



*Bring More to Your
Retirement with the TRS
Supplemental Savings Plan*

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025



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

FISCAL YEAR 2025 HIGHLIGHTS

Active contributing members	174,157
Inactive noncontributing members	154,395
Benefit recipients*	134,395
Total membership	462,947
Investment return	
Total fund investment return, net of fees	9.7%
Actuarial information	
Actuarial accrued liability (AAL)	\$159,123,544,771
Less actuarial value of assets (AVA)	76,053,649,926
Unfunded actuarial accrued liability, AVA basis (UAAL)	\$83,069,894,845
Funded ratio (AVA/AAL)	47.8%
Less fair value of assets (FVA)	77,263,331,616
Unfunded actuarial accrued liability, FVA basis (UAAL)	\$81,860,213,155
Funded ratio (FVA/AAL)	48.6%
GASB Statement No. 67 disclosures	
Total pension liability (TPL)	\$162,014,881,717
Less fiduciary net position (FNP)	77,263,331,616
Net pension liability (NPL)	\$84,751,550,101
FNP as a percentage of TPL	47.7%
Additions	
Member contributions	\$1,248,918,714
Employer contributions	123,544,052
State of Illinois contributions	6,203,788,670
Total investment income	6,902,120,417
Participant fee income	325,661
Total additions	\$14,478,697,514
Deductions	
Benefits paid	\$8,502,198,170
Refunds paid	67,588,307
Contributions sent to third-party administrator	24,320,882
Administrative expenses	46,858,367
Total deductions	\$8,640,965,726

* Benefit recipients includes retiree, disability and survivor benefit recipients.

BRINGING MORE TO THE FUTURE

At the Teachers' Retirement System of the State of Illinois (TRS), our purpose is simple but powerful—to protect the retirement security of those who dedicate their lives to educating Illinois students. Every day, our work is guided by: our **mission** of *delivering expert pension service to Illinois public educators as they earn their promised retirement security*; **vision** of *working together as the trusted retirement resource for generations of our members* and by our **core values** of *integrity, accountability, service, teamwork, diversity, and continuous improvement*.



These principles shape everything we do and reflect our commitment to serving those who serve others.

For generations, TRS has provided a strong and reliable foundation of retirement income through our defined benefit pension. That foundation remains at the heart of who we are and what we do. Yet we know that each member's journey is unique, and many are looking for additional ways to prepare for the future.

The TRS Supplemental Savings Plan (SSP) is designed to meet that need. Since its launch in 2022, the SSP has grown rapidly, with more than 14,000 members choosing to participate and over \$68 million in assets as of Nov. 30, 2025. The plan allows members to save additional funds through flexible pretax or Roth (after-tax) contributions and a variety of investment options, giving them the freedom to tailor their savings strategy to fit their personal goals. Importantly, the SSP supplements, not replaces, the security of the TRS pension, giving members more confidence and flexibility as they look toward retirement.

“Our members dedicate their lives to shaping futures. It’s our privilege to help secure theirs. The TRS pension remains the cornerstone of that promise, and through the Supplemental Savings Plan, we’re giving members even more ways to build the future they deserve.”

**—Executive Director &
Chief Investment Officer
Stan Rupnik**

Equally important to TRS's success is our growing team of dedicated professionals, who work every day to provide exceptional service to our members. By expanding and strengthening our staff, we help ensure that every educator receives the guidance, support, and resources they need to make informed decisions about their retirement.

As we reflect on the past year, we are inspired by the work of our members and their commitment to planning for the future. The SSP, along with the TRS defined benefit pension plan we administer, represents our continued promise to help every educator bring more to their future. At TRS, we are honored to stand alongside our more than 462,900 members, supporting them, guiding them and safeguarding the retirement security they have earned through a lifetime of service.

PREFACE

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025



The TRS SSP Deferred Compensation Team

Teachers' Retirement System of the State of Illinois a component unit of the State of Illinois

2815 West Washington | P.O. Box 19253

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<https://www.trsil.org>

**This report was prepared by the TRS Accounting,
Investments, Research and Communications Departments.**

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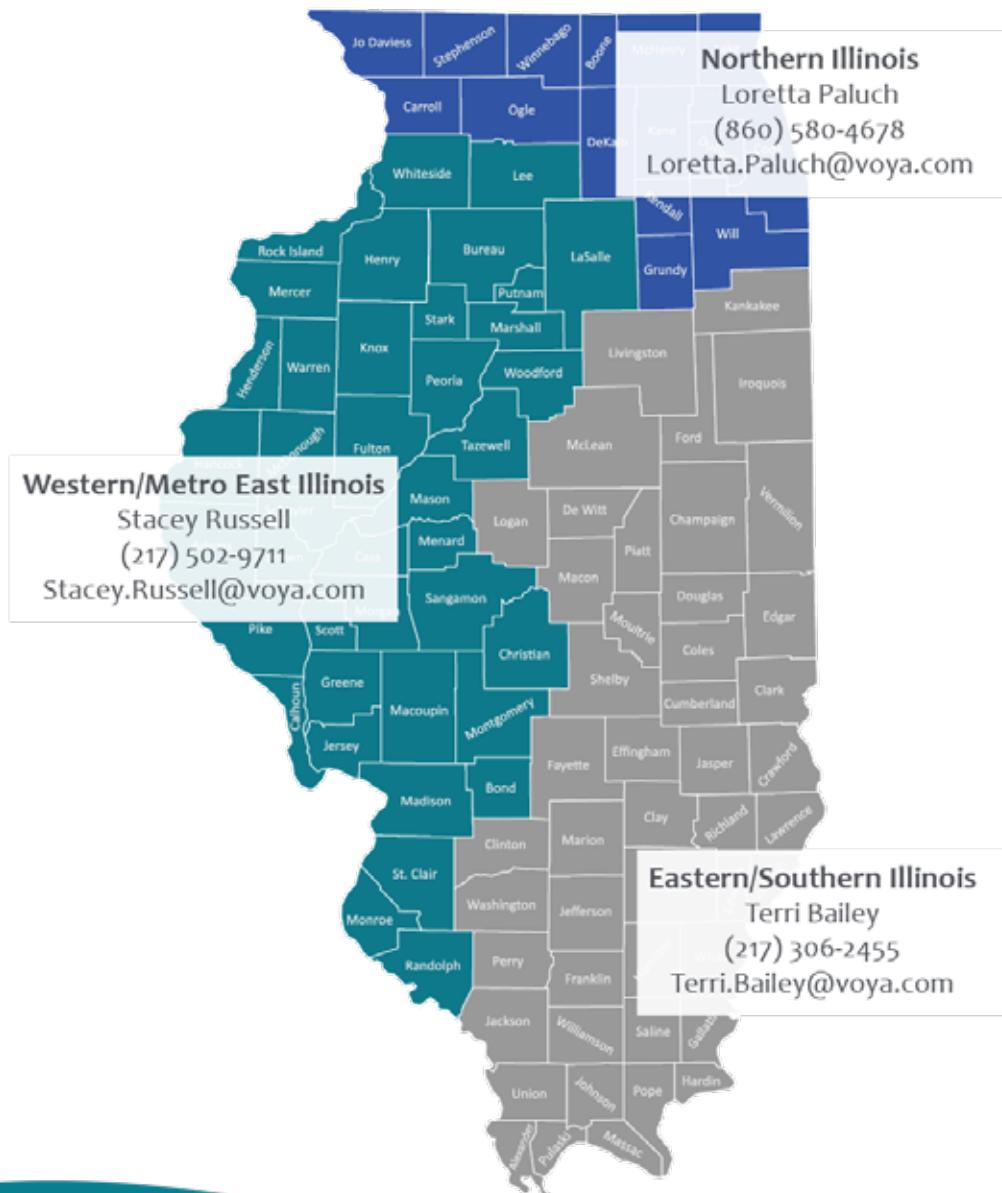
TABLE OF CONTENTS

HIGHLIGHTS & PREFACE		i-iv	ACTUARIAL	
INTRODUCTION			Actuary's Certification	84
Certificate of Achievement	4		Actuarial Assumptions and Methods	86
Recognition Award for Administration	5		Actuarial Experience Analysis	89
Letter of Transmittal	6		Annual Actuarial Valuation	90
TRS Board of Trustees	13		Analysis of Financial Experience: Reconciliation of Unfunded Liability	90
TRS Organization	14		Actuarial Standards and Illinois State Pension Funding	91
Consulting and Professional Services	16		Tests of Financial Condition	93
FINANCIAL			Other Information	95
Independent Auditor's Report	18		Funding Analysis by Tier	97
Management's Discussion and Analysis	20		Average Annual Salary for Active Members (Excluding Substitutes) by Years of Service and Number of Employers	98
Financial Statements	24		Average Annual Salary and Age for Active Members by Years of Service as of June 30, 2025	100
Statement of Fiduciary Net Position June 30, 2025	24		Plan Summary	102
Statement of Changes in Fiduciary Net Position for the Year Ended June 30, 2025	25		Summary of Tier 1 and Tier 2	
Notes to Financial Statements	26		Benefit Provisions	104
Required Supplementary Information	54			
Schedule of Changes in the Net Pension Liability	54		STATISTICAL	
Schedule of the Net Pension Liability	54		Statistical Section Contents	109
Schedule of Investment Returns	56		Changes in Net Position Restricted for Pensions, Last 10 Fiscal Years	110
Schedule of Contributions from Employers and Other Contributing Entities	56		Benefit and Refund Deductions from Net Position by Type, Last 10 Fiscal Years	110
Notes to Required Supplementary Information	57		Employee and Employer Contribution Rates, Last 10 Fiscal Years	112
Supplementary Information	58		Active Members by Tier	112
Schedule of Administrative Expenses for the Years Ended June 30	58		Retired Members by Years of Service and Years in Retirement as of June 30, 2025	113
Schedule of Direct Investment Expense for the Years Ended June 30	59		Demographics of Benefit Recipients and Active Members as of June 30, 2025	114
Schedule of Professional Services for the Years Ended June 30	60		Benefit Recipients by Type as of June 30, 2025	116
INVESTMENTS			Average Benefit Payments for New Retirees, Last 10 Fiscal Years	117
Introduction	62		Principal Participating Employers	118
Investment Summary	62			
Asset Allocation/Portfolio Summary	64			
Investment Results	67			
Securities Lending	69			
Brokerage Activity	70			
Investment Manager and Custodian Fees	71			
Investment Assets Under Management	75			
Supplementary Schedules	81			

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INTRODUCTION

Members who are eligible for the SSP have ongoing access and support from local Voya TRS SSP education representatives. The representatives are available to assist members with a variety of services to help them meet their retirement needs.





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Teachers' Retirement System of the State of Illinois

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Administration
2025***

Presented to

Illinois Teachers' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Robert A. Wylie
Program Administrator



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R. Stanley Rupnik, Executive Director & Chief Investment Officer

LETTER OF TRANSMITTAL

December 12, 2025

To the TRS Board of Trustees and TRS Members:

We are pleased to present the Annual Comprehensive Financial Report for the Teachers' Retirement System of the State of Illinois (TRS) for the fiscal year ended June 30, 2025. This report provides critical details regarding the on-going efforts of the System's trustees and staff to fulfill the TRS mission of delivering expert pension service to Illinois public educators as they earn their promised retirement security.

MEMBER ASSETS REMAIN SECURE

TRS reported a notable increase in its funded status for the year ending June 30, 2025, marking the fifth consecutive year of improvement. The funded ratio, calculated using the actuarial value of assets, has risen to 47.8 percent, up from 45.8 percent the previous year. This two-percentage-point increase reflects a combination of strong investment returns and consistent funding contributions from both the State of Illinois and participating employers.

The improvement in funded status is a positive indicator of TRS's financial health and stability, suggesting that the System is making meaningful progress toward securing the retirement benefits of its members. Strong investment performance, driven by a diversified portfolio and strategic asset allocation, has played a crucial role in this enhancement.

While we have seen significant improvement, the System's funded ratio remains low. To address this, the TRS Board of Trustees employs a conservative investment strategy to mitigate potential declines in the ratio should market conditions worsen. TRS trustees and investment staff have built a highly diversified portfolio aimed at maximizing asset growth during favorable economic periods while safeguarding assets during downturns. The current asset allocation plan prioritizes enhanced liquidity and protection in volatile markets, ensuring the security of member assets.

As TRS continues to implement strategies aimed at bolstering its financial standing, this upward trend in the funded ratio positions the System on a promising trajectory for the future. The dedication and expertise of TRS staff, along with the proactive governance of the Board of Trustees, and continued commitment to consistent funding from the State, are essential in ensuring the System can meet its long-term obligations and provide the retirement security that educators deserve. Looking ahead, TRS remains committed to maintaining this momentum through prudent investment decisions and strong leadership.

SYSTEM GOVERNANCE

TRS is governed by a Board of Trustees comprised of 15 members – seven appointed by the governor, five elected by active members, two elected by annuitants and the sitting state superintendent of schools. The TRS Board of Trustees ended FY25 with 14 of 15 members.

Three appointed members of the Board had terms expire on July 14, 2024. All were reappointed for another full term.

Three elected members of the Board did not seek re-election. Three newly elected Board members had terms that began in July 2025: Heather Becker, Sean Casey and Rainy Kaplan.

PROFILE OF TRS

TRS was established by the State of Illinois on July 1, 1939 to provide retirement, disability and death benefits to teachers employed by Illinois public elementary and secondary schools outside the city of Chicago. TRS is governed by a Board of Trustees comprised of 15 members. The president of the Board of Trustees, by law, is appointed by the governor from among the sitting trustees. The Board of Trustees elects its vice president from among its members. The Board of Trustees appoints an executive director who serves as the secretary of the Board of Trustees. The executive director is responsible for the daily operations at TRS.

Pursuant to Section 16-204 of the Illinois Pension Code, 40 ILCS 5/16-204, the TRS Board of Trustees established the TRS Supplemental Savings Plan (SSP), effective October 29, 2019. The SSP is an eligible deferred compensation plan (DCP) under Section 457(b) of the Internal Revenue Code and is a governmental plan within the meaning of Code Section 414(d) and Section 3(32) of the Employee Retirement Income Security Act of 1974.

The annual budget for TRS administrative expenses is prepared by staff and approved by the Board of Trustees. The TRS annual operating budget request is prepared in conjunction with a review of the long-range strategic plan.

FINANCIAL INFORMATION

TRS staff issues an Annual Comprehensive Financial Report within six months of the close of each fiscal year. The report contains financial statements presented in conformity with generally accepted accounting principles (GAAP) applied within guidelines established by the Governmental Accounting Standards Board (GASB).

A system of internal controls helps TRS monitor and safeguard assets and promote efficient operations. Each year TRS's financial statements are audited by a professional accounting firm that serves as a special assistant auditor employed by the Illinois Auditor General. In addition, a biennial compliance attestation examination is performed to review compliance with applicable statutes and codes. The Independent Auditor's Report on TRS's financial statements is included on pages 18 and 19 in the Financial Section of this report. TRS received an unmodified auditor opinion on the fair presentation of its financial statements.

TRS is required by law to publish an Annual Comprehensive Financial Report annually with information about the System's financial condition, investment methods, performance and actuarial conclusions that determine financial needs as well as statistical information about members, school districts, revenues and benefits.

TRS management and staff are responsible for the accuracy of this report and for ensuring that all material disclosures have been made. TRS recognizes that the limitations of internal controls must be considered. These controls are designed to provide reasonable assurance regarding the safekeeping of assets, the reliability of financial records, the appropriate segregation of duties and the use of sound accounting and financial practices. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. The objective of internal controls at TRS is a reasonable, not absolute, assurance that the System's financial statements are free of material misstatements. Five internal auditors are employed to continually review and determine that all laws, rules, policies and procedures are followed.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A, which can be found immediately following the Independent Auditor's Report.

ADDITIONS AND DEDUCTIONS

The three sources of TRS defined benefit funding are member contributions, investment income and employer contributions through state appropriations and payments by employers. TRS defined benefit deductions include payments of benefits, refunds and administrative expenses. Additions to deferred compensation include member contributions, participant fee income and employer contributions. Deferred compensation deductions are comprised of contributions sent to the third-party administrator and administrative expenses. Negative amounts are shown in parentheses () throughout this report.

Additions (\$ millions)

Source	Increase/(Decrease)			
	2025	2024	Amount	% Change
Member contributions	\$1,249	\$1,184	\$65	5.5%
Employer contributions	124	132	(8)	(6.6)
State of Illinois contributions	6,204	6,159	45	0.7
Total investment income	6,902	5,758	1,144	19.9
Participant fee income	0.3	0.1	0.2	107.2
Total	\$14,479	\$13,233	\$1,246	9.4%

Deductions (\$ millions)

Source	Increase/(Decrease)			
	2025	2024	Amount	% Change
Benefits payments	\$8,502	\$8,191	\$311	3.8%
Refunds	68	69	(1)	(2.1)
Contributions sent to third-party administrator	24	15	9	57.1
Administrative expenses	47	39	8	21.6
Total	\$8,641	\$8,314	\$327	3.9%

Note: % change is based on financial statement values (not rounded).

The TRS Board of Trustees and staff remain vigilant in their efforts to improve the retirement system's funded status for current and future members. TRS continues to invest prudently and in a disciplined manner for the benefit of TRS membership and for the long-term success of the retirement system. The TRS Board and staff believe the overall investment strategy remains sound and aligns with their specific objectives and principles.

INVESTMENTS

The TRS investment portfolio returned 9.7 percent net of fees, for the fiscal year ended June 30, 2025. Total investment assets increased approximately \$5.4 billion during the year.

In FY25, TRS celebrated two decades of the TRS Emerging Manager Program's impact within its portfolio. Created in 2005 to open doors for emerging investment firms that might otherwise lack access to large institutional capital, the program has fueled innovation and expanded the System's reach. Since its inception, it has committed \$11 billion across 138 investments and helped 19 firms graduate into TRS's core portfolio, growing their mandates from \$602 million to \$2.6 billion. Today, 28 percent of TRS's portfolio—totaling more than \$21 billion—is managed by emerging investment firms.

The TRS trust fund is invested under the authority of the Illinois Pension Code and follows the “prudent person rule,” which requires investments to be managed solely in the interest of fund participants and beneficiaries. The TRS Investment Policy guides TRS's investments which include preserving the long-term principal of the trust fund, maximizing total return within prudent risk parameters and acting in the exclusive interest of TRS members.

The Investment Section of this report contains a summary of the portfolio and investment activities. Pages 70 to 81 provide specific details regarding fees and commissions and a list of investment professionals who provided services to TRS.

FUNDING

During the year ended June 30, 2025, the funded ratio based on the actuarial value of assets of the Teachers' Retirement System increased to 47.8 percent from its June 30, 2024, level of 45.8 percent. The actuarial value of assets at year end was \$76.1 billion and the actuarial accrued liability was \$159.1 billion. Under the smoothing methodology required by Public Act 96-0043, differences between actual and expected investment earnings are recognized prospectively over a five-year period.

The Actuarial Section of this report contains the actuary's letter and further information on funding.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

TRS Strategic Plan

The TRS Strategic Plan defines a clear and ambitious path forward designed to strengthen our organization, deliver exceptional service, and create long-term value for our members, employers and stakeholders.

Developed through a collaborative process, the five-year plan reflects our commitment to operational excellence, innovation and a high performing, engaged workforce.

At the midpoint of the plan, we are making focused progress on several priorities that support both immediate needs and strategic objectives. This year's efforts are concentrated on Workforce Planning, Improving Trust, Change Management and Resource Planning, each a critical component of building organizational strength and resilience.

We are expanding and supporting our workforce by recruiting new talent and investing in the development of current staff. These actions are designed to ensure teams are equipped to deliver at the highest level while preparing for future demands. Through intentional workforce planning, we are looking beyond immediate needs to build a talent strategy that supports sustained growth, adaptability and long-term success. We are also being deliberate about succession planning and creating clear career pathways, ensuring staff have opportunities to grow while TRS builds a strong bench of future leaders.

We recognize that change is constant, and successful organizations are those that embrace it with intention. Organizational Change Management (OCM) practices are being embedded across key initiatives to help teams navigate transitions with consistency and purpose. We have trained leaders across the organization in OCM principles and are continuing to support them in guiding their teams through change.

We are committed to strengthening trust across the organization by fostering a culture of transparency, accountability and open communication. By prioritizing trust in every interaction, we are creating a workplace where collaboration thrives and where individuals feel confident in both leadership and the organization's direction.

Professional Development Program

TRS is deeply committed to investing in our people and fostering a culture of continuous learning and professional growth. In 2024, we launched the Aspiring Leader Program, a foundational initiative designed to identify and prepare emerging leaders across the organization. This program reflects our belief that leadership can be cultivated at every level—and that growing talent from within strengthens our ability to adapt, innovate and serve effectively.

Building on that momentum, we are expanding access to learning and development through the introduction of modern technology that will make training more accessible to all staff. This platform will support employees in helping them stay current with essential skills while also providing opportunities to develop new skills, whether in support of their current responsibilities or future career goals.

Modernized Enterprise Resource Planning Platform

TRS successfully implemented a modern, cloud-based Enterprise Resource Planning (ERP) platform, replacing our outdated Human Capital Management system. This upgrade has transformed how we manage key operational functions, streamlining processes and significantly improving data accuracy across our enterprise operations.

This implementation reflects our focus on building strong internal infrastructure that supports both our people and our mission, enabling us to operate more effectively today and adapt more confidently for the future.

Enhanced Procurement Practices

In 2024, TRS took meaningful steps to modernize our procurement operations. As part of this effort, we expanded our in-house procurement team to enhance strategic sourcing capabilities and strengthen internal expertise.

To complement this investment in talent, we also launched a digital platform to manage Requests for Proposals (RFPs) and vendor solicitations. This technology streamlines procurement workflows, improves visibility into active solicitations, and enables greater consistency in how we engage with potential vendors. Internally, it offers staff a more efficient and user-friendly process, while externally, it increases accessibility and transparency for our vendor community.

These improvements reflect our commitment to operational excellence, good governance and continuous improvement—ensuring that TRS remains a responsible steward of resources while supporting innovation and accountability across the organization.

Supplemental Savings Plan – Optional Deferred Compensation Benefit Plan

The Deferred Compensation (DC) Plan, known as the TRS Supplemental Savings Plan (SSP), launched in January 2022 as a 457(b) deferred compensation plan. The SSP allows for voluntary participation which may provide additional benefits at retirement to supplement the TRS defined benefit plan. Active full-time or part-time contractual employees in a TRS-covered position are eligible for the SSP.

In January 2023, TRS enhanced the performance of its DC plan by implementing automatic enrollment of all new System members into the plan, in compliance with passed legislation. Under automatic enrollment, all brand-new TRS members hired by eligible employers on or after January 1, 2023, become participants in the SSP. Members automatically enrolled have the option to opt out of participation.

The TRS SSP recently surpassed \$50 million in assets. In FY25, over 10,000 active participants contributed over \$25.6 million, compared to 5,683 participants and \$15 million contributed in FY24.

Technology

TRS continues to lead cross-divisional implementation efforts for pension administration system modernization and prepare for the project's subsequent phases.

- **Employer Reporting Module Implementation** - Continue modernizing the Employer Reporting modules, enhancing employer services, deferred compensation administration and employer interactions through improved automation, streamlined workflows and additional functionality.
- **Member Services Solution Evaluation** - Initiating comprehensive assessment and selection process for next-generation member services platform to support enhanced self-service capabilities and improved member experience.
- **Future Phase Preparation** - Conducting strategic planning, data cleansing and stakeholder engagement activities to support upcoming phases of the modernization project.

TRS is continuing to enhance our information technology system roadmap for system enhancements and cybersecurity.

- **Cloud Technology Evaluation** - Assessing cloud-based solutions to improve system reliability, enhance security and support organizational growth while maintaining cost effectiveness.
- **SharePoint Modernization to Support Workplace Alignment** - Modernizing our SharePoint instance to create an organizational intranet to improve communication, transparency, collaboration and standards across the agency.
- **Artificial Intelligence Exploration and Implementation** - Evaluating and implementing AI tools and applications that can streamline operations and support strategic goals while following established AI policies, procedures and security standards.
- **Security and Disaster Recovery** - Strengthening cybersecurity and disaster recovery programs to provide better protection and resilience for the agency.

Accelerated Benefit Payment Programs

Public Act 100-0587 established two buyout options for Teachers' Retirement System (TRS) members: an inactive vested buyout and an automatic annual increase buyout. These options were initially available to eligible Tier 1 and Tier 2 members through June 30, 2021. The program period was subsequently extended through June 30, 2024, by Public Act 101-0010, and further extended through June 30, 2026, by Public Act 102-0718. These buyout provisions are currently set to expire at the end of fiscal year 2026—June 30, 2026.

The inactive vested buyout provision allows inactive vested members to elect a lump-sum payment equal to 60 percent of the present value of their future retirement benefits in exchange for forfeiting their annuity at retirement.

The automatic annual increase buyout provision offers retiring Tier 1 members a one-time accelerated pension benefit payment (AAI payment) equal to a portion of their future annual pension increases. In return for this AAI payment, a retiring Tier 1 member must waive the 3 percent compounded annual increase applied to his/her pension. Instead, the member will receive a 1.5 percent noncompounded annual increase effective at the later of January 1 following the member's 67th birthday or the first anniversary of retirement. The lump-sum payment is calculated as 70 percent of the present value difference between benefits with and without the automatic annual increase.

As of the June 30, 2024 valuation, these buyout provisions have collectively reduced the plan's actuarial accrued liabilities by approximately \$1.48 billion.

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TRS for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 36th consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government or government entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Public Pension Coordinating Council (PPCC), Recognition Award for Administration

TRS received the Recognition Award for Administration in 2025 for meeting professional standards of plan administration as set forth in the Public Pension Standards of the PPCC. The award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR).

ACKNOWLEDGMENTS

The information in this report was compiled by TRS staff under the guidance of the TRS Board of Trustees and the executive director, and it remains the responsibility of TRS management. Our goal is to provide complete and reliable information that supports management decisions, demonstrates TRS's compliance with legal requirements, and ensures responsible stewardship of the assets contributed by members, their employers and the State of Illinois.

This report is available to members of the General Assembly, participating employers and other interested parties upon request. Participating TRS employers play a crucial role in connecting TRS with its members, and their cooperation significantly contributes to the System's success. Additionally, the report is accessible to the public at <https://www.trsil.org>.

We would like to take this opportunity to extend our gratitude to our dedicated staff, professional consultants and others who have worked tirelessly to ensure the successful operation of TRS. Their commitment and expertise have been invaluable in navigating the complexities of our mission. Everyone's efforts contribute not only to the integrity of our financial reporting but also to the overall effectiveness of our services. We recognize that their collaboration and hard work are essential in fostering a strong and resilient system that benefits all our members.



R. Stanley Rupnik
Executive Director & Chief Investment Officer



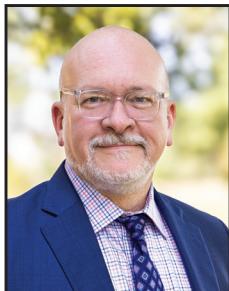
Deron Bertolo
Chief Financial Officer

TRS BOARD OF TRUSTEES

AS OF DECEMBER 1, 2025



Matthew Hunt
President
Appointed



Andrew Hirshman
Vice President
Elected



Dr. Tony Sanders
Ex officio



Beth Anderson
Elected



Heather Becker
Appointed



James "Jim" Hagerman
Appointed



Kevin "Duffy" Blackburn
Appointed



Marsha Byas
Elected



Sean Casey
Elected



Michael Goetz
Appointed



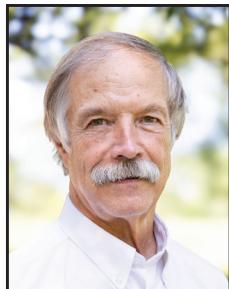
Maria "Mia" Jazo-Harris
Appointed



Rainy Kaplan
Elected



Maureen Mena
Appointed



Doug Strand
Elected

TRS ORGANIZATION

EXECUTIVE CABINET

AS OF DECEMBER 1, 2025



Stan Rupnik, CFA
Executive Director
& Chief Investment
Officer



Sally Antonacci
Chief of Staff



Deron Bertolo
Chief Financial
Officer



Lori Dour
Chief Benefits
Officer



Cynthia Fain
Deputy General Counsel



John Gerding
Chief Technology
Officer



Janelle Gurnsey
Chief Communications
& Engagement Officer



**Michelle Kissel, MS,
SPHR, SHRM-SCP**
Director of
Human Resources



**Gloria Lasley, MBA,
CISSP, PMP**
Chief Operating Officer



Emily Peterson
General Counsel

Board of Trustees

Investment Committee
Audit Committee
Legislative Committee
Rules & Personnel Committee
Claims Hearing Committee
Deferred Compensation Plan Committee

Executive Director & Chief Investment Officer Stan Rupnik, CFA

Chief of Staff
Sally Antonacci

Director of
Human Resources
Michelle Kissel
MS, SPHR, SHRM-SCP

Chief Financial Officer
Deron Bertolo

Chief Communications &
Engagement Officer
Janelle Gurnsey

General Counsel
Emily Peterson

Chief Operating Officer
Gloria Lasley, MBA,
CISSP, PMP

Deputy General Counsel
Cynthia Fain

Chief Benefits Officer
Lori Dour

Chief Technology Officer
John Gerding

CONSULTING AND PROFESSIONAL SERVICES

ACTUARY

The Segal Company Midwest, Inc.

EXTERNAL AUDITORS

(Special assistants to the Office of the Auditor General)

Forvis Mazars, L.L.P.

LEGAL SERVICES

DLA Piper, L.L.P.

Elrod Friedman L.L.P.

Financial Recovery Technologies, L.L.C.

Holland & Knight, L.L.P.

Howard & Howard Attorneys, P.L.L.C.

Ice Miller L.L.P.

King & Spalding L.L.P.

Nixon Peabody L.L.P.

Ottosen DiNolfo Hasenbalg & Castaldo, Ltd.

Reinhart Boerner Van Deuren s.c.

State of Illinois, Office of the Attorney General

Whitt Law, L.L.C.

LEGISLATIVE CONSULTING

Leinenweber Baroni & Daffada Consulting, L.L.C.

INFORMATION TECHNOLOGY

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Capitol Strategies Consulting Inc.

CapTech Ventures Inc.

Carahsoft Technology Corp.

CDW L.L.C.

Dayagdag, Chris

Decker Innovations Inc.

Ellerman, Greg

HSO North America, L.L.C.

Precision Task Group Inc.

Promet Solutions Corporation

Resultant L.L.C.

Sentinel Technologies, Inc.

INTERNAL AUDIT

Weaver and Tidwell, L.L.P.

OPERATIONS

Albourne America, L.L.C.

CEM Benchmarking, Inc.

Election Services Conglomerate L.L.C.

Higher Logic, L.L.C.

Krasan Consulting Services Inc.

Mosaic Governance Advisors L.L.C.

The Segal Company Midwest, Inc.

MASTER TRUSTEE

State Street Bank and Trust Company

SECURITIES LENDING AGENT

State Street Bank and Trust Company

INVESTMENT CONSULTANTS

Aksia, L.L.C. (*Diversifying strategies and private debt*)

CapFinancial Partners, L.L.C. (*Deferred compensation*)

RVK, Inc. (*General investment*)

Stepstone Group, L.P. (*Private equity*)

Stepstone Group Real Estate, L.P. (*Real estate*)

INVESTMENT ADVISORS

Ernst & Young Private, Ltd. (*Tax advisory services*)

Evercore Group L.L.C. (*Secondary market advisor*)

Meketa Investment Group, Inc. (*Co-investment advisor*)

FINANCIAL



The TRS Deferred Compensation Manager Shiloah T. listens attentively to a speaker during the National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference. The event is an opportunity for sharing ideas with peers and learning innovative techniques for improving retirement outcomes.

Independent Auditor's Report

The Honorable Frank J. Mautino
Auditor General
State of Illinois
and
The Board of Trustees
Teachers' Retirement System of Illinois

Opinion

As Special Assistant Auditors for the Auditor General, we have audited the Statement of Fiduciary Net Position of the Teachers' Retirement System of the State of Illinois (System), a component unit of the State of Illinois, as of June 30, 2025, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2025, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The actuarially determined net pension liability, calculated as required by GASB Statement No. 67, *Financial Reporting for Pension Plans*, is dependent on several assumptions including the assumption that future required contributions from all sources are made based on statutory requirements in existence as of the date of this report. These assumptions are discussed in Note A.6 of the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

The Honorable Frank J. Mautino
and
The Board of Trustees
Teachers' Retirement System of Illinois

In performing an audit in accordance with GAAS, we:

- exercise professional judgement and maintain professional skepticism throughout the audit, identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability, the schedule of net pension liability, the schedule of investment returns, the schedule of contributions from employers and other contributing entities, and notes to the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplementary information in the financial section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information in the financial section, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in the financial section, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction, investments, actuarial and statistical sections, as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

Decatur, Illinois
December 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Teachers' Retirement System of the State of Illinois provides an overview of financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Letter of Transmittal in the Introduction Section on page 6 and the Financial Statements and related notes that follow this discussion.

FINANCIAL HIGHLIGHTS

- The fiduciary net position of TRS at June 30, 2025 was \$77.3 billion.
- During FY25, the fiduciary net position of TRS increased \$5.8 billion.
- Defined benefit contributions from members, employers and the State of Illinois were \$7.6 billion, an increase of \$92.4 million or 1.2 percent for FY25.
- Deferred compensation contributions from employers and members were \$24.4 million, an increase of \$8.9 million for FY25.
- Total net investment income was \$6.9 billion in FY25, compared to a \$5.8 billion gain in FY24, an increase of 19.9 percent.
- Defined benefits and refunds paid to members and annuitants were \$8.6 billion, an increase of \$309.4 million or 3.7 percent for FY25.
- The actuarial accrued liability was \$159.1 billion at June 30, 2025.
- The unfunded actuarial accrued liability was \$83.1 billion at June 30, 2025. The funded ratio was 47.8 percent at June 30, 2025. The unfunded liability and funded ratio are calculated using a smoothed value of assets, as required under Public Act 96-0043.
- The total pension liability (TPL) was \$162.0 billion at June 30, 2025.
- The net pension liability (NPL) was \$84.8 billion at June 30, 2025. The plan fiduciary net posi-

tion, as a percentage of total pension liability, was 47.7 percent.

The Financial Statements contained in this section of the Annual Comprehensive Financial Report consist of:

Statement of Fiduciary Net Position. This statement reports the fiduciary net position which represents the difference between the financial statement elements comprised of assets and liabilities. It is the balance sheet for the pension system and reflects the June 30, 2025 net position (assets less liabilities) available for the payment of benefits and other fiduciary activities of the System.

Statement of Changes in Fiduciary Net Position. This statement details transactions that occurred during the fiscal year. It is the income statement of TRS and reflects the additions and deductions to fiduciary net position recorded throughout the fiscal year. This statement supports the change in the value of net position reported on the Statement of Fiduciary Net Position.

Notes to the Financial Statements. The notes are an integral part of the financial statements and include additional information not readily evident in the statements themselves.

Required Supplementary Information and Supplementary Information. The required supplementary information and supplementary information following the notes to the financial statements provide historical and additional detailed information considered useful in evaluating the pension system's financial condition.

Plan Reporting. The financial statements and notes presented in the TRS FY25 ACFR include two separately reported plans. The plans included are the TRS Defined Benefit Pension Plan, a fiduciary component unit of TRS, and the Deferred Compensation Plan, not a component unit of TRS but a custodial fund reporting fiduciary activities.

The following are condensed comparative financial statements.

CONDENSED COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION AS OF JUNE 30

	2025	Percentage Change	2024
Cash	\$16,244,760	(46.9)%	\$30,612,216
Receivables and prepaid expenses	2,673,254,234	14.9	2,326,392,969
Investments	76,590,555,598	7.6	71,173,673,106
Invested securities lending collateral	1,325,591,421	2668.2	47,886,000
Capital assets	<u>7,023,321</u>	0.7	<u>6,972,221</u>
Total assets	80,612,669,334	9.5	73,585,536,512
Total liabilities	<u>3,354,606,501</u>	54.9	<u>2,165,205,467</u>
Total fiduciary net position	<u>\$77,258,062,833</u>	8.2%	<u>\$71,420,331,045</u>

CONDENSED COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED JUNE 30

	2025	Percentage Change	2024
Contributions	\$7,576,251,436	1.4%	\$7,475,016,704
Net investment income	6,902,120,417	19.9	5,757,906,980
Participant fee income	<u>325,661</u>	107.2	<u>157,139</u>
Total additions	<u>14,478,697,514</u>	9.4	<u>13,233,080,823</u>
Benefits and refunds	8,569,786,477	3.7	8,260,383,852
Contributions sent to third-party administrator	24,320,882	57.1	15,477,104
Administrative expenses	<u>46,858,367</u>	21.6	<u>38,536,723</u>
Total deductions	<u>8,640,965,726</u>	3.9	<u>8,314,397,679</u>
Net increase in fiduciary net position	<u>5,837,731,788</u>	18.7	<u>4,918,683,144</u>
Total fiduciary net position - beginning of year	<u>71,420,331,045</u>	7.4	<u>66,501,647,901</u>
Total fiduciary net position - end of year	<u>\$77,258,062,833</u>	8.2%	<u>\$71,420,331,045</u>

FINANCIAL ANALYSIS

TRS was created to provide retirement, survivor and disability benefits to qualified members. Increases or decreases in the plan's fiduciary net position serve as useful indicators of TRS's financial position. The fiduciary net position was \$77.3 billion at June 30, 2025.

