

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS**

**ACTUARIAL VALUATION
JUNE 30, 2009**



December 3, 2009

Board of Trustees
Teachers' Retirement System
of The State of Illinois
2815 West Washington Street
Springfield, Illinois 62702

Ladies and Gentlemen:

We have completed the valuation of the System as of June 30, 2009 and the principal results are set forth on Pages 1 and 2 of this report.

The contributions to the System, which are shown in the Summary of Principal Results, are based on the provisions of Article 16 of the Illinois Pension Code. The member contribution rate is 9.4% of covered payroll, which includes a 0.4% of pay "Career ERO contribution" that became effective July 1, 2005. The member rate for Modified ERO lump sum payments at retirement is 11.5%. An additional member contribution has been required since July 1, 1995 to finance retiree health insurance through a state agency other than TRS. School Districts are required to contribute 0.58% of payroll toward the cost of the 2.2% formula. School Districts also pay the cost of pension benefits resulting from salary increases over 6% used in the final average salary calculation, although PA 94-1057 provides permanent and temporary exemptions from some of these payments for retirements occurring on or after July 31, 2006. The School District rate for Modified ERO lump sum payments at retirement is 23.5%, and School Districts make lump sum payments at retirement for excessive annual sick leave accruals.

In total, employer contributions to the System must be sufficient to "meet the cost of maintaining and administering the system on a 90% funded basis in accordance with actuarial recommendations." The statute specifies that this objective is to be met by June 30, 2045 through annual appropriations that are a level percentage of payroll – before reduction for the maximum State contribution limitations of the statute – for fiscal years 2011 through 2045.

Under Section 7.2(d) of the General Obligation Bond Act (GOBA), TRS received \$4,330,374,000 on July 2, 2003. Commencing with fiscal year 2005, the maximum State contribution under the Act equals the State contribution that would have been required if this \$4.33 billion contribution had not been made, reduced – but not below zero – by the State's debt service on the TRS portion of the full \$10 billion of Pension Obligation Bonds issued under Section 7.2 of the GOBA.

Under PA 94-0004 the FY 2006 and FY 2007 State contributions to the Benefit Trust Reserve were not actuarially determined, but were set by statute to be, respectively, \$531,827,700, and \$735,514,500. Gross appropriations, as a percentage of payroll, for fiscal years 2008 through 2010 were calculated to increase in level annual increments, and gross appropriations are required to be a level percentage of payroll thereafter. In fiscal years 1999 through 2004, minimum state contributions were specified.

At the direction of the board, and commencing with the contribution due for fiscal year 2006, the Federal Funds contribution rate is the same as the certified State rate.

As required under PA 96-0043, the method for determining the actuarial value of assets used to determine the employer contribution rate was changed beginning with the June 30, 2009 valuation. The method was changed from the market value to a smoothed value. The smoothed value recognizes actuarial investment gains or losses for each fiscal year, beginning with FY 2009, in equal amounts over the ensuing five-year period. The System incurred a loss of \$11,868,414,000 in FY 2009. Per statutory requirement, 20% is recognized in the actuarial value of assets as of June 30, 2009, and recognition of the remaining 80%, or \$9,494,731,000, will be deferred and recognized in equal amounts over the next four valuations. Depending on the whether the total net deferral is an investment gain or loss, the smoothing method will produce a contribution rate that is more or less than the rate based on the market value. As of the June 30, 2009 valuation the total net deferral is a \$9,494,731,000 loss, resulting in a contribution that is lower than it would be if the assets were valued at market.

Based on these specifications, we calculate that the employer's contribution rate to the Benefit Trust Reserve of the System for fiscal year 2011 is 25.70% of membership payroll.

The recommended total employer contribution for fiscal year 2011 to the Benefit Trust Reserve under the provisions of Article 16 of the Illinois Pension Code is \$2,488,618,000. Subtracting estimated Federal Funds and School District contributions and adding a contribution to the Guaranteed Minimum Annuity Reserve results in a total State Contribution for fiscal year 2011 of \$2,358,441,000. This figure represents an increase of \$269,173,000 or 12.9% from the total State Contribution in fiscal year 2010 of \$2,089,268,000.

The unfunded pension benefit obligation of the System as of June 30, 2009 is \$35,001,154,000, which may be compared with the unfunded obligation of \$30,201,644,000 as of June 30, 2008.

The funded status of the System as of June 30, 2009 is 39.1% based on the market value of assets and 52.1% based on the actuarial value of assets. As of June 30, 2008 the System's funded status was 56.0% based on the market value of assets.

The System's June 30, 2009 reported value for assets at market was reduced to \$28.498 billion after the Board of Trustees certified valuation results and funding recommendations based on the market value of \$28.531. The June 30, 2010 actuarial valuation and funding recommendations for fiscal year 2012 will take this difference into account.

Sincerely,



Larry Langer
Principal, Consulting Actuary



Marco Ruffini
Sr. Consultant, Retirement

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS**

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**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS**

**ACTUARIAL VALUATION
JUNE 30, 2009**

SECTION I — PRINCIPAL RESULTS

1. We have summarized below the principal results of this year's valuation along with a comparison with last year's valuation results. The schedule also includes the significant membership data and asset data used in the valuations.

SUMMARY OF PRINCIPAL RESULTS

Item	Year Ended June 30	
	2009	2008
Benefit Trust Reserve		
• Active members reported to the actuary:		
– Number	165,474	160,801
– Annual salaries (adjusted for data lag)	\$ 8,872,551,000	\$ 8,303,280,000
– Average age	41.8 years	41.8 years
– Average service	10.1 years	10.1 years
• Number of inactives	108,416	104,934
• Retirees and beneficiaries in receipt of benefits:		
– Number	94,419	91,497
– Annual annuities (at June 30)	\$ 3,812,546,000	\$ 3,549,173,000
• Assets		
– Market value*	\$ 28,531,312,000	\$ 38,430,723,000
– Actuarial value**	\$ 38,026,044,000	\$ 38,430,723,000
• Pension benefit obligation***	\$ 73,027,198,000	\$ 68,632,367,000
• Unfunded pension benefit obligation based on actuarial value of assets	\$ 35,001,154,000	\$ 30,201,644,000
• Funded ratio:		
– Market value	39.1%	56.0%
– Actuarial value**	52.1%	56.0%

* The System's June 30, 2009 value for assets at market was reduced to \$28.498 billion after the Board of Trustees certified valuation results and funding recommendations based on the figure shown above. The June 30, 2010 actuarial valuation and funding recommendations for fiscal year 2012 will take this difference into account.

** The actuarial value of assets for 2008 is the market value. The actuarial value of assets for 2009 is based on 5-year asset smoothing.

*** The above PBOs include liability for actual and expected retirements under the Modified ERO. The 6/30/2008 PBO also includes liability for late reported Pipeline ERO retirements.

**SUMMARY OF PRINCIPAL RESULTS
(Continued)**

Item	Year Ended June 30	
	2009	2008
Benefit Trust Reserve (continued)	Fiscal Year <u>2011</u>	Fiscal Year <u>2010</u>
	PA 96-0043	PA 94-0004
• Employer cost under:		
– Percentage Rate (includes Federal and School Districts)	25.70%	23.96%
– Employer Contribution	\$ 2,488,618,000	\$ 2,217,053,000
– Less School Districts for 2.2% formula	(56,171,000)	(53,666,000)
– Less Federal Funds Contribution	<u>(75,406,000)</u>	<u>(75,719,000)</u>
– State Contribution	\$ 2,357,041,000	\$ 2,087,668,000
Guaranteed Minimum Annuity Reserve*		
• Retirees and disabilitants in receipt of benefits:		
– Number	1,596	1,736
– Annual annuities	\$ 1,599,000	\$ 1,805,000
– Pension benefit obligation	\$ 7,731,000	\$ 8,817,000
• State Contribution	\$ 1,400,000	\$ 1,600,000
Total State Contribution:		
• Benefit Trust Reserve	\$ 2,357,041,000	\$ 2,087,668,000
• Guaranteed Minimum Annuity Reserve	<u>1,400,000</u>	<u>1,600,000</u>
• Total State Contribution	\$ 2,358,441,000	\$ 2,089,268,000

Notes:

- * As the benefits from the Guaranteed Minimum Annuity Reserve are paid to members who are much older, on average, than the general pensioner population, and as separate mortality studies have not been performed for this special group, the fiscal year 2010 and 2011 State Contributions were adjusted to ensure payment of all required benefits as required by Statute.

Employer's contribution to Benefit Trust Reserve in fiscal year 2010, as shown in Schedules XIIA and XIII:

	<u>Certified Contribution**</u>
State Contribution	\$ 2,087,668,000
School Districts for 2.2%	53,666,000
Federal Funds	<u>75,719,000</u>
Total	\$ 2,217,053,000

- ** State contribution amounts shown are the Board-certified amounts for FY 2010. Future Federal Funds and School Districts contributions are estimated.

2. The June 30, 2009 actuarial valuation was based on the latest membership data available, which were submitted by the System for (i) active and inactive members as of June 30, 2008, and (ii) retirees and beneficiaries in receipt of benefits as of June 30, 2009. Membership data for active and inactive members as of June 30, 2007, and for retirees and beneficiaries as of June 30, 2008 were used as the basis for the June 30, 2008 actuarial valuation. As part of the valuation procedure, actual salaries and member account balances reported for active members were increased by 4% to adjust for the one-year lag in the census information for active members.
3. The State contribution amount of \$2,358,441,000 shown as of June 30, 2009 is based on Article 16 of the Illinois Pension Code. This amount represents a Benefit Trust Reserve Contribution of \$2,357,041,000 and a Guaranteed Minimum Annuity Reserve Contribution of \$1,400,000 for a total contribution of \$2,358,441,000.
4. As stated above, at June 30, 2009 and June 30, 2008, we adjusted for the one year lag in reporting of the active membership by assuming that the population was stationary with regard to age and service and we increased by 4% reported payroll and member account balances. No further adjustments were made to the active membership data at June 30, 2009.
5. The statistics for full-time, substitute, part-time, and hourly paid teachers for purposes of the June 30, 2009 valuation, based on the census information for active members as of June 30, 2008, (after salaries were increased to adjust for the one year lag in the census information for the June 30, 2009 data, as mentioned in paragraph 4 above) are as follows:

Active Member Statistics

Item	Full-time and Regular Part-Time	Substitutes, Part-Time, Hourly Paid on a Flexible or Limited Work Schedule	Total
Number	136,328	29,146	165,474
Annual salaries	\$ 8,723,099,000	\$ 149,452,000	\$ 8,872,551,000
Average age	41.7 years	42.0 years	41.8 years
Average service	11.9 years	1.7 years	10.1 years

SECTION II — FINANCING OBJECTIVE
AND EMPLOYER'S CONTRIBUTION RATE

The financing objective of the System under Section 16-158 of the Pension Code is to:

- (a) meet the cost of maintaining and administering the Benefit Trust Reserve on a 90% funded basis in accordance with actuarial recommendations; and
- (b) meet this objective by June 30, 2045 through annual appropriations that are a level percentage of payroll – before reduction for the maximum state contribution limitations of the statute – for fiscal years 2011 through 2045. Gross appropriations, as a percentage of payroll, for fiscal years 1996 through 2010 are to increase in level annual increments over the prior year's gross appropriation until the required level percentage of payroll is achieved in fiscal year 2010. In fiscal years 1999 through 2004, the statute specifies minimum state contributions as a percentage of applicable member payroll. In fiscal years 2006 and 2007 the statute specifies the dollar amount of the state contribution. Contributions for fiscal years 2008 through 2010 are to ramp up from the fiscal year 2007 contribution.

In addition to the contributions to the Benefit Trust Reserve required by section 16-158, the State must make contributions to the Guaranteed Minimum Annuity Reserve in an amount sufficient to ensure that TRS can make the required benefit payments.

On the basis of the current valuation and the funding policy of Section 16-158, the total fiscal year 2011 contribution rate payable to the Benefit Trust Reserve by all employers is equal to 25.70% of membership payroll. This is the required employer rate, including state contributions, federal funds contributions, and school district contributions for the 2.2% formula change.

On the basis of the funding policy described above, a projection of the contribution rates which are payable by the employer to the Benefit Trust Reserve indicates that the required rate is calculated to be at a level percentage in fiscal year 2011 and going forward subject to adjustments for the state maximum.

Schedule IA of the report shows the required contributions to the Benefit Trust Reserve and the Guaranteed Minimum Annuity Reserve for fiscal year 2011. Schedule IB shows the development of the 25.70% required employer contribution rate for the Benefit Trust Reserve for fiscal year 2011.

Schedule XIV shows a projection of the Gross Employer Rate for the Benefit Trust Reserve before application of the State Maximum, while Schedules XIIA and XIII provide detailed projections of required employer rates and amounts. The chart below summarizes the projected gross and required employer contribution rates to the Benefit Trust Reserve. Users of this report are encouraged to refer to Page 13 for important information on realistic projections.

Fiscal Year	Gross Employer Rate (Before State Maximum and Without POBs) from Schedule XIV	Required Employer Rate (After State Maximum and With POBs) from Schedule XIII	State Rate (After State Maximum and With POBs) from Schedule XIIA
2011	29.01%	25.70%	25.12%
2012	29.01%	25.55%	24.97%
2013	29.01%	25.71%	25.13%
2014	29.01%	25.87%	25.29%
2015 - 2045	29.01%	26.02%	25.44%

The above employer rates include the 0.58% of payroll School District contributions for the 2.2% formula change as required by section 16-158(e). In addition, the statute requires School Districts to make the following contributions:

- (a) Sec. 16-128(d-10) payments for excessive sick leave service credit
- (b) Sec. 16-133.2 ERO lump sum payments when members retire with ERO benefits
- (c) Sec. 16-158(f) lump sum payments at retirement for the cost of pension benefits arising from salary increases over 6% used in the final average salary calculation. PA 94-1057 provides permanent and temporary exemptions from some of these payments for retirements occurring on or after July 31, 2006.

Although these additional types of contributions are not shown in Schedules IA, IB, XIIA, XIII, XIV, or XVI they are all – with the exception of Sec. 16-128(d-10) payments – taken into account in the actuarial projection of the assets and funded status of the system, and the calculation of the Gross and Required employer rates is performed only *after* the above contributions have been taken into account. (There is currently no assumption for excessive sick leave service credit). A projection of School District contributions under sections 16-133.2 and 16-158(f) can be found in Schedule XIIB.

SECTION III — CURRENT FINANCIAL POSITION

The current financial position of the System may be measured by comparing the assets of the System to the pension benefit obligation of the System where the latter represents the value of pensions currently in payment and pensions earned through the valuation date by the active membership. As required under PA 96-0043, the method for determining the actuarial value of assets used to determine the employer contribution was changed from the market value to a 5-year smoothed value beginning with the June 30, 2009 valuation. In the ideal, fully-funded state, the assets would be equal to the pension benefit obligation. A comparison of the current financial position, or funded status, as of the current valuation date, with that as of the previous valuation date is summarized in the table below.

COMPARISON OF FUNDED STATUS (dollars in millions)

Valuation Date	Assets at Fair Market Value*	Assets at 5-Year Smoothed Value	Pension Benefit Obligation	Funded Status at Fair Market Value Basis	Funded Status at 5-Year Smoothed Value Basis
June 30, 2009	\$ 28,531	\$ 38,026	\$ 73,027	39.1%	52.1%
June 30, 2008	\$ 38,431	N/A	\$ 68,632	56.0%	N/A

* The System's June 30, 2009 value for assets at market was reduced to \$28.498 billion after the Board of Trustees certified valuation results and funding recommendations based on the figure shown above. The June 30, 2010 actuarial valuation and funding recommendations for fiscal year 2012 will take this difference into account.

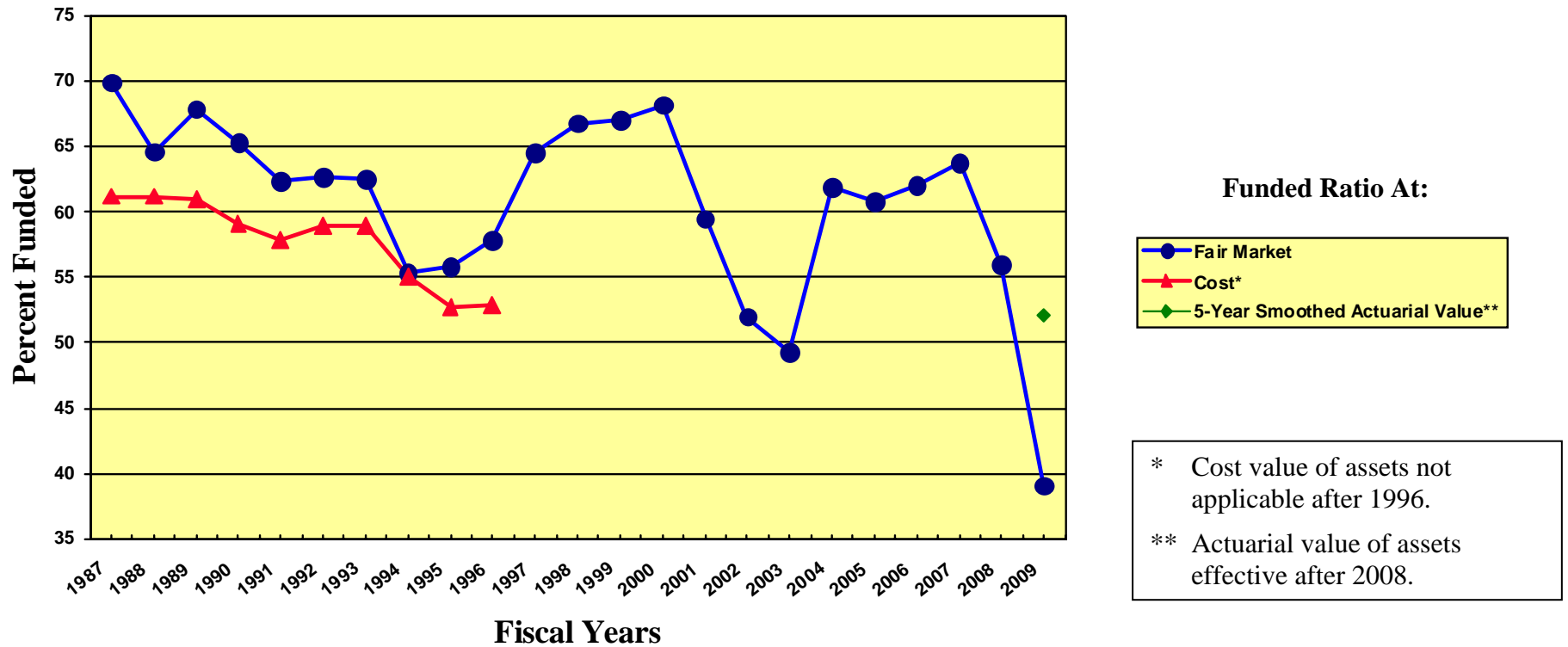
As can be seen from the table, the current funded statuses of the System are 39.1% and 52.1% as measured by the fair market value of assets and 5-year smoothed actuarial value of assets, respectively.

In assessing the financial position of the System, it is important to review annually the trend line of the funded status. As can be seen from the chart on page 7, the funded status based on either book value or market value of assets declined significantly from 1987 to 1996. The major portion of the decline was due to the failure of the State to adhere to the prior funding provisions of Senate Bill 95 (Public Act 86-0273). In fact, the decline in the funded ratio of the System would have been greater had it not been for the average investment return of the System, which was greater than the 8% return expected during this period of underfunding by the State. The decline in the funded ratio that occurred during fiscal years 2001 through 2003, and 2008 through 2009, is due to the rate of return of the market value of investments being less than the 8.5% expected.

The funding provisions of Section 16-158 are designed to attain a 90% funded ratio in fiscal year 2045. A projection of the future funded status of the System is shown in Schedule XV on pages 36 and 37.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

FUNDED RATIO FISCAL YEARS 1987 – 2009



SECTION IV — GAINS AND LOSSES DURING YEAR

The gain and loss analysis provides a measure of the impact of the demographic and economic factors on the results of the actuarial valuation, when compared to the actuarial assumptions used to anticipate these factors. The analysis is significant in providing a test of the adequacy of these assumptions over a period of time. A detailed reconciliation of the changes in the unfunded pension benefit obligation, including actuarial gains and losses, can be found in Schedule III.

The demographic factors affecting the gain and loss analysis include the following:

- (a) withdrawal from active membership;
- (b) mortality during active membership;
- (c) disability retirement;
- (d) service retirement; and
- (e) mortality after retirement.

The economic factors affecting the gain and loss analysis include the following:

- (a) investment rate of return; and
- (b) active members' salary increases.

During the fiscal year ended June 30, 2009, there was a net actuarial loss of \$12,511 million incurred by the System due to demographic and economic experience when compared to the actuarial assumptions used to anticipate these factors.

The significant factors contributing to this net loss included the following:

(1) Gains due to salary increases less than expected	\$ (29) million
(2) Losses due to investment income less than expected	11,868
(3) Losses due to new entrants, for which no allowance is made in the assumptions	31
(4) Losses due to lower than expected mortality	41
(5) Losses due to fewer terminations than expected	36
(6) Losses due to repayments of refunded member contributions	30
(7) Losses due to delayed reporting of retirements (effect on assets)	12
(8) Losses due to all other causes	<u>522</u>
Total net losses	\$ 12,511 million

The loss from item 2 is the difference between the actuarial expected earnings of \$3.214 billion and the actual investment return of \$(8.655) billion. The actuarial loss is equal to the expected earnings minus the actual investment return.

