GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

ILLINOIS MUNICIPAL RETIREMENT FUND

ANNUAL ACTUARIAL VALUATION REPORT

DECEMBER 31, 2010

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April 14, 2011

Board of Trustees
Illinois Municipal Retirement Fund
Oak Brook, Illinois 60521

Ladies and Gentlemen:

The results of the **December 31, 2010 annual actuarial valuations of members** covered by the Illinois Municipal Retirement Fund are presented in this report. The purpose of the valuations, as provided by Article 7 of the Illinois Pension Code, is to measure IMRF's funding progress and to establish contribution rates for the 2012 calendar year.

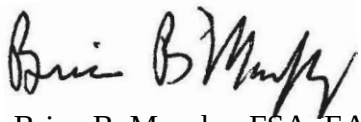
The valuations are based upon current plan provisions related to Regular Members, Sheriff's Law Enforcement Personnel (SLEP), and Elected County Officials (ECO) employment, and does not include recent legislative changes (Public Acts 96-0889 and 96-1495) involving a new tier of benefits. The new legislation will be reflected in the 2011 valuation. All promised benefits are included in the actuarially calculated contribution rates. These provisions are summarized in Section B.

IMRF staff furnished the individual member statistical data required for the valuations, together with pertinent data on financial operations. Their cooperation in furnishing these materials is acknowledged with appreciation.

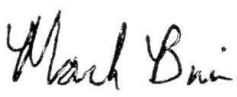
The actuarial assumptions used in the valuations are summarized in Section D of this report. The Board of Trustees establishes the assumptions after consulting with the actuary. They are internally consistent and are based on the results of the Triennial Experience Study covering 2005-2007 experience.

The valuations were completed by qualified actuaries in accordance with accepted actuarial procedures prescribed by the Actuarial Standards Board. Both actuaries submitting this report are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our knowledge, this report is complete and accurate and the actuarial methods and assumptions produced results that are reasonable. It is our opinion that the Illinois Municipal Retirement Fund is in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,



Brian B. Murphy, FSA, EA, MAAA



Mark Buis, FSA, EA, MAAA

BBM/MB:lr

INTRODUCTION

IMRF is established under statutes adopted by the Illinois General Assembly. It is an agent multiple employer defined benefit pension plan that, as of December 31, 2010, serves 3,279 active plans and 405,195 active, inactive and retired persons. Since IMRF reports information to us by plan, there are cases in which a person with employment in more than one plan is counted multiple times for census counts. This produces an overstatement in the census when compared with true counts of people. Liabilities are, however, correctly calculated and apportioned among employers. This issue may affect inactive members to a greater extent than it affects others. IMRF is funded by both member and employer contributions. Members contribute at fixed rates determined by statute. Regular members contribute 4.5% of pay; SLEP members contribute 7.5%; ECO members contribute 7.5%. Participating employers make all additional contributions needed to provide benefits. Each employer contributes to a separate account within IMRF which, when combined with member contributions and investment income, will be sufficient to provide future benefits for its own employees. Employer contributions for each plan are computed each year in the actuarial valuation and consist of:

- **Normal Cost Contributions** for normal and early retirement benefits, separation benefits, permanent disability benefits, and annuity type death benefits. These contributions are the same for most employers (larger employers have the option of being individually rated).
- **Contributions for lump sum death-in-service benefits**, which are separately determined for each employer.
- **Contributions for temporary disability benefits**, which are 0.13% of payroll for each employer.
- **Contributions for 13th Payments**, which are 0.62% of covered payroll for each employer.
- **Contributions for Early Retirement Incentive (ERI) unfunded liabilities** which are separately determined for each employer.
- **Contributions for other unfunded liabilities**, which are separately determined for each employer. For employers with taxing authority, unfunded liabilities are being funded over a 30 year rolling period. For non-taxing employers the rolling period is 10 years. Unfunded liabilities associated with benefit changes for SLEP members (Public Act 94-712) are amortized over 26 years for most employers. The amortization policy is described on page D-11.

Employer contributions computed in this valuation compared with those computed in the prior valuation are shown below.

	Average Employer Contribution Rates Expressed as %'s of Active Member Pays			
	Regular	**SLEP**	**ECO**	**Average/Total**
This Valuation	12.42%	22.48%	47.15%	12.92%
Prior Valuation	12.14%	21.76%	42.72%	12.63%

This year's valuation results were affected by:

- Excellent investment return.
- Continued phase-in of 2008 Market value losses.
- Declines in active population and payroll.
- ERI liabilities.
- Three employers are individually rated (DuPage County; Union School District 46 and Peoria County). Although these employers will receive separate valuation reports, member counts, assets, and liabilities for these employers are also included in this valuation report.

The effect of the 2008 market value decline has been significantly ameliorated by the excellent investment returns in 2009 and 2010. In fact, there are now approximately $880 million in asset gains to be recognized over the next few years. Based upon this year's valuation results, IMRF is 83.3% funded and the average/total employer rate is 12.92% of payroll.

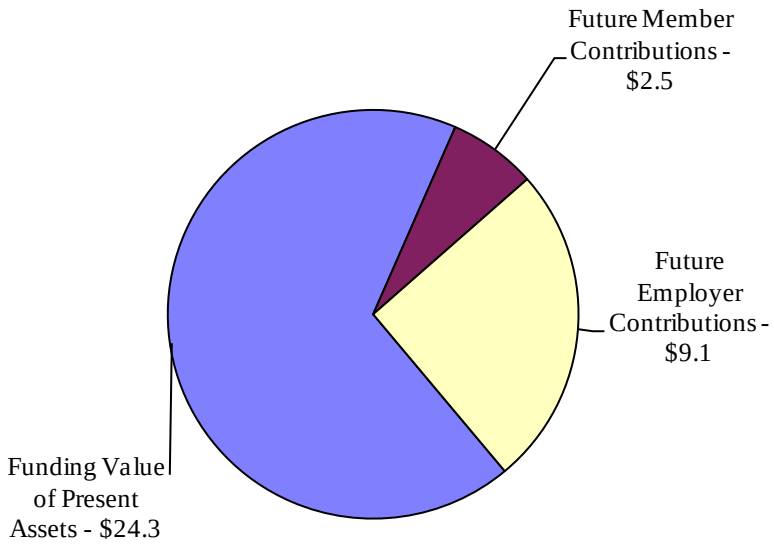
Section A of this report describes this year's valuation results in depth.

SECTION A

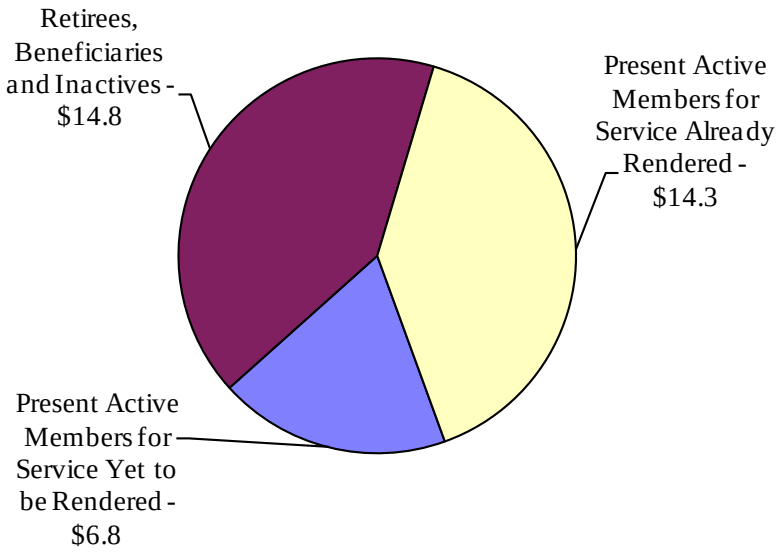
VALUATION RESULTS

FINANCING $35.9 BILLION WORTH OF BENEFIT PROMISES TO PRESENT MEMBERS, RETIREES AND BENEFICIARIES DECEMBER 31, 2010 (AMOUNTS IN $BILLIONS)

Sources of Funds



IMRF Obligations



ACTUARIAL BALANCE SHEET
DECEMBER 31, 2010

Funding Sources

	Regular	SLEP	ECO	Total
Present Valuation Assets				
Member Contributions	$ 4,899,474,805	$ 288,337,890	$ 27,640,775	$ 5,215,453,470
Employer Assets	7,585,137,208	310,280,273	(13,597,626)	7,881,819,855
Retired Life Assets	11,047,821,308	868,199,000	205,938,958	12,121,959,266
Market Value Adjustment	(931,107,621)	(57,942,495)	(7,980,537)	(997,030,653)
Death and Disability Reserves				28,934,951
Total Present Assets	$22,601,325,700	$1,408,874,668	$212,001,570	$24,251,136,889
Future Assets				
Member Contributions	2,343,320,571	181,263,110	10,077,173	2,534,660,854
Employer Contributions				
Normal Costs	3,928,799,360	290,262,653	23,137,182	4,242,199,195
Unfunded Liability	4,269,335,128	481,826,201	126,930,021	4,878,091,350
Total Employer	8,198,134,488	772,088,854	150,067,203	9,120,290,545
Total Future Assets	10,541,455,059	953,351,964	160,144,376	11,654,951,399
Total Funding Sources	**$33,142,780,759**	**$2,362,226,632**	**$372,145,946**	**$35,906,088,288**

Funding Uses

Funds Needed for	Regular	SLEP	ECO	Total
Active Members	$19,497,996,731	$1,427,843,688	$129,790,455	$21,055,630,874
Inactive Members	2,596,962,720	66,183,944	36,416,533	2,699,563,197
Retirees and Beneficiaries	11,047,821,308	868,199,000	205,938,958	12,121,959,266
Death and Disability Benefits				28,934,951
Total Actuarial Present Value	**$33,142,780,759**	**$2,362,226,632**	**$372,145,946**	**$35,906,088,288**

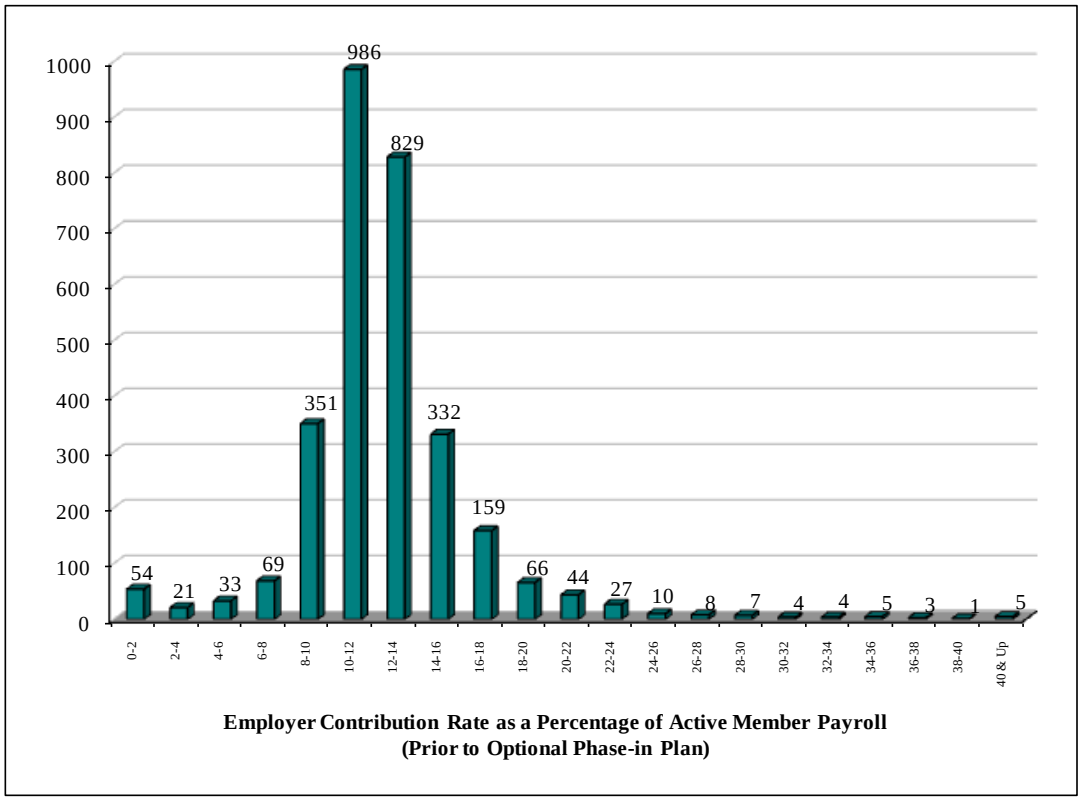
DEVELOPMENT OF AVERAGE CONTRIBUTION RATES APPLICABLE TO CALENDAR YEAR 2012 (RESULTS AS OF DECEMBER 31, 2010)

	% of Active Member Pays		
	Regular	**SLEP**	**ECO**
Average Employer Contributions for Normal Cost			
Retirement	7.41 %	11.71 %	16.58 %
$3,000 Lump Sum Death Benefit	0.04 %	0.02 %	0.07 %
Total & Permanent Disability Benefit	0.13 %	0.28 %	0.57 %
Total Normal Cost	7.58 %	12.01 %	17.22 %
Lump Sum Death-in-Service Benefits	0.19 %	0.20 %	0.20 %
Temporary Disability	0.13 %	0.13 %	0.13 %
13th Payments	0.62 %	0.62 %	0.62 %
Unfunded (Overfunded) Liabilities (30/10 years)	3.60 %	7.75 %	28.98 %
Early Retirement Incentive Liabilities	0.30 %	0.08 %	0.00 %
SLEP Supplemental Liabilities	0.00 %	1.69 %	0.00 %
Total Average Employer Rate	**12.42 %**	**22.48 %**	**47.15 %**
Prior Year Averages	12.14 %	21.76 %	42.72 %

