2006

Illinois Municipal Retirement Fund

Comprehensive Annual Financial Report

For the year ending December 31, 2006

2006

Illinois Municipal Retirement Fund

Comprehensive Annual Financial Report

IMRF Mission Statement

To efficiently and impartially develop, implement and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers in a prudent manner.

Prepared By

The Finance Department of the Illinois Municipal Retirement Fund
2211 York Road Suite 500
Oak Brook, IL 60523-2337
www.imrf.org
1-800-ASK-IMRF

Louis W. Kosiba,
Executive Director

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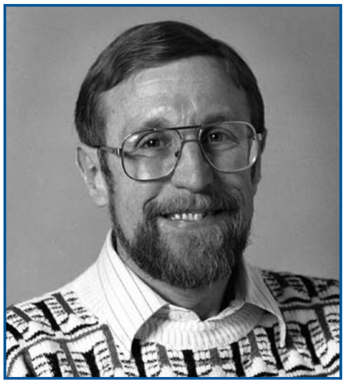
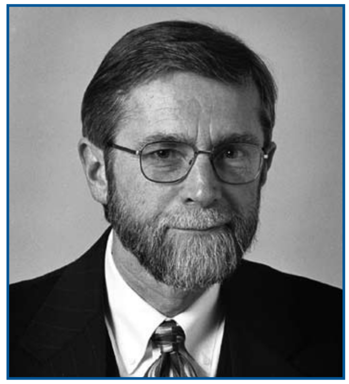
2007 Board of Trustees



Marvin R. Shoop, Jr.
Employee Trustee
City of Peoria

January 1, 2006 -
December 31, 2010

2007 President



Max F. Bochmann
Employee Trustee
Naperville CUSD #203

January 1, 2005 -
December 31, 2009

2007 Vice President

Judi S. Voller
Employee Trustee
East Maine
School District #63

January 1, 2006 -
December 31, 2010

2007 Secretary

Ruth E. Faklis
Executive Trustee
Prairie Trails Public
Library District

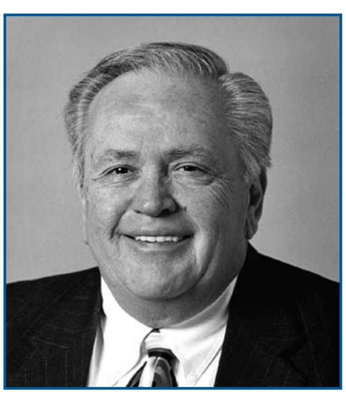
February 23, 2007 -
December 31, 2007

Martha H. Rademacher
Executive Trustee
Park District Risk
Management Agency

January 1, 2007 -
December 31, 2011

James W. Rasins
Executive Trustee
DuPage County

January 1, 2007
December 31, 2008

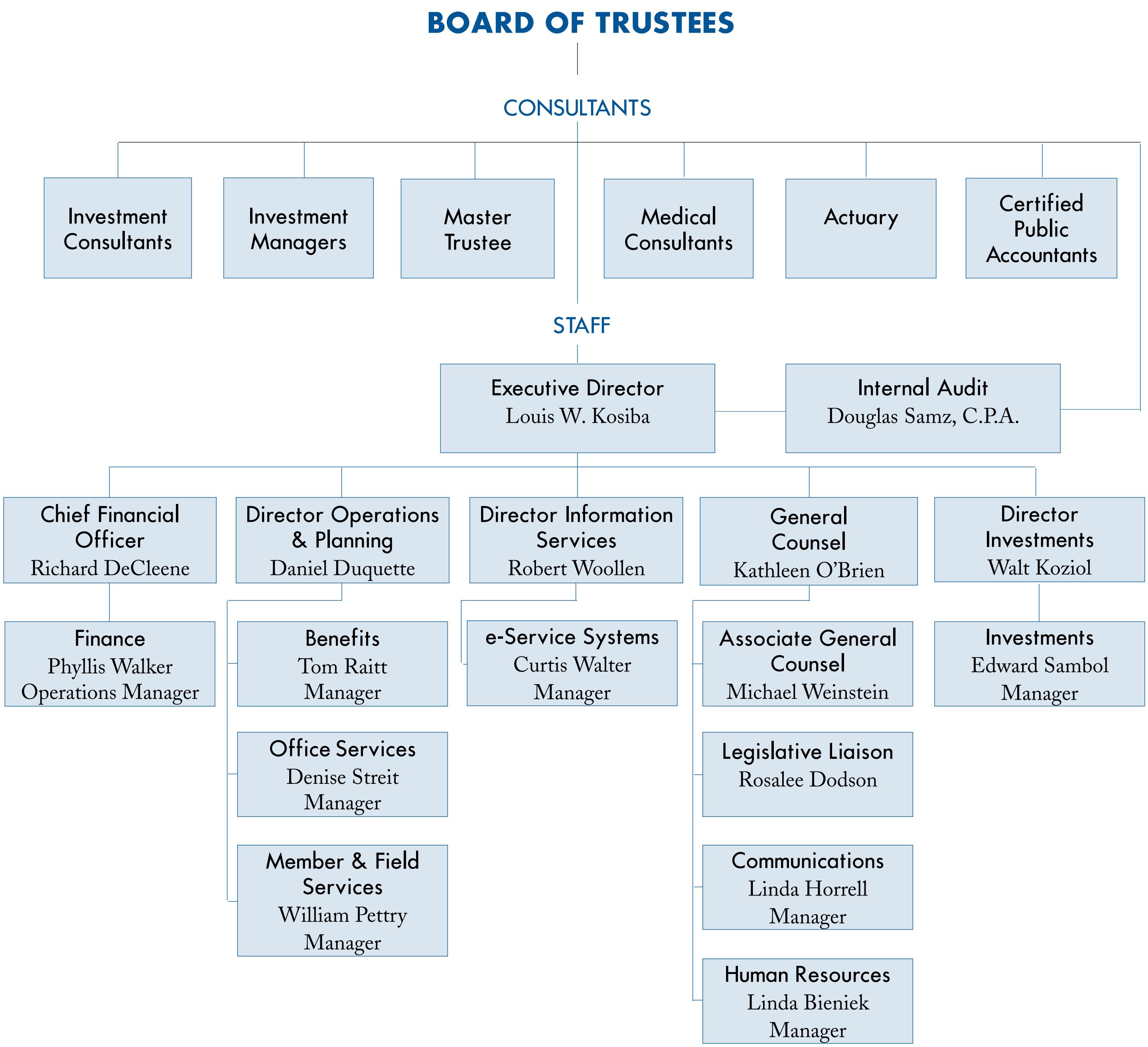


W. Thomas Ross
Executive Trustee
Winnebago County

January 1, 2006 -
December 31, 2010

Sharon U. Thompson
Annuitant Trustee
(formerly)
Lee County

January 1, 2006 -
December 31, 2010



Consultants - Investment Consultants are listed on page 44

Actuary
Gabriel, Roeder, Smith & Company
Brian B. Murphy, F.S.A.
Mark Buis, F.S.A.
Southfield, Michigan

Auditors
Deloitte & Touche LLP
Alice Wunderlich
Gerry Fink
Chicago, Illinois

Commercial Bank
Northern Trust
Richard Deeter, Vice President
Chicago, Illinois

Independent Fiduciary Counsel
Seyfarth Shaw Attorneys LLP
Lawrence Moss
Chicago, Illinois

Medical Consultants
Marianjoy Medical Group
Wheaton, Illinois
Leonard Kessler, M.D.
Highland Park, Illinois

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Illinois Municipal Retirement Fund

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Illinois Municipal Retirement Fund
Suite 500 2211 York Road Oak Brook IL 60523-2337
Service Representatives 1-800-ASK-IMRF (1-800-275-4673)
www.imrf.org

May 8, 2007

Board of Trustees
Illinois Municipal Retirement Fund
Oak Brook, Illinois 60523-2337

Formal Transmittal

We are pleased to submit the Comprehensive Annual Financial Report of the Illinois Municipal Retirement Fund (IMRF) for the year ended December 31, 2006. The management of IMRF is responsible for the compilation and accuracy of the financial, investment, actuarial and statistical information contained in this report. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of IMRF.

In developing and evaluating IMRF's accounting system, we consider the adequacy of internal accounting controls. We design these controls to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records.

IMRF employs the services of an outside certified public accountant to function as the Internal Auditor. He is aided by a full-time assistant on staff. We use a detailed internal audit program that encompasses examination of internal controls as well as the Fund's financial transactions and records.

The internal audit function reports directly to the Executive Director and the Board of Trustees. The Board of Trustees has established an Audit Committee, consisting entirely of Board members. Annually, the Internal Auditor presents his report to the Audit Committee covering the results of internal audit procedures performed. The Internal Auditor may also meet with the committee on an as-needed basis. Again this year the Internal Auditor reported that IMRF's system of internal controls appears adequate and is being adhered to in the areas tested.

This report has five sections. The Introductory Section contains this transmittal letter and an organization chart. The Financial Section contains the report of the independent public accountants as well as management's discussion and analysis, the financial statements, notes and supplemental information. The Investment Section contains summaries of investments held and the reports of the investment consultant and master trustee. The Actuarial Section contains the report of the actuary, a description of the actuarial assumptions, a summary of benefits and various ratios and tables. The Statistical Section contains various tables describing the Fund.

Profile of IMRF

IMRF is the administrator of an agent multiple-employer public employee retirement system. The Illinois State Legislature established IMRF in 1939. We began operations in 1941 in order to provide retirement, death and disability benefits to employees of local units of government in Illinois. Members, employers and annuitants elect eight trustees who govern IMRF. IMRF is separate and apart from the Illinois state government and is not included in the state's financial statements. IMRF now serves 2,909 different employers, 174,008 participating members and 84,704 benefit recipients. The Illinois Pension Code requires IMRF to provide its financial statements to participating employers and to any participating member who requests them.

Economic Conditions

Summary of Financial Information

The following table summarizes additions and deductions to the plan's net assets for 2006 and 2005.

	2006 (millions)	2005 (millions)	Dollar Change	Percent Change
Additions	$3,552	$2,417	$1,135	47%
Deductions	917	843	74	9
Net Change	$2,635	$1,574	$1,061	67%

The significant change in Additions between 2006 and 2005 is primarily due to a $1,060 million increase in investment income. The financial markets in 2006 provided a total return of 13.9 percent versus a total return in 2005 of 8.7 percent. The increase in Deductions is primarily due to increased benefit payments caused by an increase in the number of benefit recipients from 82,108 to 84,704. For a full understanding of IMRF's financial results, the reader is urged to review the Financial Section of this report that contains the auditors' report, management's discussion and analysis, the financial statements and other supplemental information. Management's discussion and analysis provides a narrative introduction, overview and analysis of the financial statements and complements this transmittal letter.

Funding

IMRF's actuary uses a five-year smoothed market-related value with a 15% corridor to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2006 valuation, the actuarial value of assets was $21.4 billion. The aggregate actuarial liability for all IMRF employers was $22.5 billion. The actuarial funding ratio is currently 95.3 percent. This is an increase from the funding ratio of 94.6 percent for 2005. The preceding ratios are for the Fund as a whole. Under the Illinois Pension Code, each employer funds the pensions for its own employees. Funding ratios for individual employers and individual plans vary widely. IMRF members can look with a sense of security to the net asset base since these assets are irrevocably committed to the payment of their pensions when they retire. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon are sufficient to provide for full payment of future benefits under the level payroll percentage method of funding. The Actuarial Section contains the actuary's letter and further information on IMRF's funding.

Investments

The investment portfolio is a major contributor to the Fund. 2006 investment earnings were $2,668 million and represented 75.1 percent of Plan Additions. In the five years—2006 through 2002—investment income represented the following percentage of Additions to plan net assets:

Year	Percentage of Plan Additions
2006	75.1%
2005	66.5%
2004	73.7%
2003	83.9%
2002	(166.4)%

The Investment Section of this report contains a summary of the portfolio.

Currently, 67 professional investment management firms, handling 77 separate accounts, manage the investment portfolio. These firms make investment decisions under the prudent man rule authorized by Article 1 of the Illinois Pension Code and by investment policy guidelines adopted by the Board of Trustees. The Board employs an investment consultant to monitor and evaluate the investment management firms' performance, to aid in the selection of investment management firms and to assist in the development of investment policy. Our uppermost goal is to optimize the long-term total return of the Fund's investments through a policy of diversification within a parameter of prudent risk as measured on the total portfolio.

The Investment Section contains a summary of IMRF's investment performance, the Investment Consultant's report, the Master Trustee's report and a summary of the investment objectives and policies.

Current and Future Developments

a. Board of Trustees

Martha H. Rademacher, Director of Finance and Programs for the Park District Risk Management Agency, was re-elected as an executive trustee. Her five-year term began January 1, 2007.

James W. Rasins, DuPage County Auditor, was elected as an executive trustee. His two-year term began January 1, 2007.

Ruth E. Faklis, Library Director for Prairie Trails Public Library District, was appointed February 23, 2007, as an executive trustee to fill the unexpired term of R. Steven Sonnemaker, who resigned effective December 1, 2006. Her term ends December 31, 2007.

b. Systems Development

IMRF's major system development efforts in 2006 focused on modifying functionality to support newly enacted pension legislation including:

- SLEP Plan benefit enhancements.
- The Pension Protection Act of 2006.
- Revised methods for dividing benefits during a divorce accomplished through a Qualified Illinois Domestic Relations Order.
- Reciprocal retirement enhancements for teacher aides with less than one year of service who become teachers.

IMRF's major 2007 system development priorities focus on:

- Extending the successful Employer secure website to automate the member enrollment process.
- Redesigning the Annual Member Statement to better communicate the value of the IMRF benefits.
- Enhancing Reciprocal Claims Processing.
- Implementing a revised Member Access website.
- Implementing redundant (backup) web hardware and internet connectivity to ensure the highest levels of reliability and availability.

c. Investment Activities

The Board of Trustees, its consultant and IMRF staff review the asset allocation annually. In 2006, the strategic targets for the asset classes used by IMRF changed to the following:

Asset Class	Original Target	New Target
US Equities	41%	39%
Non-US Equities	15%	15%
Fixed Income	36%	36%
Real Estate	2%	4%
Cash	1%	1%
Alternative Investments	5%	5%

Within the debt/equity structure used by IMRF, it was confirmed, by an Asset/Liability Study, that an increased allocation to real estate added diversification benefits, increased current income and increased the potential to improve total return. The real estate target allocation was therefore increased from 2% to 4% and the US equity target allocation was reduced from 41% to 39%.

On January 27, 2006, Illinois Public Act 94-0079, the Act to End Atrocities and Terrorism in the Sudan, became effective. Under this Act, IMRF and its investment managers must:

1. Not loan to, invest in or otherwise transfer any IMRF assets to a forbidden entity as established by this Act;

2. Have at least 60% of IMRF assets divested from forbidden entities by January 27, 2007; and

3. Be 100% divested of forbidden entities by July 27, 2007.

IMRF has taken the steps necessary to implement this legislation and has received the necessary certifications from its investment managers. As of January 27, 2007 they are 60% divested of forbidden entities.

On February 23, 2007, the Federal District Court for the Northern District of Illinois ruled that the Act "violates federal constitutional provisions that preclude the states from taking actions that interfere with the federal government's authority over foreign affairs and commerce with foreign countries." The Court permanently enjoined the state from enforcing the Act. The state of Illinois filed a notice of appeal on April 30, 2007. It has not requested a stay which would lift the injunction. IMRF is following these developments and will assess what actions, if any, it should take with regard to the July 27, 2007, date to achieve 100% divestment as required under the original Act.

In September 2006, the IMRF Board of Trustees adopted a policy requiring financial institutions, eligible for investment or deposit of funds from the IMRF, to submit a certification that they do not engage in predatory lending practices. These certifications are due annually by May 15 of each year. The certifications have been received from the financial institutions that conduct business with IMRF.

Other major investment activities since last year and through April 30, 2007, included:

- Terminated the BPI International equity portfolio.

- Retained GlobeFlex and McKinley Capital to manage non-US equity portfolios.

- Retained CopperRock Capital Partners, Buford, Dickson, Harper & Sparrow, Cordillera Asset Management and Fortaleza Asset Management to manage US small capitalization growth equity portfolios.

- Terminated the Payden & Rygel fixed income portfolio.

- Sold the Drake Oak Brook Office Plaza.

- Retained BlackRock to manage a core plus fixed income portfolio.

d. e-Service Goals and Strategy

IMRF offers access to both member and employer specific data through secure areas on our website—imrf.org. Utilization of these areas continued to grow in 2006. Our e-service goals include improving customer service, reducing administrative costs, providing uncompromised privacy and security of information and instituting business process reengineering. As of December 31, 2006, approximately 95% of our employers reported their wages and contributions via our on-line web page reporting system. A number of enhancements to our e-Service offerings are contemplated for 2007 including on-line enrollment of new members.

e. Strategic Plan

The IMRF Strategic Plan provides the Fund with a road map for meeting the challenges and opportunities in providing excellent retirement services for our annuitants, members, and employers. It sets goals and objectives for improving customer service, increasing efficiencies, enhancing the IMRF brand, and advocating the preservation of a prudent defined benefit program for our membership. The IMRF Strategic Plan is a two-year plan, covering 2006 and 2007. The Plan proved to be effective in 2006 as we began to successfully address our identified challenges and opportunities. We will continue to follow the current Plan in 2007. We will also work to update and expand the Plan for 2008 and beyond.

f. Defined Benefit Administration Benchmarking Analysis

CEM Benchmarking, Inc. conducts an annual Defined Benefit Administration Benchmarking Study for public pension systems. IMRF has participated in this benchmarking program since 2001. This program provides insight into benefit administration costs, customer service levels, and industry best practices. IMRF received the highest service level score of the 51 participating retirement systems. Though IMRF receives high marks for our excellent customer service, the real value of the study is identifying areas for further improvement. We will continue our participation in this program, and will co-host the CEM World Pension Administration Peer Conference in May 2007.

g. Business Continuity Planning

IMRF expanded its disaster recovery and business continuity planning process during 2006. We have plans in place to effectively and efficiently restore key data and operating systems at a "hot site" in the event a disaster prevents access to our current office space. Our goal is to have the capacity to provide service to our membership within 24 hours of any disaster event. We work to continuously improve our readiness. In 2007, we will focus on the readiness and recovery of our secure member, employer, and reciprocal websites.

Reports to Membership

IMRF issued a variety of reports covering 2005 and 2006 activity. We mail employer statements every month. We mailed member statements in February. We will send a summary of the annual report to members and annuitants in the summer issues of Fundamentals. We will mail this report, as well as our Popular Annual Financial Report, to Authorized Agents in June. Both this CAFR and the PAFR will be available on our website—imrf.org.

Awards and Acknowledgements

Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Illinois Municipal Retirement Fund for its comprehensive annual financial report for the year ended December 31, 2005. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. IMRF has received a Certificate of Achievement for the last 26 consecutive years (fiscal years 1980-2005). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we will be submitting it to the GFOA.

IMRF also received a Certificate of Achievement for Excellence in Financial Reporting for its popular annual financial report for the year ended December 31, 2005.

IMRF was presented with the Public Pension Standards 2006 Award by the Public Pension Coordinating Council in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

Introduction

Acknowledgements

The production of this report reflects the combined effort of the IMRF staff under the leadership of the Board of Trustees and the Executive Director, Louis W. Kosiba. The Finance Department, under the direction of Richard DeCleene and Phyllis Walker, compiled the report. We believe this report provides complete and reliable information for making management decisions, for determining compliance with legal provisions and for determining responsible stewardship for the assets contributed by the members and their employers.

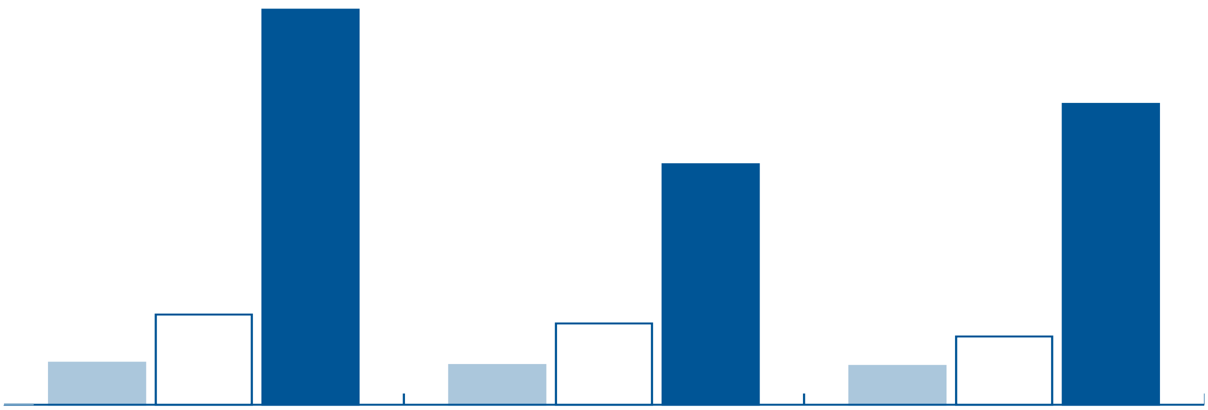
We send this report to the Authorized Agents for all participating units of government. They form the link between IMRF and its membership. Their cooperation, for which we are thankful, contributes significantly to the success of IMRF. We hope they will find this report both informative and helpful.

