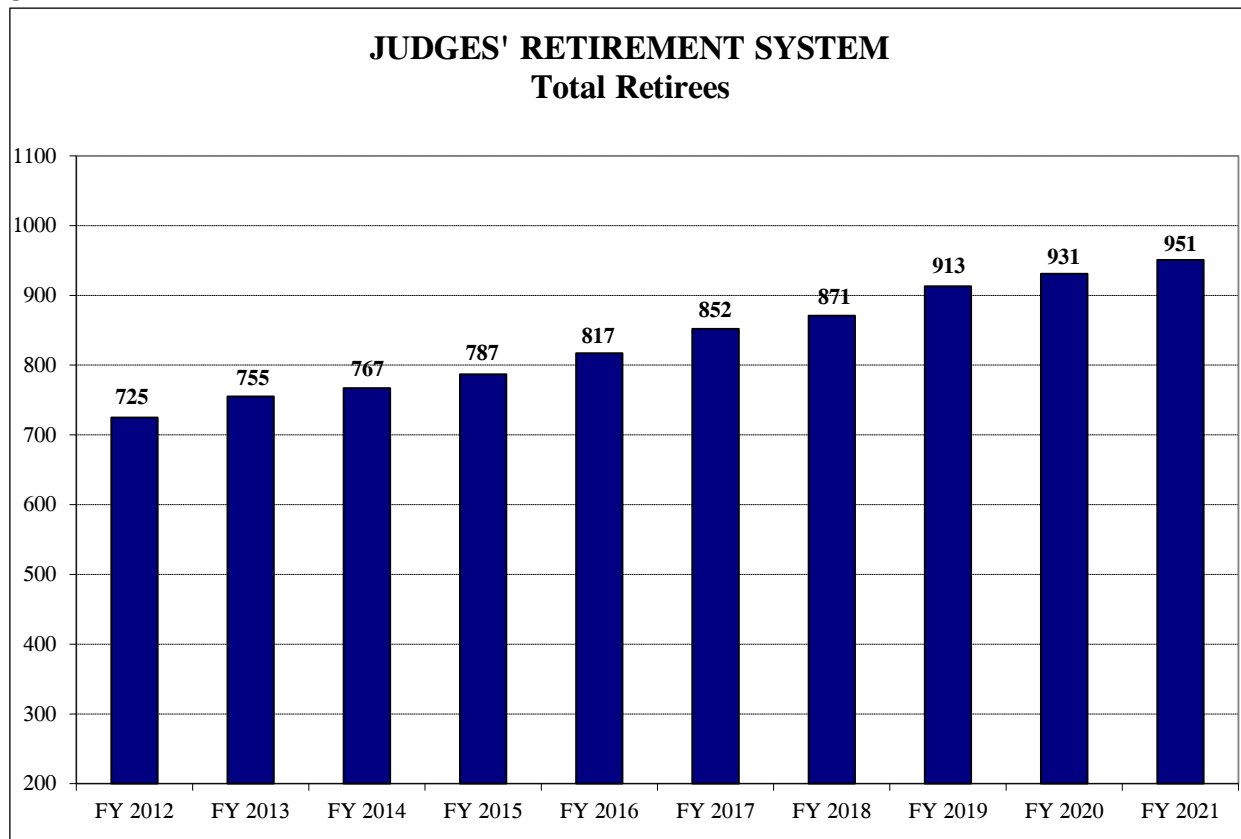


CHART 48

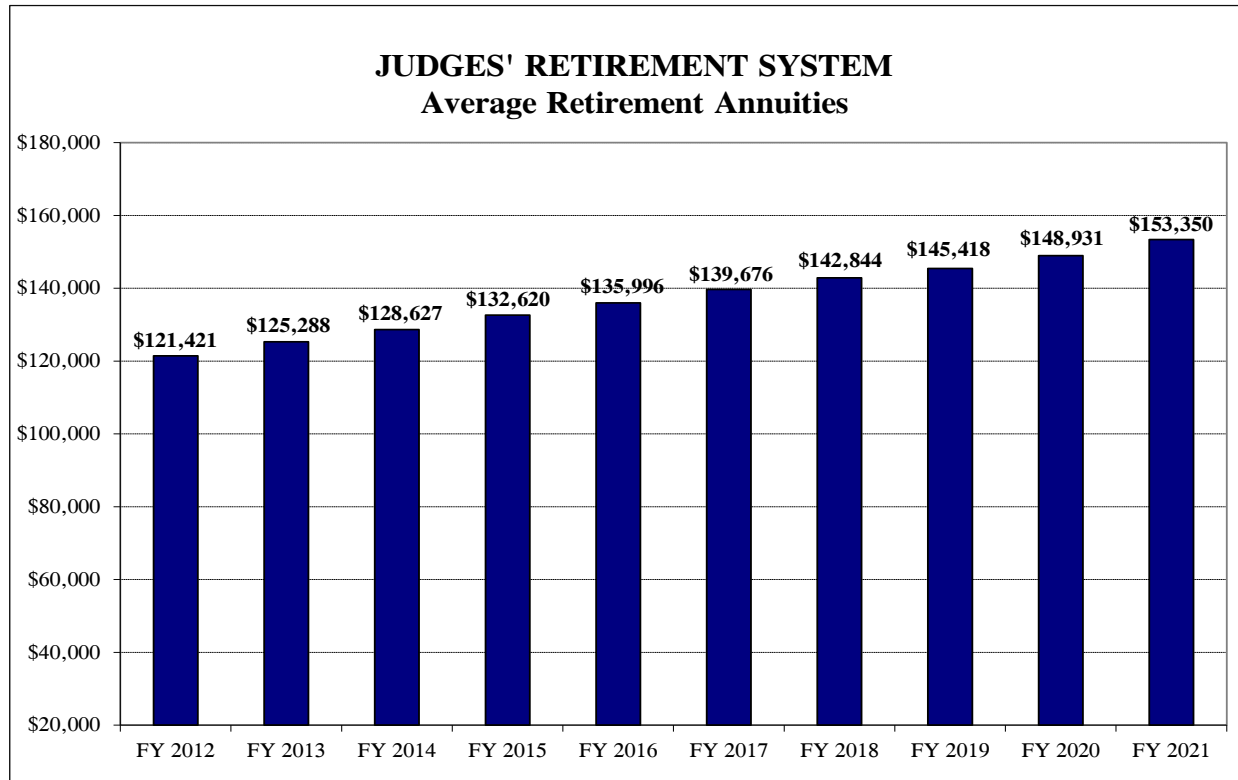


CHART 49

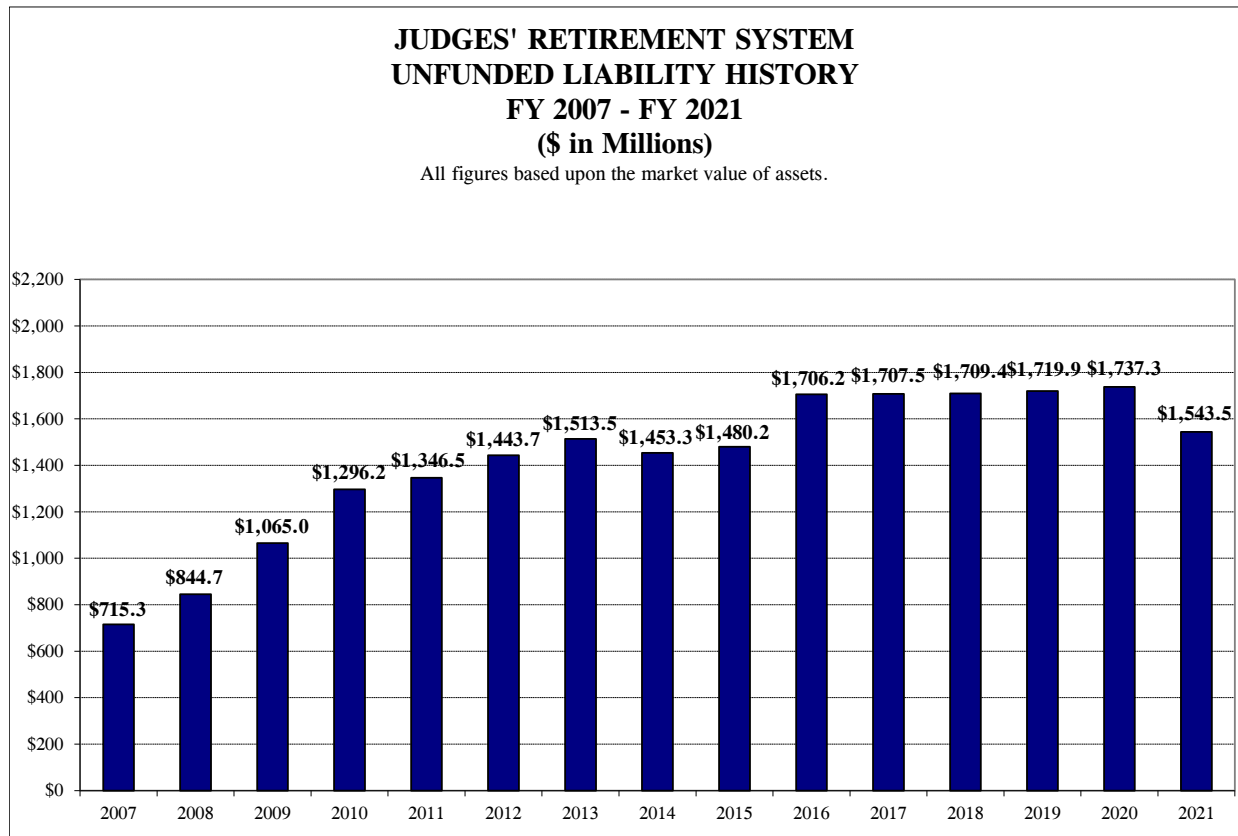


CHART 50

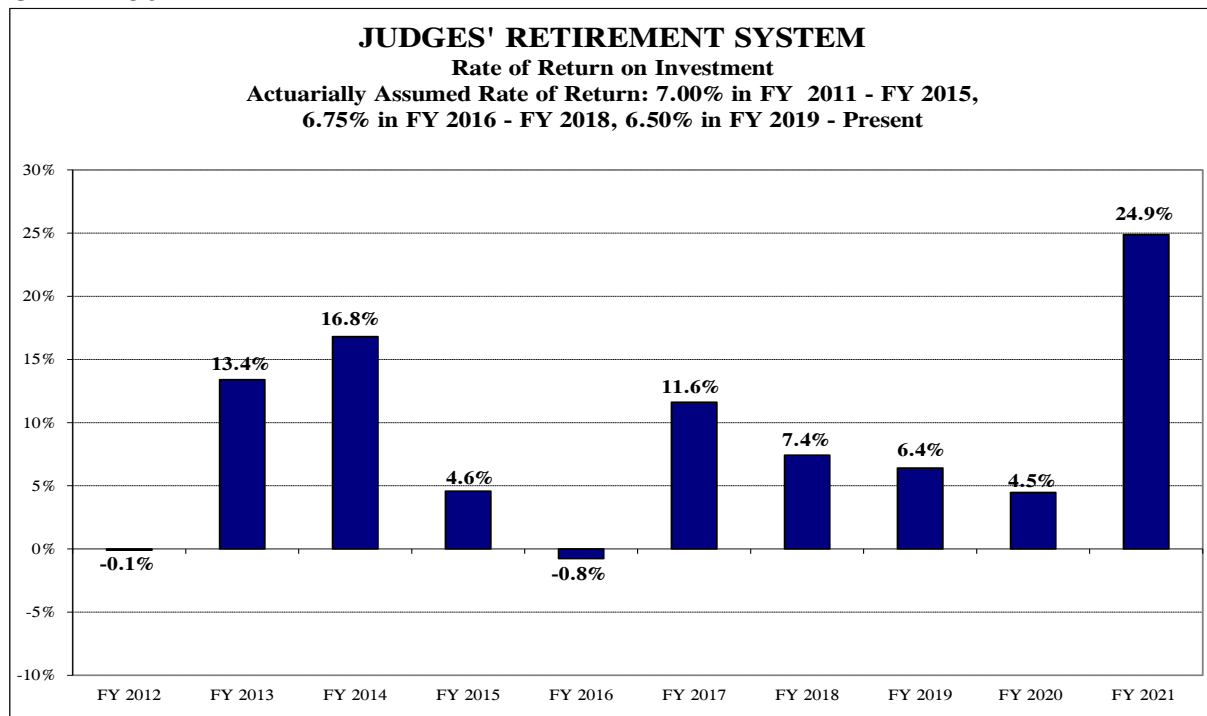
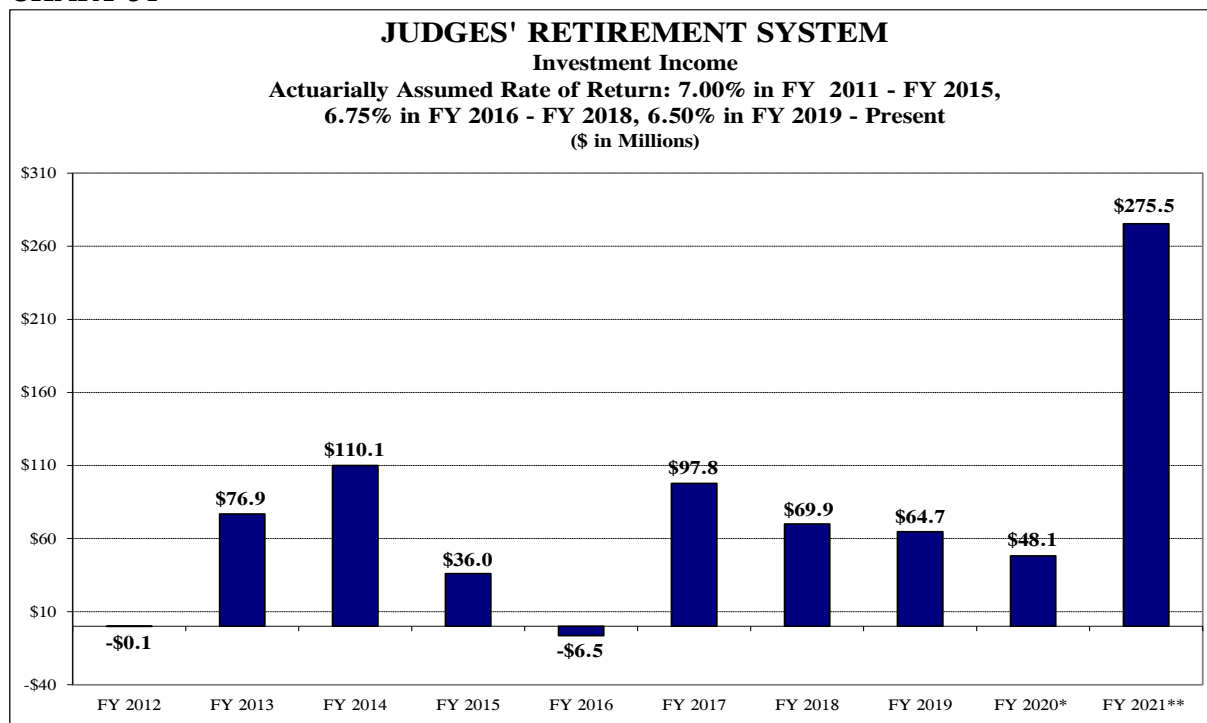


CHART 51



* The FY 2020 investment income has been updated in the FY 2021 actuarial valuation report.

** JRS noted in the FY 2021 actuarial valuation that JRS assets were updated right after the actuary valuation report was delivered. However, the updated assets "did not significantly impact the certified contribution rate." As a result of the updates, the total investment income in FY 2021 increased to \$278.8 million from \$275.5 million.

CHART 52

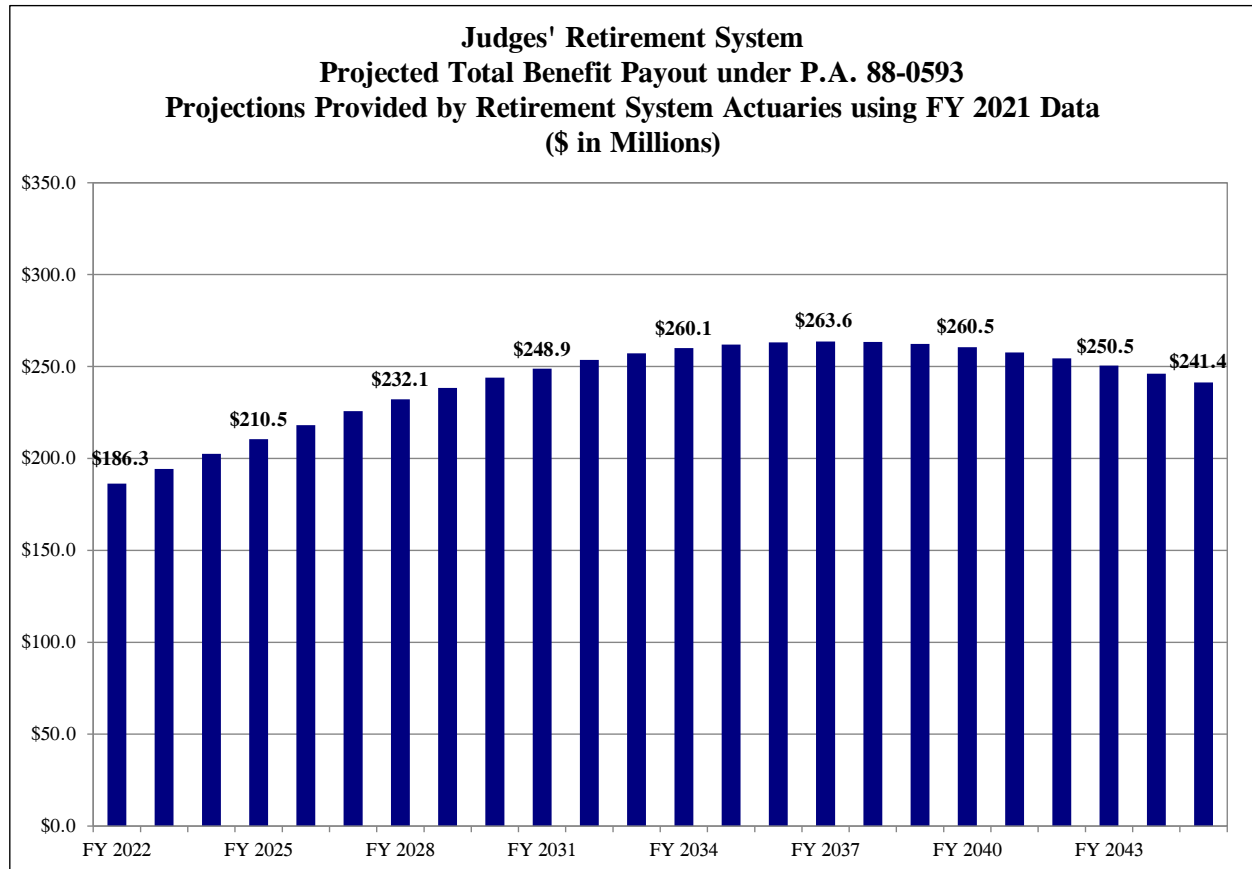


TABLE 18

JUDGES' RETIREMENT SYSTEM CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2021							
YEAR ENDED	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N.C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ACTUARIAL ASSUMPTIONS	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
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	(14,285,209)	48,213,678	30,639,057	0	188,889,493	14,404,557	267,861,576
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
6/30/2013	(18,934,843)	21,180,279	54,355,269	0	62,945,069	6,567,836	126,113,610
6/30/2014	(17,039,560)	(28,938,605)	22,548,920	0	0	846,615	(22,582,630)
6/30/2015	(16,202,872)	(26,929,814)	11,756,584	0	0	17,307,796	(14,068,306)
6/30/2016	(11,845,679)	2,880,479	13,018,248	0	153,176,767	8,368,408	165,598,223
6/30/2017	(8,300,358)	(9,469,124)	20,817,805	0	0	27,664,563	30,712,886
6/30/2018	(4,972,437)	(5,360,651)	16,112,995	0	(9,641,833)	6,687,881	2,825,955
6/30/2019	(2,071,872)	8,101,850	9,504,274	0	(37,738,684)	37,385,688	15,181,256
6/30/2020	1,179,778	8,344,155	323,033	0	0	(5,505,538)	4,341,428
6/30/2021	2,214,896	(44,918,405)	(5,490,114)	0	0	12,769,173	(35,424,450)
TOTALS	\$ (225,357,239)	\$ 82,548,347	\$ 737,441,153	\$ 2,848,501	\$ 428,367,522	\$ 357,721,705	\$ 1,383,569,989

Note: All figures in this table are based upon the actuarial value of assets, i.e., With Asset Smoothing.

TABLE 19

JUDGES' RETIREMENT SYSTEM Changes in Net Assets (\$ in Millions)										
Fiscal Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Additions to Assets										
State of Illinois	\$63.7	\$88.2	\$126.8	\$134.0	\$132.1	\$131.3	\$136.0	\$140.5	\$144.2	\$148.6
Pension Obligation Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Employees	\$16.4	\$16.4	\$15.9	\$15.4	\$15.0	\$14.8	\$14.3	\$14.7	\$14.5	\$14.6
Net Investment Income	-\$0.1	\$76.9	\$110.1	\$36.0	-\$6.5	\$97.8	\$69.9	\$64.7	\$48.1 ¹	\$275.5 ²
Total Asset Additions (A)	\$80.0	\$181.5	\$252.8	\$185.5	\$140.6	\$243.9	\$220.2	\$219.9	\$206.8	\$438.7
Deductions from Assets										
Benefits	\$106.6	\$113.6	\$118.6	\$125.7	\$132.6	\$140.5	\$148.1	\$157.3	\$165.5	\$172.6
Refunds	\$0.6	\$1.7	\$0.7	\$0.9	\$0.7	\$1.0	\$0.5	\$1.0	\$0.4	\$0.9
Subsidy Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Administrative Expenses	\$0.8	\$0.8	\$0.8	\$1.0	\$0.9	\$0.9	\$0.9	\$0.9	\$1.0	\$1.0
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Asset Deductions (B)	\$108.0	\$116.1	\$120.1	\$127.6	\$134.2	\$142.4	\$149.5	\$159.3	\$167.0	\$174.5
Change in Net Assets (A-B=C)	-\$28.0	\$65.4	\$132.7	\$57.9	\$6.4	\$101.5	\$70.7	\$60.6	\$39.8	\$264.2

¹ The FY 2020 investment income has been updated in the FY 2021 actuarial valuation report.