CONTRIBUTIONS

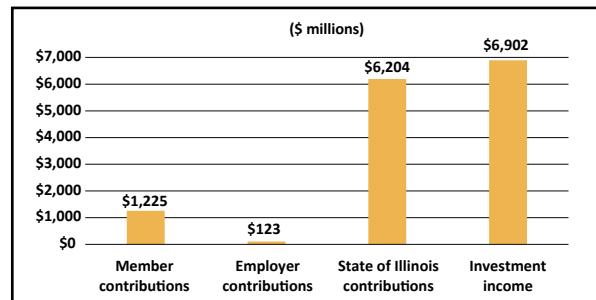
Defined benefit contributions increased \$92.4 million during FY25. Contributions from the State of Illinois increased \$45.2 million, member contributions increased \$56.0 million and employer contributions from school districts decreased \$8.8 million.

TRS Deferred Compensation Plan contributions totaled \$24.4 million for FY25. This was an increase of \$8.9 million as member participation increased from the prior year.

Public Act 100-0023 requires that the impact on state contributions due to changes in actuarial assumptions be phased in over five years on a retroactive basis.

State funding law provides for a 50-year funding plan that includes a 15-year phase-in period and a goal of 90 percent funding in the year 2045.

Defined Benefit Revenues by Type for the Year Ended June 30, 2025



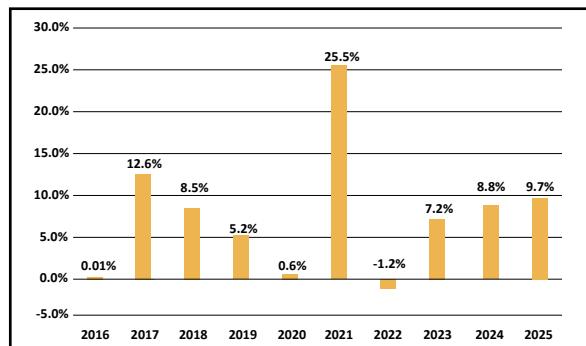
INVESTMENTS

The TRS trust fund is invested according to law under the "prudent person rule" requiring investments to be managed solely in the interest of fund participants and beneficiaries. Principles guiding the investment of funds include preserving the long-term principal of the trust fund and maximizing total return within prudent risk parameters.

The TRS investment portfolio earned 9.7 percent, net of fees, for the fiscal year ended June 30, 2025. In another year dominated by high inflation, market volatility and global geopolitical concerns, the investment strategy employed by TRS protected assets and limited the System's portfolio loss. TRS ended the fiscal year beating the assumed rate of return of 7.0 percent by 270 basis points.

During the fiscal year, total TRS investment assets increased approximately \$5.4 billion, including a net investment gain of \$6.9 billion. The significant increase in investment income contributed to the portfolio's positive return.

Annual Rate of Return (net of investment expenses)

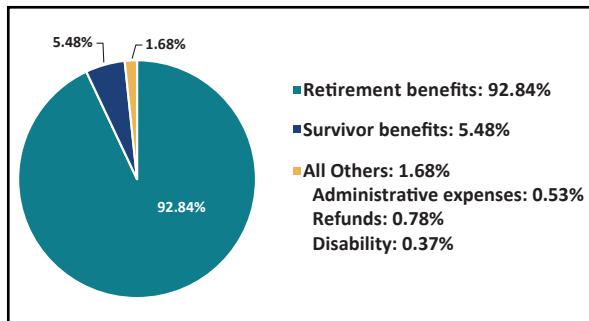


DEFINED BENEFITS AND REFUNDS

Retirement, survivor and disability benefit payments increased \$310.8 million during FY25. Benefit payments increased to \$8.5 billion with 134,395 recipients in FY25. The overall increase in benefit payments is due to an increase in retirement and survivor benefits as well as the number of retirees. Retirement benefits were higher as a result of annual increases in retirement benefits and an increase in the number of retirees from 118,637 as of June 30, 2024 to 119,914 as of June 30, 2025.

Refunds of contributions decreased \$1.4 million in FY25.

Defined Benefit Deductions by Type for the Year Ended June 30, 2025



ACTUARIAL

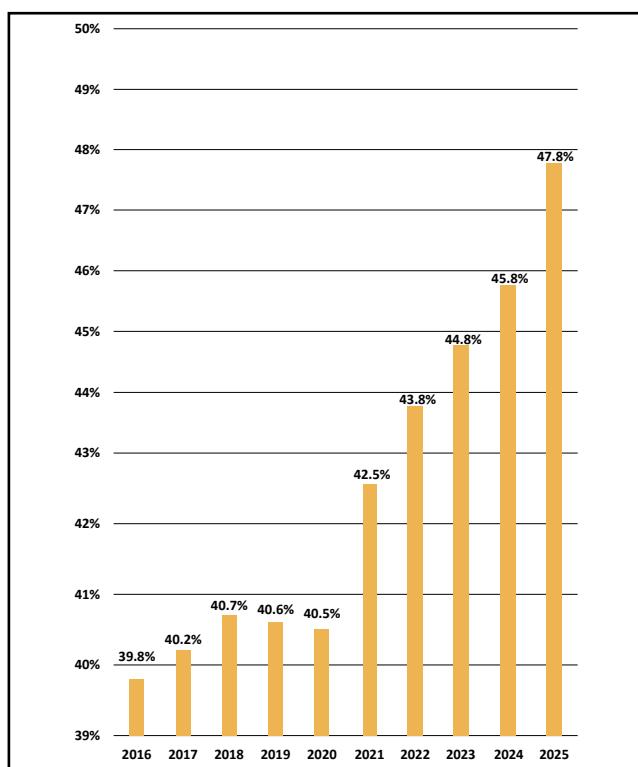
For statutory funding and financial reporting, an actuarial valuation is performed annually and measures the total liability for all benefits earned to date. The actuarial accrued liability is a present value estimate of all benefits earned to date but not yet paid. The actuarial accrued liability based on statutory funding requirements increased \$4.8 billion in FY25 to \$159.1 billion at June 30, 2025.

The actuarial unfunded liability is the present value of benefits allocated to service accrued-to-date that are not covered by the actuarial value of assets as of the valuation date. The actuarial unfunded liability based on the actuarial value of assets decreased \$0.6 billion during FY25 to \$83.1 billion at June 30, 2025. The funded ratio reflects the percentage of the actuarial accrued liability covered by the actuarial value of assets. The funded ratio increased from 45.8 percent on June 30, 2024 to 47.8 percent on June 30, 2025.

The actuarial unfunded liability and funded ratio are based on the actuarial value of assets. Public Act 96-0043 requires the five state retirement systems to smooth actuarial gains and losses on investments over a five-year period.

When the funded ratio was based on the fair value of assets, the reported funded ratio was impacted immediately by changes in market conditions. State funding requirements based on fair value assets also were impacted immediately and therefore were more volatile. Using the actuarial value of assets results in more stable reported funded ratios and state funding requirements over time.

Funded Ratio Based on Actuarial Value of Assets



The funded ratio in this chart is the ratio of actuarial assets to the actuarial liability. An increase in this ratio indicates an improvement in TRS's ability to meet future benefit obligations.

During FY14, TRS implemented GASB Statement No. 67, "Financial Reporting for Pension Plans." As a result of implementing the new statement, TRS is required to disclose the net pension liability (NPL) and total pension liability (TPL) in the Financial Statement Notes and Required Supplementary Information in accordance with criteria which differs from criteria used to disclose the actuarial accrued liability and actuarial unfunded liability. The TPL is \$162.0 billion at June 30, 2025, while the NPL is \$84.8 billion at June 30, 2025.

LEGISLATIVE

Public Act 104-0284

Supplemental Savings Plan Clarifications

Includes changes to the Supplemental Savings Plan section of the Pension Code to reflect the administration of the plan and applicable law more accurately.

Employer Contribution Payment Time Extended

Permits school districts to remit employer contributions due on salary increases in excess of 6 percent for a member's retirement within seven years of receipt. It was formerly within three years of receipt.

FINANCIAL STATEMENTS

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2025

	Defined Benefit Pension Plan	Deferred Compensation Custodial Fund	Total
Assets			
Cash	\$16,244,760	\$ -	\$16,244,760
Receivables and prepaid expenses:			
Member contributions	145,865,724	514,332	146,380,056
Participant DC fees	-	112,169	112,169
Employer contributions	18,597,473	2,330	18,599,803
State of Illinois	621,225	-	621,225
Investment income	198,627,037	-	198,627,037
Other receivables	5,516,326	3,044	5,519,370
Pending investment sales	2,303,394,574	-	2,303,394,574
Total receivables and prepaid expenses	2,672,622,359	631,875	2,673,254,234
Investments, at fair value:			
Fixed income	8,362,418,363	-	8,362,418,363
Public equities	27,508,085,606	-	27,508,085,606
Alternative investments	38,534,016,496	-	38,534,016,496
Derivatives	(7,069,183)	-	(7,069,183)
Short-term investments	2,121,920,261	-	2,121,920,261
Foreign currency	71,184,055	-	71,184,055
Total investments	76,590,555,598	-	76,590,555,598
Invested securities lending collateral:			
Securities lending collateral	1,291,690,421	-	1,291,690,421
Securities lending collateral with the State Treasurer	33,901,000	-	33,901,000
Total invested securities lending collateral	1,325,591,421	-	1,325,591,421
Capital assets:			
Capital assets, net of accumulated depreciation	3,478,455	-	3,478,455
Right to use assets, net of amortization	3,544,866	-	3,544,866
Total capital assets, net	7,023,321	-	7,023,321
Total assets	80,612,037,459	631,875	80,612,669,334
Liabilities			
Administrative expenses payable	6,234,910	5,545,328	11,780,238
Benefits and refunds payable	8,005,758	2,890	8,008,648
Lease and subscription liabilities	2,528,375	-	2,528,375
Investment expenses payable	119,692,859	-	119,692,859
Pending investment purchases	1,887,568,881	-	1,887,568,881
Securities lending collateral	1,324,675,060	-	1,324,675,060
Third-party administrator payable	-	352,440	352,440
Total liabilities	3,348,705,843	5,900,658	3,354,606,501
Total fiduciary net position (deficit) restricted for pensions and other	\$77,263,331,616	(\$5,268,783)	\$77,258,062,833

See accompanying Notes to Financial Statements.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Defined Benefit Pension Plan	Deferred Compensation Custodial Fund	Total
Additions			
Contributions:			
Members	\$1,224,699,297	\$24,219,417	\$1,248,918,714
State of Illinois	6,203,788,670	-	6,203,788,670
Employers:			
Federal funds	32,914,814	-	32,914,814
2.2 benefit formula	77,404,052	-	77,404,052
Excess employer costs	13,042,794	-	13,042,794
Employer SSP	-	182,392	182,392
Total contributions	7,551,849,627	24,401,809	7,576,251,436
Investment income:			
Net increase in fair value of investments	5,355,235,033	-	5,355,235,033
Alternatives income	1,500,950,850	-	1,500,950,850
Interest and dividends	1,122,950,821	-	1,122,950,821
Other investment income	10,499,276	-	10,499,276
Securities lending income	3,022,174	-	3,022,174
Less investment expenses:			
Alternatives expense	590,979,396	-	590,979,396
Direct investment expense	498,803,105	-	498,803,105
Securities lending management fees	755,236	-	755,236
Net investment income	<u>6,902,120,417</u>	<u>-</u>	<u>6,902,120,417</u>
Other income:			
Participant fees and dividends	-	325,607	325,607
SSP forfeitures	-	54	54
Total other income	-	325,661	325,661
Total additions	14,453,970,044	24,727,470	14,478,697,514
Deductions			
Retirement benefits	7,998,555,247	-	7,998,555,247
Survivor benefits	472,172,170	-	472,172,170
Disability benefits	31,470,753	-	31,470,753
Refunds	67,588,307	-	67,588,307
Contributions sent to third-party administrator	-	24,320,882	24,320,882
Administrative expenses	45,565,876	1,292,491	46,858,367
Total deductions	8,615,352,353	25,613,373	8,640,965,726
Net increase/(decrease) in net position	5,838,617,691	(885,903)	5,837,731,788
Total fiduciary net position			
Beginning of year (deficit)	<u>71,424,713,925</u>	<u>(4,382,880)</u>	<u>71,420,331,045</u>
End of year (deficit)	<u>\$77,263,331,616</u>	<u>(\$5,268,783)</u>	<u>\$77,258,062,833</u>

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTIONS

1. Reporting Entity

a. Defined Benefit Plan

The Teachers' Retirement System of the State of Illinois (TRS) is a public employee retirement system (PERS), that administers a cost-sharing, multiple-employer defined benefit pension plan. That pension plan is a fiduciary component unit of TRS. Membership is mandatory for all full-time, part-time and substitute public school personnel employed outside of Chicago in positions requiring licensure. Persons employed at certain state agencies and certain non-government entities also are members. Established by the State of Illinois, TRS is governed by the Illinois Pension Code (40 ILCS 5/16). TRS is a component unit of the State of Illinois and is included in the State's financial statements as a pension trust fund.

b. Deferred Compensation Plan

TRS also administers a deferred compensation plan. Pursuant to Section 16-204 of the Illinois Pension Code, the Board of Trustees of TRS established the TRS Supplemental Savings Plan (SSP). The SSP is an eligible deferred compensation plan (DCP) under Section 457(b) of the Internal Revenue Code. Membership is voluntary for eligible TRS members first employed in a TRS-covered position prior to Jan. 1, 2023. Eligible members first employed on or after Jan. 1, 2023 are automatically enrolled unless they opt out of the program. The assets of the SSP are maintained under a trust for the exclusive benefit of participants and beneficiaries. TRS uses a third-party administrator and acts as a pass-through entity for contributions received, thus assets in the trust are not controlled by TRS. Participating members, not TRS, direct the third-party administrator regarding use, exchange or employment of assets within their own accounts. The SSP is reported in a custodial fund as a fiduciary activity because it is not a component unit of TRS.

The net position deficit is a result of start-up expenses and technology costs expended in order to develop and implement the SSP. The deficit will be eliminated in future years as SSP participants increase and participation fees begin to offset plan costs.

TRS uses criteria established by the Governmental Accounting Standards Board (GASB) to determine

whether other entities should be included within its financial reporting entity.

2. Employers

Members of TRS are employed by school districts, special districts, certain state agencies and certain non-governmental entities. Each employer remits member contributions to TRS.

Employers are responsible for employer contributions for:

- Teachers paid from federal funds.
- The 2.2 formula increase.
- Salary increases in excess of 6 percent. When a member retires, the employer is required to pay TRS contributions equal to the actuarial value of a pension benefit that results from any salary increase over 6 percent that is used in a retiring member's final average salary calculation. Several permanent exemptions are in effect for excess salary increases.
- Sick leave days received in excess of the normal annual allotment and applied to service credit for members in their final four years prior to retirement.
- Any portion of a member's salary that is greater than the governor's statutory salary.

In addition, the State of Illinois is a nonemployer contributing entity that provides employer contributions on behalf of the System's employers. For information about employer contributions made by the State of Illinois, see "Schedule of Contributions from Employers and Other Contributing Entities" within the Required Supplementary Information (RSI) section of this report.

The state's statutory contribution requirements are described in the Actuarial Section under "Actuarial Standards and Illinois State Pension Funding."

Number of Employers (as of June 30)

	2025
Local school districts	850
Special districts	136
State agencies	9
Total	995

3. Members

TRS Membership (as of June 30)

	2025
Active members	174,157
Inactive members	154,395
Retirees and beneficiaries	134,395
Total	<u>462,947</u>

4. Board of Trustees

TRS is governed by a 15-member Board of Trustees. Trustees include the state superintendent of education, seven trustees appointed by the governor, five trustees elected by contributing TRS members, and two trustees elected by TRS annuitants. The president of the Board of Trustees, by law, is appointed by the governor from among the sitting trustees. The Board of Trustees elects its vice president from among its members. The Board of Trustees appoints an executive director who also serves as the secretary of the Board of Trustees. The executive director is responsible for the daily operations at TRS.

5. Benefit Provisions

a. Defined Benefit Plan

Governed by the Illinois Pension Code (40 ILCS 5/16), which is subject to amendment by the Illinois General Assembly and approval by the governor, TRS provides retirement, death and disability benefits. Membership is mandatory for all full-time, part-time and substitute public school personnel who are licensed and employed in Illinois outside the city of Chicago.

Public Act 96-0889 (Act), which was signed into law in the spring of 2010, added a new section to the Pension Code that applies different benefits to anyone who first contributes to TRS on or after Jan. 1, 2011 and does not have any previous service credit with one of the reciprocal retirement systems in Illinois. Members who first participate on or after that date are members of Tier 2.

The Act does not apply to anyone who made contributions to TRS prior to Jan. 1, 2011. They remain participants of Tier 1.

Tier 3 was created in July 2017. It is a hybrid retirement plan with both defined benefit and defined contribution plan components.

Tier 1 Benefits

A member qualifies for an age retirement annuity after meeting one of the following requirements: age 62 with five years of service credit; age 60 with 10 years; or age 55 with 20 years. If a member retires between the ages of 55 and 60 with fewer than 35 years of service, the annuity will be reduced at the rate of 0.50 percent for each month the member is under age 60. A member with fewer than five years of creditable service and service on or after July 1, 1947, is entitled to a single-sum benefit payable at age 65.

A retirement benefit is determined by the average of the four highest consecutive annual salary rates within the last 10 years of creditable service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2021 and the 2020-21 school year is used in the member's final average salary. The final average salary will be based on the four highest years within the last 10 years of creditable service.

Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. The 2.2 percent formula became effective July 1, 1998 but service earned before that date can be upgraded to the 2.2 formula with a member contribution. The cost of the upgrade can be reduced if members upgrade and continue teaching after 1998. A graduated formula applies to service earned before 1998 and provides a maximum benefit of 75 percent of average salary with 38 years of service.

Tier 1 members who contributed to TRS before July 1, 2005 receive a money purchase (actuarial) benefit if it provides a higher benefit than the 2.2 or graduated formulas. The 75 percent cap does not apply to the money purchase benefit.

All Tier 1 retirees receive an annual 3 percent increase on the current retirement benefit beginning Jan. 1 following the attainment of age 61 or on Jan. 1 following the member's first anniversary in retirement, whichever is later.

Disability and death benefits are provided.

If a member leaves covered employment, TRS will refund a member's retirement contributions upon request. The refund consists of actual contributions, excluding the 1 percent death benefit contribution.

Effective July 1, 2017, Tier 1 members contribute 9.0 percent of their creditable earnings to TRS and an additional contribution to a retiree health insurance program that is not administered by TRS.

Tier 2 Benefits

Differences with Tier 1 include raising the minimum eligibility to draw a retirement benefit to age 67 with 10 years of service. A discounted annuity can be paid at age 62 with 10 years of service. The Tier 2 law caps creditable earnings and contributions used for retirement purposes at a level that is lower than the Social Security wage base. Tier 2 annual increases will be the lesser of 3 percent or $\frac{1}{2}$ percent of the rate of inflation of the original benefit beginning Jan. 1 following attainment of age 67 or on Jan. 1 following the member's first anniversary in retirement, whichever is later.

The 2.2 retirement formula also applies to Tier 2, but the final average salary is based on the member's highest average salary earned during eight consecutive years out of the last 10 years of service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2021 and the 2020-21 school year is used in the member's final average salary. The final average salary will be based on the eight highest years within the last 10 years of creditable service.

The single-sum benefit also is payable at age 65 to Tier 2 members with fewer than five years of service. The money purchase (actuarial) benefit is not available to Tier 2 members.

Disability and refund provisions for Tier 2 are identical to those that apply to Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Effective July 1, 2017, Tier 2 members contribute 9.0 percent of their creditable earnings to TRS and an additional contribution to a retiree health insurance program that is not administered by TRS.

Tier 3 Benefits

Enacted in July of 2017, the Tier 3 benefit is designed to be a hybrid retirement plan with two parts – a defined benefit (DB) pension and a defined contribution (DC) savings plan.

Under the law, Tier 3 members would make payroll contributions to their DB pensions that are based on the full cost of this part of the benefit, but no more than 6.2 percent of salary. In addition, Tier 3 members would contribute a minimum of 4 percent of their pay to the DC portion of the plan.

At retirement, TRS members would receive a pension and be able to access funds from their DC savings account as they see fit.

However, an implementation date for Tier 3 has not been set. As written, the current language of the Tier 3 statute inadvertently conflicts with other provisions of the Illinois Pension Code. Until these differences are corrected by the legislative and executive branches, Tier 3 cannot be implemented.

b. Deferred Compensation Plan

The Deferred Compensation Plan provides retirement benefits to participating members. All contributions are held in Trust for the exclusive benefit of participants and beneficiaries. Participants are always 100 percent vested in all contributions and investment earnings (including employer contributions and related investment earnings), regardless of years of service credit attained. A Participant is not entitled to a distribution of his/her accounts under the Plan until the earlier of the Participant's severance from employment or the calendar year in which the Participant attains age 59 and one half (59 $\frac{1}{2}$). Exceptions to distribution restrictions rules include death, disability and unforeseeable financial emergency.

6. Actuarial Measurements

The Schedule of Changes in the Net Pension Liability, Schedule of the Net Pension Liability and

the Schedule of Contributions from Employers and Other Contributing Entities may be found in the Required Supplementary Information. Other schedules pertaining to the System's funded status are in the Actuarial section.

Member, employer and state contributions are statutorily defined by the Illinois Pension Code (40 ILCS 5/16), which is subject to amendment by the Illinois General Assembly with approval by the governor. Since July 1, 1995, state appropriations have been made through a continuing appropriation.

Member contributions are allocated as follows: 7.5 percent for retirement; 0.5 percent for post-retirement increases; and 1 percent for death benefits.

Employer contributions are made by or on behalf of employers from several sources. The State of Illinois provides the largest source of contributions through state appropriations from the Common School Fund. Employers also make contributions for the 2.2 benefit formula and for teachers who are paid from federal funds. Additionally, employers contribute their portion of any excess salary increase or sick leave costs due and the total employer normal cost on salaries exceeding the governor's salary.

State funding law provides for a 50-year funding plan that includes a 15-year phase-in period.

Public Act 96-0043, which was effective July 15, 2009, requires TRS to use a five-year smoothing method for asset valuation beginning on June 30, 2009. State contribution requirements were first affected by this change in FY11.

Public Act 100-0023, which was effective July 6, 2017, requires the impact on state contributions due to changes in actuarial assumptions to be phased in over five years. State contribution requirements were first affected by this change in FY18. The FY18 requirement was recertified in January 2018 due to the new law.

Administrative expenses are budgeted and approved by the TRS Board of Trustees. Funding for

these expenses is included in the employer contribution, as determined by the annual actuarial valuation.

Pension Liability

The actuarial assumptions included in the June 30, 2025 actuarial valuation were used to calculate the June 30, 2025 total pension liability. These assumptions were based on the latest experience study conducted by TRS actuaries, as discussed later in this section.

As of June 30, 2025, the assumption for future investment returns was 7.0 percent, a rate unchanged from June 30, 2024. The components that make up the investment return assumption are the real rate of return, 4.5 percent, and inflation, 2.5 percent. The investment return assumption for the 2025 actuarial valuation is based on an asset allocation study conducted by the TRS investment consultant and additional analysis conducted by the actuary in 2025.

The TRS actuary used the following assumed rates of returns by asset class, excluding 2.5 percent for the assumed rate of inflation as well as investment expenses.

Expected Arithmetic Returns Over 10-20 Year Horizon

Asset Class	Return	Target Asset Allocation
Public Equity	4.59%	37.0%
Private Equity	7.93	15.0
Public Income	3.52	15.0
Private Credit	6.70	8.0
Real Estate	4.76	16.0
Infra/Other Real Assets	5.38	2.0
Diversifying Strategies	2.83	6.0
Cash Equivalents	0.25	1.0
Total		100.0%

If the plan's fiduciary net position is not sufficient to cover all benefit payments to current plan members, GASB Statement No. 67 requires the discount rate to be different from the assumed rate of return. Instead, the discount rate would be a blended rate, which includes the long-term expected rate of return and a municipal bond rate (the Bond Buyer's 20-Bond GO Index) as of the end of the current fiscal year. Based on the following projections,

the System can use the long-term expected rate of return as the discount rate for the year ended June 30, 2025, as it did for the prior year.

TRS, with the assistance of the System's actuary, projected that the plan's fiduciary net position will provide for all benefit payments to current plan members. Projected contributions assume that all statutorily required contributions are made, including projected contributions from members, employers and the State of Illinois (nonemployer contributing entity). Projected state contributions reflect the changes enacted in Public Acts 100-0023, 100-0340, 100-0587, 101-0010 and 102-0718. However, the projections do not include any assumptions about the utilization of Tier 3 under PA 100-0023.

Estimated contributions from employers and the State of Illinois, of which the majority of the contributions (approximately 99 percent) are provided by the State of Illinois, are projected to be approximately \$6.5 billion in FY26 and grow to \$10.4 billion by FY45 based on present statutory requirements for current members. Tier 1's liability is partially funded by Tier 2 because the Tier 2 member contributions are higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate.

The actuarial cost method required for financial reporting purposes is the entry age normal method. For TRS, TPL is developed and rolled forward to the valuation date based on member census data one year prior. TPL is projected to the June 30, 2025 measurement date based on census data as of June 30, 2024. Assets, included in plan fiduciary net position, are measured at fair value.

Net Pension Liability

June 30, 2025	
Total pension liability	\$162,014,881,717
Plan fiduciary net position	77,263,331,616
Net pension liability	<u>\$84,751,550,101</u>
Plan fiduciary net position as a percentage of the total pension liability	47.7%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current	1% Increase
Discount rate	6.0%	7.0%	8.0%
Net pension liability	\$105,432,099,580	\$84,751,550,101	\$67,591,096,780

Most of the actuarial assumptions used in the June 30, 2025 actuarial valuation are based on the actuarial experience analysis dated August 16, 2024 that covered the period July 1, 2020 through June 30, 2023 and the economic experience review presented at the June 2025 Board meeting.

Actuarial Assumptions Used for Financial Reporting Disclosure

Actuarial Valuation Date	June 30, 2025
Census Date:	June 30, 2024 with total pension liability projected to June 30, 2025.
Actuarial Cost Method:	
For financial reporting purposes	Entry age normal
Asset Valuation Method:	
For financial reporting purposes	Fair value as of valuation date
Actuarial Assumptions:	
Investment rate of return	7.0% adopted effective June 30, 2022 and reaffirmed at the June 18, 2025 Board meeting.
Real rate of investment return	4.50%
Projected salary increases	8.50% with 1 year of service to 4.00% with 20 or more years of service. Includes inflation and real wage growth (productivity) assumptions.
Group size growth rate	0%
Assumed inflation rate	2.50%
Post-retirement increase	Tier 1: 3%, compounded; Tier 2: 1.25%, not compounded.
Mortality Table:	PubT - 2010 adjusted for TRS experience with future mortality improvements on a fully generational basis using the 2024 Adjusted Scale MP-2021.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial transactions of TRS are recorded using the economic resources measurement focus and the accrual basis of accounting. Member and employer contributions are recognized as additions when due pursuant to statutory or contractual requirements. Benefits and refunds are recognized as deductions when they are due and payable in accordance with the terms of the plan.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of additions to and deductions from net position during the reporting period. Actual results could differ from these estimates. TRS uses an actuary to determine the total pension liability for the defined benefit plan and to determine the actuarially-required contribution.

3. Risks and Uncertainties

TRS investments are diversified and include various investment securities. Investment securities are exposed to a variety of risk including credit, market and interest rate risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that value changes will occur in the near-term and such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

4. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that may affect the reporting of future financial statements:

Adopted in 2025

GASB Statement No. 101: *Compensated Absences*, is effective for fiscal years beginning after December 15, 2023. The System has noted and implemented this guidance with an immaterial impact on the financial statements.

GASB Statement No. 102: *Certain Risk Disclosures*, is effective for fiscal years beginning after June 15, 2024. TRS has reviewed and implemented this guidance and has determined no disclosures were required for the current reporting period. Ongoing monitoring for such risks will continue.

Not Yet Effective

GASB Statement No. 103: *Financial Reporting Model Improvements*, is effective for fiscal years beginning after June 15, 2025. Management is currently evaluating this pronouncement and does not expect it to have a material impact on the System's financial statements based on preliminary review.

GASB Statement No. 104: *Disclosure of Certain Capital Assets*, is effective for fiscal years beginning after June 15, 2025. While the exact impact on our financial presentation is still under review, we anticipate only moderate changes to capital asset disclosures.

5. Method Used to Value Investments

TRS reports investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for publicly traded equities, foreign currency and exchange traded derivatives is determined by using the closing price listed on national securities exchanges as of June 30. Fair value for most of fixed income securities and over-the-counter derivatives is determined primarily by using quoted market prices provided by independent pricing services. Short-term investments are generally reported at amortized cost, which approximates fair value. Appraisals are used to determine fair value on directly owned real estate investments. Fair value for private equity investments, diversifying funds and partnership interests in real estate and real assets is determined by TRS staff and the general partners or investment managers in accordance with the provisions in the individual agreements. These agreements also require that an independent audit be performed on an annual basis.

6. Capital Assets, Including Lease and Subscription Assets

TRS categorizes capital assets as tangible capital assets and intangible right to use assets.

Tangible capital assets are stated on the basis of historical cost. Depreciation is computed using the straight-line method based upon the capitalization thresholds and estimated useful lives of the assets (Building and building improvements: \$25,000, 10 - 40 years; Equipment and furniture \$5,000, 3 - 10 years; Computer software: \$25,000, 3 - 5 years).

Intangible right-to-use assets are measured at the present value of expected payments over the term of the contract. The capitalization threshold for lease assets and subscriptions is \$100,000 for a term greater than one year. Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions/ Transfers In	Disposals/ Transfers Out	Ending Balance
Capital Assets, Not Depreciated:				
Construction in Progress	\$ -	\$455,902	\$ -	\$455,902
Land	235,534	-	-	235,534
Mineral Lease Rights	2,643	-	-	2,643
	238,177	455,902	-	694,079
Capital Assets, Depreciated or Amortized:				
Office Building	9,885,038	-	-	9,885,038
Site Improvements	1,151,601	17,313	-	1,168,914
Equipment & Furniture	3,658,132	229,256	765,880	3,121,508
Purchased Software	295,045	-	-	295,045
Internally Generated Software (IGS)	12,412,492	-	-	12,412,492
Right to Use Asset - Office Buildings	1,884,801	-	2,726	1,882,075
Right to Use Asset - Copiers	104,529	-	-	104,529
Right to Use Asset - Computer Software	2,391,701	2,395,082	1,306,695	3,480,088
	31,783,339	2,641,651	2,075,301	32,349,689
Less Accumulated Depreciation or Amortization:				
Office Building	8,686,319	235,384	-	8,921,703
Site Improvements	1,072,905	12,525	-	1,085,430
Equipment & Furniture	3,251,135	184,225	822,782	2,612,578
Purchased Software	295,045	-	-	295,045
Internally Generated Software (IGS)	9,543,480	1,640,385	-	11,183,865
Right to Use Asset - Office Buildings	485,919	174,770	-	660,689
Right to Use Asset - Copiers	69,686	34,843	-	104,529
Right to Use Asset - Computer Software	1,644,806	804,121	1,292,319	1,156,608
	25,049,295	3,086,253	2,115,101	26,020,447
Total Net Capital Assets	\$6,972,221	\$11,300	(\$39,800)	\$7,023,321

7. Compensated Absences

When employment is terminated, TRS employees are entitled to receive compensation for all accrued unused vacation time and one-half of all unused sick leave earned through Dec. 31, 1997. Sick time earned after Dec. 31, 1997 is not compensable at termination. Noncompensable sick time can be converted to pension service credit. Amounts expected to be converted to service credit are included in the net pension liability and therefore excluded from the compensated absence liability.

At June 30, 2025, the System had a liability of \$4,647,853 for compensated absences, an increase of \$2,263,315 from the June 30, 2024 liability. The estimated amount due within one year is \$2,652,346. The implementation of GASB 101 did not result in a material impact on TRS's financial statements, therefore, prior year amounts were not restated.

Beginning with June 30, 2025, the liability now includes noncompensable earned time that is more likely than not to be used by employees during their employment with TRS. The liability is included in administrative and investment expenses payable on the Statement of Fiduciary Net Position. For non-investment staff, the increase in liability is reflected in the financial statements as administrative expense. For investment staff, the increase is reflected as investment expense.

8. Receivables

Receivables consist primarily of 1) member and employer contributions owed and yet to be remitted by the employing districts, 2) interest, dividends, real estate and private equity income owed to TRS, 3) appropriations not yet received from the State of Illinois as of June 30 and 4) pending investment sales.

TRS assesses penalties for late payment of contributions and may collect any unpaid amounts from the employing districts by filing a claim with the appropriate regional superintendent of education or the Office of the Comptroller against future state aid payments to the employer. TRS considers these employer receivables to be fully collectible.

TRS has recorded an allowance for uncollectible receivables in the amount of \$2,824,446 to account for amounts of benefit overpayments deemed unlikely to be collected from members.

9. Risk Management

TRS, as a component unit of the State of Illinois, provides for risks of loss associated with workers' compensation and general liability through the State's self-insurance program. TRS obtains commercial insurance for fidelity, surety and property. TRS also procures insurance for fiduciary and cyber liability.

No material commercial insurance claims have been filed in the last three fiscal years.

C. CASH

Custodial credit risk for deposits is the risk that, in the event of a bank failure, TRS's deposits may not be returned. TRS has a formal policy addressing custodial credit risk. The policy is designed to minimize custodial credit risk through proper due diligence of custody financial institutions and investment advisors; segregate safekeeping of TRS assets; establish investment guidelines and work to have all investments held in custodial accounts through an agent, in the name of custodian's nominee, in a corporate depository or federal book entry account system. For those investment assets held outside of the custodian, TRS will follow the applicable regulatory rules.

The non-investment bank balance and carrying amount of TRS's deposits was \$16,244,760 at June 30, 2025. Of the bank balance, \$16,244,510 was on deposit with the State Treasurer at June 30, 2025. State Treasurer deposits are in an internal investment pool collateralized at a third-party custodial bank and are not subject to custodial credit risk.

Certain investments of TRS with maturities of 90 days or less consisting of bank-sponsored, short-term investment funds, commercial paper, and certificates of deposit are reported as short-term investments in the Statement of Fiduciary Net Position. Included in the reported balances is the State Street Global Advisors Short-Term Investment

Fund (STIF) with a value of \$2,032,627,669 at June 30, 2025. The STIF fund has an average credit quality rating of A1P1 and a weighted average maturity of 36.0 days.

For the purposes of this disclosure, foreign currency held by investment managers is considered a deposit. However, for financial statement presentation and investment purposes, TRS considers foreign currency an investment asset. Uncollateralized foreign currency subject to custodial credit risk was \$71,184,055 at June 30, 2025.

D. INVESTMENTS

1. Investment Policies

Through the TRS Board of Trustees, as authorized in the Illinois Pension Code, TRS serves as fiduciary for the members' trust funds and is responsible for investment of those funds by authority of the "prudent person rule." This rule establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

Long-term Asset Allocation

The TRS Board of Trustees has the responsibility of establishing and maintaining broad policies and objectives for all aspects of the System's operations, including the allocation of invested assets. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension plan. The following table summarizes the Board-adopted, long-term allocation targets in effect as of June 30, 2025.

Long-term Asset Allocation Policy Mix	
Equity	52%
Real assets	18
Diversifying strategies	6
Income	24
Total	100%

2. Investment Risk

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a financial institution failure, TRS would not be able to recover the value of the investments in the possession of an outside party. The TRS investment policy adopted by the TRS Board of Trustees includes a formal process to address custodial credit risk. This policy requires the custodian to provide safekeeping of the System's assets in segregated accounts and to have the assets registered in TRS's name, custodian's nominee name or in a corporate depository or federal book entry system.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in any one issuer. Investment parameters established in the Investment Management Agreements with external managers restrict holdings to no more than 5 percent of a single issuer within an account. The TRS portfolio has no investments in any one issuer that comprise 5 percent or more of the System's total investments or fiduciary net position.

Credit Risk

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations to TRS. Credit risk exposure is dictated by each investment manager's agreement. Each portfolio is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual security quality rating tiers and/or the average credit quality of the overall portfolio. Most guidelines allow managers to hold bonds with a minimal quality S&P rating of B- or Moody's equivalent rating of B3. However, in circumstances where position downgrades occur, investment managers have been given permission to hold securities below this rating due to circumstances such as a higher peer group rating from another nationally-recognized statistical rating organization, the investment manager's internal ratings or other mitigating factors.