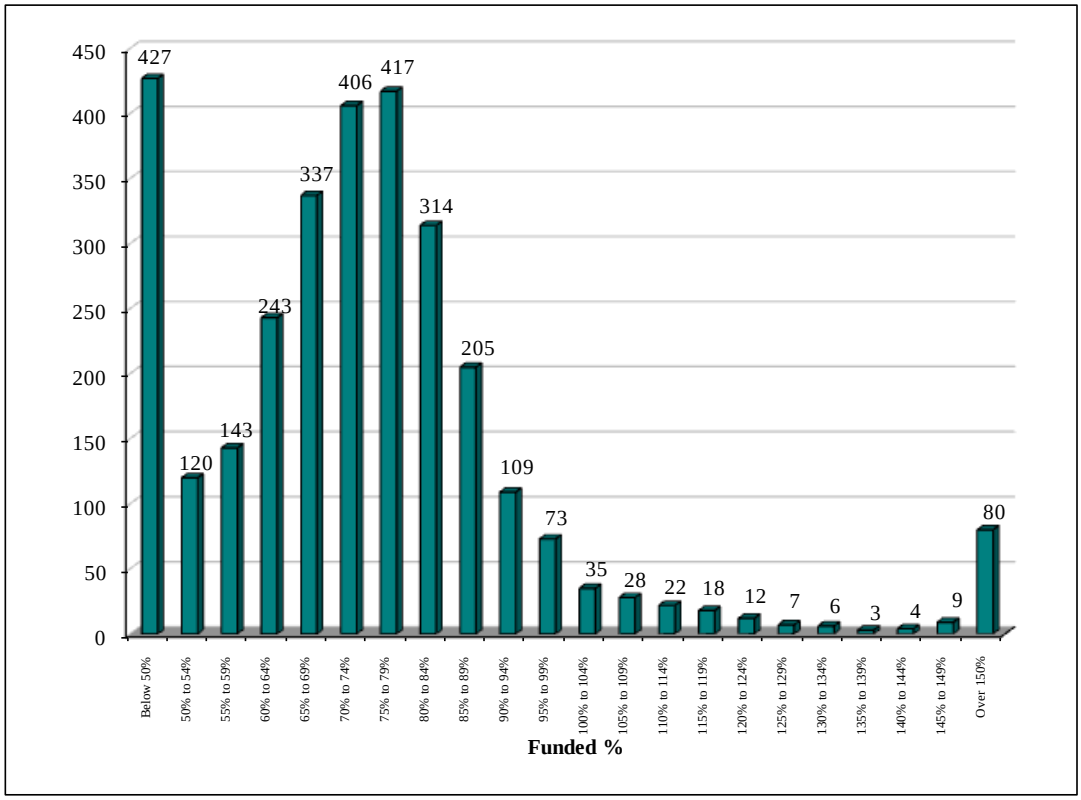
Each participating employer pays the same normal cost rate (some larger employers have the option of paying an individual normal cost rate) and the same rate for temporary disability benefits and 13th Payments. Rates for lump sum death-in-service benefits, unfunded (overfunded) liabilities, and early retirement incentive liabilities are separately determined for each employer, and can vary widely. Because of this, the average contribution rates tell only part of the story. Pages A-4 through A-7 show the distribution of computed employer contribution rates, funding percents, and rate changes based on the annual required contribution from the prior year among the 3,018 Regular plans, 194 SLEP plans and 67 ECO plans. IMRF staff reviews all of the computed rates and in some cases may make adjustments to those rates that are not reflected in this report. The rates shown in this report are prior to the optional phase-in plan where employers have the option to cap contribution rate increases at 10% of the 2011 rate. While most contribution rates are near the average, some employer rates are below 2% and some are over 40% of payroll.

Employer contributions made during calendar year 2010 amounted to $770 million. This compares with $660 million in the previous year.

EMPLOYER CONTRIBUTION RATES AND FUNDED PERCENTS
3,018 REGULAR EMPLOYERS AT DECEMBER 31, 2010

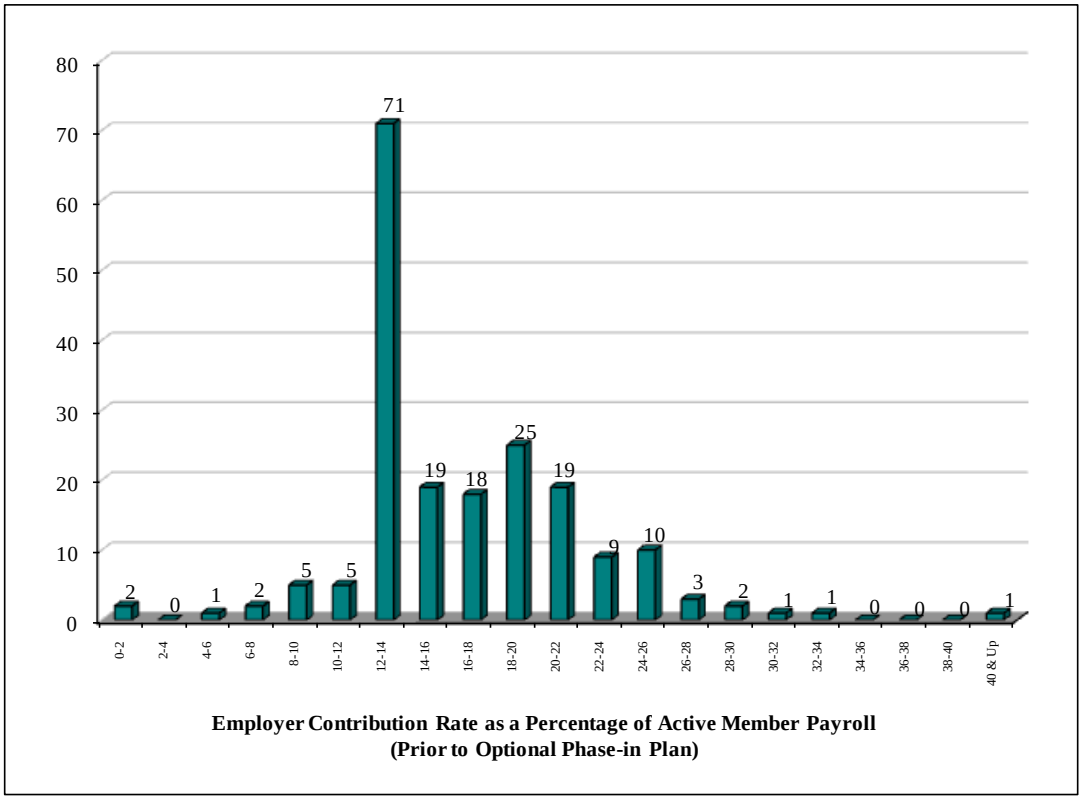


Employer Contribution Rate as a Percentage of Active Member Payroll (Prior to Optional Phase-in Plan)

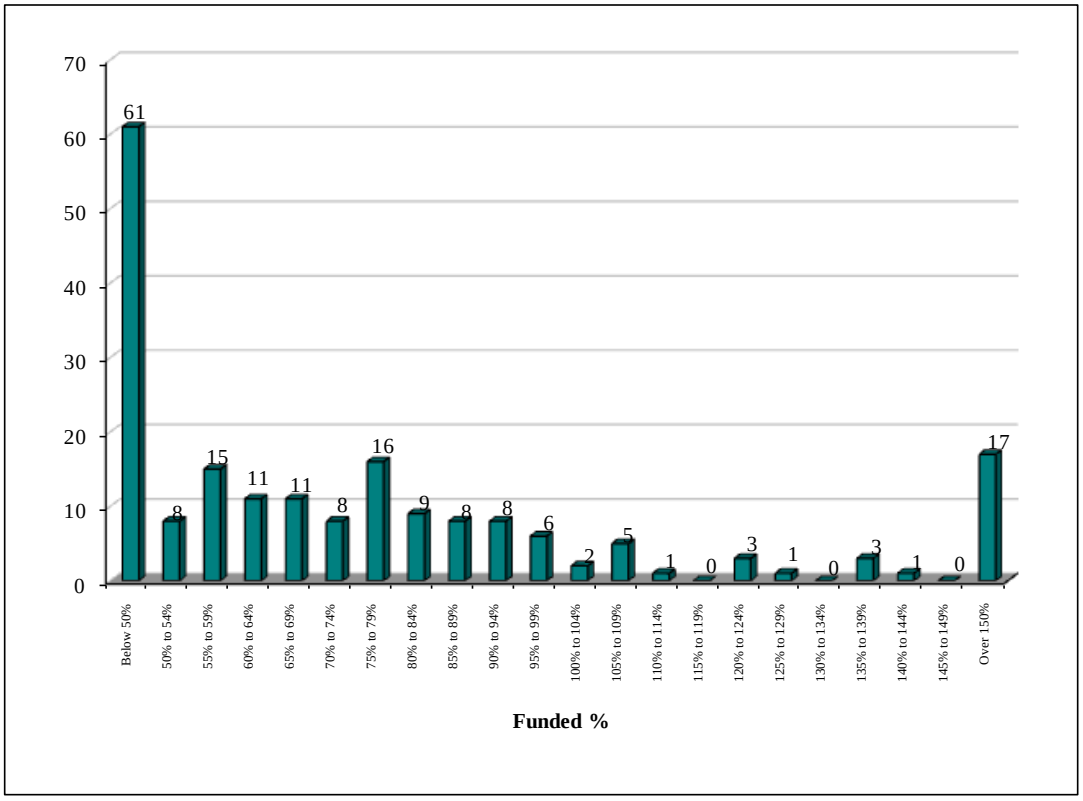


Funded %

EMPLOYER CONTRIBUTION RATES AND FUNDED PERCENTS
194 SLEP EMPLOYERS AT DECEMBER 31, 2010

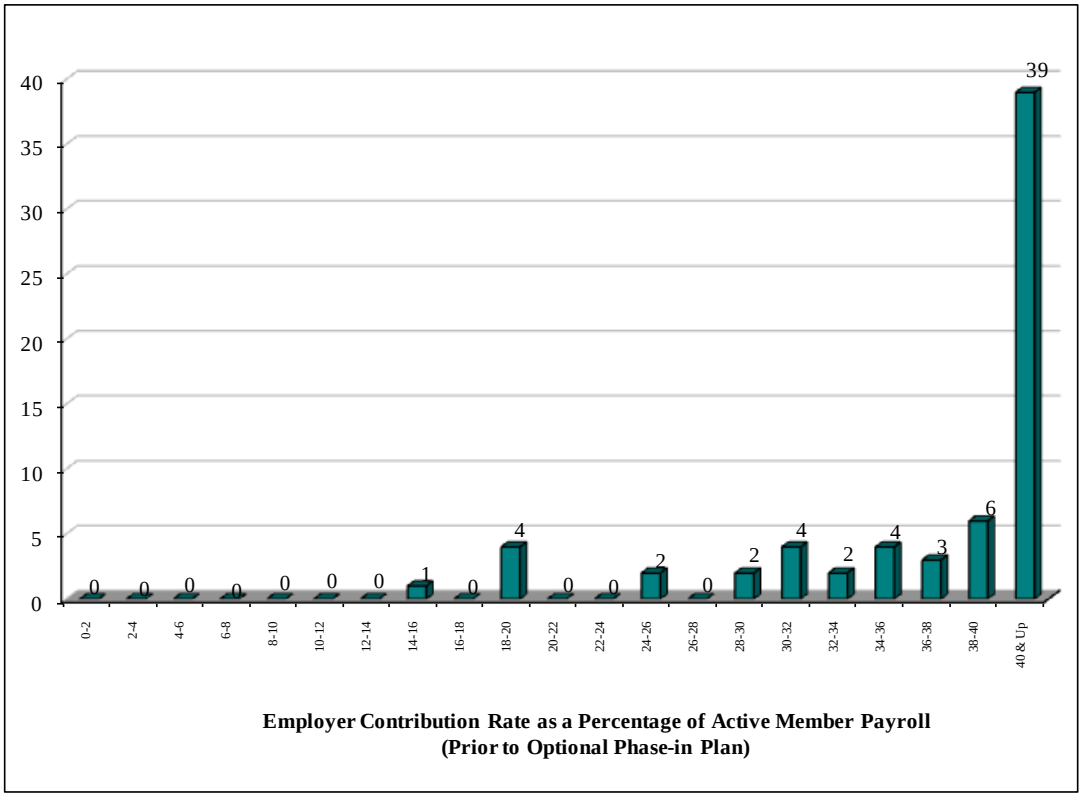


Employer Contribution Rate as a Percentage of Active Member Payroll (Prior to Optional Phase-in Plan)