² JRS noted in the FY 2021 actuarial valuation that JRS assets were updated right after the actuary valuation report was delivered. However, the updated assets "did not significantly impact the certified contribution rate." As a result of the updates, the total investment income in FY 2021 increased to \$278.8 million from \$275.5 million.

TABLE 20

JUDGES' RETIREMENT SYSTEM Historical Investment Revenues (\$ in Millions)				
Fiscal Year	Market Value of Assets at Year End	Net Investment Revenue	Rate of Return Earned	
2012	\$578.0	-\$0.1	-0.1%	
2013	\$643.3	\$76.9	13.4%	
2014	\$776.0	\$110.1	16.8%	
2015	\$833.9	\$36.0	4.6%	
2016	\$840.3	-\$6.5	-0.8%	
2017	\$941.8	\$97.8	11.6%	
2018	\$1,012.5	\$69.9	7.4%	
2019	\$1,073.1	\$64.7	6.4%	
2020	\$1,112.5	\$48.1 ¹	4.5%	
2021	\$1,377.1	\$275.5 ²	24.9%	

¹ The FY 2020 investment income has been updated in the FY 2021 actuarial valuation report.

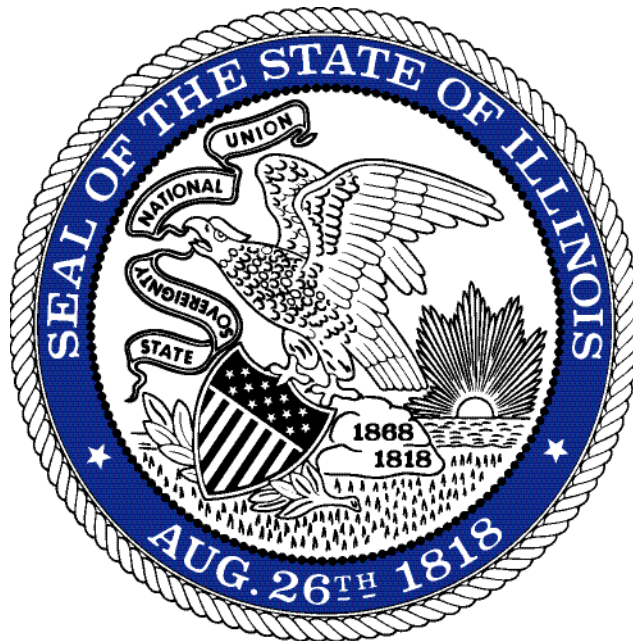
² JRS noted in the FY 2021 actuarial valuation that JRS assets were updated right after the actuarial valuation report was delivered. However, the updated assets "did not significantly impact the certified contribution rate." As a result of the updates, the total investment income in FY 2021 increased to \$278.8 million from \$275.5 million.

TABLE 21

JUDGES' RETIREMENT SYSTEM Projected Normal Costs based on Public Act 88-0593 Projections Provided by Retirement System Actuaries using FY 2021 Data (\$ in Millions)									
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	Employee Contributions	Employer Normal Cost	Employer Normal Cost as a % of Payroll
2022	\$32.9	21.0%	\$14.1	9.0%	\$47.0	30.0%	\$14.0	\$33.0	21.1%
2023	\$29.7	19.1%	\$15.5	10.0%	\$45.2	29.1%	\$13.9	\$31.3	20.2%
2024	\$26.8	17.3%	\$16.8	10.9%	\$43.7	28.2%	\$14.0	\$29.7	19.1%
2025	\$23.9	15.4%	\$18.1	11.6%	\$41.9	27.0%	\$14.0	\$27.9	18.0%
2026	\$21.0	13.5%	\$19.5	12.5%	\$40.5	26.1%	\$14.2	\$26.3	17.0%
2027	\$18.1	11.6%	\$20.6	13.2%	\$38.7	24.8%	\$14.0	\$24.6	15.8%
2028	\$15.7	10.1%	\$21.9	14.1%	\$37.7	24.2%	\$13.9	\$23.8	15.2%
2029	\$13.6	8.6%	\$23.1	14.7%	\$36.7	23.4%	\$13.9	\$22.8	14.5%
2030	\$11.6	7.3%	\$24.5	15.5%	\$36.1	22.8%	\$14.2	\$21.9	13.9%
2031	\$9.9	6.2%	\$25.9	16.2%	\$35.7	22.4%	\$14.3	\$21.5	13.5%
2032	\$8.2	5.1%	\$27.1	16.8%	\$35.3	21.9%	\$14.8	\$20.5	12.7%
2033	\$6.8	4.2%	\$28.4	17.4%	\$35.2	21.6%	\$15.3	\$19.8	12.2%
2034	\$5.6	3.4%	\$29.5	17.9%	\$35.1	21.3%	\$15.9	\$19.3	11.7%
2035	\$4.7	2.8%	\$30.6	18.3%	\$35.3	21.2%	\$16.4	\$18.9	11.3%
2036	\$3.9	2.3%	\$31.7	18.7%	\$35.6	21.0%	\$17.0	\$18.7	11.0%
2037	\$3.2	1.8%	\$32.8	19.0%	\$35.9	20.9%	\$17.5	\$18.4	10.7%
2038	\$2.6	1.5%	\$33.8	19.3%	\$36.4	20.8%	\$18.1	\$18.3	10.5%
2039	\$2.1	1.2%	\$34.8	19.5%	\$36.9	20.7%	\$18.6	\$18.3	10.3%
2040	\$1.7	0.9%	\$35.8	19.7%	\$37.5	20.6%	\$19.1	\$18.3	10.1%
2041	\$1.4	0.7%	\$36.8	19.9%	\$38.2	20.7%	\$19.6	\$18.6	10.0%
2042	\$1.1	0.6%	\$37.7	20.0%	\$38.8	20.6%	\$20.2	\$18.7	9.9%
2043	\$0.9	0.4%	\$38.7	20.1%	\$39.5	20.6%	\$20.7	\$18.9	9.8%
2044	\$0.7	0.3%	\$39.6	20.2%	\$40.3	20.5%	\$21.2	\$19.1	9.7%
2045	\$0.5	0.2%	\$40.5	20.2%	\$41.0	20.5%	\$21.7	\$19.3	9.6%

XIII. The General Assembly Retirement System

- **Plan Summary**
- **FY 2021 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 liabilities**
- **Changes in Net Assets**
- **Investment Return History**
- **Reduction in State Contributions**
- **Tier 1 & Tier 2 Normal Cost Projections**



General Assembly Retirement System

Tier 1 Plan Summary

Retirement Age

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

Retirement Formula

- ❑ 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

- ❑ 85% of final salary

Salary Used to Calculate Pension

- ❑ Salary on last day of service

Annual COLA

- ❑ 3% compounded

Employee Contributions

- ❑ 11.5% of salary
 - 8.5% for retirement benefit, 1.0% for annual COLA, and 2.0% for survivor's benefit

The benefits shown do not reflect P.A. 96-0889 (Tier 2 Act of 2011). Please refer to Section I earlier in this report for details.

General Assembly Retirement System

Tier 2 Plan Summary

Retirement Age

- ❑ Age 67 with 8 years of service
- ❑ Age 62 with at least 8 years of service (reduced $\frac{1}{2}$ of 1% for each month under 67)

Retirement Formula

- ❑ 3% of final average salary for each year of service

Maximum Annuity

- ❑ 60% of final average salary

Salary Used to Calculate Pension

- ❑ Highest 96 consecutive months of service within the last 120 months of service
- ❑ Pensionable Salary is limited by an amount tied to the Social Security Wage Base of \$106,800. This amount increases annually by 3% or the increase in the Consumer Price Index-U, whichever is less. The salary limit for calendar year 2021 and 2022 are \$126,375 and \$130,166, respectively.

Annual COLA

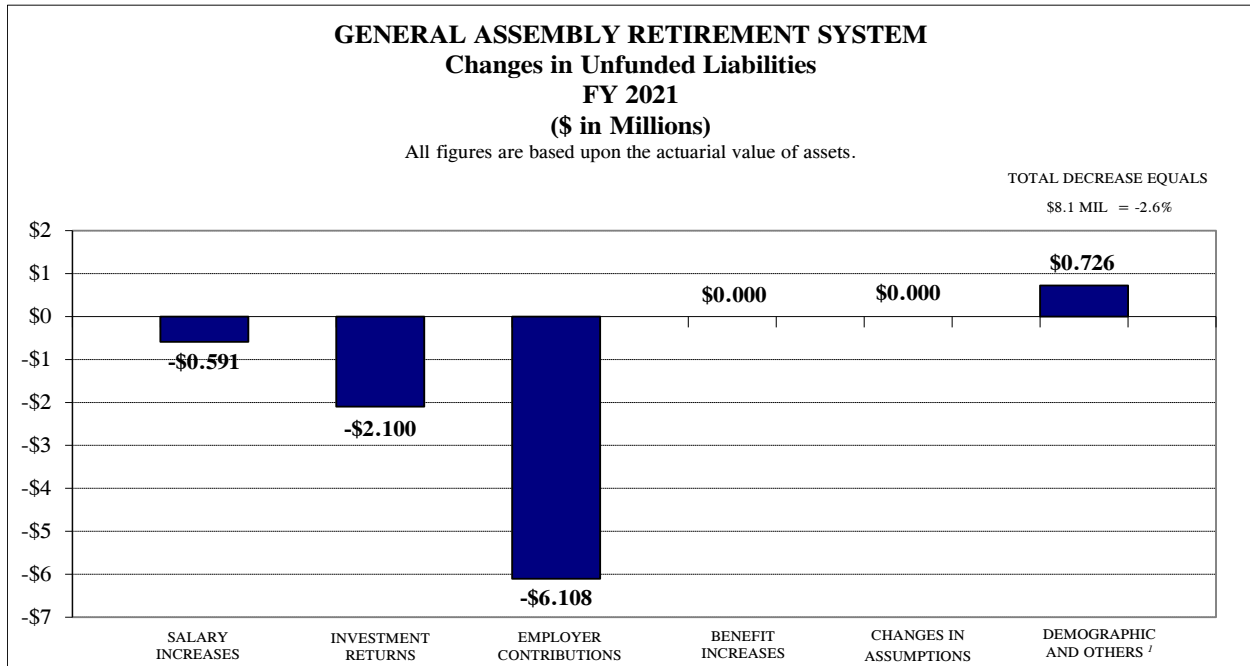
- ❑ Simple 3% or the increase in the Consumer Price Index-U, whichever is less

Employee Contributions

- ❑ 11.5% of salary
 - 8.5% for retirement benefit, 1.0% for annual COLA, and 2.0% for survivor's benefit

The benefits shown reflect P.A. 96-0889 (2 Tier Act of 2011) and are for Tier 2 members who first contribute to the system on or after January 1, 2011. Please refer to Section I earlier in this report for details.

CHART 53



¹ The liability increased by \$726,000 due to the net effect of actual experiences from demographic and other factors. Some of actuarial losses came from unfavorable experiences from terminations and other factors.

