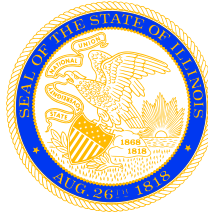


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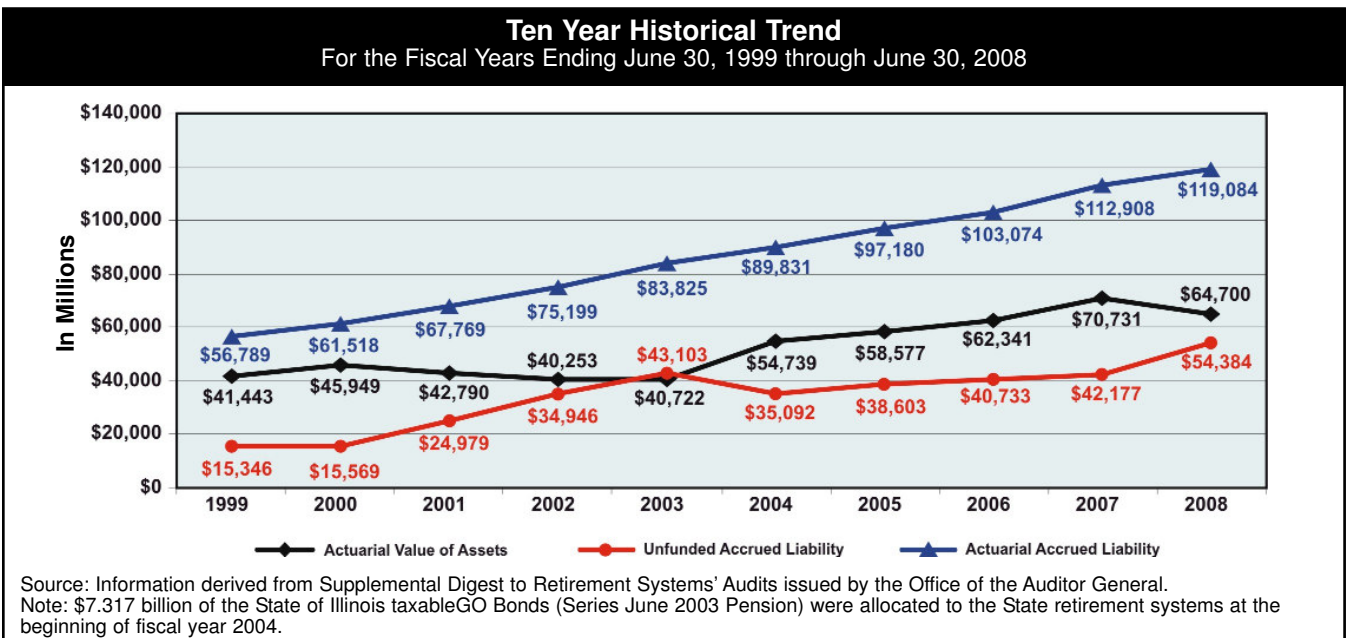
**SUPPLEMENTAL DIGEST TO RETIREMENT SYSTEMS' AUDITS**

**For the years ending June 30, 2007, and June 30, 2008**

According to figures provided by the retirement systems, the cumulative unfunded actuarial accrued liability for the five State-financed retirement systems as of June 30, 2008 was \$54.4 billion. The unfunded actuarial accrued liability *increased* \$12.2 billion (28.9%) during FY2008.

<b>Unfunded Actuarial Accrued Liability and Funded Ratio (in millions)</b> For the Fiscal Years Ending June 30, 2007 and 2008								
RETIREMENT SYSTEM	(a)		(b)		(c)		(d)	
	Actuarial Accrued Liability		Actuarial Value of Assets		Unfunded Actuarial Accrued Liability [col. (a) - col. (b)]		Funded Ratio [col. (b)/(a)]	
	2007	2008	2007	2008	2007	2008	2007	2008
Teachers'	\$ 65,648	\$ 68,632	\$ 41,909	\$ 38,431	\$ 23,739	\$ 30,201	63.8%	56.0%
State Universities	23,362	24,918	15,986	14,586	7,376	10,332	68.4%	58.5%
State Employees'	22,281	23,841	12,079	10,995	10,202	12,846	54.2%	46.1%
Judges'	1,385	1,457	670	613	715	844	48.4%	42.0%
General Assembly	232	236	87	75	145	161	37.6%	32.0%
<b>TOTAL</b>	<b>\$ 112,908</b>	<b>\$ 119,084</b>	<b>\$ 70,731</b>	<b>\$ 64,700</b>	<b>\$ 42,177</b>	<b>\$ 54,384</b>	<b>62.6%</b>	<b>54.3%</b>

The following graph depicts the 10 year historical trend of the Actuarial Accrued Liability, Actuarial Value of Assets and the Unfunded Actuarial Accrued Liability in total for all five State retirement systems.