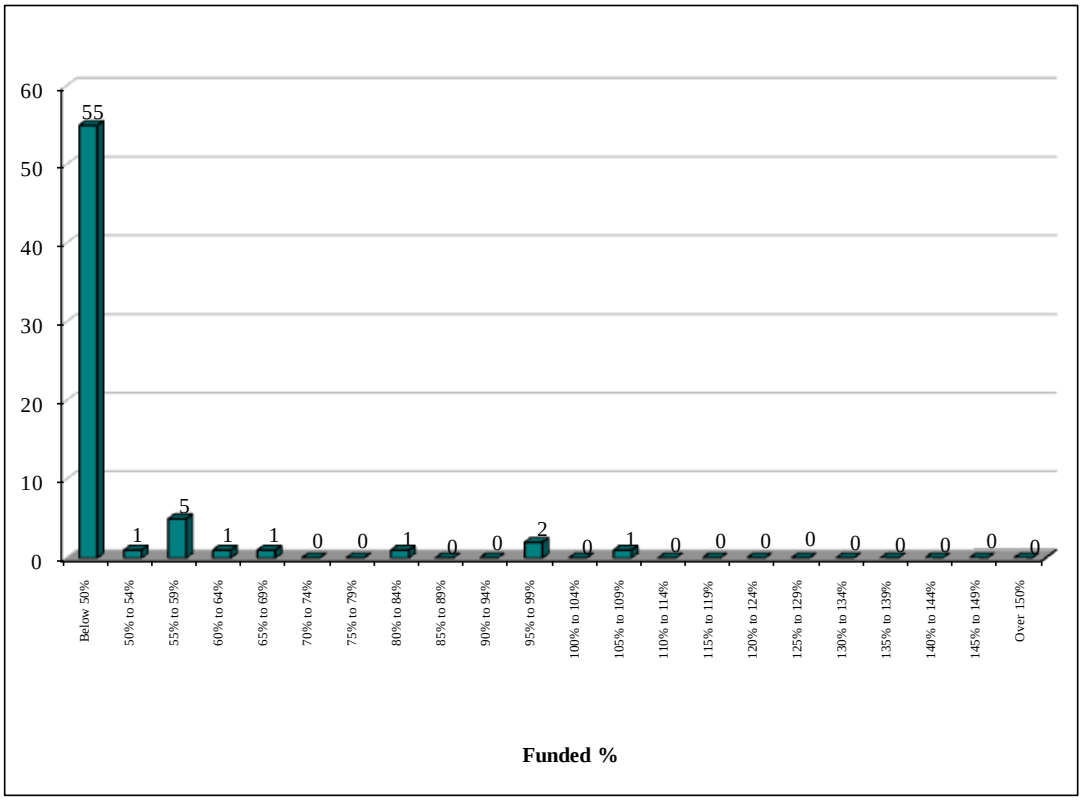


Funded %

EMPLOYER CONTRIBUTION RATES AND FUNDED PERCENTS
67 ECO EMPLOYERS AT DECEMBER 31, 2010

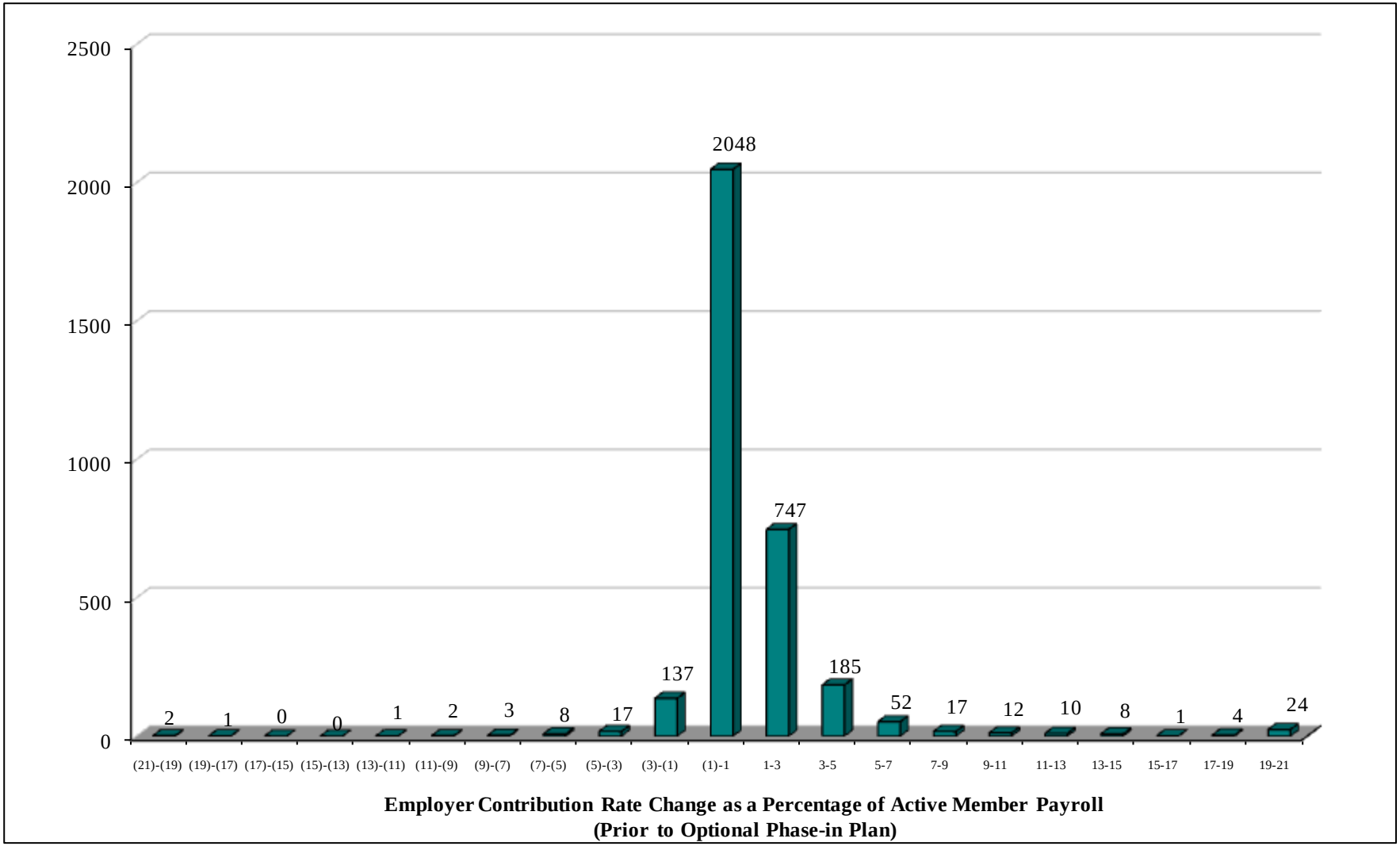


Employer Contribution Rate as a Percentage of Active Member Payroll (Prior to Optional Phase-in Plan)



Funded %

EMPLOYER CONTRIBUTION RATE CHANGES - 2010 ACTUARIAL VALUATIONS
3,279 EMPLOYERS



HISTORICAL SUMMARY OF EMPLOYER RATES

Rate Applies to Calendar Year	Rate Computed as of December 31	Employer Contribution Rate Expressed as % of Active Payroll					
		Regular Members		SLEP Members		ECO Members	
		Normal Cost	Average Total Rate	Normal Cost	Average Total Rate	Normal Cost	Average Total Rate
1988	1986	2.51%	7.29%	4.40%	7.11%		
1989	1987 [1, 2]	6.94%	12.17%	7.93%	13.01%		
1990	1988	6.94%	11.79%	7.90%	12.53%		
1991	1989	6.94%	11.60%	7.88%	12.02%		
1992	1990 [1]	8.24%	11.89%	10.31%	14.01%		
1993	1991 [1, 2]	7.04%	10.58%	8.49%	12.01%		
1994	1992	7.33%	10.77%	8.87%	11.82%		
1995	1993 [1]	7.22%	10.19%	9.50%	12.00%		
1996	1994	7.22%	9.98%	9.51%	11.97%		
1997	1995	7.27%	9.61%	9.32%	11.43%		
1998	1996 [1]	7.21%	9.64%	10.22%	13.94%		
1999	1997 [3]	7.23%	9.03%	10.62%	14.65%	21.48%	36.14%
2000	1998	7.17%	8.16%	10.42%	14.28%	23.39%	41.38%
2001	1999 [1]	7.41%	6.64%	12.02%	14.86%	23.85%	42.58%
2002	2000	7.62%	5.87%	11.94%	14.13%	18.05%	38.46%
2003	2001	7.66%	6.22%	11.96%	14.04%	17.95%	40.37%
2004	2002 [1]	7.60%	7.82%	12.47%	16.29%	18.18%	44.90%
2005	2003	7.61%	9.25%	12.48%	17.15%	18.07%	42.66%
2006	2004	7.64%	10.04%	12.56%	18.25%	18.01%	44.90%
2007	2005 [1, 2]	7.43%	9.72%	11.66%	18.42%	17.52%	41.30%
2008	2006	7.42%	9.47%	11.63%	19.33%	16.96%	41.80%
2009	2007	7.42%	9.27%	11.63%	18.65%	17.08%	42.77%
2010	2008 [1, 4]	7.58%	11.89%	11.97%	21.63%	17.24%	43.57%
2011	2009 [4]	7.58%	12.14%	11.97%	21.76%	17.20%	42.72%
2012	**2010 [4]**	**7.58%**	**12.42%**	**12.01%**	**22.48%**	**17.22%**	**47.15%**

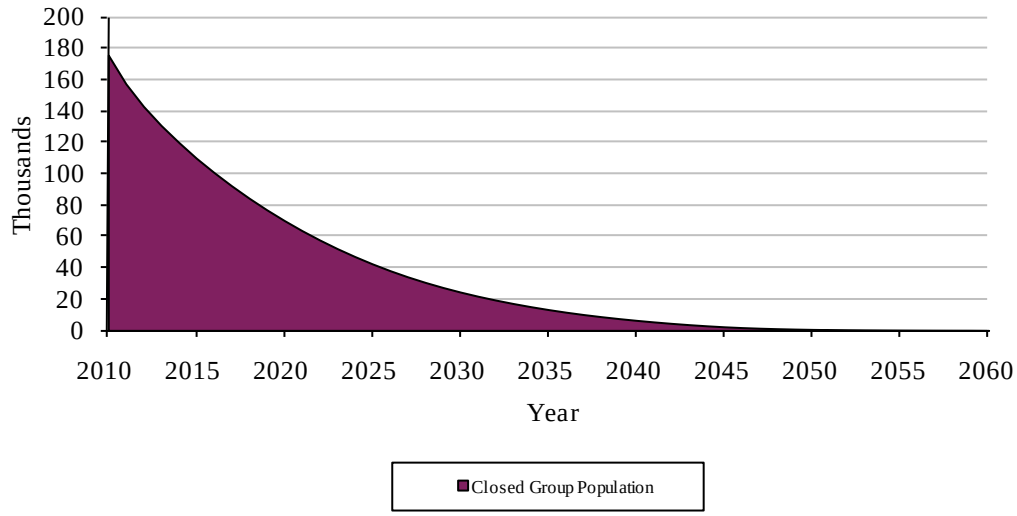
1 Assumption change
2 Benefit change
3 Changed to payroll weighted average method
4 Before optional phase-in plan

As shown above, the average employer contribution rates (prior to the optional phase-in plan) increased this year for regular employers, SLEP employers and ECO employers. Generally, small fluctuations from year to year should be expected for the average rate and for any large employer's rate. Small and very small employers will experience larger variations.

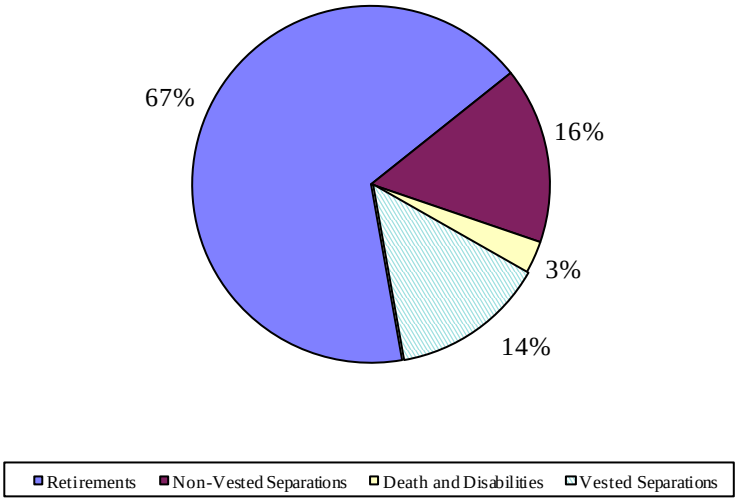
Most of the larger changes were for small employers (often employers covering only 1 or 2 employees), since the removal or addition of 1 employee can significantly impact the contribution rate. The actuary and IMRF staff review all of the large rate changes individually in order to determine the reasonableness of the change. In some cases, rates may be changed.

EXPECTED DEVELOPMENT OF PRESENT POPULATION DECEMBER 31, 2010

Closed Group Population Projection



Expected Terminations from Active Employment for Current Active Members



The charts above show the expected future development of the present population in simplified terms. The retirement system presently covers 176,179 active members. Eventually, 16% of the population is expected to terminate covered employment prior to retirement and forfeit eligibility for a monthly benefit. About 81% of the present population is expected to receive monthly retirement benefits either by retiring directly from active service, or by retiring from vested deferred status. Three percent of the present population is expected to become eligible for death-in-service or disability benefits. **Within 8 years, over half of the covered membership is expected to consist of new hires.**

UNFUNDED ACTUARIAL ACCRUED LIABILITIES

In a retirement system such as IMRF, where unfunded liabilities are being amortized as a level percent of active member payroll, unfunded liabilities are expected to rise in dollar amount for an extended period before finally beginning to decrease. This has to do with inflation and the related fact that the dollar is a yardstick whose length changes every year. The schedule below illustrates the development of the unfunded liability, based upon actuarial value of assets, during the year.

	Unfunded Liability Development During	
	2010	**2009**
Unfunded (Overfunded) Liability January 1	$4,590,309,432	$4,010,145,837
Assumed Net (Payments) Credits	(242,704,632)	(67,250,395)
Assumed Interest	335,281,478	298,269,443
Expected Unfunded Liability December 31	4,682,886,278	4,241,164,885
Increase/(Decrease) Due to Experience Study	0	0
Increase/(Decrease) Due to Benefit Changes	0	0
Increase/(Decrease) Due to Data Changes	250,000,000	0
Loss/(Gain) Due to Investment Experience	90,484,387	343,164,857
Loss/(Gain) Due to Other Sources	(145,279,315)	5,979,690
Actual Unfunded Liability December 31	$4,878,091,350	$4,590,309,432

Data changes were primarily attributable to data records for which there as little or no service provided last year as an active member, but this year were listed as retired with a full career of service. We reviewed changes in service for active records this year than believe this to be a one year anomaly. Changes due to other sources are discussed more completely in the separate Gain and Loss Analysis report.

UNFUNDED ACTUARIAL ACCRUED LIABILITIES
COMPARATIVE STATEMENT

Valuation Date	(1) Actuarial Accrued Liabilities (AAL)	(2) Valuation Assets	(3) Unfunded AAL	(4) Valuation Payroll	(5) Funded Ratio (2)/(1)	(6) Unfunded/ Payroll (3)/(4)
1986	$ 3,958,462,273	$ 2,487,488,403	$ 1,470,973,870	$1,768,254,219	62.8%	83.2%
1987*#	4,516,366,654	2,757,918,614	1,758,448,040	1,869,513,284	61.1%	94.1%
1988	4,941,412,403	3,139,563,467	1,801,848,936	1,998,362,932	63.5%	90.2%
1989	5,429,420,300	3,589,732,873	1,839,687,427	2,141,472,213	66.1%	85.9%
1990*	6,234,602,259	4,468,795,967	1,765,806,292	2,303,544,906	71.7%	76.7%
1991*#	6,406,965,450	5,034,577,441	1,372,388,009	2,491,859,698	78.6%	55.1%
1992	6,954,483,358	5,615,583,858	1,338,899,500	2,634,441,716	80.7%	50.8%
1993*	7,509,766,239	6,396,329,900	1,113,436,339	2,709,280,078	85.2%	41.1%
1994	8,126,642,830	7,078,861,925	1,047,780,905	2,946,519,940	87.1%	35.6%
1995	8,823,697,487	8,034,030,783	789,666,704	3,095,916,750	91.1%	25.5%
1996*	9,778,592,519	9,076,261,663	702,330,856	3,084,086,668	92.8%	22.8%
1997	10,807,969,067	10,273,116,034	534,853,033	3,454,621,933	95.1%	15.5%
1998	11,860,879,198	11,636,495,534	224,383,665	3,696,047,942	98.1%	6.1%
1999*	13,005,023,293	13,520,192,111	(515,168,818)	3,952,129,535	104.0%	-
2000	14,153,055,774	15,169,369,271	(1,016,313,497)	4,184,702,169	107.2%	-
2001	15,318,517,575	16,305,022,254	(986,504,679)	4,503,092,615	106.4%	-
2002*	16,559,907,302	16,800,195,504	(240,288,202)	4,755,103,888	101.5%	-
2003	17,966,103,451	17,529,890,818	436,212,633	4,944,767,495	97.6%	8.8%
2004	19,424,667,016	18,315,987,910	1,108,679,106	5,161,127,432	94.3%	21.5%
2005 *#	20,815,060,842	19,698,401,285	1,116,659,557	5,374,585,943	94.6%	20.8%
2006	22,488,185,031	21,427,139,356	1,061,045,675	5,630,683,054	95.3%	18.8%
2007	24,221,543,716	23,274,361,198	947,182,518	5,931,443,117	96.1%	16.0%
2008 *	25,611,199,349	21,601,053,512	4,010,145,837	6,259,283,197	84.3%	64.1%
2009	27,345,113,216	22,754,803,784	4,590,309,432	6,461,696,602	83.2%	71.0%
2010	29,129,228,239	24,251,136,889	4,878,091,350	6,391,164,701	83.3%	76.3%

* *Assumption change*
\# *Benefit change*

While no one or two numeric indices can fully describe the financial condition of a retirement system, trends in both the Funded Ratio (column 5) and the Unfunded/Payroll Ratio (column 6) provide useful information. Unfunded accrued liabilities represent plan debt, while active member payroll represents the plan's capacity to service the debt. In a retirement system that is following the discipline of level percent of payroll financing, the Funded Ratio should gradually move toward 100% and the Unfunded/Payroll ratio should gradually move toward 0%.