CHART 54

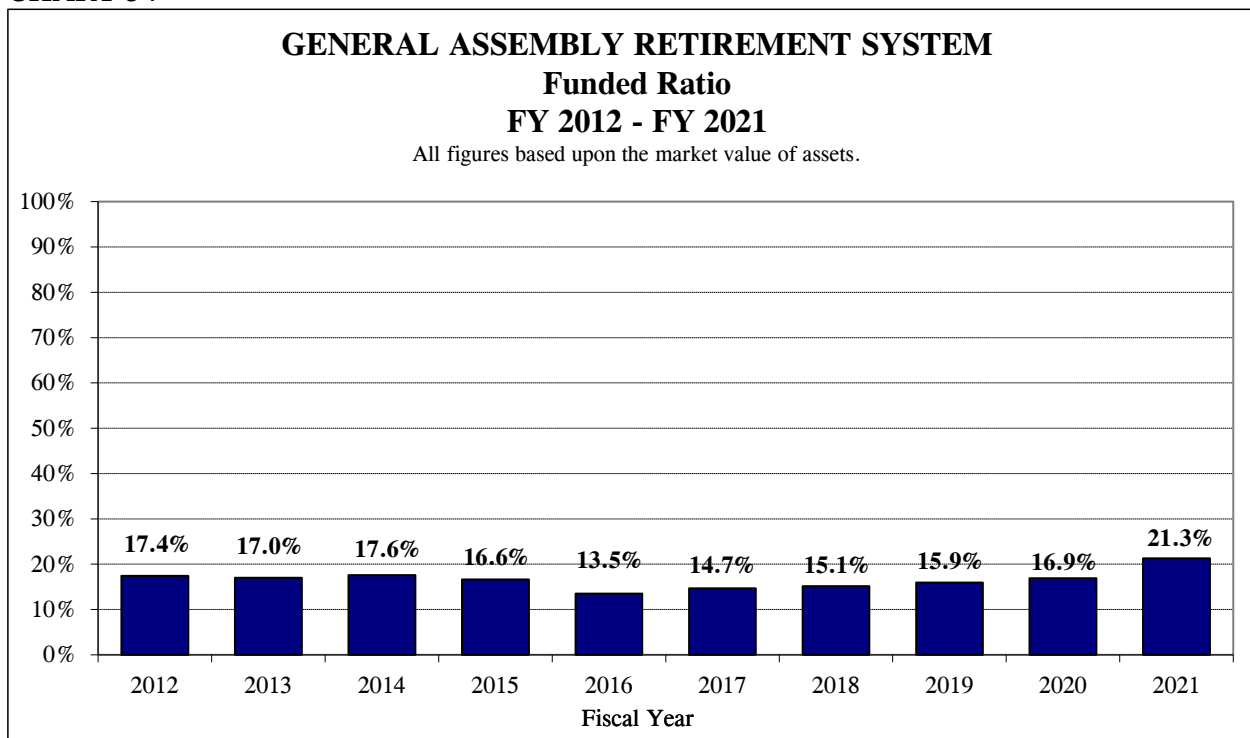


CHART 55

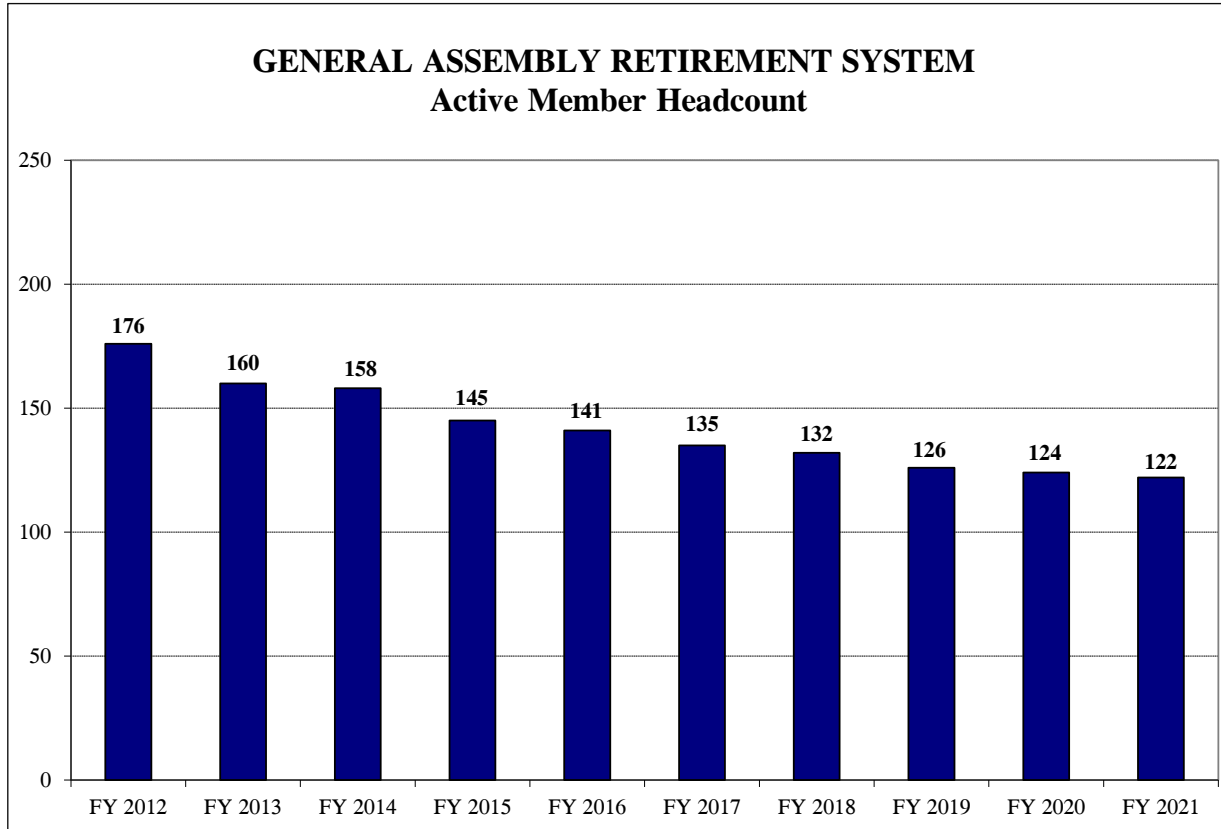


CHART 56

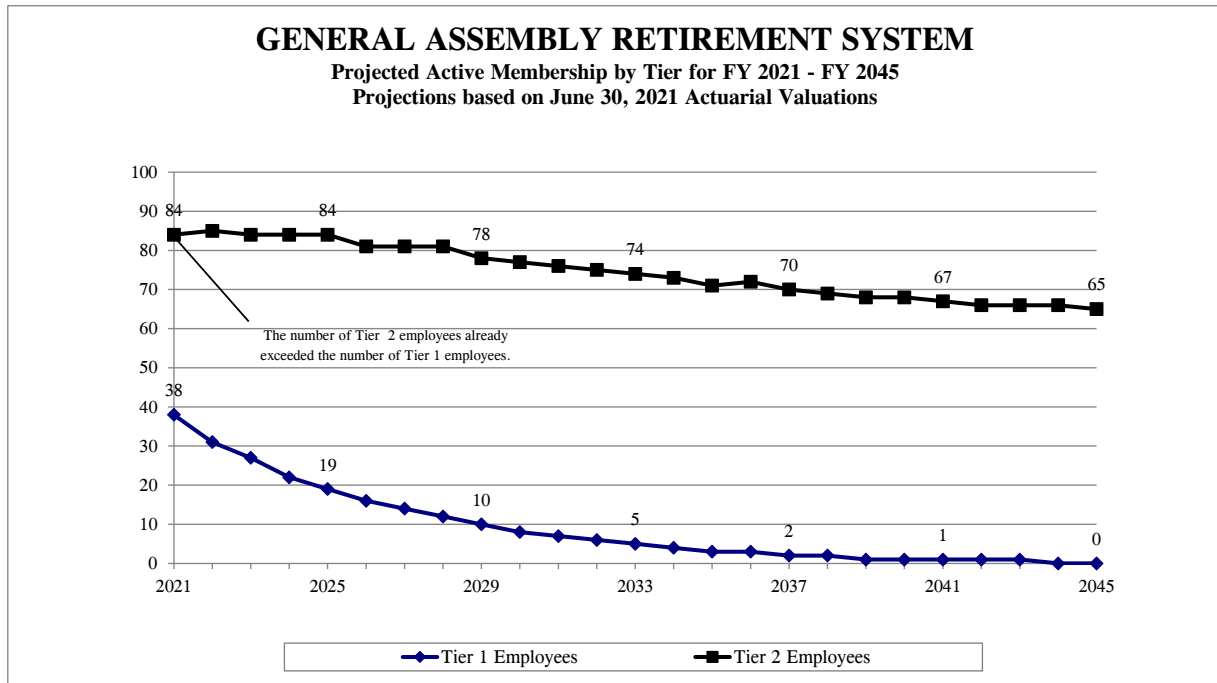


CHART 57

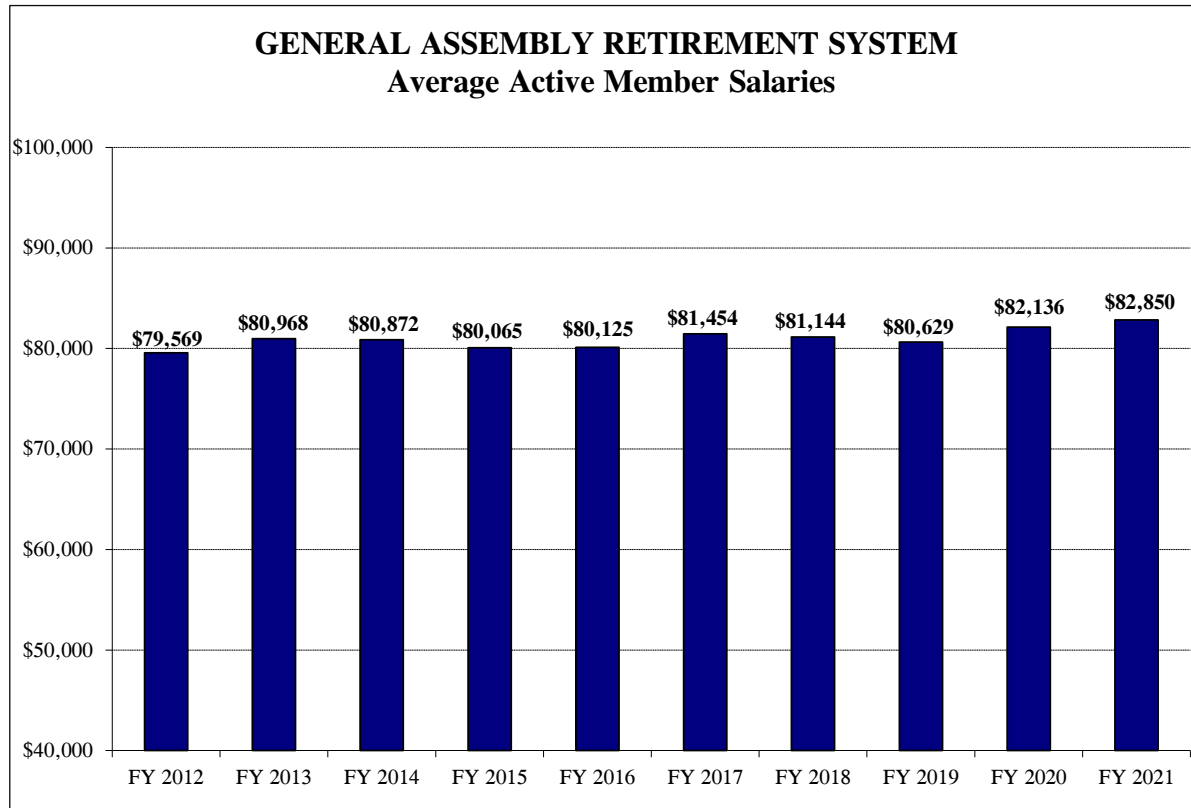


CHART 58

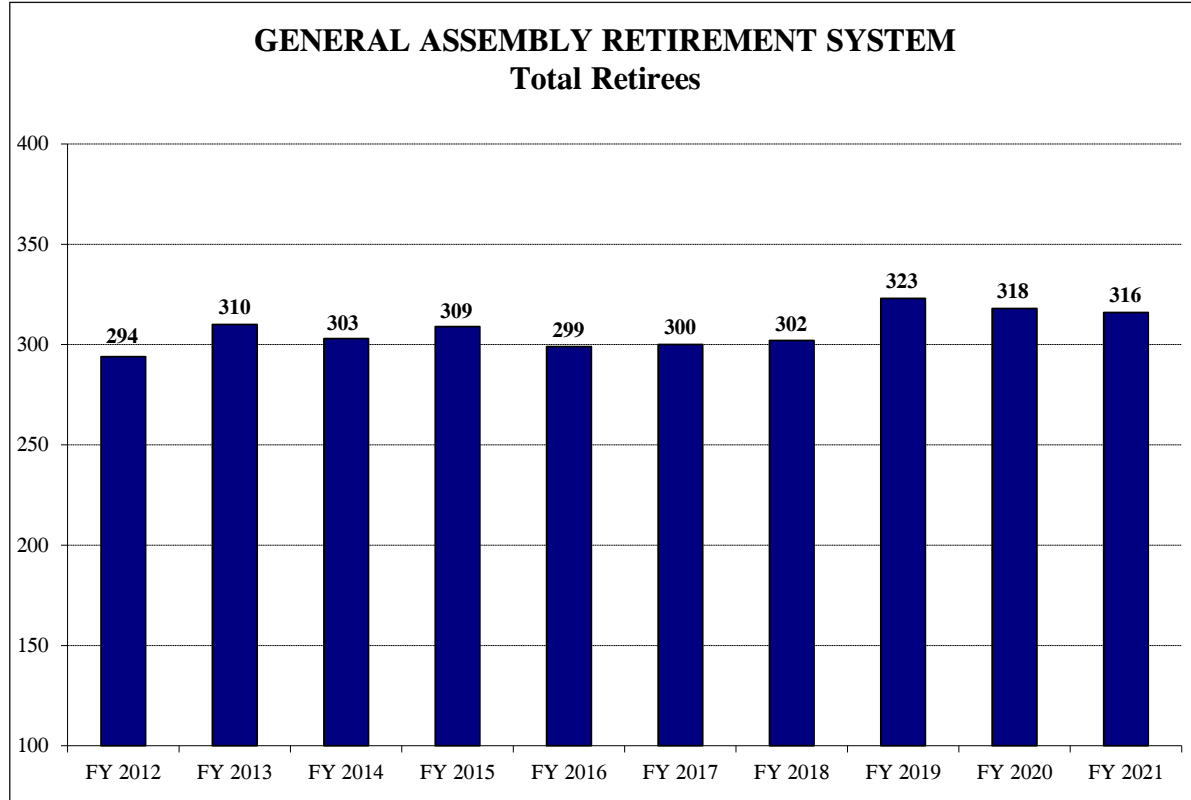


CHART 59

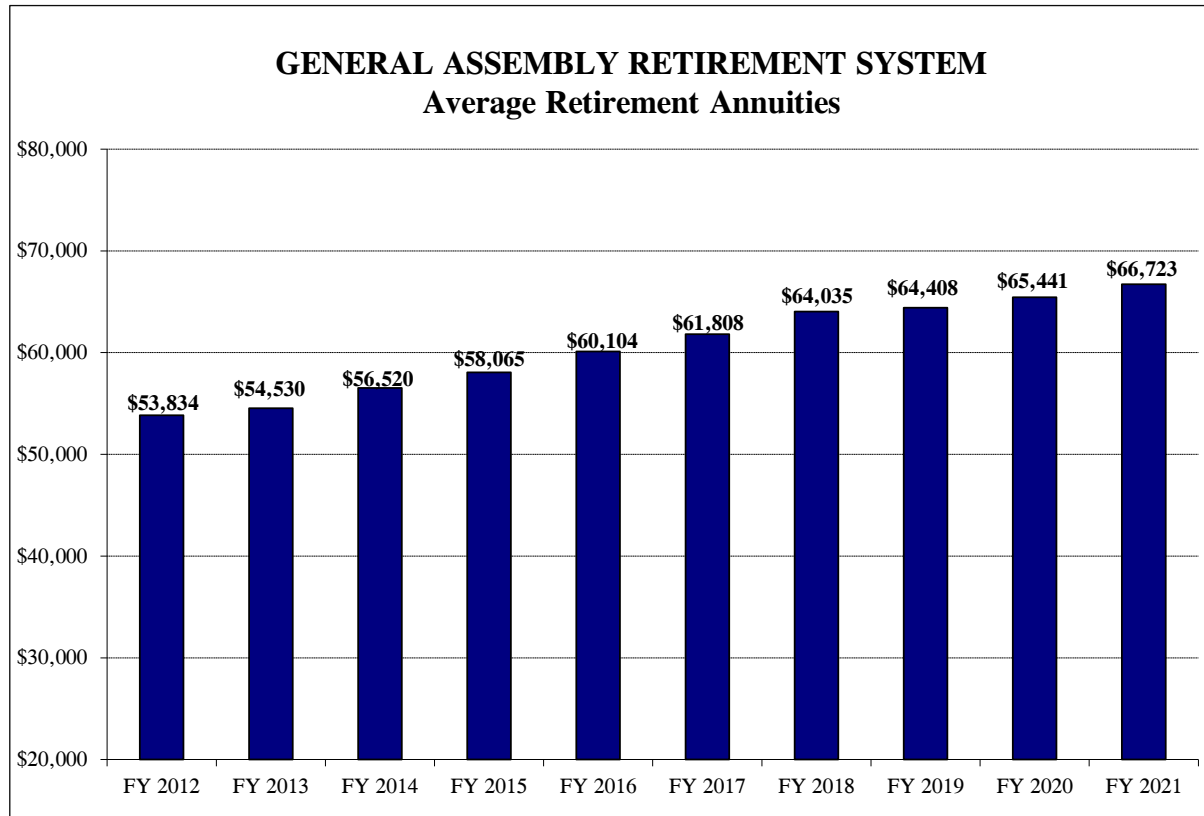


CHART 60

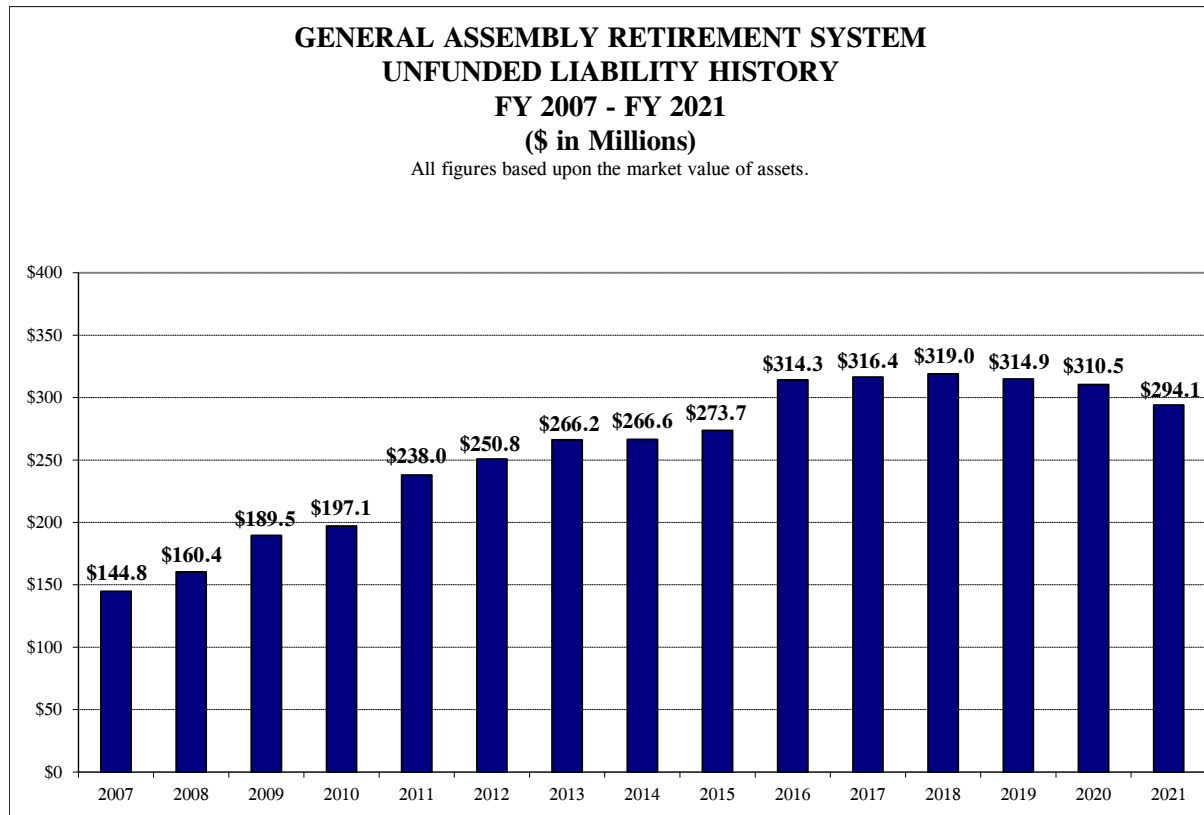


CHART 61

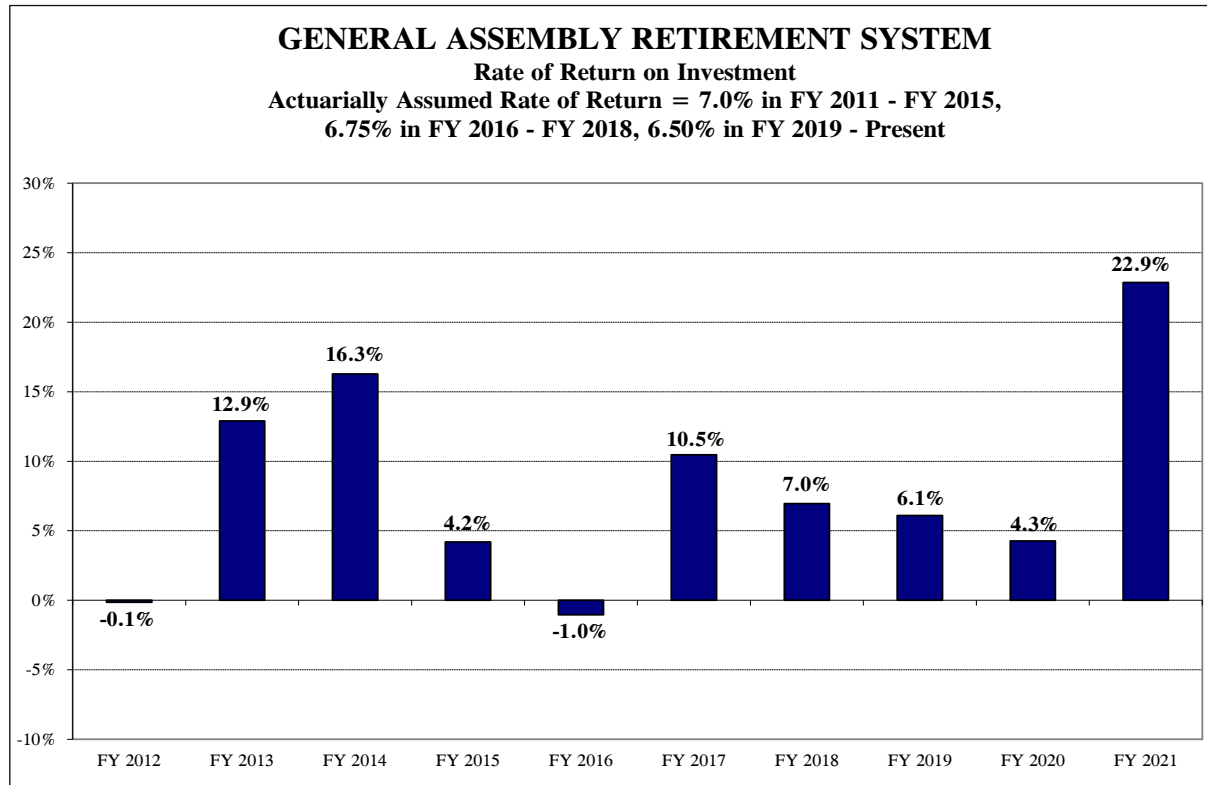


CHART 62

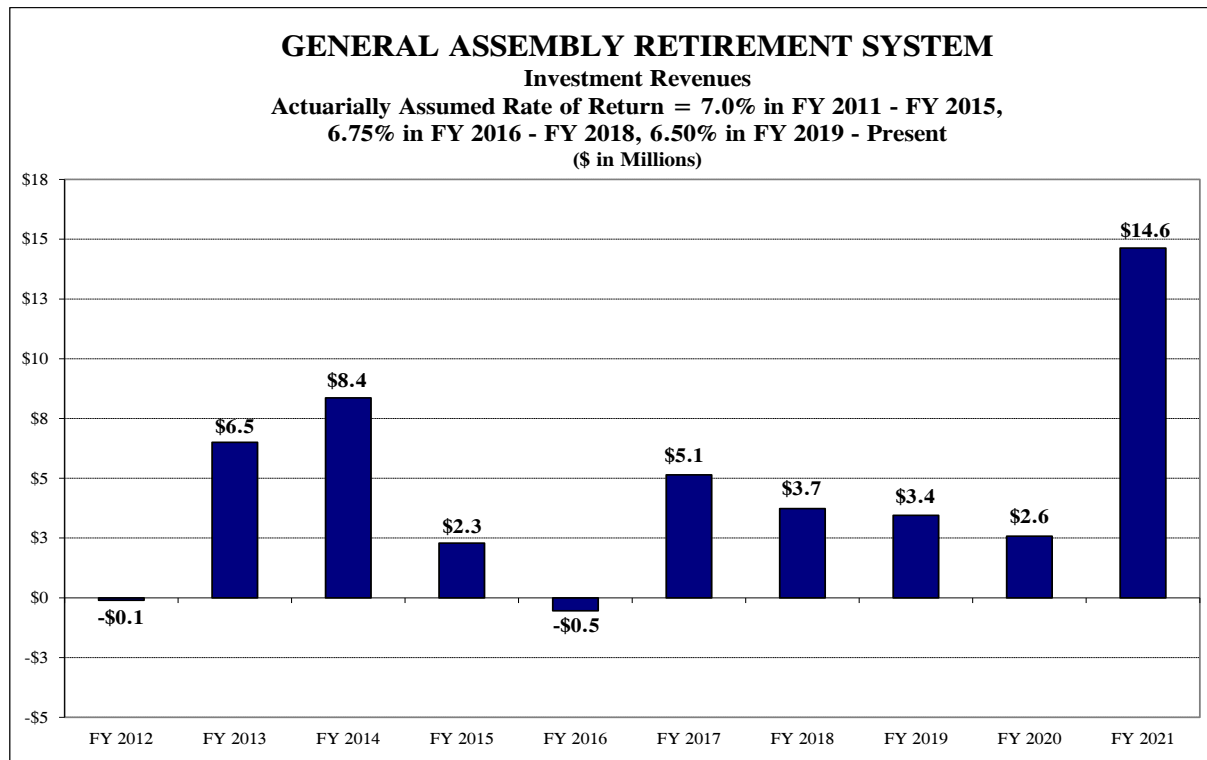


CHART 63

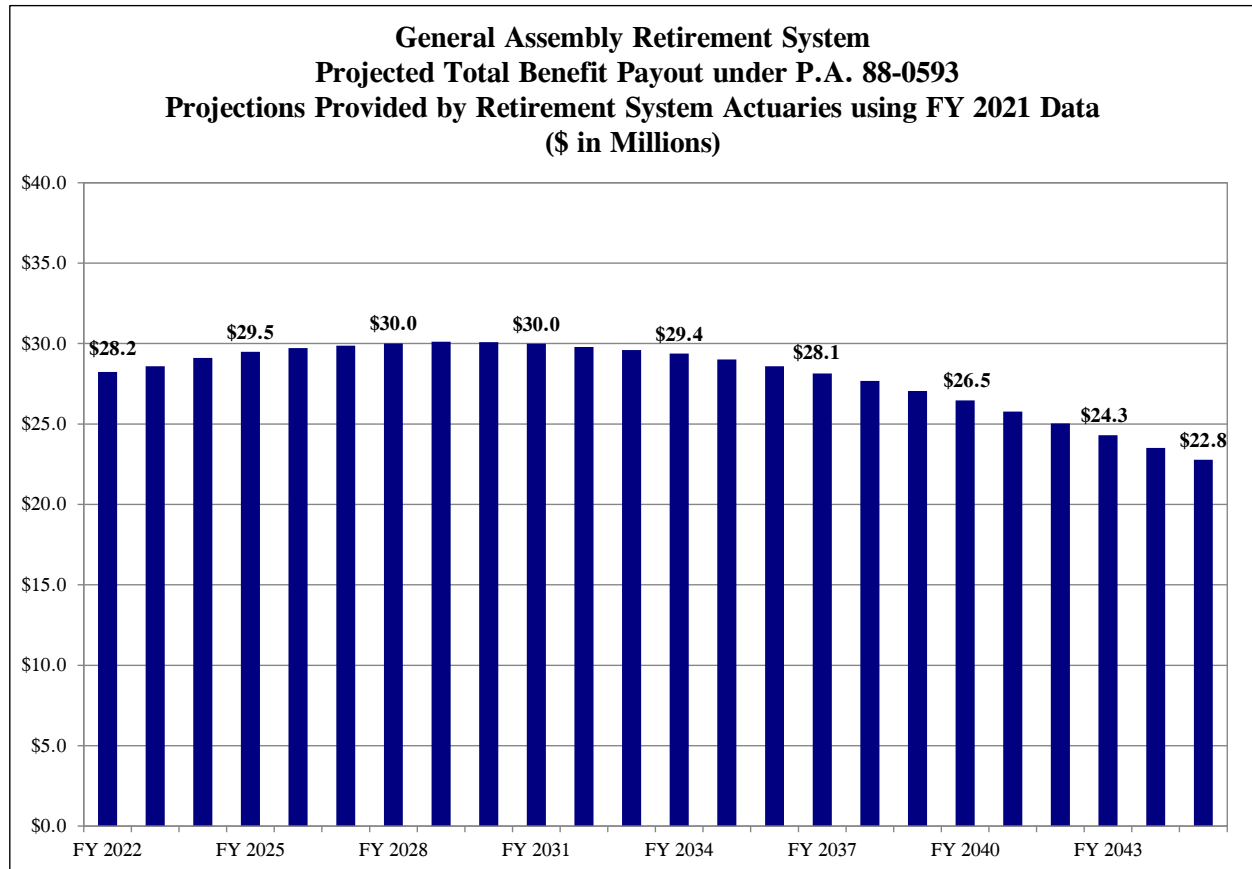


TABLE 22

GENERAL ASSEMBLY RETIREMENT SYSTEM CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2021								
YEAR ENDED	SALARY	INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N.C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	CHANGES IN ACTUARIAL ASSUMPTIONS	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YEAR
GARS								
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		(307,349)	5,709,168	5,666,343	0	0	831,994	11,900,156
6/30/2011		4,796,187	3,577,042	5,621,165	0	35,809,167	(108,827)	49,694,734
6/30/2012		(1,912,815)	3,662,246	8,818,897	0	0	1,563,530	12,131,858
6/30/2013		302,952	3,109,095	5,894,756	0	8,423,005	3,502,950	21,232,758
6/30/2014		402,083	(2,243,841)	7,000,449	0	0	(1,989,310)	3,169,381
6/30/2015		(976,354)	(2,012,721)	5,315,003	0	0	1,571,772	3,897,700
6/30/2016		(1,548,273)	266,861	4,938,834	0	36,729,162	(3,551,840)	36,834,744
6/30/2017		125,546	(647,450)	1,622,673	0	0	2,080,708	3,181,477
6/30/2018		(935,739)	(146,446)	2,167,882	0	(729,983)	2,109,485	2,465,199
6/30/2019		1,042,570	831,434	74,068	0	(8,784,207)	3,215,855	(3,620,280)
6/30/2020		207,874	815,183	(4,067,280)	0	0	(1,882,100)	(4,926,323)
6/30/2021		(590,897)	(2,100,014)	(6,107,644)	0	0	725,564	(8,072,991)
TOTALS	\$	(2,766,506)	\$ 15,739,964	\$ 101,810,657	\$ -	\$ 77,309,205	\$ 30,787,786	\$ 222,881,106

TABLE 23

GENERAL ASSEMBLY RETIREMENT SYSTEM Changes in Net Assets (\$ in Millions)										
Fiscal Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Additions to Assets										
State of Illinois	\$10.5	\$14.1	\$14.0	\$15.9	\$16.1	\$21.7	\$21.2	\$23.2	\$25.8	\$27.3
Pension Obligation Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Employees	\$1.6	\$1.5	\$1.5	\$1.5	\$1.3	\$1.3	\$1.3	\$1.3	\$1.2	\$1.2
Net Investment Income	-\$0.1	\$6.5	\$8.4	\$2.3	-\$0.5	\$5.1	\$3.7	\$3.4	\$2.6	\$14.6
Total Asset Additions (A)	\$12.0	\$22.1	\$23.8	\$19.6	\$16.8	\$28.1	\$26.1	\$28.0	\$29.5	\$43.2
Deductions from Assets										
Benefits	\$19.3	\$20.1	\$20.8	\$21.3	\$21.8	\$22.4	\$23.3	\$24.6	\$25.7	\$26.1
Refunds	\$0.1	\$0.1	\$0.2	\$0.2	\$0.1	\$0.1	\$0.0	\$0.2	\$0.1	\$0.2
Subsidy Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Administrative Expenses	\$0.3	\$0.3	\$0.3	\$0.4	\$0.4	\$0.4	\$0.3	\$0.4	\$0.4	\$0.3
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Asset Deductions (B)	\$19.7	\$20.5	\$21.4	\$21.9	\$22.4	\$22.8	\$23.7	\$25.1	\$26.2	\$26.5
Change in Net Assets (A-B=C)	-\$7.7	\$1.6	\$2.4	-\$2.2	-\$5.5	\$5.3	\$2.5	\$2.9	\$3.3	\$16.6

