



OFFICE OF THE AUDITOR GENERAL
 WILLIAM G. HOLLAND

SUPPLEMENTAL DIGEST TO RETIREMENT SYSTEMS' AUDITS
For the years ending June 30, 2002 and June 30, 2001

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, 2002 was \$34.95 billion. The unfunded liability increased about \$10 billion (40%) during FY 02.

Unfunded Actuarial Accrued Liability and Funded Ratio For the Fiscal Years Ending June 30, 2001 and 2002 (millions)								
Retirement System	(a)		(b)		(c)		(d)	
	Accrued Liability		Value of Assets		Unfunded Accrued Liability [col. (a) - col. (b)]		Funded Ratio [col. (b)/(a)]	
	2001	2002	2001	2002	2001	2002	2001	2002
Teachers'	\$ 39,167	\$ 43,048	\$ 23,316	\$ 22,366	\$ 15,851	\$ 20,682	59.5%	52.0%
State Universities	\$ 14,915	\$ 16,654	\$ 10,753	\$ 9,815	\$ 4,162	\$ 6,839	72.1%	58.9%
State Employees'	\$ 12,572	\$ 14,291	\$ 8,277	\$ 7,674	\$ 4,295	\$ 6,617	65.8%	53.7%
Judges'	\$ 937	\$ 1,021	\$ 382	\$ 344	\$ 555	\$ 677	40.7%	33.7%
General Assembly	\$ 178	\$ 185	\$ 62	\$ 54	\$ 116	\$ 131	34.9%	29.3%
TOTAL	\$ 67,769	\$ 75,199	\$ 42,790	\$ 40,253	\$ 24,979	\$ 34,946	---	

In FY 1996 a State funding law became effective changing State retirement funding practices. Public Act 88-0593 provided for a stated 50 year funding plan which included a 15 year phase-in period. State contributions are to be made through a continuing appropriation instead of the annual budgetary process. The law was designed to increase pension funding incrementally until a 90% funded level is achieved.

Continuing Appropriations for Pensions (millions)								
Retirement System	FY 2001		FY 2002		FY 2003 ⁽¹⁾		FY 2004 ⁽²⁾	
	Increase required over previous year	Total Appropriation	Increase required over previous year	Total Appropriation	Increase required over previous year	Total Appropriation	Increase required over previous year	Estimated Appropriation Requirement
Teachers'	\$ 84.8	\$ 724.9	\$ 90.5	\$ 815.4	\$ 114.7	\$ 930.1	\$ 100.6	\$1,030.7
State Universities	\$ 8.0	\$ 232.6	\$ 7.8	\$ 240.4	\$ 29.2	\$ 269.6	\$ 42.1	\$ 311.7
State Employees'	\$ 17.8	\$ 340.0	\$ 27.1	\$ 367.1	\$ 31.7	\$ 398.8	\$ 101.9 ⁽³⁾	\$ 500.7
Judges'	\$ 2.8	\$ 24.2	\$ 3.3	\$ 27.5	\$ 3.9	\$ 31.4	\$ 5.1	\$ 36.5
General Assembly	\$.3	\$ 4.3	\$.4	\$ 4.7	\$.5	\$ 5.2	\$.6	\$ 5.8
TOTAL	\$ 113.7	\$1,326.0	\$ 129.1	\$1,455.1	\$ 180.0	\$1,635.1	\$ 250.3	\$1,885.4

Notes: ⁽¹⁾ Unaudited ⁽²⁾ Unaudited, estimate provided by Retirement Systems
⁽³⁾ Includes \$70.0 million that is required per HB2671 as initial funding of the Early Retirement Incentive (ERI).