Respectfully submitted,

Louis W. Kosiba
Executive Director

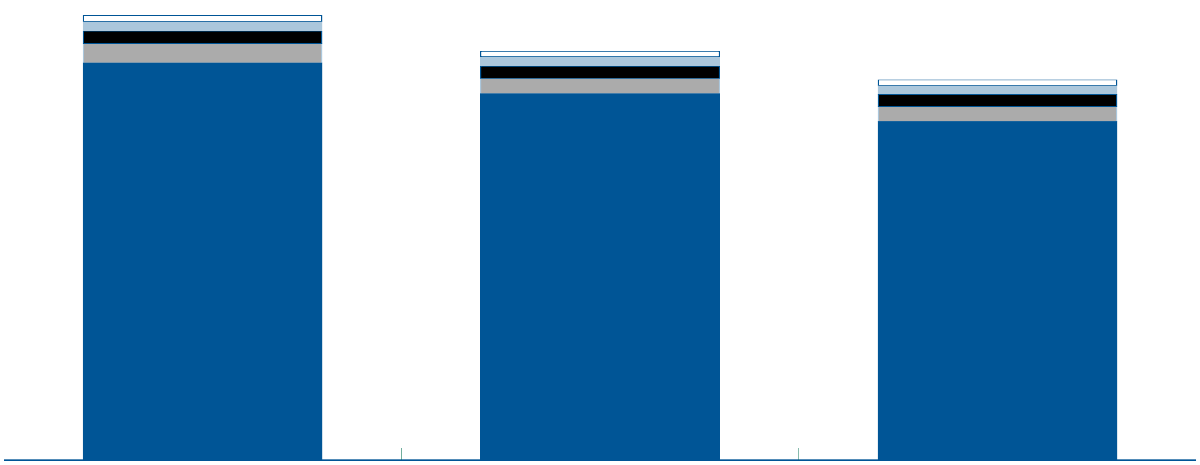
Richard J. DeCleene
Chief Financial Officer

Revenues by Source
(in millions)



	2006	2005	2004
Members	$280,997,170	$265,568,534	$259,505,532
Employers	602,775,795	543,263,475	456,198,098
Investments	2,667,706,893	1,607,738,595	2,010,710,468
	$3,551,479,858	$2,416,570,604	$2,726,414,098

Expenses by Type
(in millions)



	2006	2005	2004
Annuities	$818,940,511	$ 755,367,768	$697,913,082
Refunds	40,095,036	32,120,791	31,156,292
Death	25,612,734	24,666,238	24,645,797
Administrative	20,339,190	19,650,440	19,405,567
Disability	11,652,351	11,299,694	10,817,922
	$916,639,822	$843,104,931	$783,938,660

Financial
2006

Deloitte

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USA

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Illinois Municipal Retirement Fund
Oak Brook, Illinois

We have audited the accompanying financial statements of the Illinois Municipal Retirement Fund (the "Fund") as of December 31, 2006 and 2005, and for the years then ended listed under the financial caption in the foregoing Table of Contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements referred to above present fairly, in all material respects, the net assets of the Fund as of December 31, 2006 and 2005, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Required Supplementary Information listed under the financial caption in the Table of Contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Fund's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Fund's basic financial statements taken as a whole. The Supplementary Information listed under the financial caption in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This Supplementary Information is the responsibility of the Fund's management. The Supplementary Information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The information in the Introductory Section, Investment Section, Actuarial Section, and Statistical Section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

May 8, 2007

Member of
Deloitte Touche Tohmatsu

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Illinois Municipal Retirement Fund's (IMRF) financial performance provides an introduction to the financial statements of IMRF for the years ended December 31, 2006 and 2005. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, please read it in conjunction with the transmittal letter (pages 7-12), the financial statements, required supplementary information and supplementary information.

Required Financial Statements

IMRF, an agent multiple-employer public employee retirement system, prepares its financial statements on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Statement of Plan Net Assets includes all of IMRF's assets and liabilities and provides information about the nature and amount of investments available to satisfy the pension benefits of the plan. All additions to and deductions from the net assets held in trust for pension benefits are accounted for in the Statement of Changes in Plan Net Assets. This statement measures IMRF's success over the past year in increasing the net assets available for pension benefits.

Financial Analysis of IMRF

While the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets measure the value of plan net assets and the changes to them, another important factor needs to be considered in order to determine the financial health of IMRF. That additional factor is the plan's funded status. In 2006, contributions of $884 million and investment income of $2,668 million exceed deductions to net assets of $917 million by $2,635 million. This net increase brought the Plan's net asset base to $22.5 billion. For actuarial calculations, IMRF's actuary uses a five-year smoothed market-related value with a 15 percent corridor to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2006 valuation, the actuarial value of assets was $21.4 billion. The aggregate actuarial liability for all IMRF employers was $22.5 billion. On an actuarial basis, the assets held currently fund 95.3 percent of this liability. This is an increase from the funding ratio of 94.6 percent for 2005. If the market value of assets is used (i.e., no actuarial smoothing), the funding ratio is 100.1 percent as of December 31, 2006, an increase from 95.5 percent as of December 31, 2005. The main reason for the increase in the actuarial funding ratio is the fact that the Fund earned an 8.8 percent actuarial investment return versus an actuarial investment return assumption of 7.5 percent. As of December 31, 2006, IMRF's market-based funding value was greater than the actuarial funding value since there were $1,025 million of unrecognized investments gains which will be reflected in the 2007 through 2010 period in keeping with the five-year smoothing discussed above.

Plan Net Assets

To begin the financial analysis, summarized comparisons of IMRF's Plan Net Assets for 2006 versus 2005 and 2005 versus 2004 are presented below.

Condensed Statements of Plan Net Assets

(In millions)

	2006	2005	Dollar Change	Percent Change
Cash and cash equivalents	$ 22	$ 21	$ 1	5%
Receivables and prepaids	1,040	751	289	38
Investments	23,003	20,130	2,873	14
Invested securities lending cash collateral	2,640	2,781	(141)	(5)
Capital assets, net	1	1	--	--
Total assets	26,706	23,684	3,022	13
Liabilities	4,198	3,811	387	10
Total plan net assets	$ 22,508	$ 19,873	$ 2,635	13%

As the previous table shows, plan net assets increased by $2,635 million (13 percent) in 2006. This increase reflects the strong investment gains in 2006 due to the continuing bull market that began in 2003.

The following table presents the investment allocation as of year-end 2006 and 2005 as compared to IMRF's target allocation for 2006 and 2005.

	2006	2006 Target	2005	2005 Target
Fixed Income	33.5%	36.0%	31.9%	36.0%
Stocks	57.8	54.0	58.9	56.0
Real Estate	3.0	4.0	3.5	2.0
Alternative	3.2	5.0	3.1	5.0
Short-Term	2.5	1.0	2.6	1.0

The increase in receivables and prepaids in 2006 is largely due to the increase in the receivable from brokers for unsettled trades at year-end as well as an increase in accrued investment income. The increase in liabilities in 2006 is due to an increase in payables to brokers for unsettled trades at year-end offset by a decrease in securities lending cash collateral held at year-end due to the fact that fewer securities were on loan at December 31, 2006 compared to the prior year.

Condensed Statements of Plan Net Assets

(In millions)

	2005	2004	Dollar Change	Percent Change
Cash and cash equivalents	$ 21	$ 31	$ (10)	(32)%
Receivables and prepaids	751	565	186	33
Investments	20,130	18,497	1,633	9
Invested securities lending cash collateral	2,781	2,585	196	8
Capital assets, net	1	1	--	--
Total assets	23,684	21,679	2,005	9
Liabilities	3,811	3,380	431	13
Total plan net assets	$ 19,873	$ 18,299	$ 1,574	9 %

As the above table shows, plan net assets increased by $1,574 million (9 percent) in 2005. This increase reflects the strong investment gains in 2005 due to the continuing bull market that began in 2003.

The increase in receivables and prepaids in 2005 is largely due to the increase in the receivable from brokers for unsettled trades at year-end. The increase in liabilities in 2005 is due to an increase in payables to brokers for unsettled trades at year-end and an increase in securities lending cash collateral held at year-end.

Changes in Plan Net Assets

Summarized comparisons of IMRF's Changes in Plan Net Assets for 2006 versus 2005 and 2005 versus 2004 are presented below.

Condensed Statements of Changes in Plan Net Assets

(In millions)

	2006	2005	Dollar Change	Percent Change
Additions				
Member contributions	$ 281	$ 266	$ 15	6 %
Employer contributions	603	543	60	11
Net investment gain	2,668	1,608	1,060	66
Total additions	3,552	2,417	1,135	47
Deductions				
Benefits	857	791	66	8
Refunds	40	32	8	25
Administrative expenses	20	20	--	--
Total deductions	917	843	74	9
Net increase in plan net assets	$ 2,635	$ 1,574	$ 1,061	67%

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2006 totaled $884 million which was 9 percent more than 2005. Investment returns for 2006 were quite strong and surpassed those of 2005. The $2,668 million investment gain in 2006 represents a $1,060 million increase from the $1,608 gain in 2005. IMRF's total investment portfolio, reflecting the improved market performance from 2005, returned 13.9 percent in 2006 compared to 8.7 percent in 2005.

The increase in member contributions is due to an increase in total member earnings to $5,631 million from $5,375 million in 2005. The member contribution rate remained at 4.5 percent of earnings for Regular members and 7.5 percent for the optional Elected County Officials (ECO) members. The member contribution rate for Sheriff's Law Enforcement Personnel members increased to 7.5 percent from 6.5 percent effective June 1, 2006.

The increase in employer contributions is the net effect of several factors. Member earnings increased overall by 4.8 percent. This increase in member earnings caused employer contributions to increase. In addition, the average Regular Plan, SLEP Plan and ECO Plan employer rates increased to 10.04 percent from 9.25 percent, to 18.25 percent from 17.15 percent and to 44.90 percent from 42.66 percent, respectively. These employer rate increases are primarily due to the negative investment return in 2002.

In 2006, IMRF achieved net appreciation in the value of investments of $2,175 million, a $948 million increase from the $1,227 million of appreciation recorded in 2005. Interest, dividends and equity fund income totaled $543 million, an increase of $117 million from 2005. Securities lending income net of related expenses was $7.9 million for 2006, an increase of $.7 million from 2005. Direct investment expenses increased to $58.6 million in 2006 from $52.0 million in 2005.

The total rate of return for the portfolio in 2006 was 13.9 percent compared to 8.7 percent in 2005. IMRF's U.S. stock portfolio returned 13.9 percent compared to 15.8 percent for the Dow Jones Wilshire 5000 Index. The fixed income portfolio returned 5.6 percent compared to 4.3 percent for the Lehman Aggregate Bond Index. Our international stock portfolio returned 27.7 percent compared to 26.7 percent for the MSCI All-Country World Free ex-US Index. The real estate portfolio returned 24.9 percent compared to 16.6 percent for the NCREIF Property Index. The alternative investment portfolio returned 14.4 percent versus a target return of 12 percent.

When comparing returns it is important to remember that as a pension fund, IMRF's investment program has a very long time horizon. Some of the longer-term results for the total fund for the period ending December 31, 2006 are:

Period	Annualized returns
Three years	11.6% per year
Five years	9.3% per year
Ten years	8.9% per year

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2006 totaled $917 million, an increase of $74 million over 2005. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 84,704 in 2006 from 82,108 in 2005 as well as an increase in the amount of the average benefit.

Condensed Statements of Changes in Plan Net Assets

(In millions)

	2005	2004	Dollar Change	Percent Change
Additions				
Member contributions	$ 266	$ 260	$ 6	2%
Employer contributions	543	456	87	19
Net investment gain	1,608	2,010	(402)	(20)
Total additions	2,417	2,726	(309)	(11)
Deductions				
Benefits	791	734	57	8
Refunds	32	31	1	3
Administrative expenses	20	19	1	5
Total deductions	843	784	59	8
Net increase in plan net assets	$1,574	$1,942	$ (368)	(19)%

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2005 totaled $809 million which was 13 percent more than 2004. While investment returns for 2005 were strong, they did not match the 2004 return. The $1,608 million investment gain in 2005 represents a $402 million decrease from the $2,010 gain in 2004. IMRF's total investment portfolio, reflecting a slowing in the bull market that has existed since 2003, returned 8.7 percent in 2005 compared to 12.4 percent in 2004.

The increase in member contributions is due to an increase in total member earnings to $5,375 million from $5,161 million in 2004. The member contribution rate remained at 4.5 percent of earnings for Regular members, 6.5 percent for Sheriff's Law Enforcement Personnel (SLEP) members, and 7.5 percent for the optional Elected County Officials (ECO) members.

The increase in employer contributions is the net effect of several factors. Member earnings increased overall by 4.1 percent. This increase in member earnings caused employer contributions to increase. In addition, the average Regular Plan and SLEP Plan employer rates increased to 9.25 percent from 7.82 percent and to 17.15 percent from 16.29 percent. The average rate for the very small ECO plan decreased from 44.90 percent to 42.66 percent. These employer rate increases are primarily due to the negative investment returns in 2002 and 2001.

In 2005, IMRF achieved net appreciation in the value of investments of $1,227 million, a $474 million decrease from the $1,701 million of appreciation recorded in 2004. Interest, dividends and equity fund income totaled $426 million, an increase of $76 million from 2004. Securities lending income net of related expenses was $7.2 million for 2005, an increase of $2.1 million from 2004. Direct investment expenses increased to $52.0 million in 2005 from $45.2 million in 2004.

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2005 totaled $843 million, an increase of $59 million over 2004. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 82,108 in 2005 from 79,628 in 2004 as well as an increase in the amount of the average benefit.

Economic Factors Impacting 2007

Employer contributions will be greater in 2007 than in 2006 due to a projected increase in covered payroll which is consistent with past historical trends and higher average employer rates for the SLEP plan. These increases will be offset somewhat by lower average employer rates for the Regular and ECO plans. The average Regular plan rate for employers—which accounts for the vast majority of covered payroll—will decrease from 10.04 percent to 9.72 percent, a decrease of 3.2 percent.

The Fund's estimated investment return for the four months ended April 30, 2007, has been approximately 5 percent, 15 percent on an annualized basis. IMRF's total investments as of April 30, 2007, are approximately $24 billion, an increase of $1 billion since year-end.

Statements of Plan Net Assets

	December 31 2006	December 31 2005
Assets		
Cash and cash equivalents	$22,390,221	$21,114,762
Receivables and prepaid expenses		
Contributions	65,592,044	60,287,894
Investment income	115,342,085	74,537,479
Receivables from brokers for unsettled trades	801,275,828	563,270,536
Prepaid expenses	58,136,711	52,757,073
Total receivables and prepaid expenses	1,040,346,668	750,852,982
Investments, at fair value		
Fixed income	7,713,129,550	6,429,017,173
Stocks	13,300,645,015	11,849,943,391
Short term investments	577,937,893	518,158,750
Real estate	676,157,516	698,443,846
Alternative investments	734,969,240	634,270,934
Total investments	23,002,839,214	20,129,834,094
Invested securities lending cash collateral	2,639,794,666	2,780,849,337
Capital assets		
Equipment, at cost	4,654,286	4,386,444
Accumulated depreciation	(3,998,291)	(3,755,312)
Total capital assets	655,995	631,132
Total assets	26,706,026,764	23,683,282,307
Liabilities		
Accrued expenses and benefits payable	22,179,849	21,855,581
Securities lending cash collateral	2,639,794,666	2,780,849,337
Payables to brokers for unsettled trades	1,536,442,811	1,007,807,987
Total liabilities	4,198,417,326	3,810,512,905
Net assets held in trust for pension benefits	$22,507,609,438	$19,872,769,402

(A schedule of funding progress is presented on page 37.)

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Plan Net Assets

	Years Ended December 31	
	2006	2005
Additions		
Contributions		
Members for retirement coverage	$280,997,170	$265,568,534
Employers for benefit plan coverage	602,775,795	543,263,475
Total contributions	883,772,965	808,832,009
Investment Income		
From investing activities		
Interest	286,545,278	214,570,967
Dividends	160,146,627	134,873,428
Equity fund income, net	96,362,399	76,166,558
Net appreciation in fair value of investments	2,175,316,837	1,226,966,203
Investment activity gain	2,718,371,141	1,652,577,156
Less: Direct investment expense	(58,589,935)	(52,045,693)
Net investment activity gain	2,659,781,206	1,600,531,463
From security lending activity		
Securities lending income	146,165,074	88,782,042
Securities lending management fees	(1,396,463)	(1,382,520)
Securities lending borrower rebates	(136,849,239)	(80,197,580)
Net security lending activity income	7,919,372	7,201,942
Total investment gain	2,667,700,578	1,607,733,405
Other	6,315	5,190
Total additions	3,551,479,858	2,416,570,604
Deductions		
Annuities	818,940,511	755,367,768
Disability benefits	11,652,351	11,299,694
Death benefits	25,612,734	24,666,238
Refunds	40,095,036	32,120,791
Administrative expenses	20,339,190	19,650,440
Total deductions	916,639,822	843,104,931
Net increase	2,634,840,036	1,573,465,673
Net assets held in trust for pension benefits		
Beginning of year	19,872,769,402	18,299,303,729
End of year	$22,507,609,438	$19,872,769,402

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

December 31, 2006

A. Plan Description

The Illinois Municipal Retirement Fund (IMRF or the "Fund") is the administrator of an agent multiple-employer public employee retirement system. The Illinois State Legislature established IMRF to provide employees of local governments and school districts a sound and efficient retirement system. Members, employers and annuitants elect eight trustees who govern IMRF. State law authorizes the Board to make investments, pay benefits, set employer contribution rates, hire staff and consultants and perform all necessary functions to carry out the provisions of the Illinois Pension Code. Benefit and contribution provisions are established by state law and may be amended only by the Illinois General Assembly. IMRF is administered in accordance with Illinois statutes. The statutes do not provide for termination of the plan under any circumstances.

IMRF is separate and apart from the Illinois state government and is not included in the state's financial statements. However, the Illinois Pension Code designates the State Treasurer ex-officio treasurer of IMRF and requires the Auditor General to approve appointment of independent public accountants.

1. Employers	2006	2005
Participating employers	2,909	2,896

The Illinois Pension Code specifies the units of government required to participate in IMRF and the units that may elect to join. Participation by the following units of government is mandatory:

- All counties except Cook,
- All school districts except Chicago and
- All cities, villages and incorporated towns with a population over 5,000, other than Chicago, which do not provide Social Security or equivalent coverage for their employees before they reach a population of 5,000.

Other units of government with general taxing powers, such as townships and special districts, may elect to join. Participating instrumentalities, which include units of government without general taxing powers and not-for-profit organizations, associations, or cooperatives authorized by state statute, may participate. They must meet financial stability requirements. Units that elect to join the system may not under any circumstances terminate their participating employer status as long as they are in existence.

2. Members	2006	2005
Retirees and beneficiaries currently receiving benefits	84,704	82,108
Terminated members entitled to benefits but not yet receiving them	10,541	10,259
Terminated members—non-vested	98,216	94,626
Current members:		
Non-vested	95,535	95,491
Vested	78,473	75,437
Total current members	174,008	170,928
Grand Total	367,469	357,921

Employers must enroll employees in IMRF if the employees' positions meet the qualifications for IMRF membership. There are some exceptions. City hospital employees and elected officials have the option to participate. IMRF does not cover individuals in certificated teaching positions covered by the Illinois Teachers' Retirement System. Also, IMRF does not generally cover individuals performing police or fire protection duties for employers with local police and fire pension funds. Certain police chiefs may choose to participate as Sheriffs' Law Enforcement Personnel (SLEP) members.

3. Funding

The member contribution rates—4.5 percent for regular members, 7.5 percent for SLEP members and the Elected County Officials Plan (ECO) members—are set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Employer contributions for disability benefits, death benefits and the supplemental retirement benefits are pooled. See the Required Supplementary Information and the Actuarial Section for data on the funding status. Costs of administering the plan are financed by investment income.

4. Benefit Provisions

Benefits are established by statute and may only be changed by the General Assembly. The benefit provisions in effect on the member's date of termination determine a member's benefit. The following is a summary of the IMRF benefit provisions as of December 31, 2006 and 2005. A more extensive description of the plan can be found in the Actuarial Section. The ECO plan was created by statute in 1997 and was revised in 2000.

Refunds

Members who terminate their IMRF participation may withdraw their contributions and forfeit future retirement benefits.