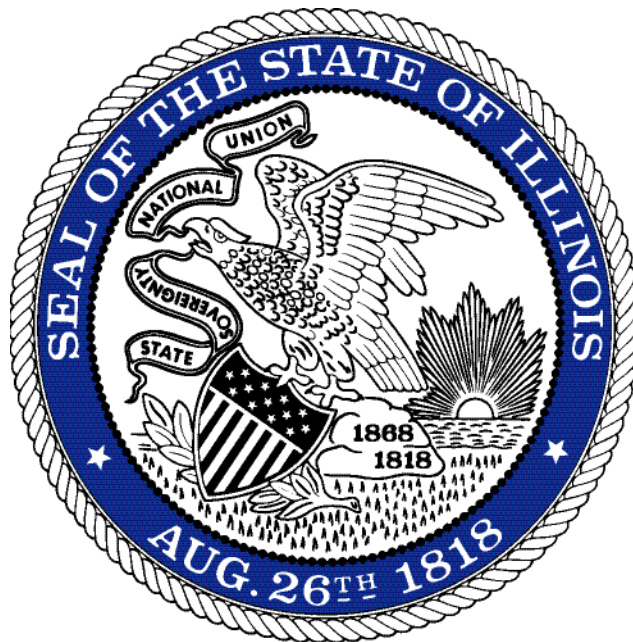
TABLE 24

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
2012	\$52.7	-\$0.1		-0.1%
2013	\$54.3	\$6.5		12.9%
2014	\$56.8	\$8.4		16.3%
2015	\$54.6	\$2.3		4.2%
2016	\$49.1	-\$0.5		-1.0%
2017	\$54.3	\$5.1		10.5%
2018	\$56.8	\$3.7		7.0%
2019	\$59.7	\$3.4		6.1%
2020	\$63.0	\$2.6		4.3%
2021	\$63.0	\$14.6		22.9%

TABLE 25

GENERAL ASSEMBLY RETIREMENT SYSTEM Projected Normal Costs based on Public Act 88-0593 Projections Provided by Retirement System Actuaries using FY 2021 Data (\$ in Millions)									
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	Employee Contributions	Employer Normal Cost	Employer Normal Cost as a % of Payroll
2022	\$1.6	16.4%	\$1.3	12.9%	\$2.9	29.4%	\$1.1	\$1.7	17.9%
2023	\$1.4	14.6%	\$1.3	13.6%	\$2.8	28.2%	\$1.1	\$1.6	16.7%
2024	\$1.2	12.8%	\$1.4	14.3%	\$2.6	27.1%	\$1.1	\$1.5	15.6%
2025	\$1.1	11.3%	\$1.4	15.2%	\$2.5	26.6%	\$1.1	\$1.4	15.1%
2026	\$0.9	10.2%	\$1.5	16.0%	\$2.4	26.2%	\$1.1	\$1.4	14.7%
2027	\$0.8	8.9%	\$1.5	16.4%	\$2.3	25.4%	\$1.0	\$1.3	13.9%
2028	\$0.7	7.8%	\$1.5	17.1%	\$2.2	24.9%	\$1.0	\$1.2	13.4%
2029	\$0.6	6.8%	\$1.6	17.5%	\$2.2	24.3%	\$1.0	\$1.1	12.8%
2030	\$0.5	5.8%	\$1.6	17.9%	\$2.1	23.7%	\$1.0	\$1.1	12.3%
2031	\$0.4	4.9%	\$1.6	18.4%	\$2.0	23.3%	\$1.0	\$1.0	11.9%
2032	\$0.4	4.2%	\$1.6	18.8%	\$2.0	23.0%	\$1.0	\$1.0	11.5%
2033	\$0.3	3.6%	\$1.6	18.9%	\$2.0	22.5%	\$1.0	\$1.0	11.1%
2034	\$0.3	3.1%	\$1.7	19.0%	\$1.9	22.1%	\$1.0	\$0.9	10.7%
2035	\$0.2	2.5%	\$1.7	19.1%	\$1.9	21.7%	\$1.0	\$0.9	10.1%
2036	\$0.2	2.2%	\$1.7	19.3%	\$1.9	21.5%	\$1.0	\$0.9	9.9%
2037	\$0.2	1.7%	\$1.7	19.4%	\$1.9	21.1%	\$1.0	\$0.9	9.7%
2038	\$0.1	1.4%	\$1.7	19.6%	\$1.8	20.9%	\$1.0	\$0.8	9.4%
2039	\$0.1	1.1%	\$1.8	19.8%	\$1.9	20.9%	\$1.0	\$0.8	9.4%
2040	\$0.1	0.9%	\$1.8	19.7%	\$1.8	20.6%	\$1.0	\$0.8	9.2%
2041	\$0.1	0.7%	\$1.8	19.7%	\$1.8	20.4%	\$1.0	\$0.8	8.8%
2042	\$0.1	0.5%	\$1.8	19.8%	\$1.9	20.4%	\$1.1	\$0.8	8.9%
2043	\$0.0	0.4%	\$1.8	19.9%	\$1.9	20.3%	\$1.1	\$0.8	8.9%
2044	\$0.0	0.3%	\$1.9	19.9%	\$1.9	20.3%	\$1.1	\$0.8	8.8%
2045	\$0.0	0.3%	\$1.9	19.9%	\$1.9	20.3%	\$1.1	\$0.8	8.8%

Appendices



APPENDIX A

FUNDING PROJECTIONS FOR THE STATE RETIREMENT SYSTEMS All Five Systems Combined Projections Based on the Retirement Systems' FY 2021 Final Actuarial Valuations (\$ in Millions)

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
2022	\$21,342.5	\$10,850.4 ¹	50.8%	\$1,614.4	\$249,011.0	\$111,284.9	\$137,725.0	44.7%
2023	\$21,712.2	\$10,976.3 ²	50.6%	\$1,637.4	\$254,987.3	\$119,308.4	\$135,678.9	46.8%
2024	\$22,192.5	\$10,782.3	48.6%	\$1,669.7	\$260,822.5	\$127,542.5	\$133,280.0	48.9%
2025	\$22,675.6	\$10,859.7	47.9%	\$1,701.9	\$266,618.1	\$136,643.6	\$129,974.6	51.3%
2026	\$23,169.3	\$10,941.3	47.2%	\$1,735.0	\$272,229.1	\$142,368.4	\$129,860.7	52.3%
2027	\$23,655.5	\$10,944.5	46.3%	\$1,766.9	\$277,636.6	\$147,941.0	\$129,695.6	53.3%
2028	\$24,143.9	\$11,151.1	46.2%	\$1,798.8	\$282,819.6	\$153,558.2	\$129,261.4	54.3%
2029	\$24,629.9	\$11,359.0	46.1%	\$1,830.4	\$287,757.6	\$159,222.2	\$128,536.4	55.3%
2030	\$25,126.8	\$11,555.4	46.0%	\$1,863.0	\$292,431.5	\$164,921.9	\$127,508.5	56.4%
2031	\$25,629.5	\$11,758.9	45.9%	\$1,895.7	\$296,817.2	\$170,665.6	\$126,151.5	57.5%
2032	\$26,144.7	\$11,992.3	45.9%	\$1,929.3	\$300,910.5	\$176,506.3	\$124,404.2	58.7%
2033	\$26,662.5	\$12,247.9	45.9%	\$1,962.5	\$304,682.8	\$182,468.4	\$122,214.4	59.9%
2034	\$27,181.3	\$13,205.4	48.6%	\$1,995.4	\$308,115.8	\$189,292.5	\$118,823.3	61.4%
2035	\$27,704.6	\$13,457.3	48.6%	\$2,028.3	\$311,184.1	\$196,311.2	\$114,872.9	63.1%
2036	\$28,236.3	\$13,713.4	48.6%	\$2,061.4	\$313,873.7	\$203,555.3	\$110,317.4	64.9%
2037	\$28,781.0	\$13,976.1	48.6%	\$2,095.2	\$316,258.3	\$211,147.6	\$105,110.8	66.8%
2038	\$29,347.3	\$14,249.0	48.6%	\$2,130.6	\$318,252.9	\$219,059.3	\$99,193.6	68.8%
2039	\$29,926.9	\$14,529.3	48.5%	\$2,166.7	\$319,848.5	\$227,344.4	\$92,505.2	71.1%
2040	\$30,523.1	\$14,817.1	48.5%	\$2,203.6	\$321,038.5	\$236,058.6	\$84,980.8	73.5%
2041	\$31,153.1	\$15,120.9	48.5%	\$2,243.2	\$321,841.7	\$245,294.7	\$76,548.0	76.2%
2042	\$31,814.8	\$15,440.9	48.5%	\$2,285.2	\$322,303.7	\$255,171.6	\$67,131.1	79.2%
2043	\$32,512.0	\$15,778.6	48.5%	\$2,330.1	\$322,445.2	\$265,789.5	\$56,655.7	82.4%
2044	\$33,247.3	\$16,136.0	48.5%	\$2,377.9	\$322,326.3	\$277,287.8	\$45,038.5	86.0%
2045	\$34,021.7	\$16,512.6	48.5%	\$2,428.9	\$322,001.7	\$289,805.0	\$32,197.8	90.0%

NOTE: The FY 2022 and 2023 State contribution amounts are based on the five systems' final State contribution certification letters for FY 2022 and FY 2023.

¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. The FY 2022 State contribution reflects the additional \$300 million.

² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. The FY 2023 State contribution reflects the additional \$200 million.

APPENDIX B

FUNDING PROJECTIONS FOR THE TEACHERS' RETIREMENT SYSTEM Projections Based on the Retirement System's FY 2021 Final Actuarial Valuation Actuarially Assumed Rate of Return: 7.00% (\$ in Millions)								
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
2022	\$11,470.4	\$5,866.9 ¹	51.1%	\$1,032.3	\$142,798.1	\$63,626.8	\$79,171.3	44.6%
2023	\$11,682.6	\$6,009.2 ²	51.4%	\$1,051.4	\$146,693.7	\$68,332.4	\$78,361.3	46.6%
2024	\$11,981.7	\$5,979.5	49.9%	\$1,078.4	\$150,589.1	\$73,314.9	\$77,274.3	48.7%
2025	\$12,272.6	\$6,084.0	49.6%	\$1,104.5	\$154,603.7	\$79,076.6	\$75,527.1	51.1%
2026	\$12,561.9	\$6,184.1	49.2%	\$1,130.6	\$158,601.0	\$83,042.8	\$75,558.2	52.4%
2027	\$12,835.6	\$6,218.8	48.5%	\$1,155.2	\$162,566.5	\$87,027.1	\$75,539.5	53.5%
2028	\$13,102.2	\$6,334.0	48.3%	\$1,179.2	\$166,475.5	\$91,098.8	\$75,376.7	54.7%
2029	\$13,353.5	\$6,443.3	48.3%	\$1,201.8	\$170,305.2	\$95,244.6	\$75,060.5	55.9%
2030	\$13,607.9	\$6,541.8	48.1%	\$1,224.7	\$174,039.0	\$99,452.3	\$74,586.7	57.1%
2031	\$13,859.9	\$6,642.0	47.9%	\$1,247.4	\$177,656.4	\$103,717.7	\$73,938.6	58.4%
2032	\$14,115.9	\$6,762.1	47.9%	\$1,270.4	\$181,139.9	\$108,061.3	\$73,078.6	59.7%
2033	\$14,363.5	\$6,894.9	48.0%	\$1,292.7	\$184,457.8	\$112,485.4	\$71,972.4	61.0%
2034	\$14,601.9	\$7,534.2	51.6%	\$1,314.2	\$187,582.8	\$117,509.9	\$70,072.9	62.6%
2035	\$14,837.0	\$7,655.5	51.6%	\$1,335.3	\$190,487.8	\$122,631.9	\$67,855.9	64.4%
2036	\$15,076.3	\$7,779.0	51.6%	\$1,356.9	\$193,156.3	\$127,862.2	\$65,294.1	66.2%
2037	\$15,320.1	\$7,904.8	51.6%	\$1,378.8	\$195,572.2	\$133,213.2	\$62,359.0	68.1%
2038	\$15,574.7	\$8,036.2	51.6%	\$1,401.7	\$197,712.2	\$138,698.3	\$59,013.9	70.2%
2039	\$15,832.9	\$8,169.4	51.6%	\$1,425.0	\$199,552.0	\$144,332.7	\$55,219.2	72.3%
2040	\$16,095.3	\$8,304.8	51.6%	\$1,448.6	\$201,065.4	\$150,132.1	\$50,933.3	74.7%
2041	\$16,376.7	\$8,450.0	51.6%	\$1,473.9	\$202,247.4	\$156,139.9	\$46,107.5	77.2%
2042	\$16,677.9	\$8,605.4	51.6%	\$1,501.0	\$203,119.3	\$162,426.8	\$40,692.5	80.0%
2043	\$17,003.6	\$8,773.5	51.6%	\$1,530.3	\$203,681.7	\$169,043.3	\$34,638.3	83.0%
2044	\$17,358.8	\$8,956.7	51.6%	\$1,562.3	\$203,973.4	\$176,080.9	\$27,892.5	86.3%
2045	\$17,745.3	\$9,156.2	51.6%	\$1,597.1	\$204,032.8	\$183,629.5	\$20,403.3	90.0%
2046	\$18,175.8	\$1,384.3	7.6%	\$1,635.8	\$203,924.6	\$183,532.1	\$20,392.5	90.0%
NOTE: The FY 2022 and 2023 State contribution amounts are based on the TRS final State contribution certification letters for FY 2022 and FY 2023, respectively. Also, the FY 2022 and 2023 State Contribution amounts include the minimum benefit reimbursements of \$400,000 and \$300,000, respectively.								
¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$172.823 million was allocated to TRS for FY 2022, which is reflected in the FY 2022 State contribution above.								
² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$115.216 million was allocated to TRS for FY 2023, which is reflected in the FY 2023 State contribution.								

APPENDIX C

FUNDING PROJECTIONS FOR THE STATE EMPLOYEES' RETIREMENT SYSTEM Projections Based on the Retirement System's FY 2021 Final Actuarial Valuation Actuarially Assumed Rate of Return: 6.75% (\$ in Millions)								
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
2022	\$4,798.9	\$2,639.6 ¹	55.0%	\$270.6	\$53,175	\$23,411	\$29,763	44.0%
2023	\$4,870.3	\$2,637.0 ²	54.1%	\$272.7	\$54,449	\$25,320	\$29,129	46.5%
2024	\$4,948.4	\$2,462.0	49.8%	\$275.2	\$55,656	\$27,172	\$28,484	48.8%
2025	\$5,027.9	\$2,440.0	48.5%	\$277.6	\$56,786	\$29,025	\$27,761	51.1%
2026	\$5,114.1	\$2,427.0	47.5%	\$280.6	\$57,830	\$30,103	\$27,727	52.1%
2027	\$5,203.2	\$2,410.0	46.3%	\$283.6	\$58,784	\$31,092	\$27,692	52.9%
2028	\$5,296.9	\$2,448.0	46.2%	\$286.9	\$59,651	\$32,051	\$27,600	53.7%
2029	\$5,398.4	\$2,491.0	46.1%	\$290.8	\$60,432	\$32,988	\$27,445	54.6%
2030	\$5,504.1	\$2,532.0	46.0%	\$295.1	\$61,132	\$33,906	\$27,225	55.5%
2031	\$5,615.7	\$2,577.0	45.9%	\$299.8	\$61,750	\$34,814	\$26,936	56.4%
2032	\$5,730.9	\$2,630.0	45.9%	\$304.5	\$62,293	\$35,731	\$26,562	57.4%
2033	\$5,849.3	\$2,689.0	46.0%	\$309.1	\$62,757	\$36,663	\$26,094	58.4%
2034	\$5,973.4	\$2,941.0	49.2%	\$314.1	\$63,147	\$37,819	\$25,328	59.9%
2035	\$6,101.8	\$3,004.0	49.2%	\$319.3	\$63,463	\$39,025	\$24,438	61.5%
2036	\$6,231.9	\$3,068.0	49.2%	\$324.4	\$63,704	\$40,289	\$23,414	63.2%
2037	\$6,366.3	\$3,134.0	49.2%	\$329.6	\$63,877	\$41,628	\$22,249	65.2%
2038	\$6,507.0	\$3,203.0	49.2%	\$335.2	\$63,989	\$43,059	\$20,930	67.3%
2039	\$6,652.5	\$3,275.0	49.2%	\$340.9	\$64,046	\$44,600	\$19,447	69.6%
2040	\$6,804.8	\$3,350.0	49.2%	\$347.0	\$64,060	\$46,273	\$17,788	72.2%
2041	\$6,964.1	\$3,428.0	49.2%	\$353.6	\$64,042	\$48,102	\$15,941	75.1%
2042	\$7,130.5	\$3,510.0	49.2%	\$360.5	\$64,003	\$50,111	\$13,891	78.3%
2043	\$7,303.0	\$3,595.0	49.2%	\$367.8	\$63,951	\$52,325	\$11,626	81.8%
2044	\$7,480.5	\$3,683.0	49.2%	\$375.4	\$63,896	\$54,768	\$9,128	85.7%
2045	\$7,661.6	\$3,772.0	49.2%	\$383.0	\$63,844	\$57,463	\$6,382	90.0%
Note: The FY 2022 and 2023 State contribution amounts are based on the SERS final State contribution certification letters for FY 2022 and FY 2023, respectively. Pursuant to P.A. 93-0589, the amounts of the FY 2022 and FY 2023 State contribution include the debt service payments of \$104.517 million and \$109.242 million, respectively, for the 2003 Pension Obligation Bonds authorized by P.A. 93-0002. State contribution amounts shown for FY 2024 - 2045 do not include debt service.								
¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$64.786 million was allocated to SERS for FY 2022, which is reflected in the FY 2022 State contribution.								
² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$43.191 million was allocated to SERS for FY 2023, which is reflected in the FY 2023 State contribution.								

APPENDIX D

FUNDING PROJECTIONS FOR THE STATE UNIVERSITIES RETIREMENT SYSTEM Projections Based on the Retirement System's FY 2021 Final Actuarial Valuation Actuarially Assumed Rate of Return: 6.50% (\$ in Millions)

Fiscal Year	Annual Payroll ¹	Total State Contribution ²	State Contribution as a % of Payroll	Total Employee Contribution	Accrued Liabilities	Actuarial Value of Assets	Unfunded Liabilities	Funded Ratio
2022	\$4,906.8	\$2,159.4 ³	44.0%	\$296.4	\$49,699.4	\$22,834.0	\$26,865.3	45.9%
2023	\$4,994.3	\$2,157.3 ⁴	43.2%	\$298.3	\$50,469.6	\$24,145.1	\$26,324.4	47.8%
2024	\$5,097.8	\$2,173.4	42.6%	\$301.1	\$51,174.3	\$25,453.8	\$25,720.5	49.7%
2025	\$5,210.6	\$2,170.7	41.7%	\$304.6	\$51,806.0	\$26,852.3	\$24,953.7	51.8%
2026	\$5,328.8	\$2,168.2	40.7%	\$308.7	\$52,364.6	\$27,496.0	\$24,868.6	52.5%
2027	\$5,452.0	\$2,157.4	39.6%	\$313.1	\$52,851.0	\$28,068.0	\$24,783.0	53.1%
2028	\$5,579.9	\$2,210.7	39.6%	\$317.8	\$53,264.1	\$28,632.2	\$24,632.0	53.8%
2029	\$5,712.1	\$2,265.6	39.7%	\$322.8	\$53,605.4	\$29,195.1	\$24,410.3	54.5%
2030	\$5,847.9	\$2,321.9	39.7%	\$328.0	\$53,866.9	\$29,755.0	\$24,111.9	55.2%
2031	\$5,985.6	\$2,379.2	39.7%	\$333.2	\$54,045.4	\$30,313.9	\$23,731.6	56.1%
2032	\$6,128.2	\$2,438.5	39.8%	\$338.6	\$54,147.4	\$30,885.0	\$23,262.4	57.0%
2033	\$6,278.3	\$2,500.9	39.8%	\$344.4	\$54,179.1	\$31,483.0	\$22,696.1	58.1%
2034	\$6,432.7	\$2,565.1	39.9%	\$350.3	\$54,143.8	\$32,118.0	\$22,025.7	59.3%
2035	\$6,590.2	\$2,630.7	39.9%	\$356.2	\$54,042.2	\$32,798.7	\$21,243.5	60.7%
2036	\$6,749.9	\$2,697.2	40.0%	\$362.3	\$53,877.2	\$33,535.8	\$20,341.4	62.2%
2037	\$6,913.7	\$2,765.5	40.0%	\$368.4	\$53,731.2	\$34,421.3	\$19,309.9	64.1%
2038	\$7,081.7	\$2,835.7	40.0%	\$374.6	\$53,534.5	\$35,395.3	\$18,139.2	66.1%
2039	\$7,254.5	\$2,907.8	40.1%	\$381.1	\$53,296.0	\$36,476.6	\$16,819.3	68.4%
2040	\$7,432.7	\$2,982.2	40.1%	\$387.9	\$53,022.0	\$37,682.1	\$15,339.8	71.1%
2041	\$7,618.4	\$3,059.5	40.2%	\$395.0	\$52,724.5	\$39,035.2	\$13,689.4	74.0%
2042	\$7,808.7	\$3,138.7	40.2%	\$402.5	\$52,416.3	\$40,558.8	\$11,857.5	77.4%
2043	\$8,003.8	\$3,219.8	40.2%	\$410.2	\$52,108.6	\$42,276.0	\$9,832.5	81.1%
2044	\$8,202.5	\$3,302.3	40.3%	\$418.0	\$51,811.9	\$44,209.5	\$7,602.5	85.3%
2045	\$8,405.0	\$3,386.4	40.3%	\$426.0	\$51,536.3	\$46,382.6	\$5,153.6	90.0%

¹ The Self-Manged Plan (SMP) has been renamed the Retirement Savings Plan (RSP), effective September 1, 2020. Payroll projections include RSP payroll. 45% of academic and 25% of non-academic new SURS members are assumed to enter RSP.