SHORT CONDITION TEST

If the contributions to IMRF are level in concept and soundly executed, the System will ***pay all promised benefits when due -- the ultimate test of financial soundness***. Testing for level contribution rates is the ***long-term test.***

A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with:

1) Member contributions on deposit;
2) The liabilities for future benefits to present retired lives;
3) The liabilities for service already rendered by active and inactive members.

In a system that has been following the discipline of level percent of payroll financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active and inactive members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the system.

Short Condition Test

	Aggregate Actuarial Liabilities For				Portion of Actuarial Liabilities covered by Assets		
Calendar Year	(1) Non-Retired Contributions	(2) Annuitants	(3) Non-Retired Members (Employer Financed Portion)	Actuarial Assets	(1)	(2)	(3)
1995	$1,642,362,193	$3,171,162,151	$4,010,173,143	$ 8,034,030,783	100%	100%	80.3%
1996*	1,782,293,677	3,588,320,471	4,407,978,361	9,076,261,663	100%	100%	84.1%
1997	1,933,512,014	3,995,946,514	4,878,510,539	10,273,116,034	100%	100%	89.0%
1998	2,086,679,470	4,485,651,306	5,288,548,422	11,636,495,534	100%	100%	95.8%
1999*	2,259,446,274	4,915,459,683	5,830,117,336	13,520,192,111	100%	100%	108.8%
2000	2,473,646,891	5,284,275,174	6,395,133,709	15,169,369,271	100%	100%	115.9%
2001	2,708,833,984	5,613,708,283	6,995,975,308	16,305,022,254	100%	100%	114.1%
2002*	2,950,041,671	6,050,882,416	7,558,983,215	16,800,195,504	100%	100%	103.2%
2003	3,186,234,066	6,674,490,186	8,105,379,199	17,529,890,818	100%	100%	94.6%
2004	3,423,785,725	7,332,542,340	8,668,338,951	18,315,987,910	100%	100%	87.2%
2005*#	3,688,148,208	7,966,135,229	9,160,777,405	19,698,401,285	100%	100%	87.8%
2006	3,960,880,175	8,652,328,762	9,874,976,094	21,427,139,356	100%	100%	89.3%
2007	4,248,399,825	9,400,832,984	10,572,310,907	23,274,361,198	100%	100%	91.0%
2008*	4,573,736,116	10,025,599,295	11,011,863,938	21,601,053,512	100%	100%	63.6%
2009	4,893,022,745	10,903,323,478	11,548,766,993	22,754,803,784	100%	100%	60.3%
2010	**5,153,902,881**	**12,121,959,266**	**11,853,366,092**	**24,251,136,889**	**100%**	**100%**	**58.8%**

* *Assumption change*
\# *Benefit change*

Regular Members

Calendar Year	Aggregate Actuarial Liabilities For (1) Non-Retired Contributions	(2) Annuitants	(3) Non-Retired Members (Employer Financed Portion)	Actuarial Assets	Portion of Actuarial Liabilities Covered by Assets (1)	(2)	(3)
2004	$3,218,950,781	$6,775,766,071	$8,033,013,628	$17,183,420,531	100%	100%	89.5%
2005*#	3,467,051,885	7,348,267,408	8,459,755,550	18,462,949,189	100%	100%	90.4%
2006	3,722,403,708	7,943,908,035	9,079,788,372	20,063,069,197	100%	100%	92.5%
2007	3,992,763,009	8,599,825,860	9,769,922,388	21,779,613,412	100%	100%	94.0%
2008*	4,297,097,330	9,168,217,695	10,187,007,579	20,191,630,667	100%	100%	66.0%
2009	4,594,830,636	9,971,780,724	10,698,214,439	21,250,929,876	100%	100%	62.5%
2010	**4,841,653,264**	**11,047,821,308**	**11,007,557,254**	**22,628,324,412**	**100%**	**100%**	**61.2%**

SLEP Members

Calendar Year	Aggregate Actuarial Liabilities For (1) Non-Retired Contributions	(2) Annuitants	(3) Non-Retired Members (Employer Financed Portion)	Actuarial Assets	Portion of Actuarial Liabilities Covered by Assets (1)	(2)	(3)
2004	$186,737,395	$475,131,592	$516,744,548	$1,018,431,576	100%	100%	69.0%
2005*#	200,612,275	524,514,703	591,855,568	1,106,145,236	100%	100%	64.4%
2006	215,431,613	601,939,738	673,264,887	1,216,287,901	100%	100%	59.3%
2007	230,360,204	682,656,029	671,880,227	1,330,462,724	100%	100%	62.1%
2008*	251,078,170	691,076,541	711,187,062	1,225,043,022	100%	100%	39.8%
2009	270,526,254	756,769,279	735,206,914	1,307,566,622	100%	100%	38.1%
2010	**284,935,047**	**868,199,000**	**739,639,201**	**1,410,557,658**	**100%**	**100%**	**34.8%**

** Assumption change*
 # Benefit change

ECO Members

Calendar Year	Aggregate Actuarial Liabilities For (1) Non-Retired Contributions	(2) Annuitants	(3) Non-Retired Members (Employer Financed Portion)	Actuarial Assets	Portion of Actuarial Liabilities Covered by Assets (1)	(2)	(3)
2004	$18,097,549	$81,644,677	$118,580,776	$114,135,803	100%	100%	12.1%
2005*#	20,484,049	93,353,118	109,166,286	129,306,860	100%	100%	14.2%
2006	23,044,854	106,480,989	121,922,835	147,782,258	100%	100%	15.0%
2007	25,276,522	118,351,095	130,508,292	164,285,062	100%	100%	15.8%
2008	25,560,616	166,305,059	113,669,297	184,379,823	100%	95%	0.0%
2009	27,665,855	174,773,475	115,345,640	196,307,286	100%	96%	0.0%
2010	**27,314,570**	**205,938,958**	**106,169,637**	**212,254,819**	**100%**	**90%**	**0.0%**

* *Assumption change*
\# *Benefit change*

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

SUMMARY OF BENEFITS AND CONDITIONS EVALUATED DECEMBER 31, 2010

Participating Employers

All counties and school districts, plus cities and villages and incorporated towns with a population of 5,000 or more (except certain governmental entities specifically excluded by the Pension Code) are required to participate. Other local government units may elect to participate.

Membership

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. Elected officials and hospital employees who satisfy requirements may also participate.

Final Rate of Earnings (FRE)

Retirement and Survivor Annuities: Regular and SLEP Members: The average of earnings during the 48 consecutive month period within the last 10 years of IMRF service in which earnings were the highest. Earnings considered for each of the last 3 months cannot exceed the highest earnings in any of the first 45 months by more than 25%. Minimum FRE is $125 per month. ***ECO Members:*** Original ECO Plan: Salary rate at date of termination or retirement. Revised Plan: Average of last four years for each office held.

Death Benefits: The greater of the above amount or the average of earnings over the last 12 months of service.

Disability Benefits: The average of earnings over the last 12 months of service (for ECO members, annualized salary on last day of ECO participation).

Normal Retirement Pension Eligibility

Regular Members: Age 60 with 8 or more years of service or 35 or more years of service and age 55 or greater.

SLEP Members: Age 50 with 20 or more years of SLEP service.

ECO Regular Members: Age 55 with 8 or more years of service.

ECO SLEP Members: Age 50 with 20 or more years of SLEP service or age 55 with 8 or more years of any service.

Normal Retirement Pension Amount

Regular Members: 1-2/3% of FRE times each of the first 15 years of service, plus 2% of FRE times service over 15 years. The maximum formula pension is 75% of FRE.

SLEP Members: 2-1/2% of FRE times all years of service. The maximum formula pension is 80% of FRE.

ECO Members: 3% of FRE times each of the first 8 years of service, plus 4% of FRE times each of the next 4 years of service, plus 5% of FRE times service over 12 years. For original ECO participants, one day of ECO service is required to qualify for this formula. For participants in the Revised Plan, 8 years of service credit per office is required to qualify for the ECO formula for that office. The maximum formula pension is 80% of FRE.

Money Purchase Minimum Pension: The amount that may be purchased by 2.4 times the member's accumulated contributions, including interest at 7.5%.

Early Retirement (not applicable to SLEP optional benefits or to ECO service)

Eligibility: Attainment of age 55 with 8 or more years of service.

Amount: Normal pension amount reduced by 1/4% times the lesser of (i) the number of months to the member's attainment of age 60, or (ii) the number of months actual service is less than 35 years.

Money Purchase Minimum Pension: Same as normal retirement (see above).

Early Retirement Incentive Program (ERI)

Eligibility: Attainment of age 50 with 20 or more years of service. The employer must adopt the program and members' retirement dates must be no later than 12 months after employer adoption.

Amount: Members may purchase from one month to five additional years of service. The service credit will be added to member's age (for eligibility purposes) and to service to determine the monthly benefit.

Member Cost: For each year of service credit purchased, members pay the current member contribution rate multiplied by the highest 12 consecutive months of salary (within ERI period).

Vesting

A member with 8 or more years of service who leaves employment before being eligible for an immediate pension who does not withdraw accumulated contributions will be entitled to a deferred pension at pension eligibility. The amount of the pension will be based on service and FRE at time of employment termination, but will include the effect, if any, of the money purchase minimum pension. (These provisions apply to both ECO and non-ECO members.) A SLEP member with 20 or more years of service who leaves employment before being eligible for an immediate pension who does not withdraw accumulated contributions will be entitled to a deferred SLEP pension at pension eligibility otherwise they will only be entitled to a regular deferred pension at pension eligibility. A revised ECO member with 8 or more years of service with the same governmental entity who leaves employment before being eligible for an immediate pension who does not withdraw accumulated contributions will be entitled to an ECO deferred pension at pension eligibility otherwise they will only be entitled to a regular deferred pension at pension eligibility.

Surviving Spouse Pension

Regular and SLEP

Eligibility: Married for one year prior to death of an active member or date of termination of service for a retiree or inactive member with 8 or more years of service.

Amount: 50% of the pension otherwise payable to the deceased member. In addition to this monthly amount, a lump sum benefit of $3,000 is payable.

ECO

Eligibility: Married for one year prior to death of an active member or date of termination of service for a retiree or inactive member with 8 or more years of service.

Amount: 66 2/3% of the pension otherwise payable to the deceased member, beginning at age 50 (immediately if there are minor children).

Minimum: 10% of salary (30% with one minor child, 40% with two minor children, and 50% with three minor children).
If death occurs after termination of service, the total payment to the spouse and children is limited to 75% of the member's pension.

Lump Sum Death-In-Service Benefit

Less than 1 year of service: Member contributions plus interest.

More than 1 year of service (or death in the line of duty): The sum of one times FRE and member contributions with interest.

These benefits are payable only if no surviving spouse pension is payable.

Lump Sum Death-After Retirement Benefit

$3,000. If there is no surviving spouse, any remainder of the deceased member's contributions and interest not paid out as a pension is also payable.

Children's Benefits

Regular and SLEP

Eligibility: Death of a member eligible to retire who has no surviving spouse, or death of a surviving spouse's beneficiary.

Amount: Equal to spouse's pension, divided equally among surviving children and payable to age 18.

ECO

Eligibility: Death of a member with minor children and no eligible spouse.

Amount: 20% of salary to each child, to a maximum of 50% of salary, payable to age 18.
If death occurs after termination of service, the total payment to the surviving spouse and children is limited to 75% of the member's pension.

Temporary Disability

Eligibility: Temporary disability for at least 30 days after one year of service and prior to age 70. Pre-existing conditions are excluded if service is under 5 years.

Amount: 50% of FRE less amounts payable from Social Security or Worker's Compensation.

Duration: Period equal to 1/2 credited service, not to exceed 30 months.

Total and Permanent Disability

Regular and SLEP

Eligibility: Payable after temporary disability period to members who are totally and permanently disabled and unable to engage in any gainful occupation.

Amount: 50% of FRE less amounts payable by Social Security.

Duration: To the later of (i) Social Security age, or (ii) age at disability plus 5 years.

ECO

Eligibility: Payable to members who are totally and permanently disabled from performing the duties of their office while in service as an elected county officer.

Amount: The greater of 50% of FRE or the alternate formula pension amount earned to date.

Duration: To the later of (i) Social Security age, or (ii) age at disability plus 5 years.

IMRF service is credited during the disability period, except that under the revised ECO plan, the service that will be credited will be Regular or SLEP as appropriate, but not ECO.

Post-Retirement Increases

Pensions are increased by 3% of their original amount on January 1 each year. The first increase is prorated by the number of months of retirement. Disability pensions are not increased until the January 1st following 30 months of disability. These provisions apply to both ECO and non-ECO members.

13th Payment

A lump sum payment is made to eligible retirees and surviving spouses on July 1st. The amount depends on funds available from a designated employer contribution of 0.62% of payroll. No specific 13th payment amount is promised to any individual.

Member Contributions

Regular Members: 4 1/2% of earnings (3-3/4% base plus 3/4% for survivor benefits).

SLEP Members: 7 1/2% of earnings (6-3/4% base plus 3/4% for survivor benefits).

ECO Members: 7 1/2% of earnings (6-3/4% base plus 3/4% for survivor benefits).

Converting past service credit: ECO members can convert past regular service by contributing 3% of earnings plus interest for each month of Regular service credit converted. ECO members can convert past SLEP service by contributing 0% to 3% (depending on the original SLEP contribution) of earnings plus interest for each month of SLEP service credit converted. SLEP members can convert past regular service by contributing 3% of earnings plus interest for each month of Regular service credit converted.

Voluntary Additional: Up to 10% of earnings.