Retirement

Plan	Regular	SLEP	Original ECO	Revised ECO
Vesting	8 years	20 years	8 years	8 years in each elected position
Minimum age for unreduced benefit	35+ years of service: 55, otherwise 60	50	Sheriffs with 20 years of SLEP service: 50, otherwise 55	Sheriffs with 20 years of SLEP service: 50, otherwise 55
Final rate of earnings	Highest consecutive 48 months in the last 10 years	Highest consecutive 48 months in the last 10 years	Annual salary on the last day of ECO participation	Highest consecutive 48 months in the last 10 years for each elected position
Survivor benefits	Annuity for eligible spouse	Annuity for eligible spouse	Annuity for eligible spouse and unmarried children under 18	Annuity for eligible spouse and unmarried children under 18
Post-retirement increase	3% of original amount	3% of original amount	3% of original amount	3% of original amount
Early retirement	At age 55, discount based on age and service	None	None	None

IMRF employers may offer an early retirement incentive (ERI) for active members who have 20 or more years of service and are age 50 or older. The program is optional with employers and may not be offered until the liability for any previous ERI is paid.

Supplemental Retirement Benefit

Retirees and surviving spouses who have been receiving benefits for at least one year receive a supplemental retirement benefit in July. The total supplemental benefit pool in each year is equal to 0.62 percent of the participating payroll for the previous year. An individual receives a pro-rata share of the total pool based upon the ratio of his individual benefits to the total benefits paid to all IMRF recipients.

Death Benefits
An eligible spouse of a deceased retired member receives a one-time death benefit of $3,000 plus a monthly pension equal to one-half (66-2/3 percent for ECO retirees) of the member's pension. The beneficiaries of a participating member who had at least one year of service receive a lump sum death benefit equal to one year's earnings plus the member's contributions with interest. Death benefits paid upon the death of an inactive member vary depending on the member's age and service.

Disability
Members who have at least one year of service and meet the disability medical requirements will receive a benefit of up to 50 percent of the average monthly earnings in the 12 months preceding disability. Disabled ECO members receive a disability benefit equal to the benefit they would receive upon retirement. IMRF reduces the benefit by Social Security or Workers' Compensation awards. Members paid disability continue to receive pension service credit and death benefit protection.

5. IMRF as Employer
IMRF as an employer provides pension, disability and death benefits for all of its full-time employees through the Fund.

Members	2006	2005
Retirees and beneficiaries currently receiving benefits	59	60
Terminated members entitled to benefits but not yet receiving them	56	52
Terminated members—non-vested	22	20
Current members:		
Non-vested	66	67
Vested	109	108
Total current members	175	175
Grand Total	312	307

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2006	$1,047,079	100%	$0
12/31/2005	943,494	100%	0
12/31/2004	880,451	100%	0
12/31/2003	532,034	100%	0
12/31/2002	374,674	100%	0
12/31/2001	549,541	100%	0

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2006	$26,373,541	$27,621,782	$1,248,241	95.5%	$10,608,707	11.77%
12/31/2005	23,420,031	25,214,021	1,793,990	92.9%	10,166,962	17.65%
12/31/2004	20,586,259	22,740,505	2,154,246	90.5%	10,050,814	21.43%
12/31/2003	19,962,212	21,187,622	1,225,410	94.2%	9,870,762	12.41%
12/31/2002	18,640,449	18,657,894	17,445	99.9%	9,485,417	0.18%
12/31/2001	21,262,088	18,429,814	(2,832,274)	115.4%	9,038,500	-31.34%

B. Summary of Significant Accounting Policies

1. Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

(1) Appointment of a voting majority of the component unit's board and that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

(2) Fiscal dependency on the primary government.

Based upon these criteria, IMRF has no component units and IMRF is not a component unit of any other entity.

2. Basis of Accounting

IMRF prepares its financial statements using the accrual basis of accounting. It recognizes member and employer contributions as revenues in the month member earnings are paid in accordance with the provisions of the Illinois Pension Code. Benefits and refunds are recognized as expenses when payable. Expenses are recorded when the corresponding liabilities are incurred regardless of when payment is made.

3. Use of Estimates

The preparation of IMRF's financial statements in conformity with generally accepted accounting principles requires management to make significant estimates and assumptions that effect the reported amounts and plan net assets at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in IMRF plan net assets during the reporting period and, when applicable, disclosures of the contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

4. Income Taxes

IMRF is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service under Code section 401(a).

5. Method Used to Value Investments

IMRF reports securities at fair value. Where appropriate, the fair value includes estimated disposition costs. Fair value for stocks is determined by using the closing price listed on the national securities exchanges as of December 31. Market value for fixed income securities is determined principally by using quoted market prices provided by independent pricing services. For commingled funds, the net asset value is determined and certified by the commingled fund manager as of December 31. Alternative investments, which include private equity and absolute return funds, are valued based on amounts established by fund managers which are subject to annual audit. Fair values for directly owned real estate investments are determined by appraisals.

6. Broker Commission Credits

IMRF has directed commission arrangements with several brokers. Under these arrangements, certain expenses related to the operation of IMRF, and exclusively for the benefit of IMRF, are paid using a percentage of commissions earned on investment transactions. At December 31, 2006 and 2005, IMRF has accumulated $1,724,341 and $2,245,295, respectively, for future expenditures, and these credits are included in plan net assets.

C. Deposits and Investment Risk Disclosures

1. Deposits

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, IMRF's deposits may not be returned. All non-investment related bank balances at year-end are insured or collateralized with securities held by the Illinois State Treasurer or agents in the name of the State Treasurer. The Illinois State Treasurer is ex-officio Treasurer of IMRF. Cash held in the investment related bank account is neither insured nor collateralized for amounts in excess of $100,000. These deposits are not required to be collateralized by statute and there is no related deposit policy for custodial risk. These assets are under the custody of the Northern Trust Company. The Northern Trust Company has a AA- Long Term Deposit/Debt rating by Standard & Poor and an Aa3 rating by Moody.

	2006	2005
Carrying amounts at December 31:		
Cash	$22,390,221	$21,114,762
Bank balances at December 31:		
Total	$16,469,930	$19,141,770
Amount exposed to custodial credit risk	$954,710	$552,875

2. Investment Policies

The Illinois Pension Code prescribes the "prudent man rule" as IMRF's investment authority, effective August 25, 1982. This rule requires IMRF to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the "prudent man" framework, the Board of Trustees adopts investment guidelines for IMRF investment managers which are included within their respective Investment Management agreements. The Investment Section contains a summary of these guidelines. By statute all investments are held in the name of the Illinois Municipal Retirement Fund or in the name of a nominee created for the express purpose of securities registration.

3. Investment Summary

The following table presents a summary of the Fund's investments by type at December 31, 2006, and 2005.

	2006	2005
U.S. government & agency fixed income	$2,469,926,166	$2,372,773,965
U.S. corporate fixed income	2,704,085,216	1,853,938,079
U.S. fixed income funds	2,166,377,882	1,876,393,973
Foreign fixed income securities	372,740,286	325,911,156
U.S. equities	7,019,031,550	6,013,448,397
U.S. stock funds	2,822,460,662	2,734,252,561
Foreign equities	3,010,979,473	2,760,677,337
Foreign stock funds	448,173,330	341,565,096
Foreign currency forward contracts	147,067	391,319
Pooled short-term investment funds	568,144,438	505,106,126
Real estate	676,157,516	698,443,846
Private equity	390,522,339	324,206,509
Absolute return funds	344,446,901	310,064,425
Commercial paper	510,000	4,997,282
Swaps	6,998,561	(3,224,467)
Options	2,137,827	1,632,213
Other bank deposits	--	7,546,277
Margin cash	--	1,710,000
Total Investments at fair value	$23,002,839,214	$20,129,834,094

Short-term securities include commercial paper or notes having a maturity of less than 90 days. Pooled short-term investment funds are commingled funds managed by Northern Trust. Under the terms of the investment agreement for these funds, Northern Trust may invest in a variety of short-term investment securities. Alternative investments include commingled funds and separate accounts that invest in private equity and absolute return funds.

There are no individual investments held by IMRF that represent five percent or more of the Fund's net assets at year-end. As of December 31, 2006, IMRF had $2,166,377,882 invested in the NTGI QM Collective Daily Aggregate Bond Special Purpose Index Fund and $1,524,013,005 invested in the NTGI QM Collective Daily Marketcap Equity Fund. As of December 31, 2005, IMRF had $1,879,212,792 invested in the NTGI QM Collective Daily Aggregate Bond Special Purposes Index Fund.

4. Custodial Credit Risk for Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, IMRF will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of December 31, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Fund's name.

	2006	2005
Investments in foreign currency	$6,296,452	$5,748,258

5. Concentration of Credit Risk Debt Securities

The debt security portfolios are managed by professional investment management firms. These investment management firms are required to maintain diversified portfolios. Each investment manager must comply with risk management guidelines individually assigned to them as part of their Investment Management Agreement.

The total debt securities portfolio is managed using the following general guidelines adopted by the IMRF Board of Trustees:

A. Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities are permissible investments and may be held without restriction.

B. The average credit quality of the total portfolio must be investment grade.

C. Debt obligations of any single U.S. corporation shall generally be limited to a maximum of 5 percent of the total portfolio at market value.

D. Generally, no more than 30 percent of a manager's assets at market value may be invested in securities rated below investment grade at the time of purchase. Investment managers using high yield disciplines will not be subject to this restriction.

E. Debt obligations of any U.S. industry shall generally be limited to a maximum of 25 percent of the total portfolio at market value.

F. Bonds or other debt obligations of foreign countries and corporations payable in U.S. and in non-U.S. funds are authorized but, in general, will not exceed 15 percent of the portfolio.

	2006	2005
Quality Rating		
AAA	$1,461,379,235	$755,578,268
AA+	31,104,096	24,361,954
AA	94,771,100	38,483,413
AA-	68,912,246	63,901,649
A+	104,802,234	100,666,678
A	85,637,186	161,022,775
A-	68,739,960	65,381,821
BBB+	114,885,099	82,217,890
BBB	112,645,401	106,019,545
BBB-	53,906,316	57,096,475
BB+	108,412,731	53,011,273
BB	77,155,282	117,213,143
BB-	94,627,842	88,992,861
B+	157,734,098	111,857,646
B	182,628,334	129,489,492
B-	112,011,940	115,180,940
CCC+	56,869,893	30,008,375
CCC	22,192,857	23,341,644
CCC-	5,435,867	11,340,321
CC	1,832,800	695,653
C	7,648,749	246,305
D	11,461,705	6,543,526
Not Rated	28,386,726	26,866,569
Other	13,643,805	10,331,019
Total Credit Risk Debt—Securities	3,076,825,502	2,179,849,235
U.S. Government & Agencies	2,469,926,166	2,372,773,965
U.S. Fixed Income Fund	2,166,377,882	1,876,393,973
	$7,713,129,550	$6,429,017,173

6. Interest Rate Risk

The Illinois Municipal Retirement Fund manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio at an effective duration range between 80 and 120 percent of the benchmark index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. The Illinois Municipal Retirement Fund benchmarks its debt security portfolio to the Lehman Aggregate Bond Index. At December 31, 2006 and 2005, the effective duration of the Lehman Aggregate Bond Index was 4.46 and 4.57, respectively. At the same points in time, the effective duration of the Illinois Municipal Retirement Fund debt securities portfolio was 4.27 and 4.14, respectively.

Investment	2006 Fair Value	Effective Weighted Duration Rate	2005 Fair Value	Effective Weighted Duration Weight
U.S. Corporate	$2,704,085,216	3.26	$1,853,938,079	3.67
U.S. Government & Agencies	2,469,926,166	5.24	2,372,773,965	3.94
Fixed Income Fund	2,166,377,882	4.41	1,876,393,973	4.57
International	372,740,286	4.43	325,911,156	5.84
Total	$7,713,129,550	4.27	$6,429,017,173	4.14

7. Foreign Currency Risk

The international portfolio is constructed on the principles of diversification, quality, growth and value. Country exposure is limited to 25 percent or two times the benchmark weighting at market value. Risk of loss arises from changes in currency exchange rates. International managers may also engage in transactions to hedge currency at their discretion. Currency trading may not be used for speculative purposes.

	2006	2005
Foreign Equities		
Australian dollar	$71,990,300	$28,760,106
Bermuda dollar	218,890	--
Brazilian real	25,719,376	19,430,670
British pound sterling	536,440,406	455,653,364
Canadian dollar	102,480,893	42,075,384
Chilean peso	203,579	--
Czech koruna	4,904,100	3,055,533
Danish krone	13,321,742	13,159,858
Euro	999,998,379	990,070,045
Hong Kong dollar	91,131,958	49,826,261
Hungarian forint	2,808,736	--
Indian rupee	35,072,511	13,911,382
Indonesian rupee	8,945,845	6,987,794
Japanese yen	493,378,774	434,527,431
Malaysian ringgit	5,165,497	555,326
Mexican peso	27,765,028	21,387,038
New Taiwan dollar	24,807,821	--
New Zealand dollar	7,497,045	12,777,028
Norwegian krone	23,080,763	32,795,766
Polish zloty	2,902,924	--
Singapore dollar	39,350,499	32,879,915
South African rand	13,735,085	10,484,966
South Korean won	70,425,787	50,518,197
Swedish krona	45,235,635	16,136,284
Swiss franc	168,761,023	350,839,929
Thai baht	--	5,515,186
Turkish lira	2,086,995	3,905,970
United States dollar	641,723,212	506,989,000
	3,459,152,803	3,102,242,433
Foreign Fixed Income		
Argentine peso	1,731,595	--
Australian dollar	579,740	3,483,168
British pound sterling	3,637,377	--
Canadian dollar	2,877,216	2,813,113
Euro	22,198,453	--
Japanese yen	612,822	--
Mexican peso	--	7,546,538
New Zealand dollar	722,419	--
Norwegian krone	286,454	--
Swedish krona	1,276,625	--
United States dollar	338,817,585	312,068,337
	372,740,286	325,911,156
	$3,831,893,089	$3,428,153,589

D. Securities Lending Program

The IMRF securities lending program is authorized by the IMRF Board of Trustees. IMRF lends securities (both equity and fixed income) to securities firms on a temporary basis through its agent, Northern Trust. There are no restrictions on the amount of securities that may be lent. IMRF receives fees for all loans and retains the right to all interest and dividend payments while the securities are on loan. All securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued, subject to de minimus rules, at 102 percent of the market value of the securities plus any accrued interest (105 percent for non-U.S. securities). As the market value of the securities loaned changes, the borrower must adjust the collateral accordingly. IMRF or the borrower has the right to close the loan at any time. The average term of overall loans was 112 days as of December 31, 2006, and 81 days as of December 31, 2005. When the loan closes, the borrower returns the securities loaned to IMRF, and IMRF returns the associated collateral to the borrower. IMRF cannot pledge or sell the non-cash collateral unless the borrower fails to return the securities borrowed.

Northern Trust pools all collateral received from securities lending transactions and invests any cash collateral. IMRF holds a prorated share of the collateral provided by the borrowers of its securities. The cash collateral is shown on IMRF's financial statements. Cash collateral is invested in a short-term investment pool, which had an interest sensitivity of 42 days as of December 31, 2006, and which had an interest sensitivity of 40 days as of December 31, 2005. Cash collateral may also be invested separately in "term loans," in which case the investments match the term of the loan. These loans can be terminated on demand by either lender or borrower.

Indemnification pertains to the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. During 2006 and 2005, there were no violations of legal or contractual provisions and no borrower or lending agent default losses to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. IMRF had no credit risk as a result of its securities lending program as the collateral held exceeded the market value of the securities lent.

Securities lent are included in the Statements of Plan Net Assets. The market value of collateral received includes cash collateral of $2,639,794,666 and $2,780,849,337 at December 31, 2006 and 2005, respectively.

Loans outstanding as of	December 31, 2006	December 31, 2005
Market value of securities loaned	$2,684,116,598	$2,808,158,730
Market value of collateral received	$2,767,581,580	$2,895,865,485

E. Derivatives

IMRF's investment managers may enter into derivative transactions as permitted by their guidelines. A derivative financial instrument is an investment whose payoff depends upon the value of an underlying such as bond or stock prices, a market index, or commodity prices. Derivative financial instruments involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. IMRF's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. Senior investment management approves these limits and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. IMRF does not purchase derivatives with borrowed funds.

During the year, IMRF's derivative investments included foreign currency forward contracts, financial futures, options and swaps. Foreign currency forward contracts are used to hedge against the currency risk in IMRF's foreign stock and fixed income security portfolios. The remaining derivative financial instruments are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

Foreign currency forward contracts are agreements to buy or sell a specific amount of a specific currency at a specified delivery or maturity date for an agreed upon price. As the market value of the underlying currency varies from the original contract price, IMRF records an unrealized gain or loss. The market value of forward currency contracts outstanding at December 31, 2006 and 2005 are as follows:

Market Value as of	December 31, 2006	December 31, 2005
Forward currency purchases	$ 63,441,029	$101,932,866
Forward currency sales	63,293,962	101,541,547
Unrealized, gain (loss)	$ 147,067	$ 391,319

Financial futures are similar to forward contracts, except futures contracts are standardized and traded on organized exchanges. As the market value of the underlying hedging assets vary from the original contract price, a gain or loss is recognized and is settled through the clearinghouse. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. The contractual amounts of future contracts outstanding at December 31, 2006 and 2005 are as follows:

Contractual Amount as of	December 31, 2006	December 31, 2005
Fixed income futures sold	$ 53,501,219	$ 30,301,993
Fixed income futures purchased	$ 53,501,219	$ 30,301,993
Equity futures purchased	$ 16,478,475	$ 70,103
Equity futures sold	$ 16,478,475	$ 70,103
Cash and cash equivalent futures sold	$103,646,250	$ 33,068,513
Cash and cash equivalent futures purchased	$103,646,250	$ 33,068,513

Contractual amounts, which represent the market value of the underlying assets of the derivative contracts, are often used to express the volume of these positions. Such amounts do not reflect the extent to which positions may offset one another or the potential risk, which is generally a lesser amount.

Financial options are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, IMRF receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the assets underlying the option. Gains and losses on options are determined based on market values and are recorded in the Statement of Changes in Plan Net Assets. The market value of financial options outstanding at year-end is as follows:

Market Value as of	December 31, 2006	December 31, 2005
Financial options, gain	$ 2,137,827	$ 1,632,213

Interest rate swaps are agreements between two or more parties to exchange sets of cash flows over a period of time. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate. In addition to interest rate swaps, one of IMRF's investment managers utilizes credit default swaps which, in addition to the exchange of interest payment streams as in a common interest rate swap, add liquidity to individual credits and protect specific positions. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Plan Net Assets. The market value of swaps outstanding at year-end is as follows:

Market Value as of	December 31, 2006	December 31, 2005
Swaps, gain (loss)	$ 6,998,561	$ (3,224,467)

F. Future Investment Commitments

At December 31, 2006 and 2005, IMRF had future commitments for additional contributions to real estate and alternative investment managers totaling $299,876,340 and $346,976,447 respectively.

G. IMRF as Employer - Postemployment Benefits Other Than Pensions

1. Plan Description

IMRF, as an employer, administers a single-employer defined benefit healthcare plan ("Retiree Health Plan") under the provisions of ILCS Chapter 215, Article 5, Section 367j. As required by the statutes, the Retiree Health Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through IMRF's group health insurance plan, which covers both active and retired members. Currently 16 retirees are in the plan and 164 active employees could be eligible at retirement. Benefit subsidy provisions have been established by IMRF's Board of Trustees that cover a percentage of the retiree's insurance premiums from the date of retirement to the date the retiree becomes eligible for Medicare. The amount of the subsidy varies based upon the retiree's years of service with IMRF. These benefit subsidy provisions can be modified or terminated at the sole discretion of the IMRF Board. Except for any eligible subsidy, retirees must pay the entire blended insurance premium for their coverage. IMRF adopted Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB Statement 45) in 2005.

2. Funding Policy

The contribution requirements of plan members and IMRF are established by IMRF's Board of Trustees within the provisions of the Illinois statutes. The required contribution is based on projected pay-as-you-go financing requirements. For 2006 and 2005, IMRF contributed $1,448,316 and $1,286,688, respectively, to the plan for current premiums, including a $29,010 subsidy in 2006 and a $26,986 subsidy in 2005 for retiree health and dental care premiums (79.6 percent and 79.3 percent of total premiums for each year). Plan members receiving benefits contributed $371,304 in 2006 and $335,133 in 2005, or 20.4 percent and 20.7 percent of the total premiums for each year, through their required contributions of between $42 and $353 per month based upon their coverage.

3. Annual OPEB Cost and Net OPEB Obligation

IMRF's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of IMRF's annual OPEB cost, the amount actually contributed to the plan, and changes in IMRF's net OPEB obligation to the Retiree Health Plan:

	2006	2005
Annual required contribution	$179,675	$150,325
Interest on net OPEB obligation	6,311	--
Adjustment to annual required contribution	(2,805)	--
Annual OPEB expense	183,181	150,325
Contributions made	(80,851)	(66,172)
Increase in net OPEB obligation	102,330	84,153
Net OPEB obligation – beginning of year	84,153	--
Net OPEB obligation – end of year	$ 186,483	$ 84,153

In 2006 and 2005, IMRF contributed 45 percent and 44 percent, respectively, of the annual required OPEB contribution to the plan.