² The FY 2022 and 2023 State contribution amounts are based on the SURS final State contribution certification letter for FY 2022 and FY 2023. Also, the total State contribution includes RSP Contributions.

³ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$58.139 million was allocated to SURS for FY 2022, which is reflected in the FY 2022 State contribution.

⁴ P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$38.759 million was allocated to SURS for FY 2023, which is reflected in the FY 2023 State contribution.

APPENDIX E

FUNDING PROJECTIONS FOR THE JUDGES' RETIREMENT SYSTEM Projections Based on the Retirement System's FY 2021 Final Actuarial Valuation Actuarially Assumed Rate of Return: 6.50% (\$ in Millions)								
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
2022	\$156.6	\$156.0 ¹	99.6%	\$14.0	\$2,966.7	\$1,333.3	\$1,633.4	44.9%
2023	\$155.2	\$145.0 ²	93.4%	\$13.9	\$3,005.6	\$1,424.0	\$1,581.7	47.4%
2024	\$155.1	\$141.2	91.0%	\$14.0	\$3,037.1	\$1,509.0	\$1,528.1	49.7%
2025	\$155.1	\$139.6	90.0%	\$14.0	\$3,060.6	\$1,591.8	\$1,468.8	52.0%
2026	\$155.3	\$137.2	88.3%	\$14.2	\$3,076.2	\$1,626.3	\$1,449.9	52.9%
2027	\$155.7	\$134.2	86.2%	\$14.0	\$3,083.1	\$1,652.1	\$1,431.1	53.6%
2028	\$156.0	\$134.5	86.2%	\$13.9	\$3,082.8	\$1,672.9	\$1,409.9	54.3%
2029	\$157.0	\$135.4	86.2%	\$13.9	\$3,075.1	\$1,689.8	\$1,385.3	55.0%
2030	\$158.2	\$136.4	86.2%	\$14.2	\$3,060.5	\$1,703.2	\$1,357.3	55.7%
2031	\$159.5	\$137.5	86.2%	\$14.3	\$3,039.5	\$1,713.7	\$1,325.8	56.4%
2032	\$161.1	\$138.9	86.2%	\$14.8	\$3,011.8	\$1,722.0	\$1,289.8	57.2%
2033	\$162.8	\$140.3	86.2%	\$15.3	\$2,978.4	\$1,729.0	\$1,249.4	58.1%
2034	\$164.7	\$142.0	86.2%	\$15.9	\$2,939.9	\$1,736.0	\$1,203.9	59.0%
2035	\$167.0	\$143.9	86.2%	\$16.4	\$2,897.1	\$1,744.0	\$1,153.1	60.2%
2036	\$169.5	\$146.1	86.2%	\$17.0	\$2,850.6	\$1,754.2	\$1,096.5	61.5%
2037	\$172.2	\$148.5	86.2%	\$17.5	\$2,801.0	\$1,767.4	\$1,033.6	63.1%
2038	\$175.1	\$150.9	86.2%	\$18.1	\$2,748.8	\$1,784.9	\$963.9	64.9%
2039	\$178.1	\$153.6	86.2%	\$18.6	\$2,694.8	\$1,807.9	\$887.0	67.1%
2040	\$181.4	\$156.4	86.2%	\$19.1	\$2,639.8	\$1,837.7	\$802.1	69.6%
2041	\$184.9	\$159.4	86.2%	\$19.6	\$2,584.9	\$1,875.9	\$709.0	72.6%
2042	\$188.5	\$162.5	86.2%	\$20.2	\$2,530.4	\$1,923.8	\$606.6	76.0%
2043	\$192.3	\$165.7	86.2%	\$20.7	\$2,477.2	\$1,982.7	\$494.5	80.0%
2044	\$196.2	\$169.1	86.2%	\$21.2	\$2,425.7	\$2,053.9	\$371.8	84.7%
2045	\$200.3	\$172.6	86.2%	\$21.7	\$2,376.6	\$2,138.9	\$237.7	90.0%
NOTE: The FY 2022 and 2023 State contribution amounts are based on the JRS final State contribution certification letter for FY 2022 and FY 2023. ¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$3.571 million was allocated to JRS for FY 2022, which is reflected in the FY 2022 State contribution. ² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$2.381 million was allocated to JRS for FY 2023, which is reflected in the FY 2023 State contribution.								

APPENDIX F

FUNDING PROJECTIONS FOR THE GENERAL ASSEMBLY RETIREMENT SYSTEM Projections Based on the Retirement System's FY 2021 Final Actuarial Valuation Actuarially Assumed Rate of Return: 6.50% (\$ in Millions)								
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
2022	\$9.7	\$28.5 *	292.9%	\$1.1	\$371.8	\$79.9	\$292.0	21.5%
2023	\$9.8	\$27.6 **	283.4%	\$1.1	\$369.3	\$86.9	\$282.5	23.5%
2024	\$9.6	\$26.3	274.9%	\$1.1	\$366.0	\$92.8	\$273.2	25.4%
2025	\$9.3	\$25.4	271.8%	\$1.1	\$361.9	\$97.9	\$264.0	27.1%
2026	\$9.2	\$24.8	269.2%	\$1.1	\$357.2	\$100.3	\$256.9	28.1%
2027	\$9.1	\$24.1	266.1%	\$1.0	\$352.0	\$101.9	\$250.1	29.0%
2028	\$9.0	\$24.0	266.2%	\$1.0	\$346.2	\$103.4	\$242.8	29.9%
2029	\$8.9	\$23.8	266.2%	\$1.0	\$339.9	\$104.6	\$235.3	30.8%
2030	\$8.8	\$23.3	266.1%	\$1.0	\$333.0	\$105.4	\$227.6	31.7%
2031	\$8.8	\$23.2	264.3%	\$1.0	\$325.9	\$106.3	\$219.6	32.6%
2032	\$8.7	\$22.8	262.7%	\$1.0	\$318.3	\$107.0	\$211.3	33.6%
2033	\$8.7	\$22.8	263.2%	\$1.0	\$310.5	\$108.0	\$202.5	34.8%
2034	\$8.7	\$23.1	266.2%	\$1.0	\$302.4	\$109.6	\$192.8	36.2%
2035	\$8.7	\$23.1	266.1%	\$1.0	\$294.0	\$111.6	\$182.4	38.0%
2036	\$8.7	\$23.0	266.1%	\$1.0	\$285.6	\$114.1	\$171.4	40.0%
2037	\$8.8	\$23.3	266.2%	\$1.0	\$277.0	\$117.6	\$159.4	42.5%
2038	\$8.7	\$23.3	266.2%	\$1.0	\$268.3	\$121.8	\$146.6	45.4%
2039	\$8.8	\$23.5	266.3%	\$1.0	\$259.8	\$127.1	\$132.6	48.9%
2040	\$8.9	\$23.8	266.2%	\$1.0	\$251.2	\$133.7	\$117.5	53.2%
2041	\$9.0	\$24.1	266.2%	\$1.0	\$242.9	\$141.7	\$101.2	58.3%
2042	\$9.1	\$24.3	266.1%	\$1.1	\$234.7	\$151.3	\$83.5	64.4%
2043	\$9.2	\$24.6	266.0%	\$1.1	\$226.9	\$162.5	\$64.4	71.6%
2044	\$9.3	\$24.8	266.2%	\$1.1	\$219.3	\$175.5	\$43.8	80.0%
2045	\$9.6	\$25.5	266.1%	\$1.1	\$212.1	\$190.9	\$21.2	90.0%

NOTE: The FY 2022 and 2023 State contribution amounts are based on the GARS final State contribution certification letter for FY 2022 and FY 2023.

¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$680,400 was allocated to GARS for FY 2022, which is reflected in the FY 2022 State contribution.

² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$453,600 was allocated to GARS for FY 2023, which is reflected in the FY 2023 State contribution.

APPENDIX G

STATE RETIREMENT SYSTEMS CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2021								
	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	NEW BUYOUT PROVISIONS (P.A. 100-0587)	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
6/30/2013	(412,776,000)	1,557,219,000	2,125,732,000	0		0	382,074,000	3,652,249,000
6/30/2014	(474,190,195)	(1,791,604,611)	1,648,042,240	0		6,403,256,969	72,310,315	5,857,814,718
6/30/2015	(468,541,235)	(1,354,881,665)	1,992,652,465	0		586,418,960	341,371,995	1,097,020,520
6/30/2016	(65,504,184)	467,184,012	1,635,079,237	0		5,654,841,998	1,029,558,907	8,721,159,970
6/30/2017	29,518,579	(384,476,850)	1,808,876,910	0		0	574,797,924	2,028,716,563
6/30/2018	(40,293,935)	(306,966,173)	1,909,537,067	0	(380,955,376)	(711,686,423)	1,382,295,985	1,851,931,145
6/30/2019	(84,011,865)	589,910,262	1,754,692,033	0	0	80,717,984	436,027,601	2,777,336,015
6/30/2020	(41,780,212)	972,850,068	1,622,083,905	0	0	0	88,641,204	2,641,794,965
6/30/2021	(56,331,439)	(1,436,959,691)	1,414,463,477	0	(195,467,590)	(516,709,885)	17,785,894	(773,219,234)
Total	(2,619,656,486)	7,806,511,352	34,920,664,334	1,105,792,000	(576,422,966)	16,434,178,603	11,524,526,825	68,595,593,662
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	6,804,783	(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	(84,033,935)	894,331,428	470,035,082	0		2,606,334,218	162,864,774	4,049,531,567
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
6/30/2013	(145,924,336)	425,364,445	660,382,617	0		0	289,600,870	1,229,423,596
6/30/2014	356,142,591	(505,321,103)	578,293,232	0		2,915,263,296	23,508,555	3,367,886,571
6/30/2015	(289,320,641)	(464,963,323)	742,380,222	0		0	(197,654,338)	(209,558,080)
6/30/2016	(744,045,004)	79,632,491	613,771,983	0		3,824,257,624	107,475,059	3,881,092,153
6/30/2017	(475,475,873)	(164,266,681)	933,395,000	0		0	(33,944,016)	259,708,430
6/30/2018	(287,352,188)	(95,232,463)	806,137,890	0	0	(213,956,554)	95,471,795	305,068,480
6/30/2019	(22,147,976)	164,421,442	438,041,644	0	(404,655,016)	(293,913,072)	(27,036,676)	(145,289,654)
6/30/2020	52,104,683	158,910,288	238,552,463	0	0	0	4,508,857	454,076,291
6/30/2021	434,449,541	(771,406,566)	158,284,157	0	0	(26,619,575)	(46,187,724)	(251,480,167)
Total	(1,473,438,109)	2,427,381,246	10,420,343,608	4,444,266,446	(404,655,016)	9,865,406,862	2,941,923,710	28,221,228,747
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)	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
6/30/2013	(53,600,000)	391,800,000	506,700,000	0		(157,000,000)	202,300,000	890,200,000
6/30/2014	(94,300,000)	(802,400,000)	429,500,000	0		1,788,500,000	153,000,000	1,474,300,000
6/30/2015	(45,300,000)	(558,100,000)	460,700,000	0		972,900,000	1,100,000	831,300,000
6/30/2016	(135,000,000)	151,800,000	463,600,000	0		0	325,200,000	805,600,000
6/30/2017	(144,700,000)	(142,800,000)	430,500,000	0		0	(105,700,000)	37,300,000
6/30/2018	(8,500,000)	(92,700,000)	455,200,000	0	0	2,181,300,000	116,500,000	2,651,800,000
6/30/2019	(55,200,000)	234,100,000	517,600,000	0	0	0	174,700,000	871,200,000
6/30/2020	5,400,000	233,500,000	369,800,000	0	(6,900,000)	0	105,000,000	706,800,000
6/30/2021	(88,500,000)	(668,900,000)	277,200,000	0	(17,900,000)	363,800,000	59,100,000	(75,100,000)
Total	(588,623,000)	2,661,559,000	11,737,600,000	242,117,000	(24,800,000)	5,005,805,000	3,674,966,000	22,708,724,000

NOTE: All figures in this table are based upon actuarial value of assets, i.e., WITH Asset Smoothing.

APPENDIX G (Continued)

STATE RETIREMENT SYSTEMS CHANGES IN UNFUNDED LIABILITY FY 1996 - FY 2021								
	SALARY INCREASES	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS N. C. + INTEREST (HIGHER)/LOWER	BENEFIT INCREASES	NEW BUYOUT PROVISIONS (P.A. 100-0587)	CHANGES IN ASSUMPTIONS ACTUARIAL	OTHER FACTORS MISC.	TOTAL CHANGE IN UNFUNDED LIABILITY FROM PREVIOUS YR
JRS								
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	(14,285,209)	48,213,678	30,639,057	0		188,889,493	14,404,557	267,861,576
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
6/30/2013	(18,934,843)	21,180,279	54,355,269	0		62,945,069	6,567,836	126,113,610
6/30/2014	(17,039,560)	(28,938,605)	22,548,920	0		0	846,615	(22,582,630)
6/30/2015	(16,202,872)	(26,929,814)	11,756,584	0		0	17,307,796	(14,068,306)
6/30/2016	(11,845,679)	2,880,479	13,018,248	0		153,176,767	8,368,408	165,598,223
6/30/2017	(8,300,358)	(9,469,124)	20,817,805	0		0	27,664,563	30,712,886
6/30/2018	(4,972,437)	(5,360,651)	16,112,995	0	N/A	(9,641,833)	6,687,881	2,825,955
6/30/2019	(2,071,872)	8,101,850	9,504,274	0	N/A	(37,738,684)	37,385,688	15,181,256
6/30/2020	1,179,778	8,344,155	323,033	0	N/A	0	(5,505,538)	4,341,428
6/30/2021	2,214,896	(44,918,405)	(5,490,114)	0	N/A	0	12,769,173	(35,424,450)
Total	(225,357,239)	82,548,347	737,441,153	2,848,501	N/A	428,367,522	357,721,705	1,383,569,989
GARS								
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	(307,349)	5,709,168	5,666,343	0		0	831,994	11,900,156
6/30/2011	4,796,187	3,577,042	5,621,165	0		35,809,167	(108,827)	49,694,734
6/30/2012	(1,912,815)	3,662,246	8,818,897	0		0	1,563,530	12,131,858
6/30/2013	302,952	3,109,095	5,894,756	0		8,423,005	3,502,950	21,232,758
6/30/2014	402,083	(2,243,841)	7,000,449	0		0	(1,989,310)	3,169,381
6/30/2015	(976,354)	(2,012,721)	5,315,003	0		0	1,571,772	3,897,700
6/30/2016	(1,548,273)	266,861	4,938,834	0		36,729,162	(3,551,840)	36,834,744
6/30/2017	125,546	(647,450)	1,622,673	0		0	2,080,708	3,181,477
6/30/2018	(935,739)	(146,446)	2,167,882	0	N/A	(729,983)	2,109,485	2,465,199
6/30/2019	1,042,570	831,434	74,068	0	N/A	(8,784,207)	3,215,855	(3,620,280)
6/30/2020	207,874	815,183	(4,067,280)	0	N/A	0	(1,882,100)	(4,926,323)
6/30/2021	(590,897)	(2,100,014)	(6,107,644)	0	N/A	0	725,564	(8,072,991)
Total	(2,766,506)	15,739,964	101,810,657	0	N/A	77,309,205	30,787,786	222,881,106
COMBINED								
6/30/1996	277,985,995	(950,269,913)	1,648,415,257	17,772,000		0	316,831,110	1,310,734,449
6/30/1997	(174,569,177)	(1,718,043,900)	1,571,561,355	179,117,000		(6,629,275,167)	456,217,865	(6,314,992,024)
6/30/1998	(113,186,439)	(2,788,182,020)	984,293,345	2,250,183,128		0	275,635,915	608,743,929
6/30/1999	77,096,356	(988,726,350)	1,007,531,385	33,870,000		125,223,000	769,534,480	1,024,528,871
6/30/2000	154,524,395	(1,307,066,975)	1,047,267,505	2,848,501		0	326,927,419	224,500,845
6/30/2001	43,970,419	6,599,006,799	1,047,049,618	652,110,224		0	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		1,377,773,875	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		0	1,101,032,114	8,158,329,571
6/30/2004	135,696,594	(3,841,756,713)	(4,689,820,728)	0		0	385,281,832	(8,010,599,015)
6/30/2005	35,073,822	(1,033,615,146)	2,431,545,009	0		26,425,000	2,048,339,759	3,507,768,444
6/30/2006	108,341,567	(1,843,091,310)	3,484,514,960	0		704,573,166	(323,161,524)	2,131,176,859
6/30/2007	314,931,325	(6,064,132,235)	3,321,010,982	0		2,735,156,000	1,138,267,050	1,445,233,122
6/30/2008	72,808,128	9,312,292,323	2,785,880,904	0		0	35,540,731	12,206,522,086
6/30/2009	(105,750,005)	3,831,851,000	3,231,349,835	0		0	1,097,734,444	8,055,185,274
6/30/2010	(421,946,493)	4,818,054,274	2,746,090,482	0		5,209,123,711	950,471,325	13,301,793,299
6/30/2011	(847,317,041)	2,667,236,901	3,666,042,901	0		581,346,989	1,098,739,174	7,166,048,924
6/30/2012	(1,294,402,748)	2,844,844,380	4,307,999,907	0		4,624,970,000	1,191,273,619	11,674,685,158
6/30/2013	(630,932,227)	2,398,672,819	3,353,064,642	0		(85,631,926)	884,045,656	5,919,218,964
6/30/2014	(228,985,081)	(3,130,508,160)	2,685,384,841	0		11,107,020,265	247,676,175	10,680,588,040
6/30/2015	(820,341,102)	(2,406,887,523)	3,212,804,274	0		1,559,318,960	163,697,225	1,708,591,834
6/30/2016	(957,943,140)	701,763,843	2,730,408,302	0		9,669,005,551	1,467,050,534	13,610,285,090
6/30/2017	(598,832,106)	(701,660,105)	3,195,212,388	0		0	464,899,179	2,359,619,356
6/30/2018	(342,054,299)	(500,405,733)	3,189,155,834	0	(380,955,376)	1,245,285,207	1,603,065,146	4,814,090,779
6/30/2019	(162,389,143)	997,364,988	2,719,912,019	0	(404,655,016)	(259,717,979)	624,292,468	3,514,807,337
6/30/2020	17,112,123	1,374,419,694	2,226,692,121	0	(6,900,000)	0	190,762,423	3,802,086,361
6/30/2021	291,242,101	(2,924,284,676)	1,838,349,876	0	(213,367,590)	(179,529,460)	44,192,907	(1,143,296,842)
Total	(4,909,841,340)	12,993,739,909	57,917,859,752	5,795,023,947	(1,005,877,982)	31,811,067,192	18,529,926,026	121,131,997,504

NOTE: All figures in this table are based upon actuarial value of assets, i.e., WITH Asset Smoothing.

APPENDIX H

PENSION OBLIGATION BONDS Debt Service Schedule & Allocation By Retirement System (\$ 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
TOTALS	\$10,000.0	\$11,933.9	\$21,933.9	\$12,979.9	\$4,154.8	\$425.7	\$80.9	\$4,292.7

APPENDIX I

FINANCIAL CONDITION OF THE STATE RETIREMENT SYSTEMS

(\$ in Millions)

Fiscal Year	TRS	SERS	SURS	JRS	GARS	Total
Assets @ Market Value						
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
2013	39,858.8	12,400.3	15,037.1	643.3	54.3	67,993.8
2014	45,824.4	14,581.6	17,391.3	776.0	56.8	78,630.1
2015	46,406.9	15,258.9	17,463.0	833.9	54.6	80,017.3
2016	45,251.0	15,038.5	17,005.6	840.3	49.1	78,184.5
2017	49,375.7	16,530.2	18,484.8	941.8	54.3	85,386.8
2018	51,969.5	17,463.3	19,321.1	1,012.5	56.8	89,823.2
2019	53,262.8	18,478.3	19,717.3	1,073.1	59.7	92,591.3
2020	52,316.5	19,191.4	19,617.0	1,112.5	63.0	92,300.5
2021	64,212.5	23,825.0	23,768.3	1,377.1	79.6	113,262.5
Liabilities						
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
2009	73,027.2	25,298.3	26,316.2	1,548.5	245.2	126,435.4
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
2013	93,887.0	34,720.8	34,373.1	2,156.8	320.5	165,458.2
2014	103,740.4	39,526.8	37,429.5	2,229.3	323.4	183,249.4
2015	108,121.8	40,743.4	39,520.7	2,314.1	328.2	191,028.2
2016	118,629.9	45,515.4	40,923.3	2,546.4	363.3	207,978.3
2017	122,904.0	46,701.3	41,853.3	2,649.3	370.8	214,478.7
2018	127,019.3	47,925.7	45,258.8	2,721.9	375.8	223,301.4
2019	131,457.0	48,731.4	46,443.9	2,793.0	374.6	229,800.0
2020	135,598.5	50,145.8	47,580.5	2,849.9	373.5	236,548.2
2021	138,914.3	51,828.5	48,898.5	2,920.6	373.7	242,935.6

APPENDIX I (Continued)

FINANCIAL CONDITION OF THE STATE RETIREMENT SYSTEMS (\$ in Millions)						
Fiscal Year	TRS	SERS	SURS	JRS	GARS	Total
Unfunded @ Market Value						
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	20,107.7	17,998.9	1,296.1	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
2013	54,028.2	22,320.5	19,336.0	1,513.5	266.2	97,464.4
2014	57,916.0	24,945.2	20,038.2	1,453.3	266.6	104,619.3
2015	61,714.9	25,484.5	22,057.7	1,480.2	273.6	111,010.9
2016	73,378.9	30,476.8	23,917.7	1,706.2	314.3	129,793.9
2017	73,528.4	30,171.2	23,368.5	1,707.5	316.4	129,091.9
2018	75,049.8	30,462.4	25,937.7	1,709.4	319.0	133,478.2
2019	78,194.2	30,253.1	26,726.6	1,719.9	314.9	137,208.7
2020	83,282.1	30,954.4	27,963.5	1,737.3	310.5	144,247.7
2021	74,701.8	28,003.5	25,130.2	1,543.5	294.1	129,673.1
Funded Ratios @ Market Value						
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%
2013	42.5%	35.7%	43.7%	29.8%	16.9%	41.1%
2014	44.2%	36.9%	46.5%	34.8%	17.6%	42.9%
2015	42.9%	37.5%	44.2%	36.0%	16.6%	41.9%
2016	38.1%	33.0%	41.6%	33.0%	13.5%	37.6%
2017	40.2%	35.4%	44.2%	35.5%	14.7%	39.8%
2018	40.9%	36.4%	42.7%	37.2%	15.1%	40.2%
2019	40.5%	37.9%	42.5%	38.4%	15.9%	40.3%
2020	38.6%	38.3%	41.2%	39.0%	16.9%	39.0%
2021	46.2%	46.0%	48.6%	47.1%	21.3%	46.6%