The loss from item 6 is due to restoration of the employer-paid portion of the benefit when members repaid previously refunded contributions.

The loss from item 7 is due to 461 retirements that occurred prior to July 1, 2008 and were not reported to the actuary until June 30, 2009 due to backdated retirement claims and TRS processing constraints. The actuarial loss is equal to the value of benefits paid prior to July 1, 2009 to these late reported retirees.

The "other cause" category (item 8) is the balancing item needed to complete the reconciliation and is mainly due to the lag in data reporting, higher than expected retirement rates and actual cost of benefits earned during the year higher than projected.

SECTION V — MEMBERSHIP DATA

The June 30, 2009 actuarial valuation was based on the latest membership data available, which were submitted by the System for (i) active and inactive members as of June 30, 2008, and (ii) annuitants and survivor annuitants in receipt of benefits as of June 30, 2009. As part of the valuation procedure, annualized salaries and member account balances reported for active members were increased by 4% to adjust for the one year lag in the census information reported for active members.

While the actuary did not verify the data at their source, the actuary did perform tests for internal consistency and reasonableness in relation to the data submitted for the previous valuation.

A comparison of the data for the current and previous valuations is as follows:

Comparison of Membership Data

Data Item	Valuation June 30, 2009	Valuation June 30, 2008	Percentage Change
Active membership:			
• Full-time and regular part-time:			
➤ Number	136,328	132,287	3.1
➤ Annual Compensation	\$ 8,723,099,000	\$ 8,163,840,000	6.9
➤ Average Compensation	\$ 63,986	\$ 61,713	3.7
• Substitute, part-time, hourly paid (limited schedule)			
➤ Number	29,146	28,514	2.2
➤ Annual Compensation	\$ 149,452,000	\$ 139,440,000	7.2
➤ Average Compensation	\$ 5,128	\$ 4,890	4.9
• Total Number	165,474	160,801	2.9
Inactive Membership:			
• Eligible for deferred annuities	16,039	15,712	2.1
• Eligible for refunds or single sum benefits only	92,377	89,222	3.5
Annuitants (retirees, disabilitants and survivors):			
• Number	94,419	91,497	3.2
• Annual annuities	\$ 3,812,546,000	\$ 3,549,173,000	7.4
• Average annual annuities	\$ 40,379	\$ 38,790	4.1

Notes:

1. Rates of pay for individual teachers who were on full-time or regular part-time status at both June 30, 2008 and June 30, 2009 increased on average 6.85%, compared to the expected average increase of 7.09%.
2. The 3.5% increase in the number of inactive members eligible for refunds or single sum benefits only is due primarily to experience among substitutes and other members on a limited or flexible schedule.

SECTION VI — ASSETS**DERIVATION OF ACTUARIAL VALUE OF ASSETS
AS OF JUNE 30, 2009**

1. Market Value of Assets as of June 30, 2009					\$	28,531,312,242 *
2. Determination of Deferred Gain (Loss)						
		<u>Market Return on Assets</u>				
<u>Fiscal Year</u>	<u>Actual</u>	<u>Expected</u>	<u>Gain/(Loss)</u>	<u>% Deferred</u>		<u>Deferred Amount</u>
<u>Ending</u>						
2009	\$ (8,654,702,712)	\$ 3,213,711,375	\$ (11,868,414,087)	80%	\$	(9,494,731,270)
2008**	-	-	-	60%		-
2007**	-	-	-	40%		-
2006**	-	-	-	20%		-
			\$ (11,868,414,087)		\$	(9,494,731,270)
3. Actuarial Value of Assets as of June 30, 2009 (1) - (2)					\$	38,026,043,512
4. Actuarial Value of Assets as of June 30, 2008					\$	38,430,723,287
5. Return on Actuarial Basis (3) - [(4) + (B) + (C) + (D)]					\$	840,028,558
6. Expected Actuarial Return on Assets for Fiscal 2009 (G) x [(4) + .5 x ((B) + (C) + (D))]					\$	3,213,711,375
7. 2009 Actuarial Basis Asset Gain / (Loss) (5) - (6)					\$	(2,373,682,817)
8. Actuarial Rate of Return (5) / [(4) + 0.5 x ((B) + (C) + (D))]						2.22%

* The System's June 30, 2009 value for assets at market was reduced to \$28.498 billion after the Board of Trustees certified valuation results and funding recommendations based on the figure shown above. The June 30, 2010 actuarial valuation and funding recommendations for fiscal year 2012 will take this difference into account.

** Prior to June 30, 2009, market value of assets was used. There are no deferred gains or losses prior to that date.

(A) Market Value of Assets as of June 30, 2008		\$	38,430,723,287
(B) Contributions in Fiscal Year 2009			2,478,399,975
(C) Benefit Payments in Fiscal Year 2009			(3,705,720,372)
(D) Administrative Expense in Fiscal Year 2009			(17,387,936)
(E) Actual Return in Fiscal Year 2009			(8,654,702,712)
(F) Market Value of Assets as of June 30, 2009		\$	28,531,312,242
(G) Valuation Interest Rate as of June 30, 2008			8.50%
(H) Expected Market Return on Assets for Fiscal 2009 (G) x [(A) + .5 x ((B) + (C) + (D))]		\$	3,213,711,375
(I) 2009 Market Basis Asset Gain / (Loss) (E) - (H)		\$	(11,868,414,087)
(J) Market Rate of Return (E) / [(A) + 0.5 x ((B) + (C) + (D))]			-22.89%

SECTION VII — ACTUARIAL ASSUMPTIONS AND METHODS

Effective with the June 30, 2007 actuarial valuation, new assumptions regarding rates of separation, retirement, utilization of ERO, salary increase, mortality, optional service purchases, sick leave service credit and severance pay at retirement were adopted. The new member profiles necessary for the 50-year projection required by State funding law were also updated.

The actuarial cost method utilized is the projected unit credit cost method, which became effective with the June 30, 1989 valuation. Administrative expenses have been a component of the normal cost rate since the June 30, 1994 valuation. The financing objective under Article 16 of the Illinois Pension Code is to meet the cost of maintaining and administering the system on a 90% funded basis by June 30, 2045. Following is a brief summary of the changes in funding requirements.

- Public Act 88-0593, enacted in 1994, established a fifty-year funding plan for fiscal years 1996 through 2045. It required a fifteen-year ramp period of gradually increasing State contributions followed by a 35-year period of State contributions at a level percent of pay.
- Public Act 90-0448, enacted in 1997, required the System's assets to be valued at fair market value instead of book value.
- Public Act 90-0582, enacted in 1998, changed the defined benefit formula and added minimum state contribution rates in fiscal year 1999 that remained in effect through fiscal year 2004.
- Public Act 93-0002, enacted in 2003, provided pension obligation bond proceeds and placed upper limits on State contributions beginning with the State contribution due for fiscal year 2005.
- Public Act 94-0004, enacted in 2005, removed the money purchase formula for new hires, added new employer contributions for excess salary increases and sick leave, specified the level of state contributions for fiscal years 2006 and 2007, and required a return to the statutory funding plan in fiscal year 2008.
- Public Act 94-1057, enacted in 2006, contained exemptions from some of the new employer contribution requirements enacted in 2005.
- Public Act 96-0043, enacted in 2009, required the use of a smoothed actuarial value of assets beginning with the June 30, 2009 valuation.

SECTION VIII — FINANCIAL RESULTS AND MEMBERSHIP DATA -
DETAILED SUMMARIES

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the schedules that follow.

Note that Schedules XIIA through XV are based upon the Public Act 94-0004, as amended by Public Acts 94-1057 and 96-0043. Public Act 96-0043 introduced a five-year smoothed asset value into the determination of the contribution requests with the June 30, 2009 valuation. Prior to this date, the projections were based on market. The use of market in the contribution determinations prior to 2009 allowed Schedule XIIA through XV to service as realistic projections of contributions and funded status based on the assumptions. With the introduction of the five-year smoothed asset value in 2009, Schedule XIIA through XV can no longer serve as a realistic projection of contributions because they do not reflect deferred losses, developed in Section VI, of **\$9,494,731,000**. These projections now implicitly assume that in addition to an 8.5% return on the market value of assets over the course of the projection, additional return of **\$9,494,731,000** will be achieved over the next few years, which is highly unlikely. As a result, users of this report should not rely upon Schedules XIIA through XV for planning purposes; they serve only as documentation of our determinations under the above-mentioned Public Acts.

Users of this report are strongly encouraged to use Schedule XVI as a more realistic projection of contributions. Schedule XVI is based on the market value of assets returning 8.50% per year as well as the other assumptions being realized. This schedule provides an indication of contributions if all assumptions being realized exactly each year over the life of the projection. Under this projection, the **\$9,494,731,000** in deferred asset losses are recognized in equal amounts over the next four years of the projection. As the deferred loss of **\$9,494,731,000** is recognized, the contributions increase to pay off the losses.

SCHEDULE IA
EMPLOYER'S CONTRIBUTION RATES AND AMOUNTS
FISCAL YEAR 2011
(Based on June 30, 2009 Actuarial Valuation)

Reserve Fund	Year Ended June 30, 2011
• Benefit Trust Reserve:	
> Employer's Cost	\$ 2,488,618,000
> Less School Districts for 2.2% formula	(56,171,000)
> Less Federal Funds	<u>(75,406,000)</u>
> State Contribution	\$ 2,357,041,000
• Guaranteed Minimum Annuity Reserve	
> State Contribution	\$ 1,400,000
Total State Contribution	\$ 2,358,441,000

Notes:**(1) Benefit Trust Reserve**

- (a) Employer's cost of \$2,488,618,000 is equivalent to a contribution rate of 25.70% of payroll based on an estimated membership payroll for fiscal year 2011 of \$9.685 billion.
- (b) Employer's cost is based on projection required by Section 16-158 summarized as follows:
- (i) Meet the cost of maintaining and administering the System on a 90% funded basis by June 30, 2045, with level percentage of payroll contributions after a 15 year phase-in beginning in fiscal year 1996.
 - (ii) Phase-in period requires employer's contribution rate to increase in equal annual increments to attain level percentage schedule in fiscal year 2010, except in the following State fiscal years, the State contribution to the System shall not be less than the following indicated percentages of the applicable employee payroll: 10.02% in FY1999; 10.77% in FY2000; 11.47% in FY2001; 12.16% in FY2002; 12.86% in FY2003; 13.56% in FY2004.
 - (iii) Commencing in FY2005, there are upper limits on the State contribution.
 - (iv) PA 94-0004 specifies the FY 2006 and FY 2007 State contribution amounts to TRS.
- (c) The FY 2011 state contribution rate is 25.12% of the estimated \$9.384 billion state payroll.

(2) Guaranteed Minimum Annuity Reserve

Above State contribution for fiscal year 2011 of \$1,400,000 for the Guaranteed Minimum Annuity Reserve is based on projection of benefit outgo from reserve funds in fiscal year 2011. As separate mortality studies have not been performed for the pensioners covered by this special reserve, the contribution has been adjusted to ensure payment of all benefits as required by Statute.

(3) Base Data

Base data used for 50-year projection under the Act is as follows:

- (a) June 30, 2009 valuation data. New entrant profile per actuarial assumptions.
- (b) Employer's contribution to Benefit Trust Reserve in fiscal year 2010 as shown in Schedules XIIA and XIII:

	<u>Certified Contribution</u>
State Contribution	\$ 2,087,668,000
School Districts for 2.2%	53,666,000
Federal Funds	<u>75,719,000</u>
Total	\$ 2,217,053,000

- (c) Funds provided July 2, 2003 under section 7.2(d) of the General Obligation Bond Act: \$4,330,374,000, and debt service schedule provided by the Office of Management and Budget.
- (4) State contribution amounts shown in (3) is the required contribution under Public Act 93-43 that is to be paid through a combination of Common School Fund appropriations and pension notes issued under Section 7.2 of the General Obligation Bond Act, less the TRS share of bond sale expenses. As of the date of this report, the pension notes have not been issued.

SCHEDULE IB
DETERMINATION OF EMPLOYER CONTRIBUTION FOR FISCAL YEAR 2011
(Based on June 30, 2009 Actuarial Valuation)

Benefit Trust Reserve	Year Ended June 30, 2011	Percentage of Payroll (State, Federal, Total)	
(1) Assumed Payrolls			
➤ Total Payroll	\$ 9,684,686,000		
➤ Less Federal Funds Payroll	<u>(300,225,000)</u>		
➤ State Payroll	\$ 9,384,461,000		
(2) Employer contribution that would have been required without funds provided by Sec. 7.2(d) of General Obligation Bond Act			
➤ Employer's Cost	\$ 2,809,314,000	29.01%	Total
➤ Less School Districts under Sec. 16-158(e)	<u>(56,171,000)</u>	<u>(0.58)</u>	Total
➤ State and Federal Funds Contribution	\$ 2,753,143,000	28.43%	Total
➤ Less State Debt Service for TRS portion of all funds provided under Sec. 7.2 of General Obligation Bond Act	<u>(320,696,000)</u>	<u>(3.31)%</u>	Total
➤ Maximum State and Federal Funds Contribution	\$ 2,432,447,000	25.12%	Total
(3) Employer contribution recognizing all system assets, before limiting State and Federal Funds contribution			
➤ Employer's Cost	\$ 2,521,749,000	26.04%	Total
➤ Less School Districts under Sec. 16-158(e)	<u>(56,171,000)</u>	<u>(0.58)</u>	Total
➤ State and Federal Funds Contribution	\$ 2,465,578,000	25.46%	Total
(4) State and Federal Funds Contribution			
➤ Lesser of amounts under (2) and (3)	\$ 2,432,447,000	25.12%	Total
(5) Employer contribution			
➤ State Portion of (4), based on State Payroll	\$ 2,357,041,000	25.12%	State
➤ Plus Federal Portion of (4), based on Federal Payroll	<u>75,406,000</u>	<u>25.12</u>	Federal
➤ State and Federal Funds Contribution	\$ 2,432,447,000	25.12%	Total
➤ Plus School Districts under Sec. 16-158(e)	<u>56,171,000</u>	<u>0.58</u>	Total
➤ Employer's Cost	\$ 2,488,618,000	25.70%	Total

Notes:**(1) Assumed Payrolls**

The administrative staff of the System estimated Federal Funds payroll for the fiscal year ending June 30, 2011 would be 3.10% of total payroll. Federal Funds payroll was then projected to increase at the same rate as Total payroll for all subsequent fiscal years.

(2) Determination of Maximum State and Federal Funds Contribution

Under Section 7.2(d) of the General Obligation Bond Act (GOBA), TRS received \$4.33 billion on July 2, 2003. Commencing with fiscal year 2005, the maximum State contribution under the Act equals the State contribution that would have been required if this \$4.33 billion contribution had not been made, reduced, but not below zero, by the State's debt service on the TRS portion of the full \$10 billion of Pension Obligation Bonds issued under Section 7.2 of the GOBA. Commencing with fiscal year 2006 the Federal Funds contribute at the same rate as the State, and so a Combined State and Federal Funds contribution must be determined.

(3) Employer Contribution Recognizing \$4.33 Billion Received July 2, 2003

A gross employer contribution is determined that recognizes all system assets, and that meets the cost of maintaining and administering the System on a 90% funded basis by June 30, 2045, with level percentage of payroll contributions after a 15 year phase-in beginning in fiscal year 1996 (as described in Schedule IA).

(4) State and Federal Funds Contribution

The State and Federal Funds contribution is the lesser of the maximum contribution determined under (2) or the contribution determined under (3).

(5) Employer Contribution

The contribution determined under (4) is allocated to the State and to Federal Funds in proportion to their respective payrolls (shown in (1)). The employer contribution under PA 94-0004 equals the sum of these contributions, plus the expected 0.58% of payroll School District contributions for the 2.2% formula made under the provisions of Sec. 16-158(e).

Additional Information

The following contributions made to the Benefit Trust Reserve are not shown in Schedule IB:

- (a) From Members:
 - 1. Sec. 16-128 payments for the purchase of optional service credit.
 - 2. Sec. 133.2 ERO lump sum payments upon retirement with ERO benefits
 - 3. Sec. 16-152 career contributions of 9.0% of salary, plus – commencing July 1, 2005 – an additional 0.4% toward the ERO program.
- (b) From School Districts:
 - 1. Sec. 16-128(d-10) payments for excessive sick leave service credit
 - 2. Sec. 16-133.2 ERO lump sum payments when members retire with ERO benefits
 - 3. Sec. 16-158(f) lump sum payments at retirement for the cost of pension benefits arising from salary increases over 6% used in the final average salary calculation.

Although these types of contributions are not shown in Schedule IB (or in Schedules XIIA, XIII, XIV, or XVI), they are all – with the exception of Sec. 16-128(d-10) payments – taken into account in the actuarial projection of the assets and funded status of the system, and the Schedule IB calculation is performed only *after* the above contributions have been taken into account.

An assumption for optional service purchases has been included in the projections since the June 30, 1994 valuation, and for payments under Sec. 16-158(f) since the recertified June 30, 2004 valuation. The career ERO contributions and lump sum payments toward ERO benefits were first recognized in the June 30, 2005 actuarial valuation. Finally, there are no current assumptions for excessive sick leave service credit, and so the actuarial projections do not currently include projected payments under Sec. 16-128(d-10).

SCHEDULE II**GASB 25 and 27 — REQUIRED SUPPLEMENTARY INFORMATION**

(\$ Thousands)

GASB 25 Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)*	Actuarial Accrued Liability (AAL) – Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2000	\$ 24,481,413	\$ 35,886,404	\$ 11,404,991	68.2%	\$ 6,062,884	188.1%
6/30/2001	23,315,646	39,166,697	15,851,051	59.5%	6,430,612	246.5%
6/30/2002 **	22,366,285	43,047,674	20,681,389	52.0%	6,785,236	304.8%
6/30/2003	23,124,823	46,933,432	23,808,609	49.3%	7,059,032	337.3%
6/30/2004	31,544,729	50,947,451	19,402,722	61.9%	7,280,795	266.5%
6/30/2005	34,085,218	56,075,029	21,989,811	60.8%	7,550,510	291.2%
6/30/2006	36,584,889	58,996,913	22,412,024	62.0%	7,765,752	288.6%
6/30/2007 **	41,909,318	65,648,395	23,739,077	63.8%	8,149,849	291.3%
6/30/2008	38,430,723	68,632,367	30,201,644	56.0%	8,521,717	354.4%
6/30/2009	38,026,044	73,027,198	35,001,154	52.1%	8,945,021	391.3%

GASB 25 Schedule of Employer Contributions			
Total Employer Contributions (State, Federal Funds, and School Districts)			
Actuarial Valuation Date	Funding Year Ended June 30	Annual Required Contribution	Percentage Contributed
6/30/1998	2000	1,003,612	68.6%
6/30/1999	2001	1,102,441	70.6%
6/30/2000	2002	1,163,262	74.1%
6/30/2001	2003	1,427,519	68.0%
6/30/2002 **	2004	1,716,977	64.3%
6/30/2003	2005	1,683,212	58.7%
6/30/2004	2006	1,679,524	35.8%
6/30/2005	2007	2,052,396	39.8%
6/30/2006	2008	1,949,463	60.0%
6/30/2007	2009	2,109,480	75.9%

GASB 27 Disclosure	
Development of Net Pension Obligations 6/30/2009	
Item	
1) Net Pension Obligation at 6/30/08	\$ 11,075,702
2) Annual Required Contribution (ARC) for the period 7/1/08 – 6/30/09	2,109,480
3) Interest on the NPO at 6/30/08	941,435
4) Adjustment to the ARC	571,005
5) Pension Cost (2) + (3) – (4)	2,479,910
6) Total Employer Contribution	1,601,605
7) Percent of Pension Cost Contributed (6) / (5)	64.6%
8) Change in NPO (5) – (6)	878,305
9) Net Pension Obligation at 6/30/09 (1) + (8)	\$ 11,954,007

The Government Accounting Standards Board (GASB) requires disclosure of the Annual Required Contribution (ARC) under a standard funding methodology. Amounts shown as the ARCs for each year are different from the contributions required by state statute. The information here was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date: 6/30/2009
 Actuarial Cost Method: Projected Unit Credit
 Amortization Method (for GASB disclosure): Level Percent Open
 Remaining Amortization Period (for GASB disclosure): 30 years
 Asset Valuation Method: 5-year smoothed value

Actuarial Assumptions:

Investment Rate of Return: 8.5%
 Projected Salary Increases: 6.0% – 11.1% composite approximates 7.0%
 Includes Inflation at: 3.5%
 Cost-of-Living Adjustments: 3.0%

* For 2000 to 2008: Assets are at fair market value.
 For 2009: Assets are 5-year smoothed value.