4. Actuarial Valuation Information

Actuarial Valuation Date	Accrued Liability (AAL) (a)	Actuarial Covered Annual Payroll (b)	AAL as a Percentage of Covered Payroll (a/b)
12/31/2006	1,810,853	9,872,250	18.3
12/31/2005	1,926,352	9,222,369	20.9

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Since IMRF does not intend to fund the plan, no schedule of funding progress is presented.

5. Actuarial Methods and Assumptions.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the December 31, 2006 and 2005 actuarial valuations, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return which is based upon the employer's assumed return on its assets and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 4 percent after ten years. Both rates include a 4 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years.

H. Reserves

IMRF maintains several reserves as required by the Illinois Pension Code and Board policy. All reserves are fully funded with the exception of some individual employer retirement reserves. These reserves do not equal the present value of expected retirement benefits for all employers. In 2006, the retirement reserves for all employers combined exceeded the present value of expected retirement benefits by $19,424,407. In 2005, the present value of expected retirement benefits exceeded the retirement reserves, for all employers combined, by $942,291,440.

1. Member Contribution Reserve	2006	2005
Balance at December 31	$3,960,727,585	$3,688,148,208

2. Annuity Reserve	2006	2005
Balance at December 31	$8,650,635,472	$7,966,135,229

3. Employer Reserves	2006	2005
Balance at December 31		
Retirement contribution reserve	$9,858,318,319	$8,128,240,861
Earnings and experience reserve	17,335,558	74,833,130
Supplemental retirement benefit	1,947,786	1,528,266
Pooled death benefit reserve	8,175,295	5,613,410
Pooled disability benefit reserve	10,469,423	8,270,298
	$9,896,246,381	$8,218,485,965

I. Other Notes

1. Prepaid Expenses	2006	2005
Balance at December 31		
Prepaid administrative expenses	$ 580,695	$ 633,437
January 1 benefits charged to bank account in December	57,556,016	52,123,636
	$ 58,136,711	$ 52,757,073

2. Capital Assets

Capital assets are recorded at their cost at the time of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. The estimated useful lives are 1) furniture: ten years, 2) equipment: five to eight years and 3) automobiles: four years.

Year ended December 31	2006	2005
Equipment, furniture and automobiles		
Beginning balance	$4,386,444	$4,504,052
Additions	341,722	195,277
Deletions	(73,880)	(312,885)
Ending balance	4,654,286	4,386,444
Accumulated depreciation		
Beginning balance	3,755,312	3,778,686
Additions	316,859	280,387
Deletions	(73,880)	(303,761)
Ending balance	3,998,291	3,755,312
Capital assets, net	$ 655,995	$ 631,132

3. Compensated Absences

Annual vacation leave is earned by all employees. Upon termination, employees are eligible to receive compensation for their accrued annual leave balances. At December 31, 2006, a liability existed for accumulated annual leave calculated at the employee's December 31, 2006 pay rate in the amount of $553,512. Employees who have been continuously employed by IMRF for at least five years prior to the date of their retirement, resignation or death will receive payment for their accumulated sick leave balance with such payment not to exceed the sum of ninety days of the employee's annual compensation. For employees who have not been employed for five continuous years, an accrued liability is calculated assuming the likelihood that they will meet the five-year threshold in the future. At December 31, 2006, a liability existed for accumulated and accrued sick leave calculated at the employee's December 31, 2006 pay rate in the amount of $1,870,094. The total leave liability of $2,423,606 and $2,247,275 as of December 31, 2006, and 2005, respectively, is reflected on the Statement of Plan Net Assets in accrued expenses and benefits payable.

4. Lease Agreements

The Fund leases its headquarters facilities at the Drake Oak Brook Plaza under an agreement with the building's management. In 2005 the Fund entered into a new agreement covering the period January 1, 2006, through May 31, 2011. The base rent was abated until May 31, 2006. The Fund is amortizing the abated rent over the period covered by the agreement. Total rental expense for 2006 and 2005 was $741,477 and $1,044,287 respectively.

The Fund also leases office space in Springfield for its Regional Counseling Center under an agreement that expired on October 31, 2006. In 2006 the Fund entered into a new agreement covering the period November 1, 2006, through October 31, 2011. Total rental expense for 2006 and 2005 was $30,554 and $30,004, respectively.

The minimum commitments for the remainder of these leases are as follows:

2007	$846,864
2008	871,776
2009	897,756
2010	924,276
2011	410,640

5. Risk Management

IMRF carries commercial, business and automobile liability insurance coverage provided by private insurance carriers. These policies limit the risk of loss from torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. There have been no material insurance claims filed or paid during the last three years. The Fund is also exposed to investment risk. This risk is limited by diversification of the portfolio, establishment and monitoring of investment policies and guidelines and monitoring of investment performance. In addition, investment consultants and fiduciary counsel monitor the Fund's activities and advise the Board of Trustees.

6. Contingencies

IMRF is a defendant in a number of lawsuits that, in management's opinion, will not have a material effect on the financial statements.

J. Ten-Year Historical Trend Information

Ten-year historical trend information designed to provide information about IMRF's progress made in accumulating sufficient assets to pay benefits when due is presented as required supplementary information following the footnotes.

Required Supplementary Information

Schedule of Funding Progress

Last ten years

	Aggregate Actuarial Liabilities (AAL)			Unfunded Actuarial Liabilities (UAL)		
Actuarial Valuation Date December 31	Total AAL Entry Age (a)	Actuarial Assets (b)	Actuarial Assets as a % of AAL (b/a)	Total UAL (a-b)	Member Payroll (c)	UAL as a % of Member Payroll ((a-b)/c)
1997	$10,807,969,067	$10,273,116,034	95.1%	$534,853,033	$3,454,621,933	15.5%
1998	11,860,879,198	11,636,495,534	98.1%	224,383,664	3,696,074,942	6.1%
1999*	13,005,023,293	13,520,192,111	104.0%	(515,168,818)	3,952,129,535	-13.0%
2000	14,153,055,774	15,169,369,263	107.2%	(1,016,313,489)	4,184,702,169	-24.3%
2001	15,318,517,575	16,305,022,254	106.4%	(986,504,679)	4,503,092,615	-21.9%
2002*	16,559,907,302	16,800,195,504	101.5%	(240,288,202)	4,755,103,888	-5.1%
2003	17,966,103,451	17,529,890,818	97.6%	436,212,633	4,944,767,495	8.8%
2004	19,424,667,016	18,315,987,910	94.3%	1,108,679,106	5,161,127,432	21.5%
2005*#	20,815,060,842	19,698,401,285	94.6%	1,116,659,557	5,374,585,943	20.8%
2006	22,488,185,031	21,427,139,356	95.3%	1,061,045,675	5,630,683,054	18.8%

* After assumption change.
# After benefit change.
This data was provided by the actuary.

Schedule of Employer Contributions

Last ten years

Year Ended December 31	Normal Contributions	Amortization of Unfunded Actuarial Liability	Death & Disability Benefit Contributions	Supplemental Retirement Benefit Contributions	Total Contributions	Percentage Contributed
1997	$254,168,099	$46,697,036	$13,868,304	$21,516,048	$336,249,487	100%
1998	274,024,269	50,551,829	16,661,873	22,958,697	364,196,668	100%
1999	293,310,795	47,851,978	13,647,855	24,384,264	379,194,892	100%
2000	289,815,409	25,817,059	14,498,307	26,022,673	356,153,448	100%
2001	244,301,259	24,361,513	16,427,003	27,917,864	313,007,639	100%
2002	232,765,220	14,951,535	17,488,736	29,729,931	294,935,422	100%
2003	257,835,660	15,136,077	16,916,553	31,161,549	321,049,839	100%
2004	367,704,509	36,473,252	19,617,440	32,402,897	456,198,098	100%
2005	448,921,946	40,296,343	20,407,466	33,637,720	543,263,475	100%
2006	512,880,073	29,573,773	25,166,224	35,155,725	602,775,795	100%

See notes to required supplementary information on following page.

Notes to Required Supplementary Information

Valuation date . . . . December 31, 2006

Actuarial cost method . . . . Entry age normal

Amortization method . . . . Level percent of payroll

Remaining amortization period . . . . Taxing bodies: closed, 24 years
Overfunded taxing bodies: varies by funding status
Non-taxing bodies: generally 5 years

Asset valuation method . . . . Five year smoothed market related with a 15% corridor

Actuarial assumptions:

- Investment rate of return . . . . 7.5 percent
- Projected salary increases . . . . 4.65 to 8.25 percent
- Assumed wage inflation rate . . . . 4.0 percent
- Group size growth rate . . . . 0.0 percent
- Assumed payroll growth rate . . . . 4.0 percent
- Post-retirement increase . . . . 3.0 percent – simple
- Mortality table . . . . For non-disabled lives, the 1994 Group Annuity Mortality Table for males multiplied by 110% and the 1994 Group Annuity Mortality Table for females multiplied by 87%; for disabled lives, the 1994 Group Annuity Mortality Table for males multiplied by 110% and the 1994 Group Annuity Mortality Table for females multiplied by 87% and set forward ten years.

Supplementary Information

Schedule of Administrative Expenses

	2006	2005
Personal services	$14,593,648	$13,348,748
Supplies	360,867	374,558
Professional services	980,861	1,000,740
Occupancy and utilities	1,373,243	1,785,050
Postage and delivery	811,277	850,153
Equipment service and rental	690,027	737,962
Expendable equipment	196,802	148,266
Miscellaneous	1,015,606	1,124,576
Depreciation	316,859	280,387
Total	$20,339,190	$19,650,440

Schedule of Payments to Consultants

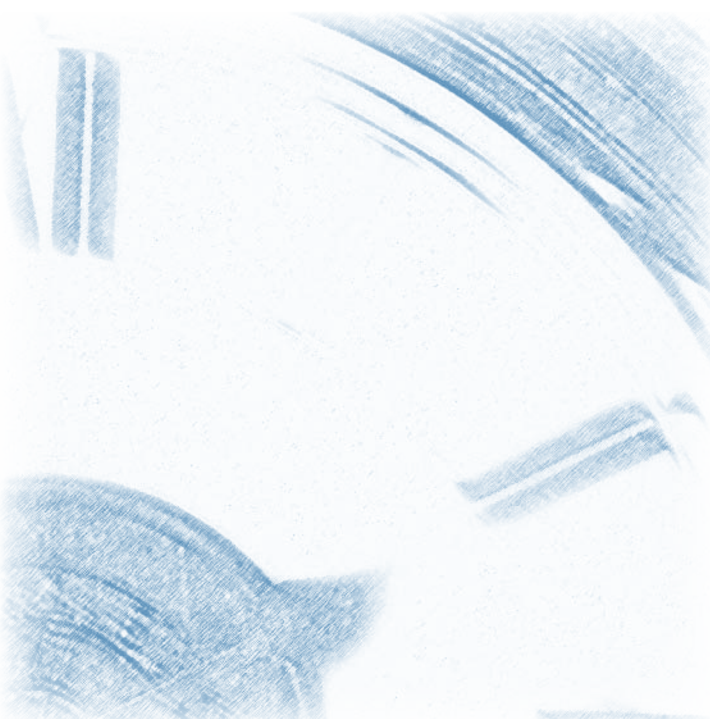
	2006	2005
External auditor	$ 111,000	$ 89,000
Internal auditor	55,845	52,920
Other auditing/consulting	36,000	35,738
Medical consultant	70,025	66,838
Legal services	9,785	12,564
Tax consultant	10,863	2,868
Actuary	264,476	312,761
Compensation and benefit consultants	66,183	--
Legislative and lobbying consultant	55,861	52,850
Public relations consultant	150,145	--
IT consultants	150,678	375,201
Total	$ 980,861	$ 1,000,740

Schedule of Investment Expenses

	2006	2005
Investment manager fees	$57,529,977	$51,005,654
Master trustee fees	275,625	277,500
Investment consultants	697,275	690,116
Investment legal fees	10,221	5,535
Miscellaneous	76,837	66,888
Total	$58,589,935	$52,045,693

A schedule of investment related fees can be found in the Investment Section.

Investments
2006



ENNISKNUPP

May 2, 2007

The Board of Trustees
The Executive Director
Illinois Municipal Retirement Fund
2211 York Road, Suite 500
Oak Brook, IL 60523

Dear Trustees and Executive Director:

Ennis Knupp + Associates is pleased to report the results of the Illinois Municipal Retirement Fund (IMRF) investment program for the calendar year 2006.

All major capital markets ended the year in positive territory. U.S. equity markets returned 15.8%, as measured by the Dow Jones Wilshire 5000 Index, non-U.S. equity markets returned 26.7%, as measured by the MSCI All Country World ex-U.S. Index, and fixed income markets returned 4.3%, as measured by the Lehman Brothers Aggregate Bond Index.

The Illinois Municipal Retirement Fund reported total net assets of $22.5 billion at year end. This represented an increase of approximately $2.6 billion from December 31, 2005.

The Total Fund returned 13.9% during the 2006 fiscal year, outpacing the Total Fund Benchmark by 1.3 percentage points. The Total Fund Benchmark is composed of the individual asset class benchmarks in the same proportion as the target asset class allocations[1]. The Total Fund ranked just below the median of the Mellon Analytical Services (MAS) Public Fund Universe for the one-year period. (Note that plan sponsor type universes may include funds that have widely differing asset allocation structures making comparisons inconclusive and should only be used as a point of interest rather than for an evaluation of results.) All asset classes advanced in absolute terms over the one-year period. In addition, all asset classes with the exception of U.S. equity exceeded their benchmarks and ranked above the median of their respective peer groups. The performance of the Total Fund can be attributed to the Fund's broad and well diversified structure.

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[1] As of December 31, 2006, the Total Fund Benchmark consisted of 39% of the DJ Wilshire 5000 Index, 36% of the LB Aggregate Bond Index, 15% of the MSCI AC World ex-U.S. Index, 4% of the CPI + 5% Index, 5% of the Alternatives Custom Benchmark, and 1% of the Citigroup 90-Day T-Bill Index.

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The U.S. equity portfolio, which has a policy target allocation of 39%, advanced 13.9% for the year ending December 31, 2006, underperforming the Dow Jones Wilshire 5000 Index by 1.9 percentage points. All of the component's aggregated sub-portfolios advanced in absolute terms. However, while the Fund's small cap growth and micro cap portfolios outperformed their respective benchmarks, the Fund's large cap value, large cap growth, and small cap value portfolios underperformed their respective benchmarks. Relative performance for the U.S. equity portfolio over the trailing three-, five-, and ten-year periods has been favorable.

The non-U.S. equity portfolio gained 27.7% over the one-year period and outperformed the MSCI All-Country World ex-U.S. Index by 1.0 percentage point. The non-U.S. equity portfolio, which has a policy target allocation of 15%, is broadly invested and includes a dedicated allocation to international small cap stocks and emerging markets. The strong relative performance from the non-U.S. equity portfolio's large cap managers in aggregate and the portfolio's exposure to international small cap and emerging market stocks benefited relative performance during the year. Relative performance for the non-U.S. equity portfolio over the trailing three-, five-, and ten-year periods has been favorable.

Advancing 5.6%, the Total Fund's fixed income portfolio outpaced the return of the Lehman Aggregate Bond Index by 1.3 percentage points. The fixed income portfolio has a policy target allocation of 36%. All of the fixed income component's sub-portfolios posted gains in terms of absolute and relative performance. The fixed income portfolio is well-diversified including dedicated investments in high yield securities and core plus type strategies, which benefited the portfolio over the trailing one-year period. Despite trailing the Index over the trailing ten-year period, the fixed income portfolio's relative performance over the three- and five-year periods has been favorable.

Investment measurements and comparisons have been made using standard performance evaluation methods, and results are presented in a manner consistent with the investment industry in general and public pension funds in particular. Rates of return were determined using a modified time-weighted return calculation.

Sincerely,

Ennis Knupp + Associates

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60675
(312) 630-6000

Northern Trust

March 15, 2007

Board of Trustees and Executive Director
Illinois Municipal Retirement Fund
2211 York Road
Oak Brook, IL 60521-2374

To the Board of Trustees and the Executive Director

The Northern Trust Company as Master Trustee has provided detailed financial reports of all investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Fund for the period January 1, 2006, through December 31, 2006. Also, a statement of assets together with their fair market value was provided, showing the properties held as of December 31, 2006. The Northern Trust Company certifies that the statements contained therein are fairly presented and are true and accurate.

In addition to the custody of the assets, The Northern Trust Company provided and will continue to provide the following services as Master Trustee:

1. Receive and hold all amounts paid to the Trust Fund by the Board of Trustees.
2. Accept and deliver securities in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons.
5. Securities Lending.
6. Invest cash balances held from time to time in the individual investment management accounts in short term, cash equivalent securities.
7. Exercise rights of ownership in accordance with pre-described jurisdiction of stock subscriptions and conversion rights.
8. Hold securities in the name of the Master Trust or nominee form.
9. Employ agents with the consent of the Board of Trustees.
10. Provide disbursement and security fail float income.
11. Checking Accounts.
12. On-line Trust and Banking reporting.

THE NORTHERN TRUST COMPANY

By: Richard L. Deeter

Richard L. Deeter
Vice President

Investments

Investment Consultants

Master Trustee

The Northern Trust Company
Richard L. Deeter, Vice President
Chicago, Illinois

Performance Evaluation

Ennis Knupp + Associates
Kristine L. Ford, Principal
Chicago, Illinois

Investment Consultant

Ennis Knupp + Associates
Kristine L. Ford, Principal
Chicago, Illinois

Investment Managers

Abbott Capital Management, LLC
New York, New York

Adams Street Partners, LLC
Chicago, Illinois

Alliance Capital Management L.P.
Chicago, Illinois

Ambassador Capital Management
Detroit, Michigan

Apex Capital Management, Inc.
Dayton, Ohio

Atlanta Life Investment Advisors
Atlanta, Georgia

AXA Rosenberg Investment Management, LLC
Orinda, California

BlackRock Financial Management, Inc.
New York, New York

Blue Creek Investment Partners
Huntsville, Alabama

The Boston Company Asset Management, LLC
Boston, Massachusetts

Brandes Investment Partners, L.P.
San Diego, California

Brown Capital Management, Inc.
Baltimore, Maryland

Buford, Dickson, Harper & Sparrow, Inc.
St. Louis, Missouri

Channing Capital Management, LLC
Chicago, Illinois

Copper Rock Capital Partners
Boston, Massachusetts

Cordillera Asset Management
Denver, Colorado

Cozad/Westchester Agricultural Asset Management
Champaign, Illinois

Cypress Asset Management
Carmel, California

Denali Advisors, LLC
San Diego, California

Dimensional Fund Advisors
Santa Monica, California

Dodge & Cox Investment Managers
San Francisco, California

EARNEST Partners, LLC
Atlanta, Georgia

EH Williams Capital Management, LLC
New York, New York

Forest Investment Associates
Atlanta, Georgia

Fortaleza Asset Management, Inc.
Chicago, Illinois

Frontier Capital Management Co.
Boston, Massachusetts

Genesis Asset Managers International, Ltd.
London, England

GlobeFlex Capital, L.P.
San Diego, California

Grosvenor Capital Management, L.P.
Chicago, Illinois

GW Capital, Inc.
Bellevue, Washington

Harris Alternatives LLC
Chicago, Illinois

Harris Investment Management, Inc.
Chicago, Illinois

High Pointe Capital Management, LLC
Buffalo Grove, Illinois

Holland Capital Management
Chicago, Illinois

Investment Counselors of Maryland, LLC
Baltimore, Maryland

Jacobs Levy Equity Management, Inc.
Florham Park, New Jersey

Lazard Frères Real Estate Investors, LLC
New York, New York

LM Capital Group, LLC
San Diego, California

LSV Asset Management
Chicago, Illinois

Lynmar Capital Group, Inc.
Marlton, New Jersey

MacKay Shields, LLC
New York, New York

McKinley Capital Management, Inc.
Anchorage, Alaska

Mesirow Advanced Strategies, Inc.
Chicago, Illinois

Morgan Stanley
Atlanta, Georgia

Muller & Monroe Asset Management, LLC
Chicago, Illinois

New Century Advisors
Bethesda, Maryland

Northern Trust Investments, N.A.
Chicago, Illinois

Olympus Real Estate Corporation
Dallas, Texas

Palisades Investment Partners, LLC
Santa Monica, California

Pantheon Ventures, Inc.
San Francisco, California

Paradigm Asset Management Co., LLC
New York, New York

Payden & Rygel
Los Angeles, California

Permira Advisors, Ltd.
London, England

Piedmont Investment Advisors, LLC
Durham, North Carolina

Profit Investment Management
Silver Spring, Maryland

Progress Investment Management Company
San Francisco, California

Prudential Investment Management
Parsippany, New Jersey

Pugh Capital Management
Seattle, Washington

Pyramis Global Advisors
Boston, Massachusetts

Rutland Dickson Asset Management
Dallas, Texas

Sands Capital Management, LLC
Arlington, Virginia

Security Capital Markets Group, Inc.
Santa Fe, New Mexico

Sentinel Real Estate Corporation
New York, New York

Taplin, Canida & Habacht
Miami, Florida

Wall Street Associates
La Jolla, California

Western Asset Management Company
Pasadena, California

William Blair & Company
Chicago, Illinois

Investments

Investment Policies

The Board of Trustees, operating within the prudent man framework, has adopted the following investment objectives and guidelines. The objectives and guidelines presented here are intended to be summarizations. Specific contractual objectives and guidelines are in effect for individual investment managers.