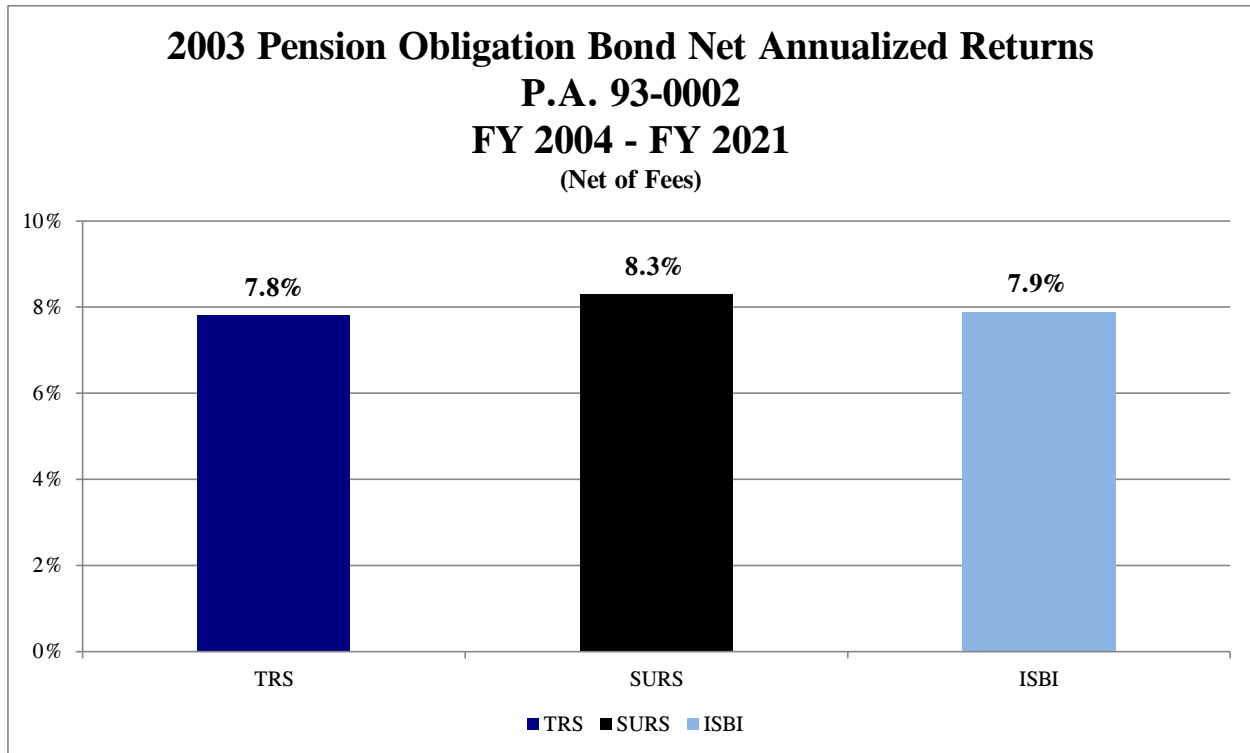
APPENDIX J

Fiscal Year	FY2003 \$10 Billion Pension Obligation Bonds			FY 2010 \$3.466 Billion Pension Obligation Notes			FY 2011 \$3.7 Billion Pension Obligation Notes			FY 2019 \$300 Million Pension Acceleration Bonds		
	2003 Principal	2003 Interest	2003 POB Total	2010 Principal	2010 Interest	2010 PON Total	2011 Principal	2011 Interest	2011 POB Total	2019 Principal	2019 Interest	2019 Total
FY 2004	\$0	\$481,038,333	\$481,038,333									
FY 2005	\$0	\$496,200,000	\$496,200,000									
FY 2006	\$0	\$496,200,000	\$496,200,000									
FY 2007	\$0	\$496,200,000	\$496,200,000									
FY 2008	\$50,000,000	\$496,200,000	\$546,200,000									
FY 2009	\$50,000,000	\$494,950,000	\$544,950,000									
FY 2010	\$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						
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			
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			
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			
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			
FY 2016	\$100,000,000	\$474,525,000	\$574,525,000				\$600,000,000	\$181,929,000	\$781,929,000			
FY 2017	\$125,000,000	\$470,175,000	\$595,175,000				\$900,000,000	\$152,163,000	\$1,052,163,000			
FY 2018	\$150,000,000	\$464,737,500	\$614,737,500				\$900,000,000	\$103,878,000	\$1,003,878,000			
FY 2019	\$175,000,000	\$458,212,500	\$633,212,500				\$900,000,000	\$52,893,000	\$952,893,000			
FY 2020	\$225,000,000	\$449,550,000	\$674,550,000							\$12,000,000	\$15,640,533	\$27,640,533
FY 2021	\$275,000,000	\$438,412,500	\$713,412,500							\$12,000,000	\$15,546,000	\$27,546,000
FY 2022	\$325,000,000	\$424,800,000	\$749,800,000							\$12,000,000	\$15,096,000	\$27,096,000
FY 2023	\$375,000,000	\$408,712,500	\$783,712,500							\$12,000,000	\$14,646,000	\$26,646,000
FY 2024	\$450,000,000	\$390,150,000	\$840,150,000							\$12,000,000	\$14,166,000	\$26,166,000
FY 2025	\$525,000,000	\$367,200,000	\$892,200,000							\$12,000,000	\$13,662,000	\$25,662,000
FY 2026	\$575,000,000	\$340,425,000	\$915,425,000							\$12,000,000	\$13,122,000	\$25,122,000
FY 2027	\$625,000,000	\$311,100,000	\$936,100,000							\$12,000,000	\$12,552,000	\$24,552,000
FY 2028	\$700,000,000	\$279,225,000	\$979,225,000							\$12,000,000	\$11,952,000	\$23,952,000
FY 2029	\$775,000,000	\$243,525,000	\$1,018,525,000							\$12,000,000	\$11,328,000	\$23,328,000
FY 2030	\$875,000,000	\$204,000,000	\$1,079,000,000							\$12,000,000	\$10,680,000	\$22,680,000
FY 2031	\$975,000,000	\$159,375,000	\$1,134,375,000							\$12,000,000	\$10,008,000	\$22,008,000
FY 2032	\$1,050,000,000	\$109,650,000	\$1,159,650,000							\$12,000,000	\$9,324,000	\$21,324,000
FY 2033	\$1,100,000,000	\$56,100,000	\$1,156,100,000							\$12,000,000	\$8,628,000	\$20,628,000
FY 2034										\$12,000,000	\$7,920,000	\$19,920,000
FY 2035										\$12,000,000	\$7,200,000	\$19,200,000
FY 2036										\$12,000,000	\$6,480,000	\$18,480,000
FY 2037										\$12,000,000	\$5,760,000	\$17,760,000
FY 2038										\$12,000,000	\$5,040,000	\$17,040,000
FY 2039										\$12,000,000	\$4,320,000	\$16,320,000
FY 2040										\$12,000,000	\$3,600,000	\$15,600,000
FY 2041										\$12,000,000	\$2,880,000	\$14,880,000
FY 2042										\$12,000,000	\$2,160,000	\$14,160,000
FY 2043										\$12,000,000	\$1,440,000	\$13,440,000
FY 2044										\$12,000,000	\$720,000	\$12,720,000
FY 2045												
FY 2046												
TOTAL	\$10,000,000,000	\$11,933,713,333	\$21,933,713,333	\$3,466,000,000	\$381,739,309	\$3,847,739,309	\$3,700,000,000	\$1,279,801,800	\$4,979,801,800	\$300,000,000	\$223,870,533	\$523,870,533

APPENDIX J (Continued)

Fiscal Year	FY 2020 \$225 Million Pension Acceleration Bonds			FY 2021 \$125 Million Pension Acceleration Bonds			FY 2021 \$87 Millions Pension Acceleration Bonds			FY 2022 \$148 Million Pension Acceleration Bonds			COMBINED TOTALS		
	2020 Principal	2020 Interest	2020 Total	Oct 2020 Principal	Oct 2020 Interest	2021 Total	March 2021 Principal	March 2021 Interest	March 2021 Total	Dec 2021 Principal	Dec 2021 Interest	Dec 2021 Total	Total Principal	Total Interest	Grand Total
FY 2004													\$0	\$481,038,333	\$481,038,333
FY 2005													\$0	\$496,200,000	\$496,200,000
FY 2006													\$0	\$496,200,000	\$496,200,000
FY 2007													\$0	\$496,200,000	\$496,200,000
FY 2008													\$50,000,000	\$496,200,000	\$546,200,000
FY 2009													\$50,000,000	\$494,950,000	\$544,950,000
FY 2010													\$50,000,000	\$493,550,000	\$543,550,000
FY 2011													\$743,200,000	\$601,177,049	\$1,344,377,049
FY 2012													\$793,200,000	\$785,687,428	\$1,578,887,428
FY 2013													\$793,200,000	\$767,750,716	\$1,560,950,716
FY 2014													\$893,200,000	\$740,879,544	\$1,634,079,544
FY 2015													\$1,093,200,000	\$704,683,372	\$1,797,883,372
FY 2016													\$700,000,000	\$656,454,000	\$1,356,454,000
FY 2017													\$1,025,000,000	\$622,338,000	\$1,647,338,000
FY 2018													\$1,050,000,000	\$568,615,500	\$1,618,615,500
FY 2019													\$1,075,000,000	\$511,105,500	\$1,586,105,500
FY 2020													\$237,000,000	\$465,190,533	\$702,190,533
FY 2021	9,000,000	11,822,781	20,822,781	-	1,949,769	1,949,769							\$296,000,000	\$467,731,050	\$763,731,050
FY 2022	9,000,000	11,970,000	20,970,000	12,000,000	4,443,900	16,443,900	3,479,112	3,940,771	7,419,883		3,063,968	3,063,968	\$361,479,112	\$463,314,639	\$824,793,751
FY 2023	9,000,000	11,508,750	20,508,750	12,000,000	4,194,900	16,194,900	3,479,112	4,035,770	7,514,882	7,385,000	6,460,125	13,845,125	\$418,864,112	\$449,558,045	\$868,422,157
FY 2024	9,000,000	11,025,000	20,025,000	12,000,000	3,889,500	15,889,500	3,479,112	3,861,814	7,340,926	7,385,000	6,090,875	13,475,875	\$493,864,112	\$429,183,189	\$923,047,301
FY 2025	9,000,000	10,530,000	19,530,000	12,000,000	3,530,700	15,530,700	3,479,112	3,687,859	7,166,971	7,385,000	5,721,625	13,106,625	\$568,864,112	\$404,332,184	\$973,196,296
FY 2026	9,000,000	10,035,000	19,035,000	5,000,000	3,234,900	8,234,900	3,479,112	3,513,903	6,993,015	7,385,000	5,352,375	12,737,375	\$611,864,112	\$375,683,178	\$987,547,290
FY 2027	9,000,000	9,540,000	18,540,000	3,600,000	3,037,500	6,637,500	3,479,112	3,339,948	6,819,060	7,385,000	4,983,125	12,368,125	\$660,464,112	\$344,552,573	\$1,005,016,685
FY 2028	9,000,000	9,045,000	18,045,000	3,600,000	2,857,500	6,457,500	3,479,112	3,165,992	6,645,104	7,385,000	4,613,875	11,998,875	\$735,464,112	\$310,859,367	\$1,046,323,479
FY 2029	9,000,000	8,550,000	17,550,000	3,600,000	2,677,500	6,277,500	3,479,112	2,992,036	6,471,148	7,385,000	4,244,625	11,629,625	\$810,464,112	\$273,317,161	\$1,083,781,273
FY 2030	9,000,000	8,055,000	17,055,000	3,600,000	2,497,500	6,097,500	3,479,112	2,818,081	6,297,193	7,385,000	3,875,375	11,260,375	\$910,464,112	\$231,925,956	\$1,142,390,068
FY 2031	9,000,000	7,560,000	16,560,000	3,600,000	2,317,500	5,917,500	3,479,112	2,644,125	6,123,237	7,385,000	3,506,125	10,891,125	\$1,010,464,112	\$185,410,750	\$1,195,874,862
FY 2032	9,000,000	7,065,000	16,065,000	3,600,000	2,137,500	5,737,500	3,479,112	2,470,170	5,949,282	7,385,000	3,136,875	10,521,875	\$1,085,464,112	\$133,783,545	\$1,219,247,657
FY 2033	9,000,000	6,570,000	15,570,000	3,600,000	1,975,500	5,575,500	3,479,112	2,296,214	5,775,326	7,385,000	2,767,625	10,152,625	\$1,135,464,112	\$78,337,339	\$1,213,801,451
FY 2034	9,000,000	6,075,000	15,075,000	3,600,000	1,831,500	5,431,500	3,479,112	2,122,258	5,601,370	7,380,000	2,398,500	9,778,500	\$35,459,112	\$20,347,258	\$55,806,370
FY 2035	9,000,000	5,580,000	14,580,000	3,600,000	1,687,500	5,287,500	3,479,112	1,948,303	5,427,415	7,380,000	2,066,400	9,446,400	\$35,459,112	\$18,482,203	\$53,941,315
FY 2036	9,000,000	5,085,000	14,085,000	3,600,000	1,543,500	5,143,500	3,479,112	1,774,347	5,253,459	7,380,000	1,771,200	9,151,200	\$35,459,112	\$16,654,047	\$52,113,159
FY 2037	9,000,000	4,590,000	13,590,000	3,600,000	1,397,250	4,997,250	3,479,112	1,600,392	5,079,504	7,380,000	1,476,000	8,856,000	\$35,459,112	\$14,823,642	\$50,282,754
FY 2038	9,000,000	4,095,000	13,095,000	3,600,000	1,251,000	4,851,000	3,479,112	1,426,436	4,905,548	7,380,000	1,180,800	8,560,800	\$35,459,112	\$12,993,236	\$48,452,348
FY 2039	9,000,000	3,600,000	12,600,000	3,600,000	1,107,000	4,707,000	3,479,112	1,287,271	4,766,383	7,380,000	885,600	8,265,600	\$35,459,112	\$11,199,871	\$46,658,983
FY 2040	9,000,000	3,105,000	12,105,000	3,600,000	963,000	4,563,000	3,479,112	1,148,107	4,627,219	7,380,000	590,400	7,970,400	\$35,459,112	\$9,406,507	\$44,865,619
FY 2041	9,000,000	2,587,500	11,587,500	3,600,000	819,000	4,419,000	3,479,112	1,008,942	4,488,054	7,380,000	332,100	7,712,100	\$35,459,112	\$7,627,542	\$43,086,654
FY 2042	9,000,000	2,070,000	11,070,000	3,600,000	675,000	4,275,000	3,479,112	869,778	4,348,890	7,380,000	110,700	7,490,700	\$35,459,112	\$5,885,478	\$41,344,590
FY 2043	9,000,000	1,552,500	10,552,500	3,600,000	531,000	4,131,000	3,479,112	695,822	4,174,934				\$28,079,112	\$4,219,322	\$32,298,434
FY 2044	9,000,000	1,035,000	10,035,000	3,600,000	382,500	3,982,500	3,479,112	521,867	4,000,979				\$28,079,112	\$2,659,367	\$30,738,479
FY 2045	9,000,000	517,500	9,517,500	3,600,000	229,500	3,829,500	3,479,112	347,911	3,827,023				\$16,079,112	\$1,094,911	\$17,174,023
FY 2046				3,600,000	76,500	3,676,500	3,479,112	173,956	3,653,068				\$7,079,112	\$250,456	\$7,329,568
TOTAL	\$225,000,000	\$163,169,031	\$388,169,031	\$125,000,000	\$51,238,419	\$176,238,419	\$86,977,800	\$53,692,073	\$140,669,873	\$147,655,000	\$64,628,293	\$212,283,293	\$18,050,632,800	\$14,151,852,791	\$32,202,485,591

APPENDIX K

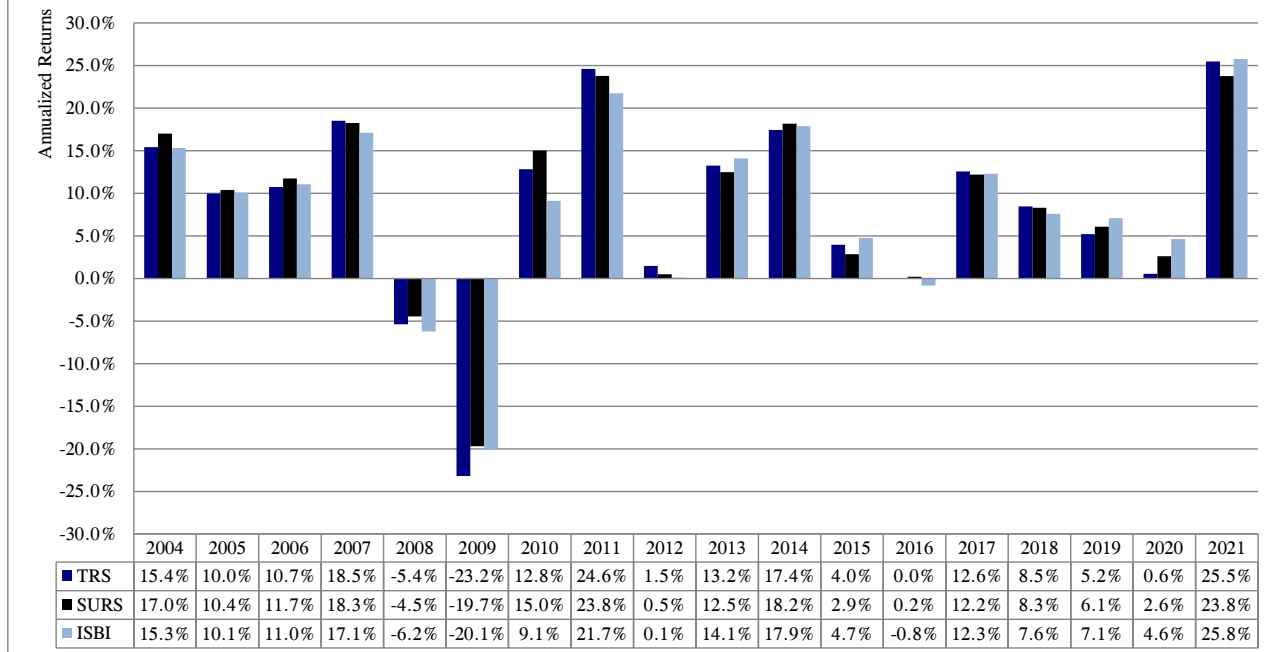


As shown in the charts above, the annualized return from FY 2004 through FY 2021, net of fees, for the 2003 Pension Obligation Bonds distributed, according to P.A. 93-0002, has exceeded the true interest cost of 5.047%.

The Illinois State Board of Investment (ISBI) is the investment arm of the State Retirement Systems, which encompasses the State Employees' Retirement System, Judges' Retirement System, and the General Assembly Retirement System.

APPENDIX L

2003 Pension Obligation Bond Returns P.A. 93-0002 (Net of Fees)



This chart shows annualized returns of 2003 Pension Obligation Bond for each fiscal year since FY 2004.

Illinois State Board of Investment (ISBI) is the investment arm of the State Retirement Systems, which encompasses the State Employees' Retirement System, Judges' Retirement System, and the General Assembly Retirement System.

APPENDIX M

SUMMARY OF TRS APPROPRIATIONS BY FUND: FY 1996 - 2023

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 ¹	\$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 ²	\$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
2013	-	\$2,702,278,000	\$1,200,000	-	-	-	\$2,703,478,000
2014	-	\$3,437,478,000	\$1,100,000	-	-	-	\$3,438,578,000
2015	-	\$3,411,878,000	\$1,000,000	-	-	-	\$3,412,878,000
2016	-	\$3,741,802,194	\$800,000	-	-	-	\$3,742,602,194
2017	-	\$3,985,783,351	\$800,000	-	-	-	\$3,986,583,351
2018	-	\$4,094,616,146	\$700,000	-	-	-	\$4,095,316,146
2019	-	\$4,374,305,509	\$600,000	-	-	-	\$4,466,178,109
2020	-	\$4,813,077,696	\$500,000	-	-	-	\$4,813,577,696
2021	-	\$5,140,336,721	\$400,000	-	-	-	\$5,140,736,721
2022 ³	-	\$5,693,706,973	\$400,000	-	\$172,823,300	-	\$5,866,930,273
2023 ⁴	-	\$5,893,732,209	\$300,000	-	\$115,215,500	-	\$6,009,247,709

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

² 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.

³ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$172.823 million was additionally appropriated to TRS for FY 2022.

⁴ P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$115.216 million was additionally appropriated to TRS for FY 2023.

APPENDIX N

SUMMARY OF SURS APPROPRIATIONS BY FUND: FY 1996 - 2023						
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
2013	\$150,000,000	-	\$1,252,800,000	-	-	\$1,402,800,000
2014	\$198,000,000	-	\$1,311,766,000	-	-	\$1,509,766,000
2015	\$197,000,000	-		\$1,347,200,000	-	\$1,544,200,000
2016	\$190,000,000	-		\$1,411,480,000	-	\$1,601,480,000
2017	\$170,000,000	-		\$1,501,426,000	-	\$1,671,426,000
2018	\$215,000,000	-		\$1,414,307,606	-	\$1,629,307,606
2019	\$215,000,000	-	-	\$1,440,154,000	-	\$1,655,154,000
2020	\$215,000,000	-	-	\$1,639,692,000	-	\$1,854,692,000
2021	\$215,000,000	-	-	\$1,780,767,000	-	\$1,995,767,000
2022 ¹	\$218,000,000	-	-	\$1,941,417,900	-	\$2,159,417,900
2023 ²	\$215,000,000	-	-	\$1,942,326,300	-	\$2,157,326,300

¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$58.139 million was additionally appropriated to SURS for FY 2022.

² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$38.759 million was additionally appropriated to SURS for FY 2023.