As of June 30, 2025, TRS held the following fixed income investments with respective Moody's quality ratings or equivalent rating. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Quality Rating	Corporate Debt Securities	Asset-Backed Securities	Foreign Debt Securities	U.S. Government				Commingled Funds	Total
				Agency Obligations	Mortgages	Municipals			
Aaa	\$89,210,644	\$187,402,525	\$27,922,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$304,535,465
Aa1	67,260,977	11,951,684	15,957,101	961,359	409,235,937	-	-	235,203,777	740,570,835
Aa2	37,631,065	8,550,158	20,365,372	-	-	2,437,048	355,990,850	424,974,493	
Aa3	140,354,569	870,755	34,515,963	-	-	-	482,888,513	658,629,800	
A1	171,434,610	3,275,924	34,395,441	-	-	2,787,105	1,150,038,599	1,361,931,679	
A2	97,594,600	5,261,500	110,862,031	-	-	-	306,127,610	519,845,741	
A3	181,586,355	19,526,971	95,174,924	-	-	2,139,860	33,330,363	331,758,473	
Baa1	140,980,023	504,554	147,856,817	-	-	-	-	289,341,394	
Baa2	294,517,417	10,826,583	303,718,078	-	-	-	-	609,062,078	
Baa3	320,557,272	7,852,063	257,094,794	-	-	197,905	-	585,702,034	
Ba1	108,179,449	807,728	144,372,912	-	-	-	132,403,905	385,763,994	
Ba2	70,155,554	1,472,325	216,766,548	-	-	-	-	288,394,427	
Ba3	95,322,575	4,630,336	150,625,033	-	-	-	-	250,577,944	
B1	30,426,134	744,193	87,575,948	-	-	-	26,516,424	145,262,699	
B2	28,897,987	-	75,142,958	-	-	-	32,419,415	136,460,360	
B3	15,696,592	1,713,588	181,970,721	-	-	-	-	199,380,901	
Caa1	1,256,878	62,224	42,164,198	-	-	-	-	43,483,300	
Caa2	82,485	-	67,086,387	-	-	-	-	67,168,872	
Caa3	67,605	-	-	-	-	-	-	67,605	
Ca	-	-	3,115,467	-	-	-	-	3,115,467	
C	90,003	-	9,786,501	-	-	-	-	9,876,504	
Not rated	62,445,502	26,404,861	16,639,263	-	-	-	-	105,489,626	
Withdrawn	14,956,193	18,793	15,693,195	-	-	-	-	30,668,181	
Total credit risk, bonds, corporate notes and government obligations	1,968,704,489	291,876,765	2,058,801,948	961,359	409,235,937	7,561,918	2,754,919,456	7,492,061,872	
U.S. Treasuries								870,356,491	
Total bonds, corporate notes & government obligations	\$1,968,704,489	\$291,876,765	\$2,058,801,948	\$961,359	\$409,235,937	\$7,561,918	\$2,754,919,456	\$8,362,418,363	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. TRS's fixed income investments are managed in accordance with operational guidelines that are specific as to the degree of interest rate risk that can be taken. TRS manages the interest rate risk within the portfolio using various methods including effective duration, option adjusted duration, average maturity and segmented time distribution, which reflect the total fair value of investments maturing during a given time period.

The segmented time distribution of the various investment types of TRS debt securities as of June 30, 2025 is as follows:

Type	2025 Fair Value	Maturity in Years				
		Less Than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	More Than 20 years
U.S. treasuries/agencies	\$871,317,850	\$99,621,900	\$407,386,536	\$194,371,552	\$44,633,438	\$125,304,424
U.S. government-backed mortgages	409,235,937	-	27,961,691	53,677,483	28,170,179	299,426,584
Municipals	7,561,918	-	197,905	949,541	2,713,769	3,700,703
Asset-backed securities	291,876,765	-	185,180,828	38,276,162	23,424,290	44,995,485
Commingled funds (U.S. & international)*	2,754,919,456	40,839,863	582,661,369	1,552,068,436	579,349,788	-
Corporate debt securities	1,968,704,489	126,987,992	1,057,435,003	465,299,703	129,851,889	189,129,902
Foreign debt/corporate obligations	2,058,801,948	65,295,463	777,367,549	676,114,485	369,970,650	170,053,801
Total bonds, corporate notes and government obligations	8,362,418,363	332,745,218	3,038,190,881	2,980,757,362	1,178,114,003	832,610,899
Derivatives	(7,069,183)	41,269,955	(5,690,403)	(414,563)	9,247	(42,243,419)
Total bonds, corporate notes, government obligations, securities lending collateral and derivatives	\$8,355,349,180	\$374,015,173	\$3,032,500,478	\$2,980,342,799	\$1,178,123,250	\$790,367,480

* Weighted average maturity figures were used if available to plot the commingled funds within the schedule.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. TRS's currency risk exposure, or exchange rate risk, is primarily derived from its holdings in foreign currency-denominated equity, fixed income and derivative investments as well as foreign currency. According to TRS's Investment Policy and investment manager agreements, international equity and global fixed income managers, at their discretion, may or may not hedge the portfolio's foreign currency exposures with currency forward contracts or options, depending upon their views on a specific country or foreign currency relative to the U.S. dollar.

TRS's exposure to foreign currency risk in U.S. dollars as of June 30, 2025 is as follows:

Currency	Foreign Currency	Equities	Fixed Income	Derivatives	Total
Australian Dollar	\$2,144,220	\$256,670,546	\$ -	\$ -	\$258,814,766
Brazilian Real	(14,943,275)	102,196,476	72,589,371	(374,835)	159,467,737
British Pound	8,329,208	1,212,213,410	-	-	1,220,542,618
Canadian Dollar	2,491,047	648,791,187	-	-	651,282,234
Chilean Peso	284,045	8,494,416	5,649,751	(24,429)	14,403,783
Chinese Yuan	134,423,303	-	-	-	134,423,303
Chinese Yuan Renminbi	(131,173,983)	333,610,129	18,796,165	522,856	221,755,167
Colombia Peso	61,574	2,867,038	37,679,599	(14,277)	40,593,934
Czech Koruna	479,830	1,846,394	18,982,176	(713,311)	20,595,089
Danish Krone	1,232,545	120,882,497	-	-	122,115,042
Dominican Peso	-	-	1,061,587	-	1,061,587
Egyptian Pound	186,895	1,712,475	27,711,532	2,018,220	31,629,122
Emirati Dirham	56,706	67,949,465	-	-	68,006,171
Euro	21,807,295	2,734,365,220	65,886,540	(1,845,920)	2,820,213,135
Hong Kong Dollar	5,278,183	677,904,484	-	(345,832)	682,836,835
Hungarian Forint	487,051	21,307,107	35,678,628	(266,998)	57,205,788
Indian Rupee	236,911	532,673,711	57,949,330	67,698	590,927,650
Indonesian Rupiah	1,753,322	51,814,011	56,242,097	-	109,809,430
Israeli Shekel	388,339	58,606,854	-	114,347	59,109,540
Japanese Yen	13,814,277	1,494,140,030	-	-	1,507,954,307
Kazakhstani Tenge	-	1,054,320	-	-	1,054,320
Kuwaiti Dinar	59,044	168,072	-	-	227,116
Malaysian Ringgit	1,257,624	24,550,575	33,593,457	75,618	59,477,274
Mexican Peso	510,541	80,132,077	79,400,646	798,565	160,841,829
Moroccan Dirham	-	5,088,111	-	-	5,088,111
New Taiwan Dollar	3,859,349	592,630,066	-	(35,324)	596,454,091
New Zealand Dollar	20,198	661,065	-	-	681,263
Nigerian Naira	-	-	-	3,720,137	3,720,137
Norwegian Krone	1,112,215	69,981,739	-	-	71,093,954
Pakistani Rupee	57,631	585,148	-	-	642,779
Paraguayan Guaraní	-	-	988,511	-	988,511
Peruvian Sol	68,857	-	66,128,495	-	66,197,352
Philippine Peso	69,360	5,072,205	-	-	5,141,565
Polish Zloty	(1,669,855)	75,231,846	52,148,474	137,957	125,848,422
Qatari Riyal	187,509	11,535,357	-	-	11,722,866
Romanian Leu	201,967	-	5,408,958	-	5,610,925
Russian Ruble	2,721,076	-	-	-	2,721,076
Saudi Riyal	1,138,734	62,791,834	-	-	63,930,568
Singapore Dollar	801,503	98,115,554	-	(93,602)	98,823,455
South African Rand	6,585,912	112,900,635	74,000,555	114,985	193,602,087
South Korean Won	911,878	440,314,735	-	(51,553)	441,175,060
Swedish Krona	1,551,389	129,864,033	-	-	131,415,422
Swiss Franc	670,500	523,478,425	-	-	524,148,925
Thailand Baht	983,190	41,707,507	16,202,945	38,772	58,932,414
Turkish Lira	588,856	16,991,043	10,102,908	-	27,682,807
Ukraine Hryvnia	168,345	-	-	-	168,345
Uruguayan Peso	-	-	2,473,364	-	2,473,364
Vietnam Dong	1,990,739	12,014,453	-	-	14,005,192
Total subject to foreign currency risk	71,184,055	10,632,914,250	738,675,089	3,843,074	11,446,616,468
Investments in international securities payable in U.S. dollars	-	973,512,921	1,361,283,029	(603,458)	2,334,192,492
Total international investment securities (including domestic securities payable in foreign currency)	71,184,055	11,606,427,171	2,099,958,118	3,239,616	13,780,808,960
Domestic investments (excluding securities payable in foreign currency)	-	15,901,658,435	6,262,460,245	(10,308,799)	22,153,809,881
Total fair value	\$71,184,055	\$27,508,085,606	\$8,362,418,363	(\$7,069,183)	\$35,934,618,841

In addition to the previous table, the fair value of TRS's investments in foreign currency denominated real asset, private credit and private equity funds was \$539,026,666, \$48,061,865 and \$918,706,004 at June 30, 2025, respectively. Currencies included Euro, British pound, Swedish Krona and South Korean won.

3. Securities Lending Program

The TRS Board of Trustees' policies permit TRS to use investments to enter into securities lending transactions, which are loans of securities to broker-dealers or other approved entities. The borrower of a security must post collateral in excess of the fair value of the security. TRS receives both cash and non-cash (i.e., securities) collateral.

Eligible forms of collateral include cash consisting of U.S. dollar, euro, sterling and yen, U.S. treasuries, government agency securities, certificates of deposit, letters of credit issued by approved banks and specific types of corporate debt obligations and common stock. Securities on loan are marked to market daily and collateral for the loan is required not to fall below minimum levels established by TRS and its lending agent. Agreements are in place allowing TRS, upon demand, to return the collateral in exchange for the original securities. TRS does not have the authority to pledge or sell collateral securities, without borrower default; as such, the collateral security or non-cash collateral is not reported in TRS's financial statements in accordance with GASB Statement No. 28, "Accounting and Financial Reporting for Securities Lending Transactions."

As of June 30, 2025, State Street Bank & Trust Company served as the securities lending agent for the fixed income, domestic equity, international equity, and global equity lending programs. In this capacity, TRS reduces credit risk by allowing State Street to lend securities to a diverse group of dealers on behalf of TRS. At fiscal year end, TRS has no credit risk exposure to borrowers because the amount TRS owes the borrowers exceeds the amount the borrowers owe TRS. The weighted average term of the loans is 10 days as securities

on loan can be recalled on demand by TRS or the borrower can return the loaned securities at any time. Since loans are terminable at will, the maturity of loans generally does not match the maturity of collateral investments. TRS may enter into term loan agreements, evaluated on an individual basis, but as of June 30, 2025, there were no term loans outstanding.

Cash collateral received is invested in a separate account managed by the lending agent, with a weighted average maturity of 116 days at June 30, 2025. There were no significant violations of legal or contractual provisions, and there were no borrower or lending agent default losses known to the securities lending agent.

As of June 30, 2025, TRS had outstanding loaned investment securities with a fair value of \$1,686,583,955 against which it had received cash and non-cash collateral with a fair value of \$1,724,677,420. The securities on loan remain on TRS's Statement of Fiduciary Net Position in their respective investment categories. As of June 30, 2025, TRS cash collateral received and reported as securities lending obligation on the Statement of Fiduciary Net Position totaled \$1,290,774,060; whereas the fair value of reinvested cash collateral reported as securities lending collateral was \$1,291,690,421. The net increase (decrease) in fair value of investments within the Statement of Changes in Fiduciary Net Position reflects the change in fair value of the reinvested cash collateral. TRS also reports securities lending collateral with the Office of the Illinois State Treasurer on the Statement of Fiduciary Net Position. Further detail on this amount can be obtained by calling the Office of the Illinois State Treasurer at (217) 558-1250 or by visiting www.illinoistreasurer.gov.

Income earned and costs related to securities lending activities are reported on the Statement of Changes in Fiduciary Net Position. For FY25, the System earned net income of \$2,266,938 from securities lending. Additional detail regarding securities lending activity is included within the Investments section.

4. Derivatives

TRS, through its external investment managers, invests in derivative securities as part of its investment program. All derivatives are reported at fair value in the Statement of Fiduciary Net Position. TRS does not directly transact in derivatives but permits certain managers to use these instruments for risk management and investment purposes. TRS does not apply hedge accounting.

Derivative instruments held in the portfolio may include futures, options, swaps and forward contracts. These positions are used primarily to enhance returns and manage exposure to interest rate, currency, equity and commodity risks. Derivative investments are not leveraged through borrowing. For obligations to purchase, notional values are generally collateralized by cash or cash equivalents. For obligations to sell, the underlying reference security is typically held in the portfolio.

Derivative transactions involve credit risk and market risk. Credit risk is the risk that a counterparty fails to perform under contract terms. This risk is mitigated through the use of exchange-traded instruments cleared by regulated clearinghouses. TRS also maintains a Global Market Entity Identifier (GMEI) and legal entity identifier in compliance with Commodity Futures Trading Commission (CFTC) requirements for participation in over-the-counter markets.

Market risk is the risk that changes in interest rates, foreign exchange rates, equity prices, commodity prices or other market factors will adversely affect the value of a derivative or increase settlement costs. TRS manages market risk by imposing limits on the types and amounts of derivative exposures permitted within the portfolio. Compliance with these limits is monitored on a regular basis.

As of June 30, 2025, derivative investments in the TRS investment portfolio included currency forward contracts, rights, warrants, futures, options, swaps and swaptions. Within the financial statements, currency forward contracts are reflected as investment payables/receivables, rights and warrants are reflected as equities, and all futures, options, swaps and swaptions are classified as derivatives. The change in fair value of derivative investments is included in investment income on the Statement of Changes in Fiduciary Net Position.

The following tables summarize the derivatives held within the TRS investment portfolio including fair value amounts, change in fair value of derivative investments (realized and unrealized) and notional amounts of derivative instruments. Investments in limited partnerships and commingled funds may include derivatives that are not covered in the following disclosure.

As of June 30, 2025, the TRS investment portfolio held the following derivatives.

Investment Derivatives	Classification	Fair Value at June 30, 2025	Change in Fair Value	Notional Value*
Credit Default Swaps Bought	Swaps	(\$6,758,958)	\$2,192,508	\$199,804,186
Credit Default Swaps Written	Swaps	16,207	(4,818,119)	29,989,720
Fixed Income Futures Long	Futures	-	(1,253,317)	474,751,277
Fixed Income Futures Short	Futures	-	1,156,987	(73,677,866)
Fixed Income Options Bought	Options	52,522	(87,128)	19,000,000
Foreign Currency Options Bought	Options	130,508	(224,007)	92,887,938
Foreign Currency Options Written	Options	(771,217)	1,791,671	(64,317,938)
FX Forwards	Long-term Instruments	275,194	(18,097,350)	-
Index Futures Long	Futures	-	4,181,110	84,219,339
Index Futures Short	Futures	-	(2,875,570)	(336,942)
Pay Fixed Interest Rate Swaps	Swaps	2,725,042	5,148,398	177,863,258
Receive Fixed Interest Rate Swaps	Swaps	(2,070,272)	609,884	468,427,652
Rights	Common Stock	55,538	77,593	2,518
Total Return Swaps Bond	Swaps	126,592	(7,406,019)	49,794,298
Total Return Swaps Equity	Swaps	(519,607)	3,037,309	(111,835,595)
Warrants	Common Stock	103,784	(295,566)	1,345,467
Grand Total		(\$6,634,667)	(\$16,861,616)	\$1,347,917,312

* Notional may be a dollar amount or size of underlying for futures, rights, warrants and options. Negative values (in brackets) refer to short positions.

Currency Forward Contracts (FX Forwards)

Objective: Currency forward contracts are agreements to exchange one currency for another at an agreed upon price and settlement date. TRS's investment managers use these contracts primarily to hedge the currency exposure of its investments.

Terms: Currency forward contracts are two-sided contracts in the form of either forward purchases or forward sales. Forward purchases obligate TRS to purchase specific currency at an agreed upon price. Forward sales obligate TRS to sell specific currency at an agreed upon price. As of June 30, 2025, TRS had currency forward purchase or sale contracts for 35 different currencies with various settlement dates.

Fair Value: As of June 30, 2025, TRS's open currency forward contracts had a net fair value (unrealized gain) of \$275,194.

Financial Futures (Fixed Income and Index)

Objective: Financial futures are agreements to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. These derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, protect against changes in interest rates or replicate an index.

Terms: Futures contracts are standardized and traded on organized exchanges, thereby minimizing TRS's credit risk. As the daily fair value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to, or received from, the clearinghouse. As of June 30, 2025, TRS had outstanding futures contracts with a notional value, or exposure, of \$484,955,808. Notional values do not represent the actual values in the Statement of Fiduciary Net Position. The contracts have various expiration dates through September 2025.

Fair Value: Gains and losses on futures contracts are settled daily based on the change of the index or commodity price for the underlying notional value. Because of daily settlement, the futures contracts have no fair value. TRS's realized loss on futures contracts was \$3,783,042 during FY25.

Financial Options (Foreign Currency)

Objective: Financial options are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. The owner (buyer) of an option has all the rights, while the seller (writer) of an option has the obligations of the agreement. As a writer of financial options, TRS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums received are recorded as a liability when the financial option is written. The Options Clearing Corporation (OCC) functions for options markets much like a clearinghouse does for futures markets.

Terms: As of June 30, 2025, the TRS investment portfolio held currency forward options with notional value of \$28,570,000. Contractual principal/notional values do not represent the actual values in the Statement of Fiduciary Net Position. The contracts have various expiration dates through January 2026.

Fair Value: Fluctuations in the fair value of financial options are recognized in TRS's financial statements as incurred rather than at the time the options are exercised or expire. As of June 30, 2025, the fair value of all option contracts, gross of premiums received, was (\$640,709). The fair value represents the amount needed to close all positions as of that date.

Credit Default Swaps

Objective: Credit default swaps (CDS) are derivative instruments that replicate the economic effect of investing in corporate debt obligations and are used to manage exposure to credit risk. A CDS functions as a form of credit protection, transferring the risk of

default on a reference security or group of securities. Credit default swaps may reference a single issuer (single-name CDS) or a group of issuers (index CDS). The primary risks associated with CDS are credit risk of the underlying reference obligations and counterparty risk.

TRS may both purchase and write credit default swaps. When purchasing protection, TRS reduces credit exposure by paying a periodic or upfront premium to a counterparty in exchange for the right to receive compensation if a credit event, such as default, occurs; in this case, TRS's maximum loss is limited to the premiums paid. When writing protection, TRS increases credit exposure by receiving a premium in exchange for the obligation to compensate the buyer if a credit event occurs, which may require payment up to the full notional value of the reference obligation; if no default occurs, TRS retains the premium received.

Terms: As of June 30, 2025, TRS had credit default swaps in its portfolio with various maturity dates through June 2030. The notional values as of June 30, 2025, included purchased credit default swaps (buying protection) of \$199,804,186 and written credit default swaps (selling protection) of \$29,989,720.

Fair Value: The fair value of credit default swaps held by TRS was (\$6,742,751) as of June 30, 2025. This represents the amount due to or (from) TRS under the terms of the counterparty agreements.

Interest Rate Swaps

Objective: Interest rate swaps are agreements between parties to exchange a set of cash flow streams over a period of time. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate. Long positions (receive fixed) increase exposure to long-term interest rates; short positions (pay fixed) decrease interest rate/risk exposure. Inflation-linked swaps are agreements where a fixed payment is exchanged for a variable

payment linked to an inflation index. These swaps can protect against unfavorable changes in inflation expectations and are used to transfer inflation risk from one counterparty to another.

Terms: As of June 30, 2025, TRS held interest rate swaps in various currencies with various expiration/maturity dates ranging from 2025 to 2054. Swap agreements typically are settled on a net basis, with a party receiving or paying only the net amount of the fixed/floating payments. Payments may be

made at the conclusion of a swap agreement or periodically during its term.

Fair Value: The table below presents the fair value of TRS's interest rate swap exposure as of June 30, 2025.

As of June 30, 2025	
Receive floating/pay fixed	\$ 2,725,042
Receive fixed/pay floating	(2,070,272)

Derivative Interest Rate Risk

TRS is exposed to interest rate risk on various derivative instruments, including swaptions and options. The following table summarizes, as of June 30, 2025, a segmented time schedule of derivative instruments that are highly sensitive to interest rate changes.

Investment Type	Fair Value	Investment Maturity (in Years)			
		Less Than 1 year	1 to 5 years	6 to 10 years	More than 10
Credit Default Swaps Bought	(\$6,758,958)	\$ -	(\$6,758,958)	\$ -	\$ -
Credit Default Swaps Written	16,207	3,951	12,256	-	-
Fixed Income Options Bought	52,522	52,522	-	-	-
Pay Fixed Interest Rate Swaps	2,725,042	2,973,546	(98,126)	(115,407)	(34,971)
Receive Fixed Interest Rate Swaps	(2,070,272)	(2,969,761)	1,154,425	(299,155)	44,219
Total Return Swaps Bond	126,592	126,592	-	-	-
Total Return Swaps Equity	(519,607)	(211,184)	-	-	(308,423)
Total	(\$6,428,474)	(\$24,334)	(\$5,690,403)	(\$414,562)	(\$299,175)

TRS had the following interest rate swaps at June 30, 2025.

Asset Description	TRS Receives	TRS Pays	Notional	Fair Value June 30, 2025
Pay Fixed Interest Rate/Inflation Swaps:				
Total Pay Fixed Interest Rate/Inflation Swaps:				
Interest Rate Swap COP	3 month IBRCO	10.13%	\$1,481,895	(\$57,492)
Interest Rate Swap COP	3 month IBRCO	8.02	11,099,826	68,158
Interest Rate Swap COP	3 month IBRCO	8.06	2,882,407	15,579
Interest Rate Swap COP	3 month IBRCO	8.21	6,303,550	16,688
Interest Rate Swap COP	3 month IBRCO	8.19	6,095,820	17,458
Interest Rate Swap COP	3 month IBRCO	8.20	1,447,537	2,966
Interest Rate Swap COP	3 month IBRCO	8.42	2,863,605	(5,481)
Interest Rate Swap EUR	12 month ESTR	2.08	1,496,658	9,583
Interest Rate Swap HUF	6 month BUBOR	6.25	5,785,551	(9,443)
Interest Rate Swap HUF	6 month BUBOR	6.20	5,969,811	19,410
Interest Rate Swap HUF	6 month BUBOR	5.91	1,189,519	7,755
Interest Rate Swap HUF	6 month BUBOR	6.15	5,454,570	(18,137)
Interest Rate Swap ILS	4 month SHIR	4.49	26,043,059	249,846
Interest Rate Swap KRW	91 day CD-KSDA	2.65	17,634,855	(34,971)
Interest Rate Swap MXN	28 day Mexican TIIE	8.28	72,517,468	2,704,290
Interest Rate Swap PLN	6 month WIBOR	6.41	1,219,551	(147,640)
Interest Rate Swap ZAR	3 month JIBAR	7.42	1,366,533	9,115
Interest Rate Swap ZAR	3 month JIBAR	7.49	2,536,119	13,535
Interest Rate Swap ZAR	3 month JIBAR	7.98	2,489,639	(72,580)
Interest Rate Swap ZAR	3 month JIBAR	8.06	1,985,285	(63,597)
Total Pay Fixed Interest Rate/Inflation Swaps:		\$177,863,258		\$2,725,042
Receive Fixed Interest Rate/Inflation Swaps:				
Interest Rate Swap BRL	6.78%	3 month Brazilian CDI	\$1,093,196	(\$497,991)
Interest Rate Swap BRL	11.12	3 month Brazilian CDI	112,683	(8,149)
Interest Rate Swap BRL	10.96	3 month Brazilian CDI	1,377,968	(115,480)
Interest Rate Swap BRL	13.45	3 month Brazilian CDI	2,912,722	37,900
Interest Rate Swap BRL	13.29	3 month Brazilian CDI	4,272,745	32,749
Interest Rate Swap BRL	13.26	3 month Brazilian CDI	2,145,882	13,481
Interest Rate Swap BRL	14.09	3 month Brazilian CDI	13,276,679	(3,691)
Interest Rate Swap BRL	13.40	3 month Brazilian CDI	3,897,131	14,419
Interest Rate Swap BRL	13.22	3 month Brazilian CDI	2,751,621	18,471
Interest Rate Swap CLP	3.51	6 month Chile Interbank Rate	2,501,111	(26,815)
Interest Rate Swap CLP	5.10	6 month Chile Interbank Rate	201,195	2,387

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Asset Description	TRS Receives	TRS Pays	Notional	Fair Value June 30, 2025
Interest Rate Swap CNY	2.31%	3 Month CNRR	\$7,212,337	\$128,945
Interest Rate Swap CNY	2.26	3 Month CNRR	10,313,307	271,349
Interest Rate Swap CNY	1.80	3 Month CNRR	961,552	12,436
Interest Rate Swap CNY	1.48	3 Month CNRR	3,064,685	290
Interest Rate Swap CNY	1.59	3 Month CNRR	22,929,314	121,514
Interest Rate Swap CNY	1.43	3 Month CNRR	5,145,489	(11,678)
Interest Rate Swap COP	6.65	3 Month COOVIBR	656,898	(69,100)
Interest Rate Swap COP	8.68	3 Month COOVIBR	2,083,532	(3,053)
Interest Rate Swap CZK	3.96	6 month PRIBOR	2,089,542	20,557
Interest Rate Swap CZK	3.22	6 month PRIBOR	5,037,695	(95,710)
Interest Rate Swap CZK	3.32	6 month PRIBOR	49,674,103	(638,158)
Interest Rate Swap HUF	1.96	6 month BUBOR	1,556,739	(266,583)
Interest Rate Swap ILS	4.50	3 month TELBOR	26,043,059	(254,189)
Interest Rate Swap ILS	4.12	12 month SHIR	26,176,689	383,095
Interest Rate Swap INR	5.99	6 month MIBOR	6,118,179	76,758
Interest Rate Swap INR	5.63	6 month MIBOR	3,362,873	(9,060)
Interest Rate Swap KRW	3.10	91 day CD-KSDA	821,234	15,213
Interest Rate Swap KRW	2.89	91 day CD-KSDA	3,556,609	64,441
Interest Rate Swap KRW	2.65	91 day CD-KSDA	1,572,756	12,362
Interest Rate Swap KRW	2.31	91 day CD-KSDA	81,431,535	(109,029)
Interest Rate Swap KRW	2.49	91 day CD-KSDA	2,319,931	471
Interest Rate Swap MXN	9.15	28 day Mexican TIIE	22,813,890	477,296
Interest Rate Swap MXN	9.07	28 day Mexican TIIE	16,673,724	334,038
Interest Rate Swap MXN	8.75	28 day Mexican TIIE	72,517,468	(2,715,572)
Interest Rate Swap MXN	7.65	28 day Mexican TIIE	2,911,361	(6,311)
Interest Rate Swap MXN	7.66	28 day Mexican TIIE	1,848,401	(3,209)
Interest Rate Swap MXN	7.67	28 day Mexican TIIE	3,257,833	(3,368)
Interest Rate Swap MXN	7.75	28 day Mexican TIIE	2,106,712	3,916
Interest Rate Swap MXN	8.20	28 day Mexican TIIE	2,525,408	12,924
Interest Rate Swap MYR	3.62	3 month KLIBOR	5,343,783	75,618
Interest Rate Swap PLN	6.83	6 month WIBOR	2,584,850	134,870
Interest Rate Swap PLN	6.85	6 month WIBOR	5,147,561	306,821
Interest Rate Swap PLN	3.96	6 month WIBOR	2,186,095	(24,635)
Interest Rate Swap THB	1.36	12 month THOR	6,467,490	24,630
Interest Rate Swap THB	1.18	12 month THOR	16,875,149	14,142
Interest Rate Swap USD	2.92	SOFR	1,350,000	(43,838)
Interest Rate Swap ZAR	9.16	3 month JIBAR	777,829	57,456
Interest Rate Swap ZAR	8.93	3 month JIBAR	1,317,578	82,094

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Asset Description	TRS Receives	TRS Pays	Notional	Fair Value June 30, 2025
Interest Rate Swap ZAR	7.98%	3 month JIBAR	\$943,321	\$27,234
Interest Rate Swap ZAR	7.77	3 month JIBAR	1,294,675	26,175
Interest Rate Swap ZAR	8.63	3 month JIBAR	2,813,533	31,295
Total Receive Fixed Interest Rate/Inflation Swaps:			\$468,427,652	(\$2,070,272)

BUBOR - Budapest Interbank Offered Rate, **CDI** - Cetip Interbank Deposit (interbank lending rate), **CD-KSDA** - Certificates of Deposit, Korean Securities Dealer Assoc., **CNRR** - China Fixing Repo Rates, **COOVIBR** - Colombia Overnight Interbank Rate, **ESTR** - Euro Short-Term Rate, **IBRCO** - Colombia Interbank Rate, **JIBAR** - Johannesburg Interbank Average Rate, **KLIBOR** - Kuala Lumpur Interbank Offered Rate, **MIBOR** - Mumbai Interbank Offered Rate, **PRIBOR** - Prague Interbank Offered Rate, **SHIR** - Shekel Overnight Interest Rate, **SOFIR** - Secured Interbank Overnight Interest Rate, **TELBOR** - Tel Aviv Interbank Offered Rate, **THOR** - Tokyo Term Risk-Free Rate, **TIE** - Mexico Interbank Equilibrium Interest Rate, **WIBOR** - Warsaw Interbank Offered Rate

Derivative Credit Risk

Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the established terms. In order to eliminate credit risk, derivative securities are traded through a clearing house which guarantees delivery and accepts the risk of default by either party. Derivatives which are exchange traded are not subject to credit risk and are evaluated within the investment risk disclosure.

Non-exchange traded derivative instruments may expose TRS to credit/counterparty risk. TRS investment managers reduce credit risk by evaluating the credit quality and operational capabilities of the counterparties. Because the counterparty risk of a security will fluctuate with market movements, all TRS managers using non-exchange traded derivatives operate a collateral call process ensuring full collateralization of these derivatives. TRS does not have a policy regarding master netting arrangements.

As of June 30, 2025, the aggregate fair value of non-exchange traded derivative instruments in asset positions was \$22,316,026. All applicable futures, options and swaps are in compliance with Dodd-Frank requirements and cleared through the appropriate futures and swaps exchanges. The counterparty risk exposure below is primarily unsettled currency forward contracts. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Counterparty Ratings for Non-Exchange Traded Derivatives

Quality Rating	Fair Value at June 30, 2025
Aa2	\$1,653,055
Aa3	7,101,467
A1	7,435,312
A2	940,645
A3	5,185,547
Total Subject to Credit Risk	<u>\$22,316,026</u>

Although the derivative instruments held within the TRS investment portfolio are executed with various counterparties, approximately 99 percent of the fair value exposure to credit risk is for non-exchange traded derivative contracts held with 10 counterparties.

5. Investment Commitments

Investments in certain limited partnerships commit TRS to possible future capital contributions. As of June 30, 2025, TRS had remaining unfunded commitments of \$14,830,897,299 within the real estate, other real assets, private equity, diversifying strategies and global income asset classes.

6. Schedule of Investment Returns

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of investment expense, was 9.7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts invested.

7. Fair Value Measurement

TRS categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets and liabilities.

Level 2 Significant other observable inputs, which may include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are

observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the investment.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Investments measured at fair value using net asset value (NAV) per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Debt and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets, to the extent these securities are actively traded.

Short-term investments consisting of money market funds, certificates of deposit and highly liquid cash equivalents are generally reported at amortized cost which approximates fair value. These investments are not categorized in the fair value hierarchy.

Debt and investment derivatives classified in Level 2 of the fair value hierarchy are normally valued based

on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices. Exchange traded and over-the-counter investment derivatives valued by independent pricing service providers, where the value is derived from underlying asset prices, reference rates, indices or other observable inputs are also included in Level 2.

Debt securities classified as Level 3 include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data and securities valued with last trade date due to limited trading volume. Real assets classified as Level 3 include direct investments in real estate. Valuations for real estate investments are performed quarterly by investment managers. An appraisal by an independent third-party member of the Appraisal Institute is obtained once every three years for each property and is used to establish fair value.

The following table summarizes the valuation of TRS investments by the fair value hierarchy levels as of June 30, 2025.

Investments and Derivative Instruments Measured at Fair Value

Investments by fair value level	June 30, 2025	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Debt securities					
Asset-backed securities	\$291,876,765	\$ -	\$291,876,765	\$ -	
Commercial/collateralized mortgages & loans	263,757,090	-	263,757,090	-	
Domestic corporate obligations	1,704,947,399	-	1,704,947,399	-	
Fixed income mutual funds	2,302,568,302	-	234,067,478	2,068,500,824	
Foreign debt/corporate obligations	2,058,801,948	-	2,058,801,948	-	
Municipals	7,561,918	-	7,561,918	-	
U.S. agencies obligations	961,359	-	961,359	-	
U.S. government-backed mortgages	409,235,937	-	409,235,937	-	
U.S. treasuries	870,356,491	-	870,356,491	-	
Total debt securities	7,910,067,209	-	5,841,566,385	2,068,500,824	
Equity investments					
International common and preferred stock	11,595,492,033	11,595,090,141	401,892	-	
U.S. common and preferred stock	15,912,593,573	15,912,593,573	-	-	
Total equity investments	27,508,085,606	27,507,683,714	401,892	-	
Real assets					
Real estate	4,431,915,627	-	-	4,431,915,627	
Total real assets	4,431,915,627	-	-	4,431,915,627	
Total investments by fair value level	\$39,850,068,442	\$27,507,683,714	\$5,841,968,277	\$6,500,416,451	
Investments measured at the net asset value (NAV)					
Commingled fixed income funds	\$452,351,154				
Diversifying strategies	3,403,460,487				
Private debt partnerships	9,476,528,232				
Private equity partnerships	12,776,014,570				
Private real estate partnerships	6,104,957,263				
Real asset partnerships	2,341,140,317				
Total investments measured at the NAV	34,554,452,023				
Total investments measured at fair value	\$74,404,520,465				
Investment derivative instruments					
Credit default swaps	(6,742,751)	(6,742,751)	-	-	
Index and variance swaps	(393,014)	180,432	(573,446)	-	
Interest rate and inflation swaps	654,769	654,769	-	-	
Options/swaptions	(588,187)	(588,187)	-	-	
Total investment derivative instruments	(\$7,069,183)	(\$6,495,737)	(\$573,446)	\$ -	
Total invested securities lending collateral*	\$1,291,690,421	\$ -	\$1,291,690,421	\$ -	

* Does not include lending collateral with the State Treasurer.