** Revised economic and noneconomic assumptions due to experience review.

SCHEDULE III
RECONCILIATION OF UNFUNDED PENSION BENEFIT OBLIGATION
(\$ Thousands)

Item	Year Ended June 30	
	2009	2008
Unfunded pension benefit obligation at beginning of year	\$ 30,201,644	\$ 23,739,077
Additions (deductions)		
Employer cost in excess of contributions	\$ 1,782,855	\$ 1,529,701
Change in actuarial assumptions and methods:		
Effective 6/30/2009, asset method change to 5-year smoothing ¹	<u>(9,494,731)</u>	<u> --</u>
Net additions (deductions)	\$ (7,711,876)	\$ 1,529,701
Actuarial losses (gains) compared to assumptions		
Salary increases for continuing active members	\$ (29,162)	\$ (153,987)
Investment income ²	11,868,414	5,514,988
New entrant loss	30,694	28,587
Mortality other than expected	40,644	3,079
Terminations other than expected	35,951	32,821
Repayments of refunded member contributions ³	30,441	33,390
ERO costs waived for those with 34 years of service ⁴	--	7,722
Delayed reporting of retirements (effect on assets) ⁵	11,508	17,066
Other ⁶	<u>522,896</u>	<u>(550,800)</u>
Net actuarial losses (gains)	<u>\$ 12,511,386</u>	<u>\$ 4,932,866</u>
Unfunded pension benefit obligation at end of year	<u>\$ 35,001,154</u>	<u>\$ 30,201,644</u>

¹ The negative \$9.495 billion is the impact of changing the actuarial value of assets from the market value to the smoothed value of assets, pursuant to PA 96-0043. It is the difference between the market value of \$28.531 billion, which was reduced to \$28.498 billion after the Board of Trustees certified valuation results and funding recommendations, and the smoothed value of \$38.026 billion as of 6/30/2009. The difference equals the 80% portion of the \$11.868 billion investment loss for FY 2009 (see footnote 2) that is being deferred, or is not yet recognized, in the smoothed value of assets.

² Assets are expected to earn 8.5% of market value. This item is the difference between the expected investment return and the actual investment return. For example, in fiscal year 2009, the expected earnings of \$3.214 billion was greater than the (\$8.655) billion actual return on assets, resulting in an actuarial loss which increased the unfunded pension benefit obligation by \$11.868 billion. In fiscal year 2008, the expected earnings of \$3.500 billion was greater than the (\$2.015) billion actual return on assets, resulting in an actuarial loss which reduced the unfunded pension benefit obligation by \$5.515 billion.

³ This includes the employer-paid portion of the benefit that was restored when members repaid previously refunded contributions.

⁴ The 2008 ERO costs include retirements that occurred during FY 2007 but were not reported to the actuary until FY 2008.

⁵ 616 retirements that occurred prior to 7/1/2007 were not reported to the actuary until 6/30/2008.

461 retirements that occurred prior to 7/1/2008 were not reported to the actuary until 6/30/2009.

⁶ Other includes items such as:

- (a) Retroactive benefit payments for individuals who delayed applying for retirement.
- (b) Differences between actual cost of benefits earned during the year and projected cost.
- (c) Retirements with reciprocal service credits.
- (d) Disablements and service retirements other than expected.
- (e) Delayed reporting of retirements (effect on PBO)

SCHEDULE IV
EMPLOYER COST IN EXCESS OF CONTRIBUTIONS
(\$ Thousands)

Item	Year Ended June 30	
	2009	2008
• Employer normal cost	\$ 817,320	\$ 681,652
• Interest on unfunded pension benefit obligation at beginning of year	<u>2,567,140</u>	<u>2,017,822</u>
Total employer cost	\$ 3,384,460	\$ 2,699,474
• Employer contributions toward normal cost and interest on unfunded pension benefit obligation		
— State (excluding Minimum Benefit)	\$ 1,449,889	\$ 1,039,195
— School Districts for 2.2% and Salary Increase Cap and Modified ERO	98,768	88,197
— Federal Funds	<u>52,948</u>	<u>42,381</u>
Total employer credits	\$ 1,601,605	\$ 1,169,773
• Employer cost in excess of contributions	\$ 1,782,855	\$ 1,529,701

SCHEDULE V**10 YEAR HISTORY OF UNFUNDED
PENSION BENEFIT OBLIGATION**

Year Ended June 30	Pension Benefit Obligation	Actuarial Value of Assets*	Unfunded Pension Benefit Obligation	Percentage Change in Unfunded
2000	\$ 35,886,404,000	\$ 24,481,413,000	\$ 11,404,991,000	3.99%
2001	39,166,697,000	23,315,646,000	15,851,051,000	38.98
2002	43,047,674,000	22,366,285,000	20,681,389,000	30.47
2003	46,933,432,000	23,124,823,000	23,808,609,000	15.12
2004	50,947,451,000	31,544,729,000	19,402,722,000	(18.51)
2005	56,075,029,000	34,085,218,000	21,989,811,000	13.33
2006	58,996,913,000	36,584,889,000	22,412,024,000	1.92
2007	65,648,395,000	41,909,318,000	23,739,077,000	5.92
2008	68,632,367,000	38,430,723,000	30,201,644,000	27.22
2009	73,027,198,000	38,026,044,000	35,001,154,000	15.89
Average Annual Change				13.43%

* For 2000 to 2008: Assets are at fair market value.
For 2009: Assets are 5-year smoothed value.

SCHEDULE VI**10 YEAR HISTORY OF FUNDED STATUS**

Year Ended June 30	Pension Benefit Obligation	Actuarial Value of Assets*	Funded Ratio
2000	\$ 35,886,404,000	\$ 24,481,413,000	68.2%
2001	39,166,697,000	23,315,646,000	59.5
2002	43,047,674,000	22,366,285,000	52.0
2003	46,933,432,000	23,124,823,000	49.3
2004	50,947,451,000	31,544,729,000	61.9
2005	56,075,029,000	34,085,218,000	60.8
2006	58,996,913,000	36,584,889,000	62.0
2007	65,648,395,000	41,909,318,000	63.8
2008	68,632,367,000	38,430,723,000	56.0
2009	73,027,198,000	38,026,044,000	52.1

* For 2000 to 2008: Assets are at fair market value.
For 2009: Assets are 5-year smoothed value.

SCHEDULE VII**10-YEAR HISTORY OF SYSTEM REVENUE AND EXPENSES**

Year Ended June 30	Beginning of Year Market Value of Assets	Contributions		Market Value Income	Benefits and Expenses	End of Year Market Value of Assets
		Member	Employer			
2000	\$22,237,709,000	\$619,623,000	\$730,597,000	\$2,336,218,000	\$1,442,734,000	\$24,481,413,000
2001	24,481,413,000	643,563,000	821,625,000	(1,015,254,000)	1,615,701,000	23,315,646,000
2002	23,315,646,000	681,152,000	907,358,000	(723,987,000)	1,813,884,000	22,366,285,000
2003	22,366,285,000	732,020,000	1,021,263,000	1,060,852,000	2,055,597,000	23,124,823,000
2004	23,124,823,000	768,661,000	5,489,426,000*	4,485,729,000	2,323,910,000	31,544,729,000
2005	31,544,729,000	761,790,000	1,055,562,000	3,330,039,000	2,606,902,000	34,085,218,000
2006	34,085,218,000	799,034,000	657,848,000	3,993,290,000	2,950,501,000	36,584,889,000
2007	36,584,889,000	826,249,000	853,586,000	6,831,325,000	3,186,731,000	41,909,318,000
2008	41,909,318,000	865,400,000	1,171,789,000	(2,014,414,000)	3,501,370,000	38,430,723,000
2009	38,430,723,000	876,182,000	1,603,921,000	(8,654,703,000)	3,724,811,000	28,531,312,000**

Notes: Market Value Income represents the net appreciation/(depreciation) in the market value of assets after adjusting for contributions received and benefits and expenses paid.

When calculating the actuarial gain or loss due to investment experience, for fiscal years 1995-2001, a portion of the employer contribution was treated as interest on the discounted employer ERI receivable reported by the System.

* The amount shown as the employer contribution for FY 2004 also includes \$4,330,374,000, which TRS deposited on July 2, 2003 as required under Section 7.2(d) of the General Obligation Bond Act.

** The System's June 30, 2009 value for assets at market was reduced to \$28.498 billion after the Board of Trustees certified valuation results and funding recommendations based on the figure shown above. The June 30, 2010 actuarial valuation and funding recommendations for fiscal year 2012 will take this difference into account.

SCHEDULE VIII**MEMBERSHIP DATA**

**ACTIVE AND INACTIVE MEMBERSHIP OF SYSTEM
AS OF JUNE 30, 2008
USED IN JUNE 30, 2009 VALUATION**

Group	Number	Annual Salaries (Adjusted to Valuation Date)
Active members:		
Reported full-time and regular part-time*	136,328	\$ 8,723,098,898
Reported substitutes and hourly paid	<u>29,146</u>	<u>149,452,311</u>
Total	165,474	\$ 8,872,551,209
Inactives:	108,416	N/A

*Age and service also adjusted for 2009 valuation as explained on page 3.

**ANNUITANTS, DISABILITY BENEFIT RECIPIENTS,
AND SURVIVOR ANNUITANTS OF THE SYSTEM
AS OF JUNE 30, 2009
(Excluding Guaranteed Minimum Annuities)**

Class	Number	Annual Annuities At June 30
Retired on account of service:		
Regular	48,671	\$ 1,837,710,387
ERI	10,816	508,858,980
ERO	<u>25,023</u>	<u>1,298,556,132</u>
Total	84,510	\$ 3,645,125,499
Disability benefit recipients:		
Retirement allowance	782	\$ 17,997,282
Occupational	5	194,504
Temporary	<u>306</u>	<u>7,807,419</u>
Total	1,093	\$ 25,999,205
Survivor benefit recipients:		
Children	78	\$ 552,601
Survivor annuitants	8,560	136,047,739
Reversionary annuitants	<u>178</u>	<u>4,820,850</u>
Total	8,816	\$ 141,421,190
Grand Total	94,419	\$ 3,812,545,894

SCHEDULE VIII**MEMBERSHIP DATA**

(Continued)

DATA RECONCILIATION

	Active Members	Inactive Members
Number as of June 30, 2007 used as proxy for June 30, 2008 Valuation	160,801	104,934
New Participants	15,950	
Terminations	(11,653)	11,670
Retirements	(2,878)	(799)
Disabilities	(142)	(2)
Return to Work	4,692	(4,556)
Deceased	(147)	(187)
Refund	(1,033)	(2,060)
Lump Sum	(72)	(146)
Data Corrections	<u>(44)</u>	<u>(438)</u>
Number as of June 30, 2008 used as proxy for June 30, 2009 Valuation *	165,474	108,416

	Retirees & Beneficiaries
Number as of June 30, 2008	91,497
New Retirees & Beneficiaries	5,089
Disabilities	148
Return to Work	(55)
Deceased	(2,221)
Expiration or Transfer	(21)
Suspended	(18)
Data Corrections	<u>0</u>
Number as of June 30, 2009	94,419

* The Active and Inactive Member counts shown represent the data one year prior to the Valuation. For example, the Active Membership data used for the June 30, 2009 is the snapshot as of June 30, 2008. Annualized salaries and member account balances reported for active members were increased by 4% to adjust for the one year lag in the census information reported for active members.

SCHEDULE IX**HISTORY OF ACTIVE MEMBERSHIP DATA
FOR LAST 10 YEARS****Full-Time and Regular Part-Time**

Census Date June 30	Number of Active Members	Percentage Change in Membership	Average Annual Salary	Percentage Change in Salary
1999	119,324	2.55%	\$ 48,877	3.17%
2000	122,598	2.74	50,195	2.70
2001	125,044	2.00	51,720	3.04
2002	126,738	1.35	53,319	3.09
2003	128,140	1.11	55,466	4.03
2004	127,405	(0.57)	56,871	2.53
2005	126,798	(0.48)	58,715	3.24
2006	130,867	3.21	59,948	2.10
2007	132,287	1.09	61,713	2.94
2008	136,328	3.05	63,986	3.68

Substitutes, Part-Time and Hourly-Paid

Census Date June 30	Number of Active Members	Percentage Change in Membership	Average Annual Salary	Percentage Change in Salary
1999	23,573	2.72%	\$ 4,072	5.11%
2000	24,235	2.81	4,306	5.75
2001	24,778	2.24	4,532	5.25
2002	27,952	12.81	4,488	(0.97)
2003	29,645	6.06	4,587	2.21
2004	30,238	2.00	4,294	(6.39)
2005	29,148	(3.60)	4,636	7.96
2006	28,355	(2.72)	4,784	3.19
2007	28,514	0.56	4,890	2.22
2008	29,146	2.22	5,128	4.87

SCHEDULE X**HISTORY OF ANNUITANT AND SURVIVOR
ANNUITANT MEMBERSHIP FOR LAST 10 YEARS**

Year Ended June 30	Number on Roll	Percentage Change in Membership
2000	62,107	2.98%
2001	64,874	4.46
2002*	69,472	7.09
2003	73,336	5.56
2004	77,165	5.22
2005	82,491	6.90
2006	85,153	3.23
2007	89,269	4.83
2008	91,497	2.50
2009	94,419	3.19

* Includes 1,519 additional annuitants on account of change in methodology of reporting recent retirements: In prior years only retirements processed on or before the valuation date were reported to the actuary. Commencing with the 2002 valuation, retirements effective on or before the valuation date that are processed after the valuation date are also reported to the actuary.

SCHEDULE XI**BENEFIT STREAM FOR GUARANTEED MINIMUM ANNUITY RESERVE**

Benefit Payment Stream	
Fiscal Year	Guaranteed Minimum
2010	\$ 1,519,680
2011	1,363,420
2012	1,217,730
2013	1,082,450
2014	957,410
2015	842,540
2016	737,680
2017	642,560
2018	556,840
2019	480,090
2020	411,790
2021	351,420
2022	298,400
2023	252,140
2024	212,040
2025	177,470
2026	147,890
2027	122,700
2028	101,380
2029	83,420
2030	68,360
2031	55,770
2032	45,300
2033	36,610

Benefit Payment Stream	
Fiscal Year	Guaranteed Minimum
2034	\$ 29,420
2035	23,510
2036	18,650
2037	14,670
2038	11,450
2039	8,830
2040	6,740
2041	5,070
2042	3,750
2043	2,720
2044	1,940
2045	1,350
2046	920
2047	600
2048	390
2049	240
2050	140
2051	80
2052	40
2053	20
2054	10
2055	-
2056	-
2057	-

Notes:

- (1) Above benefit payment amounts were projected based on the mortality assumptions for the general pensioner population.
- (2) As separate mortality studies have not been performed for this special group, the fiscal 2011 State Contribution shown on the Summary of Principal Results has been adjusted to endure payment of all required benefit amounts, as required by Statute.

SCHEDULE XIII

ITEMIZATION OF EMPLOYER CONTRIBUTION TO BENEFIT TRUST RESERVE

	Year Ended June 30	Assumed Payrolls			(A) School District Sec. 16-158(e) Contribution	Combined State and Federal Funds					(B) Required Federal Funds Contribution	(C) Required State Contribution
		Total	Federal Funds	State		Calculations Required by PA 94-0004			Required Amount	Required Rate		
						Formula Amount	Formula Rate	Maximum Amount				
CERTIFIED	1995	\$4,633,650,000				\$279,364,800	6.03%				\$16,500,000	\$262,864,800
	1996	4,863,544,432				341,276,242	7.02%				17,000,000	324,276,242
	1997	4,903,151,093				395,268,984	8.06%				17,300,000	377,968,984
	1998	5,264,732,966				478,439,267	9.09%				18,000,000	460,439,267
	1999	5,558,349,721			16,675,000	543,855,776	9.78%				18,500,000	567,067,600
	2000	5,887,080,405			34,145,066	617,359,480	10.49%				18,200,000	634,038,560
	2001	6,271,637,672			36,375,498	731,839,141	11.67%				20,000,000	719,356,841
	2002	6,666,272,399			38,664,380	821,265,118	12.32%				23,000,000	810,618,724
	2003	7,115,762,553			12,808,373	951,049,918	13.37%				25,000,000	926,049,918
	2004	7,345,674,585			42,604,912	1,056,658,994	14.38%				29,400,000	1,027,258,994
	2005	7,669,150,690			44,481,074	1,199,246,349	15.64%	940,103,532	940,103,532	12.26%	37,860,000	902,243,532
2006	7,871,835,902	340,850,495	7,530,985,407	45,656,648	555,898,087	7.06%	555,898,087	555,898,087	7.06%	24,070,387	531,827,700	
2007	7,939,262,146	422,368,746	7,516,893,399	46,047,720	776,842,522	9.78%	776,842,522	776,842,522	9.78%	41,328,022	735,514,500	
2008	8,293,518,065	364,914,795	7,928,603,270	48,102,405	1,106,016,254	13.34%	1,087,024,046	1,087,024,046	13.11%	47,829,058	1,039,194,988	
2009	8,817,486,572	326,247,003	8,491,239,569	51,141,422	1,505,595,846	17.08%	1,513,542,600	1,505,595,846	17.08%	55,707,046	1,449,888,800	
2010	9,252,805,323	323,848,186	8,928,957,137	53,666,271	2,187,182,020	23.64%	2,163,387,015	2,163,387,015	23.38%	75,718,545	2,087,668,469	
PROJECTED	2011	9,684,686,327	300,225,276	9,384,461,051	56,171,181	2,465,577,919	25.46%	2,432,446,436	2,432,446,436	25.12%	75,405,839	2,357,040,597
	2012	10,085,553,155	352,994,360	9,732,558,795	58,496,208	2,567,632,686	25.46%	2,517,864,485	2,517,864,485	24.97%	88,125,257	2,429,739,228
	2013	10,512,618,689	367,941,654	10,144,677,035	60,973,188	2,676,357,256	25.46%	2,641,489,053	2,641,489,053	25.13%	92,452,117	2,549,036,936
	2014	10,969,628,761	383,937,007	10,585,691,754	63,623,847	2,792,705,261	25.46%	2,773,685,373	2,773,685,373	25.29%	97,078,988	2,676,606,385
	2015	11,461,847,510	401,164,663	11,060,682,847	66,478,716	2,918,016,875	25.46%	2,915,949,923	2,915,949,923	25.44%	102,058,247	2,813,891,676
	2016	11,990,836,687	419,679,284	11,571,157,403	69,546,853	3,052,689,697	25.46%	3,068,726,677	3,052,689,697	25.46%	106,844,139	2,945,845,558
	2017	12,554,608,309	439,411,291	12,115,197,018	72,816,728	3,196,217,615	25.46%	3,216,773,853	3,196,217,615	25.46%	111,867,617	3,084,349,998
	2018	13,148,285,651	460,189,998	12,688,095,653	76,260,057	3,347,359,087	25.46%	3,373,966,148	3,347,359,087	25.46%	117,157,568	3,230,201,519
	2019	13,772,453,835	482,035,884	13,290,417,951	79,880,232	3,506,263,077	25.46%	3,540,469,900	3,506,263,077	25.46%	122,719,208	3,383,543,869
	2020	14,430,714,197	505,074,997	13,925,639,200	83,698,142	3,673,846,430	25.46%	3,703,135,279	3,673,846,430	25.46%	128,584,625	3,545,261,805

Notes:

- The administrative staff of the System estimated the Federal Funds contribution for fiscal years prior to 2006. Commencing with the contribution for fiscal 2006, total payroll for the valuation is split into State and Federal Funds payrolls. Federal Funds payrolls for 2006 - 2010 were estimated to be 4.33%, 5.32%, 4.40%, 3.70% and 3.50%, respectively, of total payrolls for those years. For 2011 the estimate is 3.10% of total payroll. All payrolls are assumed to increase at the same rate for years subsequent to 2011.
- School District contributions included in this schedule for years subsequent to 2005 are expected to equal .58% of total payroll. Schedule excludes School District payments required by s. 16-128(d-10), 16-133.2; and 16-158(f).
- Federal Funds and State contributions for years subsequent to 2005 are equal to each group's respective payroll multiplied by the Combined State and Federal Funds Required Rate.
- Schedule excludes State ERI contributions of \$1,000,000 for 2004, and \$1,684,000 for 2005 (under Public Act 92-0056, as amended).
- The sum of the amounts in Columns (A), (B), and (C) equals the Total Amount of Employer Contribution shown on Schedule XIII.

* Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

SCHEDULE XIII

**ITEMIZATION OF EMPLOYER CONTRIBUTION TO BENEFIT TRUST RESERVE
(Continued)**

Year Ended June 30	Assumed Payrolls			(A) School District Sec. 16-158(e) Contribution	Combined State and Federal Funds					(B) Required Federal Funds Contribution	(C) Required State Contribution
					Calculations Required by PA 94-0004			Required Amount	Required Rate		
	Total	Federal Funds	State		Formula Amount	Formula Rate	Maximum Amount				
2021	15,123,201,509	529,312,053	14,593,889,456	87,714,569	3,850,143,459	25.46%	3,876,995,331	3,850,143,459	25.46%	134,755,021	3,715,388,438
2022	15,850,447,937	554,765,678	15,295,682,259	91,932,598	4,035,289,645	25.46%	4,062,201,338	4,035,289,645	25.46%	141,235,138	3,894,054,507
2023	16,611,786,053	581,412,512	16,030,373,541	96,348,359	4,229,115,071	25.46%	4,258,563,566	4,229,115,071	25.46%	148,019,028	4,081,096,043
2024	17,402,627,868	609,091,975	16,793,535,893	100,935,242	4,430,451,701	25.46%	4,449,982,749	4,430,451,701	25.46%	155,065,809	4,275,385,892
2025	18,225,612,558	637,896,440	17,587,716,118	105,708,553	4,639,971,433	25.46%	4,653,135,967	4,639,971,433	25.46%	162,399,000	4,477,572,433
2026	19,079,987,562	667,799,565	18,412,187,997	110,663,928	4,857,482,674	25.46%	4,882,271,394	4,857,482,674	25.46%	170,011,894	4,687,470,780
2027	19,961,572,070	698,655,022	19,262,917,048	115,777,118	5,081,921,053	25.46%	5,120,650,973	5,081,921,053	25.46%	177,867,237	4,904,053,816
2028	20,870,653,291	730,472,865	20,140,180,426	121,049,789	5,313,359,688	25.46%	5,353,561,351	5,313,359,688	25.46%	185,967,589	5,127,392,099
2029	21,823,256,572	763,813,980	21,059,442,592	126,574,888	5,555,878,396	25.46%	5,601,107,727	5,555,878,396	25.46%	194,455,744	5,361,422,652
2030	22,817,611,659	798,616,408	22,018,995,251	132,342,148	5,809,026,496	25.46%	5,847,991,856	5,809,026,496	25.46%	203,315,927	5,605,710,569
2031	23,848,276,412	834,689,674	23,013,586,738	138,320,003	6,071,418,501	25.46%	6,108,216,203	6,071,418,501	25.46%	212,499,647	5,858,918,854
2032	24,912,713,311	871,944,966	24,040,768,345	144,493,737	6,342,408,394	25.46%	6,395,854,406	6,342,408,394	25.46%	221,984,294	6,120,424,100
2033	26,010,788,614	910,377,601	25,100,411,013	150,862,574	6,621,962,128	25.46%	6,710,113,902	6,621,962,128	25.46%	231,768,674	6,390,193,454
2034	27,152,372,802	950,333,048	26,202,039,754	157,483,762	6,912,592,581	25.46%		6,912,592,581	25.46%	241,940,740	6,670,651,841
2035	28,347,422,731	992,159,796	27,355,262,935	164,415,052	7,216,834,619	25.46%		7,216,834,619	25.46%	252,589,212	6,964,245,407
2036	29,599,850,499	1,035,994,767	28,563,855,732	171,679,133	7,535,684,208	25.46%		7,535,684,208	25.46%	263,748,947	7,271,935,261
2037	30,918,731,864	1,082,155,615	29,836,576,249	179,328,645	7,871,451,900	25.46%		7,871,451,900	25.46%	275,500,816	7,595,951,084
2038	32,297,816,780	1,130,423,587	31,167,393,193	187,327,337	8,222,546,526	25.46%		8,222,546,526	25.46%	287,789,128	7,934,757,398
2039	33,741,441,038	1,180,950,436	32,560,490,602	195,700,358	8,590,071,912	25.46%		8,590,071,912	25.46%	300,652,517	8,289,419,395
2040	35,267,026,527	1,234,345,928	34,032,680,599	204,548,754	8,978,463,417	25.46%		8,978,463,417	25.46%	314,246,219	8,664,217,198
2041	36,893,359,975	1,291,267,599	35,602,092,376	213,981,488	9,392,503,863	25.46%		9,392,503,863	25.46%	328,737,635	9,063,766,228
2042	38,636,472,213	1,352,276,527	37,284,195,686	224,091,539	9,836,274,461	25.46%		9,836,274,461	25.46%	344,269,606	9,492,004,855
2043	40,475,384,820	1,416,638,469	39,058,746,351	234,757,232	10,304,434,416	25.46%		10,304,434,416	25.46%	360,655,205	9,943,779,211
2044	42,396,605,080	1,483,881,178	40,912,723,902	245,900,309	10,793,548,684	25.46%		10,793,548,684	25.46%	377,774,204	10,415,774,480
2045	44,397,380,774	1,553,908,327	42,843,472,447	257,504,808	11,302,916,588	25.46%		11,302,916,588	25.46%	395,602,081	10,907,314,507
2046	46,489,265,181	1,627,124,281	44,862,140,900	269,637,738	4,481,127,535	9.64%		4,481,127,535	9.64%	156,839,464	4,324,288,071

Notes:

- The administrative staff of the System estimated the Federal Funds contribution for fiscal years prior to 2006. Commencing with the contribution for fiscal 2006, total payroll for the valuation is split into State and Federal Funds payrolls. Federal Funds payrolls for 2006 - 2010 were estimated to be 4.33%, 5.32%, 4.40%, 3.70% and 3.50%, respectively, of total payrolls for those years. For 2011 the estimate is 3.10% of total payroll. All payrolls are assumed to increase at the same rate for years subsequent to 2011.
- School District contributions included in this schedule for years subsequent to 2005 are expected to equal .58% of total payroll. Schedule excludes School District payments required by s. 16-128(d-10), 16-133.2; and 16-158(f).
- Federal Funds and State contributions for years subsequent to 2005 are equal to each group's respective payroll multiplied by the Combined State and Federal Funds Required Rate.
- Schedule excludes State ERI contributions of \$1,000,000 for 2004, and \$1,684,000 for 2005 (under Public Act 92-0056, as amended).
- The sum of the amounts in Columns (A), (B), and (C) equals the Total Amount of Employer Contribution shown on Schedule XIII.

* Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

SCHEDULE XIIB

ADDITIONAL DETAIL OF EMPLOYER CONTRIBUTION TO BENEFIT TRUST RESERVE

	Year Ended June 30	School District Contributions			Required Federal Funds Contribution	Required State Contribution	Total All Employers	
		Sec.16-158(e) (2.2 Formula)	Sec.16-158(f) (Pay Increases)	Sec.16-133.2 (ERO)				Total
FROM PRE-2009 VALUATIONS	1995				\$16,500,000	\$262,864,800	\$279,364,800	
	1996				17,000,000	324,276,242	341,276,242	
	1997				17,300,000	377,968,984	395,268,984	
	1998				18,000,000	460,439,267	478,439,267	
	1999	16,675,000			18,500,000	567,067,600	602,242,600	
	2000	34,145,066			18,200,000	634,038,560	686,383,626	
	2001	36,375,498			20,000,000	719,356,841	775,732,339	
	2002	38,664,380			23,000,000	810,618,724	872,283,104	
	2003	12,808,373			25,000,000	926,049,918	963,858,291	
	2004	42,604,912			29,400,000	1,027,258,994	1,099,263,906	
	2005	44,481,074			37,860,000	902,243,532	984,584,606	
	2006	45,656,648	14,974,781	See note(3)	60,631,429	24,070,387	531,827,700	616,529,516
2007	46,047,720	19,353,893	160,339,640	225,741,253	41,328,022	735,514,500	1,002,583,775	
2008	48,102,405	0	83,137,070	131,239,475	47,829,058	1,039,194,988	1,218,263,521	
2009	51,141,422	3,000,000	94,319,430	148,460,852	55,707,046	1,449,888,800	1,654,056,698	
2010	53,666,271	3,000,000	89,212,140	145,878,411	75,718,545	2,087,668,469	2,309,265,426	
PROJECTED	2011	56,171,181	5,000,000	86,576,360	147,747,541	75,405,839	2,357,040,597	2,580,193,977
	2012	58,496,208	5,000,000	83,350,630	146,846,838	88,125,257	2,429,739,228	2,664,711,323
	2013	60,973,188	5,000,000	76,472,540	142,445,728	92,452,117	2,549,036,936	2,783,934,781
	2014	63,623,847	6,662,550	69,593,440	139,879,837	97,078,988	2,676,606,385	2,913,565,210
	2015	66,478,716	6,084,260	64,591,040	137,154,016	102,058,247	2,813,891,676	3,053,103,939
	2016	69,546,853	5,820,530	62,344,210	137,711,593	106,844,139	2,945,845,558	3,190,401,290
	2017	72,816,728	5,737,020	65,861,010	144,414,758	111,867,617	3,084,349,998	3,340,632,373
	2018	76,260,057	5,908,060	73,942,790	156,110,907	117,157,568	3,230,201,519	3,503,469,994
	2019	79,880,232	6,132,900	79,912,940	165,926,072	122,719,208	3,383,543,869	3,672,189,149
	2020	83,698,142	6,289,330	82,555,980	172,543,452	128,584,625	3,545,261,805	3,846,389,882

Notes:

- (1) The administrative staff of the System estimated the Federal Funds contribution for fiscal years prior to 2006.
- (2) Commencing with the contribution for fiscal 2006, total payroll for the valuation is split into State and Federal Fund payrolls, and the required contribution rate for Federal Funds is calculated to be the same as the State contribution rate.
- (3) School District contributions: Sec. 16-158(e) contributions in this schedule were estimated to be 0.30% of total payroll for fiscal 1999, 0.18% of total payroll for fiscal 2003, and 0.58% of total payrolls for all other years subsequent to 1999. Sec. 16-158(f) contributions for 2008 – 2013 were estimated by the administrative staff of the System. Commencing with the contribution for fiscal 2007, Sec. 16-133.2 contributions are estimated in this schedule. Contributions under Sec. 16-128(d-10) for excess sick leave accruals are projected to be zero in the valuation (and in this schedule). Note (5) and the Additional Information following Schedule IB discuss the School District contributions.
- (4) State ERI contributions of \$1,000,000 for 2004, and \$1,684,000 for 2005 (under PA 92-0056, as amended) are included above.
- (5) The sum of the School District Sec. 16-158(e) contributions and the required State and Federal Funds contributions, minus the State ERI contributions in note (4), is equal to the Total Amount of Employer Contribution shown on Schedule XIII.

* Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

SCHEDULE XIIB

**ADDITIONAL DETAIL OF EMPLOYER CONTRIBUTION TO BENEFIT TRUST RESERVE
(Continued)**

Year Ended June 30	School District Contributions				Required Federal Funds Contribution	Required State Contribution	Total All Employers
	Sec.16-158(e) (2.2 Formula)	Sec.16-158(f) (Pay Increases)	Sec.16-133.2 (ERO)	Total			
2021	87,714,569	6,535,200	86,928,320	181,178,089	134,755,021	3,715,388,438	4,031,321,548
2022	91,932,598	6,828,160	92,521,220	191,281,978	141,235,138	3,894,054,507	4,226,571,623
2023	96,348,359	7,243,180	103,245,720	206,837,259	148,019,028	4,081,096,043	4,435,952,330
2024	100,935,242	7,941,870	120,622,120	229,499,232	155,065,809	4,275,385,892	4,659,950,933
2025	105,708,553	8,611,330	132,211,070	246,530,953	162,399,000	4,477,572,433	4,886,502,386
2026	110,663,928	9,420,580	147,609,930	267,694,438	170,011,894	4,687,470,780	5,125,177,112
2027	115,777,118	10,454,340	169,148,260	295,379,718	177,867,237	4,904,053,816	5,377,300,771
2028	121,049,789	11,532,520	186,021,920	318,604,229	185,967,589	5,127,392,099	5,631,963,917
2029	126,574,888	12,179,910	181,019,680	319,774,478	194,455,744	5,361,422,652	5,875,652,874
2030	132,342,148	12,855,240	193,479,560	338,676,948	203,315,927	5,605,710,569	6,147,703,444
2031	138,320,003	13,919,580	207,946,180	360,185,763	212,499,647	5,858,918,854	6,431,604,264
2032	144,493,737	15,125,120	227,187,780	386,806,637	221,984,294	6,120,424,100	6,729,215,031
2033	150,862,574	16,651,400	243,280,410	410,794,384	231,768,674	6,390,193,454	7,032,756,512
2034	157,483,762	17,939,860	260,076,880	435,500,502	241,940,740	6,670,651,841	7,348,093,083
2035	164,415,052	18,775,120	264,706,760	447,896,932	252,589,212	6,964,245,407	7,664,731,551
2036	171,679,133	19,563,660	272,171,480	463,414,273	263,748,947	7,271,935,261	7,999,098,481
2037	179,328,645	20,039,670	265,586,200	464,954,515	275,500,816	7,595,951,084	8,336,406,415
2038	187,327,337	21,630,180	290,366,940	499,324,457	287,789,128	7,934,757,398	8,721,870,983
2039	195,700,358	23,467,410	320,262,380	539,430,148	300,652,517	8,289,419,395	9,129,502,060
2040	204,548,754	24,205,880	317,726,700	546,481,334	314,246,219	8,664,217,198	9,524,944,751
2041	213,981,488	24,505,480	296,401,800	534,888,768	328,737,635	9,063,766,228	9,927,392,631
2042	224,091,539	23,937,810	223,277,110	471,306,459	344,269,606	9,492,004,855	10,307,580,920
2043	234,757,232	28,077,570	321,450,840	584,285,642	360,655,205	9,943,779,211	10,888,720,058
2044	245,900,309	32,726,640	335,497,880	614,124,829	377,774,204	10,415,774,480	11,407,673,513
2045	257,504,808	35,455,510	349,874,140	642,834,458	395,602,081	10,907,314,507	11,945,751,046
2046	269,637,738	36,698,280	363,114,510	669,450,528	156,839,464	4,324,288,071	5,150,578,063

PROJECTED

Notes:

- (1) The administrative staff of the System estimated the Federal Funds contribution for fiscal years prior to 2006.
- (2) Commencing with the contribution for fiscal 2006, total payroll for the valuation is split into State and Federal Fund payrolls, and the required contribution rate for Federal Funds is calculated to be the same as the State contribution rate.
- (3) School District contributions: Sec. 16-158(e) contributions in this schedule were estimated to be 0.30% of total payroll for fiscal 1999, 0.18% of total payroll for fiscal 2003, and 0.58% of total payrolls for all other years subsequent to 1999. Sec. 16-158(f) contributions for 2008 – 2013 were estimated by the administrative staff of the System. Commencing with the contribution for fiscal 2008, Sec. 16-133.2 contributions are estimated in this schedule. Contributions under Sec. 16-128(d-10) for excess sick leave accruals are projected to be zero in the valuation (and in this schedule). Note (5) and the Additional Information following Schedule IB discuss the School District contributions.
- (4) State ERI contributions of \$1,000,000 for 2004, and \$1,684,000 for 2005 (under PA 92-0056, as amended) are included above.
- (5) The sum of the School District Sec. 16-158(e) contributions and the required State and Federal Funds contributions, minus the State ERI contributions in note (4), is equal to the Total Amount of Employer Contribution shown on Schedule XIII.

* Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

SCHEDULE XIII

**FISCAL YEAR 2011 EMPLOYER CONTRIBUTION BASED ON
50-YEAR PROJECTION FOR BENEFIT TRUST RESERVE
(50-YEAR AMORTIZATION WITH 15 YEAR PHASE-IN BEGINNING FISCAL YEAR 1996)**

	Year Ended June 30	Amort. Year	End of Year		Employer Rate (see notes)			Amount of Employer Contribution (see notes)			Assumed Payroll
			Funded Ratio	Unfunded Pension Benefit Obligation	Total	Normal Cost	Amortization	Total	Normal Cost	Amortization	
CERTIFIED	1995	0	52.7%	\$11,338,701,000	6.03%	8.12%	-2.09%	\$279,364,800	\$376,122,700	(\$96,757,900)	\$4,633,650,000
	1996	1	52.9%	12,312,083,000	7.02%	8.23%	-1.21%	341,276,242	400,134,055	(58,857,812)	4,863,544,432
	1997	2	64.5%	9,558,477,000	8.06%	8.21%	-0.15%	395,268,984	402,771,457	(7,502,473)	4,903,151,093
	1998	3	66.8%	9,942,354,000	9.09%	8.38%	0.70%	478,439,267	441,403,004	37,036,263	5,264,732,966
	1999	4	67.0%	10,967,804,000	10.83%	7.84%	2.99%	602,242,600	435,910,961	166,331,639	5,558,349,721
	2000	5	68.2%	11,404,991,000	11.66%	8.15%	3.51%	686,383,626	479,928,856	206,454,770	5,887,080,405
	2001	6	59.5%	15,851,051,000	12.37%	8.65%	3.71%	775,732,339	542,794,806	232,937,533	6,271,637,672
	2002	7	52.0%	20,681,389,000	13.09%	8.84%	4.25%	872,283,104	588,971,933	283,311,171	6,666,272,399
	2003	8	49.3%	23,808,609,000	13.55%	8.83%	4.71%	963,858,291	628,536,783	335,321,507	7,115,762,553
	2004	9	61.9%	19,402,722,000	14.96%	8.15%	6.82%	1,099,263,906	598,462,925	500,800,982	7,345,674,585
	2005	10	60.8%	21,989,811,000	12.84%	8.32%	4.52%	984,584,606	637,971,250	346,613,356	7,669,150,690
2006	11	62.0%	22,412,024,000	7.64%	8.20%	-0.56%	601,554,735	645,705,698	(44,150,963)	7,871,835,902	
2007	12	63.8%	23,739,077,000	10.36%	8.20%	2.17%	822,890,242	650,835,074	172,055,168	7,939,262,146	
2008	13	56.0%	30,201,644,000	13.69%	8.22%	5.47%	1,135,126,451	681,651,502	453,474,949	8,293,518,065	
2009	14	52.1%	35,001,154,488	17.66%	9.27%	8.39%	1,556,737,268	817,320,366	739,416,902	8,817,486,572	
2010	15	52.6%	36,431,523,589	23.96%	9.15%	14.81%	2,217,053,286	846,936,893	1,370,116,393	9,252,805,323	
PROJECTED	2011	16	53.3%	37,712,074,339	25.70%	8.77%	16.92%	2,488,617,617	849,716,122	1,638,901,495	9,684,686,327
	2012	17	53.9%	39,036,927,163	25.55%	8.62%	16.92%	2,576,360,693	869,759,092	1,706,601,601	10,085,553,155
	2013	18	54.5%	40,377,154,050	25.71%	8.49%	17.21%	2,702,462,241	892,922,014	1,809,540,227	10,512,618,689
	2014	19	55.1%	41,729,513,599	25.87%	8.41%	17.45%	2,837,309,220	922,963,885	1,914,345,335	10,969,628,761
	2015	20	55.7%	43,089,543,778	26.02%	8.36%	17.66%	2,982,428,639	958,647,319	2,023,781,320	11,461,847,510
	2016	21	56.3%	44,465,113,540	26.04%	8.33%	17.70%	3,122,236,550	999,293,726	2,122,942,824	11,990,836,687
	2017	22	56.9%	45,847,453,540	26.04%	8.31%	17.72%	3,269,034,343	1,043,766,468	2,225,267,875	12,554,608,309
	2018	23	57.5%	47,227,308,850	26.04%	8.30%	17.73%	3,423,619,144	1,091,808,855	2,331,810,289	13,148,285,651
	2019	24	58.1%	48,602,742,628	26.04%	8.30%	17.73%	3,586,143,309	1,143,638,604	2,442,504,705	13,772,453,835
	2020	25	58.8%	49,972,232,358	26.04%	8.31%	17.72%	3,757,544,572	1,199,742,375	2,557,802,197	14,430,714,197

Notes:

- (1) Above contributions to the Benefit Trust Reserve represent the sum of State and Federal Funds Contributions, as well as School District Contributions for the 2.2% formula (commencing in 1999). A breakdown of the total amounts by source is shown on Schedule XIII.A. Sec. 16-158 requires calculations of State contribution amounts as shown in Schedule IB beginning in FY 2005.
- (2) The following employer contributions to the Benefit Trust Reserve were taken into account when determining the above schedule, but are not included in this schedule: (a) State ERI contributions of \$1,000,000 for fiscal year 2004 and \$1,684,000 for fiscal year 2005, which were made under a separate funding plan. (Beginning in fiscal year 2007, the cost of ERI is part of the 50-year funding plan, and included in this schedule); (b) School District Contributions to the Benefit Trust Reserve under Sec. 16-133.2 and 16-158(f), which are shown in Schedule XIII.B; and (c) for FY 1999, additional State funding due to PA 90-0582, and \$9,695,600 in additional State Pensions Fund appropriations. No School District contributions are anticipated under Sec. 16-128(d-10).
- (3) Amortization rate in fiscal years 1995-1997 and 2006 is negative on account of the fact that contributions do not cover normal cost.
- (4) Employer Rates, Contribution Amounts, and Assumed Payroll shown for fiscal years 1995 - 2010 are based on the June 30, 1993 - June 30, 2008 actuarial valuations (2004 as recertified per PA 94-0004) and are certified amounts. Items shown for fiscal years subsequent to 2010 are based on the June 30, 2009 actuarial valuation and are projected rates and amounts.
- (5) Modified ERO retirements are recognized commencing with the June 30, 2005 actuarial liability, while FY 2006 and FY 2007 Pipeline ERO retirements are first recognized in the June 30, 2006, and June 30, 2007 accrued liabilities.
- (6) For calculation purposes, Employer Rates include 15 decimal places. For ease of presentation, only 2 decimal places are shown.
- (7) Assumptions and methodology:
 - Prior to 1997: Return on Investment = 8.00%. Payroll Growth based on valuation assumptions. Valuation Interest Rate = 8.00%. Assets at cost value.
 - For 1997 to 2008: Return on Investment = 8.50%. Payroll Growth based on valuation assumptions. Valuation Interest Rate = 8.50%. Assets at market value.
 - For 2009 and after: Return on Investment = 8.50%. Payroll Growth based on valuation assumptions. Valuation Interest Rate = 8.50%. 5-year smoothing actuarial value of assets.

* Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

SCHEDULE XIII

**FISCAL YEAR 2011 EMPLOYER CONTRIBUTION BASED ON
50-YEAR PROJECTION FOR BENEFIT TRUST RESERVE
(50-YEAR AMORTIZATION WITH 15 YEAR PHASE-IN BEGINNING FISCAL YEAR 1996)
(Continued)**

PROJECTED

Year Ended June 30	Amort. Year	End of Year		Employer Rate (see notes)			Amount of Employer Contribution (see notes)			Assumed Payroll
		Funded Ratio	Unfunded Pension Benefit Obligation	Total	Normal Cost	Amortization	Total	Normal Cost	Amortization	
2021	26	59.5%	51,328,024,181	26.04%	8.33%	17.70%	3,937,858,028	1,260,339,105	2,677,518,923	15,123,201,509
2022	27	60.2%	52,662,788,532	26.04%	8.36%	17.67%	4,127,222,243	1,325,701,586	2,801,520,657	15,850,447,937
2023	28	61.0%	53,961,117,377	26.04%	8.38%	17.65%	4,325,463,430	1,392,700,828	2,932,762,602	16,611,786,053
2024	29	61.8%	55,207,511,554	26.04%	8.40%	17.63%	4,531,386,943	1,462,484,041	3,068,902,902	17,402,627,868
2025	30	62.7%	56,396,195,265	26.04%	8.41%	17.62%	4,745,679,986	1,533,468,684	3,212,211,302	18,225,612,558
2026	31	63.6%	57,511,419,958	26.04%	8.42%	17.61%	4,968,146,602	1,607,262,185	3,360,884,417	19,079,987,562
2027	32	64.6%	58,531,685,942	26.04%	8.41%	17.62%	5,197,698,171	1,679,529,045	3,518,169,126	19,961,572,070
2028	33	65.6%	59,451,267,306	26.04%	8.40%	17.63%	5,434,409,477	1,753,930,360	3,680,479,117	20,870,653,291
2029	34	66.7%	60,279,464,598	26.04%	8.40%	17.63%	5,682,453,284	1,833,985,344	3,848,467,940	21,823,256,572
2030	35	67.7%	60,976,370,060	26.04%	8.38%	17.65%	5,941,368,644	1,912,985,548	4,028,383,096	22,817,611,659
2031	36	68.9%	61,522,358,111	26.04%	8.36%	17.67%	6,209,738,504	1,994,624,883	4,215,113,621	23,848,276,412
2032	37	70.0%	61,891,314,208	26.04%	8.33%	17.70%	6,486,902,131	2,076,178,565	4,410,723,566	24,912,713,311
2033	38	71.3%	62,057,356,368	26.04%	8.28%	17.75%	6,772,824,702	2,154,684,696	4,618,140,006	26,010,788,614
2034	39	72.5%	61,991,838,799	26.04%	8.23%	17.80%	7,070,076,343	2,235,675,192	4,834,401,151	27,152,372,802
2035	40	73.8%	61,682,834,564	26.04%	8.19%	17.84%	7,381,249,671	2,322,734,381	5,058,515,290	28,347,422,731
2036	41	75.2%	61,099,634,410	26.04%	8.16%	17.87%	7,707,363,341	2,416,475,996	5,290,887,345	29,599,850,499
2037	42	76.6%	60,219,304,120	26.04%	8.12%	17.91%	8,050,780,545	2,511,779,492	5,539,001,053	30,918,731,864
2038	43	78.0%	58,956,817,551	26.04%	8.06%	17.97%	8,409,873,863	2,604,435,061	5,805,438,802	32,297,816,780
2039	44	79.5%	57,266,176,721	26.04%	8.02%	18.01%	8,785,772,270	2,707,349,623	6,078,422,647	33,741,441,038
2040	45	81.1%	55,148,785,878	26.04%	8.02%	18.01%	9,183,012,171	2,829,759,727	6,353,252,444	35,267,026,527
2041	46	82.7%	52,568,038,797	26.04%	8.02%	18.01%	9,606,485,351	2,960,253,657	6,646,231,694	36,893,359,975
2042	47	84.4%	49,514,995,107	26.04%	8.02%	18.01%	10,060,366,000	3,100,117,697	6,960,248,303	38,636,472,213
2043	48	86.2%	45,744,399,290	26.04%	8.02%	18.01%	10,539,191,648	3,247,668,578	7,291,523,070	40,475,384,820
2044	49	88.0%	41,273,255,642	26.04%	8.02%	18.01%	11,039,448,993	3,401,823,670	7,637,625,323	42,396,605,080
2045	50	90.0%	36,028,607,279	26.04%	8.02%	18.01%	11,560,421,396	3,562,362,140	7,998,059,256	44,397,380,774
2046	51	90.0%	37,595,849,151	10.22%	8.02%	2.20%	4,750,765,273	3,730,211,002	1,020,554,271	46,489,265,181

Notes:

- Above contributions to the Benefit Trust Reserve represent the sum of State and Federal Funds Contributions, as well as School District Contributions for the 2.2% formula (commencing in 1999). A breakdown of the total amounts by source is shown on Schedule XIIA. Sec. 16-158 requires calculations of State contribution amounts as shown in Schedule IB beginning in FY 2005.
- The following employer contributions to the Benefit Trust Reserve were taken into account when determining the above schedule, but are not included in this schedule: (a) State ERI contributions of \$1,000,000 for fiscal year 2004 and \$1,684,000 for fiscal year 2005, which were made under a separate funding plan. (Beginning in fiscal year 2007, the cost of ERI is part of the 50-year funding plan, and included in this schedule); (b) School District Contributions to the Benefit Trust Reserve under Sec. 16-133.2 and 16-158(f), which are shown in Schedule XIIIB; and (c) for FY 1999, additional State funding due to PA 90-0582, and \$9,695,600 in additional State Pensions Fund appropriations. No School District contributions are anticipated under Sec. 16-128(d-10).
- Amortization rate in fiscal years 1995-1997 and 2006 is negative on account of the fact that contributions do not cover normal cost.
- Employer Rates, Contribution Amounts, and Assumed Payroll shown for fiscal years 1995 - 2010 are based on the June 30, 1993 - June 30, 2008 actuarial valuations (2004 as recertified per PA 94-0004) and are certified amounts. Items shown for fiscal years subsequent to 2010 are based on the June 30, 2009 actuarial valuation and are projected rates and amounts.
- Modified ERO retirements are recognized commencing with the June 30, 2005 actuarial liability, while FY 2006 and FY 2007 Pipeline ERO retirements are first recognized in the June 30, 2006, and June 30, 2007 accrued liabilities.
- For calculation purposes, Employer Rates include 15 decimal places. For ease of presentation, only 2 decimal places are shown.
- Assumptions and methodology:
 - Prior to 1997: Return on Investment = 8.00%. Payroll Growth based on valuation assumptions. Valuation Interest Rate = 8.00%. Assets at cost value.
 - For 1997 to 2008: Return on Investment = 8.50%. Payroll Growth based on valuation assumptions. Valuation Interest Rate = 8.50%. Assets at market value.
 - For 2009 and after: Return on Investment = 8.50%. Payroll Growth based on valuation assumptions. Valuation Interest Rate = 8.50%. 5-year smoothing actuarial value of assets.

* Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

SCHEDULE XIV

**PROJECTION OF ASSETS, EMPLOYER, STATE AND FEDERAL FUNDS CONTRIBUTIONS WITHOUT PENSION OBLIGATION BONDS
STATE'S DEBT SERVICE ON PENSION OBLIGATION BONDS, AND STATE AND FEDERAL FUND MAXIMUMS
WITH PENSION OBLIGATION BONDS
JUNE 30, 2009 VALUATION**

Year Ended June 30	End of Year Assets Without POB*	Total Assumed Payroll	Without POB				State's Debt Service	With POB
			Required Employer (including Sec. 16-158(e))		Required State and Federal Funds			State and Federal Funds Maximum (Required Amount Minus Debt Service)
			Amount	Rate	Amount	Rate		
2003	23,124,823,000	7,115,762,553	963,858,291	13.55%	951,049,918	13.37%		
2004	26,501,701,000	7,345,674,585	1,099,263,906	14.96%	1,056,658,994	14.38%		
2005	28,812,420,000	7,669,150,690	1,278,235,766	16.67%	1,233,754,692	16.09%	293,651,160	940,103,532
2006	30,991,751,000	7,871,835,902	895,205,895	11.37%	849,549,247	10.79%	293,651,160	555,898,087
2007	35,571,482,266	7,939,262,146	1,116,541,402	14.06%	1,070,493,682	13.48%	293,651,160	776,842,522
2008	32,718,344,000	8,293,518,065	1,458,367,611	17.58%	1,410,265,206	17.00%	323,241,160	1,087,024,046
2009	32,512,829,921	8,817,486,572	1,887,185,432	21.40%	1,836,044,010	20.82%	322,501,410	1,513,542,600
2010	34,775,779,396	9,252,805,323	2,538,726,176	27.44%	2,485,059,905	26.86%	321,672,890	2,163,387,015
2011	37,248,103,983	9,684,686,327	2,809,314,037	29.01%	2,753,142,856	28.43%	320,696,420	2,432,446,436
2012	39,772,932,526	10,085,553,155	2,925,596,668	29.01%	2,867,100,460	28.43%	349,235,975	2,517,864,485
2013	42,352,536,220	10,512,618,689	3,049,478,966	29.01%	2,988,505,778	28.43%	347,016,725	2,641,489,053
2014	45,004,136,798	10,969,628,761	3,182,047,515	29.01%	3,118,423,668	28.43%	344,738,295	2,773,685,373
2015	47,756,024,626	11,461,847,510	3,324,829,324	29.01%	3,258,350,608	28.43%	342,400,685	2,915,949,923
2016	50,637,443,009	11,990,836,687	3,478,277,425	29.01%	3,408,730,572	28.43%	340,003,895	3,068,726,677
2017	53,681,718,649	12,554,608,309	3,641,815,146	29.01%	3,568,998,418	28.43%	352,224,565	3,216,773,853
2018	56,917,030,855	13,148,285,651	3,814,027,857	29.01%	3,737,767,800	28.43%	363,801,653	3,373,966,148
2019	60,360,695,186	13,772,453,835	3,995,085,290	29.01%	3,915,205,058	28.43%	374,735,158	3,540,469,900
2020	64,034,518,432	14,430,714,197	4,186,032,111	29.01%	4,102,333,969	28.43%	399,198,690	3,703,135,279

Note: This schedule shows how the maximum state and federal funds contributions under Article 16 of the Illinois Pension Code are determined. It shows projections of the amounts shown in Schedule IB, item 2: contributions that would have been required if there were no POB program, minus the debt service. Schedule excludes School District payments required by Sec. 16-128(d-10), 16-133.2, and 16-158(f) (because they are not a set percentage of payroll).

Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

- * For 2003 to 2008: Assets are at fair market value.
- For 2009: Assets are 5-year smoothed value.

SCHEDULE XIV

**PROJECTION OF ASSETS, EMPLOYER, STATE AND FEDERAL FUNDS CONTRIBUTIONS WITHOUT PENSION OBLIGATION BONDS
STATE'S DEBT SERVICE ON PENSION OBLIGATION BONDS, AND STATE AND FEDERAL FUND MAXIMUMS
JUNE 30, 2009 VALUATION
(Continued)**

Year Ended June 30	End of Year Assets Without POB	Total Assumed Payroll	Without POB				State's Debt Service	With POB
			Required Employer (Including Sec. 16-158(e))		Required State and Federal Funds			State and Federal Funds Maximum (Required Amount Minus Debt Service)
			Amount	Rate	Amount	Rate		
2021	67,969,924,551	15,123,201,509	4,386,907,417	29.01%	4,299,192,848	28.43%	422,197,518	3,876,995,331
2022	72,199,326,682	15,850,447,937	4,597,865,576	29.01%	4,505,932,978	28.43%	443,731,640	4,062,201,338
2023	76,758,212,027	16,611,786,053	4,818,712,982	29.01%	4,722,364,623	28.43%	463,801,058	4,258,563,566
2024	81,677,864,157	17,402,627,868	5,048,118,761	29.01%	4,947,183,519	28.43%	497,200,770	4,449,982,749
2025	86,978,951,048	18,225,612,558	5,286,848,480	29.01%	5,181,139,927	28.43%	528,003,960	4,653,135,967
2026	92,692,894,404	19,079,987,562	5,534,683,837	29.01%	5,424,019,909	28.43%	541,748,515	4,882,271,394
2027	98,848,574,257	19,961,572,070	5,790,412,071	29.01%	5,674,634,953	28.43%	553,983,980	5,120,650,973
2028	105,458,643,503	20,870,653,291	6,054,116,495	29.01%	5,933,066,706	28.43%	579,505,355	5,353,561,351
2029	112,529,978,168	21,823,256,572	6,330,445,710	29.01%	6,203,870,822	28.43%	602,763,095	5,601,107,727
2030	120,117,152,229	22,817,611,659	6,618,886,204	29.01%	6,486,544,056	28.43%	638,552,200	5,847,991,856
2031	128,251,147,509	23,848,276,412	6,917,859,331	29.01%	6,779,539,328	28.43%	671,323,125	6,108,216,203
2032	136,961,843,487	24,912,713,311	7,226,629,013	29.01%	7,082,135,276	28.43%	686,280,870	6,395,854,406
2033	146,269,514,383	26,010,788,614	7,545,156,456	29.01%	7,394,293,882	28.43%	684,179,980	6,710,113,902
2034	156,202,452,447	27,152,372,802	157,483,762	0.58%	-	0.00%	-	-
2035	166,789,612,873	28,347,422,731	164,415,052	0.58%	-	0.00%	-	-
2036	178,085,757,949	29,599,850,499	171,679,133	0.58%	-	0.00%	-	-
2037	190,143,816,849	30,918,731,864	179,328,645	0.58%	-	0.00%	-	-
2038	203,057,107,263	32,297,816,780	187,327,337	0.58%	-	0.00%	-	-
2039	216,879,861,226	33,741,441,038	195,700,358	0.58%	-	0.00%	-	-
2040	231,658,618,265	35,267,026,527	204,548,754	0.58%	-	0.00%	-	-
2041	247,474,038,214	36,893,359,975	213,981,488	0.58%	-	0.00%	-	-
2042	264,438,367,756	38,636,472,213	224,091,539	0.58%	-	0.00%	-	-
2043	282,864,513,671	40,475,384,820	234,757,232	0.58%	-	0.00%	-	-
2044	302,767,842,514	42,396,605,080	245,900,309	0.58%	-	0.00%	-	-
2045	324,257,465,514	44,397,380,774	257,504,808	0.58%	-	0.00%	-	-
2046	333,409,969,565	46,489,265,181	269,637,738	0.58%	-	0.00%	-	-

Note: This schedule shows how the maximum state and federal funds contributions under Article 16 of the Illinois Pension Code are determined. It shows projections of the amounts shown in Schedule IB, item 2: contributions that would have been required if there were no POB program, minus the debt service. Schedule excludes School District payments required by Sec. 16-128(d-10), 16-133.2, and 16-158(f) (because they are not a set percentage of payroll).

Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

SCHEDULE XV
50-YEAR PROJECTION OF FUNDED STATUS

Year Ended June 30	End of Year			
	Pension Benefit Obligation	Value of Assets*	Unfunded Pension Benefit Obligation	Funded Ratio
1995	\$23,980,566,000	\$12,641,865,000	\$11,338,701,000	52.7%
1996	26,141,794,000	13,829,711,000	12,312,083,000	52.9%
1997	26,951,585,000	17,393,108,000	9,558,477,000	64.5%
1998	29,908,241,000	19,965,887,000	9,942,354,000	66.8%
1999	33,205,513,000	22,237,709,000	10,967,804,000	67.0%
2000	35,886,404,000	24,481,413,000	11,404,991,000	68.2%
2001	39,166,697,000	23,315,646,000	15,851,051,000	59.5%
2002	43,047,674,000	22,366,285,000	20,681,389,000	52.0%
2003	46,933,432,000	23,124,823,000	23,808,609,000	49.3%
2004	50,947,451,000	31,544,729,000	19,402,722,000	61.9%
2005	56,075,029,000	34,085,218,000	21,989,811,000	60.8%
2006	58,996,913,000	36,584,889,000	22,412,024,000	62.0%
2007	65,648,395,000	41,909,318,000	23,739,077,000	63.8%
2008	68,632,367,000	38,430,723,000	30,201,644,000	56.0%
2009	73,027,198,000	38,026,043,512	35,001,154,488	52.1%
2010	76,853,795,744	40,422,272,155	36,431,523,589	52.6%
2011	80,752,296,947	43,040,222,608	37,712,074,339	53.3%
2012	84,730,229,893	45,693,302,730	39,036,927,163	53.9%
2013	88,791,527,006	48,414,372,956	40,377,154,050	54.5%
2014	92,951,353,583	51,221,839,984	41,729,513,599	55.1%
2015	97,234,823,647	54,145,279,869	43,089,543,778	55.7%
2016	101,663,725,876	57,198,612,336	44,465,113,540	56.3%
2017	106,259,416,922	60,411,963,382	45,847,453,540	56.9%
2018	111,039,654,156	63,812,345,306	47,227,308,850	57.5%
2019	116,018,531,979	67,415,789,351	48,602,742,628	58.1%
2020	121,214,829,699	71,242,597,341	49,972,232,358	58.8%

Notes: The projection of assets is based upon the assumption that the Employer maintains the funding policy under Article 16 of the Illinois Pension Code.

Projected amounts may not add to the dollar due to rounding.

Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

* For 1995 to 2008: Assets are at fair market value.
For 2009: Assets are 5-year smoothed value.

SCHEDULE XV
50-YEAR PROJECTION OF FUNDED STATUS
(Continued)

Year Ended June 30	End of Year			
	Pension Benefit Obligation	Value of Assets*	Unfunded Pension Benefit Obligation	Funded Ratio
2021	126,650,580,360	75,322,556,179	51,328,024,181	59.5%
2022	132,349,074,856	79,686,286,324	52,662,788,532	60.2%
2023	138,328,467,957	84,367,350,580	53,961,117,377	61.0%
2024	144,602,598,119	89,395,086,565	55,207,511,554	61.8%
2025	151,184,164,472	94,787,969,207	56,396,195,265	62.7%
2026	158,086,483,996	100,575,064,038	57,511,419,958	63.6%
2027	165,314,510,011	106,782,824,069	58,531,685,942	64.6%
2028	172,872,527,289	113,421,259,983	59,451,267,306	65.6%
2029	180,773,349,543	120,493,884,945	60,279,464,598	66.7%
2030	189,028,049,086	128,051,679,026	60,976,370,060	67.7%
2031	197,644,251,232	136,121,893,121	61,522,358,111	68.9%
2032	206,621,751,410	144,730,437,202	61,891,314,208	70.0%
2033	215,950,639,078	153,893,282,710	62,057,356,368	71.3%
2034	225,625,586,645	163,633,747,846	61,991,838,799	72.5%
2035	235,657,917,312	173,975,082,748	61,682,834,564	73.8%
2036	246,065,373,028	184,965,738,618	61,099,634,410	75.2%
2037	256,870,820,288	196,651,516,168	60,219,304,120	76.6%
2038	268,075,009,725	209,118,192,174	58,956,817,551	78.0%
2039	279,677,859,286	222,411,682,565	57,266,176,721	79.5%
2040	291,717,750,483	236,568,964,605	55,148,785,878	81.1%
2041	304,227,780,334	251,659,741,537	52,568,038,797	82.7%
2042	317,298,871,015	267,783,875,908	49,514,995,107	84.4%
2043	330,985,886,386	285,241,487,096	45,744,399,290	86.2%
2044	345,307,740,628	304,034,484,986	41,273,255,642	88.0%
2045	360,286,072,793	324,257,465,514	36,028,607,279	90.0%
2046	375,958,491,513	338,362,642,362	37,595,849,151	90.0%

Notes: The projection of assets is based upon the assumption that the Employer maintains the funding policy under Article 16 of the Illinois Pension Code.

Projected amounts may not add to the dollar due to rounding.

Users of this report are encouraged to refer to Page 13 for important information regarding this schedule.

* For 1995 to 2008: Assets are at fair market value.
For 2009: Assets are 5-year smoothed value.