A. Investment Objectives

1. To diversify the investment portfolio so as to optimize investment returns.
2. To set investment and actuarial policies that assure the adequate accumulation of assets and maintain a reasonable funded status.
3. To achieve rates of return greater than the current actuarial investment assumption of 7.5 percent.
4. To achieve rates of return consistent with expectations for each asset class used, without significantly changing the expected risk profile of the asset class or the investment portfolio.
5. To achieve in U.S. equities a total return that exceeds the total return of the Dow Jones Wilshire 5000 Index. In addition, the Board expects to earn a minimum of 5 percent in excess of inflation over moving five-year periods.
6. To achieve in international equities a total return that exceeds the total return of the Morgan Stanley Capital International, All Country World Index Ex-US (MSCI ACWI-Ex U.S.). In addition, the Board expects to earn a minimum of 5 percent in excess of inflation over moving five-year periods.
7. To achieve in fixed income securities a total return that exceeds the total return of the Lehman Aggregate Bond Index. In addition, the Board expects to earn a minimum of 2 percent in excess of inflation over moving five-year periods.
8. To achieve in equity real estate investments a return that exceeds the National Council of Real Estate Investment Fiduciaries Property Index (NPI) by 1 percent over a three-year period.
9. To achieve in alternative investments a return equal to 150 percent of the expected equity return over moving five-year periods.
10. To achieve in internally managed short-term securities relative performance better than 30-day U.S. Treasury Bills.

B. Proxy Voting Guidelines

The Board of Trustees of the Illinois Municipal Retirement Fund (IMRF) recognizes its fiduciary responsibility to prudently manage the assets of the Fund. The assets include common stock in many different companies and, as a shareowner, the Board also owns proxy voting rights. The Board acknowledges that it not only has a right to vote proxies, but also a duty to vote them. Proxies have economic value and, therefore, the Board has the duty to prudently oversee the management of them as it does all other Fund assets.

The Board shall vote proxies in accordance with the exclusive benefit rule which requires the Board to act solely in the economic interest of the Fund's members and beneficiaries.

Generally, proxies related to corporate governance shall be voted in favor of shareholder-sponsored proposals requiring corporate boards to act in the best interests of shareholders. Proxies related to director, executive, and employee compensation shall be voted in favor of compensation plans that motivate directors, executives, and employees to achieve high performance for the long-term benefits of all shareowners. Proxies related to takeover defenses shall be voted in favor of proposals allowing shareholders to vote on poison pills and golden parachutes. Proxies related to capital structure issues shall be voted in favor of proposals requiring shareowner approval for reasonable share increases needed for business purposes. Proxies related to mergers, acquisitions, and corporate restructuring will be voted on a case-by-case basis. Proxies related to routine management issues shall generally be voted in accordance with management's view on such issues. In keeping with the Board's fiduciary duty to act solely in the economic interest of the Fund, and because empirical evidence is inconclusive about whether all social and political proposals enhance shareowner value, IMRF will abstain from voting on such proposals.

C. Domestic Equity Investment Guidelines

1. The domestic equity portfolio as a whole shall be constructed on four fundamental principles: diversification, quality, growth and value.
2. Generally, no individual security shall comprise more than 5 percent of the total portfolio at market value.
3. The total portfolio shall generally not hold more than 5 percent of the outstanding shares of any one company.
4. Holdings of any one issuer, at the time of purchase, shall generally be limited to not more than 15 percent of a manager's portfolio market value.
5. Sector exposure in the total portfolio shall generally not differ by more than 5 percentage points from the sector exposure of the Dow Jones Wilshire 5000.
6. Domestic equity managers must invest in equity securities that are listed on principal U.S. exchanges or traded over the counter. ADRs of foreign companies are permissible.

D. International Equity Investment Guidelines

1. The international equity portfolio as a whole shall be constructed on four fundamental principles: diversification, quality, growth and value.
2. Generally, no individual security shall comprise more than 6 percent of the total portfolio at market value.
3. The total portfolio shall generally not hold more than 5 percent of the outstanding shares of any one company.
4. Holdings of any one issuer, at the time of purchase, shall generally be limited to a maximum of 8 percent of a manager's portfolio market value.
5. Sector exposure in the portfolio shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.
6. Country exposure in the portfolio shall not exceed the higher of 25 percent or two times the benchmark weighing at market value.
7. International equity managers shall generally invest in equity securities of companies domiciled outside of the U.S.
8. Investments in emerging market securities will not exceed 25 percent of the total portfolio at market value.
9. International equity managers may engage in various transactions to hedge currency. Forward contracts, futures and options may be used for currency hedging purposes. Currency trading may not be used for speculative purposes.

E. Fixed Income Investment Guidelines

1. Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities, are permissible investments and may be used without restrictions.

2. The average credit quality of the total portfolio will be investment grade.

3. Debt obligations of any single U.S. corporation shall generally be limited to a maximum of 5 percent of the total portfolio market value.

4. Generally, no more than 30 percent of an investment manager's assets at market value may be invested in securities rated below investment grade at the time of purchase. High yield bond managers are not subject to this restriction.

5. Debt obligations of any U.S. industry shall generally be limited to no more than 25 percent of the total portfolio at market value.

6. Bonds or other debt obligations of foreign countries and corporations payable in U.S. and in non-U.S. funds are authorized, but in general will not exceed, 15 percent of total portfolio.

7. The total portfolio shall have an effective duration range between 80-120 percent of the benchmark index.

8. Private placements are authorized by the Board on an individual manager basis.

9. The use of swaps, exchange-traded financial futures, exchange-traded options on financial futures, and over-the-counter options are subject to individual manager guidelines. Leverage is not allowed except as permitted for rolling mortgage pass-through securities.

10. No assets shall be committed to short sale contracts.

F. Equity Real Estate Investment Guidelines

The real estate asset class investments will consist of equity ownership of privately held commercial real estate. Non-equity investments should not exceed 15 percent. Investments in publicly traded real estate securities will not exceed 20 percent. Investments will not be made in vehicles that invest solely in single family residential real estate or in real estate debt. The portfolio will be diversified by:

1. Property type: the majority of the investments will be allocated to the primary sectors of the NPI Index.

2. Geography: within the U.S., no more than 20 percent of the asset class will reside within one metropolitan statistical area.

3. Life cycle: 60 to 80 percent of the assets will be invested in core properties (at least 80 percent leased/occupied and less than 20 percent in development or restructuring).

4. Individual investment: no individual property, as measured by gross asset value, shall exceed 10 percent of the real estate portfolio for core properties and 5 percent for non-core properties.

5. Leverage: total asset class leverage will be kept below 20 percent loan to value. Individual account limits will be kept below 60 percent.

6. Liquidity: at least 20 percent of the portfolio will be kept outside of closed end funds.

G. Alternative Investment Guidelines

The Alternative Investment Portfolio will consist of venture capital, buyout, mezzanine, special situation, and absolute return investments. The investments will be made for long-term returns, generally through the use of limited partnership vehicles, separate account vehicles and commingled funds. Investments will be diversified in a manner that will broaden the portfolio exposure to a wide range of opportunities and provide a means of controlling the inherent risks of new and different investment areas.

H. Short-Term Investment Guidelines

Permissible short-term investments are U.S. Treasury Bills and Notes, high-grade commercial paper, repurchase agreements, banker's acceptances, and certificates of deposit. Commercial paper investments shall be made in instruments rated "A-2" or "P-2" or better as defined by a recognized rating service. Comparable ratings are required for banker's acceptances and certificates of deposit. No more than $20 million of current market value shall be invested in the securities of any one issuer, with the exception of the U.S. government and its agencies.

Returns by Asset Class

Periods ending December 31

	2006	2005	2004	2003	2002	Annualized 3 Yrs	Annualized 5 Yrs	Annualized 10 Yrs
Total Fund								
Time-Weighted Returns								
IMRF	13.87%	8.71%	12.38%	22.56%	-8.72%	11.63%	9.25%	8.91%
CPI (Inflation)	2.54%	3.42%	3.26%	1.88%	2.39%	3.07%	2.69%	2.44%
Equities - U.S.								
IMRF	13.91%	8.94%	14.44%	32.65%	-21.09%	12.39%	8.24%	9.87%
Dow Jones Wilshire 5000	15.77%	6.39%	12.62%	31.65%	-20.86%	11.48%	7.62%	8.65%
Russell 2000	18.35%	4.55%	18.33%	47.25%	-20.48%	13.55%	11.38%	9.44%
S&P 500	15.80%	4.91%	10.88%	28.71%	-22.10%	10.44%	6.19%	8.42%
Equities - International								
IMRF	27.67%	18.00%	22.24%	44.03%	-16.71%	22.57%	17.18%	10.93%
MSCI ACWI Ex-U.S.	26.65%	16.62%	21.36%	41.40%	-14.68%	21.32%	16.42%	8.23%
MSCI EAFE	26.34%	13.54%	20.69%	39.17%	-15.66%	19.93%	14.98%	7.67%
Fixed Income								
IMRF	5.60%	2.70%	5.51%	8.04%	8.81%	4.59%	6.11%	6.09%
Lehman Aggregate	4.33%	2.43%	4.34%	4.10%	10.27%	3.70%	5.06%	6.24%
Lehman Government/Credit	3.78%	2.37%	4.21%	4.67%	11.02%	3.44%	5.17%	6.26%
Merrill Lynch High Yield	11.64%	2.83%	10.76%	27.23%	-1.14%	8.34%	9.85%	6.86%
Real Estate								
IMRF	24.88%	10.46%	10.09%	5.35%	6.61%	14.94%	11.31%	9.88%
NCREIF Property	16.59%	20.06%	14.49%	9.00%	6.75%	17.02%	13.27%	12.72%
Alternative Investments								
IMRF	14.43%	19.00%	11.10%	8.23%	-8.75%	14.80%	8.37%	14.22%
Cash & Cash Equivalents								
IMRF	9.83%	7.69%	6.00%	5.71%	4.38%	7.83%	6.71%	7.26%
U.S. Treasury Bills	3.90%	3.00%	1.30%	1.04%	1.78%	2.50%	2.00%	3.30%

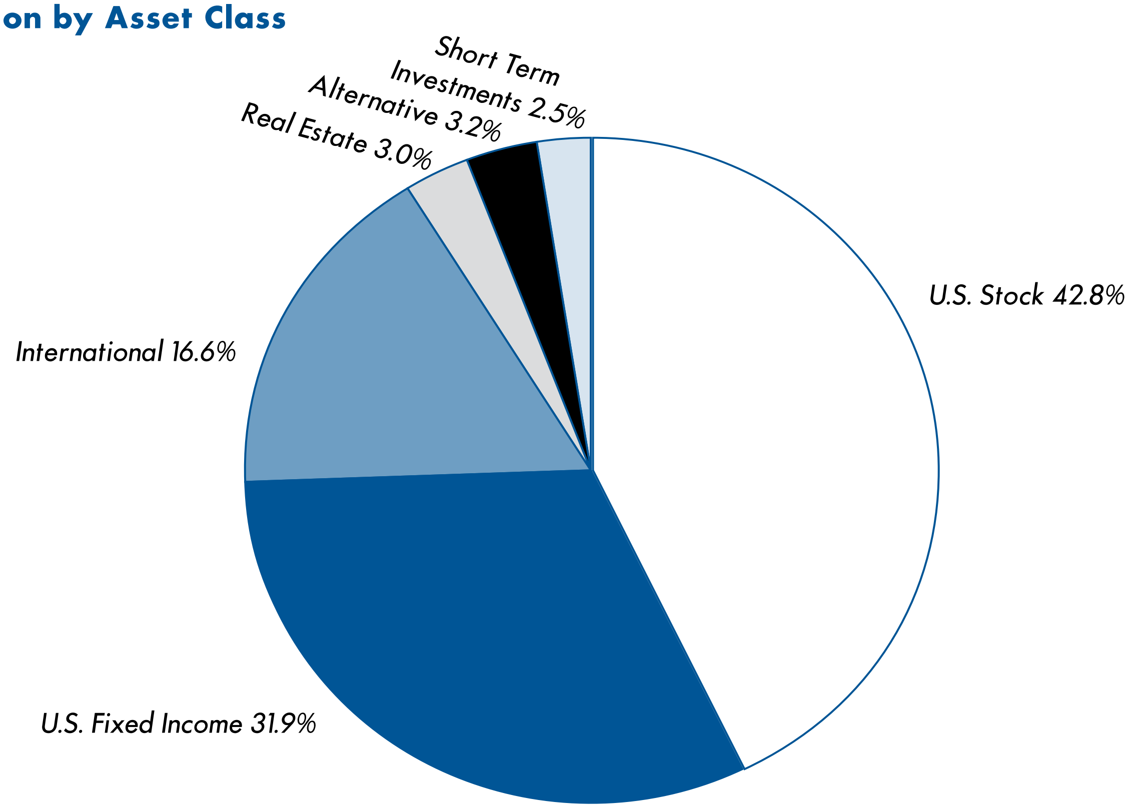
These investment results are calculated and presented using standard performance evaluation methods in a manner consistent with the investment industry in general and public pension funds in particular. Rates of return were determined using a modified time-weighted return calculation.

Schedule I
Investment Portfolio Summary
In Millions of Dollars

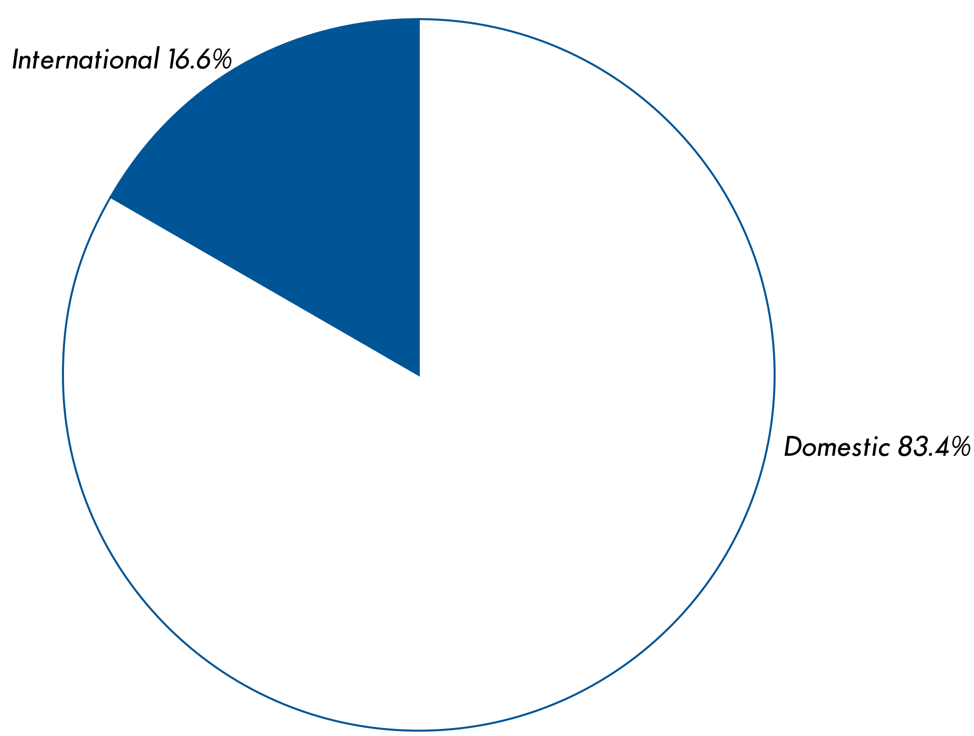
	December 31, 2006		December 31, 2005	
	Fair Value	Percent of Total Fair Value	Fair Value	Percent of Total Fair Value
Fixed Income:				
Government & Agencies	$2,469.9	10.7%	$2,372.8	11.8%
Corporate	2,704.1	11.8%	1,853.9	9.2%
Index Funds	2,166.4	9.4%	1,876.4	9.3%
Foreign	372.7	1.6%	325.9	1.6%
	7,713.1	33.5%	6,429.0	31.9%
Stocks:				
U.S. Common & Preferred	7,019.0	30.5%	6,013.4	29.9%
U.S. Stock Funds	2,822.4	12.3%	2,734.2	13.6%
Foreign Common & Preferred	3,011.0	13.1%	2,760.7	13.7%
Foreign Stock Funds	448.2	1.9%	341.6	1.7%
	13,300.6	57.8%	11,849.9	58.9%
Real Estate:				
Commingled Funds	318.5	1.4%	330.3	1.6%
Directly Owned	227.5	1.0%	217.5	1.1%
Timber and Agricultural	130.2	0.6%	150.6	0.8%
	676.2	3.0%	698.4	3.5%
Alternative Investments				
Commingled Funds	735.0	3.2%	634.3	3.1%
Short-Term Investments	577.9	2.5%	518.2	2.6%
Total Portfolio	$23,002.8	100.0%	$20,129.8	100.0%

Investment Portfolio as of December 31, 2006

Allocation by Asset Class



Total Investments by Region



Schedule II
Asset Allocation
Last Five Years

	Fair Value as a Percent of Portfolio				
	2006	2005	2004	2003	2002
Fixed Income					
U.S. Government & Agencies	10.7%	11.8%	11.7%	12.7%	15.8%
Corporate	11.8%	9.2%	8.5%	8.2%	10.8%
Index Fund	9.4%	9.3%	9.9%	10.0%	9.6%
Foreign	1.6%	1.6%	1.9%	2.0%	2.1%
	33.5%	31.9%	32.0%	32.9%	38.3%
Stocks					
U.S. Common & Preferred	30.5%	29.9%	31.2%	30.5%	29.3%
U.S. Stock Funds	12.3%	13.6%	11.2%	10.6%	9.6%
Foreign Common & Preferred	13.1%	13.7%	12.3%	11.3%	7.5%
Foreign Stock Funds	1.9%	1.7%	4.8%	4.1%	4.3%
	57.8%	58.9%	59.5%	56.5%	50.7%
Real Estate					
Commingled Funds	1.4%	1.6%	1.7%	1.7%	2.0%
Directly Owned	1.0%	1.1%	1.0%	1.0%	1.3%
Timber and Agricultural	0.6%	0.8%	0.7%	0.8%	0.9%
	3.0%	3.5%	3.4%	3.5%	4.2%
Alternative Investments					
Commingled Funds	3.2%	3.1%	3.1%	3.1%	3.4%
Short-Term Investments	2.5%	2.6%	2.0%	4.0%	3.4%
Total Portfolio	100.0%	100.0%	100.0%	100.0%	100.0%

Ten Largest Fixed Income Investment Holdings

Excludes Commingled Funds and Short-Term Investments

	Market Value	Percent of Total Invested Market
FNMA 5.00% Due 1/1/2036	$187,164,344	0.81%
U.S. Treasury Bonds 7.25% Due 8/15/2022	172,193,559	0.75%
FNMA 6.00% Due 1/01/2036	114,546,756	0.50%
FNMA 5.50% Due 1/01/2021	85,773,230	0.37%
FNMA 6.50% Due 1/01/2036	76,813,750	0.33%
FNMA 6.00% Due 2/01/2036	76,092,625	0.33%
FNMA 5.50% Due 2/01/2036	74,797,125	0.33%
U.S. Treasury Bonds 4.5% Due 2/15/2036	57,671,537	0.25%
U.S. Treasury Notes 4.75% Due 3/31/2011	49,022,219	0.21%
U.S. Treasury Notes 4.00% Due 2/15/2015	32,359,447	0.14%
	$926,434,592	4.02%

Ten Largest Equity Investment Holdings

Excludes Commingled Funds

	Market Value	Percent of Total Invested Market
Exxon Mobil	$128,825,835	0.56%
Citigroup	119,452,326	0.52%
General Electric	111,538,203	0.48%
Google	94,801,320	0.41%
Bank America	94,667,517	0.41%
Hewlett Packard	89,859,527	0.39%
Microsoft	89,811,087	0.39%
JP Morgan Chase	81,321,937	0.35%
Pfizer	77,080,731	0.34%
Apple	72,027,972	0.31%
	$959,386,455	4.16%

A complete listing of investments is available upon request.