Investments measured at NAV for fair value are not subject to level classification. The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

Investments Measured at the Net Asset Value (NAV)

	Fair Value June 30, 2025	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled fixed income funds ¹	\$452,351,154	\$ -	Monthly, quarterly	30-60 days
Diversifying funds - liquid	3,403,460,487	-	Daily, weekly, monthly, quarterly	1-90 days
Diversifying funds - illiquid	-	-	Not eligible	N/A
Total diversifying strategies²	3,403,460,487	-		
Custom private debt partnerships	4,146,620,140	858,253,362	Monthly, quarterly, not eligible	60-90 days; N/A
Private debt partnerships	5,329,908,092	2,977,077,122	Not eligible	N/A
Total private debt partnerships³	9,476,528,232	3,835,330,484		
Private equity partnerships ⁴	12,776,014,570	6,858,078,850	Not eligible	N/A
Private real estate partnerships ⁴	6,104,957,263	3,298,605,540	Not eligible	N/A
Real assets partnerships ⁵	2,341,140,317	838,882,425	Not eligible	N/A
Total investments measured at the NAV	\$34,554,452,023	\$14,830,897,299		

- 1) **Commingled fixed income funds:** The investment strategies for the four fixed income funds include high yield, defensive bond arbitrage, global liquidity relative value and emerging market debt. The fair value of the investments has been determined using the NAV per share (or its equivalent) of the investments. Liquidity is available monthly or quarterly upon notice of redemption.
- 2) **Diversifying funds:** The diversifying strategies asset class applies various strategies that provide diversification to the total investment portfolio. Investments focus on reducing equity-like risk characteristics encompassed in the overall TRS portfolio by enhancing exposures to strategies that show little to no correlation to growth factors while adding positive skew and active risk management characteristics. Two CTA portfolio direct investments include trend/momentum exposures, while a direct investment in a treasury index provides long duration credit exposure. The systematic and discretionary macro strategies include direct investments in four funds diversifying through regional and product expertise, speed of algorithms and style of trading. Other strategies include one direct investment and one diversified fund of funds. The fair value of these investments has been determined using the NAV per share of the investments (or its equivalent). The most significant element of NAV is the fair value of the underlying investment holdings which are valued on either a monthly or quarterly basis by the general partner and are audited annually. Most strategies maintain a liquidity profile of less than one year, ranging from daily to quarterly and require advance notice prior to redemption. TRS is currently liquidating one fund of funds investment as part of strategic asset allocation repositioning.
- 3) **Private debt partnerships:** Private debt funds consist of 81 funds investing across strategies such as stressed debt/credit, direct and specialty lending, real estate and real asset credit and global multi-credit strategies. Seven of these funds are custom partnerships investing in opportunistic investments. The private debt funds provide additional exposure to niche and/or specific non-traditional point-in-time opportunities that are not normally targeted by traditional fixed income managers. Funds are valued using the NAV per share (or its equivalent) and are audited annually. Redemption restrictions are in place over the life of the partnership. The average life of these funds spans three to 12 years and distributions are received

throughout the life of the fund. Most custom partnerships allow TRS to liquidate upon giving advanced notice. TRS has no plans to liquidate as of June 30, 2025, and TRS did not sell any funds on the secondary market during the fiscal year. As of June 30, 2025, it is probable that all investments in this type will be sold at an amount different from the current NAV of the Plan's ownership interest.

- 4) **Private equity and real estate partnerships:** TRS has 297 private equity partnerships which include investments in privately held equity, such as buyouts, co-investments, venture capital and growth equity, as well as privately held debt. The 71 real estate limited partnerships invest in various property types across multiple geographic regions. Investments in limited partnerships are normally long term with an approximate life of 10 to 15 years and considered illiquid. Investors are subject to redemption restrictions which limit and restrict the ability of limited partners to exit prior to dissolution. Partnership interests are valued using their respective NAV calculated by the general partner's fair valuation policy and are generally audited annually. The most significant element of NAV is the fair value of the investment holdings, which are typically valued on a quarterly basis by the general partners. Distributions are received as the funds sell underlying portfolio company investments. TRS has no plans on liquidating the portfolio; however, will opportunistically sell funds in the secondary market to reposition the portfolio and optimize returns. During the fiscal year, TRS sold full or partial interest in 32 private equity funds on the secondary market. As of June 30, 2025, it is probable that all investments in this type will be sold at an amount different from the current NAV of the Plan's ownership interest.
- 5) **Real assets partnerships:** Real assets strategies include 17 limited partnerships investing in global infrastructure, direct energy, renewables, and non-U.S. agriculture. These partnerships are not eligible for redemption, considered illiquid and have an approximate life of six to 20 years. Distributions are received during the life of the fund as underlying investments are liquidated. Partnership interests are valued by the general partner using their respective NAV per share (or equivalent), with the most significant element of NAV being the fair value of the investment holdings. TRS has no plans to liquidate these funds. As of June 30, 2025, it is probable that all investments in this type will be sold at an amount different from the current NAV of the Plan's ownership interest.

E. RESERVES

TRS maintains statutory reserve accounts in accordance with the provisions of 40 ILCS 5/16-101 et seq. In 1997, the Illinois General Assembly passed legislation that allowed the crediting of additions at fair value, as opposed to book value, to the Benefit Trust Reserve.

1. Benefit Trust

2025	
Balances at June 30	\$77,249,567,678

This reserve serves as a clearing account for TRS additions and deductions. The reserve is credited with contributions from the State of Illinois that are not specifically allocated to the Minimum Retirement Annuity Reserve, member and employer contributions, income from TRS invested assets and contributions from annuitants who qualify for automatic annual increases in annuity.

The reserve accumulates member contributions made prior to retirement plus interest credited at a rate of 6 percent annually.

Contributions have been 7.5 percent of salary since July 1, 1998. Contributions are fully refundable upon withdrawal from TRS, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death of those retiring or dying during the year and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member's balance in the reserve at the beginning of the fiscal year.

This reserve is charged for transfers to the Minimum Retirement Annuity Reserve and all:

- refunds to withdrawing members,
- retirement annuity payments (except as provided by the Minimum Retirement Annuity Reserve),
- benefits that are paid to disabled members,
- death benefits paid and

- refunds to annuitants for survivor benefit contributions.

The expected benefit payments do not equal the present value of the reserve. The additional amount needed (the unfunded actuarial accrued liability) as calculated by the actuary was \$83.1 billion in FY25 based on the actuarial value of assets.

2. Minimum Retirement Annuity

2025	
Balances at June 30	\$13,763,938

The minimum annuity is set by law at \$25 per month for each year of creditable service to a maximum of \$750 per month after 30 or more years of creditable service. To qualify, annuitants are required to make a one-time contribution that is credited to the reserve. Interest at 6 percent is credited to the reserve annually based upon the average reserve balance. The State of Illinois also appropriated funds necessary to pay the minimum benefits. All benefits paid under this program are charged to the reserve. This reserve is fully funded.

F. OTHER POST EMPLOYMENT BENEFITS FOR TRS EMPLOYEES

The state provides health, dental, vision and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services (CMS). Substantially all state employees become eligible for post employment benefits if they eventually become annuitants of one of the state-sponsored pension plans.

Health, dental and vision benefits include basic benefits for annuitants and dependents under the state's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental and vision benefits with an amount based on factors such as date of retirement, years of credited service with the State of Illinois, whether the annuitant is covered by Medicare and whether the annuitant has chosen a managed health care plan. Employees of the System who retired before Jan. 1, 1998 and are vested

in either SERS or TRS do not contribute towards health and vision benefits. A premium is required for dental. For annuitants who retired on or after Jan. 1, 1998, the annuitant's contribution amount is reduced 5 percent for each year of credited service with the state allowing those annuitants with 20 or more years of credited service to not have to contribute towards health and vision benefits. A premium is required for dental. Annuitants also receive life insurance coverage equal to the annual salary of their last day of employment until age 60, at which time the benefit becomes \$5,000.

The State of Illinois pays the TRS portion of employer costs for the benefits provided. The total cost of the state's portion of health, dental, vision and life insurance benefits of all members, including post employment health, dental, vision and life insurance benefits, is recognized as an expenditure

by the state in the Illinois Annual Comprehensive Financial Report. The System adopted GASB 75 but has chosen not to record the other post employment liability because it is deemed insignificant to the financial statements. The footnote and required supplementary information also required by GASB 75 have been excluded, as well, due to the insignificance of the liability.

A summary of post employment benefit provisions, changes in benefit provisions and employee eligibility requirements, including eligibility for vesting and the authority under which benefit provisions are established, are included as an integral part of the financial statements for CMS. A copy of the financial statements may be obtained by contacting their office, Department of Central Management Services, 704 Stratton Office Building, Springfield, IL 62706.



*The TRS SSP Deferred Compensation team covenes to discuss recent members who have reached the annual SSP contribution limits this year. They are excited to help educators **Bring More** to their retirements!*



*TRS Representative – Deferred Compensation Abbie C. demonstrates commitment to customer service by answering SSP inquiries and helping TRS members **Bring More** to their future retirement.*

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability for Fiscal Years

	2025	2024	2023	2022
Total pension liability				
Service cost	\$2,448,675,821	\$2,309,476,634	\$2,229,200,487	\$2,097,274,410
Interest	10,881,794,196	10,476,520,526	10,144,364,716	9,834,039,952
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(36,222,046)	76,540,137	405,098,326	(260,304,587)
Change of assumptions	-	1,202,972,544	-	448,727,943
Benefit payments, including refund of member contributions	(8,569,786,477)	(8,260,383,852)	(7,967,329,515)	(7,669,576,246)
Net change in total pension liability	4,724,461,494	5,805,125,989	4,811,334,014	4,450,161,472
Total pension liability - beginning	157,290,420,223	151,485,294,234	146,673,960,220	142,223,798,748
Total pension liability - ending (a)	162,014,881,717	157,290,420,223	151,485,294,234	146,673,960,220
Plan fiduciary net position				
Contributions - employer	123,361,660	132,235,207	124,748,100	120,876,570
Contributions - nonemployer contributing entity	6,203,788,670	6,158,581,314	6,009,158,073	5,866,799,836
Contributions - member	1,224,699,297	1,168,677,259	1,109,497,833	1,072,639,330
Net investment income (loss)	6,902,120,417	5,757,906,980	4,427,042,975	(743,042,373)
Benefit payments, including refund of member contributions	(8,569,786,477)	(8,260,383,852)	(7,967,329,515)	(7,669,576,246)
Administrative expense	(45,565,876)	(37,020,402)	(32,026,386)	(26,575,798)
Net change in plan fiduciary net position	5,838,617,691	4,919,996,506	3,671,091,080	(1,378,878,681)
Plan fiduciary net position - beginning	71,424,713,925	66,504,717,419	62,833,626,339	64,212,505,020
Plan fiduciary net position - ending (b)	77,263,331,616	71,424,713,925	66,504,717,419	62,833,626,339
Employers' net pension liability - ending (a) - (b)	<u>\$84,751,550,101</u>	<u>\$85,865,706,298</u>	<u>\$84,980,576,815</u>	<u>\$83,840,333,881</u>

Schedule of the Net Pension Liability for Fiscal Years

	2025	2024	2023	2022
Total pension liability	\$162,014,881,717	\$157,290,420,223	\$151,485,294,234	\$146,673,960,220
Plan fiduciary net position	77,263,331,616	71,424,713,925	66,504,717,419	62,833,626,339
Net pension liability	<u>\$84,751,550,101</u>	<u>\$85,865,706,298</u>	<u>\$84,980,576,815</u>	<u>\$83,840,333,881</u>
Plan fiduciary net position as a percentage of the total pension liability	47.7%	45.4%	43.9%	42.8%
Covered payroll	\$13,354,862,457	\$12,721,190,256	\$12,382,202,189	\$11,647,247,711
Net pension liability as a percentage of covered payroll	634.6%	675.0%	686.3%	719.8%

2021	2020	2019	2018	2017	2016
\$2,032,149,463	\$1,991,622,987	\$1,947,627,286	\$1,838,002,948	\$1,877,570,053	\$1,681,242,232
9,580,886,840	9,296,897,060	8,991,684,121	8,703,519,454	8,390,352,464	8,264,257,311
-	-	-	(374,603,419)	-	-
(370,469,646)	(28,215,833)	258,778,925	1,191,346,970	482,486,212	701,827,169
(162,359,084)	-	77,241,572	(666,054,719)	(2,725,599,755)	7,553,894,504
(7,388,142,712)	(7,099,524,955)	(6,818,760,572)	(6,551,634,376)	(6,438,005,920)	(5,931,207,177)
3,692,064,861	4,160,779,259	4,456,571,332	4,140,576,858	1,586,803,054	12,270,014,039
138,531,733,887	134,370,954,628	129,914,383,296	125,773,806,438	124,187,003,384	111,916,989,345
142,223,798,748	138,531,733,887	134,370,954,628	129,914,383,296	125,773,806,438	124,187,003,384
97,594,081	92,658,238	88,514,781	84,633,117	149,495,577	148,040,767
5,140,648,356	4,813,451,679	4,466,020,692	4,095,125,358	3,986,363,699	3,742,469,245
1,023,531,951	994,400,416	963,972,120	938,037,245	929,130,165	951,809,398
13,046,153,685	275,669,398	2,617,831,332	4,049,271,728	5,520,453,001	(44,103,178)
(7,388,142,712)	(7,099,524,955)	(6,818,760,572)	(6,551,634,376)	(6,438,005,920)	(5,931,207,177)
(23,758,112)	(22,966,372)	(24,335,680)	(21,550,896)	(22,728,735)	(22,967,917)
11,896,027,249	(946,311,596)	1,293,242,673	2,593,882,176	4,124,707,787	(1,155,958,862)
52,316,477,771	53,262,789,367	51,969,546,694	49,375,664,518	45,250,956,731	46,406,915,593
64,212,505,020	52,316,477,771	53,262,789,367	51,969,546,694	49,375,664,518	45,250,956,731
\$78,011,293,728	\$86,215,256,116	\$81,108,165,261	\$77,944,836,602	\$76,398,141,920	\$78,936,046,653

2021	2020	2019	2018	2017	2016
\$142,223,798,748	\$138,531,733,887	\$134,370,954,628	\$129,914,383,296	\$125,773,806,438	\$124,187,003,384
64,212,505,020	52,316,477,771	53,262,789,367	51,969,546,694	49,375,664,518	45,250,956,731
\$78,011,293,728	\$86,215,256,116	\$81,108,165,261	\$77,944,836,602	\$76,398,141,920	\$78,936,046,653
45.1%	37.8%	39.6%	40.0%	39.3%	36.4%
\$11,120,776,122	\$10,827,438,800	\$10,450,452,444	\$10,163,980,000	\$9,965,569,893	\$9,811,614,284
701.5%	796.3%	776.1%	766.9%	766.6%	804.5%

Schedule of Investment Returns for Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	9.7%	8.7%	7.2%	(1.2%)	25.4%	0.6%	5.1%	8.5%	12.5%	(0.1%)

Schedule of Contributions from Employers and Other Contributing Entities, Last 10 Fiscal Years (\$ thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially-determined contribution (ADC)	\$10,216,460	\$9,694,780	\$9,201,648	\$8,947,919	\$8,441,258	\$7,988,612	\$7,429,037	\$7,080,756	\$6,248,879	\$4,582,530
Contributions in relation to the actuarially-determined contribution:*										
State	6,203,622	6,158,370	6,008,948	5,866,530	5,140,337	4,813,078	4,465,578	4,094,616	3,985,783	3,741,802
Federal & Employer Contributions	122,694	130,977	123,194	120,441	97,082	92,038	87,707	84,034	148,749	147,408
Total contributions	6,326,316	6,289,347	6,132,142	5,986,971	5,237,419	4,905,116	4,553,285	4,178,650	4,134,532	3,889,210
Contribution deficiency	\$3,890,144	\$3,405,433	\$3,069,506	\$2,960,948	\$3,203,839	\$3,083,496	\$2,875,752	\$2,902,106	\$2,114,347	\$693,320
Covered payroll	\$13,354,862	\$12,721,190	\$12,382,202	\$11,647,248	\$11,120,776	\$10,827,439	\$10,450,452	\$10,163,980	\$9,965,570	\$9,811,614
Contributions as a percentage of covered payroll	47.4%	49.4%	49.5%	51.4%	47.1%	45.3%	43.6%	41.1%	41.5%	39.6%

* Contributions for minimum benefits from the state and for excess sick from employers do not count towards actuarial funding requirements. Beginning in FY18, employer contributions on salaries exceeding the statutory salary of the governor are included and the projected excess salary contribution is included in the ADC. In all years, employer contributions for excess salary increases are included. However, employer contributions for excess sick leave are not included because there is no assumption for excess sick leave, and it is not included in the funding requirements. Before FY17, the actuarially determined contribution was based on GASB Statement No. 25. Beginning in FY17, a different basis for determining the actuarially-determined contribution is used, as described in the following table. For FY22, the state contribution amount includes an additional one-time contribution of \$173 million appropriated for TRS per Public Act 102-0696. For FY23, the state contribution amount includes an additional one-time contribution of \$115 million appropriated for TRS per Public Act 102-0698. An additional \$115,215,500 was appropriated in a FY23 supplemental bill, Public Act 103-000, however, it was not received by TRS until FY24.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in Net Pension Liability and the Schedule of Net Pension Liability are affected by various factors. In FY25, the total pension liability increased by \$4.7 billion.

The Schedule of Contributions from Employers and Other Contributing Entities compares actual and actuarially-determined contributions. There is a difference between these amounts because actual contributions are based on state statute under a methodology that does not conform to that used to determine the actuarially-determined contribution.

The following assumptions were used to determine the statutory and actuarially-determined contributions for FY25.

	For Funding per State Statute	For Determining the Actuarially-determined Contribution
Valuation Used to Determine Funding Amount:	June 30, 2023	June 30, 2023
Actuarial Cost Method:	Projected unit credit	Entry age normal
Amortization Method:	15-year phase-in to a level percent of payroll reached in FY10; then level percent of payroll until a 90 percent funding level is achieved in FY45.	Level percent of payroll. Amortization payments increase at the rate of future state revenue growth, assumed to be 2%.
Remaining Amortization:	20 years, closed	20 years, closed beginning with 2015 actuarial valuation; subsequent increases in the UL amortized over subsequent 20-year periods.
Asset Valuation Method:	Actuarial value of assets with five-year smoothing of investment gains and losses	Actuarial value of assets with five-year smoothing of investment gains and losses.

SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEARS ENDED JUNE 30

	2025	2024
Personnel services		
Salaries	\$20,672,055	\$16,728,490
Retirement contributions	2,393,763	1,672,377
Insurance and payroll taxes	<u>6,942,316</u>	<u>5,344,849</u>
	<u>30,008,134</u>	<u>23,745,716</u>
Professional services		
Actuarial services	248,220	299,669
External auditors	209,317	253,942
Legal services	508,602	314,261
Legislative consulting	90,000	90,000
Information systems consulting	6,484,580	5,577,099
Operations consulting	716,664	270,614
Other	<u>1,611</u>	<u>25,783</u>
	<u>8,258,994</u>	<u>6,831,368</u>
Communications		
Postage	153,022	224,558
Printing and copying	52,989	50,115
Telephone	<u>169,825</u>	<u>172,300</u>
	<u>375,836</u>	<u>446,973</u>
Other services		
Administrative services	2,831,235	583,049
Building operations and maintenance	373,619	276,176
EDP supplies and equipment	237,063	562,230
Equipment repairs, rental and maintenance	42,209	223,411
Insurance	615,859	737,265
Memberships and subscriptions	321,186	226,791
Office equipment and furniture	15,036	15,540
Office supplies	15,118	22,215
Software licenses and maintenance	459,727	809,630
Travel, conferences, education	<u>218,098</u>	<u>286,793</u>
	<u>5,129,150</u>	<u>3,743,100</u>
Depreciation expense	<u>3,086,253</u>	<u>3,769,566</u>
Total administrative expenses	<u>\$46,858,367</u>	<u>\$38,536,723</u>

Note: Above amounts do not include investment administrative expenses, which are deducted from investment income and shown in a separate schedule on the following page.

SCHEDULE OF DIRECT INVESTMENT EXPENSE FOR THE YEARS ENDED JUNE 30

	2025	2024
Investment manager fees*	<u>\$471,414,558</u>	<u>\$497,490,153</u>
Master custodian fees*		
State Street Bank and Trust Company	<u>2,459,813</u>	<u>4,005,525</u>
Investment consultants		
Aksia, L.L.C.	896,861	828,678
RVK, Inc.	485,000	545,000
Stepstone Group, L.P.	1,059,617	1,053,662
Stepstone Group Real Estate, L.P.	<u>359,759</u>	<u>349,372</u>
	<u>2,801,237</u>	<u>2,776,712</u>
Investment advisors		
Ernst & Young Private, Ltd.	194,407	242,524
Evercore Group L.L.C.	5,002,462	1,982,048
Meketa Investment Group, Inc.	480,000	300,000
Stout Risius Ross, Inc.	<u>-</u>	<u>180,000</u>
	<u>5,676,869</u>	<u>2,704,572</u>
Legal services		
DLA Piper, L.L.P.	<u>1,195,486</u>	<u>712,058</u>
Other investment expense		
Auditing costs	168,229	147,163
Communication services	31,836	28,843
Education, meetings and travel	204,824	124,970
Investment activity expenses	5,770,360	1,685,007
Investment analytical systems	1,525,459	1,204,371
Personnel costs	7,080,705	5,610,239
Research, subscriptions and memberships	164,348	82,063
Other costs	<u>309,381</u>	<u>287,454</u>
	<u>15,255,142</u>	<u>9,170,110</u>
Total direct investment expense	<u>\$498,803,105</u>	<u>\$516,859,130</u>

* Investment manager and custodian fee details are shown on pages 71 to 75.

SCHEDULE OF PROFESSIONAL SERVICES FOR THE YEARS ENDED JUNE 30

	2025	2024
Actuarial services		
Gabriel, Roeder, Smith & Company	\$ -	\$75,000
The Segal Company Midwest, Inc.	248,220	224,669
	<u>248,220</u>	<u>299,669</u>
External auditors		
Office of the Auditor General (Forvis Mazars, L.L.P.)	209,317	253,942
Legal services		
Elrod Friedman L.L.P.	1,714	11,675
Holland & Knight, L.L.P.	48,764	56,434
Howard & Howard Attorneys, P.L.L.C.	15,556	11,628
Ice Miller L.L.P.	114,406	65,647
King & Spalding L.L.P.	193,518	81,913
Nixon Peabody L.L.P.	5,566	400
Ottosen DiNolfo Hasenbalg & Castaldo, Ltd.	13,345	2,530
Reinhart Boerner Van Deuren s.c.	114,040	78,647
State of Illinois, Office of the Attorney General	1,193	3,192
Veritext, L.L.C.	-	1,945
Whitt Law, L.L.C.	500	250
	<u>508,602</u>	<u>314,261</u>
Legislative consulting		
Leinenweber Baroni & Daffada Consulting, L.L.C.	90,000	90,000
Information systems consulting		
Apex Systems	637,000	608,504
Capitol Strategies Consultants Inc.	1,409,641	1,528,910
CapTech Ventures Inc.	2,325,314	1,279,130
Carahsoft Technology Corp.	42,780	-
CDW L.L.C.	14,411	-
Dayagdag, Chris	202,375	177,305
Decker Innovations Inc.	668,043	636,756
Ellerman, Greg	195,916	174,037
HSO North America, L.L.C.	12,125	28,625
Precision Task Group Inc.	465,243	631,824
Presidio Networked Solutions Group, L.L.C.	-	27,961
Promet Solutions Corporation	27,969	35,094
Resultant L.L.C.	13,620	49,901
Sentinel Technologies, Inc.	470,143	399,052
	<u>6,484,580</u>	<u>5,577,099</u>
Operations consulting		
CapFinancial Partners L.L.C.	65,000	62,500
CEM Benchmarking, Inc.	59,000	55,000
Election Services Conglomerate L.L.C.	8,621	-
Higher Logic, L.L.C.	11,470	11,136
Krasan Consulting Services Inc.	39,933	-
Mosaic Governance Advisors L.L.C.	112,865	105,339
Navigate 360 L.L.C.	-	6,821
Prosci Inc.	-	27,893
SABA Software	-	1,925
The Segal Company Midwest, Inc.	419,775	-
	<u>716,664</u>	<u>270,614</u>
Other	1,611	25,783
Total professional services	<u>\$8,258,994</u>	<u>\$6,831,368</u>

INVESTMENTS



Chief Benefits Officer Lori D. meets with the SSP Deferred Compensation team along with Information Technology and Accounting to discuss milestones within SSP operations and strategies for future growth and improvements.

INTRODUCTION

The Investment section of the TRS Annual Comprehensive Financial Report discloses the characteristics, structure and performance of the TRS trust fund for the fiscal year ended June 30, 2025. Included in the following section is the Defined Benefit Plan, a fiduciary component unit of TRS.

State Street Bank and Trust, as master trustee, has provided TRS a statement of detailed assets, along with their fair value as of June 30, 2025. State Street has also provided detailed financial reports of all investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the fund for FY25. TRS investment consultants have also contributed key investment portfolio data and analysis during the fiscal year and throughout the investment process.

Investment performance calculations use time-weighted rate of return methodology. State Street calculates returns using industry best practices. Additionally, State Street calculates performance rates of return by portfolio, composite, and for all respective indices used throughout this section. The TRS investment staff, in collaboration with the staff of its custodian, prepared the Investments section.

A complete listing of investment holdings is available upon request.

Summary Data as of June 30, 2025	
Total fund fair value	\$76.6 billion
1-year return (net of fees)	9.7%
3-year return (net of fees)	8.6%
5-year return (net of fees)	9.7%
10-year return (net of fees)	7.4%
20-year return (net of fees)	7.0%
30-year return (net of fees)	7.8%
Percent externally managed	100.0%
Number of external managers	196
Master Trustee and Custodian	State Street Bank and Trust Company
General consultant	RVK, Inc.

INVESTMENT SUMMARY

The TRS trust fund is invested by authority of the Illinois Pension Code under the “prudent person rule,” requiring investments to be managed solely in the interest of fund participants and beneficiaries. The TRS Board of Trustees has a fiduciary responsibility to the members and beneficiaries of the System. The Board, in carrying out its fiduciary duties, has adopted a clearly defined investment policy including principles, objective and strategy.

INVESTMENT POLICY

The TRS Investment Policy, approved by the Board, guides TRS's investments. The policy specifically outlines the investment philosophy and practices of TRS and has been developed to serve as a reference point for the management of System assets. In order to assist System participants in achieving their financial security objectives, the Board shall adopt a long-term plan by which the assets of the System will be maintained and enhanced through prudent investments. In developing the Investment Policy, the Board and staff understand and accept their fiduciary obligations to the members of the System. These obligations are legal in nature and are outlined in the Illinois Pension Code [40 ILCS 5].

INVESTMENT PRINCIPLES

Provisions within the Illinois Pension Code specifically referring to the definitions, duties and responsibilities of a fiduciary are the foundation for the principles guiding TRS investment activity. Investment principles include preserving the long-term principal of the trust fund, maximizing total return within prudent risk parameters and acting in the exclusive interest of TRS members.

INVESTMENT OBJECTIVE

The investment objective is to achieve long-term investment returns from a well-diversified and prudently invested portfolio, that meet or exceed the System's assumed rate of return, net of all management fees.

INVESTMENT STRATEGY

The System's asset allocation policy is intended to reflect, and be consistent with, the return objective and risk tolerance expressed in the Investment Policy. It is designed to provide the highest probability of meeting or exceeding the System's objectives at a controlled level of risk that is acceptable to the Board. In establishing its risk tolerance, the Board considers its ability to withstand short- and intermediate-term volatility in investment performance and fluctuations in financial condition of the plan.

The Board has approved a broad, four asset class structure focused on the underlying risk profiles of the investment universe. The four classes (equity, income, real assets and diversifying strategies) are then further allocated based on the underlying characteristics (e.g., public equity vs. private equity). The TRS portfolio remains fully diversified across asset classes. Within each asset class, TRS utilizes a number of investment managers with various investment styles to ensure appropriate diversification, allowing the portfolio to achieve broad exposure to the market while minimizing overall risk. This broad diversification serves as the best defense against the uncertainty of volatile global markets. Descriptions of the four asset classes follow.

Equity

TRS's equity asset class broadly includes investments in global public equity securities and private equity investments and is intended to capture return relative to economic growth risk factors.

TRS invests in public equities, or common stock, representing shares or units of ownership in specific corporations offering the opportunity to participate in the success of the global economy. Stockholders share in the growth of a company through an increase in stock price, as well as through the distribution of corporate profits in the form of dividends. TRS's public equity managers are able to participate in the strength of individual markets by seeking out superior companies that are particularly strong in their own markets or industries, as not all economies move in tandem.

Private equity includes investments that are placed and traded outside of the stock exchanges and other public markets. Over the long term, their return profile represents an attractive investment for pension funds, endowments, insurance companies and other sophisticated investors. The investment class benefits the economy by providing needed capital to start-up companies and for continued growth in privately held companies and firms that are restructuring to better compete. Investing in private equity carries additional risk, but with skillful selection of managers, returns can be significantly higher than public equity investments. TRS is widely diversified across all subsectors within private equity, including buyout, growth equity, venture capital and distressed debt.

Real Assets

The real assets asset class offers competitive returns derived from inflation risk factors, as well as provides diversification benefits relative to the growth risk factors inherent of portfolios of stocks and bonds. Investments in real assets are intended to increase the TRS total portfolio long-term rate of return and reduce year-to-year volatility. Additionally, real assets provide a strong income component to pay TRS benefits. Real estate investments currently represent a significant portion of the asset class and are defined as direct investments or ownership in land and buildings including apartments, offices, warehouses, shopping centers and hotels. Further, TRS holds partnership interests in entities that purchase and manage property and pass rent and sale income back to TRS.

Income

The income asset class intends to provide modest returns to the long-term portfolio through economic growth exposure, as well as serve as a liquidity source for overall portfolio rebalancing. It is comprised of investments in the financial obligations of entities including, but not limited to, U.S. and foreign corporations, governments, agencies or municipalities and short-term investments. These investments may be publicly traded instruments or private debt or credit investments. The majority

of income assets promise to pay a specified sum of money at a future date, while paying specified interest during the term of the issue. Income generative assets and other debt-related investments can reduce volatility, offer low or negative correlation to other asset classes and provide income streams, or coupons.

Diversifying Strategies

Diversifying strategies includes mandates designed to provide attractive return and risk attributes

while exhibiting low correlation to traditional public equity and fixed income investments, providing protection to the asset allocation's growth risk factors. This segment of the portfolio includes CTA/trend, treasury, global macro and other strategies. Investments in diversifying strategies are administered via both direct investment manager relationships and diversified fund of funds.

ASSET ALLOCATION/PORTFOLIO SUMMARY

A pension fund's most important investment policy decision is the selection of its asset allocation. The TRS Board of Trustees adopts long-term strategic allocation targets to be implemented over several years. Recognizing the prudence of making measured movement toward long-term targets, the Board also sets interim targets for shorter periods.

In determining the appropriate strategic allocation among the asset classes, the Board, with assistance from staff and the consultant, examine the historical and projected risk and return of the approved asset classes as well as the correlation among these asset classes. The Board also considers the expected impact of investment performance on the liabilities of the System for a range of reasonable investment policies. Based on its determination of the appropriate risk tolerance for the System, and its long-term return expectations, the Board authorizes the strategic and interim asset allocation targets.

TRS periodically compares the asset mix to policy targets to determine when rebalancing of the fund or changes to the interim policy targets are necessary. The Strategic Investment Listing table shows the asset allocation targets, as adopted by the Board of Trustees, compared to the total assets assigned to each particular asset class at June 30, 2025.

**Strategic Investment Listing
Allocation Targets vs. Total Assets**

Asset Class	As of June 30, 2025				As of June 30, 2024	
	Total Fund \$ (Million)	Actual Percent	Interim Target	Long-term Target	Actual Percent	Long-term Target
Public equity	\$27,830.2	36.0%	37.0%	37.0%	35.1%	37.0%
Private equity	13,319.2	17.3	15.0	15.0	17.2	15.0
Total Equity	41,149.4	53.3	52.0	52.0	52.3	52.0
Real estate	10,537.2	13.7	16.0	16.0	14.4	16.0
Other real assets	2,341.1	3.0	2.0	2.0	2.9	2.0
Total Real Assets	12,878.3	16.7	18.0	18.0	17.3	18.0
Total Diversifying Strategies	3,409.9	4.4	5.0	6.0	2.4	4.0
Global income	12,491.0	16.2	15.0	15.0	23.5	26.0
Private credit	5,329.9	6.9	8.0	8.0	-	-
Short-term	1,944.2	2.5	2.0	1.0	4.5	-
Total Income	19,765.1	25.6	25.0	24.0	28.0	26.0
Pending settlements/expenses*	(612.1)	N/A	N/A	N/A	N/A	N/A
Total TRS Fund	\$76,590.6	100.0%	100.0%	100.0%	100.0%	100.0%

Sources: State Street Bank and Trust and TRS

* This amount is included within the receivable and liability sections of the Statement of Fiduciary Net Position.

The Portfolio Securities Summary table contains a detailed list of security types. The amounts in this table differ from the allocation percentages shown in the previous Strategic Investment Listing table. The Strategic Investment Listing represents assets assigned to managers within each asset class, whereas the Portfolio Securities Summary represents specific types of financial instruments; thus, the types of investments a manager holds explain the principal difference. For example, cash and currency held within a manager's portfolio are categorized according to the manager's primary assignment on the Strategic Investment Listing. However, in the Portfolio Securities Summary, these investments are categorized as cash and/or foreign currency.

Portfolio Securities Summary for the Years Ended June 30

	2025		2024	
	Fair Value	% of Total	Fair Value	% of Total
U.S. treasuries & agencies	\$871,317,850	1.1%	\$896,692,338	1.3%
U.S. government-backed mortgages	409,235,937	0.5	280,506,071	0.4
Municipals	7,561,918	0.1	820,672	0.0
Asset-backed securities	291,876,765	0.4	299,127,677	0.4
Commercial/collateralized mortgages & loans	263,757,090	0.3	186,788,773	0.2
Commingled funds (U.S. & international)	2,754,919,456	3.6	3,266,472,872	4.6
Domestic corporate obligations	1,704,947,399	2.2	1,379,927,028	1.9
Foreign debt/corporate obligations	2,058,801,948	2.7	2,034,382,547	2.9
Total fixed income	8,362,418,363	10.9	8,344,717,978	11.7
U.S. equities	15,912,593,573	20.8	14,084,326,237	19.8
International equities	11,595,492,033	15.1	10,647,488,374	14.9
Total public equities	27,508,085,606	35.9	24,731,814,611	34.7
Diversifying strategies	3,403,460,487	4.4	1,689,035,572	2.4
Private debt	9,476,528,232	12.4	8,879,091,360	12.5
Private equity	12,776,014,570	16.7	12,303,948,263	17.3
Real estate	10,536,872,890	13.7	10,253,780,214	14.4
Other real assets	2,341,140,317	3.1	2,088,364,147	2.9
Total alternative investments	38,534,016,496	50.3	35,214,219,556	49.5
Derivatives	(7,069,183)	0.0	(6,928,245)	0.0
Short-term investments	2,121,920,261	2.8	2,830,476,398	4.0
Foreign currency	71,184,055	0.1	59,372,808	0.1
TRS total portfolio	\$76,590,555,598	100.0%	\$71,173,673,106	100.0%

Sources: State Street Bank and Trust and TRS

Historically, TRS has adopted various asset allocation strategies. The Securities Holdings table shows the actual asset allocation based on asset types for the last five-year period.

Securities Holdings for the Years Ended June 30

Asset Type	2025	2024	2023	2022	2021
Fixed income	10.9%	11.7%	11.7%	13.9%	16.0%
Public equities	35.9	34.7	34.3	32.1	35.1
Diversifying strategies	4.4	2.4	5.1	7.1	8.7
Private debt	12.4	12.5	11.2	9.1	6.4
Private equity	16.7	17.3	17.0	16.3	15.9
Real estate	13.7	14.4	16.0	17.9	13.9
Other real assets	3.1	2.9	2.6	1.9	1.1
Short-term/currency/derivatives	2.9	4.1	2.1	1.7	2.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%

INVESTMENT RESULTS

As of June 30, 2025, the fair value of TRS's investments as reported on the Statement of Fiduciary Net Position was \$76.6 billion, an increase of \$5.4 billion from prior year. TRS had a total fund annualized return of 10.4 percent, gross of fees, and 9.7 percent, net of fees, for the one-year period ended June 30, 2025.

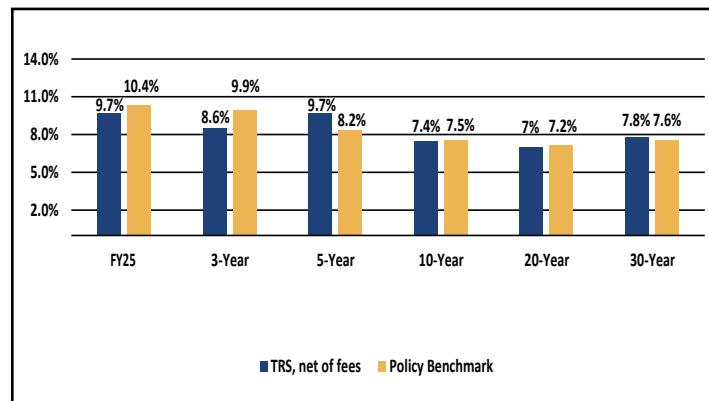
Global financial markets' results were mixed for the year ending June 30, 2025. The investment strategy employed by TRS continued to protect member assets and generated a favorable return in FY25. TRS's conservative strategy performed as intended during a period of economic and geopolitical instability as market volatility, inflation and interest rate concerns continued throughout the year.

Due to the under-funded status of TRS, the System's primary objective is to protect member assets against large market downturns caused by economic unpredictability, as experienced within the year. A prudent investment strategy consists of a diversified portfolio that seeks to participate in the upside of the market but also is positioned to better protect assets in times of high market volatility. The investment strategy deployed by the System during the fiscal year continued to protect member assets while contributing to long-term results. Because TRS has relationships with members for several decades, the System focuses its attention on its long-term investment rate of return. At the end of FY25, the 30-year rate of return, net of fee, was 7.8 percent, which bests the System's estimated long-term investment rate of 7.0 percent.