Refunds: If membership terminates without eligibility for any other benefit, a refund of base (including SLEP and ECO increments) and survivor contributions without interest plus accumulated voluntary additional contributions with interest is payable. If membership terminates with eligibility for a deferred pension, a lump sum refund of base and survivor contributions without interest plus accumulated voluntary additional contributions with interest is payable if they terminate before age 55 otherwise a separation refund may be received if the member rolls over the refund into another defined benefit retirement plan for the purpose of purchasing service credit. Upon retirement of a member who does not have an eligible spouse, survivor benefit contributions are refunded with interest. If, upon a member's death, all of the member contributions with interest (7.5% per year) were not paid as a refund or pension, the beneficiary will receive any balance in the member's account.

SUMMARY OF COVERED POPULATION DATA
DECEMBER 31, 2010

Data on persons covered by IMRF were reported to the Actuary as follows:

Member Status	No.	Valuation Payroll/Benefits	Average Pay/ Benefits	Average Age	Average Service
Active Members					
Regular	171,467	$6,108,414,096	$35,624	47.7	10.2
SLEP	4,261	260,905,130	61,231	41.0	12.0
ECO / ECO SLEP	451	21,845,475	48,438	55.1	12.6
Total Active	176,179	$6,391,164,701	$36,277	47.5	10.3
Inactive Members					
Regular	163,561			46.2	5.0
SLEP	1,079			44.3	9.4
ECO / ECO SLEP	178			54.1	13.0
(Inactive and Active)	(33,356)				
Total Inactive	131,462			46.2	5.0
Retirees & Beneficiaries	97,554	$1,144,162,272	$11,729	72.4	
Total Population	**405,195**				
Prior Year Total	412,435				

There are a number of situations where members may be counted more than once. In particular, there are some members who are inactive with at least one employer and active with another employer. In order to avoid counting such individuals more than once, the inactive count is reduced by the number of such people as shown above. Other situations involving people who are inactive with more than one employer can also lead to people being counted more than once in the totals above. Consequently, actual counts of people may be lower than the above counts would suggest.

Additional population statistics are presented on the following pages.

ACTIVE MEMBERS BY EMPLOYER TYPE
DECEMBER 31, 2010
REGULAR, SLEP, ECO COMBINED

Type of Employer	Rate Groups	Members Number	Members % of Total	Members Cumulative Percent	Payroll
School Districts	865	82,832	47.4%	47.4%	$ 2,238,523,055
Counties (Regular, SLEP,ECO)	269	32,201	18.3%	65.7%	1,372,159,587
Cities	299	19,531	11.1%	76.8%	973,239,750
Villages	456	14,624	8.3%	85.1%	788,480,410
Park Districts	199	7,755	4.4%	89.5%	291,826,174
Special Ed Districts	41	4,295	2.4%	91.9%	116,503,301
Townships	493	3,708	2.1%	94.0%	133,358,088
Library Districts	215	3,041	1.7%	95.7%	98,698,375
Forest Preserve Districts	13	1,026	0.6%	96.3%	48,369,915
Sanitary Districts	38	945	0.5%	96.8%	55,079,531
Consolidated Education Service Region	29	759	0.4%	97.2%	19,864,117
County Hospital Districts	3	646	0.4%	97.6%	26,344,598
Towns	5	637	0.4%	98.0%	30,160,778
Intergovernmental Coop	52	620	0.4%	98.4%	38,350,543
Mass Transit District (Taxing Authority)	4	579	0.3%	98.7%	27,227,995
Airport Authorities	13	280	0.2%	98.9%	14,358,452
Misc. Taxing Authority	8	254	0.1%	99.0%	15,512,052
Multi Co/Cons Health Dept.	4	241	0.1%	99.1%	7,734,368
Health Districts	4	238	0.1%	99.2%	9,039,206
Mass Transit Instrumentality	3	221	0.1%	99.3%	8,107,182
Joint Spec Rec Assns	14	211	0.1%	99.4%	9,475,491
Fire Protection Districts	55	210	0.1%	99.5%	11,521,517
Public Library System	8	166	0.1%	99.6%	6,286,903
Miscellaneous Instrumentality	16	154	0.1%	99.7%	8,676,159
Vocational System	38	137	0.1%	99.8%	4,715,157
County Conservation Districts	4	132	0.1%	99.9%	5,999,897
Public Hopusing Authority	8	130	0.1%	100.0%	4,736,171
Conservancy Districts	4	81	0.0%	100.0%	3,488,757
Regional Planning Commission	1	71	0.0%	100.0%	4,650,875
Public Housing Commission	7	62	0.0%	100.0%	2,724,649
County Road District	32	59	0.0%	100.0%	1,533,067
Special Ed Coop/Districts	16	59	0.0%	100.0%	3,981,516
Joint Education Projects	6	58	0.0%	100.0%	1,679,377
Water District	11	58	0.0%	100.0%	2,530,305
Educ Serv Centers	3	46	0.0%	100.0%	1,403,221
Water Supply/Sewr Comission	5	34	0.0%	100.0%	1,671,381
Mosquito Abatement District	7	33	0.0%	100.0%	1,848,214
ROE Office	1	15	0.0%	100.0%	526,912
Township Cemetary	13	13	0.0%	100.0%	299,466
Multi Twp Assessment Districts	14	12	0.0%	100.0%	257,085
Drainage District	2	5	0.0%	100.0%	221,104
Tuberculosis Sanitarium Districts	1	0	0.0%	100.0%	-
Employers with no Active Members or no Asset Information	224	0	0.0%	100.0%	-
Totals	**3,503**	**176,179**	**100.0%**	**100.0%**	**$6,391,164,701**

ACTIVE REGULAR MEMBERS
BY ATTAINED AGE AND YEARS OF SERVICE
DECEMBER 31, 2010

Attained	Years of Service to Valuation Date							Totals	
Ages	0-7	8-9	10-14	15-19	20-24	25-29	30 & Up	No.	Valuation Payroll
15-19	225							225	$ 2,677,776
20-24	4,708							4,708	97,230,290
25-29	11,053	348	63	1				11,465	330,399,887
30-34	9,280	1,499	1,495	34				12,308	441,404,975
35-39	8,385	1,325	3,094	796	60	3	1	13,664	502,211,852
40-44	10,540	1,737	3,600	2,088	1,059	56	4	19,084	697,523,652
45-49	12,173	2,616	5,178	2,486	2,369	1,095	144	26,061	940,986,787
50	2,389	634	1,324	675	533	337	184	6,076	224,050,978
51	2,267	572	1,360	741	540	410	268	6,158	233,308,719
52	2,166	588	1,321	762	506	418	307	6,068	224,828,739
53	2,027	581	1,409	818	615	420	409	6,279	240,887,239
54	1,996	565	1,439	911	629	398	502	6,440	247,435,504
55	1,742	508	1,302	863	668	335	491	5,909	227,148,092
56	1,606	437	1,165	891	653	336	404	5,492	214,967,463
57	1,570	437	1,153	838	595	317	380	5,290	200,365,117
58	1,498	393	1,021	841	592	309	348	5,002	190,829,346
59	1,410	403	932	746	679	325	347	4,842	184,508,877
60	1,254	341	820	678	581	325	311	4,310	161,987,448
61	1,156	297	768	614	513	266	271	3,885	145,624,661
62	1,031	271	637	526	497	239	226	3,427	124,647,414
63	838	231	528	427	380	204	169	2,777	101,099,124
64	823	252	507	385	382	196	176	2,721	96,823,119
65	553	164	304	236	223	133	119	1,732	58,923,280
66	410	137	263	189	156	107	95	1,357	47,278,197
67	410	107	206	132	128	72	60	1,115	34,962,208
68	373	114	193	123	102	71	56	1,032	31,125,806
69	294	90	164	88	86	52	50	824	23,878,044
70	240	61	121	72	54	36	45	629	17,583,827
Over 70	886	266	512	348	234	149	192	2,587	63,715,675
Totals	**83,303**	**14,974**	**30,879**	**17,309**	**12,834**	**6,609**	**5,559**	**171,467**	**$6,108,414,096**

ACTIVE SLEP MEMBERS
BY ATTAINED AGE AND YEARS OF SERVICE
DECEMBER 31, 2010

Attained Ages	Years of Service to Valuation Date							Totals	
	0-7	8-9	10-14	15-19	20-24	25-29	30 & Up	No.	Valuation Payroll
15-19									
20-24	51							51	$ 2,113,012
25-29	529	8						537	26,123,281
30-34	414	122	91		1			628	33,856,839
35-39	228	98	313	97	2			738	44,032,178
40-44	170	58	229	254	107	1		819	53,212,217
45-49	75	39	100	134	259	58	2	667	45,825,261
50	11	4	21	15	21	26	2	100	7,320,816
51	13	5	11	20	19	16	2	86	5,884,558
52	12	2	10	19	19	9	11	82	5,623,902
53	11	2	7	10	22	7	8	67	4,724,399
54	5	4	5	7	24	14	9	68	4,862,541
55	11	5	12	11	16	8	6	69	4,401,574
56	12	3	6	6	8	7	6	48	3,135,771
57	7	1	12	5	11	8	6	50	3,278,328
58	11	5	11	8	12	6	4	57	3,779,070
59	6	2	8	8	4	5	4	37	2,276,194
60	5	1	5	5	7	6	3	32	2,207,405
61	5	2	4	3	7	2	5	28	1,707,451
62	4	2	4	6	6		4	26	1,736,697
63	6	1	4	2	3		5	21	1,397,045
64		2	4	2	2		6	16	1,229,762
65	2		1	3	1		1	8	713,285
66	1				1	1	1	4	240,198
67	1			2				3	180,567
68				1			2	3	189,199
69	2	1		2		1		6	344,000
70	2					1		3	158,193
Over 70	2			4			1	7	351,387
Totals	**1,596**	**367**	**858**	**624**	**552**	**176**	**88**	**4,261**	**$260,905,130**

ACTIVE ECO REGULAR MEMBERS
BY ATTAINED AGE AND YEARS OF SERVICE
DECEMBER 31, 2010

Attained Ages	Years of Service to Valuation Date							Totals	
	0-7	8-9	10-14	15-19	20-24	25-29	30 & Up	No.	Valuation Payroll
20-24	1							1	$ 5,538
25-29									
30-34	8							8	462,233
35-39	12	2	3	1				18	1,045,301
40-44	16	4	9	3				32	1,877,598
45-49	25	6	7	6	4	6	1	55	2,798,011
50	5		1	1	2	2		11	421,666
51	2	4	3	1	2		1	13	549,455
52	6		4	2		3		15	1,062,425
53	3	3	8	2	1	4	1	22	1,109,415
54	7	4	6	5	4	1	4	31	1,712,670
55	2	1	6	3	2		1	15	855,887
56	10		2	4	2	3	3	24	1,548,588
57	5	1	4		2		4	16	543,000
58	8	2	2	3	3	3	1	22	1,377,307
59	6		2	1	1		1	11	420,473
60	2	4	1		1	1	1	10	489,520
61	6	1	6	4	1			18	674,144
62	3	1	6	4	2		2	18	771,702
63	4	2	2	2	1	1	1	13	424,389
64	4	2	3				1	10	381,136
65	4	1	1				2	8	233,108
66	2	1	1	1			1	6	204,671
67	1		1	1		1		4	203,760
68	1				1			2	40,804
69	1	1		1			1	4	49,028
70	3		1		1	1		6	134,743
Over 70	8	3	9	4	3	3	1	31	373,523
Totals	**155**	**43**	**88**	**49**	**33**	**29**	**27**	**424**	**$19,770,095**

ACTIVE ECO SLEP MEMBERS
BY ATTAINED AGE AND YEARS OF SERVICE
DECEMBER 31, 2010

Attained	Years of Service to Valuation Date							Totals	
Ages	0-7	8-9	10-14	15-19	20-24	25-29	30 & Up	No.	Valuation Payroll
40-44	2		1					3	$ 178,299
45-49	3	2		1	1			7	426,203
53			1					1	65,803
54		2						2	116,518
55			1					1	51,384
59			1					1	72,368
60		1		1	1		3	6	546,395
61		1						1	142,925
62	1			1				2	170,198
66							1	1	101,141
70							1	1	109,556
Over 70						1		1	94,590
Totals	**6**	**6**	**4**	**3**	**2**	**1**	**5**	**27**	**$2,075,380**

ALL ACTIVE MEMBERS BY YEARS OF SERVICE AND GENDER
DECEMBER 31, 2010

Service	Active Member Count			Active Member Pays	
Years	Males	Females	Total	Total	Average
0	4,508	7,737	12,245	$ 266,475,374	$21,762
1	4,262	7,364	11,626	281,067,064	24,176
2	4,774	8,591	13,365	360,003,268	26,936
3	4,338	8,346	12,684	357,743,697	28,204
4	3,630	6,988	10,618	319,896,749	30,128
5	3,383	6,085	9,468	303,797,034	32,087
6	2,824	5,132	7,956	266,075,028	33,443
7	2,665	4,434	7,099	242,988,067	34,228
8	2,569	4,620	7,189	255,705,653	35,569
Sub-Total	32,953	59,297	92,250	2,653,751,934	28,767
9	2,791	5,411	8,202	291,736,714	35,569
10	2,593	5,154	7,747	290,084,387	37,445
11	2,428	4,850	7,278	279,469,696	38,399
12	2,069	4,235	6,304	246,876,426	39,162
13	1,918	3,662	5,580	222,818,426	39,932
14	1,664	3,256	4,920	205,104,687	41,688
15 & Up	18,944	24,954	43,898	2,201,322,431	50,146
Totals	**65,360**	**110,819**	**176,179**	**$6,391,164,701**	**$36,277**

INACTIVE REGULAR MEMBERS
BY ATTAINED AGE AND YEARS OF SERVICE
DECEMBER 31, 2010

Attained	Years of Service to Valuation Date							Totals
Ages	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	No.
15-19	106							106
20-24	2,951	1						2,952
25-29	12,515	139	4				1	12,659
30-34	14,429	572	64					15,065
35-39	14,124	901	213	23		1	7	15,269
40-44	14,143	1,292	482	127	30	2	17	16,093
45-49	15,151	1,858	862	354	152	38	56	18,471
50	2,863	501	240	101	41	19	13	3,778
51	2,797	464	297	118	74	31	21	3,802
52	2,812	494	278	103	62	34	23	3,806
53	2,810	547	330	127	64	34	37	3,949
54	2,883	592	325	161	102	41	51	4,155
55	2,489	510	258	100	62	31	30	3,480
56	2,660	371	150	51	22	9	20	3,283
57	2,299	345	126	40	22	9	12	2,853
58	2,214	303	118	50	12	10	6	2,713
59	2,454	300	94	36	21	11	10	2,926
60	1,999	262	86	43	9	14	11	2,424
61	1,626	186	51	20	12	10	8	1,913
62	1,397	148	36	17	13	11	4	1,626
63	1,268	135	35	14	18	2	3	1,475
64	1,255	133	36	13	8	5	8	1,458
65	708	81	16	13	5	2	8	833
66	562	55	27	13	8		5	670
67	489	58	10	1	2		1	561
68	570	57	7	3	1	2		640
69	439	38	4	4	1	1		487
70	303	28	3	2		1	4	341
Over 70	2,664	131	41	12	1	2	8	2,859
Totals	**112,980**	**10,502**	**4,193**	**1,546**	**742**	**320**	**364**	**130,647**