Schedule of 2006 Domestic Brokerage Commissions

In order of commissions received

Broker Name	Shares	Commissions	Per Share
Loop Capital Markets/Broadcort Capital	9,494,443	$277,980	$0.03
Citation Group	5,315,990	253,948	0.05
Investment Technology Group Inc.	30,218,090	252,528	0.01
Pacific American Securities	5,899,607	218,753	0.04
Lehman Brothers Inc.*	4,814,519	196,180	0.04
Merrill Lynch Pierce Fenner & Smith*	4,666,304	156,266	0.03
Liquidnet Inc.	7,470,726	151,497	0.02
Bear Stearns	3,263,586	130,078	0.04
Cantor Fitzgerald & Co.	3,394,239	117,157	0.03
UBS Warburg LLC	3,310,272	109,986	0.03
Credit Suisse First Boston Corporation	3,617,915	106,066	0.03
Citigroup Global Markets Inc./Smith Barney	5,061,912	101,075	0.02
C. L. King & Associates	2,410,176	93,616	0.04
BNY ESI Securities Co.	2,123,787	90,096	0.04
Goldman Sachs & Company	2,521,577	86,439	0.03
Deutsche Bank Alex Brown	3,457,634	84,582	0.02
Jefferies & Company	1,985,270	83,227	0.04
Lynch Jones & Ryan*	1,605,900	72,923	0.05
Piper Jaffray Inc.	1,638,358	72,693	0.04
J. P. Morgan Securities Inc.	1,833,005	71,664	0.04
M. Ramsey King Securities	1,581,480	70,959	0.04
Prudential Equity Group	1,308,724	57,815	0.04
Instinet	2,149,863	56,674	0.03
M. R. Beal and Company	1,206,589	54,556	0.05
Banc America Securities Montgomery Div.	1,376,038	53,032	0.04
Kinnard John G. & Company	1,335,382	52,535	0.04
National Financial Services	2,385,873	51,589	0.02
Morgan Stanley & Co. Inc.	1,827,183	51,348	0.03
CIBC World Markets Corp.	1,164,239	48,483	0.04
Gardner Rich & Co.	1,166,360	47,760	0.04
Other Brokers	37,072,526	1,420,818	0.04
Total	156,677,567	$4,692,323	$0.03

*Commission recapture broker

Schedule of 2006 International Brokerage Commissions

In order of commissions received

Broker Name	Shares	Commissions	Per Share
Merrill Lynch & Co. Inc.*	84,581,457	$836,220	$0.010
Pershing LLC	27,988,178	701,219	0.025
UBS Securities	32,148,398	345,490	0.011
Morgan Stanley & Co. Inc.	15,381,151	225,868	0.015
Bear Stearns Securities Corp.	11,056,517	219,451	0.020
Credit Suisse First Boston	20,166,562	212,767	0.011
Goldman Sachs & Co.	11,958,143	194,742	0.016
J. P. Morgan	22,861,014	189,099	0.008
Citigroup, Inc.	10,416,150	174,037	0.017
Investment Technology Group	15,048,683	172,095	0.011
Nomura Securities	13,472,246	163,265	0.012
Credit Lyonnais Securities	13,237,427	131,861	0.010
Deutsche Bank AG	7,408,283	111,624	0.015
Lehman Brothers Inc.*	23,150,362	110,530	0.005
Macquarie Equities LTD	11,318,644	105,180	0.009
Instinet	6,679,371	100,014	0.015
Dresdner Kleinwort Wasserstein Securities	2,103,564	66,512	0.032
Donaldson Lufkin and Jenrette Securities	1,387,900	51,618	0.037
Cheuvreux de Virieu	2,772,449	51,314	0.019
Societe Generale	1,449,143	50,068	0.035
Banco Santander New York	1,401,585,700	48,990	0.000
ABN Amro	2,346,294	40,735	0.017
Cantor Fitzgerald and Co.	8,012,890	38,989	0.005
Daiwa Securities America New York	1,812,424	38,573	0.021
BNP Prime Peregrine Securities Hong Kong	4,965,720	34,210	0.007
Jefferies & Co. Inc. New Jersey-DTC 19	1,695,314	30,048	0.018
Kotak Securities Bombay	488,700	29,095	0.060
ABG Securities	967,375	28,496	0.029
Cazenove & Co.	5,143,949	26,725	0.005
Exane Inc.	260,708	26,127	0.100
Other Brokers	31,394,403	577,765	0.018
Total	1,793,259,119	$5,132,727	$0.003

*Commission recapture broker

Commissions in U.S. dollar terms

Schedule of Investment Fees

	2006 Fees	2006 Assets under management at year end (in thousands)*	Basis Points	2005 Fees	2005 Assets under management at year end (in thousands)*	Basis Points
Investment manager fees						
Fixed income managers	$6,443,064	$6,425,751	10	$5,551,579	$5,661,447	10
Stock managers	20,847,323	9,443,541	22	17,700,900	8,289,341	21
International managers	14,713,633	5,099,965	29	14,406,831	4,496,438	32
Real estate managers	5,427,359	720,072	75	5,911,208	716,329	83
Alternative Investment managers	10,098,598	753,438	114	7,435,136	650,420	114
	57,529,977	$22,442,767		51,005,654	$19,813,975	
Other investment fees						
Master trustee fees	275,625			277,500		
Investment consulting fees	697,275			690,116		
Total investment fees	58,502,877			51,973,270		
Non-fee investment expenses	87,058			72,423		
Total direct investment expenses	$58,589,935			$52,045,693		
Securities lending fees						
Rebated earnings	$136,849,239			$80,197,580		
Bank fees and commissions	1,396,463			1,382,520		
	$138,245,702			$81,580,100		

*Assets under management include accrued investment income and unsettled trades.

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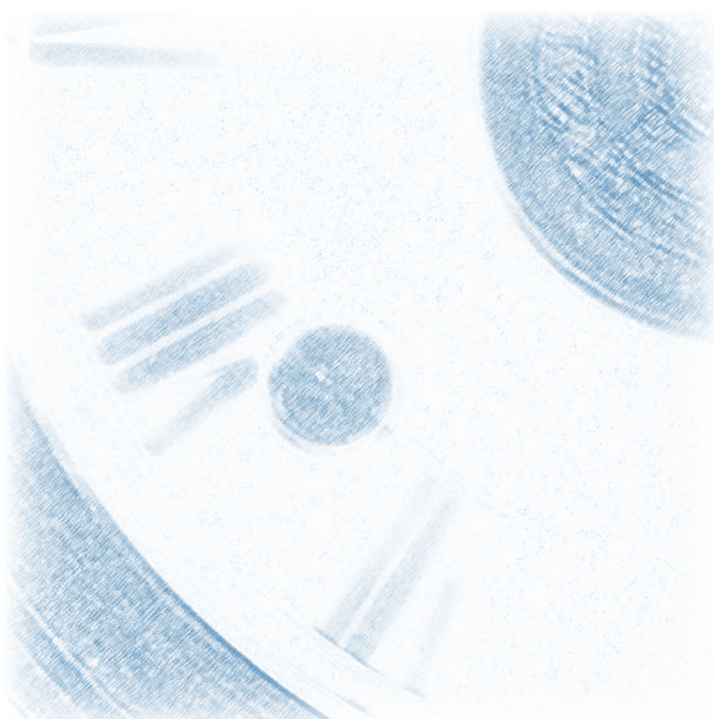
Actuarial
2006



GRS

Gabriel Roeder Smith & Company
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May 1, 2007

Board of Trustees
Illinois Municipal Retirement Fund
2211 York Road, Suite 500
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Dear Board Members:

The basic financial objective of the Illinois Municipal Retirement Fund (IMRF) is to establish and receive contributions which:

- when expressed in terms of percents of active member payroll will remain approximately level from generation to generation, and
- when combined with present assets and future investment returns will be sufficient to meet the financial obligations of IMRF employers to present and future retirees and beneficiaries.

Actuarial valuations are performed annually to assess the plan's progress toward meeting its financial objective. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The most recent valuations were completed based upon population data, asset data, and plan provisions as of December 31, 2006.

The plan administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer-term trends. The Plan's external auditor also audits the actuarial data annually. The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report:

Schedule of Funding Progress

Solvency Test

Actuarial Balance Sheet

Analysis of Unfunded Liability

Gain and Loss Analysis

Assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed five-year period.

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Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2006 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2002-2004 period. The next experience study will cover the period from January 1, 2005 to December 31, 2007.

Combined experience was favorable during 2006, producing a decrease in contribution rates for many employers. Contribution rates for most SLEP employers increased due to benefit changes associated with Public Act 94-712, higher pays than expected, and additional data on reciprocal service.

Based upon the results of the December 31, 2006 valuations, we are pleased to report to the Board that the Illinois Municipal Retirement System is meeting its basic financial objective and continues to operate in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Brian B. Murphy

Brian B. Murphy, FSA, EA, MAAA

Mark Buis

Mark Buis, FSA, EA, MAAA

Illinois Municipal Retirement Fund
Brief Summary of Actuarial Assumptions Used in 2006 Valuations
(Adopted as of December 31, 2004, except as noted below)

Investment Return	7.5% per annum, compounded annually, net of expenses (effective December 31, 1991), including a wage inflation component of 4.0% and a real return component of 3.5%.
Payroll Growth	4.00% per annum, compounded annually. Membership is assumed to remain constant.
Retirement Rates	Rates varying by age and sex. See table below for sample values.
Mortality for Actives and Annuitants	1994 Group Annuity Mortality Table multiplied by 110% for males and 1994 Group Annuity Mortality Table multiplied by 87% for females. The active tables were further modified to reflect IMRF experience. Among the active members, 80% of males and 70% of females were assumed to be married.
Mortality for Disabled Cases	Graduated rates by age.
Disability & Separation	Graduated rates by age and service. See table below for sample values.
Salary Increases	Graduated rates by age and service. See table below.
Asset Valuation Method	Market Related Value that reflects five-year averaging of investment gains and losses.
Liability Valuation Method	The Entry Age Actuarial Cost Method is applied on an aggregate basis to determine plan liabilities. Gains and Losses become part of unfunded liabilities.

	Sample Probabilities				Pay Increase Next Year
	Active Mortality		Disability		
Age	Male	Female	Male	Female	(6+ Yrs. Of Service)
20	0.03%	0.01%	0.01%	0.01%	6.0%
30	0.04%	0.02%	0.02%	0.01%	5.7%
40	0.05%	0.04%	0.05%	0.03%	4.9%
50	0.13%	0.07%	0.13%	0.06%	4.6%
60	0.40%	0.22%	0.26%	0.17%	4.4%
65	0.73%	0.43%	0.28%	0.20%	4.4%

	Separation			Retirement				
	Regular (8+ Yrs. Serv.)		SLEP	Reduced Early		Normal Unreduced		
Age	Male	Female	(7+ Yrs.)	Male	Female	Male	Female	SLEP
30	5.5%	6.5%	3.4%	- %	- %	- %	- %	- %
35	4.4%	5.8%	2.5%	-	-	-	-	-
40	3.4%	4.8%	2.1%	-	-	-	-	-
45	2.8%	4.3%	1.8%	-	-	-	-	-
50	2.5%	3.7%	1.8%	-	-	-	-	25.0%
55	-	-	-	6.5%	6.5%	35.0%	35.0%	25.0%
60	-	-	-	-	-	10.0%	10.0%	10.0%
65	-	-	-	-	-	35.0%	25.0%	25.0%
70	-	-	-	-	-	18.0%	18.0%	100.0%

Solvency Test

Last ten years

Calendar Year	Aggregate Actuarial Liabilities For: (1) Active Member Contributions	(2) Annuitants	(3) Active Members (Employer Financed Portion)	Actuarial Assets	Portion of Actuarial Liabilities Covered by Assets: (1)	(2)	(3)
1997	$1,933,512,014	$3,995,946,514	$4,878,510,539	$10,273,116,034	100.0%	100.0%	89.0%
1998	2,086,679,470	4,485,651,306	5,288,548,422	11,636,495,534	100.0%	100.0%	95.8%
1999	2,258,628,401	4,915,467,275	5,830,927,617	13,520,192,111	100.0%	100.0%	108.8%
2000	2,473,646,891	5,284,275,174	6,395,133,709	15,169,369,271	100.0%	100.0%	115.9%
2001	2,708,833,984	5,613,708,283	6,995,975,308	16,305,022,254	100.0%	100.0%	114.1%
2002	2,950,041,671	6,050,882,416	7,558,983,215	16,800,195,504	100.0%	100.0%	103.2%
2003	3,186,234,066	6,674,490,186	8,105,379,199	17,529,890,818	100.0%	100.0%	94.6%
2004	3,423,785,725	7,332,542,340	8,668,338,951	18,315,987,910	100.0%	100.0%	87.2%
2005	3,688,148,208	7,966,135,229	9,160,777,415	19,698,401,285	100.0%	100.0%	87.8%
2006	3,960,880,175	8,652,328,762	9,874,976,094	21,427,139,356	100.0%	100.0%	89.3%

Total obligation and actuarial value of assets calculated by the actuary.

Table I

Participating Member Statistics

Last ten years

Calendar Year	Total Salaries	Percent Increase in Total Salaries	Average Annual Salary	Percent Increase in Average Salary	Number of Participating Members	Average Attained Age	Average Years of Service
1997	$3,454,621,933	12.0%	$23,991	8.5%	146,659	44.1	8.2
1998	3,696,047,942	7.0%	24,871	3.7%	150,428	44.3	8.2
1999	3,952,129,535	6.9%	25,678	3.2%	155,517	44.4	8.6
2000	4,184,702,169	5.9%	26,514	3.3%	159,810	44.6	8.2
2001	4,503,092,615	7.6%	27,477	3.6%	164,845	44.9	8.3
2002	4,755,103,888	5.6%	28,582	4.0%	167,776	45.3	8.5
2003	4,944,767,495	4.0%	29,709	3.9%	167,952	45.7	8.8
2004	5,161,127,432	4.4%	30,899	4.0%	168,536	46.0	9.0
2005	5,374,585,943	4.1%	31,640	2.4%	170,928	46.3	9.1
2006	5,630,683,054	4.8%	32,535	2.8%	174,008	46.5	9.1

Source for salaries, average annual salary, attained age and average years of service is actuary report.

Table II
Schedule of Adds and Removals from Rolls
Last eight years

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Calendar Year	Added to Rolls: Number	Added to Rolls: Annual Benefits	Removed from Rolls: Number	Removed from Rolls: Annual Benefits	End of Year Rolls: Number	End of Year Rolls: Annual Benefits	Average Annual Benefit	% Increase in Average Benefit
1999	4,854	$53,330,772	2,795	$13,682,958	68,331	$451,411,565	6,606	6.3%
2000	4,406	45,664,981	2,875	14,034,136	69,862	483,042,410	6,914	4.7%
2001	4,576	50,181,969	3,006	15,106,461	71,432	518,117,918	7,253	4.9%
2002	4,896	59,379,384	2,968	16,313,114	73,360	561,184,188	7,650	5.5%
2003	5,378	73,056,745	2,963	17,193,231	75,775	617,047,702	8,143	6.4%
2004	5,542	77,466,919	3,075	18,886,006	78,242	675,628,615	8,635	6.0%
2005	5,768	76,887,679	3,291	20,705,563	80,719	731,810,731	9,066	5.0%
2006	5,885	85,515,147	3,219	21,441,076	83,385	795,884,802	9,545	5.3%

Schedule of Disabilitants Added to and Removed from Rolls

Calendar Year	Added to Rolls: Number	Added to Rolls: Annual Benefits	Removed from Rolls: Number	Removed from Rolls: Annual Benefits	End of Year Rolls: Number	End of Year Rolls: Annual Benefits	Average Annual Benefit	% Increase in Average Benefit
1999	1,805	$15,943,227	1,905	$16,439,192	1,384	$8,140,900	5,882	1.1%
2000	1,810	18,164,312	1,777	17,238,156	1,417	9,067,056	6,399	8.8%
2001	1,989	20,029,507	2,006	19,466,956	1,400	9,629,607	6,878	7.5%
2002	2,261	24,251,986	2,353	24,145,825	1,308	9,735,768	7,443	8.2%
2003	2,491	26,343,203	2,459	25,773,165	1,340	10,305,806	7,691	3.3%
2004	2,533	27,551,323	2,487	27,084,088	1,386	10,773,041	7,773	1.1%
2005	2,474	28,100,189	2,471	27,180,978	1,389	11,692,252	8,418	8.3%
2006	2,339	27,529,685	2,409	28,024,170	1,319	11,197,767	8,490	0.9%

Table III

Average Employer Contribution Rates

Last five years

Calendar Year	Normal Cost	Prior Service Cost	Disability and Death	Supplemental Retirement Benefit	Total
Regular members					
2004*	7.60%	-0.78%	0.38%	0.62%	7.82%
2005	7.61%	0.64%	0.38%	0.62%	9.25%
2006	7.64%	1.34%	0.44%	0.62%	10.04%
2007*	7.43%	1.23%	0.44%	0.62%	9.72%
2008	7.42%	1.09%	0.34%	0.62%	9.47%
Sheriff's Law Enforcement Personnel members (SLEP)					
2004*	12.47%	2.82%	0.38%	0.62%	16.29%
2005	12.48%	3.67%	0.38%	0.62%	17.15%
2006	12.56%	4.62%	0.45%	0.62%	18.25%
2007*#	11.66%	5.69%	0.45%	0.62%	18.42%
2008	11.63%	6.73%	0.35%	0.62%	19.33%
Elected County Officials (ECO) members					
2004*	18.18%	25.73%	0.37%	0.62%	44.90%
2005	18.07%	23.55%	0.42%	0.62%	42.66%
2006	18.01%	25.84%	0.43%	0.62%	44.90%
2007*	17.52%	22.72%	0.44%	0.62%	41.30%
2008	16.96%	23.88%	0.34%	0.62%	41.80%

* Assumptions changed due to experience study.

\# Benefit change

Table IV

Participating Member Contribution Rates

Last ten years

Calendar	Regular IMRF			Sheriff's Law Enforcement Personnel				Elected County Officials			
Year	Normal	Survivor	Total	Normal	Survivor	SLEP	Total	Normal	Survivor	ECO	Total
1997	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
1998	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
1999	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2000	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2001	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2002	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2003	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2004	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2005	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2006	3.75%	0.75%	4.50%	3.75%	0.75%	3.00%*	7.50%	3.75%	0.75%	3.00%	7.50%

* The SLEP enhancement percentage changed from 2.00% to 3.00% on June 1, 2006.

Actuarial

Actuarial Balance Sheet

	Amount at December 31	
	2006	2005
Sources of Funds		
Actuarial value of assets	$21,427,139,356	$19,698,401,285
Actuarial present value of future contributions:		
Member	2,293,928,263	2,208,832,020
Employer Normal Costs	3,773,011,381	3,639,995,727
Under Funded Actuarial Accrued Liability	1,061,045,675	1,116,659,557
Total Sources	$28,555,124,675	$26,663,888,589
Uses of Funds		
Retired members and beneficiaries	$ 8,652,328,762	$ 7,966,135,229
Inactive members	2,080,710,728	1,903,988,080
Active members	17,803,245,151	16,779,881,572
Death and disability benefits	18,840,034	13,883,708
	$28,555,124,675	$26,663,888,589

Analysis of Under Funded Actuarial Liability

	Amount at December 31	
	2006	2005
Under funded liability beginning of year	$1,116,659,557	$1,108,679,106
Assumed net (payments) during year	(84,330,016)	(41,532,338)
Assumed interest (7.5 percent)	80,625,205	81,612,241
Expected under funded liability	1,112,954,746	1,148,759,009
Decrease due to assumption changes	----	(41,673,502)
Increase due to benefit change	20,926,312	53,930,918
Change due to investment performance	(262,216,466)	(23,771,312)
Change due to other sources	189,381,083	(20,585,556)
Under funded liability end of year	$1,061,045,675	$1,116,659,557

Derivation of Experience Gain (Loss)

Type of Risk Area	2006	2005
	(in millions)	
Risks Related to Assumptions		
Economic Risk Areas		
Investment Return	$ 262.2	$ 23.8
Pay Increases	23.5	130.0
Demographic Risk Areas		
Service Retirements	(8.6)	(10.4)
Early Retirements	(3.4)	(5.0)
Vested Deferred Retirements	(32.7)	(28.3)
Death and Survivor Benefits	2.1	1.9
Disability Benefits	9.4	12.0
Terminated with Refund	11.1	19.3
Risks Not Related to Assumptions	(211.7)<1>	(111.2)<2>
Total Gain (or Loss) During Year	$ 51.9	$ 32.1

Regular actuarial valuations give information about the composite change in unfunded actuarial accrued liabilities—whether or not the liabilities are increasing or decreasing and by how much. The objective of a gain and loss analysis is to determine the portion of the change in actuarial condition (unfunded actuarial accrued liabilities) attributable to each risk area. The fact that actual experience differs from assumed experience is to be expected—the future cannot be predicted within 100 percent precision. The economic risk areas (particularly investment return and pay increases) are volatile. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common.

<1> This includes approximately $68 million in unfunded liability attributable to reciprocal service being added to the data and $46 million due to actual reserve transfers for retirees being higher than the estimated reserve transfers.

<2> This includes approximately $102 million in unfunded liability attributable to new members joining IMRF during the year and $10 million due to actual reserve transfers for retirees being higher than estimated reserve transfers.

Summary of Benefits

This is a brief plan description of IMRF benefits. Additional conditions and restrictions may apply. A complete description is found in Article 7 of the Illinois Pension Code.