The Performance Summary chart and table summarize total fund and asset class performance versus comparative benchmarks. As illustrated, the TRS total fund underperformed the policy index by 70 basis points for the year ended June 30, 2025. The TRS policy index represents a weighted average of each asset class benchmark, based on the total fund's interim target asset allocation. The fund's total return outperformed the 7.0 percent actuarial return assumption and surpassed the real rate of return expectation, which is to exceed the rate of inflation, as measured by the Consumer Price Index, by 4.5 percentage points.

Total Fund Performance Summary (net of fees)

TRS Total Fund vs. Policy Benchmark



Sources: State Street Bank and Trust and TRS

Asset Class Performance Summary (net of fees)

Asset Class/Index	Years ended June 30					Annualized at 6/30/25		
	2025	2024	2023	2022	2021	3 Years	5 Years	10 Years
TRS total fund	9.7%	8.8%	7.2%	(1.2%)	25.5%	8.6%	9.7%	7.4%
TRS weighted policy index*	10.4	10.6	8.6	(7.1)	20.3	9.9	8.2	7.5
Equity	13.5	14.6	13.4	(8.5)	45.8	13.8	14.5	10.4
TRS equity composite benchmark ¹	16.5	20.8	18.0	(15.1)	42.8	18.4	15.0	11.4
Real assets	2.9	(4.7)	(5.9)	25.8	13.5	(2.6)	5.7	5.6
TRS real asset composite benchmark ²	1.5	(5.9)	(5.4)	22.6	8.1	(3.3)	3.7	5.2
Diversifying strategies	(1.0)	4.8	1.9	7.5	8.6	1.9	4.3	3.0
TRS diversifying composite benchmark ³	(2.4)	9.6	7.7	4.2	4.1	4.9	4.6	5.0
Income	8.2	8.0	6.6	(5.4)	6.6	7.6	4.7	4.3
TRS income composite benchmark ⁴	6.9	2.9	(0.6)	(9.6)	(0.3)	3.0	(0.3)	1.9

* Policy index and TRS benchmarks represent weighted average of asset class benchmarks and interim target allocations.

Note: Performance calculations provided by State Street Bank and Trust use net-of-fee time-weighted rates of return.

Sources: State Street Bank and Trust and TRS

1. *Equity composite includes the following asset classes and corresponding benchmarks:*

Sub Asset Class	Benchmark
Public equity	MSCI ACWI Investable Market Index
Private equity	MSCI ACWI Investable Market Index + 2%

2. *Real Assets composite includes the following asset classes and corresponding benchmarks:*

Sub Asset Class	Benchmark
Real estate	Custom Blend: NCREIF ODCE (50.0%), Burgiss Opportunistic (31.2%), Burgiss Value Add (18.8%) Indices
Other real assets	CPI (inflation) + 5.0%

3. *Diversifying strategies composite includes the following asset classes and corresponding benchmarks:*

Sub Asset Class	Benchmark
Diversifying Strategies	Custom Blend: SocGen Trend (33.3%), Bloomberg US Treasury (Long) (33.3%), HFRI Macro (33.3%) Indices

4. *Income composite includes the following asset classes and corresponding benchmarks:*

Sub Asset Class	Benchmark
Global fixed income	Bloomberg Aggregate Index (Hedged)
Private credit	Custom Blend: Bloomberg US Corp High Yield (50%), Morningstar Leveraged Loan (50.0%) Indices
Short-term investments	ICE BofAML 91-day U.S. Treasury Bill Index

SECURITIES LENDING

State Street Bank & Trust Company served as the securities lending agent for the fixed income and public equity lending programs. The lending agent is responsible for making loans, acquiring collateral, marking loans and collateral to market on a daily basis and investing cash collateral based on lending agreement terms. The Board of Trustees' policies permit TRS to use investments to enter into securities lending transactions, which are loans of securities to broker-dealers or other entities. Additional information regarding securities lending activity is included in the Notes to Financial Statements under "Note D. Investments."

The borrower of a security must post collateral in excess of the fair value of the security. TRS receives both cash and non-cash (i.e., securities) collateral. The following table represents the fair values of the securities lending activity based on type of collateral as of June 30, 2025.

Collateral Type	Collateral Received	Securities on Loan	Collateral %
Cash collateral	\$1,290,774,060	\$1,265,659,625	102.0%
Non-cash collateral	433,903,360	420,924,330	103.1
Total	\$1,724,677,420	\$1,686,583,955	102.3
Reinvested cash collateral	\$1,291,690,421		

Source: State Street Bank and Trust

Note: Does not include lending collateral with the State Treasurer.

TRS earns income from fees paid by the borrowers and interest earned from investing the cash collateral. For the year ended June 30, 2025, TRS earned net income of \$2.3 million through its Securities Lending Program. The following table summarizes fiscal year net income from securities lending activity and the fiscal year averages regarding securities available to loan.

Lending Income for FY25	
Securities lending income	\$34,305,947
Borrower rebates	(31,283,773)
Lending agent fees	(755,236)
Securities lending net income	\$2,266,938
Loan Averages During FY25	
Available to loan	\$20,352,143,297
Securities on loan	915,151,252
Percentage on loan	4.5%

Source: State Street Bank and Trust

BROKERAGE ACTIVITY

The following table shows the top 50 brokers used by TRS external equity managers for the year ended June 30, 2025. TRS also manages a commission recapture program as part of its trading strategies. For the year ended June 30, 2025, TRS recaptured \$0.04 million in cash that was reinvested in the fund. In addition, TRS uses commission recapture refunds to pay for Investment Department expenses. During FY25, TRS used \$0.04 million of recaptured funds to offset expenses.

Top 50 Brokers Used by TRS Managers

Broker	Shares Traded	FY25 Commission	Commission per Share
Citigroup, Inc. and all Subsidiaries (Worldwide)	516,413,075	\$803,485	\$0.002
Instinet, L.L.C. (Worldwide)	873,248,652	770,628	0.001
UBS AG	498,387,862	572,962	0.001
Goldman Sachs & Co. (Worldwide)	320,889,671	529,444	0.002
Merrill Lynch & Co., Inc. and all Subsidiaries (Worldwide)	488,819,167	519,853	0.001
J.P. Morgan Securities, Inc. (Worldwide)	157,733,794	462,176	0.003
CLSA Securities	604,498,294	455,293	0.001
Morgan Stanley & Co., Inc. and Subsidiaries (Worldwide)	85,751,815	425,485	0.005
Jefferies & Company, Inc.	64,534,086	401,826	0.006
HSBC Bank PLC	200,661,083	342,547	0.002
Macquarie Bank & Securities, Ltd. (Worldwide)	133,996,139	285,282	0.002
Barclays (Worldwide)	18,351,064	258,256	0.014
Loop Capital Markets, L.L.C.	37,411,576	249,345	0.007
BNP Paribas Securities Services S.C.A.	65,829,056	196,993	0.003
Royal Bank of Canada (Worldwide)	13,128,518	165,099	0.013
Societe Generale S.A. and all Subsidiaries	47,525,627	163,607	0.003
Pershing, L.L.C.	19,345,891	85,486	0.004
Cowen, Inc.	4,797,682	79,443	0.017
Daiwa Securities Group, Inc.	8,087,852	67,783	0.008
Bank of Montreal	6,612,822	55,397	0.008
EFG Hermes Holding S.A.E	13,455,227	52,428	0.004
KCG Americas L.L.C.	5,606,652	48,680	0.009
Investec Group	2,997,025	48,016	0.016
Credit Lyonnais Securities	10,913,447	47,311	0.004
KB Financial Group Inc.	578,583	45,423	0.079

(continued)

Broker	Shares Traded	FY25 Commission	Commission per Share
Northern Trust Corporation	3,752,856	\$43,733	\$0.012
Penserra Securities, L.L.C.	9,060,018	38,417	0.004
Sturdivant & Co., Inc.	1,190,570	35,717	0.030
Nuvama Wealth Management Ltd.	1,255,587	31,894	0.025
Joh. Berenberg, Gossler & Co.	2,065,474	31,762	0.015
Guzman & Company	5,815,280	31,748	0.005
Piper Jaffray Companies	4,168,742	30,642	0.007
AllianceBernstein Holding L.P.	3,514,530	30,303	0.009
Fidelity Investments, Inc.	2,242,527	28,698	0.013
Deutsche Bank & Securities (Worldwide)	1,388,702	26,820	0.019
ICICI Brokerage Services, Ltd.	7,411,555	26,480	0.004
Mizuho Corporate Bank, Ltd. and all Subsidiaries	1,461,442	26,370	0.018
Sanford Bernstein (Worldwide)	4,628,707	25,816	0.006
UOB Kay Hian Pte, Ltd.	1,811,332	24,472	0.014
XP Investimentos S.A.	10,489,650	24,291	0.002
Danske Bank	1,651,565	24,174	0.015
Stifel Nicolaus & Company, Inc.	788,183	23,985	0.030
Cabrera Capital Markets, Inc.	2,659,219	23,727	0.009
Evercore Group L.L.C.	1,368,921	21,252	0.016
Banco BTG Pactual S.A.	26,451,476	21,050	0.001
CACEIS Bank Spain S.A.	1,253,619	18,795	0.015
Kotak Securities, Ltd.	1,239,973	18,015	0.015
Ambit Holdings Pvt., Ltd.	912,999	17,505	0.019
Carnegie Holding AB	1,571,473	16,623	0.011
Williams Capital Group, L.P.	876,928	16,620	0.019
(All Others - 114 Brokers)	53,920,979	386,223	0.007
Total	4,352,526,967	\$8,177,382	\$0.002

Sources: State Street Bank and Trust and TRS

INVESTMENT MANAGER AND CUSTODIAN FEES

For the year ended June 30, 2025, fee payments to external investment managers and the master custodian totaled \$473.9 million.

Schedule of Fees

Investment Manager/Account	FY25	Investment Manager/Account	FY25
3 Boomerang Capital I, L.P.	\$370,807	BIG Real Estate Fund II, L.P.	\$911,914
5th Century Partners Fund II, L.P.	257,744	BioPharma Credit Investments V, L.P.	930,271
A&M Capital Partners III, L.P.	2,248,780	Black River Agriculture Fund 2, L.P.	611,159
A&M Capital Strategic Investments, L.P.	1,578,082	BlackFin Financial Services Fund IV	1,210,659
Acadian Asset Management, L.L.C.	6,971,306	BlackRock LT Treasury Fund	55,378
Advent International GPE VI Limited Partnership	68,565	Blackstone Infrastructure Partners, L.P.	3,311,378
Advent International GPE VII-C Limited Partnership	284,636	Blackstone Real Estate Partners Asia II, L.P.	1,072,471
Advent International GPE VIII-B-2 Limited Partnership	607,790	Blackstone Real Estate Partners Asia III, L.P.	1,500,000
Advent International GPE X, L.P.	698,894	Blackstone Real Estate Partners Asia, L.P.	292,959
Alkemi Venture Fund II, L.P.	100,081	Blackstone Real Estate Partners IX, L.P.	3,101,917
AllianceBernstein, L.P.	1,921,562	Blackstone Real Estate Partners VIII,TE.2, L.P.	1,834,373
Alphadyne Global Rates Fund II, Ltd.	18,496,540	Blackstone Real Estate Partners X, L.P.	3,975,000
Altaris Health Partners IV, L.P.	145,804	Blantyre Special Situations Fund II, L.P.	401,651
Altaris Health Partners V, L.P.	66,503	Brasa Real Estate Fund II, L.P.	587,258
Apollo Asset Backed Finance Fund, L.P.	1,633,019	Brasa Real Estate Fund III, L.P.	620,548
Apollo Investment Fund IX, L.P.	314,032	Bregal Sagemount Basecamp I-B, L.P.	709,009
Apollo Investment Fund VIII, L.P.	72,073	Bregal Sagemount III-B, L.P.	1,023,825
Apollo Investment Fund X, L.P.	699,559	Bregal Sagemount IV-B, L.P.	1,910,812
Apollo Lincoln Fixed Income Fund, L.P.	8,313,116	Bregal Unternehmerkapital III-A SCSp	902,954
AQR Capital Management, L.L.C.	1,786,137	Bregal Unternehmerkapital IV-A SCSp	2,251,757
Arbour Lane Credit Opportunity Fund III (A), L.P.	1,408,933	Brevan Howard Alpha Strategies Fund, L.P.	2,116,070
Ares Multi-Credit FD (IL), L.P.	1,523,183	Brevan Howard Systematic Trading Fund, L.P.	1,881,134
ARGA Investment Management, L.P.	613,500	Bridgewater All Weather China, Ltd.	(178)
Arlington Capital Partners VI, L.P.	1,855,986	Brookfield Infrastructure Debt Fund III L.P.	843,822
Arlington V, L.P.	849,611	Brookfield Infrastructure Fund IV, L.P.	1,482,709
Arrowstreet Capital, L.P.	2,711,611	Brookfield Infrastructure Fund V, L.P.	3,100,723
ASP ILSTRS Asia SMA 1, L.P.	(79,327)	Brown Brothers Harriman & Co.	461,963
ASP ILSTRS Europe SMA 1, L.P.	(79,327)	BVP Forge Institutional, L.P.	300,000
Aurora Equity Partners VI, L.P.	977,420	CapitalSpring Investment Partners VI, L.P.	708,338
Avance Investment Partners, L.P.	429,777	Carlyle Europe Real Estate Partners III, L.P.	1,140
Baring Asia Private Equity Fund VIII, L.P.	328,625	Carlyle Realty Partners IX, L.P.	2,266,725
Barings, L.L.C.	3,933,222	Carlyle Realty Partners VII, L.P.	109,168
Battery Ventures XI-A Side Fund, L.P.	(19,925)	Carlyle Realty Partners VIII, L.P.	917,376
Battery Ventures XI-A, L.P.	(39,874)	Causeway Capital Management, L.L.C.	886,857
Beach Point Sangamon, L.P.	18,198,140	Cerberus 2112 Loan Opportunities Fund, L.L.C.	21,598,145
Bertram Growth Capital IV, L.P.	597,789	Cerberus Real Estate Debt Fund II, L.P.	767,794
Bessemer Venture Partners XII Institutional, L.P.	1,125,000	Cerberus Real Estate Debt Fund, L.P.	1,061,750
BIF IV Renewable Sidecar-B, L.P.	909,469	Charlesbank Equity Fund X, L.P.	1,156,562
BIG Real Estate Fund I, L.P.	426,670	Clayton, Dubilier & Rice Fund XII, L.P.	1,421,366

(continued)

(continued)

Investment Manager/Account	FY25
Clearlake Capital Partners IV, L.P.	\$436,624
Clearlake Capital Partners V, L.P.	130,952
Clearlake Capital Partners VI, L.P.	1,007,816
Clearlake Capital Partners VII, L.P.	451,847
Clearlake Opportunities Partners (P), L.P.	630,364
Columbia Capital Equity Partners VIII-A, L.P.	1,200,000
Copia Credit Impact Fund I, L.L.C.	424,661
Covenant Apartment Fund XII, L.P.	364,582
Crabel Fund, L.P.	756,668
Craft Ventures Growth II, L.P.	360,000
Craft Ventures IV, L.P.	683,720
DCP Asia Credit Fund III, L.P.	711,843
Dolan McEniry Capital Management, L.L.C.	992,754
DoubleLine Mortgage Opportunities, L.P.	334,885
Driehaus Capital Management, L.L.C.	1,348,006
EIF United States Power Fund IV, L.P.	265,318
Eighth Cinven Fund (No.1) Limited Partnership	1,702,504
EISAF II, L.P.	118,162
Elephant Partners V, L.P.	1,124,979
Elion Industrial Fund II, L.P.	662,928
Emerald Advisors, Inc.	2,631,259
EQT Exeter Industrial Value Fund VI, L.P.	2,600,000
EQT Healthcare Growth (No.2) SCSp	897,622
EQT IX (No. 2) USD SCSp	1,703,562
EQT Midmarket Europe, L.P.	461,050
EQT VII, L.P.	518,210
EQT VIII, L.P.	1,132,987
EQT X, L.P.	1,412,500
European Property Investors Special Opportunities 5 SCSp-SIF	820,728
European Property Investors Special Opportunities 6 SCSp	1,344,977
Exeter Europe Industrial Core Fund SCSp	1,416,531
Exeter Industrial Core Fund III, L.P.	647,255
Exeter Industrial Value Fund V, L.P.	1,091,573
Exeter Value Fund IV, L.P.	15,231
FinTech Collective Fund III, L.P.	800,000
FinTech Collective Fund IV, L.P.	659,527
FinTech Collective Opportunity Fund I, L.P.	105,814
Fortress Japan Opportunity Fund III (Dollar A), L.P.	(155,182)
Fortress Japan Opportunity Fund IV (Dollar A), L.P.	(25,325)
Fortress Japan Opportunity Fund V (Dollar A), L.P.	406,194
Fortress Real Estate Opportunities Fund IV (A), L.P.	942,308
Foundation Capital XI, L.P.	1,000,000
Francisco Partners VII, L.P.	1,145,094

(continued)

Investment Manager/Account	FY25
Fundamental Partners IV, L.P.	\$1,227,916
Fundamental Solar Finance Fund L.P.	759,573
Fvlcrum Fund, L.P.	500,000
Garcia Hamilton & Associates, L.P.	398,078
Gateway Real Estate Fund VII, L.P.	1,497,934
Global Transport Income Fund Master Partnership SCSp	934,123
Graham Global Investment Fund I SPC Ltd.	4,345,444
Grain Communications Opportunity Fund II, L.P.	840,255
Grain Communications Opportunity Fund III, L.P.	432,271
Grain Communications Opportunity Fund, L.P.	599,244
Grandeur Peak Global Advisors, L.L.C.	1,590,372
Greenbriar Equity Fund VI, L.P.	796,454
Greenspring IL Master 2.0, L.P.	905,803
Greenspring IL Master, L.P.	2,064,281
Grosvenor Monarch Fund, L.L.C.	649,920
Harvest Partners Structured Capital Fund II, L.P.	655,847
Hayfin Chief, L.P.	4,598,149
Heitman Capital Management, L.L.C.	4,801,017
Hudson Northern Shipping Fund V, L.P.	1,548,143
ICG Santo SCSp	6,096,923
ICV Partners III, L.P.	89,855
ICV Partners IV, L.P.	177,191
IFM USIDF (Offshore) B, L.P.	1,225,777
IL Asia Investors, L.P.	766,340
Inflexion Buyout Fund VI L.P.	(385,011)
Inflexion Buyout Partnership V, L.P.	874,241
Inflexion Enterprise Fund V (No. 1), L.P.	(49,912)
Inflexion Supplemental Fund V (No. 1), L.P.	598,623
Insight Partners Fund XIII, L.P.	726,021
Insight Partners Opportunities Fund I, L.P.	624,863
Insight Partners Opportunities Fund II, L.P.	294,255
Insight Partners XII, L.P.	1,490,525
Institutional Venture Partners XV, L.P.	591,617
Institutional Venture Partners XVI, L.P.	1,335,482
Invesco Commercial Mortgage Income Fund, L.P.	892,155
Investindustrial VIII SCSp	2,011,666
ISAF III (USD), L.P.	438,003
J.P. Morgan Investment Management, Inc.	471,481
JLC Infrastructure Fund II, L.P.	892,038
KKR Diversified Core Infrastructure USD Feeder Fund L.P	1,529,973
KKR Real Estate Partners Americas III, SCSp	2,082,666
L2 Point Opportunities I, L.P.	284,647

(continued)

Investment Manager/Account	FY25
LaSalle Asia Opportunity Fund IV, L.P.	(\$6,546)
LaSalle Asia Opportunity VI, L.P.	2,057,162
LCM Partners CO IIIa, L.P.	1,772,410
LCM Partners COPS 4, L.P.	158,495
LCM Partners SOLO III, L.P.	569,278
Leeds Illuminate I, L.P.	700,000
Lightspeed Opportunity Fund II, L.P.	215,625
Lightspeed Venture Partners IX, L.P.	349,807
Lightspeed Venture Partners Select II, L.P.	295,496
Lightspeed Venture Partners Select V, L.P.	500,000
Lightspeed Venture Partners Select, L.P.	132,626
Lightspeed Venture Partners X, L.P.	207,339
Lightspeed Venture Partners XI, L.P.	211,335
Lightspeed Venture Partners XIV, L.P.	500,000
Lion Industrial Trust	9,767,086
LiveOak Venture Partners I, L.P.	118,716
LiveOak Venture Partners III, L.P.	750,000
Locust Point Private Credit Fund III, L.P.	1,266,324
Locust Point Senior Housing Debt II, L.P.	713,209
Locust Point Senior Mortgage Fund, L.P.	711,546
Lone Star Real Estate Fund IV (U.S.), L.P.	367,664
Lone Star Real Estate Fund V (U.S.), L.P.	192,373
Lone Star Real Estate Fund VI, L.P.	1,225,520
Longfellow Investment Management Co., L.L.C.	277,760
Longitude Venture Partners II, L.P.	110,239
Longitude Venture Partners III, L.P.	612,306
Longitude Venture Partners V, L.P.	629,412
LPC Realty Advisors I, Ltd.	3,258,021
LSV Asset Management	5,654,319
MaC Venture Capital II, L.P.	222,878
MaC Venture Capital III, L.P.	374,599
MacKay Shields L.L.C.	977,876
Macquarie European Infrastructure Fund 6 SCSp	2,445,351
Macquarie Global Infrastructure Fund SCSp	729,986
Macquarie Infrastructure Partners V, L.P.	2,030,136
Macquarie Infrastructure Partners VI, L.P.	1,142,049
Madison International Real Estate Liquidity Fund VI (TE), L.P.	686,275
Magnetar Constellation IV, L.L.C.	230,945
Magnetar Constellation V, L.L.C.	558,094
Maranon Senior Credit Fund II-B, L.P.	5,676
MBK Partners Fund IV, L.P.	1,248,618
MBK Partners Fund V, L.P.	1,465,455
MBK Partners Special Situations II, L.P.	1,647,727

(continued)

Investment Manager/Account	FY25
MED Platform II, S.L.P.	\$1,443,554
Mill Point Capital Partners II, L.P.	205,829
Mill Point Capital Partners III, L.P.	475,638
Monroe Capital Private Credit Fund II, L.P.	51,488
Morgan Creek Partners Asia, L.P.	436,297
NB Real Estate Secondary Opportunities Fund II, L.P.	2,250,000
New Enterprise Associates 15, L.P.	403,646
New Enterprise Associates 16, L.P.	613,664
New Mountain Partners IV, L.P.	83,650
New Mountain Partners V, L.P.	392,976
New Mountain Partners VI, L.P.	464,880
New Mountain Partners VII, L.P.	3,597,753
NGP Natural Resources XI, L.P.	584,850
NGP Natural Resources XII, L.P.	1,109,729
NGP Natural Resources XIII, L.P.	1,497,934
NMS Fund IV, L.P.	210,274
Northern Shipping Fund IV, L.P.	856,159
Northern Trust Investments, Inc.	995,502
NXT Capital Senior Loan Fund V, L.P.	218,384
Oak Street Real Estate Capital Fund IV, L.P.	309,117
Oak Street Real Estate Capital Fund V, L.P.	1,565,806
Oak Street Real Estate Capital Net Lease Property Fund, L.P.	2,800,691
Oakley Capital VI-B1 SCSp	375,499
Oaktree Opportunities Fund IX, L.P.	211,804
Oaktree Opportunities Fund Xb, L.P.	1,180,516
Oaktree Real Estate Debt Fund II, L.P.	212,485
Oaktree Real Estate Debt Fund III, L.P.	504,988
Oaktree Route 66 Multi-Strategy Fund, L.P.	1,834,664
OceanSound Partners Fund II, L.P.	395,783
OceanSound Partners Fund, L.P.	55,486
Pacific Investment Management Company, L.L.C.	3,666,999
Palladium Equity Partners IV, L.P.	47,064
Pamlico Capital V, L.P.	(12,900)
Park Square European Loan Partners II, SCSp	827,939
Parthenon Investors VI, L.P.	217,478
Parthenon Investors VII, L.P.	2,495,770
Payden & Rygel	1,561,715
Pemberton Debt Fund Delaware I, L.P.	292,614
Pemberton Debt Fund Delaware II, L.P.	694,524
PGIM Fixed Income Alternatives Fund II, L.P.	1,400,057
PGIM Fixed Income Global Liquidity Relative Value Fund I (Cayman), Ltd.	2,597,388
PGIM QIF Emerging Market Debt Opportunities Fund	594,951

(continued)

Investment Manager/Account	FY25
PGIM, Inc.	\$1,209,167
PIMCO BRAVO Fund III Onshore Feeder, L.P.	1,146,140
PIMCO BRAVO Fund IV Onshore Feeder, L.P.	1,419,619
PIMCO BRAVO Fund Onshore Feeder II, L.P.	(36)
PIMCO Commercial Real Estate Debt Fund II, L.P.	676,898
PIMCO Commercial Real Estate Debt Fund, L.P.	504,422
PIMCO Corporate Opportunities Fund II, L.P.	129,299
PIMCO Corporate Opportunities Fund III, L.P.	1,959,388
PIMCO Corporate Opportunities Fund IV Onshore Feeder, L.P.	257,703
PIMCO Horseshoe Fund, L.P.	18,124,822
Premium Residential Credit Fund II, L.P.	2,059,660
Principal Data Center Growth & Income Fund, L.P.	783,812
Principal Global Investors, L.L.C.	2,258,932
Principal Real Estate Investors, L.L.C.	3,215,964
Proterra Credit Fund 2, L.P.	710,281
Proterra Credit Fund, L.P.	211,841
Providence Equity Partners VII, L.P.	114,588
Prudential Trust Company Collective Trust	1,388,625
PSG Europe II, L.P.	1,746,368
PSG V L.P.	(157,494)
PSG VI, L.P.	2,831,507
Quantum Equity VIII, L.P.	5,150,136
RCP SBO Fund II, L.P.	610,922
RCP SBO Fund III, L.P.	758,836
RCP SBO Fund, L.P.	827,778
Rhone Partners V, L.P.	862,254
RhumbLine Advisors, L.P.	1,010,090
Ridgemont Equity Partners III, L.P.	(148,059)
Ridgemont Equity Partners IV, L.P.	(356,356)
Riverstone Credit Partners II, L.P.	303,184
Riverstone Credit Partners, L.P.	(107,825)
Riverstone Global Energy and Power Fund VI, L.P.	669,318
Riverstone Nolan Continuation Fund, L.P.	70,524
Rockpoint Real Estate Fund V, L.P.	487,724
Rockpoint Real Estate Fund VI, L.P.	1,819,001
Rockpoint Real Estate Fund VII, L.P.	1,932,537
RRJ Capital Master Fund III, L.P.	215,517
RWC Asset Advisors (US), L.L.C.	299,272
Scale Venture Partners V, L.P.	449,921
Scale Venture Partners VII, L.P.	829,981
Scale Venture Partners VIII, L.P.	1,080,000
Schroder Investment Management, Inc.	2,904,918
SCP Private Corporate Lending Fund, L.P.	1,253,295

(continued)

Investment Manager/Account	FY25
Searchlight Capital IV, L.P.	\$1,264,693
Sheridan Production Partners III-B, L.P.	213,107
Silver Lake Alpine II, L.P.	236,214
Silver Lake Alpine, L.P.	434,442
Silver Lake Partners III, L.P.	21,221
Silver Lake Partners IV, L.P.	590,503
Silver Lake Partners V, L.P.	1,141,835
Silver Lake Partners VI, L.P.	957,930
Silver Lake Partners VII, L.P.	793,321
Siris Partners III, L.P.	245,421
Siris Partners IV, L.P.	560,164
Sixth Street Growth Partners II (A), L.P.	1,318,563
Sixth Street Mid-Stage Growth Partners (A), L.P.	263,323
Sixth Street TAO Partners (B), L.P.	1,748,719
SK Capital Catalyst Fund I, L.P.	527,991
SK Capital Partners V-A, L.P.	692,642
SKCP Catalyst Fund II-A, L.P.	649,653
Sky9 Capital Fund V, L.P.	602,825
Sky9 Capital MVP Fund II, L.P.	46,898
SLR 1818, L.P.	1,777,631
SLR HC Onshore Fund L.P.	651,130
Sofinnova Venture Partners IX, L.P.	269,382
Sofinnova Venture Partners X, L.P.	1,108,403
Starwood Distressed Opportunity Fund IX Global, L.P.	134,650
Starwood Distressed Opportunity Fund XII, L.P.	4,083,960
Starwood Opportunity Fund X Global, L.P.	1,131,817
Starwood Opportunity Fund XI Global, L.P.	2,213,402
Starwood Value Add Fund II, L.P.	261,107
Starwood Value Add Fund, L.P.	200,072
State Street Bank and Trust Company (Custody)	2,459,813
Stellex Capital Partners II, L.P.	666,464
Stellex Capital Partners III, L.P.	744,146
StepStone VC Wabash Fund, L.P.	906,889
Stonepeak Infrastructure Fund IV, L.P.	2,492,602
Stonepeak Infrastructure Fund V L.P.	686,806
Strategic Global Advisors	1,142,593
Strategic Partners Infrastructure III, L.P.	1,716,872
Sumitomo Mitsui DS Asset Management Company Limited	127,323
Sunstone Partners I, L.P.	256,477
Sunstone Partners II, L.P.	500,000
Sunstone Partners III-Main, L.P.	1,175,665
T. Rowe Price Associates, Inc.	3,819,794

(continued)

Investment Manager/Account	FY25
TA XII-A, L.P.	\$542,804
TA XIII, L.P.	1,178,864
TA XIV-A, L.P.	431,118
TA XV-A, L.P.	1,136,640
Taconic European Credit Dislocation Fund III, L.P.	1,606,658
Taplin, Canida & Habacht	802,708
Taurus Mining Finance Fund II, L.P.	1,379,738
Taurus Mining Royalty Fund, L.P.	1,000,000
TCW Asset Management Company, L.L.C.	641,379
TDR Capital IV 'A', L.P.	537,483
TDR Capital V, L.P.	2,446,056
TerraCotta Credit Fund, L.P.	1,356,739
The Baring Asia Private Equity Fund VI, L.P.1	539,836
The Varde Private Debt Opportunities Fund (Onshore), L.P.	803,134
Thoma Bravo Europe Fund, L.P.	964,972
Thomas H. Lee Equity Fund IX, L.P.	1,428,125
Tilden Park Investment Fund, L.P.	880,559
TPG Asia VIII (A), L.P.	873,779
Trident IX, L.P.	2,126,589
Trident VII, L.P.	45,724
Trident VIII, L.P.	216,377

(continued)

Investment Manager/Account	FY25
TRS Coriolis, L.P.	\$203,548
True Ventures VIII, L.P.	843,750
TSG 8, L.P.	1,896,735
TSG9, L.P.	2,844,456
Varadero International, Ltd.	7,822,272
Varadero Special Opportunities Fund	(2,525)
Veritas Capital Fund VIII, L.P.	(758,199)
Vista Equity Partners Fund V, L.P.	955,222
Vista Equity Partners Fund VI, L.P.	1,180,244
Vista Equity Partners Fund VIII, L.P.	2,271,818
Vista Foundation Fund III, L.P.	429,579
Vista Foundation Fund IV, L.P.	1,000,000
Walton Street Real Estate Core-Plus Fund, L.P.	1,112,399
Walton Street Real Estate Fund VI, L.P.	32,642
Walton Street Real Estate Fund VII, L.P.	309,206
Wasatch Advisors	2,076,860
Westbrook Real Estate Fund X, L.P.	389,526
Westbrook Real Estate Fund XI, L.P.	2,038,452
William Blair Investment Management, L.L.C.	435,736
ZMC III, L.P.	609,563
Total fees paid by TRS	\$473,874,371

INVESTMENT ASSETS UNDER MANAGEMENT

	Assets
Public Equity	
Acadian Asset Management, L.L.C.	\$1,556,460,751
AQR Capital Management, L.L.C.	461,681,208
ARGA Investment Management, L.P.	114,854,736
Arrowstreet Capital, L.P.	2,839,518,556
Causeway Capital Management, L.L.C.	1,016,139,254
Driehaus Capital Management, L.L.C.	355,884,435
Emerald Advisors, Inc.	316,443,986
Grandeur Peak Global Advisors, L.L.C.	291,160,402
LSV Asset Management	1,711,265,839
Northern Trust Investments, Inc.	1,477,424,423
RhumbLine Advisors, L.P.	13,430,550,804

(continued)

	Assets
RWC Asset Advisors (US), L.L.C.	\$109,727,896
Schroder Investment Management, Inc.	1,094,440,918
Strategic Global Advisors	468,644,865
T. Rowe Price Associates, Inc.	1,186,472,831
Wasatch Advisors	355,808,319
William Blair Investment Management, L.L.C.	952,646,814
Sumitomo Mitsui DS Asset Management Company Limited	86,204,004
Private Equity	
3 Boomerang Capital I, L.P.	9,819,187
5th Century Partners Fund II, L.P.	2,476,773
A&M Capital Annex A	37,044,556

(continued)

Assets	
A&M Capital Partners II, L.P.	\$93,131,795
A&M Capital Partners III, L.P.	48,088,684
A&M Capital Strategic Investments, L.P.	13,981,807
Advent International GPE VI Limited Partnership	4,650,640
Advent International GPE VII-C Limited Partnership	7,222,502
Advent International GPE VIII-B-2 Limited Partnership	56,709,666
Advent International GPE X Annex A	20,698,606
Advent International GPE X, L.P.	43,492,462
Alkemi Venture Fund II, L.P.	1,070,529
Altaris Constellation Partners IV, L.P.	22,490,817
Altaris Health Partners IV, L.P.	60,232,952
Altaris Health Partners V, L.P.	108,386,821
Altaris V-4041, L.P.	25,543,127
Apollo Investment Fund IX Annex A	10,843,632
Apollo Investment Fund IX Annex B	57,123,280
Apollo Investment Fund IX Annex C	24,645,870
Apollo Investment Fund IX, L.P.	117,412,170
Apollo Investment Fund VI, L.P.	2,557,167
Apollo Investment Fund VIII Annex A	10,169,028
Apollo Investment Fund VIII, L.P.	64,327,166
Apollo Investment Fund X Annex A	17,311,522
Apollo Investment Fund X, L.P.	44,830,954
Arlington Capital Partners VI, L.P.	141,226,633
Arlington V, L.P.	176,631,686
Arlington VI Annex A	26,386,632
ASP ILSTRS Asia SMA 1, L.P.	61,745,064
ASP ILSTRS Europe SMA 1, L.P.	81,932,096
Aurora Equity Partners VI, L.P.	88,349,009
Avance Investment Partners, L.P.	19,167,536
Bain Capital Annex A	58,080,556
Baring Asia Private Equity Fund VIII, L.P.	79,082,634
Baring Asia VIII Annex A	30,165,844
Baring Asia VIII Annex B	21,208,235
Bertram Capital V (GP), L.P.	41,355,621
Bertram Growth Capital IV, L.P.	104,134,027
Bessemer Venture Partners XII Institutional, L.P.	14,074,987
BlackFin Financial Services Fund IV	2,722,617
Bregal Sagemount Basecamp I-B, L.P.	1,843,605
Bregal Sagemount III-B, L.P.	74,407,042
Bregal Sagemount IV-B, L.P.	44,581,258
Bregal Unternehmerkapital III-A SCSp	67,991,029

(continued)

Assets	
Bregal Unternehmerkapital IV-A SCSp	\$2,821,321
BVP Forge Institutional, L.P.	9,864,950
Carlyle Partners VIII Annex A	34,524,751
Charlesbank Equity Fund X Annex A	17,884,704
Charlesbank Equity Fund X, L.P.	66,466,464
Charlesbank Equity Overage Fund X, L.P.	32,107,399
Cinven Partners VIII Annex A	34,524,322
Clayton, Dubilier & Rice Fund XII Annex A	17,537,557
Clayton, Dubilier & Rice Fund XII, L.P.	71,378,548
Clearlake Capital Partners III, L.P.	1,452,025
Clearlake Capital Partners IV, L.P.	50,460,833
Clearlake Capital Partners V, L.P.	68,038,083
Clearlake Capital Partners VI Annex A	19,278,628
Clearlake Capital Partners VI, L.P.	142,688,874
Clearlake Capital Partners VII, L.P.	60,039,766
Clearlake Flagship Plus Partners, L.P.	41,867,436
Clearlake Opportunities Partners (P), L.P.	40,373,567
Columbia Capital Equity Partners VIII-A, L.P.	39,212,061
Columbia Capital VIII Annex A	7,312,777
Columbia Capital VIII Annex B	15,004,951
Craft Ventures Growth II, L.P.	20,749,271
Craft Ventures IV, L.P.	13,537,442
EIF United States Power Fund IV, L.P.	22,667,577
Eighth Cinven Fund (No.1) Limited Partnership	16,851,757
Elephant Partners V, L.P.	15,905,381
EQT Healthcare Growth (No.2) SCSp	14,880,596
EQT HGF I Annex A	37,014,031
EQT IX (No. 2) USD SCSp	192,667,043
EQT Midmarket Europe, L.P.	38,677,676
EQT VII, L.P.	61,737,965
EQT VIII, L.P.	112,849,321
EQT X Annex A	48,315
EQT X, L.P.	67,401,664
FinTech Collective Fund III, L.P.	42,120,480
FinTech Collective Fund IV, L.P.	13,502,447
FinTech Collective Opportunity Fund I, L.P.	13,602,647
Foundation Capital XI, L.P.	6,067,719
Francisco Partners VII Annex A	24,951,742
Francisco Partners VII Annex B	15,039,862
Francisco Partners VII, L.P.	33,329,199
Fvlcrum Fund, L.P.	14,542,681