INACTIVE SLEP MEMBERS
BY ATTAINED AGE AND YEARS OF SERVICE
DECEMBER 31, 2010

Attained	Years of Service to Valuation Date							Totals
Ages	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	No.
15-19								
20-24	13							13
25-29	68	2						70
30-34	73	20						93
35-39	57	18	10	2				87
40-44	60	15	14	5	4		1	99
45-49	38	16	24	9	12	1	5	105
50	10	3	4	2	2	2		23
51	10	1	9	1	1	2	1	25
52	8	5	5	3				21
53	7	2	1	3				13
54	13	3	7	3			2	28
55	8	2	2	2		1	1	16
56	7	2	2	1				12
57	15	4	1	1		2		23
58	12	2	1		2			17
59	7	1					1	9
60	6						1	7
61	5	1				1		7
62	3							3
63	1	1						2
64	4	1						5
65	1						1	2
66	3				1			4
67	4							4
68	1							1
69	1							1
70	2							2
Over 70	3						1	4
Totals	**440**	**99**	**80**	**32**	**22**	**9**	**14**	**696**

INACTIVE ECO MEMBERS
BY ATTAINED AGE AND YEARS OF SERVICE
DECEMBER 31, 2010

Attained	Years of Service to Valuation Date							Totals
Ages	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	No.
15-19								
20-24								
25-29								
30-34								
35-39	1							1
40-44	4	7	2	1				14
45-49	6	6	5	3		1		21
50	2	5	1	2	1			11
51		3		1	1			5
52	1	2	2	1	1			7
53	5	1	1					7
54	6	4	1	3				14
55	2	2	1	2		1		8
56	2	1	2					5
57		2		2	1			5
58	1	1						2
59		1	1					2
60								
61	2							2
62	1	1						2
63	2							2
64	1							1
65		1					1	2
66	1			2				3
67								
68	1							1
69								
70	1							1
Over 70	1	1					1	3
Totals	**40**	**38**	**16**	**17**	**4**	**2**	**2**	**119**

RETIREES AND BENEFICIARIES
DECEMBER 31, 2010

	Annual Amounts by Form of Payment					
	Regular		Level Payment Option		Total	
Type of Retirement	**No.**	**Amount**	**No.**	**Amount**	**No.**	**Amount**
Normal or Early						
Joint and 50% Survivor	47,073	$589,779,528	15,523	$219,666,756	62,596	$ 809,446,284
Straight Life	15,645	191,295,228	4,194	67,713,384	19,839	259,008,612
Total	62,718	781,074,756	19,717	287,380,140	82,435	1,068,454,896
Disability	553	4,219,212	-	0	553	4,219,212
Surviving Beneficiaries	11,718	64,213,692	632	5,547,036	12,350	69,760,728
Voluntary Contributions	2,216	1,727,436	-	0	2,216	1,727,436
Grand Total	**77,205**	**$851,235,096**	**20,349**	**$292,927,176**	**97,554**	**$1,144,162,272**

Voluntary Contributions includes annuitization of certain surviving spouse and SLEP refund amounts. Of the 2,216 retirees listed as receiving Voluntary contribution, 2,173 retirees are also in receipt of a separate retirement benefit.

Thirteenth payment amounts are not included in the above figures.

In the above chart, "Regular" refers to all forms of payment other than the level payment option. It does not connote "Regular" as opposed to SLEP and ECO.

RETIREES AND BENEFICIARIES
BY ATTAINED AGE
DECEMBER 31, 2010

Attained Ages	Number			Annual Benefits
	Males	Females	Total	
Under 20	4	5	9	$ 19,248
20 - 24	1	5	6	7,656
25 - 29	9	13	22	80,592
30 - 34	6	5	11	56,640
35 - 39	13	14	27	129,888
40 - 44	16	28	44	318,552
45 - 49	43	93	136	955,476
50 - 54	406	273	679	19,804,296
55 - 59	3,205	4,306	7,511	144,951,408
60 - 64	5,653	10,155	15,808	249,403,728
65 - 69	5,655	12,255	17,910	225,732,444
70 - 74	5,145	11,083	16,228	182,780,976
75 - 79	4,393	9,396	13,789	138,868,668
80 - 84	3,661	8,315	11,976	99,152,928
85 - 89	2,413	6,001	8,414	57,421,608
90 - 94	906	2,967	3,873	20,175,240
95 & Up	192	919	1,111	4,302,924
Totals	**31,721**	**65,833**	**97,554**	**$1,144,162,272**

RETIREES AND BENEFICIARIES BY YEAR OF RETIREMENT
DECEMBER 31, 2010

Year of Retirement	Number			Annual Benefits
	Males	Females	Total	
2010	2,692	4,561	7,253	$ 115,003,908
2009	2,507	4,033	6,540	97,104,384
2008	2,154	3,837	5,991	83,463,852
2007	2,162	3,997	6,159	82,149,900
2006	1,964	3,592	5,556	74,623,596
2005	1,910	3,511	5,421	69,129,372
2004	1,746	3,186	4,932	69,462,588
2003	1,777	3,146	4,923	64,914,516
2002	1,448	2,816	4,264	52,132,668
2001	1,280	2,574	3,854	41,679,756
2000	1,075	2,438	3,513	37,921,632
1999	1,304	2,515	3,819	45,338,196
1998	1,260	2,413	3,673	47,496,876
1997	1,096	2,370	3,466	40,893,828
1996	909	2,198	3,107	35,623,260
1995	798	2,013	2,811	26,531,112
1994	709	1,799	2,508	23,704,128
1993	660	1,656	2,316	20,669,340
1992	600	1,467	2,067	18,497,712
1991	495	1,316	1,811	15,217,788
1990	506	1,278	1,784	14,441,340
1985 - 1989	1,777	5,197	6,974	48,276,072
1980 - 1984	698	2,574	3,272	16,077,516
1975 - 1979	178	1,035	1,213	3,268,548
1970 - 1974	13	262	275	492,408
1965 - 1969	3	39	42	36,840
Before 1965	0	10	10	11,136
Total	**31,721**	**65,833**	**97,554**	**$1,144,162,272**

DATA REPORTED FOR ACTUARIAL VALUATIONS
COMPARATIVE SUMMARY

Date December 31	Total Count	Active Members					Number		Ratio: Act/Ret.
			Average						
		Number	Age	Serv.	Annual Pay	Pay Increase	Inactive	Retired	
1986	193,006	110,285	43.1	7.3	$16,033	4.0 %	39,921	42,800	2.60
1987	203,499	112,611	43.0	7.1	16,602	3.5 %	46,199	44,689	2.50
1988	208,237	115,050	43.1	7.2	17,370	4.6 %	47,305	45,882	2.50
1989	221,145	118,670	43.1	7.2	18,046	3.9 %	53,470	49,005	2.40
1990	228,964	121,234	43.3	7.3	19,000	5.3 %	57,016	50,714	2.40
1991	237,731	125,559	43.4	7.4	19,846	4.5 %	59,775	52,397	2.40
1992	242,730	126,557	43.7	7.7	20,816	4.9 %	61,964	54,209	2.30
1993	245,409	122,361	44.2	8.2	22,142	6.4 %	66,735	56,313	2.20
1994	265,456	133,803	43.8	7.8	22,021	(0.5)%	73,972	57,681	2.30
1995	262,232	136,617	43.8	8.2	22,661	2.9 %	65,914	59,701	2.29
1996	249,291	139,525	44.0	8.3	22,104	3.5 %*	48,274	61,492	2.27
1997	290,804	143,999	44.1	8.2	23,991	8.5 %	81,919	64,886	2.22
1998	303,869	148,610	44.3	8.2	24,871	3.7 %	88,173	67,086	2.22
1999	317,616	153,910	44.4	8.6	25,678	3.2 %	94,576	69,130	2.23
2000	330,313	157,836	44.6	8.2	26,514	3.4 %	102,082	70,395+	2.24
2001	343,842	163,886	44.9	8.3	27,477	3.9 %	108,338	71,618	2.29
2002	353,897	166,365	45.3	8.5	28,582	4.0 %	113,524	74,008	2.25
2003	361,010	166,439	45.7	8.8	29,709	3.9 %	118,093	76,478	2.18
2004	367,590	167,030	46.0	9.0	30,899	4.0 %	121,543	79,017	2.11
2005	377,251	169,867	46.3	9.1	31,640	2.4 %	125,761	81,623	2.08
2006	387,665	173,068	46.5	9.4	32,535	2.8 %	130,239	84,358	2.05
2007	398,659	176,495	46.7	9.5	33,607	3.3 %	134,687	87,477	2.02
2008	420,632	180,615	46.8	9.6	34,655	3.1 %	149,885	90,132	2.00
2009	412,435	180,643	47.1	9.8	35,771	3.2 %	138,530	93,262	1.94
2010	405,195	176,179	47.5	10.3	36,277	1.4 %	131,462	97,554	1.81

* *Changed method of recording earnings for 1996 valuation.*

\+ *Restated subsequent to release of 2000 valuation.*

SECTION C

FINANCIAL DATA

DEVELOPMENT OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended December 31	2008	2009	2010	2011	2012	2013	2014
A. Funding Value Beginning of Year	$23,274,361,198	$21,601,053,512	$22,754,803,784				
B. Market Value End of Year	18,000,877,927	22,282,188,251	25,132,408,091				
C. Market Value Beginning of Year	24,211,466,304	18,000,877,927	22,282,188,251				
D. Non-Investment/Administrative Net Cash Flow	(84,179,826)	(118,712,178)	(115,462,932)				
E. Investment Return							
E1. Market Total: B-C-D	(6,126,408,551)	4,400,022,502	2,965,682,772				
E2. Assumed Rate of Return	7.50%	7.50%	7.50%				
E3. Assumed Amount of Return	**1,742,420,346**	**1,615,627,307**	**1,702,280,424**	----------Scheduled----------			
E4. Return Subject to Phase-In: E1-E3	(7,868,828,897)	2,784,395,195	1,263,402,348				
F. Phased-In Recognition of Investment Return							
F1. Current year: 0.20 x E4	(1,573,765,779)	556,879,039	252,680,470	Unknown	Unknown	Unknown	Unknown
F2. First Prior Year	-	(900,043,896)	556,879,039	$ 220,317,801	Unknown	Unknown	Unknown
F3. Second Prior Year	-	-	(900,043,896)	-	$ 220,317,801	Unknown	Unknown
F4. Third Prior Year	-	-	-	-	-	$ 220,317,800	Unknown
F5. Fourth Prior Year	-	-	-	-	-	-	$ 220,317,800
F6. Funding Corridor Adjustment	(1,757,782,426)	-	-				
F7. Total Scheduled Phase-in of gain/(loss)	**(3,331,548,206)**	**(343,164,857)**	**(90,484,387)**	220,317,801	220,317,801	220,317,800	220,317,800
G. Acceptable Phase-in of Investment Return							
G1. Projected Funding Value without Phase-in: A+D+E3	**24,932,601,718**	**23,097,968,641**	**24,341,621,276**				
G2. Limit on Phase-in: B-G1	(6,931,723,791)	(815,780,390)	790,786,815				
G3. Acceptable Phase-in Amount	(3,331,548,206)	(343,164,857)	(90,484,387)				
H. Funding Value End of Year: A+D+E3+G3	**$21,601,053,512**	**$22,754,803,784**	**$24,251,136,889**				
I. Difference Between Market and Funding Value	(3,600,175,585)	(472,615,533)	881,271,202	660,953,401	440,635,600	220,317,800	-
J. Recognized Rate of Return	-6.8%	5.9%	7.1%				
K. Market Rate of Return	-25.3%	24.5%	13.3%				
L. Ratio of Funding Value to Market Value	120.0%	102.1%	96.5%				

The Funding Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment return (line E4) are phased-in over a closed 5-year period subject to a 20% corridor. The acceptable phase-in amount (Item G3) is the minimum of Items F6 and G2, if G2 is positive. If G2 is negative, the acceptable phase-in amount is the greater of Items F6 and G2.

DEVELOPMENT OF MARKET VALUE ADJUSTMENT

In a single employer plan, the Market Value Adjustment would normally be the difference between the funding value of assets and the market value of assets. In IMRF, because of the need to allocate the Market Value Adjustment in an equitable manner among participating employers, certain extra steps are taken as shown below.

	Year Ended December 31	
	2010	**2009**
1. Funding Value of End of Year	$24,251,136,889	$ 22,754,803,784
2. Amounts not used in rate calculations		
a. Suspended Annuity Reserve	23,870,935	23,191,818
b. Disability Benefit Reserve	16,108,477	16,142,563
c. Death Benefit Reserve	12,826,474	13,256,034
d. Supplemental Benefit Reserve	70,716	2,214,883
e. Cases removed from rate calculations*	33,224,216	31,276,848
f. Estimated pending reserve transfers	-	-
g. Total	86,100,818	86,082,146
3. Remaining amount to allocate: (1)-(2g)	24,165,036,071	22,668,721,638
4. Total reported negative reserves	(1,672,807)	(1,496,076)
5. Amount available to positive reserves: (3)-(4)	24,166,708,878	22,670,217,714
6. Total Market Value of reported positive reserves	25,163,739,531	22,237,444,919
7. Market Value Adjustment: (5)-(6)	**$ (997,030,653)**	**$ 432,772,795**

* *Employers that are not included on the asset tape submitted to the actuary. In general, these employers have no active members and no employer assets, but may have retired lives and/or inactive members.*

The Market Value Adjustment is allocated among all employers that have a positive reserve balance (member plus employer plus retired life reserves), in proportion to each employer's reserve balance.

Even in years when the Funding Value of Assets equals the Market Value of Assets, a market value adjustment can be made due to the following reasons:

- Differences between the earnings and experience reserve and the investment loss reserve from the financial statements.
- Differences between employee contribution amounts in the financial statements versus data tapes.
- Differences between employer contribution amounts in the financial statements versus data tapes.