SCHEDULE XVI

REALISTIC PROJECTION OF ACTUARIAL RESULTS

Year Ended June30	Contributions				Benefits and Expenses	Asset Return& Cash Income	Actuarial Value of Assets*	Market Value of Assets	PBO	Funded Ratio
	Member	School District	Federal Funds	State						
1995	\$421,726,521		\$16,500,000	\$262,864,800	\$1,108,283,000		\$12,641,865,000	\$12,641,865,000	\$23,980,566,000	52.7%
1996	422,238,847		17,000,000	324,276,242	1,148,919,000	1,573,249,911.0	13,829,711,000	13,829,711,000	26,141,794,000	52.9%
1997	420,762,625		17,300,000	377,968,984	1,186,203,042	3,933,568,433.0	17,393,108,000	17,393,108,000	26,951,585,000	64.5%
1998	440,967,595		18,000,000	460,439,267	1,237,762,773	2,891,134,911.4	19,965,887,000	19,965,887,000	29,908,241,000	66.8%
1999	866,369,000	16,675,000	18,500,000	567,067,600	1,314,929,000	2,118,139,400.0	22,237,709,000	22,237,709,000	33,205,513,000	67.0%
2000	619,622,000	34,145,066	18,200,000	634,038,560	1,437,474,000	2,375,172,374.0	24,481,413,000	24,481,413,000	35,886,404,000	68.2%
2001	643,563,000	36,375,498	20,000,000	719,356,841	1,611,050,000	(974,012,339.0)	23,315,646,000	23,315,646,000	39,166,697,000	59.5%
2002	681,151,770	38,664,380	23,000,000	810,618,724	1,809,763,000	(693,032,874.0)	22,366,285,000	22,366,285,000	43,047,674,000	52.0%
2003	732,020,451	12,808,373	25,000,000	926,049,918	2,051,953,000	1,114,612,258.0	23,124,823,000	23,124,823,000	46,933,432,000	49.3%
2004	768,661,300	42,604,912	29,400,000	1,027,258,994	2,320,690,844	8,872,671,638.0	31,544,729,000	31,544,729,000	50,947,451,000	61.9%
2005	761,790,009	44,481,074	37,860,000	902,243,532	2,604,081,011	3,398,195,396.0	34,085,218,000	34,085,218,000	56,075,029,000	60.8%
2006	799,034,336	60,631,429	24,070,387	531,827,700	2,948,023,574	4,032,130,722.4	36,584,889,000	36,584,889,000	58,996,913,000	62.0%
2007	826,249,007	225,741,253	41,328,022	735,514,500	3,184,574,659	6,680,170,877.5	41,909,318,000	41,909,318,000	65,648,395,000	63.8%
2008	865,400,168	131,239,475	47,829,058	1,039,194,988	3,498,960,895	(2,063,297,794.0)	38,430,723,000	38,430,723,000	68,632,367,000	56.0%
2009	876,182,122	148,460,852	55,707,046	1,449,888,800	3,723,108,308	(8,706,541,270.0)	38,026,043,512	28,531,312,242**	73,027,198,000	52.1%
2010	909,642,774	145,878,411	75,718,545	2,087,668,469	4,020,812,329	2,391,080,615.1	37,241,537,180	30,120,488,726.4	76,853,795,744	48.5%
2011	948,286,581	147,747,541	75,405,839	2,357,040,597	4,313,077,853	2,526,896,157	36,610,153,224	31,862,787,588	80,752,296,947	45.3%
2012	984,610,350	146,846,838	93,543,001	2,579,114,160	4,613,675,437	2,673,930,599	36,100,839,917	33,727,157,098	84,730,229,894	42.6%
2013	1,023,239,234	142,445,728	103,233,198	2,846,286,732	4,922,627,738	2,832,492,882	35,752,227,136	35,752,227,135	88,791,527,006	40.3%
2014	1,065,586,076	139,879,837	113,179,696	3,120,525,903	5,233,592,219	3,005,176,427	37,962,982,855	37,962,982,854	92,951,353,583	40.8%
2015	1,112,319,815	137,154,016	123,450,222	3,403,698,984	5,537,525,926	3,194,515,170	40,396,595,137	40,396,595,135	97,234,823,647	41.5%
2016	1,162,874,520	137,711,593	129,784,695	3,578,349,440	5,839,142,786	3,398,417,629	42,964,590,229	42,964,590,227	101,663,725,876	42.3%
2017	1,217,350,012	144,414,758	136,018,549	3,750,225,700	6,139,307,088	3,614,110,002	45,687,402,161	45,687,402,160	106,259,416,922	43.0%
2018	1,275,101,295	156,110,907	142,628,297	3,932,465,898	6,442,489,719	3,843,641,393	48,594,860,232	48,594,860,231	111,039,654,156	43.8%
2019	1,335,357,335	165,926,072	149,620,853	4,125,260,659	6,753,930,470	4,089,008,084	51,706,102,765	51,706,102,764	116,018,531,979	44.6%
2020	1,398,794,140	172,543,452	156,542,694	4,316,105,717	7,071,116,017	4,351,365,709	55,030,338,460	55,030,338,459	121,214,829,699	45.4%

Notes: The projection of assets is based upon the assumption that the Employer maintains the funding policy under Article 16 of the Illinois Pension Code. Projected amounts may not add to the dollar due to rounding.

Users of this report are strongly encouraged to use the schedule above as a more realistic projection of contributions and actuarial results. Schedule XVI is based on the market value of assets returning 8.50% per year as well as the other assumptions being realized. This schedule provides an indication of contributions if all assumptions being realized exactly each year over the life of the projection. Under this projection, the **\$9,494,731,000** in deferred asset losses are recognized in equal amounts over the next four years of the projection. As the deferred loss of **\$9,494,731,000** is recognized, the contributions increase to pay off the losses.

* For 1995 to 2008: Assets are at fair market value.
For 2009: Assets are 5-year smoothed value.

** The System's June 30, 2009 value for assets at market was reduced to \$28.498 billion after the Board of Trustees certified valuation results and funding recommendations based on the figure shown above. The June 30, 2010 actuarial valuation and funding recommendations for fiscal year 2012 will take this difference into account.

SCHEDULE XVI
REALISTIC PROJECTION OF ACTUARIAL RESULTS
(Continued)

Year Ended June30	Contributions				Benefits and Expenses	Asset Return& Cash Income	Actuarial Value of Assets*	Market Value of Assets	PBO	Funded Ratio
	Member	School District	Federal Funds	State						
2021	1,466,246,146	181,178,089	163,920,229	4,519,514,893	7,392,687,056	4,632,451,092	58,600,961,853	58,600,961,852	126,650,580,360	46.3%
2022	1,537,411,306	191,281,978	171,759,746	4,735,661,563	7,719,558,114	4,935,035,408	62,452,553,740	62,452,553,738	132,349,074,856	47.2%
2023	1,612,441,194	206,837,259	180,053,358	4,964,328,286	8,055,367,224	5,262,069,515	66,622,916,128	66,622,916,126	138,328,467,957	48.2%
2024	1,690,388,819	229,499,232	188,229,027	5,189,743,182	8,406,444,130	5,615,833,056	71,130,165,315	71,130,165,313	144,602,598,120	49.2%
2025	1,771,402,522	246,530,953	196,875,379	5,428,135,438	8,773,684,012	5,998,007,614	75,997,433,208	75,997,433,206	151,184,164,472	50.3%
2026	1,856,542,320	267,694,438	206,489,693	5,693,215,820	9,159,064,804	6,411,539,115	81,273,849,788	81,273,849,787	158,086,483,996	51.4%
2027	1,943,983,805	295,379,718	216,478,335	5,968,616,963	9,566,963,628	6,859,720,778	86,991,065,759	86,991,065,757	165,314,510,011	52.6%
2028	2,031,442,413	318,604,229	226,326,875	6,240,155,262	10,002,115,329	7,343,853,161	93,149,332,369	93,149,332,368	172,872,527,289	53.9%
2029	2,122,610,229	319,774,478	236,768,902	6,528,056,870	10,461,747,168	7,864,375,442	99,759,171,122	99,759,171,121	180,773,349,543	55.2%
2030	2,219,234,965	338,676,948	247,265,675	6,817,467,887	10,941,697,296	8,423,469,843	106,863,589,144	106,863,589,142	189,028,049,086	56.5%
2031	2,318,291,034	360,185,763	258,297,122	7,121,620,649	11,449,347,213	9,024,289,590	114,496,926,088	114,496,926,086	197,644,251,232	57.9%
2032	2,419,580,105	386,806,637	270,351,085	7,453,965,640	11,989,866,440	9,670,224,291	122,707,987,405	122,707,987,404	206,621,751,410	59.4%
2033	2,525,562,021	410,794,384	283,399,575	7,813,731,153	12,569,581,511	10,364,894,918	131,536,787,945	131,536,787,944	215,950,639,078	60.9%
2034	2,637,393,345	435,500,502	324,689,258	8,952,146,699	13,189,768,341	11,144,925,338	141,841,674,746	141,841,674,745	225,625,586,645	62.9%
2035	2,751,725,884	447,896,932	338,979,718	9,346,155,072	13,838,552,078	12,016,006,088	152,903,886,362	152,903,886,361	235,657,917,312	64.9%
2036	2,870,164,123	463,414,273	353,956,303	9,759,080,941	14,511,685,782	12,951,564,860	164,790,381,079	164,790,381,078	246,065,373,028	67.0%
2037	2,993,285,955	464,954,515	369,727,544	10,193,916,583	15,201,452,784	13,957,050,744	177,567,863,635	177,567,863,633	256,870,820,288	69.1%
2038	3,128,772,679	499,324,457	386,218,702	10,648,601,356	15,926,138,020	15,039,581,524	191,344,224,333	191,344,224,331	268,075,009,725	71.4%
2039	3,271,570,790	539,430,148	403,481,624	11,124,564,772	16,699,927,472	16,206,421,662	206,189,765,857	206,189,765,856	279,677,859,286	73.7%
2040	3,417,702,040	546,481,334	421,724,642	11,627,550,835	17,496,806,002	17,463,087,844	222,169,506,550	222,169,506,548	291,717,750,483	76.2%
2041	3,574,956,258	534,888,768	441,172,408	12,163,753,535	18,315,380,121	18,816,382,168	239,385,279,565	239,385,279,564	304,227,780,334	78.7%
2042	3,745,864,909	471,306,459	462,016,620	12,738,458,243	19,105,669,962	20,276,007,754	257,973,263,588	257,973,263,587	317,298,871,015	81.3%
2043	3,929,497,055	584,285,642	484,006,417	13,344,748,365	19,906,004,417	21,861,280,060	278,271,076,711	278,271,076,709	330,985,886,386	84.1%
2044	4,115,071,950	614,124,829	506,980,453	13,978,175,349	20,752,988,641	23,587,649,488	300,320,090,139	300,320,090,138	345,307,740,628	87.0%
2045	4,308,472,655	642,834,458	530,905,816	14,637,831,787	21,645,063,696	25,462,394,355	324,257,465,514	324,257,465,512	360,286,072,793	90.0%
2046	4,512,015,020	669,450,528	156,839,464	4,324,288,072	22,570,706,005	27,013,289,770	338,362,642,362	338,362,642,362	375,958,491,513	90.0%

Notes: The projection of assets is based upon the assumption that the Employer maintains the funding policy under Article 16 of the Illinois Pension Code.

Projected amounts may not add to the dollar due to rounding.

Users of this report are strongly encouraged to use the schedule above as a more realistic projection of contributions and actuarial results. Schedule XVI is based on the market value of assets returning 8.50% per year as well as the other assumptions being realized. This schedule provides an indication of contributions if all assumptions being realized exactly each year over the life of the projection. Under this projection, the **\$9,494,731,000** in deferred asset losses are recognized in equal amounts over the next four years of the projection. As the deferred loss of **\$9,494,731,000** is recognized, the contributions increase to pay off the losses.

SECTION IX**STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

(Adopted effective June 30, 2007 except as otherwise noted.)

INTEREST RATE: 8.5% per annum, compounded annually. (Adopted effective June 30, 1997.)
The interest rate assumption includes the following components, which were revised effective June 30, 2002: inflation 3.5%, and real rate of return 5.0%.

SEPARATIONS FROM ACTIVE SERVICE (OTHER THAN SERVICE RETIREMENT) AND SALARY INCREASES: Representative values of the assumed rates of separation, and annual rates of salary increase, are shown in the following table:

Age	Annual Rates * of				
	Termination		Death**	Disability	Salary Increase
	Non-vested	Vested			
<u>Males</u>					
25	7.0	6.0	.058	.034	10.2%
30	6.5	3.7	.059	.030	8.4%
40	8.0	1.6	.083	.060	7.2%
50	9.4	1.1	.155	.110	6.0%
55	12.0	1.4	.245	.130	6.0%
60	12.6	2.6	.481	.200	6.0%
65	12.6	3.1	.964	.600	6.0%
70	—	—	—	—	—
<u>Females</u>					
25	8.1	9.0	.017	.045	10.2%
30	9.0	8.0	.023	.100	8.4%
40	6.6	2.4	.055	.110	7.2%
50	6.2	1.3	.136	.190	6.0%
55	8.7	1.7	.206	.200	6.0%
60	11.1	2.9	.314	.350	6.0%
65	11.1	3.0	.652	1.50	6.0%
70	—	—	—	—	—

* Rates of separation are rates per 100 participants. For example, 7% of all 25 year-old actively employed non-vested male members (i.e., 7.0 per 100) are assumed to terminate employment each year for reasons other than death, disability, or service retirement.

** Beginning July 1, 2007, projected mortality improvements are phased in over four years with the Society of Actuaries Mortality Projection Scale AA.

The basic salary increase assumption averages 6.75% per annum plus an additional 0.25% per annum to cover employment type and status changes, for a composite recommended increase that averages approximately 7.0% per annum.

The salary increase assumption includes the following components:

- Inflation: 3.5%
- Real wage growth (productivity): 1.2%
- Merit or seniority (includes employment type and status changes): ranges from 6.4 % at age 20 to 1.3% at age 50 and above.

- **SERVICE RETIREMENT FROM ACTIVE SERVICE AND UTILIZATION OF ERO:** The assumed rates of retirement and utilization of ERO are shown in the following tables:

Annual Service Retirement Rates per 100 Eligible Participants					
Age**	Service*				
	5-18	19-30	31	32-33	34+
54	-	7	12	38	40
55	-	12	20	38	40
56	-	10	18	38	32
57	-	10	18	38	32
58	-	10	18	38	32
59	-	25	27	45	37
60	14	27	45	45	37
61	13	24	45	45	37
62	13	28	45	45	37
63	13	28	45	45	37
64	18	33	45	45	37
65-69	23	33	45	45	30
70	100	100	100	100	100

Utilization of ERO among All Active Service Retirees***						
Service*	Age**					
	54	55	56	57	58	59
19 – 30	63%	70%	69%	65%	63%	25%
31	72%	72%	71%	71%	71%	38%
32	66%	68%	68%	67%	66%	45%
33	66%	68%	68%	67%	66%	45%

Notes:

* Active member service rounded to nearest year on June 30 prior to retirement

** Age rounded to nearest year on June 30 prior to retirement

***ERO Utilization Rates are applied only to members who have less than 35 years of total service at the assumed retirement date (including assumed sick leave and optional service purchased at retirement). Based on the sick leave and optional service assumptions, the majority of members with 33 years of service at the beginning of the year of retirement will not be assumed to retire on ERO because they will be assumed to have at least 35 years of service at retirement.

In addition, ERO Utilization Rates are not applied to members whose pension under the ERO program would be less than their money purchase benefit.

DEATH AFTER RETIREMENT: For annuitants, the 1995 George B. Buck Mortality Tables projected 16 years for males and one year for females as of June 30, 2007. For beneficiaries, the 1995 George B Buck Mortality Tables projected one year for both males and females, then rated forward two years for males and forward one year for females as of June 30, 2007. Additional mortality improvements projected with scale AA are phased in over the four period following June 30, 2007. For the period after disability retirement, the Pension Benefit Guaranty Corporation rates for male disabled lives not necessarily receiving Social Security benefits, rated forward five years for males and rated back two years for females, but not less than the rate at age 65 (after the setforward or setback). (Disabled mortality assumption adopted effective June 30, 1997.)

MARITAL DATA: It is assumed that 85% of members are married and that the female spouse is three years younger than the male spouse. (Adopted effective June 30, 1993.)

VALUATION METHOD: Projected unit credit cost method. Gains and losses are reflected in the unfunded pension benefit obligation. (Adopted effective June 30, 1989.)

ASSET VALUATION METHOD: Beginning with the June 30, 2009 valuation, the method for determining the actuarial value of assets was changed from the market value to a smoothed value. The smoothed value recognizes the actuarial investment gains or losses for each fiscal year in equal amounts over the ensuing five-year period.

GROWTH IN ACTIVE MEMBERSHIP: For purposes of the projection required by State funding law, it is assumed that the active membership of the System will remain constant in number, with no change in the size of either the full-time/part-time group or the hourly/substitute group. (Adopted effective June 30, 1994.)

SEVERANCE PAY: The percent of retirees from active service assumed to receive severance payments, and the amount of such severance payments, are assumed to be as follows:

Before Adjustment for Section 16-158(f)

Years of Service at Retirement	Percent of Retirees Who Receive Severance Pay	Severance Pay as a Percent of Other Pensionable Earnings in the Last Year of Employment
10 – 20	41%	13.81%
20-24	52%	13.24%
25-29	58%	14.29%
30 or more	75%	15.35%

ADJUSTMENT FOR SECTION 16-158(f): the percentages in the “Percent Retiring with Severance” column above, are multiplied by 66.7% in FY 2008, 50.0% in FY 2009, 33.3% in FY 2010, and by 10% for retirements assumed to occur in FY 2011 and thereafter, because the percent of members retiring with severance is expected to trend down.

OPTIONAL SERVICE PURCHASES: The pension benefit obligation for retirement benefits for active members who have not previously purchased optional service is increased to cover the employer cost of out-of-system service purchased in the last two years prior to retirement. The amount purchased varies by the amount of regular service at retirement. Representative amounts purchased at retirement, and other assumptions used, are as follows:

Regular Service at Retirement	Maximum Service Purchased
10 years	0.388 years
20 years	1.131 years
25 years	1.245 years
30 years	0.886 years
34 or more	None

- (a) Actual optional service credit for each current member is provided by TRS; and
- (b) No additional service purchases will be assumed for members who currently have optional service credit; and
- (c) Members will not purchase service if it does not improve their pension benefit; and
- (d) When optional service is purchased within the last two years prior to retirement, 25% of the cost is covered by member payments and the remaining cost is the responsibility of the employer.

The PBO covered by future member payments is not included in the liability on the valuation date, but is brought into projected liabilities as those payments are brought into the assets.

UNUSED AND UNCOMPENSATED SICK LEAVE SERVICE AT RETIREMENT: Such credit varies by the amount of regular service at retirement. Representative assumed amounts of unused and uncompensated sick leave service are as follows:

Regular Service at Retirement	Sick Leave Service Credit
20 years	1.080 years
25 years	1.224 years
30 years	1.277 years
34 years	1.000 years
35 or more	None

ADMINISTRATIVE EXPENSES: The administrative staff of the System estimates the expected administrative expenses for the fiscal year following the valuation. Total payroll for the same year is projected based on valuation assumptions and the expected administrative expenses are then expressed as a percent of total payroll. Administrative expenses in future years are then assumed to remain constant as a percent of total payroll. (Adopted effective June 30, 1994.)

2.2 UPGRADE ASSUMPTION: For those active members who have already made a payment to upgrade past service prior to June 30, 1998 or have enrolled in the Payroll Deduction Program (PDP), their benefits are based on their upgrading at the valuation date. For all other active members, they are assumed to upgrade at retirement. (Adopted effective June 30, 1999.)

NEW MEMBER PROFILE

Distribution of New Entrants is as follows:

Age Group	Full Time/Part Time			Hourly/Substitute		
	Males	Females	Total	Males	Females	Total
20 – 24	5.3%	26.7%	32.0%	7.0%	19.8%	26.8%
25 – 29	7.1%	24.4%	31.5%	6.9%	14.0%	20.9%
30 – 34	3.6%	9.6%	13.2%	2.6%	6.1%	8.7%
35 – 39	1.9%	5.5%	7.4%	2.5%	8.1%	10.6%
40 – 44	1.4%	3.8%	5.2%	2.4%	8.8%	11.2%
45 – 49	1.0%	3.7%	4.7%	1.8%	6.4%	8.2%
50 – 54	0.8%	2.4%	3.2%	1.9%	4.1%	6.0%
55 – 59	0.8%	1.4%	2.2%	2.0%	2.5%	4.5%
60 – 64	0.3%	0.3%	0.6%	1.0%	1.0%	2.0%
65 – 69	0.0%	0.0%	0.0%	0.5%	0.3%	0.8%
70	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.2%</u>	<u>0.1%</u>	<u>0.3%</u>
Total	22.2%	77.8%	100.0%	28.8%	71.2%	100.0%

Service Credit Earned in Each Future Year:

Age Group	Full Time/Part Time			Hourly/Substitute		
	Males	Females	Total	Males	Females	Total
20 - 24	0.991	0.987	0.988	0.291	0.331	0.321
25 - 29	0.991	0.990	0.990	0.303	0.277	0.286
30 - 34	0.987	0.987	0.987	0.344	0.288	0.304
35 - 39	0.993	0.978	0.982	0.286	0.308	0.303
40 - 44	0.989	0.979	0.982	0.304	0.314	0.312
45 - 49	0.996	0.978	0.982	0.318	0.348	0.341
50 - 54	0.993	0.978	0.982	0.339	0.355	0.350
55 - 59	0.986	0.967	0.974	0.362	0.358	0.360
60 - 64	0.967	0.961	0.964	0.345	0.347	0.346
65 - 69	-	-	-	0.339	0.325	0.334
70	-	-	-	0.303	0.295	0.301
Average	0.990	0.986	0.987	0.326	0.328	0.328

NEW MEMBER PROFILE (continued)

Projected Annual Rate of Pay at 6/30/2009*
(for one year of service credit)

Age Group	Full Time/Part Time			Hourly/Substitute		
	Males	Females	Total	Males	Females	Total
20-24	\$40,357	\$38,961	\$39,191	\$16,758	\$17,036	\$16,963
25-29	42,834	42,617	42,666	16,929	16,314	16,517
30-34	47,968	45,251	45,993	18,022	16,576	17,008
35-39	51,922	46,126	47,614	16,432	15,915	16,037
40-44	55,597	44,811	47,715	16,882	16,048	16,227
45-49	53,035	45,071	46,766	17,546	16,329	16,597
50-54	55,816	50,153	51,567	16,834	16,431	16,559
55-59	70,065	56,480	61,420	17,048	16,412	16,694
60-64	61,433	55,357	58,396	17,079	16,263	16,671
65-69	-	-	-	16,866	16,009	16,545
70	-	-	-	16,088	16,269	16,148
Average	\$46,892	\$42,757	\$43,675	\$17,005	\$16,494	\$16,615

* The rate of pay profile will increase 4.7% per annum. 3.5% of the increase is attributable to inflation and 1.2% to real wage growth.