General

IMRF serves 2,909 employers including cities, villages, counties, school districts, townships and various special districts, such as parks, forest preserves and sanitary districts. Each employer contributes to separate accounts to provide future retirement benefits for its own employees.

Employees of these employers are required to participate if they work in an IMRF qualified position. An IMRF qualified position is one that is expected to equal or exceed the employer's annual hourly standard; the standard is either 600 or 1,000 hours a year.

IMRF has three benefit plans. The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs and selected police chiefs. Forest preserve districts may adopt the SLEP plan for their law enforcement personnel. Counties may adopt the Elected County Official (ECO) plan for their elected officials. After a county has adopted the ECO plan, participation is optional for the elected officials of that county. A county may opt out of the ECO plan. All remaining employees belong to the Regular plan.

Both the employee (member) and the employer contribute toward retirement benefits. Members contribute a percentage of their salary as established by the Pension Code. The percentage depends on the plan in which the member participates. Regular members contribute 4.5 percent. SLEP members contribute 7.5 percent. ECO members contribute 7.5 percent. Members also have the option of making voluntary after-tax contributions up to 10 percent of their salary. Employer contribution rates are actuarially calculated annually for each employer. Employers pay most of the cost for member and survivor pensions and all of the cost for supplemental retirement, death and disability benefits.

Vesting

Members are vested for pension benefits when they have at least eight years of qualifying service credit. SLEP members are vested for a SLEP pension when they have at least 20 years of SLEP service credit. SLEP members with more than eight years of service but less than 20 years of SLEP service will receive a Regular pension. Revised ECO members (those who join the ECO plan after January 25, 2000) are vested with eight or more years of ECO service credit in the same elected county position. Revised ECO members with eight years of service but less than eight years in the same elected county office will receive a Regular pension.

Refunds

Non-vested members who stop working for an IMRF employer can receive a lump sum refund of their IMRF member contributions. Vested members can receive a lump sum refund of their IMRF member contributions if they stop working for an IMRF employer prior to age 55. Vested members age 55 or older may receive separation refunds if the member rolls over the refund into another defined benefit retirement plan for the purpose of purchasing service credit.

Members who retire without an eligible spouse (married to the member at least one year before the member terminates IMRF participation) may receive a refund of their surviving spouse contributions with interest or an annuity.

If, upon a member's death, all of the member contributions with interest were not paid as a refund or pension, the beneficiary will receive any balance in the member's account.

Pension Calculations

A Regular IMRF pension is:

- 1-2/3 percent of the final rate of earnings for each of the first 15 years of service credit, plus
- 2 percent for each year of service credit in excess of 15 years.

The maximum pension at retirement cannot exceed 75 percent of the final rate of earnings.

A SLEP pension is:

- 2-1/2 percent of the final rate of earnings for each year of service.

The maximum pension at retirement cannot exceed 80 percent of the final rate of earnings.

An ECO pension is:

- 3 percent of the final rate of earnings for each of the first eight years of service, plus
- 4 percent for each year of service between eight and 12 years of service, plus
- 5 percent for years of service credit over 12.

The maximum pension at retirement cannot exceed 80 percent of the final rate of earnings.

A money purchase minimum pension is provided if it exceeds the normal formula amount. The money purchase minimum is the amount that may be purchased by 2.4 times the member's applicable accumulated contributions, including interest thereon.

A reversionary pension option is provided to members at retirement. This option permits the member to revert a portion of his pension to one other person. This election is irrevocable.

An IMRF pension is paid for life and is increased by three percent of the original amount on January 1 of each year after the member retires. The increase for the first year is pro-rated for the number of months the member was retired.

The final rate of earnings for Regular and SLEP members is the highest total earnings during any 48 consecutive months within the last 10 years of IMRF service divided by 48. The final rate of earnings for ECO members is the annual salary of the ECO member on the day he or she retires. For new ECO members who join the plan after January 25, 2000, the final rate of earnings is a four-year average calculated for each office held.

Retirement Eligibility

Normal retirement for an unreduced pension is:

- Age 60 with eight or more years of service or 35 or more years of service at age 55,
- Age 50 with 20 or more years of SLEP service for members with SLEP service,
- Age 55 with eight or more years of service for members with ECO service, or
- Age 55 with eight or more years of service in the same elected county office for members with Revised ECO service.

Regular members may retire as early as age 55 with a reduced pension. The reduction is the lesser of:

- one-fourth percent for each month the member is under age 60, or
- one-fourth percent for each month of service less than 35 years.

Service Credit

Service credit is the total time under IMRF, stated in years and fractions. Service is credited monthly while the member is working, receiving IMRF disability benefits or on IMRF's Benefit Protection Leave. For revised ECO members, the ECO benefit formula is limited to service in an elected office.

Members may qualify for a maximum of one year of additional service credit for unused, unpaid sick leave accumulated with the last employer. This additional service credit applies only for members leaving employment for retirement. The service credit is earned at the rate of one month for every 20 days of unused, unpaid sick leave or fraction thereof.

IMRF is a participating plan under the Reciprocal Act, as are all other Illinois public pension systems, except local police and fire pension plans. Under the Reciprocal Act, service credit of at least one year may be considered together at the date of retirement or death for the purpose of determining eligibility for and amount of benefits. However, for teacher aides who meet certain criteria, service credit of less than one year may be considered in determining benefits under the Reciprocal Act.

Early Retirement Incentive

IMRF employers may offer an early retirement incentive (ERI) program to their employees who are over 50 years of age and who have at least 20 years of service credit. Eligible members may purchase up to five years of service credit and age. Employers must pay off the additional ERI liability within 10 years. Subsequent ERI programs may be offered by an employer after the liability for the previous ERI program is paid.

Supplemental Retirement Benefits

Each July, IMRF provides a supplemental benefit payment to IMRF retirees and surviving spouses who have received IMRF pension payments for the preceding 12 months. The supplemental benefit payment amount will vary depending on the dollar amount to be distributed and the dollar amount of the benefits of persons eligible.

Disability Benefits

Regular and SLEP members are eligible for a maximum of 30 months of temporary disability benefits if they:

- Have at least 12 consecutive months of service credit since being enrolled in IMRF,
- Have at least nine months of service credit in the 12 months immediately prior to becoming disabled,
- Are unable to perform the duties of any position which might reasonably be assigned by the IMRF employer because of any illness, injury or other physical or mental condition and
- Are not receiving any earnings from any IMRF employer.

Regular and SLEP members are eligible for total and permanent disability benefits until they become eligible for full Social Security Old Age benefits if they:

- Have exhausted their temporary disability benefits,
- Have a medical condition which did not pre-exist their IMRF participation or they have five years of IMRF participation without being on temporary disability and
- Are unable to work in any gainful activity for any employer.

The monthly disability benefit payment is equal to 50 percent of the average monthly earnings based on the 12 months prior to the month the member became disabled.

ECO members are eligible for ECO disability benefits if they:

- Have at least 12 consecutive months of service credit since being enrolled in IMRF,
- Are in an elected county office at the time the disability occurred,
- Are making ECO contributions at the time the disability occurred,
- Are unable to reasonably perform the duties of their offices,
- Have resigned their offices and
- Have two licensed physicians approved by IMRF certify that the ECO member is permanently disabled.

The monthly ECO disability benefit is equal to the greater of:

- 50 percent of the annualized salary payable on the last day of ECO participation divided by 12 or,
- The retirement benefit earned to date up to a maximum of 66-2/3 percent.

Disability benefits under all plans are offset by Social Security or workers' compensation benefits. If disabled members receive Social Security disability and/or workers' compensation benefits, IMRF pays the difference between those benefits and 50 percent of the member's average monthly earnings. However, IMRF will always pay a minimum monthly benefit of $10. Members on disability earn pension service credit as if they were working.

Death Benefits

Beneficiaries of active members who have more than one year of service or whose deaths are job-related are entitled to lump sum IMRF death benefits. If the member was not vested or vested without an eligible spouse, the death benefit is equal to one year's earnings plus any balance in the member's account. Eligible spouses of deceased vested active members may choose the lump sum or a monthly surviving spouse pension.

Beneficiaries of inactive non-vested members receive a lump sum payment of any balance in the member's account including interest. If the beneficiary is an eligible spouse of an inactive vested member age 55 or older, the spouse may choose between the lump sum payment or a death benefit of $3,000 plus a monthly surviving spouse pension. Beneficiaries of retired members receive a $3,000 death benefit. Eligible spouses also receive a surviving spouse pension.

Surviving Spouse Pension

For Regular and SLEP members, a surviving spouse's monthly pension is one-half of the member's pension.

For ECO members, a surviving spouse's monthly pension is 66-2/3 percent of the member's pension. This pension is payable once the surviving spouse becomes 50 years old. If the spouse is caring for the member's minor, unmarried children, the spouse will receive (age 50 requirement does not apply):

- A monthly pension equal to 30 percent of the ECO member's salary at time of death plus
- 10 percent of the ECO member's salary at time of death for each minor, unmarried child. The maximum total monthly benefit payable to spouse and children cannot exceed 50 percent of the ECO member's salary at time of death, or
- A monthly pension equal to 66-2/3 percent of the pension the member had earned.

Surviving spouse pensions under all plans are increased each January 1 by three percent of the original amount. The increase for the first year is prorated for the number of months the surviving spouse or the member received a pension.

Plan Changes

Public Act 94-0834 was signed into law on June 6, 2006. This new law revised the Illinois Retirement Systems Reciprocal Act to allow a former teacher aide who transferred to a position covered by the Teachers' Retirement System and who has less than 12 months of IMRF service credit to apply that service toward a reciprocal pension.

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Statistical

2006

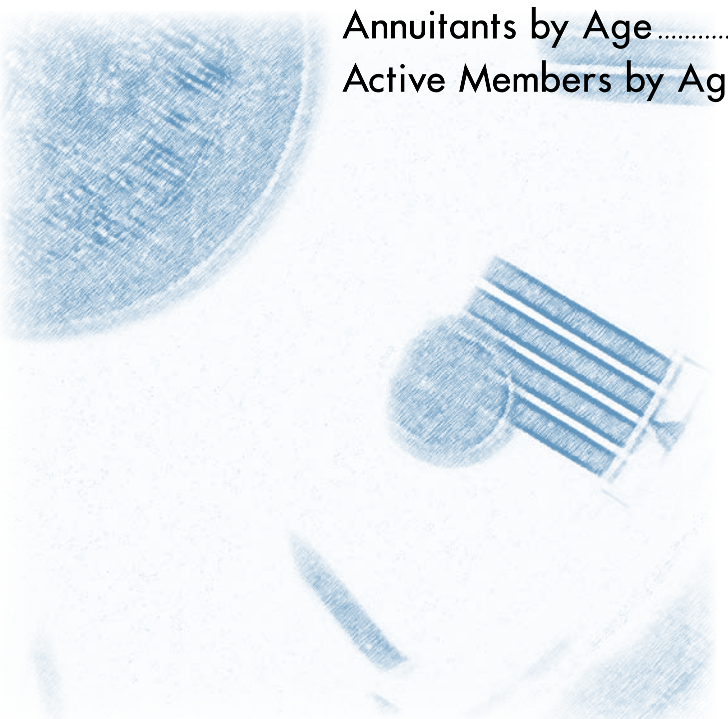


Table V

Changes in Plan Net Assets

Last ten years

Additions

Calendar Year	Investment Earnings Net of Direct Investment Expense	Employer Contributions: Dollars	Employer Contributions: Percent of Annual Covered Payroll	Member Contributions	Other	Total Additions
1997	$1,550,409,109	$336,249,487	9.73%	$168,501,275	$ 1,232	$2,055,161,103
1998	1,416,152,349	364,196,668	9.85%	190,259,213	66,938	1,970,675,168
1999	2,689,086,076	379,194,892	9.59%	192,356,900	6,957	3,260,644,825
2000	283,134,582	356,153,448	8.51%	200,209,408	739	839,498,177
2001	(1,010,875,498)	313,007,639	6.95%	216,150,677	4,050	(481,713,132)
2002	(1,325,374,842)	294,935,422	6.20%	233,935,559	5,200	(796,498,661)
2003	2,996,066,692	321,049,839	6.49%	255,498,279	5,050	3,572,619,860
2004	2,010,704,974	456,198,098	8.84%	259,505,532	5,494	2,726,414,098
2005	1,607,733,405	543,263,475	10.11%	265,568,534	5,190	2,416,570,604
2006	2,667,700,578	602,775,795	10.71%	280,997,170	6,315	3,551,479,858

Deductions

Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions	Change in Plan Net Assets
1997	$410,417,029	$26,088,854	$14,700,542	$451,206,425	$1,603,954,678
1998	451,496,766	27,121,071	16,527,175	495,145,012	1,475,530,156
1999	496,363,836	28,126,601	16,190,583	540,681,020	2,719,963,805
2000	533,683,244	29,791,950	17,125,395	580,600,589	258,897,588
2001	570,548,544	27,507,628	18,470,776	616,526,948	(1,098,240,080)
2002	613,606,477	36,641,773	18,727,800	668,976,050	(1,465,474,711)
2003	668,534,229	29,186,749	18,785,811	716,506,789	2,856,113,071
2004	733,376,801	31,156,292	19,405,567	783,938,660	1,942,475,438
2005	791,333,700	32,120,791	19,650,440	843,104,931	1,573,465,673
2006	856,205,596	40,095,036	20,339,190	916,639,822	2,634,840,036

Table VI
Benefit Expense by Type
Last ten years

Calendar Year	DEATH: Supplemental	DEATH: Refund	DEATH: Burial	DEATH: Residual	DISABILITY: Permanent	DISABILITY: Temporary
1997	$7,083,244	$5,376,069	$5,458,990	$493,928	$3,089,085	$5,274,900
1998	7,534,697	5,912,822	5,585,751	516,511	3,093,157	5,130,272
1999	7,107,276	5,440,949	6,234,757	155,382	3,150,728	5,286,122
2000	8,211,433	5,864,391	5,947,348	405,080	3,081,562	6,022,246
2001	7,146,093	6,341,938	6,314,132	658,284	3,140,589	6,424,182
2002	8,609,843	5,836,970	6,539,959	502,963	3,255,522	6,585,585
2003	7,962,909	6,120,345	6,583,839	586,550	3,473,294	7,060,682
2004	9,929,302	7,319,032	6,881,926	515,537	3,440,867	7,377,055
2005	9,389,674	7,096,253	7,182,437	997,874	3,746,535	7,553,159
2006	9,874,057	7,565,398	7,464,813	708,466	3,857,144	7,795,207

Calendar Year	ANNUITIES: Retirement	ANNUITIES: Surviving Spouse	ANNUITIES: Beneficiary	ANNUITIES: Supplemental	REFUNDS: Separation	REFUNDS: Other	Total
1997	$336,784,723	$24,815,833	$615,880	$21,424,377	$25,760,143	$328,711	$436,505,883
1998	374,124,084	26,334,572	635,074	22,629,826	26,589,126	531,945	478,617,837
1999	414,515,394	29,272,679	697,985	24,502,564	27,998,118	128,483	524,490,437
2000	445,581,289	32,129,182	749,696	25,691,017	29,423,748	368,202	563,475,194
2001	477,490,779	34,622,766	785,027	27,624,754	27,039,539	468,089	598,056,172
2002	513,656,258	37,907,435	850,558	29,861,384	26,031,474	10,610,299	650,248,250
2003	563,294,375	41,009,876	953,238	31,489,121	28,286,009	900,740	697,720,978
2004	619,816,366	44,426,578	1,073,847	32,596,291	29,802,863	1,353,429	764,533,093
2005	673,325,914	47,245,463	1,206,562	33,589,829	30,952,680	1,168,111	823,454,491
2006	732,090,146	50,788,527	1,325,633	34,736,205	32,707,901	7,387,135	896,300,632

Table VII
Net Cash Flow from Contributions and Benefits
Last ten years

Calendar Year	Employer Contributions	Member Contributions	Total Contributions	Total Benefit Payments	Net Cash Flow
1997	$336,249,487	$168,501,275	$504,750,762	$436,505,883	$68,244,879
1998	364,196,668	190,259,213	554,455,881	478,617,837	75,838,044
1999	379,194,892	192,356,900	571,551,792	524,490,437	47,061,355
2000	356,153,448	200,209,408	556,362,856	563,475,194	(7,112,338)
2001	313,007,639	216,150,677	529,158,316	598,056,172	(68,897,856)
2002	294,935,422	233,935,559	528,870,981	650,248,250	(121,377,269)
2003	321,049,839	255,498,279	576,548,118	697,720,978	(121,172,860)
2004	456,198,098	259,505,532	715,703,630	764,533,093	(48,829,463)
2005	543,263,475	265,568,534	808,832,009	823,454,491	(14,622,482)
2006	602,775,795	280,997,170	883,772,965	896,300,632	(12,527,667)

Net Cash Flow
Last ten years

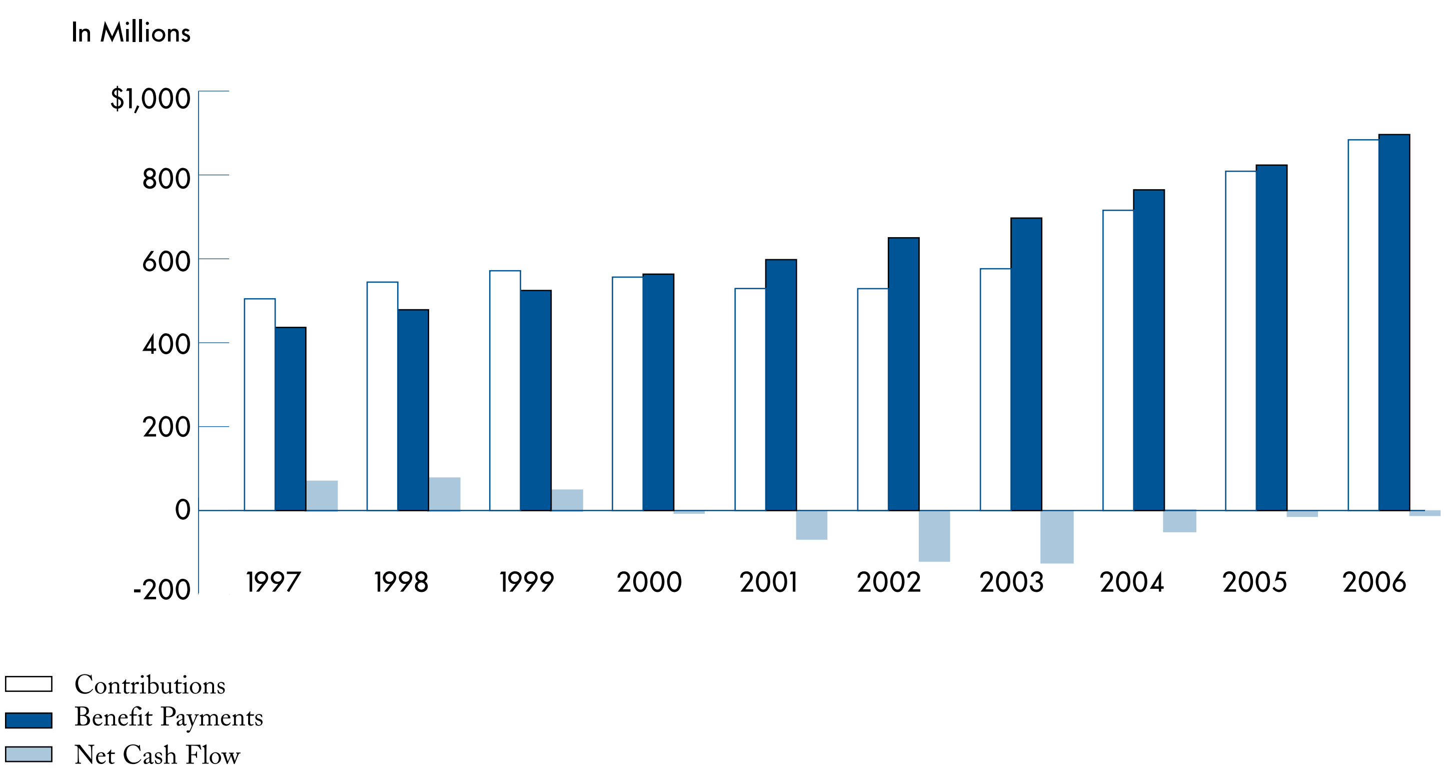


Table VIII
Average Benefit Payment Amounts
Last ten years

Calendar Year	Single Sum Payments: Separation Refunds	Single Sum Payments: Lump Sum Death Benefit	Recurring Payments: Annual Disability (1)	Recurring Payments: Annual Retirement (2)
1997	$1,859	$21,779	$11,764	$10,643
1998	1,966	32,627	12,059	10,415
1999	2,027	30,645	12,355	10,102
2000	2,095	31,999	13,144	9,314
2001	2,048	27,888	13,807	11,023
2002	2,044	28,668	14,302	12,217
2003	2,235	25,991	14,418	13,862
2004	2,445	29,022	14,946	14,118
2005	2,656	26,524	15,396	13,145
2006	2,814	35,014	15,860	12,864

(1) Prior to Social Security and workers' compensation offsets.
(2) Includes voluntary additional benefits.