(continued)

Assets	
Grain Communications Opportunity Fund II, L.P.	\$88,117,208
Grain Communications Opportunity Fund III, L.P.	39,900,673
Grain Communications Opportunity Fund, L.P.	100,499,576
Greenbriar Equity Fund VI, L.P.	28,601,418
Greenbriar Fund VI Annex A	15,005,970
Greenbriar Fund VI Annex B	13,610,002
Greenspring IL Master 2.0, L.P.	102,398,379
Greenspring IL Master, L.P.	306,922,766
Greenspring IL Special II, L.P.	103,839,850
Greenspring IL Special, L.P.	612,997,830
Harvest Partners Structured Capital Fund II, L.P.	67,367,915
ICV Partners III, L.P.	7,217,067
ICV Partners IV, L.P.	36,889,463
IL Asia Investors, L.P.	196,747,723
Infexion Buyout Partnership V, L.P.	59,082,107
Infexion Supplemental Fund V (No. 1), L.P.	44,394,999
Insight Partners Fund XIII, L.P.	11,996,986
Insight Partners Opportunities Fund I, L.P.	55,279,256
Insight Partners Opportunities Fund II, L.P.	23,379,515
Insight Partners Opportunities I Annex A	17,008,589
Insight Partners XII Annex A	27,745,218
Insight Partners XII, L.P.	97,704,744
Insight Vision Capital II, L.P.	2,101,442
Institutional Venture Partners XV, L.P.	37,634,425
Institutional Venture Partners XVI, L.P.	77,298,085
Investindustrial VIII Annex A	23,024,613
Investindustrial VIII SCSp	7,444,071
Leeds Illuminate I, L.P.	28,228,791
Lightspeed Opportunity Fund II, L.P.	32,930,747
Lightspeed Venture Partners IX, L.P.	64,025,976
Lightspeed Venture Partners Select II, L.P.	21,777,014
Lightspeed Venture Partners Select V, L.P.	27,778,686
Lightspeed Venture Partners Select, L.P.	7,228,348
Lightspeed Venture Partners X, L.P.	34,868,700
Lightspeed Venture Partners XI, L.P.	20,391,026
Lightspeed Venture Partners XIV, L.P.	29,926,190
Littlejohn Fund IV, L.P.	1,619,416
LiveOak Venture Partners I, L.P.	7,098,216
LiveOak Venture Partners III, L.P.	14,276,308
Longitude Venture Partners II, L.P.	5,595,731
Longitude Venture Partners III, L.P.	35,192,084

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Assets	
Longitude Venture Partners V, L.P.	\$11,992,384
Mac Venture Capital II, L.P.	7,043,791
Mac Venture Capital III, L.P.	4,758,841
MBK Partners Fund III Annex B	1,929,832
MBK Partners Fund III, L.P.	6,687,851
MBK Partners Fund IV, L.P.	140,637,262
MBK Partners Fund V, L.P.	217,736,558
MBK Partners Special Situations II, L.P.	81,962,027
MED Platform II, S.L.P.	32,979,324
Mill Point Capital Partners II, L.P.	56,022,336
Mill Point Capital Partners III, L.P.	1,726,894
Morgan Creek Partners Asia, L.P.	27,850,853
New Enterprise Associates 15, L.P.	23,420,682
New Enterprise Associates 16, L.P.	51,589,094
New Mountain Partners III, L.P.	3,901,882
New Mountain Partners IV, L.P.	18,188,426
New Mountain Partners V, L.P.	49,986,028
New Mountain Partners VI Annex A	25,048,152
New Mountain Partners VI Annex B	79,981,818
New Mountain Partners VI, L.P.	193,044,357
New Mountain Partners VII, L.P.	41,934,179
New Mountain SRC Rollover Fund, L.P.	26,192,058
NGP Natural Resources X, L.P.	8,485,413
NGP Natural Resources XI, L.P.	27,012,713
NGP Natural Resources XII, L.P.	61,202,048
NGP Natural Resources XIII Annex A	18,624,667
NGP Natural Resources XIII, L.P.	27,544,316
NMS Fund IV, L.P.	40,496,469
Oakley Capital VI-B1 SCSp	559,723
Oaktree European Principal Fund III, L.P.	11,341,961
Oaktree Opportunities Fund IX, L.P.	60,910,226
Oaktree Opportunities Fund VIII, L.P.	83,004
Oaktree Opportunities Fund Xb, L.P.	88,737,356
OceanSound Partners Fund II, L.P.	33,120,668
OceanSound Partners Fund, L.P.	21,445,370
Olympus Growth Fund VIII, L.P.	4,372,001
Palladium Equity Partners IV, L.P.	13,227,659
Parthenon Investors IV Annex A	249,066,905
Parthenon Investors IV, L.P.	59,327,567
Parthenon Investors V, L.P.	215,172,198
Parthenon Investors VI, L.P.	149,134,435

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Assets	
Parthenon Investors VII Annex A	\$20,000,000
Parthenon Investors VII, L.P.	20,714,577
Provident Equity Partners VI International, L.P.	450,228
Provident Equity Partners VII, L.P.	59,438,587
PSG Europe II, L.P.	33,976,446
PSG VI, L.P.	5,299,564
Quantum Energy VIII Annex A	8,277,755
Quantum Energy VIII Annex B	9,247,338
Quantum Energy VIII Annex C	3,710,080
Quantum Equity VIII Co-Investment Fund, L.P.	12,800,749
Quantum Equity VIII, L.P.	74,391,817
RCP Multi-Fund Feeder SBO 1.0, L.P.	98,011,663
RCP SBO Fund II, L.P.	104,826,796
RCP SBO Fund III, L.P.	73,295,054
RCP SBO Fund, L.P.	209,346,176
RCP SBO Opportunities Fund, L.P.	60,213,167
Rhone Capital V Annex A	68,610,321
Rhone Partners IV, L.P.	16,598,727
Rhone Partners V, L.P.	116,515,774
Ridgemont Annex A	11,886,967
Riverstone Global Energy and Power Fund V, L.P.	6,048,185
Riverstone Global Energy and Power Fund VI, L.P.	49,195,010
Riverstone Nolan Continuation Fund, L.P.	9,141,512
RRJ Capital Master Fund III, L.P.	22,324,824
Scale Venture Partners V, L.P.	79,864,370
Scale Venture Partners VII, L.P.	28,129,129
Scale Venture Partners VIII, L.P.	11,672,881
Searchlight Capital III Annex A	37,245,887
Searchlight Capital IV, L.P.	17,593,693
Silver Lake Alpine II, L.P.	45,455,535
Silver Lake Alpine, L.P.	54,525,535
Silver Lake Partners III, L.P.	21,278,829
Silver Lake Partners IV, L.P.	140,767,925
Silver Lake Partners V, L.P.	188,579,739
Silver Lake Partners VI, L.P.	187,927,083
Silver Lake Partners VII, L.P.	40,066,433
Silver Lake VI Annex A	28,618,318
Silver Lake VI Annex B	35,868,374
Silver Lake VII Annex A	14,855,643
Silver Lake VII Annex B	30,189,154
Siris Partners II, L.P.	266,148
Siris Partners III, L.P.	37,367,687

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Assets	
Siris Partners IV, L.P.	\$56,023,581
SK Capital Catalyst Fund I, L.P.	35,252,292
SK Capital Partners V-A, L.P.	58,405,080
SK Capital Partners VI-A, L.P.	91,711,555
SK Capital VI Annex A	60,409,364
SKCP Catalyst Fund II-A, L.P.	47,937,371
Sky9 Capital Fund V, L.P.	11,216,573
Sky9 Capital MVP Fund II, L.P.	4,065,318
Sofinnova Venture Partners IX, L.P.	22,856,694
Sofinnova Venture Partners X, L.P.	19,281,840
Stellex Capital Partners II, L.P.	60,753,092
Stellex Capital Partners III, L.P.	6,771,109
StepStone VC Wabash Fund, L.P.	32,175,443
Sunstone Partners I, L.P.	18,386,938
Sunstone Partners II, L.P.	23,058,191
Sunstone Partners III-Main, L.P.	28,449,855
TA Associates XV Annex A	17,694,051
TA Select Opportunities Fund-A II, L.P.	25,784,227
TA Select Opportunities Fund-A, L.P.	28,863,418
TA XII-A, L.P.	66,511,071
TA XIII, L.P.	116,155,688
TA XIV-A, L.P.	68,099,627
TA XV-A, L.P.	10,427,086
TDR Capital IV 'A', L.P.	64,230,407
TDR Capital V Annex A	14,401,235
TDR Capital V, L.P.	47,399,769
The Baring Asia Private Equity Fund V, L.P.	4,213,761
The Baring Asia Private Equity Fund VI, L.P.1	32,950,046
Thoma Bravo Europe Fund, L.P.	32,363,374
Thomas H. Lee Equity Fund IX, L.P.	82,672,083
Thomas H. Lee Fund IX Annex A	51,187,896
Thomas H. Lee Fund IX Annex B	28,683,291
TPG Asia VIII (A), L.P.	24,761,541
TPG Asia VIII Annex A	21,976,297
Trident IX Annex A	22,069,056
Trident IX, L.P.	156,920,330
Trident V, L.P.	25,427,731
Trident VII, L.P.	30,876,929
Trident VIII, L.P.	24,486,146
True Ventures VIII, L.P.	29,768,637
Trustbridge Partners IV, L.P.	32,057,931
TSG 8, L.P.	89,531,599

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Assets	
TSG9, L.P.	\$66,931,348
Vista Co-Invest Fund 2024-1, L.P.	6,542,091
Vista Equity Partners Fund V, L.P.	85,480,783
Vista Equity Partners Fund VI, L.P.	144,800,569
Vista Equity Partners Fund VIII, L.P.	103,665,468
Vista Equity VIII Annex A	43,525,800
Vista Equity VIII Annex B	33,372,724
Vista Equity VIII Annex C	23,597,995
Vista Foundation Fund III, L.P.	45,472,245
Vista Foundation Fund IV, L.P.	47,333,255
Vista Foundation Fund V, L.P.	1,736,462
ZMC III, L.P.	32,736,521
Real Assets	
Barings, L.L.C.	1,085,229,502
BIF IV Renewable Sidecar-B, L.P.	82,574,615
Black River Agriculture Fund 2, L.P.	47,800,322
Blackstone Infrastructure Partners (Supplemental Account), L.P.	200,585,089
Blackstone Infrastructure Partners, L.P.	367,673,596
Blackstone Real Estate Partners Asia II, L.P.	84,620,220
Blackstone Real Estate Partners Asia III, L.P.	44,331,725
Blackstone Real Estate Partners Asia, L.P.	27,580,800
Blackstone Real Estate Partners IX, L.P.	299,609,116
Blackstone Real Estate Partners VI, L.P.	13,817
Blackstone Real Estate Partners VII, L.P.	23,766,094
Blackstone Real Estate Partners VIII.TE.2, L.P.	177,273,787
Blackstone Real Estate Partners X, L.P.	123,940,040
Brasa Real Estate Fund II, L.P.	61,283,879
Brasa Real Estate Fund III, L.P.	12,484,315
Brookfield Infrastructure Fund IV, L.P.	167,424,462
Brookfield Infrastructure Fund V, L.P.	121,980,624
Carlyle Europe Real Estate Partners III, L.P.	313,226
Carlyle Realty Partners IX, L.P.	173,336,422
Carlyle Realty Partners VII, L.P.	16,991,629
Carlyle Realty Partners VIII, L.P.	77,771,748
Covenant Apartment Fund XII, L.P.	2,421,834
Dyal Capital III Annex A	96,606,977
Elion Industrial Fund II, L.P.	17,474,290
EQT Exeter Industrial Value Fund VI, L.P.	84,448,369
European Property Investors Special Opportunities 5 SCSp-SIF	82,715,620
European Property Investors Special Opportunities 6 SCSp	49,682,898

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Assets	
Exeter Europe Industrial Core Fund SCSp	\$149,468,022
Exeter Industrial Core Fund III, L.P.	64,494,782
Exeter Industrial Value Fund V, L.P.	145,099,759
Exeter Value Fund IV, L.P.	3,251,500
Fortress Japan Opportunity Fund III (Dollar A), L.P.	38,395,636
Fortress Japan Opportunity Fund IV (Dollar A), L.P.	56,786,031
Fortress Japan Opportunity Fund V (Dollar A), L.P.	20,358,491
Fortress Real Estate Opportunities Fund IV (A), L.P.	26,583,281
Gateway Real Estate Fund IV, L.P.	409,993
Gateway Real Estate Fund VII, L.P.	56,782,687
Heitman Capital Management, L.L.C.	1,574,049,437
Invesco Commercial Mortgage Income Fund, L.P.	134,535,710
JLC Infrastructure Fund II, L.P.	6,619,532
KKR Diversified Core Infrastructure USD Feeder Fund L.P.	217,488,254
KKR Real Estate Partners Americas III, SCSp	185,884,207
LaSalle Asia Opportunity Fund III, L.P.	242,590
LaSalle Asia Opportunity Fund IV, L.P.	2,850,269
LaSalle Asia Opportunity VI, L.P.	79,950,144
Lion Industrial Trust	1,269,644,443
Lone Star Real Estate Fund III (U.S.), L.P.	188,096
Lone Star Real Estate Fund IV (U.S.), L.P.	68,180,250
Lone Star Real Estate Fund V (U.S.), L.P.	19,172,578
Lone Star Real Estate Fund VI, L.P.	233,801,376
LPC Realty Advisors I, Ltd.	801,470,766
Macquarie European Infrastructure Fund 6 SCSp	256,803,279
Macquarie Global Infrastructure Fund SCSp	145,560,564
Macquarie Infrastructure Partners V, L.P.	254,707,257
Macquarie Infrastructure Partners VI, L.P.	95,589,176
Madison International Real Estate Liquidity Fund VI (TE), L.P.	53,013,369
NB Real Estate Secondary Opportunities Fund II, L.P.	20,414,979
Niam Nordic V, L.P.	43,621
Oak Street Real Estate Capital Fund III, L.P.	86,598
Oak Street Real Estate Capital Fund IV, L.P.	29,106,248
Oak Street Real Estate Capital Fund V, L.P.	131,021,320
Oak Street Real Estate Capital Net Lease Property Fund, L.P.	318,450,567
Principal Data Center Growth & Income Fund, L.P.	61,449,564
Principal Real Estate Investors, L.L.C.	971,165,922
Rockpoint Real Estate Fund V, L.P.	33,871,268
Rockpoint Real Estate Fund VI, L.P.	186,085,915
Rockpoint Real Estate Fund VII, L.P.	75,112,689

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Assets	
Sheridan Production Partners III-B, L.P.	\$17,603,000
Starwood Distressed Opportunity Fund IX Global, L.P.	13,098,456
Starwood Distressed Opportunity Fund XII, L.P.	228,841,874
Starwood IX Annex A	664,970
Starwood Opportunity Fund X Global, L.P.	30,579,574
Starwood Opportunity Fund XI Global, L.P.	265,315,641
Starwood Value Add Fund II, L.P.	62,204,372
Starwood Value Add Fund, L.P.	155,030,751
Starwood X Annex A	14,641
Starwood X Annex B	18,739
Stonepeak Infrastructure Fund IV, L.P.	206,875,511
Stonepeak Infrastructure Fund V, L.P.	839,721
Strategic Partners Infrastructure III, L.P.	151,015,315
Walton Street Real Estate Core-Plus Fund, L.P.	224,871,990
Walton Street Real Estate Fund VI, L.P.	35,478,348
Walton Street Real Estate Fund VII, L.P.	5,773,623
Westbrook Real Estate Fund X, L.P.	21,312,756
Westbrook Real Estate Fund XI, L.P.	140,348,740
Income	
AllianceBernstein, L.P.	569,870,969
Apollo Asset Backed Finance Fund, L.P.	223,354,964
Apollo Lincoln Fixed Income Fund, L.P.	720,993,168
Arbour Lane Credit Opportunity Fund III (A), L.P.	149,027,308
Ares Multi-Credit FD (IL), L.P.	256,256,006
Beach Point Sangamon, L.P.	807,246,942
BIG Real Estate Fund I, L.P.	39,343,338
BIG Real Estate Fund II, L.P.	59,870,512
BioPharma Credit Investments V, L.P.	101,181,027
Blantyre Special Situations Fund II, L.P.	48,061,865
Brookfield Infrastructure Debt Fund III L.P.	96,021,999
Brown Brothers Harriman & Co.	400,286,796
CapitalSpring Investment Partners VI, L.P.	72,319,575
Cerberus 2112 Loan Opportunities Fund, L.L.C.	606,337,259
Cerberus Real Estate Debt Fund II, L.P.	92,281,613
Cerberus Real Estate Debt Fund, L.P.	96,656,924
Copia Credit Impact Fund I, L.L.C.	2,726,431
DCP Asia Credit Fund III, L.P.	62,388,071
Dolan McEniry Capital Management, L.L.C.	625,391,930
DoubleLine Mortgage Opportunities, L.P.	32,601,606
EISAF II, L.P.	6,383,915
Facio Opportunities Fund L.L.C.	16,526,985

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Assets	
Fundamental Partners IV, L.P.	\$95,524,605
Fundamental Solar Finance Fund L.P.	80,923,076
Garcia Hamilton & Associates, L.P.	260,596,557
Global Transport Income Fund Master Partnership SCSp	197,250,687
Hayfin Chief, L.P.	430,702,292
Hudson Northern Shipping Fund V, L.P.	58,881,803
ICG Santo SCSp	767,195,141
IFM USIDF (Offshore) B, L.P.	118,569,811
ISAF III (USD), L.P.	42,297,928
L2 Point Opportunities I, L.P.	18,433,915
LCM Partners CO IIIa, L.P.	181,993,533
LCM Partners COPS 4, L.P.	21,437,076
LCM Partners SOLO III, L.P.	40,565,974
Locust Point Private Credit Fund III, L.P.	55,431,802
Locust Point Senior Housing Debt II, L.P.	42,549,072
Locust Point Senior Mortgage Fund, L.P.	101,480,674
Longfellow Investment Management Co., L.L.C.	197,435,679
MacKay Shields L.L.C.	504,398,966
Magnetar Constellation IV, L.L.C.	4,693,219
Magnetar Constellation V, L.L.C.	38,651,821
Maranon Senior Credit Fund II-B, L.P.	868,236
Monroe Capital Private Credit Fund II, L.P.	8,736,496
Northern Shipping Fund IV, L.P.	42,725,707
NXT Capital Senior Loan Fund II, L.P.	661,252
NXT Capital Senior Loan Fund V, L.P.	22,668,516
Oaktree Enhanced Income Fund III, L.P.	2,264,019
Oaktree Real Estate Debt Fund II, L.P.	32,132,557
Oaktree Real Estate Debt Fund III, L.P.	67,852,936
Oaktree Route 66 Multi-Strategy Fund, L.P.	283,111,762
Pacific Investment Management Company, L.L.C.	1,152,586,016
Park Square European Loan Partners II, SCSp	46,707,739
Payden & Rygel	504,601,542
Pemberton Debt Fund Delaware I, L.P.	23,841,913
Pemberton Debt Fund Delaware II, L.P.	77,113,633
PGIM Fixed Income Alternatives Fund II, L.P.	183,413,533
PGIM Fixed Income Global Liquidity Relative Value Fund I (Cayman), Ltd.	269,424,178
PGIM QIF Emerging Market Debt Opportunities Fund	123,991,138
PGIM, Inc.	325,754,902
PIMCO BRAVO Fund III Onshore Feeder, L.P.	69,602,306

(continued)

Assets	
PIMCO BRAVO Fund IV Onshore Feeder, L.P.	\$95,541,292
PIMCO BRAVO Fund Onshore Feeder II, L.P.	7,318,917
PIMCO Commercial Real Estate Debt Fund II, L.P.	87,021,837
PIMCO Commercial Real Estate Debt Fund, L.P.	40,055,021
PIMCO Corporate Opportunities Fund II, L.P.	93,017,763
PIMCO Corporate Opportunities Fund III, L.P.	168,530,525
PIMCO Corporate Opportunities Fund IV Onshore Feeder, L.P.	17,429,167
PIMCO Horseshoe Fund, L.P.	881,114,830
Premium Residential Credit Fund II, L.P.	166,454,414
Principal Global Investors, L.L.C.	555,877,588
Proterra Credit Fund 2, L.P.	63,190,631
Proterra Credit Fund, L.P.	15,343,988
Prudential Trust Company Collective Trust	1,150,038,599
Riverstone Credit Partners II, L.P.	21,409,868
Riverstone Credit Partners, L.P.	4,812,443
SCP Private Corporate Lending Fund, L.P.	111,784,417
Sixth Street Growth Partners II (A), L.P.	50,689,929
Sixth Street Mid-Stage Growth Partners (A), L.P.	20,667,782
Sixth Street TAO Partners (B), L.P.	155,466,913
SLR 1818, L.P.	187,561,060
SLR HC Onshore Fund L.P.	57,717,773

(continued)

Assets	
Taconic European Credit Dislocation Fund III, L.P.	\$191,817,413
Taplin, Canida & Habacht	1,306,052,717
Taurus Mining Finance Annex Fund L.L.C.	186,135
Taurus Mining Finance Fund II, L.P.	58,947,347
Taurus Mining Finance Fund L.L.C.	2,541,852
Taurus Mining Royalty Fund, L.P.	69,012,832
TCW Asset Management Company, L.L.C.	397,515,997
TerraCotta Credit Fund, L.P.	104,476,802
The Varde Private Debt Opportunities Fund (Onshore), L.P.	37,611,460
TRS Coriolis, L.P.	105,706,343
Varadero Special Opportunities Fund	13,094,464
Diversifying Strategies	
Alphadyne Global Rates Fund II, Ltd.	347,972,392
BlackRock LT Treasury Fund	1,247,589,362
Brevan Howard Alpha Strategies Fund, L.P.	423,396,340
Brevan Howard Systematic Trading Fund, L.P.	365,676,811
Crabel Fund, L.P.	304,434,680
Graham Global Investment Fund I SPC Ltd.	361,886,819
Grosvenor Monarch Fund, L.L.C.	68,354,169
Varadero International, Ltd.	288,541,176

Note: The list does not include managers terminated prior to June 30, 2025 with residual assets in the account.

SUPPLEMENTARY SCHEDULES

Top 10 U.S. Equity Holdings at June 30, 2025

Firm	Sector	Fair Value (USD)
NVIDIA Corp.	Technology	\$951,113,703
Microsoft Corp.	Technology	924,295,221
Apple, Inc.	Technology	749,620,602
Amazon.com, Inc.	Consumer	535,704,527
Meta Platforms, Inc. - class A	Communication	490,390,686
Broadcom, Inc.	Technology	292,163,089
Alphabet, Inc. - class A	Communication	252,966,886
Netflix, Inc.	Communication	200,726,213
Tesla, Inc.	Consumer	193,319,617
Berkshire Hathaway, Inc.	Financials	188,736,704
Total		\$4,779,037,248

Sources: State Street Bank and Trust and TRS

A complete list of investment holdings is available upon request.

Top 10 International Equity Holdings at June 30, 2025

Firm	Country	Fair Value (USD)
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	\$204,557,648
Roche Holding AG	Switzerland	123,511,629
Tencent Holdings Ltd.	Hong Kong	116,106,497
SAP SE	Germany	112,556,573
Unicredit, SpA.	Italy	105,000,900
BNP Paribas	France	97,606,423
Banco Bilbao Vizcaya	Spain	93,824,800
Samsung Electronics Co. Ltd.	Korea	82,523,202
Novartis AG	Switzerland	77,653,771
SK Hynix, Inc.	Korea	75,330,202
Total		\$1,088,671,645

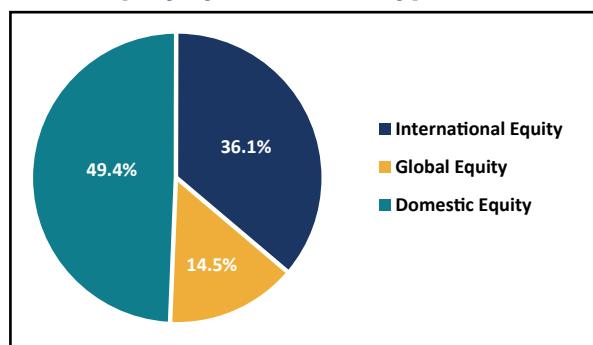
Sources: State Street Bank and Trust and TRS

Top 10 Income Holdings at June 30, 2025 (excludes commingled funds)

Security/position	Maturity Date	Interest Rate	Fair Value (USD)
United States Treasury Note/ Bond	4/30/2027	3.75%	\$107,749,740
United States Treasury Note/ Bond	1/31/2028	3.50	74,610,352
United States Treasury Note/ Bond	2/15/2053	3.63	55,595,312
United States Treasury Note/ Bond	8/15/2027	3.75	50,017,578
United States Treasury Note/ Bond	5/15/2035	4.25	46,048,179
United States Treasury Note/ Bond	6/30/2030	3.88	42,193,362
United States Treasury Note/ Bond	5/15/2055	4.75	36,443,602
Mexican Bonos Fixed Rate	11/23/2034	7.75	31,571,509
United States Treasury Note/ Bond	2/15/2034	4.00	30,785,445
United States Treasury Note/ Bond	4/15/2027	4.50	30,371,484
Total			\$505,386,562

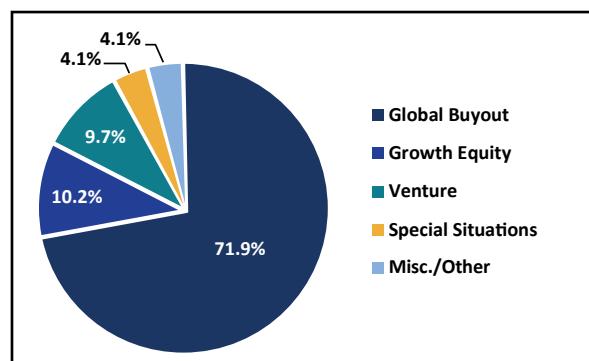
Sources: State Street Bank and Trust and TRS

Public Equity by Investment Type



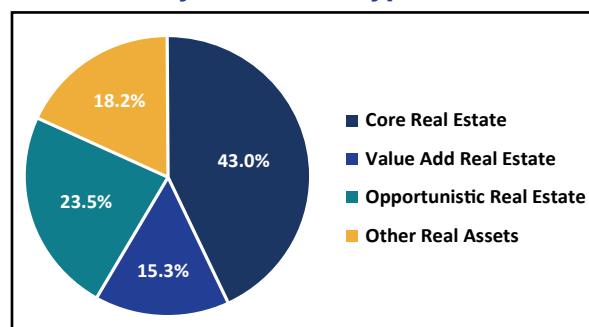
Sources: State Street Bank and Trust and TRS

Private Equity by Investment Type



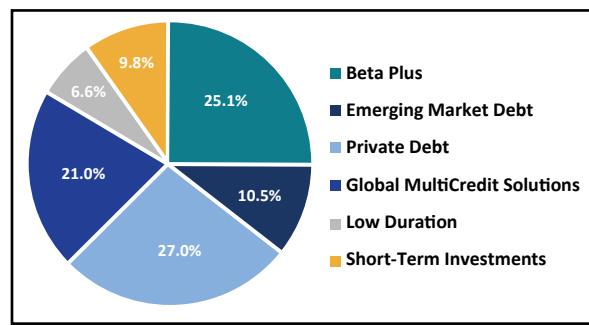
Sources: State Street Bank and Trust and TRS

Real Assets by Investment Type



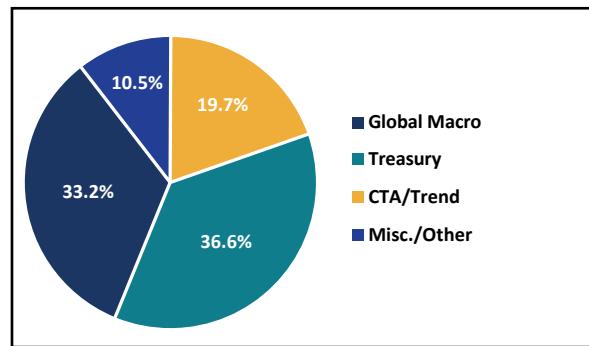
Sources: State Street Bank and Trust and TRS

Income by Investment Type



Sources: State Street Bank and Trust and TRS

Diversifying by Investment Type



Sources: State Street Bank and Trust and TRS

ACTUARIAL



In November 2025, local Voya TRS SSP Education Representative Stacy Russell presents to TRS members in Chatham about the TRS Supplemental Savings Plan during a Fall Benefit Information Meeting.



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November 7, 2025

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

Re: Actuarial Certification of Teachers' Retirement System of the State of Illinois

Dear Board Members:

This report presents the results of the annual valuation of the assets and liabilities of the Teachers' Retirement System of the State of Illinois (TRS or System) as of June 30, 2025. This report has been prepared in accordance with the funding policy specified under the Illinois Pension Code (40 ILCS 5/16). This valuation considers all pension benefits members are entitled to.

Actuarial Assumptions and Methods

The valuation was based on the actuarial assumptions adopted by the Board of Trustees, reflecting the three-year demographic and economic experience review covering the period July 1, 2020, through June 30, 2023, presented at the August 16, 2024, Board meeting, and the economic experience review presented at the June 18, 2025, Board meeting. In our opinion, the actuarial assumptions as approved by the Board are reasonably related to the experience of and the expectations for the System and the combined effect of these assumptions is expected to have no significant bias. The actuarial assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice. The methods mandated by the Illinois Pension Code as described in the Funding Adequacy section are inadequate to appropriately fund TRS.

Assets and Membership Data

Segal does not audit the data provided. Those who supply the data are responsible for its accuracy and completeness. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results. TRS reported to the actuary the individual data for members of the System as of the prior valuation date. Valuation results are projected, based upon the actuarial assumptions, to account for the one-year difference between the date of the census data and the valuation date. The impact on the valuation due to the census data that lags one year behind the valuation date has been studied and deemed immaterial. The amount of assets in the trust fund as of the valuation date was based on statements prepared by TRS.

Funding Adequacy

The member and employer contribution rates are determined in accordance with the funding policy specified under the Illinois Pension Code (40 ILCS 5/16). The member contribution rate is 9.0%, which is comprised of 7.5% toward the cost of the retirement annuity, 0.5% toward the cost of the automatic annual increase in the retirement annuity, and 1.0% for survivor benefits. The employer contributions are determined such that, together with the member contributions, the plan is projected to achieve 90% funding by 2045. The 2045 funding objective of 90% was set in 1994 as a 50-year objective. TRS members have always contributed their share. **The State funding has been inadequate, resulting in TRS being among the worst funded public employee retirement systems in the United States. We strongly recommend an actuarial funding method that targets 100% funding. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the unfunded actuarial accrued liability, and the principal balance.** The funding policy adopted by the Board, referred to as the Board-Adopted Actuarial Funding Policy, meets this standard.

The valuation indicates that for the fiscal year ended June 30, 2025, the actuarial experience of TRS generated a net actuarial gain of \$1.21 billion. This gain is the result of a \$1.52 billion gain due to investment return experience (on an actuarial basis; TRS experienced an investment gain of \$1.94 billion on a fair value basis) and a loss of \$0.31 billion (0.2% of the actuarial accrued liability) due to non-investment related experience for fiscal 2025.

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Actuarial Certification

In preparing the results presented in this report, we have relied upon information TRS staff provided to us regarding the benefit provisions, System members, benefit payments and unaudited plan assets. While the scope of our engagement did not call for us to perform an audit or independent verification of this information, we have reviewed this information for reasonableness. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

There is a schedule of Required Supplementary Information in the Financial Section of the System's Annual Comprehensive Financial Report. Segal has provided the Schedule of Changes in the Net Pension Liability, the Schedule of the Net Pension Liability, and the Schedule of Contributions from Employers and Other Contributing Entities. Segal reviewed this information in the Required Supplementary Information and the Notes to Required Supplementary Information to verify its consistency with the valuation report.

The Actuarial Section of the System's Annual Financial Report contains the following schedules, which were not prepared by Segal, but were reviewed by Segal for consistency with the valuation report: Actuarial Valuation, Reconciliation of Unfunded Liability, FY26 & FY27 State Contribution Requirements, and Unfunded Liability as a Percentage of Payroll Test. The Actuarial Section also contains the following schedules, which were prepared by Segal: Funded Ratio Test, Solvency Test, Schedule of Contributions from Employers and Other Contributing Entities, Employer Normal Cost by Tier, and Funded Ratio by Tier. Segal neither reviewed nor prepared any items beyond those specifically listed in this paragraph and the preceding paragraph.

In our opinion, the results presented comply with the Illinois Pension Code and, where applicable, the Internal Revenue Code, and the Statements of the Governmental Accounting Standards Board. While all calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board, this does not endorse the funding methodology required by the Illinois Pension Code.

The actuarial calculations were directed under the supervision of Matthew A. Strom and Tanya Dybal. The undersigned are independent actuaries. They are Fellows or Associates of the Society of Actuaries, Enrolled Actuaries, and Members of the American Academy of Actuaries, and are experienced in performing valuations for large public retirement systems. They meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

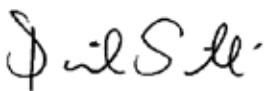
Segal makes no representation or warranty as to the future status of the System and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the System's legal, tax and other advisors before taking, or refraining from taking, any action.

Respectfully submitted,

Segal



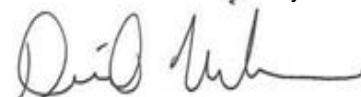
Matthew A. Strom, FSA, MAAA, EA
Senior Vice President and Actuary



Daniel J. Siblik, ASA, FCA, MAAA, EA
Vice President and Actuary



Tanya Dybal, FSA, MAAA, EA
Vice President and Actuary



David K. Nickerson, ASA, MAAA, EA
Actuary



This section outlines the System's funded status and tracks changes in its financial condition over time. Key metrics—actuarial accrued liability, actuarial value of assets and unfunded liability—are used to determine state funding requirements. Separately, the total pension liability, plan fiduciary net position and net pension liability are presented for financial reporting purposes in accordance with GASB Statement No. 67. For related disclosures, refer to the Financial Section of this report: "Notes to Financial Statements, A. Plan Description, 6. Actuarial Measurements."

Pursuant to Public Act 97-0674, the Office of the Auditor General engages Cheiron as the state actuary to review actuarial valuation reports for the five state systems. Reports remain preliminary until reviewed by the state actuary. In its review of Segal's prior valuation, Cheiron recommended that Segal provide additional information in the valuation report about the projected demographics of the active population used in its projection such as average age and service of the active population in each year of the projection.

In conjunction with the Actuarial Standards of Practice (ASOP), Cheiron recommended that Segal include an assessment for each of the key risks that have been identified, specifically "Economic and Other Related Risks." Cheiron also recommended that Segal disclose how long before the State mandated contribution is expected to exceed the normal cost plus interest on the unfunded actuarial accrued liability and disclose whether the funding policy is significantly inconsistent with accumulating assets adequate to make benefit payments. And finally, Cheiron requested additional information about administrative expenses.

Annually, Cheiron recommends the TRS Board review and adopt the economic assumptions for the valuation including the investment return and inflation rates.

The preliminary June 30, 2025 actuarial valuation prepared by Segal has been submitted to the state actuary.

ACTUARIAL ASSUMPTIONS AND METHODS

Each year, the actuary reconciles differences between actuarial assumptions and actual experience to explain the change in TRS's unfunded liability—the gap between the accrued liability (the present value of benefits allocated to service accrued-to-date) and available assets.

Most assumptions in the FY25 valuation are based on the 2024 experience study. At the state actuary's recommendation, the TRS Board annually reviews and adopts economic assumptions, including investment return and inflation, for use in the next valuation.

INVESTMENT RETURN

The investment return rate is 7.0 percent per annum, compounded annually and net of investment expenses, including inflation at 2.50 percent and real return at 4.50 percent. This is the expected rate of return on investments first adopted effective June 30, 2016 and is also used to discount benefit payments. These individual components were reaffirmed by the Board at the June 2025 meeting for the FY25 valuation.

SALARY INCREASES

Components of the salary increase assumption include:

- inflation of 2.50 percent and
- real wage growth (productivity).

The sample annual percentage salary increases (including merit and components of increase listed previously) follow.