## TIMELINE OF SIGNIFICANT CHANGES TO PENSION LAWS

<u>Effective Date</u>	<u>Public Act Number/Summary of Change</u>
August 22, 1994	P.A. 88-0593: Created a 50-year funding plan designed to increase pension funding incrementally until a 90% funding level is achieved; established continuing appropriation mechanism for payment of State contributions.
June 25, 2002	P.A. 92-0566: Provided an early retirement incentive (ERI) for SERS participants retiring before 12/31/02 (4/30/03 in some cases).
April 7, 2003	P.A. 93-0002: Authorized the State to issue \$10 billion in general obligations bonds; bonds were issued 6/12/03; \$2.7 billion of the proceeds were used to pay part of FY2003 and all of FY2004 State contributions, bond issuance costs and first year's interest on the bonds; balance of \$7.3 billion allocated to retirement systems.  Commencing FY2005, the maximum State contribution to the systems equals the contribution that would have been required under the 50-year funding plan (P.A. 88-0593), if the general obligation bond contribution had not been made, reduced – but not below zero – by the State's debt service on the pension bonds.
July 30, 2004	P.A. 93-0839: Changed the measurement and calculation of liabilities due to the ERI (see P.A. 92-0566); funding spread over a 12-year period.
June 1, 2005	P.A. 94-0004: Suspended payments required under P.A. 88-0593 for FY2006 and FY2007. Instead, fixed specific amounts for FY2006 and FY2007 contributions to retirement systems; ramps up contributions in FY2008 through FY2010 so that, by FY2011, contributions will be at an amount sufficient to meet 90% funding level specified in P.A. 88-0593 by FY2045; beginning in FY2008, changes funding mechanism for ERI (eliminates 12-year funding mechanism provided in P.A. 93-0839).

### Appropriations and Debt Service Payments for Pensions (in millions)

Retirement System Appropriations	FY 2007		FY 2008		FY 2009 <sup>(1)</sup>		FY 2010 <sup>(1)</sup>	
	Increase from previous year	Total Appropriation & Debt Service	Increase from previous year	Total Appropriation & Debt Service	Increase (Decrease) from previous year	Required State Contribution & Debt Service	Increase (Decrease) from previous year	Required State Contribution & Debt Service
Teachers <sup>(2)</sup>	\$ 203.4	\$ 737.7 <sup>(4)</sup>	\$ 303.4	\$ 1,041.1	\$ 410.7	\$ 1,451.8	\$ 637.5	\$ 2,089.3
State Universities	85.5	252.1 <sup>(4)</sup>	88.2	340.3	109.9	450.2	252.3	702.5
State Employees'	148.3	358.8 <sup>(4)</sup>	228.9	587.7	196.3	784.0	307.0	1,091.0
Judges'	6.0	35.2 <sup>(4)</sup>	11.8	47.0	13.0	60.0	18.8	78.8
General Assembly	1.0	5.2 <sup>(4)</sup>	1.6	6.8	2.0	8.8	1.7	10.5
<b>Subtotal</b>	<b>\$ 444.2</b>	<b>\$ 1,389.0</b>	<b>\$ 633.9</b>	<b>\$ 2,022.9</b>	<b>\$ 731.9</b>	<b>\$ 2,754.8</b>	<b>\$ 1,217.3</b>	<b>\$ 3,972.1</b>
<b>Debt Service Payments</b> General Obligation Bonds – Pension Funding Series, June 2003.	\$ 0.0	\$ 496.2	\$ 50.0	\$ 546.2	\$ (1.2)	\$ 545.0 <sup>(3)</sup>	\$ (1.4)	\$ 543.6 <sup>(3)</sup>
<b>TOTAL</b>	<b>\$ 444.2</b>	<b>\$ 1,885.2</b>	<b>\$ 683.9</b>	<b>\$ 2,569.1</b>	<b>\$ 730.7</b>	<b>\$ 3,299.8</b>	<b>\$ 1,215.9</b>	<b>\$ 4,515.7</b>

Notes: <sup>(1)</sup>Unaudited.

<sup>(2)</sup>Includes General Revenue Fund reimbursements appropriated for minimum benefits paid under 40 ILCS 5/16-186.3 that are not part of the continuing appropriation.

<sup>(3)</sup>Unaudited, scheduled debt service payments. The first principal payment (\$50 million) was made in FY2008. FY2009 and FY2010 debt service also includes \$50 million principal payment.

<sup>(4)</sup>Required State contribution per Public Act 94-0004.

### State Required Contributions and Debt Service for the Years Ended June 30, (in millions) (unaudited)

Retirement System	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Teachers'	\$ 1,451.8	\$ 2,089.3	\$ 2,191.1	\$ 2,268.4	\$ 2,381.6
State Universities	450.2	702.5	733.5	760.4	788.7
State Employees'	784.0	1,091.0	1,142.0	1,183.0	1,234.0
Judges'	60.0	78.8	82.2	85.5	88.7
General Assembly	8.8	10.5	10.9	11.3	11.7
<b>Subtotal</b>	<b>\$ 2,754.8</b>	<b>\$ 3,972.1</b>	<b>\$ 4,159.7</b>	<b>\$ 4,308.6</b>	<b>\$ 4,504.7</b>
Debt Service	\$ 545.0	\$ 543.6	\$ 541.9	\$ 590.1	\$ 586.4
<b>TOTAL</b>	<b>\$ 3,299.8</b>	<b>\$ 4,515.7</b>	<b>\$ 4,701.6</b>	<b>\$ 4,898.7</b>	<b>\$ 5,091.1</b>

Source: Information derived from June 30, 2008 actuarial valuations provided by each retirement system.