Average Benefit Payment Amounts
In Millions

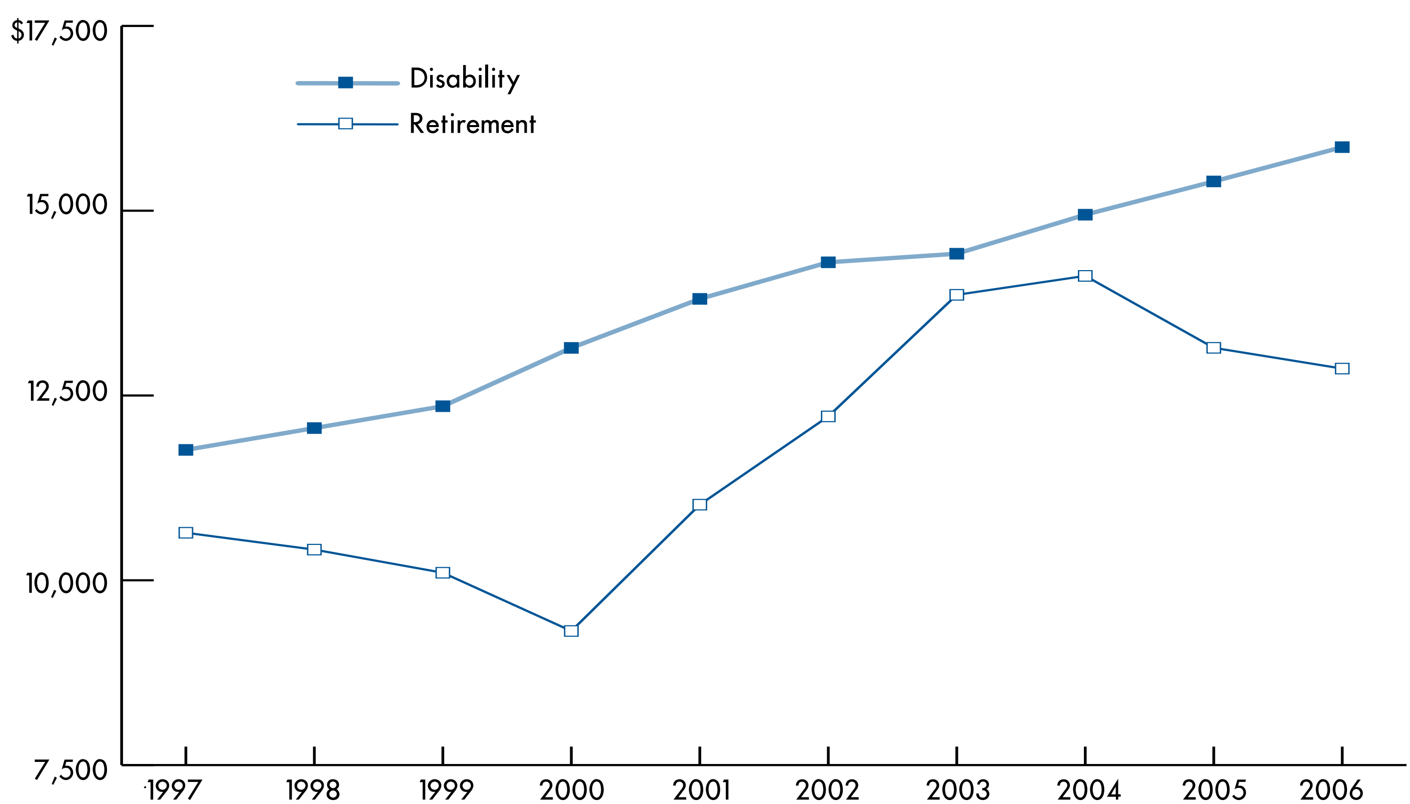


Table IX
Operating Statistics – Number of Initial Benefit Payments
Last ten years

Calendar Year	Annuity	Disability	Death	Refund	Total
1997	4,962	2,169	915	13,841	21,887
1998	4,025	1,953	2,367	13,373	21,718
1999	3,892	2,004	2,517	13,542	21,955
2000	3,527	2,044	2,374	13,997	21,942
2001	3,647	1,989	2,646	13,162	21,444
2002	3,963	2,261	2,695	12,603	21,522
2003	4,442	2,491	2,699	12,507	22,139
2004	4,555	2,716	2,693	11,999	21,963
2005	4,868	2,474	2,971	11,677	21,990
2006	4,848	2,504	2,870	11,634	21,856

Table X
Number of Employees
Last ten years

Calendar Year	Administration	Human Resources	Finance	Investments	Legal	Communications	Member Services	Benefits	Information Services	Office Services	Total
1997	3	4	40	10	4	4	22	23	41	25	176
1998	4	4	41	9	4	3	21	23	40	27	176
1999	4	4	41	10	4	4	22	24	40	26	179
2000	4	4	41	9	4	5	20	24	43	25	179
2001	4	4	39	10	3	5	24	25	43	27	184
2002	4	4	38	10	4	5	24	25	45	27	186
2003	4	4	36	10	4	5	24	25	45	26	183
2004	4	4	33	10	4	5	24	25	43	25	177
2005	4	4	32	10	4	5	24	25	44	24	176
2006	4	4	30	11	3	5	23	27	43	26	176

Table XI
Number of Actively Participating Employers
Last ten years

Calendar Year End	Cities	Villages	Counties	School Districts	Townships	Other	Total
1997	245	347	101	898	402	713	2,706
1998	247	356	101	894	417	729	2,744
1999	247	363	101	893	425	739	2,768
2000	249	364	101	891	432	754	2,791
2001	251	373	101	890	444	767	2,826
2002	252	377	101	890	451	782	2,853
2003	252	383	101	885	458	792	2,871
2004	252	389	101	877	463	801	2,883
2005	253	395	101	871	463	813	2,896
2006	255	398	101	870	467	818	2,909

Table XII
Principal Participating Employers
Current year and nine years ago

	2006			1997		
Employer	Active Members	Rank	Percentage of Total Active Members	Active Members	Rank	Percentage of Total Active Members
DuPage County	3,474	1	2.00%	3,394	1	2.31%
Lake County	2,954	2	1.70%	2,620	2	1.79%
Will County	2,178	3	1.25%	1,675	4	1.14%
Union School District 46	2,043	4	1.17%	1,444	6	0.98%
Winnebago County	1,874	5	1.08%	1,529	5	1.04%
Rockford School District 205	1,567	6	0.90%	1,782	3	1.22%
Kane County	1,389	7	0.80%	1,236	8	0.84%
City of Springfield	1,317	8	0.76%	1,430	7	0.98%
Peoria School District 150	1,315	9	0.76%	1,173	9	0.80%
McHenry County	1,230	10	0.71%			
Madison County				1,117	10	0.76%
	19,341		11.13%	17,400		11.86%

Table XIII
Number of Actively Participating Members
Last ten years

Calendar Year End	Male Participants	Female Participants	Total
1997	56,424	90,235	146,659
1998	57,181	93,247	150,428
1999	58,419	97,098	155,517
2000	59,728	100,082	159,810
2001	61,245	103,600	164,845
2002	62,216	105,560	167,776
2003	62,597	105,355	167,952
2004	62,611	105,925	168,536
2005	63,323	107,605	170,928
2006	64,136	109,872	174,008

Table XIV
Participating Members' Length of Service
Last ten years

Calendar Year	Total Active Members	Under 1 Year	1 to 7 Years	8 to 14 Years	15 Years and Over	Percent Vested (8 or More Years of Service)
1997	146,659	20,761	64,579	33,337	27,982	41.8%
1998	150,428	21,503	65,472	35,343	28,110	42.2%
1999	155,517	22,831	68,007	35,498	29,181	41.6%
2000	159,810	22,461	72,144	34,473	30,732	40.8%
2001	164,845	22,286	76,006	34,261	32,292	40.4%
2002	167,776	18,566	80,607	34,920	33,683	40.9%
2003	167,952	16,678	80,610	35,468	35,196	42.1%
2004	168,536	17,225	78,499	35,765	37,047	43.2%
2005	170,928	18,723	76,768	36,735	38,702	44.1%
2006	174,008	19,245	76,290	38,781	39,692	45.1%

Table XV
Distribution of Current Annuitants by Pension Amount

Monthly Pension Amount	Retirement Number of Males	Retirement Number of Females	Survivor Number of Males	Survivor Number of Females	All Annuities Number of Males	All Annuities Number of Females
Under $100	933	4,708	697	1,367	1,630	6,075
$100 to under $250	2,032	10,030	960	3,175	2,992	13,205
$250 to under $500	4,150	11,741	664	2,746	4,814	14,487
$500 to under $750	3,327	7,004	210	1,161	3,537	8,165
$750 to under $1,000	2,624	4,479	72	552	2,696	5,031
$1,000 to under $2,000	5,639	7,023	40	592	5,679	7,615
$2,000 to under $3,000	2,769	1,503	--	63	2,769	1,566
$3,000 to under $4,000	1,370	358	--	5	1,370	363
$4,000 and over	1,231	154	--	6	1,231	160
Total	24,075	47,000	2,643	9,667	26,718	56,667

Note: Counts do not include disabilitants.

Table XVI

Analysis of Initial Retirement Benefits – Regular Plan

Last Ten Years

	Years of Credited Service							
	8-9	10-14	15-19	20-24	25-29	30-34	35+	Total
1997								
Avg Monthly Annuity	$221	$336	$544	$817	$1,175	$1,514	$2,096	$769
Avg Monthly FRE	$1,577	$1,714	$1,874	$2,151	$2,413	$2,593	$2,986	$2,055
Number of Retirees	462	749	746	526	689	307	160	3,639
1998								
Avg Monthly Annuity	$236	$365	$601	$833	$1,309	$1,677	$2,637	$894
Avg Monthly FRE	$1,667	$1,860	$2,074	$2,182	$2,695	$2,898	$3,767	$2,286
Number of Retirees	444	696	638	523	535	324	231	3,391
1999								
Avg Monthly Annuity	$235	$368	$623	$853	$1,334	$1,845	$2,810	$864
Avg Monthly FRE	$1,647	$1,853	$2,176	$2,247	$2,755	$3,184	$4,036	$2,302
Number of Retirees	409	774	591	588	453	294	148	3,257
2000								
Avg Monthly Annuity	$250	$400	$656	$911	$1,270	$1,764	$2,499	$808
Avg Monthly FRE	$1,776	$2,005	$2,277	$2,392	$2,664	$3,065	$3,595	$2,315
Number of Retirees	383	705	558	574	375	205	94	2,894
2001								
Avg Monthly Annuity	$254	$385	$635	$903	$1,352	$2,007	$2,616	$845
Avg Monthly FRE	$1,821	$1,942	$2,233	$2,388	$2,822	$3,476	$3,757	$2,363
Number of Retirees	389	742	575	563	356	213	131	2,969
2002								
Avg Monthly Annuity	$265	$397	$693	$951	$1,449	$2,010	$2,756	$965
Avg Monthly FRE	$1,896	$2,005	$2,450	$2,504	$3,017	$3,490	$3,981	$2,558
Number of Retirees	387	667	594	520	483	298	152	3,101
2003								
Avg Monthly Annuity	$273	$448	$746	$1,084	$1,490	$2,151	$3,122	$1,119
Avg Monthly FRE	$1,947	$2,255	$2,609	$2,842	$3,091	$3,734	$4,496	$2,824
Number of Retirees	417	685	643	460	553	361	245	3,364
2004								
Avg Monthly Annuity	$293	$433	$719	$1,077	$1,567	$2,236	$3,251	$1,147
Avg Monthly FRE	$2,099	$2,185	$2,533	$2,816	$3,266	$3,841	$4,665	$2,866
Number of Retirees	410	715	676	461	559	367	261	3,449
2005								
Avg Monthly Annuity	$289	$452	$728	$1,104	$1,545	$2,158	$3,000	$1,063
Avg Monthly FRE	$2,074	$2,293	$2,537	$2,913	$3,225	$3,747	$4,308	$2,807
Number of Retirees	473	781	748	590	544	348	221	3,705
2006								
Avg Monthly Annuity	$293	$477	$768	$1,212	$1,523	$2,393	$3,605	$1,137
Avg Monthly FRE	$2,094	$2,407	$2,676	$3,218	$3,209	$4,135	$5,165	$2,984
Number of Retirees	500	764	754	608	537	308	229	3,700

FRE = Final Rate of Earnings used to calculate retirement benefit.
Note: This schedule excludes members retiring with money purchase benefits, reciprocal benefits, or multiple plans.

Table XVII

Analysis of Initial Retirement Benefits – Sheriffs' Law Enforcement Personnel Plan (SLEP)

Last Ten Years

	Years of Credited Service				
	20-24	25-29	30-34	35+	Total
1997					
Avg Monthly Annuity	$1,719	$2,509	$3,036	$5,235	$2,582
Avg Monthly FRE	$3,210	$4,083	$4,407	$6,981	$4,070
Number of Retirees	22	29	29	3	83
1998					
Avg Monthly Annuity	$1,615	$2,212	$2,905	$4,219	$2,230
Avg Monthly FRE	$3,192	$3,803	$4,444	$5,625	$3,795
Number of Retirees	30	22	22	2	76
1999					
Avg Monthly Annuity	$1,752	$2,820	$3,531		$2,609
Avg Monthly FRE	$3,306	$4,450	$5,279		$4,278
Number of Retirees	25	23	18		66
2000					
Avg Monthly Annuity	$1,698	$2,717	$3,303	$3,581	$2,379
Avg Monthly FRE	$3,360	$4,306	$4,668	$8,287	$4,053
Number of Retirees	16	15	5	1	37
2001					
Avg Monthly Annuity	$1,774	$3,394	$3,891	$849	$2,843
Avg Monthly FRE	$3,566	$5,588	$5,624	$1,132	$4,691
Number of Retirees	27	16	21	1	65
2002					
Avg Monthly Annuity	$2,079	$2,933	$3,976	$3,532	$3,131
Avg Monthly FRE	$3,947	$4,778	$5,669	$4,710	$4,917
Number of Retirees	13	27	22	1	63
2003					
Avg Monthly Annuity	$2,851	$3,479	$4,128	$3,732	$3,423
Avg Monthly FRE	$5,587	$5,465	$6,028	$4,977	$5,609
Number of Retirees	21	33	14	1	69
2004					
Avg Monthly Annuity	$2,555	$3,581	$3,773	$4,175	$3,332
Avg Monthly FRE	$4,925	$5,698	$5,329	$5,567	$5,370
Number of Retirees	24	33	18	3	78
2005					
Avg Monthly Annuity	$2,295	$4,150	$3,613	$5,336	$3,439
Avg Monthly FRE	$4,517	$6,214	$4,975	$6,823	$5,452
Number of Retirees	25	23	5	6	59
2006					
Avg Monthly Annuity	$2,689	$3,948	$4,738	$5,165	$3,817
Avg Monthly FRE	$5,046	$5,835	$6,099	$6,768	$5,692
Number of Retirees	27	36	25	2	90

FRE = Final Rate of Earnings used to calculate retirement benefit.

Note: This schedule excludes members retiring with money purchase benefits, reciprocal benefits, or multiple plans.

Table XVIII

Analysis of Initial Retirement Benefits – Elected County Official Plan (ECO)

Last Ten Years

	Years of Credited Service							
	8-9	10-14	15-19	20-24	25-29	30-34	35+	Total
1997								
Avg Monthly Annuity					$2,348		$2,600	$2,474
Avg Monthly FRE					$2,935		$3,250	$3,093
Number of Retirees					1		1	2
1998								
Avg Monthly Annuity	$604	$1,207	$2,011	$2,438	$2,422			$1,564
Avg Monthly FRE	$2,599	$2,882	$2,317	$3,047	$3,028			$2,882
Number of Retirees	4	9	6	4	1			24
1999								
Avg Monthly Annuity		$1,158	$2,402	$670				$1,344
Avg Monthly FRE		$2,887	$2,895	$837				$2,434
Number of Retirees		4	3	2				9
2000								
Avg Monthly Annuity		$1,086	$3,707	$1,664				$2,201
Avg Monthly FRE		$2,964	$5,600	$2,080				$3,474
Number of Retirees		3	4	5				12
2001								
Avg Monthly Annuity		$292	$452	$1,345	$1,824			$864
Avg Monthly FRE		$1,202	$1,282	$1,808	$2,280			$1,560
Number of Retirees		3	4	3	2			12
2002								
Avg Monthly Annuity	$619	$441	$1,892	$2,849				$1,462
Avg Monthly FRE	$2,330	$1,126	$2,907	$3,562				$2,389
Number of Retirees	4	10	9	7				30
2003								
Avg Monthly Annuity	$315	$454	$2,932	$3,790	$7,117			$2,633
Avg Monthly FRE	$1,312	$1,137	$4,321	$4,737	$8,896			$3,708
Number of Retirees	1	3	3	3	1			11
2004								
Avg Monthly Annuity		$1,215	$3,671	$3,874			$1,780	$2,840
Avg Monthly FRE		$2,779	$5,567	$4,843			$4,111	$4,294
Number of Retirees		7	5	8			1	21
2005								
Avg Monthly Annuity		$1,787	$3,365	$5,627	$6,926			$4,392
Avg Monthly FRE		$3,612	$4,160	$7,034	$8,658			$5,878
Number of Retirees		2	1	3	1			7
2006								
Avg Monthly Annuity	$609	$1,296	$3,113	$3,063				$2,046
Avg Monthly FRE	$2,437	$2,942	$4,434	$4,021				$3,491
Number of Retirees	6	8	8	6				28

FRE = Final Rate of Earnings used to calculate retirement benefit.

Note: This schedule excludes members retiring with money purchase benefits, reciprocal benefits, or multiple plans.

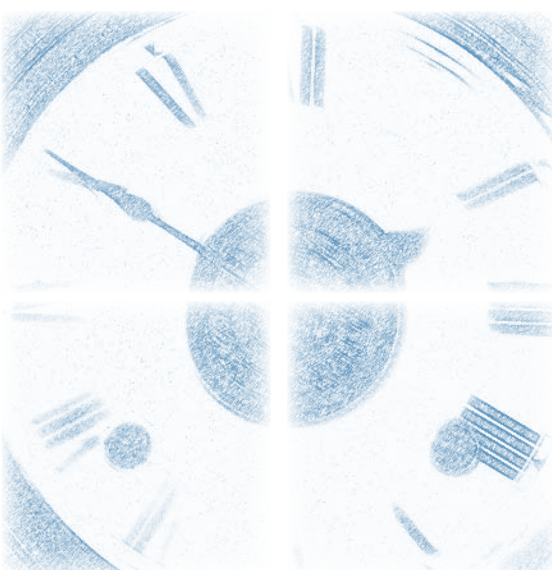
Table XIX
Annuitants by Age

Ages	Retirees Male	Retirees Female	Retirees Total	Surviving Spouses Male	Surviving Spouses Female	Surviving Spouses Total	Beneficiaries Male	Beneficiaries Female	Beneficiaries Total
Under 55	422	88	510	12	102	114	49	99	148
55 to 59	2,852	4,194	7,046	21	198	219	4	31	35
60 to 64	3,670	7,547	11,217	92	434	526	13	43	56
65 to 69	4,350	9,112	13,462	172	700	872	9	33	42
70 to 74	4,202	8,152	12,354	362	1,164	1,526	10	25	35
75 to 79	3,790	7,285	11,075	522	1,785	2,307	6	27	33
80 to 84	2,827	5,625	8,452	641	2,056	2,697	4	27	31
85 to 89	1,402	3,348	4,750	477	1,764	2,241	4	16	20
90 to 94	475	1,325	1,800	197	897	1,094	2	10	12
95 to 100	80	299	379	43	229	272	1	3	4
101 and over	5	25	30	2	22	24	--	2	2
Total	24,075	47,000	71,075	2,541	9,351	11,892	102	316	418

Table XX
Active Members by Age

Ages	All Plans Male	All Plans Female	All Plans Total	Sheriff's Law Enforcement Personnel Male	Sheriff's Law Enforcement Personnel Female	Sheriff's Law Enforcement Personnel Total	Elected County Officials Male	Elected County Officials Female	Elected County Officials Total
Under 20	210	339	549	--	--	--	--	--	--
20 to 29	7,813	10,594	18,407	558	94	652	1	--	1
30 to 39	11,980	17,279	29,259	1,316	216	1,532	28	8	36
40 to 49	18,133	36,085	54,218	1,144	207	1,351	101	53	154
50 to 54	10,078	19,475	29,553	417	68	485	102	42	144
55 to 59	7,943	14,739	22,682	220	41	261	72	29	101
60 to 69	6,637	10,170	16,807	106	12	118	71	35	106
70 and Over	1,342	1,191	2,533	6	2	8	37	12	49
Total	64,136	109,872	174,008	3,767	640	4,407	412	179	591

Illinois Municipal Retirement Fund



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