APPENDIX O

SUMMARY OF SERS APPROPRIATIONS BY FUND: FY 1996 - 2023

Fiscal Year	State Pension Fund	Common School Fund	Education Assistance Fund	General Revenue Fund	Other State Funds	Total
1996 ¹	\$8,823,800	-	-	\$87,871,550	\$47,315,450	\$144,010,800
1997 ¹	\$8,489,800	-	-	\$97,874,400	\$52,701,600	\$159,065,800
1998 ¹	\$9,208,400	-	-	\$103,279,322	\$55,611,943	\$168,099,665
1999 ¹	\$8,523,961	-	-	\$193,289,330	\$104,078,870	\$305,892,161
2000 ¹	\$12,720,000	-	-	\$203,444,540	\$109,547,060	\$325,711,600
2001 ¹	\$10,490,000	-	-	\$215,437,325	\$116,004,714	\$341,932,039
2002 ¹	\$10,290,000	-	-	\$230,360,000	\$124,040,000	\$364,690,000
2003 ¹	\$17,195,000	-	-	\$252,383,300	\$135,898,700	\$405,477,000
2004 ¹	\$15,150,000	-	-	\$325,436,800	\$175,235,200	\$515,822,000
2005 ¹	-	-	-	\$324,057,500	\$174,492,500	\$498,550,000
2006 ¹	-	-	-	\$132,459,535	\$71,324,365	\$203,783,900
2007 ¹	-	-	-	\$223,706,860	\$120,457,540	\$344,164,400
2008 ¹	-	-	-	\$358,558,200	\$193,069,800	\$551,628,000
2009 ¹	-	-	-	\$492,196,250	\$265,028,750	\$757,225,000
2010 ¹	-	-	-	\$773,162,687	\$395,788,354	\$1,168,951,041
2011 ¹	-	-	-	\$772,448,140	\$447,275,486	\$1,219,723,626
2012 ¹	-	-	-	\$957,537,240	\$493,276,760	\$1,450,814,000
2013 ¹	-	-	-	\$1,095,300,000	\$564,300,000	\$1,659,600,000
2014 ¹	-	-	-	\$1,097,400,000	\$646,500,000	\$1,743,900,000
2015 ¹	-	-	-	\$1,136,479,500	\$692,606,500	\$1,829,086,000
2016 ¹	-	-	-	\$1,381,209,700	\$743,728,300	\$2,124,938,000
2017 ¹	-	-	-	\$1,363,329,500	\$734,100,500	\$2,097,430,000
2018 ¹	-	-	-	\$1,374,932,650	\$740,348,350	\$2,115,281,000
2019 ¹	-	-	-	\$1,452,052,550	\$781,874,450	\$2,233,927,000
2020 ¹	-	-	-	\$1,550,426,150	\$834,844,850	\$2,385,271,000
2021 ¹	-	-	-	\$1,591,150,600	\$856,773,400	\$2,447,924,000
2022 ^{1,3}	-	-	-	\$1,738,419,400	\$901,187,000	\$2,639,606,400
2023 ^{2,4}	-	-	-	\$1,755,116,720	\$881,901,180	\$2,637,017,900

¹ Estimated GRF and Other State Funds based on annual certified State contributions are 65% GRF and 35% Other State Funds.

² Estimated GRF and Other State Funds based on annual certified State contributions are 66% GRF and 34% Other State Funds.

³ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$64.786 million was additionally appropriated to SERS for FY 2022.

⁴ P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$43.191 million was additionally appropriated to SERS for FY 2023.

APPENDIX P

SUMMARY OF JRS APPROPRIATIONS BY FUND: FY 1996 - 2023						
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
2013	-	-	-	\$88,210,000	-	\$88,210,000
2014	-	-	-	\$126,808,000	-	\$126,808,000
2015	-	-	-	\$133,982,000	-	\$133,982,000
2016	-	-	-	\$132,060,000	-	\$132,060,000
2017	-	-	-	\$131,334,000	-	\$131,334,000
2018	-	-	-	\$135,622,000	-	\$135,622,000
2019	-	-	-	\$140,469,000	-	\$140,469,000
2020	-	-	-	\$144,160,000	-	\$144,160,000
2021	-	-	-	\$148,618,000	-	\$148,618,000
2022 ¹	-	-	-	\$155,993,000	-	\$155,993,000
2023 ²	-	-	-	\$145,039,700	-	\$145,039,700
¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$3.571 million was additionally appropriated to JRS for FY 2022. ² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$2.381 million was additionally appropriated to JRS for FY 2023.						

APPENDIX Q

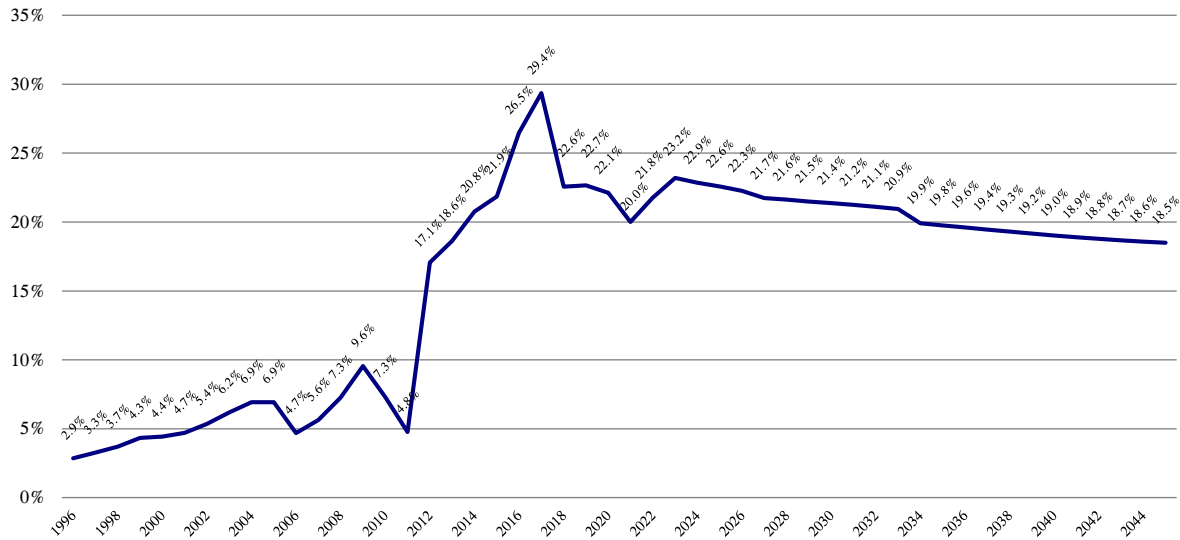
SUMMARY OF GARS APPROPRIATIONS BY FUND: FY 1996 - 2023						
Fiscal Year	State Pension Fund	Common School Fund	Education Assistance Fund	General Revenue Fund	Other State Funds	Total
1996	\$221,600	-	-	\$2,400,000	-	\$2,621,600
1997	\$217,900	-	-	\$2,738,000	-	\$2,955,900
1998	\$260,700	-	-	\$3,113,000	-	\$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
2013	-	-	-	\$14,150,000	-	\$14,150,000
2014	-	-	-	\$13,856,000	-	\$13,856,000
2015	-	-	-	\$15,809,000	-	\$15,809,000
2016	-	-	-	\$16,073,000	-	\$16,073,000
2017	-	-	-	\$21,721,000	-	\$21,721,000
2018	-	-	-	\$21,155,000	-	\$21,155,000
2019	-	-	-	\$23,221,000	-	\$23,221,000
2020	-	-	-	\$25,754,000	-	\$25,754,000
2021	-	-	-	\$27,299,000	-	\$27,299,000
2022 ¹	-	-	-	\$28,500,400	-	\$28,500,400
2023 ²	-	-	-	\$27,627,600	-	\$27,627,600

¹ P.A. 102-0696, effective March 25, 2022, appropriated an additional \$300 million to the five State systems, in addition to the FY 2022 certified amounts. Of the \$300 million, \$680,400 was additionally appropriated to GARS for FY 2022.

² P.A. 102-0698, effective April 19, 2022, appropriated an additional \$200 million to the five State systems, in addition to the FY 2023 certified amounts. Of the \$200 million, \$453,600 was additionally appropriated to GARS for FY 2023.

APPENDIX R

GF Pension Cost as a Percentage of Total General Funds Current Law; FY 1996 - FY 2045 (Projected)



Notes: **All future projections of State pension contributions are based on the actuarial valuations of *the five retirement systems*.**
Only the *General Funds portion of the regular pension appropriation plus pension bond debt service* is shown here.
The debt service payments on the FY 2003 Pension Obligation Bonds and FY 2010 & FY 2011 Pension Obligation Notes as well as the Pension Obligation Acceleration Bonds (FY 2019 - FY 2022) for the buyout programs are shown here.
The actual amounts of the proceeds of the pension bonds/notes are not reflected in this chart.
General Funds revenue projections are provided by CGFA's revenue staff.
Approximately 66% of SERS' total annual appropriation is assumed to come from GFs in projected FY's while the rest comes from other state funds not shown here.
For FY 2024 through FY 2045, SURS is assumed to receive an appropriation from other state funds in the same amount that SURS received from other state funds in FY 2023 although SURS' historical appropriation from other state funds varies from year to year.

APPENDIX S

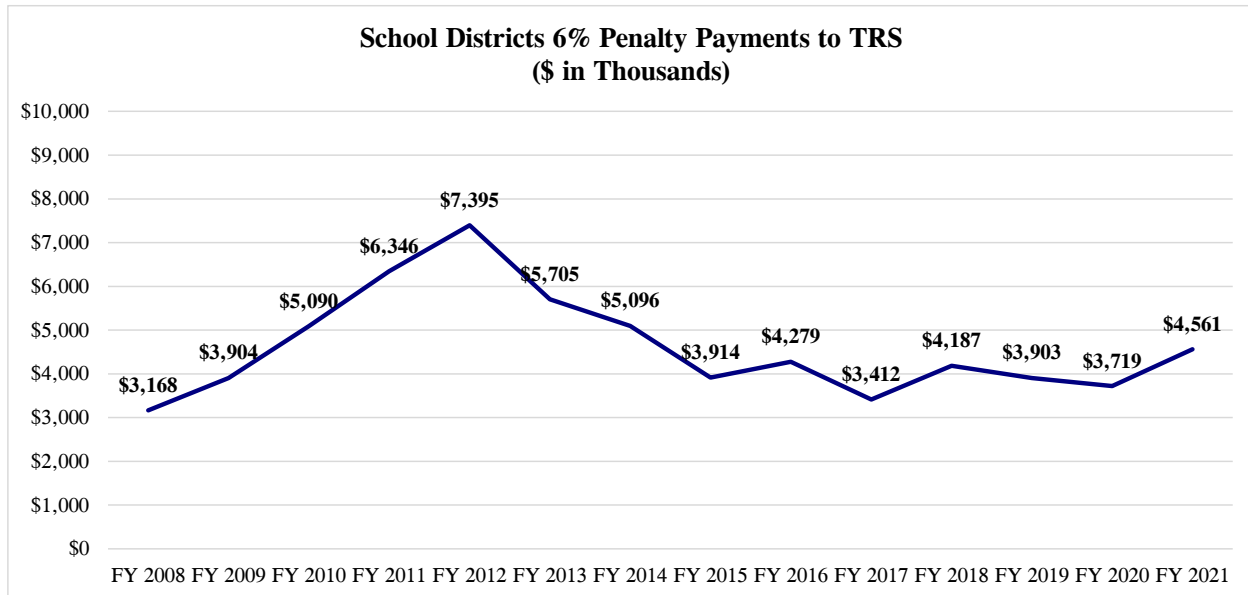
TEACHERS' RETIREMENT SYSTEM					
Summary of Recognized Investment Income, P.A. 96-0043					
(\$ in Millions)					
Beginning of Year					
Market Value of Assets				\$	52,316.5
Actuarial Value of Assets				\$	54,891.0
End of Year					
Market Value of Assets				\$	64,212.5
Net of Contributions and Disbursements				\$	(1,150.1)
Projected Investment Income				\$	3,621.9
Excess Investment Income Recognized (5-year recognition)					
FY	Excess/(Deficient) of Projected Income	Recognized Percent	Remaining Unrecognized Percent	Recognized Amount	
2021	\$ 9,424.3	20%	80%	\$	1,884.9
2020	\$ (3,410.0)	20%	60%	\$	(682.0)
2019	\$ (974.1)	20%	40%	\$	(194.8)
2018	\$ 643.9	20%	20%	\$	128.8
2017	\$ 2,401.7	20%	0%	\$	480.3
Total Recognized Investment Gain/(Loss)				\$	1,617.2
Change in Actuarial Value of Assets				\$	4,088.9
Actuarial Value of Assets as of June 30, 2021				\$	58,979.9
STATE EMPLOYEES' RETIREMENT SYSTEM					
Summary of Recognized Investment Income, P.A. 96-0043					
(\$ in Millions)					
Beginning of Year					
Market Value of Assets				\$	19,191.4
Market Value Adjustment				\$	5.8
Market Value of Assets - Adjusted				\$	19,197.3
Actuarial Value of Assets				\$	19,389.5
End of Year					
Market Value of Assets				\$	23,825.0
Net of Contributions and Disbursements				\$	(128.4)
Projected Investment Income				\$	1,291.6
Excess Investment Income Recognized (5-year recognition)					
FY	Excess/(Deficient) of Projected Income	Recognized Percent	Remaining Unrecognized Percent	Recognized Amount	
2021	\$ 3,464.6	20%	80%	\$	692.9
2020	\$ (420.6)	20%	60%	\$	(84.1)
2019	\$ (100.4)	20%	40%	\$	(20.1)
2018	\$ 111.1	20%	20%	\$	22.2
2017	\$ 771.2	20%	0%	\$	154.2
Total Recognized Investment Gain/(Loss)				\$	765.2
Change in Actuarial Value of Assets				\$	1,934.1
Actuarial Value of Assets as of June 30, 2021				\$	21,323.6
STATE UNIVERSITIES RETIREMENT SYSTEM					
Summary of Recognized Investment Income, P.A. 96-0043					
(\$ in Millions)					
Beginning of Year					
Market Value of Assets				\$	19,617.0
Actuarial Value of Assets				\$	20,091.7
End of Year					
Market Value of Assets				\$	23,768.3
Net of Contributions and Disbursements				\$	(611.7)
Projected Investment Income				\$	1,303.8
Excess Investment Income Recognized (5-year recognition)					
FY	Excess/(Deficient) of Projected Income	Recognized Percent	Remaining Unrecognized Percent	Recognized Amount	
2021	\$ 3,459.1	20%	80%	\$	691.8
2020	\$ (767.4)	20%	60%	\$	(153.5)
2019	\$ (150.0)	20%	40%	\$	(30.0)
2018	\$ 183.3	20%	20%	\$	36.7
2017	\$ 779.7	20%	0%	\$	155.9
Total Recognized Investment Gain/(Loss)				\$	701.0
Change in Actuarial Value of Assets				\$	1,393.1
Actuarial Value of Assets as of June 30, 2021				\$	21,484.8

APPENDIX S (Continued)

JUDGES' RETIREMENT SYSTEM					
Summary of Recognized Investment Income, P.A. 96-0043					
(\$ in Millions)					
Beginning of Year					
Market Value of Assets					\$ 1,112.5
Market Value Adjustment					\$ 0.3
Market Value of Assets - Adjusted					\$ 1,112.9
Actuarial Value of Assets					\$ 1,121.3
End of Year					
Market Value of Assets					\$ 1,377.1
Net of Contributions and Disbursements					\$ (11.3)
Projected Investment Income					\$ 72.0
Excess Investment Income Recognized (5-year recognition)					
FY	Excess/(Deficient) of Projected Income	Recognized Percent	Remaining Unrecognized Percent	Recognized Amount	
2021	\$ 203.5	20%	80%	\$ 40.7	
2020	\$ (21.7)	20%	60%	\$ (4.3)	
2019	\$ (3.5)	20%	40%	\$ (0.7)	
2018	\$ 6.4	20%	20%	\$ 1.3	
2017	\$ 41.0	20%	0%	\$ 8.2	
Total Recognized Investment Gain/(Loss)				\$	45.1
Change in Actuarial Value of Assets				\$	106.2
Actuarial Value of Assets as of June 30, 2021				\$	1,227.4
GENERAL ASSEMBLY RETIREMENT SYSTEM					
Summary of Recognized Investment Income, P.A. 96-0043					
(\$ in Millions)					
Beginning of Year					
Market Value of Assets					\$ 62.99
Market Value Adjustment					\$ 0.02
Market Value of Assets - Adjusted					\$ 63.01
Actuarial Value of Assets					\$ 63.88
End of Year					
Market Value of Assets					\$ 79.63
Net of Contributions and Disbursements					\$ 1.99
Projected Investment Income					\$ 4.16
Excess Investment Income Recognized (5-year recognition)					
FY	Excess/(Deficient) of Projected Income	Recognized Percent	Remaining Unrecognized Percent	Recognized Amount	
2021	\$ 10.47	20%	80%	\$ 2.09	
2020	\$ (1.34)	20%	60%	\$ (0.27)	
2019	\$ (0.37)	20%	40%	\$ (0.07)	
2018	\$ 0.11	20%	20%	\$ 0.02	
2017	\$ 1.82	20%	0%	\$ 0.36	
Total Recognized Investment Gain/(Loss)				\$	2.14
Change in Actuarial Value of Assets				\$	8.30
Actuarial Value of Assets as of June 30, 2021				\$	72.18

P.A. 96-0043 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 five-year period following that fiscal year. An unexpected gain or loss will be defined as any deviation from the forecasted return on invested assets.

APPENDIX T



Pursuant to P.A. 94-0004, a teacher's annual salary increase with the same employer was capped at 6% for purposes of determining the Final Average Salary (FAS). However, P.A. 100-0587, effective June 4, 2018, lowered the salary increase cap to 3%. The FAS cap rate reverted back to 6% pursuant to P.A. 101-0010 that became effective June 5, 2019, and it is currently capped at 6%. If a teacher's annual salary increase exceeds the salary increase cap during that teacher's pensionable salary period, the teacher's employer is required to make additional contributions to TRS for the cost of the present value of the increase in benefits resulting from the salary increases exceeding the salary increase cap. This requirement is commonly known as the "excess salary increase penalty."

APPENDIX U

TRS Preliminary Certification Letter for FY 2023



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 W Washington St | PO Box 19253 | Springfield IL 62794-9253

R. Stanley Rupnik, Executive Director & Chief Investment Officer

<http://www.trsil.org>

877-927-5877 (877-9-ASK-TRS) | FAX: 217-753-0964

October 29, 2021

The Honorable JB Pritzker, Governor
Senator Don Harmon, President of the Senate
Senator Dan McConchie, Senate Minority Leader
Representative Chris Welch, Speaker of the House
Representative Jim Durkin, House Minority Leader
Mr. Gene Kalwarski, Cheiron, State Actuary

Re: Preliminary Certification of TRS FY 2023 State Funding Requirement

Gentlemen:

At its board meeting on October 29, 2021, TRS board of trustees certified the preliminary FY 2023 state contribution requirements and results of the preliminary June 30, 2021 actuarial valuation.

The contribution requirements and actuarial valuation results are being submitted to the state actuary for review. If the state actuary agrees with the documentation we submit, the trustees will be asked to provide final certification at the December 2021 board meeting.

As directed by the TRS Legislative Platform, we certify two state funding requirements. One is based on Illinois statute and the other is based on the funding policy adopted by the TRS board. The board's policy, described below, is based on the TRS actuary's recommended methodology for determining contributions to a severely underfunded plan.

The proposed certifications for FY 2023 both include \$300,000 in minimum benefit reimbursements and are detailed in attached Exhibit A:

- **Based on Illinois statute:** **\$5,894,032,209**
- **Based on TRS Board Actuarial Funding Policy:** **\$9,101,633,224**

Assumptions. The preliminary June 30, 2021 actuarial valuation report includes assumptions about the impact of the accelerated pension benefit programs originally contained in Public Act 100-0587 and extended by Public Act 101-0010.

Board Funding Policy. The TRS board's funding policy is based on an actuarial cost method (entry age normal) that assigns costs evenly over a teacher's career instead of backloading them like the statutory cost method (projected unit credit). The board policy funds all of the benefits earned rather than 90 percent of them, and it amortizes the unfunded liability over a closed 20-year period, with subsequent increases in the unfunded liability amortized over subsequent 20-year periods. In contrast, the amortization period required by Illinois statute is a closed 50-year period.

Under the board's policy, state contributions are not limited by the state's debt service on the 2003 pension obligation bonds, and changes in actuarial assumptions are not retroactively phased in. The TRS actuary, Segal Consulting, estimates that compared to contributions required under the statutory method, the state would save about \$10.5 billion in financing costs for the period FY 2023-FY 2045 under the TRS board's funding policy.

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

Sincerely,



R. Stanley Rupnik
Executive Director & Chief Investment Officer

Attachments:

- TRS board resolution from October 2021 meeting
- Segal's Exhibit A showing calculations
- June 30, 2021 Preliminary Actuarial Valuation, prepared by Segal Consulting

APPENDIX V
SURS Preliminary Certification Letter for FY 2023



1901 Fox Drive, Champaign, IL 61820-7333
800-275-7877 • 217-378-8800 • (Fax) 217-378-9800
www.surs.org

October 26, 2021

The Honorable J B Pritzker
Governor of the State of Illinois
207 Statehouse
Springfield, IL 62706

Mr. Matthew Wells
Cheiron, Incorporated
200 West Monroe Street, Suite 1800
Chicago, IL 60606

Re: Proposed Certification of Required State Contribution to the State Universities Retirement System for State Fiscal Year 2023

Dear Governor Pritzker and Mr. Wells:

Pursuant to Section 15-165 (a-10) of the Illinois Pension Code, the Board of Trustees of the State Universities Retirement System (the "System") hereby submits the System's preliminary certification of the required State contribution for Fiscal Year 2023 for the purposes of the System.

The Board submits \$2,125,282,000 as the preliminary total net required contribution for Fiscal Year 2023. The System anticipates receiving finalized financial information which will require us to modify this contribution amount.

As required by Section 15-165 of the Illinois Pension Code, a copy of the preliminary actuarial recommendations, upon which the preliminary certification is based, is also enclosed.

Please note that the updated actuarial valuation results recommend an actuarially determined funding policy that funds the normal cost of the plan, as well as an amortization payment that would seek to pay the total unfunded accrued liability over a closed period to attain 100% funding by 2045 (23 years remaining in the actuarial valuation as of June 30, 2021) or earlier. 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.