REPORTED MARKET VALUES

	Market Value		Percentage of Total	
	2010	2009	2010	2009
Investment Portfolio				
Fixed income	$ 7,319,589,326	$ 6,769,575,220	29.3%	30.6%
Short term	358,534,386	134,591,865	1.4%	0.6%
Foreign exchange contracts	1,110,371	2,077,123	0.0%	0.0%
Stocks	9,853,868,971	8,506,565,568	39.5%	38.4%
Bond funds	-	-	0.0%	0.0%
Stock funds and index funds	5,972,013,017	5,057,257,061	23.9%	22.8%
Options	-	-	0.0%	0.0%
Real estate	465,013,425	414,854,263	1.9%	1.9%
Alternative investments	958,090,149	890,811,603	3.8%	4.0%
Master trust reserve fund	597,900,490	547,825,950	2.4%	2.5%
Cash	-	-	0.0%	0.0%
Due from brokers	-	-	0.0%	0.0%
Due (to) brokers	(627,756,407)	(249,962,744)	(2.5)%	(1.1)%
Accrued investment income	75,061,964	63,411,211	0.3%	0.3%
Total Invested Assets	**$24,973,425,692**	**$22,137,007,120**	100.0%	100.0%
Receivables	**162,820,389**	**145,943,667**		
Cash	**23,696,653**	**25,294,496**		
Fixed Assets	**3,569,621**	**3,077,133**		
Total Market Value	**$25,163,512,356**	**$22,311,322,417**		
Liabilities				
Benefits & vouchers payable	31,104,264	29,134,167		
Securities Lending Payable	-	-		
Total Liabilities	**31,104,264**	**29,134,167**		
Nets Assets Available for Benefits	**$25,132,408,091**	**$22,282,188,251**		

Amounts on this page are preliminary year-end numbers and may not agree with final audited numbers reported by IMRF, but are shown for completeness.

SECTION D

ACTUARIAL METHODS AND ASSUMPTIONS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED FOR IMRF ACTUARIAL VALUATIONS ASSUMPTIONS ADOPTED BY RETIREMENT BOARD AFTER CONSULTING WITH ACTUARY

Economic Assumptions

The investment return rate assumed in the valuations was 7.5% per year, compounded annually (net after administrative expenses).

The **Wage Inflation Rate** assumed in this valuation was 4.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

No specific **Price Inflation** assumption is required to perform this valuation, since there are no benefits that are linked to price increases. However, a price inflation assumption on the order of 3.0% to 3.5% would be consistent with the other economic assumptions.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 7.5% investment return rate translates to an assumed real rate of return over wage inflation of 3.5%. The assumed real rate of return over price inflation would be higher – on the order of 4.0% to 4.5%, considering both an inflation assumption and an average expense provision.

The Active Member Population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the wage inflation rate – 4.00% per year.

Pay increase assumptions for individual active members are shown for sample ages on page D-7. Part of the assumption for each age is for merit and/or seniority increase, and the other 4.00% recognizes wage inflation, including price inflation, productivity increases, and other macroeconomic forces.

The ***number of active members*** is assumed to continue at the present number.

Non-Economic Assumptions

Non-economic (decrement) assumptions include rates of mortality before and after retirement, rates of disability, rates of retirement, rates of other separation from employment and probabilities of an active member being married. The non-economic assumptions are based upon experience during the 2005-2007 period (please see report dated October 16, 2008), and were first used in the December 31, 2008 valuation. Decrement assumptions are shown for sample ages beginning on page D-3.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED FOR IMRF ACTUARIAL VALUATIONS ASSUMPTIONS ADOPTED BY RETIREMENT BOARD AFTER CONSULTING WITH ACTUARY

Actuarial Valuation Method

An aggregate entry age actuarial cost method of valuation was used in determining most liabilities and normal cost. This means that an individual entry-age employer normal cost was determined for each benefit group (Regular, SLEP, ECO) as a percent-of-payroll. The so determined normal cost was assumed to apply to each employer, regardless of the demographics of the specific employer. Larger employers have the option of an individual normal cost rate. The aggregate normal cost rate is then multiplied by the present value of future salary to determine the present value of future normal cost for each employer. The actuarial accrued liability is then calculated by subtracting the present value of future normal cost and present value of future employee contributions from the present value of future benefits.

Differences in the past between assumed experience and actual experience ("actuarial gains and losses") become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments (principal & interest) which are level percent of payroll contributions.

Liabilities for lump sum death benefits and temporary disability benefits were determined using a term cost approach. Under this approach, the funding objective is to receive contributions each year that approximately equal the benefits being paid.

Employer contributions were assumed to be ***paid in equal installments*** throughout the year.

Present assets (cash & investments) at funding value are shown on page C-1.

Actuarial Valuation Method

The Funding Value of Assets (developed on page C-1) recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased-in over a closed 5-year period subject to a 20% corridor. The method also limits the adjustment to the expected actuarial return to the maximum amount of unrecognized gains or losses not yet reflected in the actuarial value of assets. In any year in which the actuarial value minus the market value of assets switches from a positive value to a negative value, or vice-versa, any prior gain/loss bases are wiped out and the smoothing mechanism restarts.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).

ACTUARIAL ASSUMPTIONS
DECEMBER 31, 2010
PROBABILITIES OF AGE & SERVICE RETIREMENT

	Regular		Regular		SLEP		ECO-Regular		ECO-SLEP
	Reduced Early		Normal		Normal		Normal		Normal
Age at Retirement	Males	Females	Males	Females	Service less than 32 years	Service 32 years or more	Males	Females	Males & Females
50					23%	55%			23%
51					18%	55%			18%
52					13%	55%			13%
53					8%	55%			8%
54					23%	55%			23%
55	7.5%	6.5%	35%	30%	23%	55%	30%	30%	23%
56	7.5%	6.5%	30%	25%	18%	55%	25%	25%	18%
57	7.5%	6.5%	28%	25%	23%	55%	25%	25%	23%
58	7.5%	6.5%	28%	25%	33%	55%	25%	25%	33%
59	7.5%	6.5%	28%	20%	13%	55%	25%	25%	13%
60			12%	10%	8%	55%	5%	5%	8%
61			12%	10%	8%	55%	5%	5%	8%
62			22%	20%	23%	55%	20%	15%	23%
63			20%	20%	18%	55%	15%	15%	18%
64			20%	20%	18%	55%	15%	15%	18%
65			30%	25%	23%	55%	30%	20%	23%
66			30%	25%	23%	55%	25%	15%	23%
67			25%	20%	23%	55%	20%	15%	23%
68			20%	18%	23%	55%	13%	13%	23%
69			20%	18%	23%	55%	13%	13%	23%
70			20%	18%	100%	100%	13%	13%	100%
71-79			18%	18%	100%	100%	13%	13%	100%
80 & Over			100%	100%	100%	100%	100%	100%	100%

For terminated vested members, all members were assumed to retire at age 60 or attained age if later.

ACTUARIAL ASSUMPTIONS
DECEMBER 31, 2010
PROBABILITIES OF SEPARATION FROM ACTIVE MEMBER STATUS

	% Separating Next Year					
	Regular		ECO			
Service	Males	Females	Males	Females	SLEP	ECO-SLEP
0	25.0%	29.5%	20.0%	20.0%	17.5%	16.0%
1	19.0%	21.5%	12.0%	15.0%	12.0%	10.0%
2	13.5%	16.0%	10.0%	10.0%	8.0%	8.0%
3	11.0%	12.5%	9.0%	9.0%	7.0%	6.0%
4	9.0%	10.5%	8.0%	8.0%	6.0%	5.0%
5	7.5%	8.5%	7.0%	7.0%	5.0%	4.5%
6	6.2%	7.0%	6.0%	6.0%	4.5%	4.0%
7	5.8%	6.5%	5.5%	5.0%	N/A	N/A
Age	8 or More Years of Service		8 or More Years of Service		7 or More Years of Service	7 or More Years of Service
30	4.7%	6.5%	4.5%	1.8%	3.7%	1.5%
35	3.8%	5.3%	4.5%	1.8%	2.2%	1.5%
40	3.0%	4.2%	4.5%	1.8%	1.8%	1.5%
45	2.5%	3.7%	4.5%	1.8%	1.8%	1.5%
50	2.3%	3.2%	4.5%	1.8%	1.8%	1.5%

ACTUARIAL ASSUMPTIONS
DECEMBER 31, 2010
ACTIVE MEMBER PROBABILITIES OF DEATH AND DISABILITY

Sample Ages	% Dying			
	Regular & ECO		SLEP	
	Male	Female	Male	Female
20	0.03%	0.01%	0.04%	0.02%
25	0.03%	0.01%	0.05%	0.02%
30	0.04%	0.02%	0.06%	0.03%
35	0.04%	0.02%	0.06%	0.04%
40	0.05%	0.04%	0.08%	0.05%
45	0.08%	0.05%	0.12%	0.07%
50	0.13%	0.07%	0.19%	0.11%
55	0.22%	0.11%	0.33%	0.17%
60	0.40%	0.22%	0.60%	0.33%
65	0.73%	0.43%	1.09%	0.65%
70	1.19%	0.69%	1.78%	1.03%
75	1.86%	1.13%	2.79%	1.70%
80	3.10%	1.97%	4.65%	2.95%

Sample Ages	% Disabled							
	Regular		ECO		SLEP		ECO-SLEP	
	Male	Female	Male	Female	Male	Female	Male	Female
20	0.01%	0.00%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
25	0.01%	0.00%	0.01%	0.01%	0.02%	0.04%	0.04%	0.04%
30	0.01%	0.01%	0.02%	0.01%	0.03%	0.06%	0.06%	0.06%
35	0.02%	0.01%	0.04%	0.02%	0.04%	0.09%	0.09%	0.09%
40	0.04%	0.02%	0.06%	0.04%	0.07%	0.13%	0.13%	0.13%
45	0.06%	0.03%	0.09%	0.06%	0.10%	0.19%	0.19%	0.19%
50	0.09%	0.04%	0.14%	0.09%	0.14%	0.28%	0.28%	0.28%
55	0.15%	0.07%	0.22%	0.15%	0.19%	0.39%	0.39%	0.39%
60	0.19%	0.12%	0.28%	0.26%	0.18%	0.36%	0.36%	0.36%
65	0.20%	0.14%	0.30%	0.30%	0.12%	0.24%	0.24%	0.24%
70	0.17%	0.12%	0.26%	0.26%	0.07%	0.14%	0.14%	0.14%
75	0.12%	0.08%	0.18%	0.18%	0.02%	0.04%	0.04%	0.04%
80	0.10%	0.07%	0.15%	0.15%	0.00%	0.00%	0.00%	0.00%

ACTUARIAL ASSUMPTIONS
DECEMBER 31, 2010
RETIREE, BENEFICIARY, TERMINATED VESTED AND DISABLED LIFE MORTALITY

	% Dying Next Year			
	Non-Disabled Lives		Disabled Lives	
Sample Ages	Males	Females	Males	Females
40	0.1179%	0.0674%	0.2837%	0.1357%
45	0.1736%	0.0924%	0.4867%	0.2179%
50	0.2837%	0.1357%	0.8774%	0.4217%
55	0.4867%	0.2179%	1.5988%	0.8204%
60	0.8774%	0.4217%	2.6103%	1.3043%
65	1.5988%	0.8204%	4.0932%	2.1552%
70	2.6103%	1.3043%	6.8230%	3.7426%
75	4.0932%	2.1552%	10.6964%	6.4351%
80	6.8230%	3.7426%	16.8224%	11.0452%

	Life Expectancy Years			
	Non-Disabled Retired Lives		Disabled Lives	
Sample Ages	Males	Females	Males	Females
40	39.2	45.0	29.8	35.4
45	34.5	40.2	25.3	30.6
50	29.8	35.4	21.0	26.0
55	25.3	30.6	17.1	21.7
60	21.0	26.0	13.6	17.7
65	17.1	21.7	10.5	14.0
70	13.6	17.7	7.9	10.6
75	10.5	14.0	5.8	7.8
80	7.9	10.6	4.1	5.6

For non-disabled lives, the mortality rates are the 1994 Group Annuity Mortality Table for Males multiplied by 110% and the 1994 Group Annuity Mortality Table for Females multiplied by 95%. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

ACTUARIAL ASSUMPTIONS
DECEMBER 31, 2010
PAY INCREASES FOR REGULAR AND ECO ACTIVE MEMBERS

% Increase in Pay Next Year					
6 or More Years Service				Additional Increase For Those With Less Than 6 Years of Service	
Age	Merit & Longevity	Economic	Total	Service	% Increase
25	2.0%	4.0%	6.0%	0	7.0%
30	1.7%	4.0%	5.7%	1	5.0%
35	1.2%	4.0%	5.2%	2	3.5%
40	0.9%	4.0%	4.9%	3	3.0%
45	0.7%	4.0%	4.7%	4	2.0%
50	0.6%	4.0%	4.6%	5	1.5%
55	0.5%	4.0%	4.5%		
60	0.4%	4.0%	4.4%		

For a person with 6 or more years of service, the assumed pay increase during the coming year is found in the 6 or more years of service total column. For a person with less than 6 years of service, the % increase from the less than 6 years column that corresponds to the person's service is added to the increase from the 6 or more years of service total column that corresponds to the person's age to get the total assumed increase. For example, a 40-year-old with 8 years of service is assumed to get a 4.9% pay increase during the coming year. But a 40-year-old with 4 years of service is assumed to get a 6.9% increase (4.9% + 2.0%).

ACTUARIAL ASSUMPTIONS
DECEMBER 31, 2010
PAY INCREASES FOR SLEP AND ECO-SLEP ACTIVE MEMBERS

% Increase in Pay Next Year Years of Service			
Service	Economic	Merit & Longevity	% Total Increase
1	4.0%	12.0%	16.0%
2	4.0%	9.0%	13.0%
3	4.0%	4.3%	8.3%
4	4.0%	3.5%	7.5%
5	4.0%	2.3%	6.3%
6	4.0%	2.0%	6.0%
7	4.0%	1.0%	5.0%
8	4.0%	1.0%	5.0%
9	4.0%	1.0%	5.0%
10	4.0%	0.5%	4.5%
11	4.0%	0.5%	4.5%
12	4.0%	0.5%	4.5%
13	4.0%	0.5%	4.5%
14	4.0%	0.5%	4.5%
15	4.0%	0.5%	4.5%
16	4.0%	0.5%	4.5%
17	4.0%	0.5%	4.5%
18	4.0%	0.5%	4.5%
19	4.0%	0.5%	4.5%
20	4.0%	0.5%	4.5%
21	4.0%	0.5%	4.5%
22	4.0%	0.5%	4.5%
23	4.0%	0.5%	4.5%
24	4.0%	0.5%	4.5%
25	4.0%	0.5%	4.5%
26	4.0%	0.5%	4.5%
27	4.0%	0.5%	4.5%
28	4.0%	0.5%	4.5%
29	4.0%	0.5%	4.5%
30	4.0%	0.5%	4.5%

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Expenses:	Assumed investment return is net of administrative and investment expenses.
Marriage Assumption:	80% of male and 70% of female participants are assumed to be married for purposes of death-in-service and death after retirement benefits. Male spouse are assumed to be three years older than female spouses for active member valuation purposes.
Pay Increase Timing:	Beginning of (Calendar) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service on the decrement date is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
Normal Form of Benefit:	The assumed normal form of benefit is a 50% joint and survivor benefit for Regular and SLEP members and 66 2/3% for ECO members. Factors for determining optional forms of payment are loaded 120% of the standard mortality rates.
Surviving Spouse Refunds:	For those individuals who are not assumed to be married at retirement, the surviving spouse contributions are assumed to be refunded.
SLEP Refunds:	SLEP participants who are assumed to retire with insufficient service to qualify for SLEP benefits are assumed to receive a refund of their SLEP contributions.
SLEP Conversions:	It was assumed that all active participants in the SLEP program will convert all eligible service (up to 10 years). Additionally, it was assumed that these members would contribute the difference in both member and employer rates for each year converted.
ECO Conversions:	It is assumed that active participants in the ECO program will convert all eligible service up to the point the maximum ECO benefit would be achieved.
Final Rate of Earnings (FRE):	The FRE is determined by projecting the current salary to retirement and averaging the salary over the appropriate number of years. The current FRE is used if this produces a higher value.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Refunds for Terminated Vested Members:	Members are assumed to elect annuities.
Other:	Disability decrements operate during retirement eligibility.
Contingency Reserve:	A contingency reserve of 0.25% of payroll is added to the normal cost to account for various factors (changes in FRE, data adjustments, rehires, service purchases, etc.)