PENSION BENEFIT OBLIGATION: The actuarial accrued liability (AAL) of the System was determined using the projected unit-credit actuarial cost method, and the AAL is equivalent to the Government Accounting Standards Board (GASB) Statement No. 5 pension benefit obligation (PBO). PBO is a measure of the actuarial present value (APV) as of the valuation date of credited projected benefits prorated on service, including an adjustment for the effects of projected salary increases estimated to be payable in the future. Significant actuarial assumptions used to determine the PBO as of June 30, 2009 include the following:

- (1) An assumed rate of return on the investment of present and future assets of 8.5% per annum, compounded annually.
- (2) Assumed projected annual salary increases ranging from 11.1% at age 20 to 6.0% at age 69, which reflect an allowance for inflation and merit or seniority increases.
- (3) Automatic annual post-retirement benefit increases equal to 3% of the member's current benefit.

SECTION X — SUMMARY OF
BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Employers of the System include:

- (a) the Illinois public common school districts outside of Chicago,
- (b) certain state agencies employing certificated teachers, and
- (c) the State Board of Education, Illinois School Board Association, statewide and national teacher organizations, educational cooperatives and the retirement system.

Employees covered under the System include:

- Any educational, administrative, professional or other staff employed in the public common schools outside the City of Chicago in a position requiring certification under the teacher certification law, including substitute teachers, part-time teachers, and hourly paid teachers who are on a flexible work schedule;
- Any position requiring teacher certification in certain state agencies;
- Any regional superintendent of schools, assistant regional superintendent of schools, State Superintendent of Education; any person employed by the State Board of Education as an executive; any executive of the boards engaged in the service of public common school education in school districts covered under this system of which the State Superintendent of Education is an ex-officio member;
- Any employee of a school board association who is certificated under the teacher certification law;
- Any person employed by the retirement system who was an employee of and a participant in the system on August 17, 2001 or becomes an employee of the system on or after August 17, 2001;
- Any educational, administrative, professional or other staff employed by and under the supervision and control of a regional superintendent of schools, provided such employment position requires the person to be certificated under the teacher certification law;

- Any educational, administrative, professional or other staff in a certificated position employed by a program serving two or more school districts in accordance with a joint agreement authorized by the School Code or by federal legislation;
- Any officer or employee of a statewide teacher organization or officer of a national teacher organization who is certified under the teacher certification law, provided the member had previously established creditable service under TRS and elects TRS membership, and does not receive credit under any other article of the pension code; and
- Any educational, administrative, professional, or other staff employed in a charter school who is certificated under the teacher certification law.

Employment on a full-time basis covers only teachers whose normal employment schedule consists of working at least four clock hours daily, five days per week. Employment on a part-time basis covers teachers who are employed less than four clock hours daily or less than five days per week. A substitute teacher is employed on a temporary basis to replace another teacher.

Creditable service rendered as an employee for a regular school year in any district, in accordance with the provisions of the Pension Code, is equal to one year of service, and time less than a legal year is counted as such portion of a year as the number of days taught bears to 170 days. Additionally, members may purchase various types of optional service credit.

"Final average salary" means the average salary for the highest 4 consecutive years within the last 10 years of creditable service as determined under the rules of the Board.

BENEFITS

Normal Retirement

Eligibility Age 60 with 10 years of service, or age 62 with 5 years of service.

Amount For a person who first became a teacher before July 1, 2005, the annual benefit amount is the greatest of (i), (ii) and (iii) below. For a person who first became a teacher on or after July 1, 2005, the annual benefit amount is the greater of (i) and (ii) below.

- (i) For service earned before July 1, 1998, 1.67% of final average salary for each of the first 10 years of creditable service, plus 1.90% of final average

salary for each year in excess of 10 but not exceeding 20, plus 2.10% of final average salary for each year in excess of 20 but not exceeding 30, and 2.30% of final average salary for each year in excess of 30. For all other service, 2.2% of final average salary.*

* Service earned before July 1, 1998 can be upgraded to 2.2% through additional member contributions or 1% of the member's highest salary within the last four years for each year of prior service. Maximum payment is 20% of salary, but all years are upgraded. The number of years to be upgraded is reduced by one for each three full years worked under the 2.2% formula. The 2.2% formula upgrade cost is reduced on a sliding scale for members who have more than 34 years of service credit.

(ii) 1½% of final average salary for each year of creditable service, plus \$7.50 per year for each of the first 20 years of creditable service.

(iii) An actuarially equivalent life annuity, resulting from the member's contributions and State-matching contributions (1.4 times member contributions) plus compound interest on both.

Maximum amount under (i) and (ii) above - 75% of final average salary.

Automatic Postretirement
Cost-of-Living Adjustment

Eligibility

Member contributed for at least an equivalent period of one full year of creditable service after July 1, 1969.

Amount

Initial increase of 1½% of base annuity for periods prior to January 1, 1972, 2% for periods from and after January 1, 1972 and prior to January 1, 1978, and 3% for periods thereafter (such periods to exclude any period of retirement that precedes attainment of age 55). Initial increase payable effective with the later of: January 1 following first anniversary of retirement; or January 1 following attainment of age 61.

Following the initial increase, automatic annual increases payable on each January 1 thereafter. Prior to January 1, 1990, annual increases were determined as a percentage of the original retirement annuity. Effective on and after January 1, 1990, automatic annual increases granted to eligible annuitants equal 3% of the total annuity being received, including previous increases granted.

Early Retirement

Eligibility

Age 55 with 20 years of service.

Amount

Equal to the amount computed under normal retirement, reduced by 6% for each year the member is under age 60. There is no reduction for a member who retires prior to age 60 with 35 years of credited service.

Early Retirement Incentive for State Employees

Some TRS-covered members employed by state agencies were eligible for an early retirement incentive (ERI) during fiscal year 2003. PA 92-566, enacted in June 2002, allowed certain state employees to purchase up to five years of service credit and an equal amount of age enhancement. Retirement must have occurred between August 1, 2002 and December 31, 2002, with deferrals until April 30, 2003, for key employees. Some employees who were not yet eligible to retire could also purchase the age and service enhancements if they terminated state employment.

Early Retirement Option

A member retiring after June 1, 1980 and within six months of the last day of teaching for which retirement contributions were required, may elect to make a one time employee contribution to avoid the early retirement reduction described in the foregoing paragraph. Such employee and employer contributions will be a multiple of the member's last full time annual salary rate as a teacher, the full time equivalent if less than full time, or the highest year's salary used for determining final average salary.

The member lump sum ERO contribution rate for persons who retired under ERO prior to July 1, 2005, or who retired during the "Pipeline ERO" period July 1, 2005 through July 1, 2007 after having properly notified their employer by June 1, 2005 of their intent to retire under ERO during the Pipeline ERO period is 7%, and the employer lump sum ERO contribution rate for such persons is 20%.

The member lump sum ERO contribution rate for other persons is 11.5%, and the employer lump sum ERO contribution rate for such persons is 23.5%. Such other persons are referred to as "Modified ERO" retirees.

The multiple of salary to be contributed by the member equals the member rate times the lesser of the following two periods: (a) the number of years (including fractional

years) that the member is less than age 60; or (b) the number of years (including fractional years) that the member's creditable service is less than 35 years.

The multiple of salary to be contributed by the member's employer equals the employer rate times the number of years (including fractional years) that the member is less than age 60.

Both the member and employer contributions are waived for Pipeline ERO retirees who are at least age 55 with at least 34 years of service. There is no waiver for Modified ERO retirees.

The ERO provisions will not be applicable until the member contributions have been received; however, the date such contributions are received will not be considered in determining the effective date of retirement. The number of employees of a single employer who may retire under this paragraph in any year may be limited at the option of the employer to a specified percentage of those eligible, not lower than 30% for Pipeline ERO retirees, and not lower than 10% for Modified ERO retirees, with the right to participate to be allocated among those applying on the basis of seniority in the service of the employer.

Rule of 85 for
State Employees

An employee of a state agency retiring on or after January 1, 2001 is entitled to a nondiscounted annuity if his or her attained age at retirement and total creditable service equal at least 85, provided he or she has (i) earned during the period immediately preceding the last day of service at least one year of contributing creditable service as a state employee and (ii) has earned at least 5 years of contributing creditable service as a state employee.

Single Sum Benefit

Eligibility

Age 65 with fewer than 5 years of creditable service after July 1, 1947.

Amount

Lump sum payment actuarially equivalent to a life annuity consisting of 1.67% of final average salary for each year of service.

Temporary Disability Benefit

Eligibility

3 years of credited service.

Amount

Equal to 40% of the member's most recent annual contract salary at time of disablement. The benefit is payable beginning with the 31st day after disablement and ending at the earlier of (1) cessation of disability, (2) when the

member requests termination of the benefit, (3) when the period for which payments have been made equals one-fourth the period of creditable service, or (4) the member is gainfully employed or able to be gainfully employed.

Disability Retirement Annuity

Eligibility Termination of temporary disability benefit, provided member remains disabled.

Amount The larger of 35% of the member's most recent annual contract salary or (a) if disability commences prior to age 55, the benefit payable as for normal retirement, but reduced by ½% for each month by which the member is less than age 55, or (b) if disability commences after age 55 and the member has 20 years of service, the benefit payable as for normal retirement with no discount.

Other formulas may be applicable if disability retirement occurred prior to July 1, 1971.

Occupational Disability

Eligibility Totally and immediately incapacitated for the performance of duty.

Amount Equal to 60% of salary, if disability is duty-connected or occupational adjudicated by the Illinois Industrial Commission as compensable under either the Workers' Compensation or Occupational Diseases Act. Any amounts payable under these Acts shall be applied as an offset to any occupational disability benefits payable by the Teachers' Retirement System. In general, benefits are payable throughout the period of disability.

Deferred Vested Benefits

Eligibility 5 years of service.

Amount Equal to the amount computed under normal retirement deferred to age 62 if member has less than 10 years of service. With 10 or more years of service the annuity is payable at age 60.

Reversionary Retirement Annuity

Any member entitled to a retirement annuity for age may elect to receive a reduced annuity with the remainder determined on an actuarial basis to become, upon the member's death, an annuity for life to any designated person dependent upon the member at the time of the member's retirement, provided such payment shall not be less than \$10 nor more than the amount of reduced age

retirement monthly annuity to which the member is entitled.

Refund of Contributions

A member who ceases to be a member for any reason other than death or retirement, shall be entitled to a refund of all retirement contributions and payments made into the fund by him which have not previously been refunded, without interest thereon.

A member who retires on ERO shall not receive a refund of the 0.4% career ERO contributions; otherwise, the 0.4% career ERO contributions are refunded, without interest, to the member, or the member's beneficiary or Estate (if applicable) if any of the following occur: (1) the ERO program is discontinued under Section 16-176; or (2) the member either retires without ERO, terminates employment and withdraws the member account balance, or dies before retirement.

Death Benefit

Refunds of the deceased member's accumulated contributions are paid to survivors or to the member's estate. Additional lump sum death benefits are also payable.

Survivor Benefit

Types of Beneficiaries

<u>Time of Death</u>	<u>Dependents</u>	<u>Non-dependents</u>
While employed	Lump sum up to last salary or \$1,000 and a monthly benefit generally not less than \$400* or \$600 with minor children**	Lump sum up to last salary
Inactive within 12 months of last day of credit	Lump sum up to last salary or \$1,000 and a monthly benefit generally not less than \$400* or \$600 with minor children**	Lump sum up to last salary
Inactive with 20 or more years of service	Lump sum of \$3,000 or 1/6 of last salary*** or \$1,000 and a monthly benefit generally 1/2 of member's earned benefit at time of death	Lump sum of \$3,000 or 1/6 of last salary***

Annuitant	Lump sum of \$3,000 or 1/6 of last salary*** or \$1,000 and a monthly benefit generally 1/2 of annuitant's earned benefit at time of death	Lump sum of \$3,000 or 1/6 of last salary***
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- * Certain circumstances might provide a monthly annuity less than \$400 per month for an active member.
- ** TRS will pay 50 percent of the member's earned retirement annuity at death if it is greater than the above amounts.
- *** Certain lump sums may be greater if the annuitant or inactive member has been in retirement or out of service for less than five years.

Member Contributions

Beginning July 1, 2005, each member contributes an additional 0.4% of pay "career ERO contribution," bringing the total contribution to 9.4%. This contribution requirement shall cease if the Early Retirement Option program ends.

Beginning July 1, 1998, contributions for creditable service are made at the rate of 8% (exclusive of the 1% Survivor Benefit Contribution) of salary which is comprised of a rate of 7½% of salary towards the cost of the retirement annuity plus ½% of salary toward the cost of the automatic annual increase in retirement annuity.

Beginning July 24, 1959, each member contributes an additional 1% of salary toward Survivor's Benefits. These contributions are subject to refund if there is no dependent beneficiary at retirement, provided the member elects such refund.

Beginning July 1, 1995, each member not employed by a State agency contributes to the Teachers' Health Insurance Security Fund, administered by the Department of Central Management Services. These contributions are not refundable and do not become part of the System's assets.

Additional contributions as are necessary to receive credit for service during which contributions were not made, such as military service or service outside the System.

New Benefit Increases:

The term "new benefit increase" means an increase in the amount of any benefit provided by the statute, or an expansion of the eligibility requirements for any benefit provided by the statute, resulting from an amendment that takes effect on or after June 1, 2005.

Every new benefit increase must have an identified funding source whose adequacy is verified and periodically confirmed by the Commission on Government Forecasting and Accountability (CGFA).

Every new benefit increase will automatically expire at the earlier of (i) five years after its effective date ; (ii) at an earlier time specified in the amendment creating the benefit; or (iii) at the end of the fiscal year in which CGFA certifies that the identified funding source is inadequate; except that any new benefit increase will continue to apply to persons who applied for and qualified for the increase while it was in effect, and except that any new benefit increase may be extended or recreated by the General Assembly (subject to the adequacy of the funding source).

Sick Leave Service Accruals:

Any unused and uncompensated accumulated sick leave is counted as creditable service provided that each former employer certifies to the System the number of unused and uncompensated accumulated sick leave days upon termination of the member. The service granted is the ratio of the number of unused and uncompensated accumulated sick leave days to 170 days, subject to a maximum of 2 years of service credit. The period of sick leave shall not be considered in determining the effective date of retirement.

SECTION XI — DETAILED TABULATIONS OF DATA

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EXHIBIT

ACTIVE MEMBERSHIP

**NUMBER AS OF JUNE 30, 2008 AND
AVERAGE ANNUAL SALARY PROJECTED TO JUNE 30, 2009**

Age	Full - Time and Regular Part - Time Members										Substitutes	Grand Total	
	Years of Service												
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total			
Under 25	5,029										5,029	3,358	8,387
	\$ 40,372										\$ 40,372	\$ 4,688	\$ 26,085
25-29	15,744	5,944									21,688	4,217	25,905
	\$ 45,492	\$ 53,548									\$ 47,700	\$ 4,957	\$ 40,742
30-34	5,842	11,897	3,131								20,870	2,333	23,203
	\$ 48,366	\$ 57,377	\$ 64,726								\$ 55,957	\$ 4,701	\$ 50,803
35-39	3,420	4,992	7,854	2,142							18,408	2,867	21,275
	\$ 48,882	\$ 58,825	\$ 67,812	\$ 73,780							\$ 62,552	\$ 4,797	\$ 54,769
40-44	2,533	2,993	3,302	4,623	1,489						14,940	4,100	19,040
	\$ 48,398	\$ 58,407	\$ 68,504	\$ 76,433	\$ 82,337						\$ 66,905	\$ 4,856	\$ 53,543
45-49	2,161	2,781	2,545	2,440	3,733	1,303					14,963	3,598	18,561
	\$ 48,978	\$ 57,855	\$ 66,874	\$ 75,940	\$ 82,411	\$ 84,916					\$ 69,539	\$ 5,450	\$ 57,115
50-54	1,493	2,482	2,664	2,649	2,394	4,049	2,907				18,638	3,200	21,838
	\$ 50,682	\$ 59,320	\$ 67,174	\$ 73,582	\$ 81,724	\$ 86,600	\$ 90,635				\$ 75,466	\$ 5,687	\$ 65,241
55-59	848	1,528	2,257	2,805	2,586	2,253	3,655	598			16,530	2,820	19,350
	\$ 56,357	\$ 61,652	\$ 67,930	\$ 75,815	\$ 81,629	\$ 86,641	\$ 91,462	\$ 94,075			\$ 78,937	\$ 5,814	\$ 68,280
60-64	309	500	672	857	746	568	469	337	77		4,535	1,657	6,192
	\$ 59,548	\$ 64,052	\$ 70,008	\$ 76,598	\$ 85,284	\$ 86,265	\$ 90,513	\$ 95,615	\$ 98,210		\$ 78,935	\$ 5,405	\$ 59,258
Over 64	56	83	89	120	101	95	60	38	85		727	996	1,723
	\$ 55,092	\$ 71,936	\$ 66,027	\$ 76,333	\$ 78,376	\$ 85,029	\$ 86,034	\$ 97,281	\$ 93,254		\$ 78,227	\$ 5,036	\$ 35,918
Total	37,435	33,200	22,514	15,636	11,049	8,268	7,091	973	162		136,328	29,146	165,474
	\$ 46,544	\$ 57,521	\$ 67,373	\$ 75,407	\$ 82,226	\$ 86,305	\$ 91,015	\$ 94,734	\$ 95,610		\$ 63,986	\$ 5,128	\$ 53,619

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JUNE 30, 2008
WITH SALARIES PROJECTED TO JUNE 30, 2009
(FULL TIME AND REGULAR PART TIME)

Age	Males		Females		Totals	
	Number	Salaries	Number	Salaries	Number	Salaries
20			2	\$ 64,266	2	\$ 64,266
21	2	\$ 68,601	13	379,200	15	447,801
22	32	1,335,733	267	9,969,824	299	11,305,558
23	281	11,347,212	1,520	59,454,877	1,801	70,802,088
24	574	24,665,248	2,338	95,748,284	2,912	120,413,532
25	782	35,621,042	3,118	133,930,193	3,900	169,551,236
26	849	40,637,450	3,468	155,578,092	4,317	196,215,542
27	915	45,930,411	3,501	164,988,141	4,416	210,918,552
28	1,045	54,811,536	3,598	176,078,322	4,643	230,889,858
29	976	53,846,518	3,436	173,091,830	4,412	226,938,347
30	1,074	61,485,997	3,424	176,793,652	4,498	238,279,649
31	1,144	68,624,490	3,357	177,673,445	4,501	246,297,935
32	1,096	68,075,420	2,966	159,174,138	4,062	227,249,558
33	1,071	69,344,371	3,004	165,534,370	4,075	234,878,741
34	1,058	70,870,097	2,676	150,247,704	3,734	221,117,801
35	996	69,156,019	2,627	148,138,243	3,623	217,294,262
36	1,027	72,753,714	2,625	153,399,699	3,652	226,153,412
37	1,076	77,104,511	2,801	164,672,762	3,877	241,777,273
38	1,025	75,098,264	2,727	162,983,737	3,752	238,082,001
39	984	77,168,104	2,520	150,987,484	3,504	228,155,588
40	876	66,970,227	2,302	140,292,890	3,178	207,263,117
41	822	63,996,997	2,260	141,019,354	3,082	205,016,351
42	795	63,077,746	2,139	134,880,818	2,934	197,958,564
43	742	59,122,599	2,071	131,422,119	2,813	190,544,718
44	710	56,000,051	2,223	142,771,432	2,933	198,771,484
45	718	58,438,039	2,192	142,420,784	2,910	200,858,822
46	706	58,474,747	2,347	151,177,025	3,053	209,651,772
47	671	56,107,135	2,358	154,643,657	3,029	210,750,791
48	606	50,908,487	2,342	154,137,506	2,948	205,045,993
49	624	53,837,572	2,399	160,364,400	3,023	214,201,972
50	688	58,009,037	2,691	183,429,598	3,379	241,438,636
51	704	61,914,040	2,818	196,646,749	3,522	258,560,789
52	792	71,002,597	2,904	209,235,208	3,696	280,237,805
53	848	76,719,445	3,083	226,653,189	3,931	303,372,634
54	866	78,504,949	3,244	244,422,854	4,110	322,927,804
55	833	76,019,989	3,178	240,445,228	4,011	316,465,217
56	762	70,529,255	3,138	237,780,086	3,900	308,309,341
57	645	58,677,770	2,860	218,102,368	3,505	276,780,138
58	527	48,172,017	2,262	171,158,837	2,789	219,330,855

Amounts may not add to the dollar due to rounding.

TABLE 1
(Continued)
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JUNE 30, 2008
WITH SALARIES PROJECTED TO JUNE 30, 2009
(FULL TIME AND REGULAR PART TIME)

Age	Males		Females		Totals	
	Number	Salaries	Number	Salaries	Number	Salaries
59	473	43,550,799	1,852	140,385,231	2,325	183,936,030
60	297	27,188,986	1,317	100,614,508	1,614	127,803,495
61	291	25,908,220	1,054	80,898,040	1,345	106,806,259
62	162	13,976,019	569	42,797,263	731	56,773,282
63	108	10,181,341	385	28,756,144	493	38,937,484
64	79	6,619,456	273	21,031,889	352	27,651,345
65	72	6,463,875	198	15,138,164	270	21,602,039
66	42	3,415,735	134	9,588,481	176	13,004,216
67	25	2,073,520	68	5,145,223	93	7,218,742
68	14	1,604,771	46	3,345,459	60	4,950,230
69	10	802,419	23	1,847,057	33	2,649,476
70	10	1,123,208	19	1,463,989	29	2,587,197
71	7	570,593	17	1,322,789	24	1,893,382
72	2	277,138	9	494,960	11	772,098
73			7	516,352	7	516,352
74			6	439,401	6	439,401
75	1	93,035	6	404,656	7	497,691
76	2	132,240	1	66,435	3	198,675
77			1	52,907	1	52,907
78	1	86,959			1	86,959
79	1	71,235	3	195,755	4	266,990
80			1	53,659	1	53,659
87			1	81,193	1	81,193
Total	31,539	\$ 2,308,566,977	104,789	\$ 6,414,531,922	136,328	\$ 8,723,098,898

Amounts may not add to the dollar due to rounding.