Salary Increase Assumptions

Service	Male and Female
1 year	8.50%
2 years	7.00
3 years	6.50
4 years	6.50
5 years	6.25
10 years	5.50
15 years	4.75
20 years and above	4.00

For a member who works 34 years, the assumed average salary increase over the member's career is 4.90 percent per year. The actual average salary increase for teachers who were in full-time or regular part-time status at both June 30, 2023 and June 30, 2024 is 6.37 percent.

INFLATION

Inflation is assumed to be 2.50 percent per annum and is implicit in investment and earnings progression assumptions. This rate was first adopted in the FY22 valuation.

RETIREMENT AGE

Graduated rates are based on age and service of active members at retirement.

Sample annual retirement rates follow. The Tier 1 rates were revised in 2024 and the Tier 2 rates were revised in 2012.

Tier 1 is composed of members who entered into service before Jan. 1, 2011:

Tier 1 Retirement Assumptions

Age	Years of Service			
	5-18	19-29	30-33	34+
54	-%	7%	24%	50%
55	-	7	24	50
60	23	35	59	44
65	28	41	45	41
70	100	100	36	32
75	100	100	100	100

Tier 2 is composed of those entering into service on or after Jan. 1, 2011:

Tier 2 Retirement Assumptions

Age	Years of Service				
	5-18	19-30	31	32-33	34+
62	13%	15%	20%	25%	25%
65	8	10	15	20	20
67	20	40	70	70	70
70	100	100	100	100	100

MORTALITY

The assumed mortality rates are based on the Society of Actuaries PubT-2010 mortality tables with adjustments as appropriate for TRS experience. The rates are projected generationally with the 2024 Adjusted Scale MP-2021.

For retirees, the PubT-2010 Retiree Mortality table is used with the following adjustments:

- female rates are multiplied by 91 percent for ages under 75 and 103 percent for ages 75 and older and
- male rates are multiplied by 103 percent for ages under 85 and 111 percent for 85 and older.

For disabled members, the PubNS-2010 Non-Safety Disabled Retiree Mortality table is used with no adjustments to male or female rates.

For beneficiaries, the Pub-2010 Contingent Survivor Mortality table is used with female rates multiplied by 94 percent for all ages and male rates multiplied by 106 percent for all ages.

For active and inactive members, the PubT-2010 Employee Mortality table is used with male and female rates multiplied by 94 percent for all ages.

DISABILITY

Here are the sample annual disability rates:

Disability Assumptions

Age	Male	Female
25	0.005%	0.015%
30	0.005	0.024
40	0.015	0.042
50	0.049	0.107
55	0.068	0.119
60	0.088	0.160

TERMINATION FROM ACTIVE SERVICE

Here are the sample annual termination rates (for reasons other than death, disability or retirement):

Termination Assumptions

Age	Under 5 Yrs of Service		5 or More Yrs of Service	
	Male	Female	Male	Female
25	6.50%	6.50%	3.75%	4.50%
30	7.25	7.45	3.00	4.25
40	8.70	7.25	1.50	1.25
50	11.10	8.55	0.75	1.25
55	12.00	10.60	2.00	2.25
60	16.30	14.00	3.00	2.25
65	29.25	27.50	3.00	2.25

SEVERANCE PAY

The percent of retirees from active service assumed to receive severance pay and the amount of such severance payments are assumed to be as follows.

Severance Pay Assumptions

Percent Retiring with Severance Pay	Severance Pay as a Percent of Other Pensionable Earnings in Last Year of Service
20%	10.0%

OPTIONAL SERVICE AT RETIREMENT

The accrued liability for retirement benefits for active members who have not previously purchased optional service is increased to cover the employer cost of optional service purchased in the last two years of service. The sample purchases at retirement follow.

Optional Service Assumptions

Years of Regular Service at Retirement	Maximum Service Purchased
10	0.073 years
15	0.233 years
20	0.440 years
25	0.580 years
30	0.538 years
34 or more	None

UNUSED AND UNCOMPENSATED SICK LEAVE

Unused and uncompensated sick leave varies by the amount of regular service at retirement.

The sample amounts of sick leave at retirement are:

Sick Leave Assumptions

Years of Service at Retirement	Sick Leave Service Credit
10	0.291 years
15	0.692 years
20	0.949 years
25	1.148 years
30	1.371 years
34	1.623 years
35 or more	None

POST-RETIREMENT INCREASES

Tier 1: 3%, compounded (statutory).

Tier 2: 1.25%, not compounded (adopted in FY22 valuation).

ACTUARIAL COST METHOD

The actuarial cost method required by the Illinois Pension Code is the projected unit credit method, which was adopted in the FY1989 valuation in accordance with Public Act 86-0273. Since FY15, the entry age normal cost method has served as the foundation of the TRS Board's funding policy since and is used for financial reporting under GASB Statement No. 67.

ASSET VALUATION METHOD

The five-year prospective asset smoothing method was adopted in the FY09 valuation, as required by Public Act 96-0043.

ACCELERATED BENEFIT PROGRAMS (BUYOUTS)

Under the programs established by Public Act 100-0587 and extended to June 30, 2026 by Public Act 102-0718 it is assumed:

- 10 percent of eligible Tier 1 and Tier 2 future inactive members will participate in the Accelerated Pension Benefit Program which was introduced in the FY22 valuation.
- 25 percent of eligible Tier 1 future retirees will participate in the Accelerated Annual Increase Program which was introduced in the FY24 valuation.
- The Accelerated Pension Benefit Program and Accelerated Annual Increase Program participation assumptions are based on the recent TRS actuarial experience review during the period of July 1, 2020 through June 30, 2023.

Of the \$2 billion bond authorization, TRS expended approximately \$1.1 billion through FY25 from bond proceeds to fund the buyouts.

Buyouts are assumed to be paid through June 30, 2026 with additional funds being allocated to TRS to pay for all member-elected buyout payments as needed.

ACTUARIAL EXPERIENCE ANALYSIS

In an actuarial experience analysis, a retirement system's assumptions about future events are compared to its experience to determine whether the assumptions should be revised. In 2024, TRS actuaries conducted an analysis for the three years ending June 30, 2023. Based on their study, the actuaries recommended changes in assumptions that were first adopted by the TRS Board of Trustees in the June 30, 2024 actuarial valuation.

The following changes in assumptions were adopted by the TRS Board of Trustees in August 2024:

- The rates of individual salary increase were adjusted based on plan experience.
- The percent of retirees assumed to receive severance pay and the average severance payment amount were increased.
- The healthy, disabled, and beneficiary post-retirement and preretirement mortality assumption were updated to reflect adjusted rate multipliers at various ages for males and females to better reflect plan experience.
- The mortality improvement scale was updated from Scale MP-2020 to the 2024 Adjusted Scale MP-2021.
- The retirement rates for active Tier 1 members were adjusted based on plan experience. The retirement rates for inactive Tier 1 and Tier 2 members were adjusted to add age-based rates for early retirement ages.
- The termination rates were adjusted based on plan experience.
- The disability rates were decreased based on plan experience.
- The sick leave service credit rates were adjusted based on plan experience.

- The optional service purchase rates were adjusted based on plan experience.
- The future service accrual rates were increased based on plan experience. For substitutes and part-time members, future service accrual rates are based on the member's actual service accrual in the prior year.
- The Automatic Annual Increase buyout participation rate was increased for eligible retiring Tier 1 members based on plan experience.
- The period in which buyouts, at that time of the experience study, were assumed to be paid was extended from FY22 to FY24. Since that time, the buyout programs were extended again from FY24 to FY26.

ANNUAL ACTUARIAL VALUATION

The annual actuarial valuation estimates the total liability for all benefits earned to date. The accrued liability represents the present value of benefits that have been earned but not yet paid. The unfunded liability is the portion of future benefit payments not covered by existing assets as of the valuation date.

All actuarial assumptions used in the valuation are reviewed every three years through an actuarial experience analysis. The most recent was conducted in 2024. In addition, major economic assumptions are reviewed annually based on a recommendation from the state actuary.

The funded ratio indicates the percentage of the accrued liability covered by assets. The following table shows the funded ratio based on the actuarial value of assets and the fair value of assets.

Actuarial Valuation (\$ thousands)

	Year Ended June 30, 2025
Based on actuarial value of assets	
Total actuarial accrued liability	\$159,123,545
Less actuarial value of assets*	76,053,650
Unfunded liability	<u>\$83,069,895</u>
Funded ratio*	47.8%
Based on fair value of assets	
Total actuarial accrued liability	\$159,123,545
Less assets at fair value	77,263,332
Unfunded liability	<u>\$81,860,213</u>
Funded ratio	48.6%

* Five-year prospective smoothing began in FY09.

ANALYSIS OF FINANCIAL EXPERIENCE: RECONCILIATION OF UNFUNDED LIABILITY

The \$0.6 billion net decrease in the 2025 unfunded liability is attributed to a combination of factors.

The first factor shown in the reconciliation table is the difference between actual employer/state contributions and the amount that would cover the employer/state's cost of benefits earned during the year and prevent the prior year's unfunded liability from growing. That shortfall was \$0.6 billion.

Actuarial gains and losses occurred under the other assumptions. The most significant gain was on investment experience. Other actuarial gains occurred under the assumptions for administrative expense, retirements, disabilities, mortality, new entrants and buyout experience meaning that experience was more favorable (less costly) than assumed.

Actuarial losses occurred under the assumptions for salary increases, terminations and rehires (members coming back into teaching service), meaning that experience was less favorable (more costly) than assumed. The loss of \$50 million in the "other" category is a balancing item.

The actuarial experience of TRS generated a net actuarial gain of \$1.2 billion for the fiscal year ended June 30, 2025.

In summary, the \$0.6 billion decrease in the unfunded liability is the net effect of the \$0.6 billion loss due to employer cost in excess of contributions and the \$1.2 billion gain due to experience.

Reconciliation of Unfunded Liability

Reconciliation of Unfunded Actuarial Accrued Liability		Year Ended June 30, 2025
Unfunded liability at beginning of year		\$83,637,551,666
Additions		
Employer cost in excess of contributions		642,439,375
Experience (gain)/loss from:		
Investment (gain)/loss on actuarial value of assets*		(1,518,635,225)
Administrative expense		(6,030,183)
Salaries for continuing active members		399,444,382
Retirements other than expected		(18,097,969)
Disabilities other than expected		(12,472,339)
Terminations other than expected		27,258,144
Mortality other than expected		(98,232,098)
Rehires		36,920,946
New entrants		(2,077,985)
Buyout experience		(68,264,454)
Other		50,090,585
Net experience gain		(1,210,096,196)
Changes in actuarial assumptions		-
Net increase/(decrease) in unfunded liability		(567,656,821)
Unfunded liability at end of year		\$83,069,894,845

*Assets were expected to earn 7.0 percent during the year ended June 30, 2025. This item is the difference between the expected and the actual return on an actuarial basis.

ACTUARIAL STANDARDS AND ILLINOIS STATE PENSION FUNDING

In 2012, the TRS Board of Trustees began certifying state funding amounts based on generally accepted actuarial principles and standards. These certified amounts have been submitted to both the legislative and executive branches alongside the amounts calculated under Illinois law. The Board's goal is to highlight the gap between sound funding policy and current practice.

Additional amounts certified by the Board from 2012 through 2014 would have amortized the unfunded liability over an open 30-year period or would have stabilized it by covering the accruing interest. However, actuarial standards have since become more stringent.

In 2015, the Board adopted the actuary's recommendation to shorten the amortization period under its alternative certification. Payments would increase by 2 percent annually, aligning with projected growth in Illinois revenue. Future increases in the unfunded liability would be amortized over successive 20-year periods (layered amortization). Additionally, the Board adopted the entry age normal actuarial cost method—commonly used in the public sector—to calculate the actuarial accrued liability and employer's normal cost. This method spreads costs evenly over an employee's career, replacing the projected unit credit method required by Illinois law. The latter delays recognition of service costs and defers contributions, resulting in higher long-term costs.

OVERVIEW OF KEY LEGISLATION AFFECTING TRS FUNDING

Public Act 88-0593 (1994)

This act established a 50-year funding plan for the Teachers' Retirement System (TRS), beginning with FY1996. It included a 15-year phase-in period and aims to achieve a 90 percent funded ratio by FY45. A notable feature is the "continuing appropriation" clause, which mandates automatic state contributions to TRS contingent on the availability of state funds.

Public Act 93-0002 (2003)

Known as the pension obligation bond legislation, this act first impacted TRS funding in FY05. It introduced a multi-step process to cap state contributions through FY33. After the bond debt is repaid, contributions are expected to increase beyond what they would have been without these limits.

Public Act 100-0023 (2017)

This legislation required TRS to recertify the FY18 state contribution and introduced two key changes:

1. Actuarial assumption changes made since the FY12 valuation are to be phased in over five years to reduce volatility.
2. Employers must contribute the normal cost for earnings exceeding the governor's statutory salary.

Together, these acts shape the long-term sustainability and funding strategy of TRS, balancing fiscal responsibility with pension obligations.

State Funding Amounts

The FY26 certified state contributions are based on the June 30, 2024 actuarial valuation and the FY27 certifications are based on the June 30, 2025 actuarial valuation. The state actuary will review the proposed certifications for FY27 as well as the preliminary June 30, 2025 valuation. Final certifications for FY27 are due Jan. 15, 2026 pursuant to Public Act 97-0674.

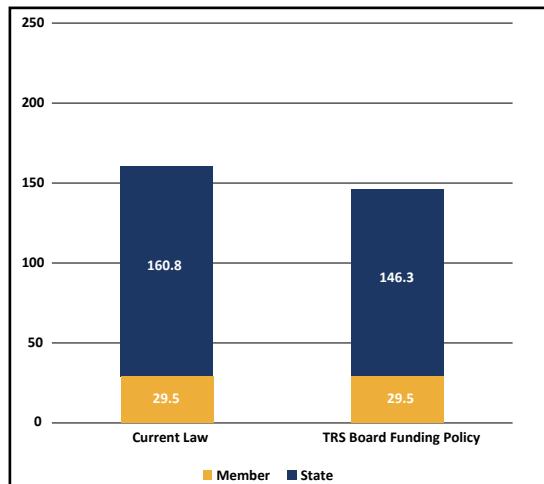
The following table shows funding requirements under the statutory funding plan and the TRS Board of Trustee's funding plan that was adopted in 2015.

FY26 & FY27 State Contribution Requirements

	FY26 Requirements	FY27 Requirements
Based on Statutory Funding Plan		
Benefit Trust Reserve	\$6,495,517,664	\$6,593,862,236
Minimum Annuity Reserve	200,000	200,000
Total State Contribution	\$6,495,717,664	\$6,594,062,236
Based on TRS Board Funding Policy		
Benefit Trust Reserve	\$10,734,162,004	\$11,177,266,698
Minimum Annuity Reserve	200,000	200,000
Total State Contribution	\$10,734,362,004	\$11,177,466,698
Employer Normal Cost Rate		
Tier 1	16.10%	16.37%
Tier 2	(0.74%)	(0.80%)
Combined	10.34%	10.00%

Under the TRS Board of Trustee's funding policy, the state funding requirement is initially higher than under the statutory plan because it begins reducing the unfunded liability immediately. Over time, however, funding based on this actuarial standard greatly reduces state contributions because it reduces the finance charges that occur under the statutory plan. Under the board's funding policy, total state contributions from FY27 through FY45 would be \$14.5 billion lower than under current law.

State and Member Required Contributions FY27-FY45 (\$ Billions)



TESTS OF FINANCIAL CONDITION

The funded ratio shows the percentage of the accrued liability covered by actuarial value of assets and the fair value of assets.

Funded Ratio Test (\$ thousands)

As of June 30	Actuarial Accrued Liability	Assets		Unfunded Liability Using Assets Based on		Funded Ratio Using Assets Based on	
		Actuarial Value	Fair Value	Actuarial Value	Fair Value	Actuarial Value	Fair Value
2016	\$118,629,890	\$47,222,098	\$45,250,957	\$71,407,792	\$73,378,933	39.8%	38.1%
2017	122,904,034	49,467,525	49,375,665	73,436,509	73,528,369	40.2	40.2
2018	127,019,330	51,730,890	51,969,547	75,288,440	75,049,783	40.7	40.9
2019	131,456,969	53,391,193	53,262,789	78,065,776	78,194,180	40.6	40.5
2020	135,598,547	54,890,976	52,316,478	80,707,571	83,282,069	40.5	38.6
2021	138,914,275	58,979,923	64,212,505	79,934,352	74,701,770	42.5	46.2
2022	143,523,731	62,910,402	62,833,626	80,613,328	80,690,105	43.8	43.8
2023	148,398,296	66,502,287	66,504,717	81,896,009	81,893,579	44.8	44.8
2024	154,325,159	70,687,607	71,424,802	83,637,552	82,900,357	45.8	46.3
2025	159,123,545	76,053,650	77,263,332	83,069,895	81,860,213	47.8	48.6

The unfunded liability as a percentage of payroll is a standard measure of the relative size of the unfunded liability. Increases in this percentage indicate deterioration in a system's financial position.

Unfunded Liability as a Percentage of Payroll Test Based on Actuarial Value of Assets (\$ thousands)

Year Ended June 30	Approximate Member Payroll*	Unfunded Liability	Percentage of Payroll
2016	\$9,811,614	\$71,407,792	727.8%
2017	9,965,570	73,436,509	736.9
2018	10,163,980	75,288,440	740.7
2019	10,450,452	78,065,776	747.0
2020	10,827,439	80,707,571	745.4
2021	11,120,776	79,934,352	718.8
2022	11,647,248	80,613,329	692.1
2023	12,382,202	81,896,009	661.4
2024	12,721,190	83,637,552	657.5
2025	13,354,862	83,069,895	622.0

* Payroll supplied by TRS

The solvency test is a hypothetical measure of TRS's ability to meet its obligations if the plan were to be terminated. It evaluates how available assets would be allocated to cover different types of liabilities, in a specific order. First, employee contributions would be refunded. Next, benefits owed to current retirees would be paid. Finally, any remaining assets would be applied to the employer's obligations for active members. Ideally, assets should fully cover the obligations in columns (1) and (2), which represent employee contributions and retiree benefits, respectively. The portion of column (3) that is covered by assets should increase over time.

Schedule of Funded Liabilities By Type (Formerly Known as Solvency Test)

Year Ended June 30	Aggregate Accrued Liabilities for					Percentage of Benefits Covered by Net Assets		
	Active Member Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)	Actuarial Value of Assets				
					(1)	(2)	(3)	
2016	\$9,629,934	\$77,688,075	\$31,311,881	\$47,222,098	100%	48%	-	
2017	9,683,095	80,882,353	32,338,586	49,467,525	100	49	-	
2018	10,057,427	82,968,465	33,993,438	51,730,890	100	50	-	
2019	10,474,097	85,788,806	35,194,066	53,391,193	100	50	-	
2020	10,902,747	88,185,983	36,509,817	54,890,976	100	50	-	
2021	11,320,352	88,788,971	38,804,952	58,979,923	100	54	-	
2022	11,804,784	90,534,637	41,184,310	62,910,402	100	56	-	
2023	12,276,856	92,515,847	43,605,593	66,502,287	100	59	-	
2024	12,753,316	95,322,114	46,249,729	70,687,607	100	61	-	
2025	13,313,535	97,840,585	47,969,425	76,053,650	100	64	-	

OTHER INFORMATION

Schedule of Contributions from Employers and Other Contributing Entities (\$ thousands)

Year Ended June 30	State Contributions ¹	Federal and Employer Contributions ²	Total	Actuarially Determined Contribution ³	Percentage Contributed	Annual Required Contribution per State Statute	Percentage Contributed ⁴
2016	\$3,741,802	\$147,408	\$3,889,210	\$4,582,530	84.9%	\$3,883,544	100.1%
2017	3,985,783	148,749	4,134,532	6,248,879	66.2	4,124,119	100.3
2018	4,094,616	84,034	4,178,650	7,080,756	59.0	4,178,744	100.0
2019	4,465,578	87,707	4,553,285	7,429,037	61.3	4,554,862	100.0
2020	4,763,078	92,038	4,855,116	7,988,612	60.8	4,923,519	98.6
2021	5,140,337	97,082	5,237,419	8,441,258	62.0	5,237,798	100.0
2022	5,866,530 ⁵	120,441	5,986,971	8,947,919	66.9	5,791,571	103.4
2023	6,008,948 ⁵	123,194	6,132,142	9,201,648	66.6	5,994,047	102.3
2024	6,158,370 ⁵	130,977	6,289,347	9,694,780	64.9	6,148,119	102.3
2025	6,203,622	122,694	6,326,316	10,216,460	61.9	6,314,508	100.2

1. Actual state contribution amounts paid, reflecting recertifications which may not agree with original certifications in actuarial reports. Minimum benefit reimbursements are excluded.
2. Excess sick leave and penalty employer contributions are excluded. Beginning in FY18, the federal contribution rate for salaries paid from federal funds is the same as the total employer normal cost rate. Previously, it was the same as the state contribution rate. Reflects a temporary increase in federal funds payroll resulting from the Elementary and Secondary Emergency Relief Fund (ESSER).
3. Actuarially determined contribution (ADC) through FY16 was based on GASB Statement No. 25. Beginning in FY17, the ADC is based on the TRS Board of Trustees funding policy.
4. Actual contributions varied slightly from contributions that are required by statute mainly because of differences between estimated and actual federal contributions.
5. State contributions for year ended June 30, 2022 reflect a one-time contribution of \$172 million from the Pension Stabilization Fund per PA102-0696. State contributions for year ended June 30, 2023 reflect two contributions of \$115.2 million appropriated from the Pension Stabilization Fund per PA 102-0698. One of these contributions was received in FY24.

The previous Schedule of Contributions from Employers and Other Contributing Entities closely resembles the Schedule of the Employers' Contributions presented in the Required Supplementary Information in the Financial Section. Through FY16, both schedules were based on an Actuarially Determined Contribution (ADC), which included the employer's normal cost and amortized the System's unfunded liability over a 30-year open period. The amortization was calculated as a level percent of payroll in accordance with GASB Statement No. 25.

Starting in FY17, the schedules diverged due to the Board's adoption of a more rigorous actuarial funding method for alternative certification purposes. Details of this updated funding policy are provided earlier in this section under "Actuarial Standards and Illinois State Pension Funding."

The schedule of Retirees and Beneficiaries Added to and Removed from Rolls shows the overall trends in the number of benefit recipients and the amounts they receive.

Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended June 30	Number at Beginning of Year	Number Added to Rolls	Number Removed from Rolls	Number at End of Year	End-of-Year Annual Allowances		Average Annual Allowance	
					Amount	Increase	Amount	Increase
2016	114,922	5,723	2,995	117,650	\$6,024,825,507	5.4%	51,210	2.9%
2017	117,650	5,627	3,126	120,151	6,328,506,420	5.0	52,671	2.9
2018	120,151	5,672	3,400	122,423	6,629,605,138	4.8	54,153	2.8
2019	122,423	5,238	3,362	124,299	6,915,297,528	4.3	55,634	2.7
2020	124,299	5,151	3,523	125,927	7,183,690,664	3.9	57,046	2.5
2021	125,927	5,502	3,911	127,518	7,461,806,091	3.9	58,516	2.6
2022	127,518	5,729	3,781	129,466	7,750,208,525	3.9	59,863	2.3
2023	129,466	5,396	3,845	131,017	8,044,435,268	3.8	61,400	2.6
2024	131,017	5,848	3,963	132,902	8,371,072,099	4.1	62,987	2.6
2025	132,902	5,602	4,109	134,395	8,656,689,433	3.4	64,412	2.3

Source: TRS

Year Ended June 30	Amount Added to Rolls		
	Annual Benefit Increases	New Benefit Recipients	Amount Removed from Rolls
2016	\$168,459,973	\$250,009,083	\$111,753,604
2017	180,258,847	242,035,397	118,613,331
2018	187,737,960	249,984,285	136,623,527
2019	194,545,787	233,753,123	142,606,520
2020	203,914,182	217,817,526	153,338,573
2021	208,410,910	252,691,913	182,987,395
2022	217,281,781	259,338,852	188,218,199
2023	223,131,733	267,245,806	196,150,796
2024	228,831,807	312,022,212	214,214,188
2025	237,240,796	277,563,822	229,187,283

Source: TRS

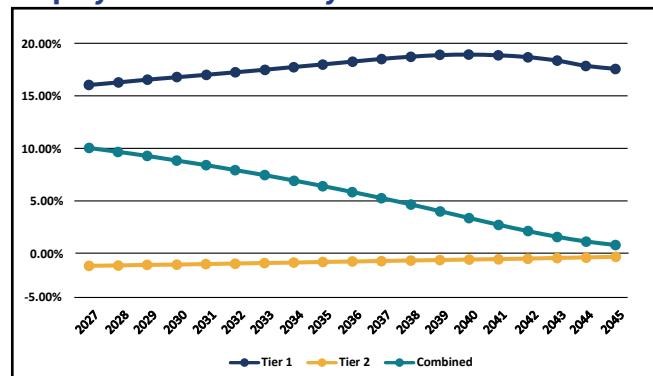
FUNDING ANALYSIS BY TIER

Public Act 96-0889 established a new tier of benefits for teachers who first contributed to TRS or another reciprocal pension system on or after Jan. 1, 2011. Tier 2 teachers includes later retirement dates, longer vesting periods, pensionable salary caps lower than the Social Security wage base and noncompounded cost of living increases after retirement. On July 1, 2016, the member contribution rate for both tiers was reduced from 9.4 percent to 9.0 percent.

The employer normal cost rate reflects the cost of benefits being earned by active teachers during the year, excluding unfunded liability contributions. In 2027, the combined employer normal cost equals 10 percent of pay, but Tier 2's cost is negative and remains so through 2045.

As Tier 2 membership grows, the combined employer normal cost declines. Meanwhile, Tier 1 costs rise until 2040 due to aging members and increased service accruals. These trends follow the projected unit credit actuarial cost method required by the Illinois Pension Code.

Employer Normal Cost by Tier



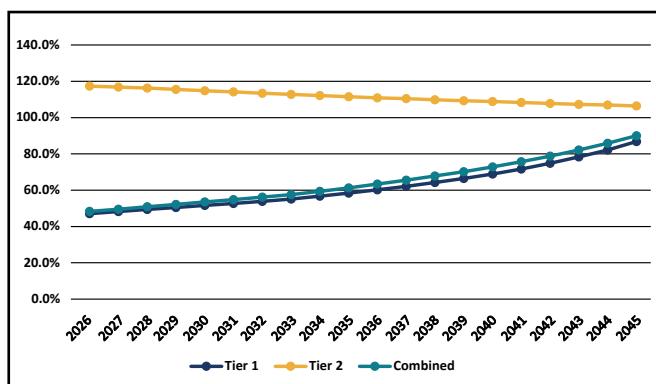
Note: Combined rate includes administrative expenses.

Source: 2025 valuation

Under the 50-year funding plan, TRS is projected to reach 90 percent funded ratio by 2045. If tiers were funded separately, Tier 2 would be overfunded due to higher member contributions relative to benefits reducing the employer/state contributions required for Tier 1. Tier 2 active members are projected to outnumber Tier 1 active members by 2027 assuming a level headcount.

By 2045, Tier 1 would be 86 percent funded and Tier 2 would be 109 percent funded, with the combined plan attaining the 90 percent target funded ratio. In practice, the two tiers are combined for administrative and funding purposes, and their assets are commingled.

Funded Ratio by Tier



Source: 2025 valuation

Average Annual Salary for Active Members (Excluding Substitutes) by Years of Service and Number of Employers

Years of Service		2025	2024	2023	2022
Under 5	Members	31,446	30,514	29,698	28,141
	Salary	\$61,749	\$59,314	\$55,106	\$53,146
5-9	Members	25,624	26,011	26,535	27,006
	Salary	\$73,024	\$70,633	\$66,437	\$64,545
10-14	Members	23,282	22,722	22,559	23,197
	Salary	\$83,987	\$81,185	\$77,583	\$75,681
15-19	Members	22,766	24,747	25,786	25,657
	Salary	\$97,631	\$94,777	\$90,645	\$88,801
20-24	Members	21,329	20,647	20,391	19,932
	Salary	\$110,056	\$106,645	\$103,305	\$100,358
25-29	Members	14,429	13,057	11,481	11,482
	Salary	\$119,649	\$115,709	\$111,466	\$108,662
30-34	Members	6,110	5,695	4,852	4,510
	Salary	\$126,473	\$121,242	\$117,589	\$115,454
35 +	Members	308	281	297	307
	Salary	\$127,382	\$121,813	\$121,419	\$121,506
	Total Members	145,294	143,674	142,553	140,232
	Salary	\$88,626	\$85,434	\$81,274	\$79,002
	% Change salary	3.7%	5.1%	2.9%	1.8%
	Total payroll full & part-time	\$12,876,762,360	\$12,274,572,916	\$11,585,640,489	\$11,078,509,648
	Number of Employers	995	995	995	992

Source: TRS

Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted. Total payroll shown will be lower than payroll figures used elsewhere in this report.

2021	2020	2019	2018	2017	2016
27,043	26,499	26,111	25,959	26,486	26,767
\$53,591	\$51,260	\$51,835	\$50,568	\$49,935	\$49,464
27,577	27,309	26,264	25,831	26,436	27,845
\$63,366	\$61,110	\$60,626	\$59,615	\$59,150	\$59,276
24,514	25,861	28,322	29,465	29,617	29,395
\$74,888	\$73,590	\$73,266	\$72,008	\$71,412	\$71,140
25,545	25,186	24,459	24,304	23,936	22,894
\$87,256	\$85,800	\$85,131	\$84,065	\$82,745	\$81,868
19,018	17,618	16,209	15,590	14,728	14,120
\$97,906	\$95,974	\$94,599	\$93,379	\$92,035	\$90,942
10,930	10,520	10,038	8,786	8,254	8,087
\$105,660	\$103,541	\$101,340	\$99,102	\$97,624	\$96,157
4,354	4,193	3,950	3,976	3,979	3,936
\$112,524	\$109,478	\$106,097	\$105,266	\$104,652	\$102,896
326	356	353	379	453	592
\$119,173	\$116,714	\$112,963	\$111,104	\$110,576	\$107,826
139,307	137,542	135,706	134,290	133,889	133,636
\$77,577	\$76,027	\$74,518	\$73,028	\$71,773	\$70,868
2.0%	2.0%	2.0%	1.7%	1.3%	1.9%
\$10,807,084,561	\$10,456,942,174	\$10,112,568,797	\$9,806,930,120	\$9,609,615,197	\$9,470,516,048
991	990	990	990	989	992

Average Annual Salary and Age for Active Members by Years of Service as of June 30, 2025

Age	Subs	Years of Service			
		Under 5	5-9	10-14	15-19
20-24	Members	3,412	4,637	-	-
	Salary	\$6,501	\$52,803	-	-
25-29	Members	2,799	10,449	4,107	-
	Salary	\$9,762	\$58,739	\$65,730	-
30-34	Members	2,058	4,351	7,954	3,064
	Salary	\$8,584	\$63,477	\$71,809	\$80,607
35-39	Members	2,677	3,318	4,412	9,152
	Salary	\$7,726	\$65,211	\$75,041	\$83,447
40-44	Members	3,722	3,054	3,221	4,491
	Salary	\$7,782	\$65,349	\$76,276	\$86,478
45-49	Members	3,290	2,429	2,555	2,712
	Salary	\$8,320	\$66,881	\$76,210	\$84,720
50-54	Members	2,814	1,575	1,706	1,931
	Salary	\$8,329	\$69,697	\$77,088	\$85,395
55-59	Members	2,715	990	1,024	1,223
	Salary	\$8,028	\$73,790	\$77,003	\$84,289
60-64	Members	2,280	442	464	559
	Salary	\$7,750	\$73,080	\$74,536	\$83,215
65-69	Members	1,678	153	145	121
	Salary	\$7,289	\$69,279	\$77,076	\$81,535
70-74	Members	986	41	32	24
	Salary	\$8,275	\$60,369	\$67,658	\$79,124
Over 74	Members	432	7	4	5
	Salary	\$8,462	\$51,312	\$69,472	\$56,741
Total Members		28,863	31,446	25,624	23,282
		\$8,008	\$61,749	\$73,024	\$83,987
					\$97,631

Source: TRS

	Average Age	Average Years of Service	Members
Full and part-time members	43	14	145,294
Substitutes	45	2	<u>28,863</u>
All	43	12	174,157

Years of Service							Full & Part-time Member Totals
20-24	25-29	30-34	35-39	40-44	45-49	50+	
-	-	-	-	-	-	-	4,637
-	-	-	-	-	-	-	\$52,803
-	-	-	-	-	-	-	14,556
-	-	-	-	-	-	-	\$60,714
-	-	-	-	-	-	-	15,369
-	-	-	-	-	-	-	\$71,204
-	-	-	-	-	-	-	19,946
-	-	-	-	-	-	-	\$80,248
4,314	-	-	-	-	-	-	25,258
\$108,093	-	-	-	-	-	-	\$91,121
9,666	3,505	-	-	-	-	-	25,172
\$111,171	\$119,478	-	-	-	-	-	\$99,693
4,126	7,490	2,406	-	-	-	-	21,852
\$110,874	\$120,498	\$125,434	-	-	-	-	\$106,308
2,308	2,836	3,365	120	-	-	-	13,596
\$109,268	\$118,622	\$127,435	\$130,576	-	-	-	\$106,885
733	486	279	116	19	-	-	3,808
\$106,232	\$115,294	\$125,136	\$127,505	\$120,928	-	-	\$96,265
157	93	48	16	13	4	-	880
\$104,229	\$110,494	\$122,659	\$119,637	\$123,158	\$127,680	-	\$91,242
19	14	7	2	5	4	3	178
\$97,173	\$127,004	\$123,087	\$111,820	\$109,636	\$182,819	\$108,930	\$85,729
6	5	5	1	-	-	5	42
\$138,208	\$123,171	\$95,076	\$88,876	-	-	\$106,345	\$93,263
21,329	14,429	6,110	255	37	8	8	145,294
\$110,056	\$119,649	\$126,473	\$128,182	\$120,185	\$155,250	\$107,315	\$88,626

PLAN SUMMARY

ADMINISTRATION

TRS was created and is governed by Article 16 of the Illinois Pension Code, contained in the Illinois Compiled Statutes (ILCS). A 15-member Board of Trustees is authorized to carry out duties granted to it under the article.

MEMBERSHIP

Membership in TRS is mandatory for all full-time, part-time and substitute school personnel employed in Illinois outside the city of Chicago in positions requiring licensure. Persons employed at certain state agencies are also members.

BENEFITS

Public Act 96-0889 established a second, lower tier of benefits for teachers who first contributed to TRS or one of the Illinois reciprocal retirement systems on or after Jan. 1, 2011. Tier 1 benefits were not affected by PA 96-0889. See the table on pages 104-105 for a summary of Tier 1 and Tier 2 benefits.

See the Financial Section for a discussion of benefit programs recently enacted by the legislature.

The accelerated benefit programs are discussed on page 89. Tier 3 is discussed in the Notes to the Financial Statements Section under "A. Plan Description, 5. Benefits Provisions."

OTHER PROVISIONS

Employment-Related Felony Conviction

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits. However, the member may receive a refund of contributions.

Continuity of Credit Within Illinois

TRS is one of 13 public retirement systems that are included in the provisions of the Illinois Reciprocal Act. This act ensures continuous pension credit for public employment in Illinois.

Conflicts

Conditions involving a claim for benefits may require further clarification. If conflicts arise between the material in this summary and that of the law, the law takes precedence.



Deferred Compensation Plan Analyst Angie G. and Deferred Compensation Operations Supervisor Melissa K. take pride in the continued momentum of the TRS SSP.



TRS Representative—Deferred Compensation Lisa C. helps answer a southern Illinois employer's questions about the SSP.