FINANCING UNFUNDED ACCRUED LIABILITIES AND FULL FUNDING CREDITS DECEMBER 31, 2010 VALUATIONS

The following procedures were applied to financing liabilities in the valuation.

Financing Periods if employer is less than 120% funded on a market basis.

1. Instrumentalities: 10-year rolling period.
2. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
3. For taxing bodies (Regular, SLEP, and ECO rate Groups): 30-year rolling period.

Financing Period if employer is over 120% funded on a market basis.

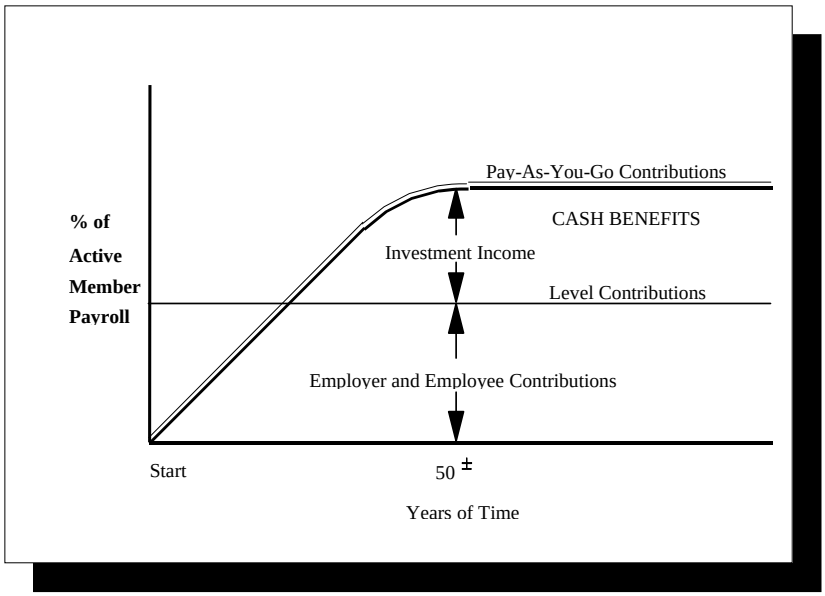
4. Irrespective of the size of the employer or the funding level, grant the employer an option to amortize overfunding over 120% over a 5-year period.
5. For employers with 50 or more employees, grant the employer an option to adopt a minimum contribution rate until the overfunding is reduced to 120%.
6. Irrespective of the size of the employer, surplus in a plan can be used to satisfy early retirement incentive costs so long as the reserve balance does not drop below 120%.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 26 years for most employers (two employers were financed over 36 years). The mass production valuation applies rules 1 through 3. For rules 4 through 6, the period provided on the IMRF rate tape is used for valuation purposes and IMRF staff reviews each case individually to see if changes are needed to comply with Board policy. Employers also have the option to phase into a rate change that is more than 10% higher than the prior year (provided they pay the full cost for current service).

SELECTION OF ASSUMPTIONS USED IN ACTUARIAL VALUATIONS

Economic Assumptions

Investment return
Pay increases to individual employees:
  the portion for economic changes
Active member group size and
  total payroll growth



Demographic Assumptions

Actual ages at service retirement
Pay increases to individual members:
  the portion for merit & seniority
Disability while actively employed
Separations before retirement
Mortality after retirement
Mortality before retirement

RELATIONSHIP BETWEEN THE BOARD AND THE ACTUARY

The actuary should have the primary responsibility for choosing the ***demographic*** assumptions used in the actuarial valuation, making use of specialized training and experience.

The actuary and other professionals can provide guidance concerning the choice of suitable economic assumptions, but the basis of the economic assumptions is expected market returns for various asset classes and the assumed rate of inflation (a quantity which defies accurate prediction). Given an assumed rate of future inflation, it is very important that this rate be applied in a consistent manner in deriving the assumed rate of investment return, the economic portion of the assumption on pay increases to individual employees, and the assumed rate of growth of active member payroll. Consistent application of assumptions is an area in which the actuary has specialized training.

A sound procedure is that the actuary suggests reasonable alternatives for economic assumptions, followed by discussion involving the actuary, the Board of Trustees, and other professionals, and the Board then makes a final choice from the various reasonable alternatives.

SECTION E
FINANCIAL PRINCIPLES

Promises Made, and To Be Paid For: As each year is completed, IMRF in effect hands an "IOU" to each member then acquiring a year of service credit. The "IOU" says: "The Illinois Municipal Retirement Fund owes you one year's worth of retirement benefits, payments in cash commencing when you retire."

The related ***key financial questions*** are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member's present year of service? ***Or the future taxpayers,*** who happen to be in Illinois at the time the IOU becomes a cash demand, years and often decades later?

The law governing IMRF financing intends that this year's taxpayers contribute the money to cover the IOUs being handed out this year. With this financial objective, ***the employer contribution rate is expected to remain approximately level from generation to generation of taxpayers.***

There are systems which have a design for deferring contributions to future taxpayers. Lured by a lower contribution rate now, they put aside the consequence that the contribution rate must then relentlessly grow to a level much higher than would be required if a level contribution pattern were followed.

An inevitable by-product of the level-cost design is the accumulation of reserve assets, for decades, and the income produced when the assets are invested. ***Investment income*** ultimately becomes ***the 3rd and largest contributor*** for benefits to members, and is interlocked with the contribution amounts required from members and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Normal Cost (the cost of members' service being rendered this year)

... plus ...

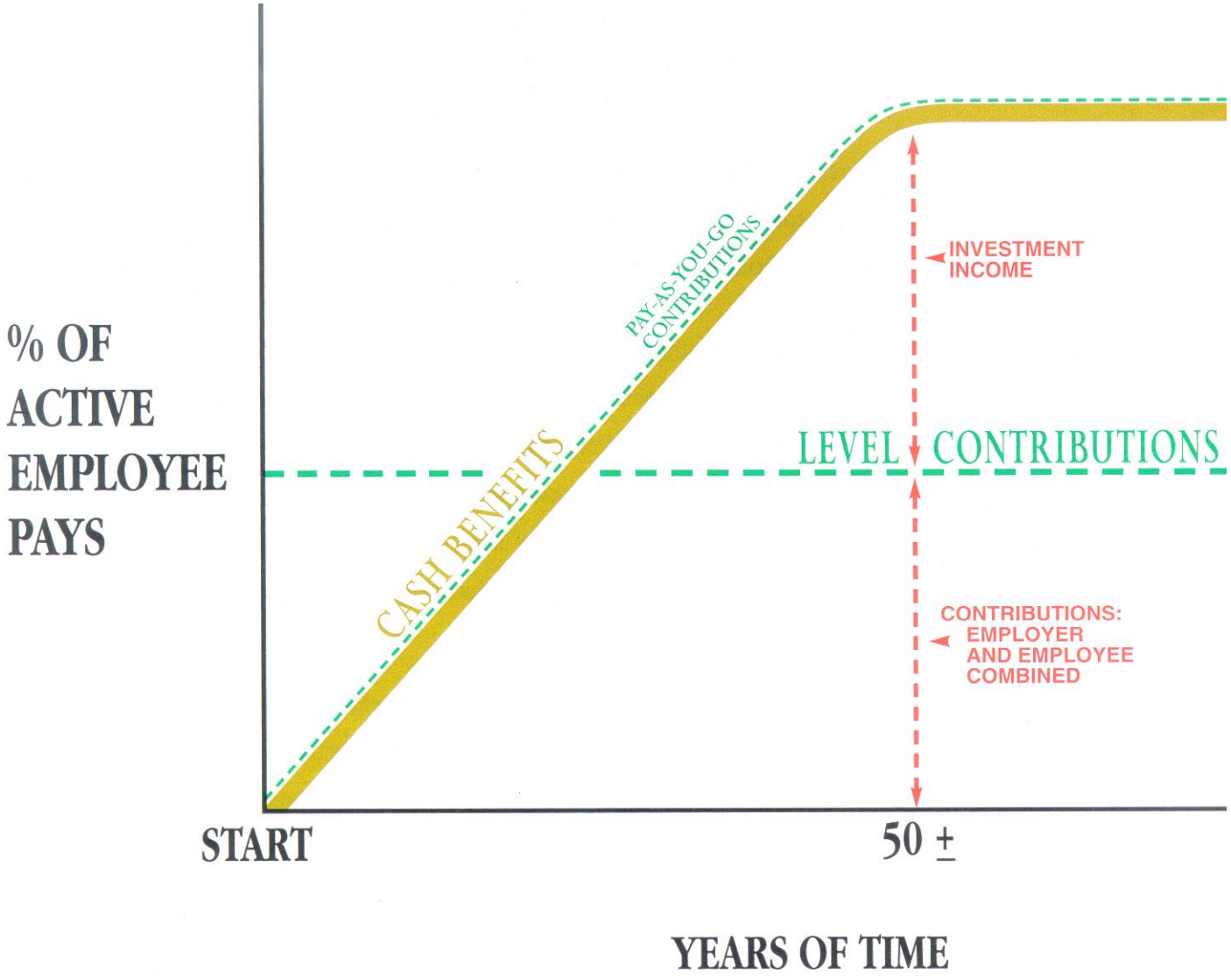
Interest at the assumed real rate of return on Unfunded Actuarial Accrued Liabilities (unfunded actuarial accrued liabilities are the difference between: accrued liabilities for service already rendered; and the accrued assets of IMRF).

Computing Contributions to Support Fund Benefits: From a given schedule of benefits and from member and asset data, the actuary calculates the contribution rates to support the benefits by means of ***an actuarial valuation and a funding method.***

An actuarial valuation has a number of ingredients such as: the rate of investment return which plan assets will earn; the rates of withdrawal of active members who leave covered employment; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement. These rates cannot be known today. Consequently, in an actuarial valuation, assumptions must be made as to what the above rates will be for the next year and for decades in the future. The assumptions are established by the Board of Trustees after receiving the advice of the actuary.

Reconciling Differences Between Assumed Experience and Actual Experience: Once actual experience has occurred and has been observed, it will not coincide exactly with assumed experience, regardless of the skill of the actuary and the many calculations made. The future cannot be predicted.

IMRF copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is ***continuing adjustments in financial position.*** Once every three years, an Experience Study is conducted to fully review differences between actual and assumed experience and recommend changes to our assumed experience, where appropriate.



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

- Rates of investment return
- Rates of pay increase
- Changes in active member group size

Non-Economic Risk Areas

- Ages at actual retirement
- Rates of mortality
- Rates of withdrawal of active members (turnover)
- Rates of disability

THE ACTUARIAL VALUATION PROCESS

The financing diagram on the opposite page shows the relationship between ***the two fundamentally different philosophies of paying*** for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program) which is thus an ***increasing contribution method;*** and, the ***level contribution method*** which attempts to equalize contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined. The activity constituting the valuation may be summarized as follows:

A. ***Census Data***, including:

Retired lives now receiving benefits

Former members with vested benefits not yet payable

Active members

B. + ***Asset data*** (cash & investments)

C. + ***Benefit provisions*** that establish eligibility and amounts of payments to members

D. + ***Assumptions concerning future experience*** in various risk areas

E. + ***The funding method*** for employer contributions (the long-term, planned pattern for employer contributions)

F. + ***Mathematically combining the assumptions, the funding method, and the data***

G. = Determination of:

Plan Financial position and/or

New Employer Contribution Rates

GLOSSARY

Actuarial Accrued Liability - The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost (employer and employee). Sometimes referred to as "accrued liability" or "past service liability."

Accrued Service - The service credited under the plan which was rendered before the date of the actuarial valuation.

Accumulated Benefit Obligation - The actuarial present value of vested and non-vested benefits based on service to date and past and current salary levels.

Actuarial Assumptions - Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method - A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent - A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value - The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Present Value of Credited Projected Benefits or Pension Benefit Obligation - The present value of future benefits based on service to date and the effect of projected salary increases.

Actuary - A person who is trained in the applications of probability and compound interest to problems in business and finance that involve payment of money in the future, contingent upon the occurrence of future events. Most actuaries in the United States are Members of the American Academy of Actuaries. The Society of Actuaries is an international research, education and membership organization for actuaries in the life and health insurance, employee benefits, and pension fields. It administers a series of examinations leading initially to Associateship and the designation A.S.A. and ultimately to Fellowship with the designation F.S.A.

Amortization - Paying off an interest-bearing liability by means of periodic payments, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss) - A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

ERI - Early Retirement Incentive Plan.

Funded Percent - A measure of the ratio of the funding value of assets to the actuarial accrued liability.

Normal Cost - The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability - The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account - An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability - The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets - The value of current plan assets recognized for valuation purposes.

GRS
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April 14, 2011

Mr. Richard J. DeCleene
Chief Financial Officer
Illinois Municipal Retirement Fund
2211 York Road - Suite 500
Oak Brook, Illinois 60523-2374

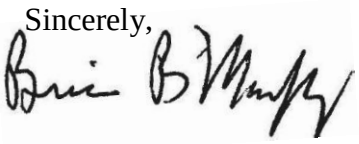
Re: December 31, 2010 Actuarial Valuation

Dear Dick:

Enclosed are 40 copies of the report. We have also included an unbound master copy in case you need to make additional copies.

We look forward to reviewing the results of this year's valuations at the Board meeting.

Sincerely,



Brian B. Murphy

BBM:lr
Enclosures