In addition, there are the following active members:

SUBSTITUTES, PART-TIME, AND HOURLY-PAID
TEACHERS WHO ARE ON A FLEXIBLE OR
LIMITED WORK SCHEDULE

Number	29,146
Annual Salaries	\$ 149,452,311
Average Age	42.00 years
Average Service	1.74 years

TABLE 2

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2008
WITH SALARIES PROJECTED TO JUNE 30, 2009
(FULL TIME AND REGULAR PART TIME)**

Service	Males		Females		Totals	
	Number	Salaries	Number	Salaries	Number	Salaries
0	286	\$ 10,468,468	1,291	\$ 45,426,690	1,577	\$ 55,895,158
1	2,324	107,834,253	7,568	320,586,712	9,892	428,420,965
2	1,985	99,187,619	7,218	325,716,138	9,203	424,903,757
3	2,026	108,259,842	7,142	338,198,945	9,168	446,458,787
4	1,671	94,338,640	5,924	292,346,841	7,595	386,685,481
5	1,480	89,565,746	5,235	269,950,526	6,715	359,516,272
6	1,600	99,570,890	5,354	289,049,411	6,954	388,620,301
7	1,482	96,149,593	5,311	294,466,502	6,793	390,616,096
8	1,506	101,654,366	5,109	292,970,018	6,615	394,624,384
9	1,462	101,915,173	4,661	274,405,456	6,123	376,320,628
10	1,215	88,688,591	4,011	242,369,119	5,226	331,057,710
11	1,096	81,548,824	3,404	211,318,814	4,500	292,867,638
12	992	76,953,142	3,002	191,716,849	3,994	268,669,991
13	940	76,006,949	2,989	197,939,761	3,929	273,946,710
14	1,290	107,618,799	3,575	242,676,208	4,865	350,295,007
15	904	76,466,082	2,776	191,644,272	3,680	268,110,354
16	683	59,383,828	2,447	172,998,186	3,130	232,382,015
17	713	63,203,292	2,552	184,958,397	3,265	248,161,689
18	619	55,411,371	2,436	179,127,481	3,055	234,538,851
19	521	46,623,823	1,985	149,248,753	2,506	195,872,577
20	466	42,432,030	1,912	146,954,672	2,378	189,386,702
21	487	46,660,755	1,796	139,083,024	2,283	185,743,780
22	500	47,885,691	1,815	143,630,564	2,315	191,516,254
23	445	42,008,327	1,758	140,947,118	2,203	182,955,445
24	461	44,306,684	1,409	114,609,787	1,870	158,916,470
25	336	33,034,491	1,194	96,518,294	1,530	129,552,785
26	312	30,187,053	1,142	93,995,416	1,454	124,182,469
27	365	36,504,964	1,238	101,471,391	1,603	137,976,355
28	436	44,087,255	1,313	108,538,695	1,749	152,625,950
29	501	49,765,171	1,431	119,464,301	1,932	169,229,471
30	532	52,737,433	1,425	120,740,564	1,957	173,477,996
31	530	51,685,679	1,261	109,535,449	1,791	161,221,129
32	473	49,219,817	1,097	96,081,571	1,570	145,301,388
33	336	36,113,397	791	68,987,625	1,127	105,101,022
34	168	18,120,737	478	42,162,032	646	60,282,769
35	132	13,995,926	250	21,906,139	382	35,902,065
36	80	8,749,468	164	14,656,439	244	23,405,907
37	40	4,585,139	100	8,856,823	140	13,441,962
38	35	3,605,121	89	7,519,222	124	11,124,343

Amounts may not add due to rounding.

TABLE 2
(Continued)
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2008
WITH SALARIES PROJECTED TO JUNE 30, 2009
(FULL TIME AND REGULAR PART TIME)

Service	Males		Females		Totals	
	Number	Salaries	Number	Salaries	Number	Salaries
39	36	3,904,720	47	4,396,781	83	8,301,501
40	28	3,284,034	26	2,216,020	54	5,500,053
41	18	2,031,552	18	1,499,012	36	3,530,564
42	8	667,751	15	1,243,836	23	1,911,587
43	6	653,483	7	517,615	13	1,171,098
44	3	267,301	7	498,105	10	765,406
45	1	87,647	6	620,646	7	708,293
46	4	413,127	3	225,580	7	638,707
47			1	70,110	1	70,110
48	2	279,877			2	279,877
49	1	252,733			1	252,733
50	1	103,372	2	173,295	3	276,667
51			1	80,463	1	80,463
53			1	71,666	1	71,666
54	1	86,959	2	144,591	3	231,549
Total	31,539	\$ 2,308,566,977	104,789	\$ 6,414,531,922	136,328	\$ 8,723,098,898

Amounts may not add due to rounding.

In addition, there are the following active members:

**SUBSTITUTES, PART-TIME, AND HOURLY-PAID
TEACHERS WHO ARE ON A FLEXIBLE OR
LIMITED WORK SCHEDULE**

Number	29,146
Annual Salaries	\$ 149,452,311
Average Age	42.00 years
Average Service	1.74 years

TABLE 3
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE BENEFIT TRUST RESERVE
OF RETIRED ANNUITANTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
52	1	\$ 46,583	1	\$ 34,544	2	\$ 81,127
53			1	57,085	1	57,085
54	23	1,616,401	38	2,539,562	61	4,155,964
55	170	10,272,321	394	20,446,329	564	30,718,650
56	363	23,201,296	931	49,238,958	1,294	72,440,254
57	557	35,568,803	1,426	74,645,755	1,983	110,214,558
58	846	53,360,502	1,829	92,760,061	2,675	146,120,563
59	1,057	65,641,755	2,095	101,553,387	3,152	167,195,141
60	1,291	75,251,200	2,807	124,804,199	4,098	200,055,399
61	1,531	93,217,339	3,104	143,218,515	4,635	236,435,853
62	2,004	125,565,187	3,689	167,245,305	5,693	292,810,492
63	1,520	93,769,122	2,607	113,812,223	4,127	207,581,345
64	1,463	85,954,803	2,579	112,962,960	4,042	198,917,763
65	1,471	83,064,699	2,583	102,491,775	4,054	185,556,474
66	1,591	87,694,553	2,875	113,068,813	4,466	200,763,366
67	1,279	70,390,066	2,318	91,415,337	3,597	161,805,403
68	1,169	62,455,560	2,010	76,940,975	3,179	139,396,535
69	1,022	54,689,821	1,769	66,827,388	2,791	121,517,209
70	968	50,715,156	1,733	64,034,852	2,701	114,750,007
71	998	51,769,654	1,565	57,011,724	2,563	108,781,378
72	865	44,298,846	1,468	51,202,542	2,333	95,501,388
73	911	42,876,595	1,335	47,510,750	2,246	90,387,345
74	865	43,305,360	1,263	42,853,259	2,128	86,158,619
75	743	35,993,364	1,078	35,158,839	1,821	71,152,204
76	768	35,617,900	1,167	37,622,361	1,935	73,240,260
77	698	32,235,079	1,038	32,203,654	1,736	64,438,733
78	713	29,982,894	1,021	30,812,693	1,734	60,795,587
79	617	27,292,597	1,039	30,435,969	1,656	57,728,566
80	535	22,552,459	985	27,202,184	1,520	49,754,643
81	527	21,066,619	958	25,317,455	1,485	46,384,074
82	462	18,341,430	869	22,050,883	1,331	40,392,313
83	442	17,928,837	728	17,503,145	1,170	35,431,982
84	370	13,966,350	693	16,582,923	1,063	30,549,273
85	320	11,399,803	617	14,722,750	937	26,122,553
86	240	8,162,047	672	13,754,805	912	21,916,851
87	184	5,645,318	633	13,194,678	817	18,839,996
88	158	4,535,230	575	11,364,126	733	15,899,357
89	114	3,134,133	498	9,395,467	612	12,529,600

Amounts may not add to the dollar due to rounding.

TABLE 3
(Continued)
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE BENEFIT TRUST RESERVE
OF RETIRED ANNUITANTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
90	107	2,819,702	427	7,666,761	534	10,486,462
91	84	2,088,204	387	6,871,643	471	8,959,847
92	66	1,784,366	295	5,083,049	361	6,867,415
93	40	966,428	235	3,872,776	275	4,839,204
94	34	984,253	228	3,719,201	262	4,703,454
95	36	1,226,182	192	3,108,296	228	4,334,478
96	15	236,612	143	2,223,289	158	2,459,901
97	16	309,316	82	1,285,987	98	1,595,303
98	5	125,512	101	1,599,850	106	1,725,361
99	6	174,419	52	739,358	58	913,776
100	1	31,199	38	513,653	39	544,852
101	1	32,518	26	358,158	27	390,677
102	2	76,794	26	362,986	28	439,780
103			9	143,746	9	143,746
104			5	84,830	5	84,830
105			3	46,752	3	46,752
106						
107						
108			1	11,749	1	11,749
Total	29,269	\$ 1,553,435,184	55,241	\$ 2,091,690,315	84,510	\$ 3,645,125,499

Amounts may not add to the dollar due to rounding.

TABLE 4
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE BENEFIT TRUST RESERVE
OF SURVIVOR ANNUITANTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
4	1	\$ 30,561			1	\$ 30,561
5						
6			1	\$ 5,126	1	5,126
7	1	2,400			1	2,400
8	1	5,705			1	5,705
9						
10	2	8,046	2	7,762	4	15,807
11	3	20,395	1	14,673	4	35,068
12	2	11,553	1	4,023	3	15,576
13	3	11,310	3	27,066	6	38,376
14	1	2,701	1	10,709	2	13,411
15	3	11,598	2	16,907	5	28,505
16	4	19,954			4	19,954
17	6	37,675	3	39,771	9	77,447
18	5	27,215	1	5,350	6	32,565
19	4	17,451	6	31,964	10	49,415
20	4	42,749	5	45,505	9	88,255
21	3	23,119	10	97,201	13	120,320
22						
23	1	64,876			1	64,876
24	1	4,450			1	4,450
25						
26						
27						
28						
29	1	5,704			1	5,704
30						
31						
32						
33	1	8,347	2	15,068	3	23,415
34	1	8,347	2	15,054	3	23,401
35	4	29,873	1	7,205	5	37,078
36	1	8,597	2	15,735	3	24,333
37	6	61,396	1	7,868	7	69,264
38	3	32,237			3	32,237
39	2	22,259	2	13,723	4	35,982
40	2	60,475	1	24,660	3	85,135
41	3	44,914	1	15,426	4	60,340

Amounts may not add to the dollar due to rounding.

TABLE 4
(Continued)
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE BENEFIT TRUST RESERVE
OF SURVIVOR ANNUITANTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
42	1	8,597	1	11,901	2	20,498
43			5	49,712	5	49,712
44	4	34,348	2	13,417	6	47,766
45	2	23,912	3	24,046	5	47,958
46	2	19,361	5	105,356	7	124,717
47	4	42,353	3	51,027	7	93,380
48	7	51,980	6	121,897	13	173,876
49	6	52,512	10	168,134	16	220,646
50	9	113,749	9	137,224	18	250,974
51	13	214,676	17	231,015	30	445,691
52	15	154,333	9	137,654	24	291,987
53	15	158,645	16	285,130	31	443,775
54	12	209,548	21	404,204	33	613,752
55	15	219,686	20	369,660	35	589,346
56	26	349,815	39	957,786	65	1,307,601
57	34	648,423	44	1,011,725	78	1,660,148
58	38	489,883	54	1,174,832	92	1,664,715
59	34	548,256	55	1,366,275	89	1,914,531
60	46	755,215	75	1,818,499	121	2,573,714
61	57	971,553	98	2,218,776	155	3,190,328
62	52	1,030,606	98	2,139,520	150	3,170,126
63	50	816,369	82	1,725,556	132	2,541,925
64	42	667,987	86	1,873,829	128	2,541,816
65	64	1,190,552	114	2,744,623	178	3,935,175
66	74	1,225,766	121	2,832,926	195	4,058,692
67	61	1,082,034	145	3,130,268	206	4,212,301
68	67	997,849	119	2,797,241	186	3,795,089
69	63	1,105,782	142	3,165,330	205	4,271,112
70	65	1,110,063	141	3,132,552	206	4,242,616
71	65	1,032,537	175	3,827,008	240	4,859,545
72	63	870,577	179	3,774,382	242	4,644,959
73	76	1,143,019	164	3,463,222	240	4,606,241
74	73	1,079,428	185	3,538,113	258	4,617,541
75	80	1,337,882	162	3,106,113	242	4,443,995
76	75	1,007,854	201	3,885,362	276	4,893,216
77	91	1,262,949	186	3,418,040	277	4,680,989
78	103	1,434,195	255	4,451,546	358	5,885,741
79	100	1,300,649	209	3,647,312	309	4,947,961
80	79	968,004	238	4,129,942	317	5,097,945

Amounts may not add to the dollar due to rounding.

TABLE 4
(Continued)
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE BENEFIT TRUST RESERVE
OF SURVIVOR ANNUITANTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
81	89	1,094,576	232	3,897,478	321	4,992,054
82	86	1,013,162	220	3,529,506	306	4,542,668
83	95	1,068,984	218	3,381,261	313	4,450,245
84	99	1,116,015	198	2,956,691	297	4,072,706
85	120	1,374,935	171	2,520,262	291	3,895,198
86	104	1,047,170	176	2,477,284	280	3,524,454
87	78	722,232	159	2,221,084	237	2,943,316
88	82	726,761	168	2,141,346	250	2,868,107
89	68	536,268	134	1,539,619	202	2,075,887
90	57	471,315	132	1,453,847	189	1,925,162
91	65	517,576	118	1,226,562	183	1,744,138
92	48	367,376	109	1,203,531	157	1,570,906
93	42	291,163	78	851,881	120	1,143,044
94	36	261,169	76	824,761	112	1,085,931
95	29	220,467	44	441,821	73	662,289
96	16	142,858	36	416,173	52	559,032
97	7	51,112	31	299,966	38	351,079
98	12	70,667	24	178,159	36	248,826
99	9	63,663	16	166,103	25	229,766
100	2	9,198	11	103,730	13	112,928
101	4	21,692	5	48,912	9	70,604
102	1	4,601	11	96,384	12	100,985
103			2	16,246	2	16,246
104			2	8,847	2	8,847
105			2	9,969	2	9,969
Total	2,901	\$ 37,547,818	5,915	\$ 103,873,373	8,816	\$ 141,421,191

Amounts may not add to the dollar due to rounding.

TABLE 5
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE BENEFIT TRUST RESERVE
OF DISABILITY BENEFIT RECIPIENTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
26			1	\$ 16,373	1	\$ 16,373
27			3	52,457	3	52,457
28			3	47,972	3	47,972
29			3	54,162	3	54,162
30			3	54,073	3	54,073
31			3	54,706	3	54,706
32			4	73,532	4	73,532
33	1	\$ 18,252	3	56,268	4	74,519
34	2	58,311	5	102,315	7	160,626
35			1	23,430	1	23,430
36	2	37,428	7	124,359	9	161,787
37			1	15,540	1	15,540
38			3	60,453	3	60,453
39			10	164,265	10	164,265
40	2	35,751	9	160,440	11	196,191
41	2	52,871	11	251,828	13	304,699
42			8	124,452	8	124,452
43	2	34,638	12	248,169	14	282,808
44	3	49,204	4	79,293	7	128,497
45	3	45,176	13	295,287	16	340,463
46	2	60,260	9	245,882	11	306,141
47	4	79,792	7	150,744	11	230,535
48	3	63,090	7	119,253	10	182,343
49	3	85,404	17	320,303	20	405,707
50	3	70,953	19	380,412	22	451,365
51	4	76,447	24	601,348	28	677,795
52	2	42,223	30	663,436	32	705,660
53	10	200,137	22	515,527	32	715,664
54	4	94,862	30	731,300	34	826,162
55	9	219,066	42	1,149,429	51	1,368,495
56	10	262,591	53	1,346,951	63	1,609,542
57	12	388,604	56	1,472,845	68	1,861,450
58	12	317,501	51	1,339,038	63	1,656,539
59	13	362,256	57	1,630,671	70	1,992,928
60	11	422,352	55	1,579,767	66	2,002,119
61	9	273,313	46	1,264,760	55	1,538,073
62	10	323,901	31	813,687	41	1,137,588

Amounts may not add to the dollar due to rounding.

TABLE 5
(Continued)
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE BENEFIT TRUST RESERVE
OF DISABILITY BENEFIT RECIPIENTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
63	6	204,210	22	597,379	28	801,589
64	7	237,799	19	399,717	26	637,517
65	7	184,819	14	272,569	21	457,388
66	6	124,912	17	375,170	23	500,082
67	4	143,325	16	311,816	20	455,141
68	2	35,306	7	176,887	9	212,194
69	3	44,169	11	215,433	14	259,602
70	1	6,541	5	131,958	6	138,499
71			16	256,262	16	256,262
72	1	34,493	5	50,840	6	85,333
73	4	69,690	11	237,868	15	307,558
74	4	179,298	14	304,773	18	484,072
75	2	48,662	9	157,952	11	206,614
76	1	8,512	7	168,749	8	177,261
77	1	16,919	7	117,456	8	134,375
78	2	26,233	5	56,957	7	83,190
79			3	58,862	3	58,862
80	2	21,082	8	94,009	10	115,091
81	3	39,322	3	50,363	6	89,685
82	2	45,721	3	28,174	5	73,896
83	1	15,288	4	44,690	5	59,978
84			7	94,519	7	94,519
85			2	21,156	2	21,156
86			2	53,857	2	53,857
87			6	62,754	6	62,754
88			2	23,917	2	23,917
89			4	44,346	4	44,346
90			1	11,582	1	11,582
91			1	13,629	1	13,629
92						
93			2	20,147	2	20,147
Total	197	\$ 5,160,687	896	\$ 20,838,519	1,093	\$ 25,999,205

Amounts may not add to the dollar due to rounding.

TABLE 6

**THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE GUARANTEED MINIMUM ANNUITY RESERVE
OF RETIRED ANNUITANTS
AS OF JUNE 30, 2009**

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
64			5	\$ 3,222	5	\$ 3,222
65	1	\$ 6	6	2,373	7	2,378
66	2	106	6	4,261	8	4,368
67			12	5,190	12	5,190
68	1	208	7	8,108	8	8,316
69			11	4,951	11	4,951
70	2	1,231	19	9,506	21	10,736
71			29	14,319	29	14,319
72	3	1,483	29	18,098	32	19,581
73	3	3,368	24	11,527	27	14,894
74			29	14,398	29	14,398
75	2	968	19	14,027	21	14,995
76	3	810	15	8,820	18	9,630
77	3	1,947	25	19,329	28	21,276
78	4	1,836	46	29,325	50	31,161
79	8	5,025	46	33,522	54	38,546
80	6	4,200	67	42,870	73	47,070
81	11	7,629	55	42,690	66	50,319
82	12	9,354	69	61,969	81	71,323
83	7	6,318	58	45,414	65	51,733
84	10	9,402	65	65,394	75	74,796
85	10	10,984	49	53,212	59	64,196
86	6	4,250	95	97,813	101	102,063
87	13	9,820	74	80,925	87	90,746
88	7	8,660	81	92,971	88	101,632
89	7	9,454	76	85,802	83	95,256
90	9	12,411	55	63,752	64	76,163
91	10	19,664	78	105,006	88	124,670
92	3	2,983	46	64,665	49	67,649
93	5	8,384	41	45,329	46	53,712
94	2	3,549	49	63,313	51	66,863
95	2	6,161	34	44,714	36	50,875
96	3	2,679	23	32,361	26	35,040
97	2	3,149	17	28,730	19	31,879
98			20	30,585	20	30,585

Amounts may not add to the dollar due to rounding.

TABLE 6
(Continued)
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE GUARANTEED MINIMUM ANNUITY RESERVE
OF RETIRED ANNUITANTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
99			19	25,899	19	25,899
100			11	21,775	11	21,775
101			8	16,041	8	16,041
102			12	20,099	12	20,099
103			3	2,539	3	2,539
104			2	1,008	2	1,008
105			2	4,535	2	4,535
106						
107						
108			1	1,864	1	1,864
Total	157	\$ 156,037	1,438	\$ 1,442,255	1,595	\$ 1,598,293

Amounts may not add to the dollar due to rounding.

TABLE 7
THE NUMBER AND ANNUAL BENEFITS PAYABLE FROM
THE GUARANTEED MINIMUM ANNUITY RESERVE
OF DISABILITY BENEFIT RECIPIENTS
AS OF JUNE 30, 2009

Age	Males		Females		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
84			1	\$ 696	1	\$ 696
Total			1	\$ 696	1	\$ 696

Amounts may not add to the dollar due to rounding.

November 2009

Ms. Kathleen Farney
Director of Research
Teachers' Retirement System
of the State of Illinois
2815 West Washington Street
Springfield, Illinois 62702

Dear Kathleen:

Enclosed are 25 bound and one unbound one-sided copy of our actuarial valuation of the System as of June 30, 2009.

Sincerely,



Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

LL:pl
7228/C6782RET01-2009-Val.doc

Enc.