While 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,

Suzanne M. Mayer
Interim Executive Director

APPENDIX W
SERS Preliminary Certification Letter for FY 2023



October 26, 2021

Governor JB Pritzker
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

Pursuant to Public Act 88-593, as amended, at a meeting held October 26, 2021, the Board of Trustees of the State Employees' Retirement System (SERS) preliminarily certified an FY 2023 State contribution rate of 53.258% of projected payroll, or \$2,593,827,000. The FY 2023 preliminary certification includes \$2,484,585,000 for the State contribution to SERS and \$109,242,000 for debt service on the 2003 pension obligation bonds. Of the \$2,484,585,000 for the State contribution to SERS, \$619,845,000 is for the employer's portion of the expected FY 2023 normal cost. The remaining \$1,864,740,000 is due to the unfunded liabilities.

Consistent with the Governmental Accounting Standards Board (GASB) Statement No. 67, the SERS Board of Trustees adopted a funding policy, or Actuarially Determined Contribution (ADC) policy in 2015. The ADC provides for annual contributions that are equal to the annual normal cost of benefits earned plus amortization of the unfunded actuarial liability over a 25-year period as a level percent of payroll. The remaining amortization period is 19 years. The FY 2023 ADC is \$3,045,940,587, or \$561.4 million higher than the amount calculated under the statutory funding plan.

The ADC is used in financial reporting but will not affect the certified employer contributions to SERS, which will still be certified by the Board pursuant to the statutory funding plan.

Attached is the draft FY 2021 actuarial valuation along with the FY 2023 certification letter prepared by the System's actuaries. The actuarial valuation, membership data used in the valuation, and all calculations will be forwarded to the State Actuary for review.

Very truly yours,

Timothy Blair
Executive Secretary

cc: Governor JB Pritzker, Chicago Office
Susana A. Mendoza, Comptroller
Alexis Sturm, Director, Governor's Office of Management & Budget
Marc Staley, Governor's Office of Management & Budget
Bob Steere, Governor's Office of Management & Budget
Cory Burris, Governor's Office of Management & Budget
John Hollman, House Clerk

APPENDIX X
JRS Preliminary Certification Letter for FY 2023



October 29, 2021

Governor JB Pritzker
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

Pursuant to Public Act 88-593, as amended, at a meeting held on October 29, 2021, the Board of Trustees of the Judges' Retirement System (JRS) preliminarily certified an FY 2023 State contribution of \$142,659,000, or 91.911% of projected payroll. Of the \$142,659,000, \$31,334,000 is for the employer's portion of the expected FY 2023 normal cost. The additional \$111,325,000 is due to the unfunded liabilities.

Consistent with Governmental Accounting Standards Board (GASB) Statement No. 67, the JRS Board of Trustees adopted a funding policy, or Actuarially Determined Contribution (ADC) policy in 2015. The ADC provides for annual contributions that are equal to the annual normal cost of benefits earned plus amortization of the unfunded actuarial liability over a 25-year period, as a level percent of payroll. The remaining amortization period is 19 years. The FY 2023 ADC is \$174,869,681, or \$32.2 million higher than the amount calculated under the statutory funding plan.

The ADC is used in financial reporting but will not affect the certified employer contributions to JRS, which is calculated and certified by the Board pursuant to the statutory funding plan.

Attached is the draft FY 2021 actuarial valuation along with the FY 2023 certification letter prepared by the System's actuaries. The actuarial valuation, membership data used in the valuation, and all calculations will be forwarded to the State Actuary for review.

Very truly yours,

Timothy Blair
Executive Secretary

cc: Governor JB Pritzker, Chicago Office
Susana A. Mendoza, Comptroller
Alexis Sturm, Director, Governor's Office of Management & Budget
Marc Staley, Governor's Office of Management & Budget
Bob Steere, Governor's Office of Management & Budget
Thomas Reitz, Governor's Office of Management & Budget
Cory Burris, Governor's Office of Management & Budget
John Hollman, House Clerk
Brad Bolin, Assistant House Clerk.

APPENDIX Y
GARS Preliminary Certification Letter for FY 2023



October 29, 2021

Governor JB Pritzker
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

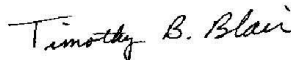
Pursuant to Public Act 88-593, as amended, at a meeting of the Board of Trustees of the General Assembly Retirement System (GARS) held on October 29, 2021, the Board preliminarily certified an FY 2023 State contribution of \$27,174,000, or 278.648% of projected payroll. Of the \$27,174,000, \$1,623,000 is for the employer's portion of the expected FY 2023 normal cost. The remaining \$25,551,000 is due to the unfunded liabilities.

Consistent with Governmental Accounting Standards Board (GASB) Statement No. 67, the GARS Board of Trustees adopted a funding policy, or Actuarially Determined Contribution (ADC) policy in 2015. The ADC provides for annual contributions that are equal to the annual normal cost of benefits earned plus amortization of the unfunded actuarial liability over a 20-year period, as a level percent of payroll. The remaining amortization period is 14 years. The FY 2023 ADC is \$35,160,750, or almost \$8.0 million higher than the amount calculated under the statutory funding plan.

The ADC is used in financial reporting but does not affect the certified employer contributions to GARS, which is certified by the Board pursuant to the statutory funding plan.

Attached is the draft FY 2021 actuarial valuation along with the FY 2023 certification letter prepared by the System's actuaries. The actuarial valuation, membership data used in the valuation, and all calculations will be forwarded to the State Actuary for review.

Very truly yours,



Timothy Blair
Executive Secretary

cc: Governor JB Pritzker, Chicago Office
Susana A. Mendoza, Comptroller
Alexis Sturm, Director, Governor's Office of Management & Budget
Marc Staley, Governor's Office of Management & Budget
Bob Steere, Governor's Office of Management & Budget
Thomas Reitz, Governor's Office of Management & Budget
Cory Burris, Governor's Office of Management & Budget
John Hollman, House Clerk
Brad Bolin, Assistant House Clerk.
Tim Anderson, Senate Clerk

APPENDIX Z
TRS Final Certification Letter for FY 2023



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 W Washington St | PO Box 19253 | Springfield IL 62794-9253

R. Stanley Rupnik, Executive Director & Chief Investment Officer

<http://www.trsil.org>

877-927-5877 (877-9-ASK-TRS) | FAX: 217-753-0964

January 14, 2022

The Honorable J.B. Pritzker, Governor
Senator Don Harmon, President of the Senate
Representative Emanuel Chris Welch, Speaker of the House
Senator Dan McConchie, Senate Minority Leader
Representative Jim Durkin, House Minority Leader
Mr. Gene Kalwarski, Cheiron, State Actuary
Mr. William R. Hallmark, Cheiron, State Actuary

Re: Final Certification of TRS FY 2023 State Funding Requirement

Gentlemen:

At its meeting on December 8, 2021, the TRS board of trustees provided final certification to the FY 2023 state contribution requirements and results of the June 30, 2021 actuarial valuation.

The contribution requirements and actuarial valuation results were submitted to the state actuary (Cheiron) for review, in accordance with Public Act 97-0694. The contribution requirements and the report were accepted by the state actuary. Cheiron continues to emphasize its concern about state pension financing. It recommends that the statutory "funding method be changed to fully fund plan benefits." (*State Actuary's Report, December 2021, page 6*)

TRS certifies two state funding requirements. One is based on Illinois statute and the other is based on the funding policy adopted by the TRS board. The board's policy, described below, is based on the TRS actuary's recommended methodology for determining contributions to a severely underfunded plan.

The certified contributions for FY 2023 both include \$300,000 in minimum benefit reimbursements and are detailed in attached Exhibit A:

- **Based on Illinois statute:** **\$5,894,032,209**
- **Based on TRS Board Actuarial Funding Policy:** **\$9,101,633,224**

Assumptions. The preliminary June 30, 2021 actuarial valuation report includes revised assumptions about the impact of the accelerated pension benefit programs originally contained in Public Act 100-0587 and extended by Public Act 101-0010.

Board Funding Policy. The TRS board's funding policy is based on an actuarial cost method (entry age normal) that assigns costs evenly over a teacher's career instead of backloading them like the statutory cost method (projected unit credit). The board policy funds all of the benefits

earned rather than 90 percent of them, and it amortizes the unfunded liability over a closed 20-year period, with subsequent increases in the unfunded liability amortized over subsequent 20-year periods. In contrast, the amortization period required by Illinois statute is a closed 50-year period.

Under the board's policy, state contributions are not limited by the state's debt service on the 2003 pension obligation bonds, and changes in actuarial assumptions are not retroactively phased in. The TRS actuary, Segal Consulting, estimates that compared to contributions required under the statutory method, the state would save over \$10 billion in financing costs for the period FY 2023-FY 2045 under the TRS board's funding policy.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Stanley Rupnik'.

R. Stanley Rupnik
Executive Director & Chief Investment Officer

Attachments:

- TRS board resolution from December 2021 meeting and Exhibit A showing calculations
- June 30, 2021 Final Actuarial Valuation, prepared by Segal Consulting

APPENDIX AA
SURS Final Certification Letter for FY 2023



1901 Fox Drive, Champaign, IL 61820-7333
800-275-7877 • 217-378-8800 • (Fax) 217-378-9800
www.surs.org

December 14, 2021

The Honorable JB Pritzker
Governor of the State of Illinois
207 State House
Springfield, Illinois 62706

Re: Certification of Required State Contribution to the State Universities Retirement System for State Fiscal Year 2023

Dear Governor Pritzker:

As required by 40 ILCS 5/15-165, the Board of Trustees of the State Universities Retirement System has certified that \$2,118,567,000 is the total net required State contribution for State Fiscal Year 2023. An official certification and a copy of the actuarial recommendation upon which the certification is based are enclosed.

The State Actuary has reviewed the actuarial assumptions used in the State Universities Retirement System's 2021 actuarial valuation. The State Actuary has concluded that the assumptions are reasonable for the June 30, 2021 valuation. 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.

Please note that the actuarial valuation results recommend an actuarially determined funding policy that funds the normal cost of the plan, as well as an amortization payment that would seek to pay the total unfunded accrued liability over a closed period to attain 100% funding by 2045 (23 years remaining in the actuarial valuation as of June 30, 2021) or earlier. 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. While 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.

The Board of Trustees has received and agrees with all the proposed recommendations of the State Actuary.

Sincerely,

Suzanne M. Mayer
Executive Director

APPENDIX BB
SERS Final Certification Letter for FY 2023



January 12, 2022

Governor JB Pritzker
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

Pursuant to Public Act 88-593, as amended, at a meeting held January 11, 2022, the Board of Trustees of the State Employees' Retirement System (SERS) certified an FY 2023 State contribution rate of 53.258% of projected payroll, or \$2,593,827,000. The FY 2023 certification includes \$2,484,585,000 for the State contribution to SERS and \$109,242,000 for debt service on the 2003 pension obligation bonds. Of the \$2,484,585,000 for the State contribution to SERS, \$619,845,000 is for the employer's portion of the expected FY 2023 normal cost. The remaining \$1,864,740,000 is due to the unfunded liabilities.

Consistent with the Governmental Accounting Standards Board (GASB) Statement No. 67, the SERS Board of Trustees adopted a funding policy, or Actuarially Determined Contribution (ADC) policy in 2015. The ADC provides for annual contributions that are equal to the annual normal cost of benefits earned plus amortization of the unfunded actuarial liability over a 25-year period as a level percent of payroll. The remaining amortization period is 19 years. The FY 2023 ADC is \$3,045,940,587, or \$561.4 million higher than the amount calculated under the statutory funding plan.

The ADC is used in financial reporting but will not affect the certified employer contributions to SERS, which will still be certified by the Board pursuant to the statutory funding plan.

Attached is the FY 2021 actuarial valuation along with the FY 2023 certification letter prepared by the System's actuaries. The actuarial valuation, membership data used in the valuation, and all calculations were reviewed by the State Actuary.

Very truly yours,

Timothy Blair
Executive Secretary

cc: Governor JB Pritzker, Chicago Office
Susana A. Mendoza, Comptroller
Alexis Sturm, Director, Governor's Office of Management & Budget
Marc Staley, Governor's Office of Management & Budget
Cory Burris, Governor's Office of Management & Budget
John Hollman, House Clerk
Brad Bolin, Assistant House Clerk.

APPENDIX CC
JRS Final Certification Letter for FY 2023



January 14, 2022

Governor JB Pritzker
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

Pursuant to Public Act 88-593, as amended, at a meeting held today, the Board of Trustees of the Judges' Retirement System (JRS) certified an FY 2023 State contribution of \$142,659,000, or 91.911% of projected payroll. Of the \$142,659,000, \$31,334,000 is for the employer's portion of the expected FY 2023 normal cost. The additional \$111,325,000 is due to the unfunded liabilities.

Consistent with Governmental Accounting Standards Board (GASB) Statement No. 67, the JRS Board of Trustees adopted a funding policy, or Actuarially Determined Contribution (ADC) policy in 2015. The ADC provides for annual contributions that are equal to the annual normal cost of benefits earned plus amortization of the unfunded actuarial liability over a 25-year period, as a level percent of payroll. The remaining amortization period is 19 years. The FY 2023 ADC is \$174,869,681, or \$32.2 million higher than the amount calculated under the statutory funding plan.

The ADC is used in financial reporting but will not affect the certified employer contributions to JRS, which is calculated and certified by the Board pursuant to the statutory funding plan.

Attached is the FY 2021 actuarial valuation along with the FY 2023 certification letter prepared by the System's actuaries. The actuarial valuation, membership data used in the valuation, and all calculations were reviewed by the State Actuary.

Very truly yours,

Timothy Blair
Executive Secretary

cc: Governor JB Pritzker, Chicago Office
Susana A. Mendoza, Comptroller
Alexis Sturm, Director, Governor's Office of Management & Budget
Marc Staley, Governor's Office of Management & Budget
Thomas Reitz, Governor's Office of Management & Budget
Cory Burris, Governor's Office of Management & Budget
John Hollman, House Clerk
Brad Bolin, Assistant House Clerk.
Tim Anderson, Senate Clerk

APPENDIX DD
GARS Final Certification Letter for FY 2023



January 14, 2022

Governor JB Pritzker
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

Pursuant to Public Act 88-593, as amended, at a meeting of the Board of Trustees of the General Assembly Retirement System (GARS) held today, the Board certified an FY 2023 State contribution of \$27,174,000, or 278.648% of projected payroll. Of the \$27,174,000, \$1,623,000 is for the employer's portion of the expected FY 2023 normal cost. The remaining \$25,551,000 is due to the unfunded liabilities.

Consistent with Governmental Accounting Standards Board (GASB) Statement No. 67, the GARS Board of Trustees adopted a funding policy, or Actuarially Determined Contribution (ADC) policy in 2015. The ADC provides for annual contributions that are equal to the annual normal cost of benefits earned plus amortization of the unfunded actuarial liability over a 20-year period, as a level percent of payroll. The remaining amortization period is 14 years. The FY 2023 ADC is \$35,160,750, or almost \$8.0 million higher than the amount calculated under the statutory funding plan.

The ADC is used in financial reporting but does not affect the certified employer contributions to GARS, which is certified by the Board pursuant to the statutory funding plan.

Attached is the FY 2021 actuarial valuation along with the FY 2023 certification letter prepared by the System's actuaries. The actuarial valuation, membership data used in the valuation, and all calculations were reviewed by the State Actuary.

Very truly yours,

Timothy Blair
Executive Secretary

cc: Governor JB Pritzker, Chicago Office
Susana A. Mendoza, Comptroller
Alexis Sturm, Director, Governor's Office of Management & Budget
Marc Staley, Governor's Office of Management & Budget
Thomas Reitz, Governor's Office of Management & Budget
Cory Burris, Governor's Office of Management & Budget
John Hollman, House Clerk
Brad Bolin, Assistant House Clerk.
Tim Anderson, Senate Clerk
Scott Kaiser, Assistant Secretary of the Senate

APPENDIX EE
CTPF Final Certification Letter for FY 2023

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425 S. Financial Place, Suite 1400 | Chicago, IL 60605-1000

January 25, 2022

The Honorable JB Pritzker
Illinois Governor
207 State House
Springfield, IL 62706

The Honorable Emanuel Chris Welch
Speaker of the House
300 Capitol Building
Springfield, IL 62706

The Honorable Susana A. Mendoza
Illinois Comptroller
201 State House
Springfield, IL 62706

The Honorable Don Harmon
Senate President
327 Capitol Building
Springfield, IL 62706

RE: **Fiscal Year 2023 Certified Normal Cost and Health Insurance Contribution for the Public School Teachers' Pension and Retirement Fund of Chicago**

Dear Governor Pritzker and Leaders of the Illinois General Assembly:

Pursuant to 40 ILCS 5/17-127(f) of the Illinois Pension Code, this letter and the enclosed Actuarial Report shall serve as formal notification of the Fiscal Year 2023 State of Illinois contribution for normal cost and health insurance contribution to be made to the Public School Teachers' Pension and Retirement Fund of Chicago ("CTPF" or the "Fund").

The certified Fiscal Year 2023 State of Illinois contribution to the CTPF is \$295,302,000 as noted in the table below:

Fiscal Year 2023	Dollar Amount
Certified FY 2023 Normal Cost and Health Insurance Contribution Pursuant to Sections 17-127(d)(2) and (e) of the Illinois Pension Code	\$ 295,302,000

Enclosed is a copy of the Actuarial Report prepared by the Fund's actuary, Gabriel Roeder, Smith & Company, detailing the State contribution requirements pursuant to Sections 17-127(d)(2) and (e) of the Illinois Pension Code for Fiscal Year 2023. For additional information, please see pages 7 and 8 of the Actuarial Report. The Actuarial Report contains the actuarial certification, recommendations, and assumptions.



425 S. Financial Place, Suite 1400 | Chicago, IL 60605-1000

January 25, 2022

The Honorable JB Pritzker
Illinois Governor
207 State House
Springfield, IL 62706

The Honorable Emanuel Chris Welch
Speaker of the House
300 Capitol Building
Springfield, IL 62706

The Honorable Susana A. Mendoza
Illinois Comptroller
201 State House
Springfield, IL 62706

The Honorable Don Harmon
President of the Senate
327 Capitol Building
Springfield, IL 62706

RE: *State of Illinois Additional Contribution Pursuant to 40 ILCS 5/17-127(c) for
Fiscal Year 2023: **\$13,371,000***

Governor Pritzker, Comptroller Mendoza, and Leaders Welch, and Harmon:

This letter and the enclosed Actuarial Report shall serve as formal notification of the additional State contribution pursuant to Section 17-127(c) of the Illinois Pension Code to be made to the Public School Teachers' Pension and Retirement Fund of Chicago ("CTPF" or the "Fund") for Fiscal Year 2023.

Additional State Contributions

According to Section 17-127(c) of the Illinois Pension Code (the "Code"), the State shall make additional contributions of 0.544% of payroll to the Fund to offset a portion of the cost of benefit increases resulting from Public Act 90-0582, provided that no additional contributions are required if for the previous fiscal year the ratio of the Fund's assets to total actuarial liabilities was at least 90%. This contribution is in addition to the State's normal cost and health insurance contribution pursuant to Section 17-127(d)(2) of the Code.

Based on the June 30, 2021, actuarial valuation, the ratio of the Fund's actuarial value of assets to total actuarial liabilities is 47.48%. Accordingly, additional State contributions pursuant to Section 17-127(c) of the Code will be made for Fiscal Year 2023. The Fund's actuary determined that the additional State contributions under Section 17-127(c) of the Code will be **\$13,371,000**.

COMMISSION OVERVIEW

The Commission on Government Forecasting & Accountability is a bipartisan legislative support service agency responsible for advising the Illinois General Assembly on economic and fiscal policy issues and for providing objective policy research for legislators and legislative staff. The Commission's board is comprised of twelve legislators—split evenly between the House and Senate and between Democrats and Republicans. Effective December 10, 2018, pursuant to P.A. 100-1148 the former Legislative Research Unit was merged into the Commission.

The Commission has three internal units—Revenue, Pensions, and Research, each of which has a staff of analysts and researchers who analyze policy proposals, legislation, state revenues & expenditures, and benefit programs, and who provide research services to members and staff of the General Assembly. The Commission's staff fulfills the statutory obligations set forth in the Commission on Government Forecasting and Accountability Act (25 ILCS 155/), the State Debt Impact Note Act (25 ILCS 65/), the Illinois Pension Code (40 ILCS 5/), the Pension Impact Note Act (25 ILCS 55/), the State Facilities Closure Act (30 ILCS 608/), the State Employees Group Insurance Act of 1971 (5 ILCS 375/), the Public Safety Employee Benefits Act (820 ILCS 320/), the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/), and the Reports to the Commission on Government Forecasting and Accountability Act (25 ILCS 110/).

- ✓ The **Revenue Unit** issues an annual revenue estimate, reports monthly on the state's financial and economic condition, and prepares bill analyses and debt impact notes on proposed legislation having a financial impact on the State. The Unit publishes a number of statutorily mandated reports, as well as on-demand reports, including the *Monthly Briefing* newsletter and annually, the *Budget Summary*, *Capital Plan Analysis*, *Illinois Economic Forecast Report*, *Wagering in Illinois Update*, and *Liabilities of the State Employees' Group Insurance Program*, among others. The Unit's staff also fulfills the agency's obligations set forth in the State Facilities Closure Act.
- ✓ The **Pension Unit** prepares pension impact notes on proposed pension legislation and publishes several statutorily mandated reports including the *Financial Condition of the Illinois State Retirement Systems*, the *Financial Condition of Illinois Public Pension Systems* and the *Fiscal Analysis of the Downstate Police & Fire Pension Funds in Illinois*. The Unit's staff also fulfills the statutory responsibilities set forth in the Public Safety Employee Benefits Act.
- ✓ The **Research Unit** primarily performs research and provides information as may be requested by members of the General Assembly or legislative staffs. Additionally, the Unit maintains a research library and, per statute, collects information concerning state government and the general welfare of the state, examines the effects of constitutional provisions and previously enacted statutes, and considers public policy issues and questions of state-wide interest. Additionally, the Unit publishes *First Reading*, a quarterly newsletter which includes abstracts of annual reports or special studies from other state agencies, the *Illinois Tax Handbook for Legislators*, *Federal Funds to State Agencies*, various reports detailing appointments to State Boards and Commissions, the *1970 Illinois Constitution Annotated for Legislators*, the *Roster of Illinois Legislators*, and numerous special topic publications.

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