SUMMARY OF TIER 1 AND TIER 2 BENEFIT PROVISIONS

Tier 1	
Tier 1 Defined	Members who first contributed to TRS or one of the other Illinois reciprocal retirement systems before Jan. 1, 2011 are covered by Tier 1. Tier 1 membership is retained even if a member takes a refund and does not repay it.
Retirement Eligibility (Vesting)	<p>Tier 1 members who meet the following age and service requirements are eligible to retire:</p> <ul style="list-style-type: none"> • Age 55 with 20 years of service (reduced 6% for every year that the member's age at retirement is under 60) • Age 55 with 35 years of service (no reduction) • Age 60 and 10 years of service (no reduction) • Age 62 with 5 years of service (no reduction) <p>A member with fewer than five years of service can receive a single sum retirement benefit at age 65.</p>
Retirement Formula	<p>Retirement benefits for most Tier 1 members are based on a formula of 2.2% times years of creditable service times final average salary. The maximum benefit is 75% of final average salary.</p> <p>Some Tier 1 members with service before July 1, 1998 will have benefits based on the graduated formula that was in effect before that date. The maximum benefit is also 75% under the graduated formula.</p> <p>Public Act 90-0582 changed the benefit accrual rate beginning July 1, 1998. Members could upgrade their service under the graduated formula by making a contribution to TRS. The law provides that each three full years worked after the effective date reduces the number of years to be upgraded by one. Subsequently, Public Act 91-0017 reduced the 2.2 formula upgrade cost for members with more than 34 years of service.</p> <p>The final average salary is the average of the four highest consecutive annual salary rates within the last 10 years of creditable service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2021 and the 2020-21 school year is used in the member's final average salary. The final average salary will be based on the four highest years within the last 10 years of creditable service.</p> <p>Tier 1 members hired before July 1, 2005 may receive a money-purchase style "actuarial" benefit. By law, the higher of the formula benefit or the actuarial benefit is paid.</p>
Post-Retirement Increases	Annual increases are 3% of the current retiree benefit. The first increase is the later of the Jan. 1 following attainment of age 61 or the first anniversary of retirement.
Disability Benefits	<p>Nonoccupational disability benefits are payable as disability benefits or disability retirement benefits to members who have a minimum of three years of creditable service.</p> <p>No minimum service requirement applies to occupational benefits for duty-related accidents or illnesses. Members continue to accrue service credit while they are receiving disability benefits but not while receiving disability retirement benefits.</p> <p>Generally, nonoccupational disability benefits are 40% of pay; occupational disability benefits are 60% of pay, reduced by payments received under workers' compensation and disability retirement benefits are 35% of pay annually or a higher amount based on service credit and age.</p> <p>On the Jan. 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased by 7%. Thereafter, the benefit increases by 3% of the current benefit.</p> <p>Public Act 94-0539 allows individuals who have received disability benefits for at least one year to return to teaching on a limited basis if their conditions improve. Disability benefits can continue so long as the combined earnings from teaching and disability benefits do not exceed 100% of the salary rate upon which the disability is based.</p>
Survivor Benefits	<p>In most cases, survivor benefits for Tier 1 members' dependent beneficiaries are 50% of the retired member's benefit. The annual increase is 3% of the current survivor benefit.</p> <p>A dependent beneficiary can elect a lump-sum payment instead of a monthly annuity. Nondependent beneficiaries are only eligible for lump-sum payments. Refunds of member contributions not already received in retirement benefits are also payable as death benefits.</p>
Post-Retirement Employment	Until June 30, 2026, Tier 1 retirees can teach up to 120 days or 600 hours per year without having their retirement benefits suspended.
Contributions to TRS	<p>During FY25, Tier 1 members contributed 9.0% of pay. Of this rate, 7.5% is for retirement benefits, 1.0% is for survivor benefits and 0.5% is for the annual increase.</p> <p>TRS members do not contribute to Social Security for TRS-covered employment. Members who were hired or changed employers after March 31, 1986 or who elected to participate in Medicare during a 2004 referendum, do contribute to Medicare.</p>
Contributions for Retiree Health Insurance	During FY25, members who are not employed by a state agency contributed 0.90% of pay to the Teachers' Health Insurance Security Fund.
Refunds	After a four-month waiting period from the date last taught, a member ceasing TRS-covered employment may withdraw all contributions except for the 1% survivor benefit contribution. Credit can be re-established if the member returns to a TRS-covered position for one year or to a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.
Service Credit	A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the authority of the United States government; substitute or part-time teaching prior to July 1, 1990; leaves of absence or involuntary layoff; military service; and gaps in teaching due to pregnancy or adoption prior to July 1, 1983. Up to two years of unused, uncompensated sick leave that has been certified by former employers may also be added to service credit at retirement.

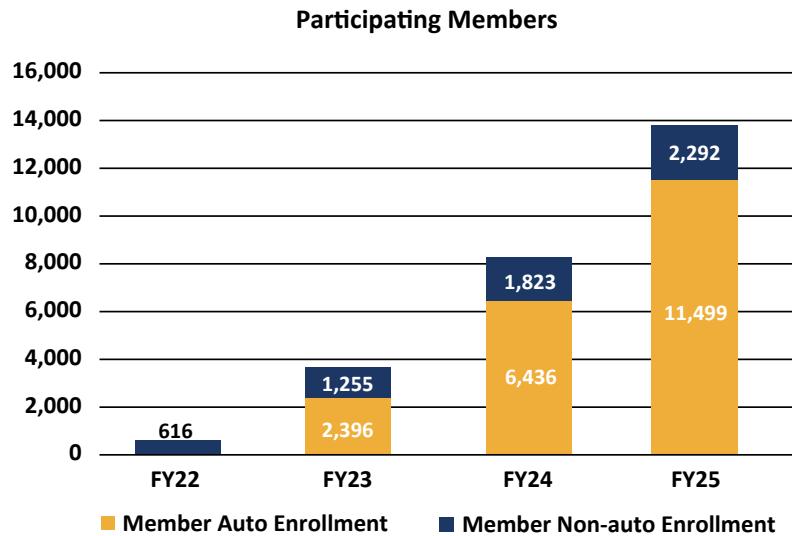
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Accelerated Benefit Programs (temporary)	Until June 30, 2026, inactive members with five years of TRS service can take a lump-sum payment of 60% of the present value of their future benefit payments. Buyout payments are contingent upon sufficient bond proceeds being available.
	Until June 30, 2026, retiring members can elect to receive 70% of the present value of the difference between the current 3% compounded annual increase that starts no earlier than age 61 and a 1.5% noncompounded annual increase that starts no earlier than age 67. Buyout payments are contingent upon sufficient bond proceeds being available.

Tier 2	
Tier 2 Defined	Members who first contributed to TRS on or after Jan. 1, 2011 and do not have any previous service with one of the other Illinois reciprocal retirement systems are covered by Tier 2.
Retirement Eligibility (vesting)	<p>Tier 2 members who meet the following age and service requirements are eligible to retire:</p> <ul style="list-style-type: none"> Age 67 with 10 years of service (no reduction) Age 62 with 10 years of service (reduced 6% for every year the member's age at retirement is under age 67) <p>A member with fewer than five years of service can receive a single-sum retirement benefit at age 65.</p>
Retirement Formula	<p>Retirement benefits for Tier 2 members are based on a formula of 2.2% times years of creditable service times final average salary. The maximum benefit is 75% of final average salary.</p> <p>Tier 2 creditable earnings for pension purposes are limited by an amount that is tied to the 2010 Social Security Wage Base (SSWB). The Tier 2 limit increases by 3% or half the increase in the Consumer Price Index, whichever is less. The FY25 Tier 2 limit was \$125,773.73.</p> <p>The final average salary is based on the member's highest average salary earned during eight consecutive years out of the last 10 years of service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2021 and the 2020-21 school year is used in the member's final average salary. The final average salary will be based on the eight highest years within the last 10 years of creditable service.</p> <p>Tier 2 does not provide a money-purchase style "actuarial" benefit.</p>
Post-Retirement Increases	<p>Annual increases will be the lesser of 3% or one-half of the increase in the Consumer Price Index times the original retiree benefit.</p> <p>The first increase is the later of the Jan. 1 following attainment of age 67 or the first anniversary of retirement.</p>
Disability Benefits	Same as Tier 1, including increases.
Survivor Benefits	<p>In most cases, survivor benefits for Tier 2 members' dependent beneficiaries will be 66 2/3% of the retired member's benefit. The annual increase is the lesser of 3% or one-half of the increase in the Consumer Price Index times the original survivor benefit.</p> <p>A dependent beneficiary can elect a lump-sum payment instead of a monthly annuity. Nondependent beneficiaries are only eligible for lump-sum payments. Refunds of member contributions not already received in retirement benefits are also payable as death benefits.</p>
Post-Retirement Employment	<p>In addition to the employment limitations indicated for Tier 1 annuitants, Tier 2 annuitants have the following additional restrictions:</p> <ul style="list-style-type: none"> The law suspends a Tier 2 member's retirement benefits if the member accepts full-time employment in a position covered by another pension system that has reciprocal rights with TRS. For those Tier 2 members who first become a member on or after Jan. 1, 2012, the law suspends the annuitant's retirement benefits if the annuitant accepts a contractual position from the same employer from which he or she retired.
Contributions to TRS	<p>During FY25, Tier 2 members also contributed 9.0% of pay, with components designated for the same as Tier 1 to TRS purposes.</p> <p>Tier 2 members do not contribute to Social Security for their TRS-covered employment but do contribute to Medicare.</p>
Contributions for Retiree Health Insurance	Same as Tier 1.
Refunds	Same as Tier 1.
Service Credit	Same as Tier 1. The purchase of optional service earned before Jan. 1, 2011 does not change a Tier 2 member's status to Tier 1.
Accelerated Benefit Program (temporary)	Until June 30, 2026, inactive members with 10 years of TRS service can take a lump-sum payment of 60% of the present value of their future benefit payments. Buyout payments are contingent upon sufficient bond proceeds being available.

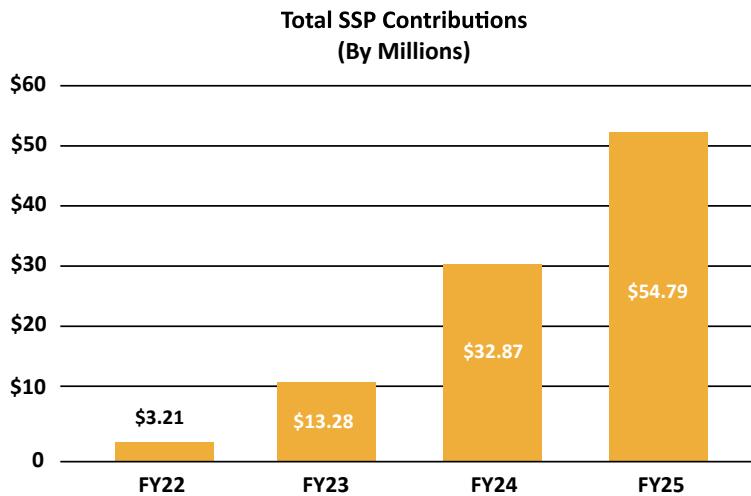
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STATISTICAL



"The SSP is an amazing option for members!... I hope that members continue to be educated about this option."

—Comment from a TRS member about the SSP received in a 2025 member survey



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STATISTICAL SECTION

The tables in this section present detailed information on benefit payments and recipients, member and employer contributions, employer contribution rates and the largest TRS employers.

SECTION CONTENTS

10-Year Financial Trends – Pages 110-111

These two schedules contain information that allows the reader to view the change in net position and benefit and refund deductions from net position over a 10-year period. Both schedules help the reader understand the financial changes that have occurred over time.

Employee and Employer Contribution Rates – Page 112

This schedule offers information on the contribution rates for employees, the state and employers to the System over a 10-year period.

Active Members by Tier – Page 112

This schedule shows the number of members by tier over a 10-year period.

Retired Members by Years of Service and Years in Retirement – Page 113

This schedule shows the number of retirees by their years of service and years in retirement in five-year increments. It also shows their average current monthly benefits and average benefits when they first retired. A column on the right shows the average age of retirees in each “years retired” increment.

Demographics of Benefit Recipients and Active Members – Pages 114-115

These schedules help the reader understand characteristics of the specific groups of benefit recipients and active members of TRS.

Benefit Recipients by Type and Summary Statistics, All Benefit Recipients – Page 116

This schedule shows counts by benefit type and range. Additional tables show averages by benefit type and retirements by subtype.

Average Benefit Payments For New Retirees – Page 117

This schedule contains information regarding the average benefits paid to new retirees over a 10-year period. The schedule also allows the reader to view those payments by increments of years of service.

Medians for Retirees – Page 117

This schedule shows the median age, median monthly amount, median service credit and retiree count for all and new retirees.

Participating Employers – Page 118

This schedule allows the reader to view the 10 largest participating employers of TRS. The reader can also view the percentages of total membership covered by the largest employers in the current year and nine years ago.

Changes in Net Position Restricted for Pensions, Last 10 Fiscal Years (\$ thousands)

	2025	2024	2023	2022
Additions				
Member contributions*	\$1,224,699	\$1,168,677	\$1,109,498	\$1,072,639
State of Illinois	6,203,789	6,158,581	6,009,158	5,866,800
Employer contributions**	123,362	132,236	124,748	120,876
Investment income (loss) net of expenses	6,902,120	5,757,907	4,427,043	(743,042)
Total additions to/reductions from plan net position	14,453,970	13,217,401	11,670,447	6,317,273
Deductions				
Benefit payments	8,502,198	8,191,377	7,899,143	7,607,019
Refunds	67,588	69,007	68,187	62,557
Administrative expenses	45,566	37,020	32,026	26,576
Total deductions from plan net position	8,615,352	8,297,404	7,999,356	7,696,152
Changes in net position restricted for pensions				
Beginning of year	71,424,714	66,504,717	62,833,626	64,212,505
Net increase (decrease)	5,838,618	4,919,997	3,671,091	(1,378,879)
End of year	\$77,263,332	\$71,424,714	\$66,504,717	\$62,833,626

* Member contributions include contributions for purchases of optional service, early retirement and upgrades to the 2.2 formula.

** Employer contributions include contributions from federal funds and for early retirement, the 2.2 formula, salary increases in excess of 6 percent used in final average salary calculations and excess sick leave used for service credit. Beginning in 2018, contributions on earnings exceeding the governor's statutory salary are also included.

Benefit and Refund Deductions from Net Position by Type, Last 10 Fiscal Years (\$ thousands)

	2025	2024	2023	2022
Type of benefit				
Retirement	\$7,998,555	\$7,714,576	\$7,450,998	\$7,188,188
Survivor	472,172	444,748	416,260	386,985
Disability	31,471	32,053	31,885	31,847
Total benefits	\$8,502,198	\$8,191,377	\$7,899,143	\$7,607,020
Type of refund				
Withdrawals	25,807	23,356	21,537	18,367
Death benefits and excess contribution refunds paid to survivors	22,618	25,331	23,849	21,568
2.2 and optional service	5,444	7,242	8,954	9,264
Survivor contributions refunded to retirees	10,142	9,434	9,538	9,190
Early Retirement Option and other	3,577	3,644	4,309	4,168
Total refunds	\$67,588	\$69,007	\$68,187	\$62,557

2021	2020	2019	2018	2017	2016
\$1,023,532	\$994,400	\$963,972	\$938,037	\$929,130	\$951,809
5,140,648	4,813,452	4,466,021	4,095,125	3,986,364	3,742,469
97,594	92,658	88,514	84,633	149,495	148,041
13,046,154	275,669	2,617,831	4,049,272	5,520,453	(44,103)
19,307,928	6,176,179	8,136,338	9,167,067	10,585,442	4,798,216
7,323,949	7,035,307	6,745,544	6,458,710	6,152,868	5,848,180
64,194	64,217	73,216	92,925	285,138	83,027
23,758	22,966	24,336	21,550	22,729	22,968
7,411,901	7,122,490	6,843,096	6,573,185	6,460,735	5,954,175
52,316,478	53,262,789	51,969,547	49,375,665	45,250,957	46,406,916
11,896,027	(946,311)	1,293,242	2,593,882	4,124,708	(1,155,959)
\$64,212,505	\$52,316,478	\$53,262,789	\$51,969,547	\$49,375,665	\$45,250,957

2021	2020	2019	2018	2017	2016
\$6,935,054	\$6,672,267	\$6,405,908	\$6,140,877	\$5,857,968	\$5,575,130
357,078	329,872	306,503	285,068	263,430	242,578
31,817	33,168	33,133	32,765	31,470	30,472
\$7,323,949	\$7,035,307	\$6,745,544	\$6,458,710	\$6,152,868	\$5,848,180
16,927	19,150	23,358	27,356	30,487	26,797
21,769	18,372	21,172	20,263	19,135	17,094
10,587	11,082	11,132	13,247	14,185	15,074
9,498	8,791	8,225	8,839	9,410	10,458
5,413	6,822	9,329	23,220	211,921	13,604
\$64,194	\$64,217	\$73,216	\$92,925	\$285,138	\$83,027

Employee and Employer Contribution Rates, Last 10 Fiscal Years

Fiscal Year	Employee Rate (%) ¹	State ²	Employer Rate (%)		
			School Districts for 2.2 Formula	School Districts from Federal Sources ³	Total ⁴
2016	9.40%	35.30%	0.58%	0.76%	36.64%
2017	9.00	37.81	0.58	0.73	39.12
2018	9.00	39.22	0.58	0.20	40.02
2019	9.00	41.93	0.58	0.27	42.77
2020	9.00	43.94	0.58	0.28	44.80
2021	9.00	45.84	0.58	0.29	46.71
2022	9.00	49.64	0.58	0.28	50.50
2023	9.00	50.45	0.58	0.28	60.31
2024	9.00	49.80	0.58	0.28	59.66
2025	9.00	48.47	0.58	0.29	58.34

1. Employee rate decreased to 9.00 percent in FY17 because the ERO program was discontinued.
2. State contributions rates reflect recertifications and may not agree with original certifications in actuarial reports.
3. Beginning in FY18, the federal contribution rate for salaries paid from federal funds is the same as the total employer normal cost rate. Previously, it was the same as the state contribution rate.
4. Totals shown are rates certified by the TRS Board of Trustees based on estimated payrolls and may not total due to rounding. Actual amounts collected do not equal amounts estimated by actuaries due to differences between estimated and actual payroll.

Active Members by Tier

Fiscal Year	Tier 1		Tier 2		Total - Both Tiers	
	Number	% of Total	Number	% of Total	Number	% of Total
2016	128,107	80.2%	31,628	19.8%	159,735	100.0%
2017	123,630	77.0	36,858	23.0	160,488	100.0
2018	119,333	74.2	41,526	25.8	160,859	100.0
2019	115,839	71.1	47,188	28.9	163,027	100.0
2020	112,004	68.7	51,111	31.3	163,115	100.0
2021	105,062	66.1	53,965	33.9	159,027	100.0
2022	103,163	62.3	62,403	37.7	165,566	100.0
2023	101,097	59.5	68,792	40.5	169,889	100.0
2024	97,427	56.7	74,327	43.3	171,754	100.0
2025	93,919	53.9	80,238	46.1	174,157	100.0

Note: Tier 2 membership began Jan. 1, 2011.

Retired Members by Years of Service and Years in Retirement as of June 30, 2025*

Years Retired	Years of Service											Weighted Average	Avg. Age	
	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50+			
Under 1	Retirees	124	286	322	299	509	562	693	853	23	4	1	3,676	60
	Avg. current benefit	\$332	\$964	\$1,695	\$2,621	\$3,666	\$5,058	\$6,516	\$7,401	\$9,235	\$11,472	\$9,912	\$4,748	
	Avg. orig. benefit	\$332	\$964	\$1,695	\$2,610	\$3,658	\$5,047	\$6,507	\$7,401	\$9,235	\$11,472	\$9,912	\$4,742	
1 - 4	Retirees	898	1,263	1,210	1,574	2,408	2,269	2,819	3,555	102	28	10	16,136	63
	Avg. current benefit	\$284	\$901	\$1,707	\$2,736	\$3,801	\$5,130	\$6,698	\$7,575	\$9,467	\$12,634	\$14,988	\$4,700	
	Avg. orig. benefit	\$269	\$852	\$1,615	\$2,593	\$2,651	\$4,936	\$6,463	\$7,436	\$8,967	\$11,916	\$14,190	\$4,548	
5 - 9	Retirees	1,018	1,924	1,882	2,190	3,110	2,874	3,252	4,014	332	56	10	20,662	68
	Avg. current benefit	\$330	\$896	\$1,757	\$2,967	\$4,151	\$5,554	\$7,054	\$8,058	\$9,264	\$11,561	\$13,130	\$4,834	
	Avg. orig. benefit	\$270	\$738	\$1,444	\$2,446	\$3,432	\$4,601	\$5,838	\$6,732	\$7,533	\$9,512	\$11,161	\$4,008	
10 - 14	Retirees	1,082	2,114	2,049	2,067	3,281	3,076	3,977	5,682	518	78	11	23,935	73
	Avg. current benefit	\$388	\$1,045	\$1,995	\$3,176	\$4,459	\$6,038	\$7,805	\$8,582	\$9,726	\$11,003	\$16,642	\$5,530	
	Avg. orig. benefit	\$273	\$733	\$1,405	\$2,252	\$3,168	\$4,280	\$5,514	\$6,072	\$6,852	\$7,826	\$11,778	\$3,913	
15 - 19	Retirees	810	1,494	1,372	1,369	2,205	2,217	5,311	5,065	298	46	4	20,191	76
	Avg. current benefit	\$425	\$1,003	\$1,891	\$3,201	\$4,538	\$6,134	\$8,272	\$8,823	\$9,481	\$10,269	\$14,756	\$6,161	
	Avg. orig. benefit	\$259	\$615	\$1,155	\$1,965	\$2,787	\$3,762	\$5,027	\$5,459	\$5,793	\$6,383	\$9,121	\$3,779	
20 - 24	Retirees	640	786	830	747	1,873	2,223	9,759	3,525	187	27	-	20,597	79
	Avg. current benefit	\$379	\$974	\$1,882	\$3,133	\$4,368	\$6,175	\$8,485	\$9,322	\$9,222	\$9,913	-	\$7,014	
	Avg. orig. benefit	\$200	\$514	\$998	\$1,668	\$2,336	\$3,307	\$4,556	\$4,975	\$4,920	\$5,357	-	\$3,758	
25 - 29	Retirees	355	325	277	264	744	807	1,853	1,302	128	2	-	6,057	84
	Avg. current benefit	\$463	\$980	\$1,575	\$2,643	\$3,862	\$5,740	\$8,001	\$8,918	\$9,305	\$8,316	-	\$6,070	
	Avg. orig. benefit	\$214	\$447	\$724	\$1,227	\$1,809	\$2,695	\$3,813	\$4,171	\$4,124	\$3,966	-	\$2,856	
30 - 34	Retirees	109	134	164	141	367	673	1,033	1,868	2,845	1	-	7,335	87
	Avg. current benefit	\$366	\$970	\$1,522	\$2,016	\$2,877	\$3,658	\$4,893	\$6,346	\$7,546	\$6,917	-	\$5,809	
	Avg. orig. benefit	\$145	\$384	\$591	\$785	\$1,116	\$1,441	\$1,940	\$2,541	\$3,044	\$2,723	-	\$2,327	
35 - 39	Retirees	21	37	58	70	275	214	283	145	5	-	-	1,108	94
	Avg. current benefit	\$279	\$796	\$1,420	\$2,132	\$2,865	\$4,047	\$5,900	\$7,081	\$7,698	-	-	\$4,202	
	Avg. orig. benefit	\$94	\$265	\$486	\$734	\$992	\$1,395	\$2,053	\$2,467	\$2,773	-	-	\$1,458	
40 - 44	Retirees	7	3	13	8	55	34	56	25	-	-	-	201	98
	Avg. current benefit	\$214	\$570	\$1,067	\$1,857	\$2,509	\$3,724	\$4,610	\$6,702	-	-	-	\$3,593	
	Avg. orig. benefit	\$62	\$167	\$309	\$545	\$755	\$1,131	\$1,410	\$2,058	-	-	-	\$1,093	
45 - 49	Retirees	1	-	-	1	4	3	2	4	1	-	-	16	103
	Avg. current benefit	\$207	-	-	\$1,581	\$1,404	\$2,044	\$2,660	\$4,290	\$6,613	-	-	\$2,664	
	Avg. orig. benefit	\$55	-	-	\$426	\$320	\$528	\$722	\$1,161	\$1,818	-	-	\$703	
Total retirees		5,065	8,366	8,177	8,730	14,831	14,952	29,038	26,038	4,439	242	36	119,914	
Avg. current benefit		\$366	\$967	\$1,827	\$2,981	\$4,154	\$5,647	\$7,780	\$8,318	\$8,233	\$11,028	\$14,811	\$5,664	
Avg. orig. benefit		\$254	\$699	\$1,326	\$2,211	\$2,988	\$3,986	\$4,978	\$5,763	\$4,287	\$8,147	\$11,930	\$3,813	

* Represents monthly benefit

**Demographics of Benefit Recipients and Active Members as of June 30, 2025
(excludes inactive members)**

Age	Retirees			Disability Benefit Recipients			Survivors		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 20	-	-	-	-	-	-	48	-	48
20-24	-	-	-	-	-	-	11	-	11
25-30	-	-	-	-	3	3	-	-	-
30-34	-	-	-	-	2	2	-	2	2
35-39	-	-	-	1	8	9	7	10	17
40-44	-	-	-	4	35	39	11	34	45
45-49	-	-	-	8	68	76	19	66	85
50-54	10	21	31	23	98	121	52	76	128
55-59	1,351	3,627	4,978	20	150	170	70	126	196
60-64	3,034	10,525	13,559	14	79	93	173	240	413
65-69	3,658	15,055	18,713	17	74	91	256	490	746
70-74	5,620	21,489	27,109	15	90	105	542	1,143	1,685
75-79	7,880	20,231	28,111	13	68	81	941	1,977	2,918
80-84	5,160	10,763	15,923	8	28	36	848	2,203	3,051
85-89	2,399	4,993	7,392	3	15	18	552	1,797	2,349
90+	1,179	2,919	4,098	-	14	14	457	1,472	1,929
Total:	30,291	89,623	119,914	126	732	858	3,987	9,636	13,623

Actives			Total Retirees, Disabled, Survivors and Active Members			Percent Distribution of Retirees, Disabled, Survivors and Active Members		
Male	Female	Total	Male	Female	Total	Male	Female	Total
2	19	21	50	19	69	72%	28%	100%
1,576	6,452	8,028	1,587	6,452	8,039	20	80	100
3,745	13,610	17,355	3,745	13,613	17,358	22	78	100
3,796	13,631	17,427	3,796	13,635	17,431	22	78	100
5,058	17,565	22,623	5,066	17,583	22,649	22	78	100
6,393	22,587	28,980	6,408	22,656	29,064	22	78	100
6,470	21,992	28,462	6,497	22,126	28,623	23	77	100
5,840	18,826	24,666	5,925	19,021	24,946	24	76	100
3,769	12,542	16,311	5,210	16,445	21,655	24	76	100
1,441	4,647	6,088	4,662	15,491	20,153	23	77	100
757	1,801	2,558	4,688	17,420	22,108	21	79	100
471	693	1,164	6,648	23,415	30,063	22	78	100
173	205	378	9,007	22,481	31,488	29	71	100
46	40	86	6,062	13,034	19,096	32	68	100
5	3	8	2,959	6,808	9,767	30	70	100
-	2	2	1,636	4,407	6,043	27	73	100
39,542	134,615	174,157	73,946	234,606	308,552	24	76	100

Benefit Recipients by Type as of June 30, 2025

Monthly Benefit Range	Number of Recipients (All)	Type of Monthly Benefit				Survivor Monthly Benefits	Regular 2.2 Flat Formula	Graduated Formula	Actuarial Benefit Style	Subtypes of Age Retirement Benefit			
		Disability Retirement	Non-occupational Disability	Occupational Disability	ERI** (State or TRS)					Other	Retirement Total		
Under \$500	6,531	5,684	3	-	-	844	1,195	1,672	2,816	-	-	1	5,684
\$500 - \$999	6,615	5,321	18	-	-	1,276	870	1,173	3,261	5	6	6	5,321
\$1,000 - \$1,499	6,022	4,705	29	-	-	1,288	802	1,188	2,650	16	34	15	4,705
\$1,500 - \$1,999	6,025	4,699	141	8	-	1,177	941	1,313	2,294	46	87	18	4,699
\$2,000 - \$2,499	6,312	4,747	182	34	-	1,349	1,244	1,304	1,892	151	136	20	4,747
\$2,500 - \$2,999	6,605	4,974	109	40	2	1,480	1,566	1,256	1,588	351	199	14	4,974
\$3,000 - \$3,499	6,946	5,361	59	29	-	1,497	2,088	1,070	1,361	563	264	15	5,361
\$3,500 - \$3,999	6,897	5,485	45	26	2	1,339	2,389	816	1,183	728	348	21	5,485
\$4,000 - \$4,499	6,775	5,755	26	16	3	975	2,795	610	1,010	897	407	36	5,755
\$4,500 - \$4,999	6,882	6,137	17	5	-	723	3,256	524	843	1,026	453	35	6,137
\$5,000 - \$5,499	7,319	6,700	12	3	-	604	3,668	486	721	1,294	478	53	6,700
\$5,500 - \$5,999	7,203	6,811	7	-	-	385	3,845	431	579	1,450	441	65	6,811
\$6,000 - \$6,499	7,049	6,767	9	-	-	273	3,806	465	512	1,495	430	59	6,767
\$6,500 - \$6,999	6,852	6,689	9	-	-	154	3,706	471	422	1,545	458	87	6,689
\$7,000 - \$7,499	6,231	6,132	4	-	2	93	3,421	422	328	1,530	348	83	6,132
\$7,500 - \$7,999	5,806	5,747	5	-	-	54	3,192	439	259	1,520	254	83	5,747
\$8,000 - \$8,499	4,676	4,630	5	-	-	41	2,586	407	216	1,152	207	62	4,630
\$8,500 - \$8,999	4,014	3,990	3	-	-	21	2,178	396	158	991	195	72	3,990
\$9,000 - \$9,499	3,560	3,541	2	-	-	17	1,932	340	128	897	188	56	3,541
\$9,500 - \$9,999	3,049	3,038	1	-	-	10	1,653	301	110	751	174	49	3,038
\$10,000 or more	13,026	13,001	2	-	-	23	6,518	1,531	385	3,804	502	261	13,001
Total benefit recipients:	134,395	119,914	688	161	9	13,623	53,651	16,615	22,716	20,212	5,609	1,111	119,914

Summary Statistics, All Benefit Recipients, as of June 30, 2025

	Age Retirement	Disability Benefits (3 types)	Survivor Benefits	Percentage of Retirement Benefits by Subtype						
				Regular 2.2 Flat Form.	Graduated Formula	Actuarial Benefit Style	ERO (2.2 & Grad. Form.)	ERI (State or TRS)	Other	Retirement Total
Average Monthly Benefit	\$5,664	\$2,926	\$2,912							
Average Age	74	62	79							
Average Service Credit	26	16	-							
Average Years Receiving Benefits	14	12	10							
				44.7%	13.9%	18.9%	16.9%	4.7%	0.9%	100%

* Early Retirement Option

** Early Retirement Incentive

Average Benefit Payments for New Retirees, Last 10 Fiscal Years

Retirement Effective Dates	Years of Service										All FY	Avg. Age all FY	Avg. Service all FY
	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Retirees	Retirees	Retirees	
Period July 1, 2024 through June 30, 2025	Average monthly benefit	\$330	\$962	\$1,695	\$2,610	\$3,658	\$5,045	\$6,507	\$7,401	\$9,578	\$4,739	age 60	25 years
	Average final average salary	\$64,539	\$42,229	\$56,172	\$75,518	\$90,220	\$103,300	\$112,344	\$117,512	\$123,833	\$94,180		
	Number of retired members	126	587	322	299	509	563	693	854	28	3,681		
Period July 1, 2023 through June 30, 2024	Average monthly benefit	\$313	\$942	\$1,726	\$2,771	\$3,836	\$5,198	\$6,863	\$7,902	\$10,717	\$5,147	age 60	26 years
	Average final average salary	\$62,777	\$44,533	\$59,764	\$79,075	\$95,195	\$106,994	\$119,440	\$125,583	\$139,277	\$101,425		
	Number of retired members	154	246	251	350	595	570	719	1,015	34	3,934		
Period July 1, 2022 through June 30, 2023	Average monthly benefit	\$266	\$872	\$1,635	\$2,563	\$3,739	\$5,056	\$6,589	\$7,538	\$10,716	\$4,859	age 60	25 years
	Average final average salary	\$57,445	\$42,016	\$55,785	\$74,545	\$92,873	\$103,914	\$113,931	\$119,913	\$136,022	\$96,313		
	Number of retired members	144	219	252	317	506	508	662	840	25	3,473		
Period July 1, 2021 through June 30, 2022	Average monthly benefit	\$267	\$886	\$1,587	\$2,622	\$3,606	\$4,799	\$6,158	\$7,149	\$9,967	\$4,433	age 61	25 years
	Average final average salary	\$56,321	\$44,191	\$57,073	\$77,623	\$89,926	\$98,485	\$106,793	\$113,712	\$128,801	\$91,094		
	Number of retired members	228	236	252	377	551	541	665	782	31	3,663		
Period July 1, 2020 through June 30, 2021	Average monthly benefit	\$215	\$883	\$1,572	\$2,509	\$3,503	\$4,684	\$6,186	\$7,032	\$9,001	\$4,520	age 60	25 years
	Average final average salary	\$47,792	\$42,699	\$57,856	\$75,814	\$87,364	\$96,406	\$106,899	\$111,860	\$112,396	\$90,729		
	Number of retired members	142	182	249	371	515	490	623	779	45	3,396		
Period July 1, 2019 through June 30, 2020	Average monthly benefit	\$299	\$798	\$1,438	\$2,422	\$3,423	\$4,510	\$5,775	\$6,645	\$7,722	\$4,107	age 61	25 years
	Average final average salary	\$60,000	\$37,357	\$53,528	\$72,714	\$85,210	\$92,968	\$99,237	\$105,866	\$103,561	\$84,533		
	Number of retired members	132	290	254	332	564	504	576	690	47	3,389		
Period July 1, 2018 through June 30, 2019	Average monthly benefit	\$222	\$806	\$1,480	\$2,528	\$3,484	\$4,708	\$5,976	\$6,941	\$8,106	\$4,366	age 61	25 years
	Average final average salary	\$50,646	\$40,502	\$54,277	\$76,259	\$86,859	\$95,751	\$103,192	\$110,647	\$114,482	\$88,551		
	Number of retired members	131	210	289	417	524	493	599	768	65	3,496		
Period July 1, 2017 through June 30, 2018	Average monthly benefit	\$257	\$735	\$1,529	\$2,558	\$3,405	\$4,633	\$6,048	\$6,954	\$8,000	\$4,316	age 61	25 years
	Average final average salary	\$52,883	\$41,137	\$58,671	\$77,377	\$84,015	\$95,035	\$104,219	\$111,051	\$118,480	\$88,392		
	Number of retired members	154	269	337	423	585	576	633	855	73	3,905		
Period July 1, 2016 through June 30, 2017	Average monthly benefit	\$272	\$787	\$1,482	\$2,497	\$3,457	\$4,589	\$5,770	\$6,581	\$7,733	\$4,162	age 61	25 years
	Average final average salary	\$59,017	\$44,909	\$56,887	\$74,590	\$85,524	\$93,583	\$99,597	\$104,930	\$111,419	\$86,183		
	Number of retired members	184	255	351	426	615	587	666	816	102	4,002		
Period July 1, 2015 through June 30, 2016	Average monthly benefit	\$287	\$715	\$1,461	\$2,407	\$3,453	\$4,595	\$5,710	\$6,496	\$7,728	\$4,130	age 61	25 years
	Average final average salary	\$63,114	\$37,543	\$55,895	\$70,973	\$84,277	\$91,799	\$97,075	\$103,177	\$110,395	\$84,256		
	Number of retired members	193	289	330	429	660	630	728	832	107	4,198		

Medians for Retirees as of June 30, 2025

Median Age	Median Monthly Benefit	Median Service Credit	Retiree Count
All retirees	74	\$5,525	30
New retirees	60	\$4,701	28
			3,681

Principal Participating Employers

Participating Employer	City	Rank	Year ended June 30, 2025		Year ended June 30, 2016		
			Covered Employees (including subs)	Percentage of Total TRS Membership	Rank	Covered Employees	Percentage of Total TRS Membership
School District U46	Elgin	1	3,562	2.0%	1	2,953	1.8%
Indian Prairie CUSD 204	Naperville	2	2,552	1.5	2	2,515	1.6
Plainfield SD 202	Plainfield	3	2,503	1.4	3	2,371	1.5
Rockford School District 205	Rockford	4	2,268	1.3	4	2,322	1.5
Naperville CUSD 203	Naperville	5	1,992	1.1	6	1,798	1.1
Schaumburg CCSD 54	Schaumburg	6	1,932	1.1	8	1,587	1.0
Oswego CUSD 308	Oswego	7	1,868	1.1	9	1,558	1.0
Community USD 300	Algonquin	8	1,839	1.1	5	1,800	1.1
Valley View CUSD 365	Romeoville	9	1,800	1.0	7	1,659	1.1
Waukegan CUSD 60	Waukegan	10	1,484	0.9	10	1,497	0.9
Total, largest 10 employers			21,800	12.5%		20,060	12.6%
All Other (985 employers in 2025*; 982 employers in 2016)			<u>152,357</u>	<u>87.5%</u>		<u>139,675</u>	<u>87.4%</u>
Grand total			<u>174,157</u>	<u>100.0%</u>		<u>159,735</u>	<u>100.0%</u>

*Other Employers by Type as of June 30, 2025	Number of Other Employers	Other Covered Employees
Local school districts	840	144,997
Special districts	136	6,510
State agencies	9	850
Total, all employers other than largest 10	985	152,357

Total Employers by Type as of June 30, 2025	Total Number of Employers	Total Covered Employees
Local school districts	850	166,797
Special districts	136	6,510
State agencies	9	850
Total, all employers	995	174,157



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