
REVISED
THE REPORT OF THE
JUNE 30, 1997 ACTUARIAL VALUATION
OF THE
STATE UNIVERSITIES RETIREMENT
SYSTEM OF ILLINOIS



GABRIEL, ROEDER, SMITH & COMPANY



ACTUARIES & CONSULTANTS



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October 2, 1997

Board of Trustees
State Universities Retirement System of Illinois
1901 Fox Drive
Champaign, Illinois 61820

Dear Members of the Board:

We are pleased to present the revised report of the actuarial valuation of the State Universities Retirement System of Illinois ("SURS") as of June 30, 1997.

This valuation provides information on the funding status of SURS. In addition, it includes a determination of State contribution level for the fiscal year ending June 30, 1999 under Section 15-155 of the SURS statute and estimates of contribution for subsequent years.

This valuation is based on the provisions of SURS in effect as of June 30, 1997, data on the SURS membership and information on the asset value of the trust fund. All member data and asset information were provided by SURS staff. While certain checks for reasonableness were performed, the data was used unaudited.

The actuarial cost method used in this valuation are those used in the prior actuarial valuation of SURS. As a result of the Review of Experience for 1991-96, the Board adopted a new set of actuarial assumptions for use in this valuation. In addition, legislation enacted in 1997 authorized use of market value in the actuarial valuation process and made several changes in the SURS benefit structure. These changes are reflected in this report.

To the best of our knowledge, this actuarial statement is complete and accurate, and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,



Norman S. Loski, F.S.A.



Louise M. Gates

NSL:ct

2003

TABLE OF CONTENTS

Page	
	<i>Summary of the Valuation</i>
1	Purposes of the Actuarial Valuation
1	Report Highlights
2	Actuarial Assumption
3	SURS Benefits
5	Experience During 1997
6	Statutory Appropriations for the 1999 Fiscal Year and Beyond
8	Asset Information
9	Funding Status
9	GASB Disclosure
	<i>Appendix A Asset Information</i>
10	Table 1 - Accounting Balance Sheet
11	Table 2 - Change in Assets Available for Benefits
	<i>Appendix B Membership Data</i>
12	Table 3 - Summary of Data Characteristics
13	Table 4 - Distribution of Active Members by Age and Years of Service
14	Table 5 - Distribution of Benefit Recipients by Age
	<i>Appendix C Actuarial Determinations</i>
15	Table 6 - Summary of Actuarial Values
16	Table 7 - GASB #5 Disclosure Statement
17	Table 8 - Analysis of Change in Unfunded Actuarial Accrued Liability
18	Table 9 - Analysis of Actuarial Gains and Losses in FY 1997
19	Table 10 - Schedule of Funding Status
20	Table 11 - Schedule of Employer Contributions
21	Table 12 - Projected State Contribution Levels 1999 - 2045
23	Table 13 - Effect of ORP on State Contributions for Retirement
	<i>Appendix D Actuarial Method and Assumptions</i>
25	Projected Unit Credit Method
26	Actuarial Assumptions
30	<i>Appendix E Summary of Benefit Provisions of SURS</i>

SUMMARY OF THE VALUATION

PURPOSES OF THE ACTUARIAL VALUATION

At your request we have performed the actuarial valuation of the State Universities Retirement System of Illinois ("SURS") as of June 30, 1997.

The purposes of an actuarial valuation are as follows:

- To determine the funding status of SURS as of the valuation date, and
- To develop the levels of contributions required under Section 15-155 for the fiscal year ending June 30, 1999 and to estimate contributions required under that Section for the subsequent years of the funding period ending in the year 2045.

REPORT HIGHLIGHTS

The 1997 fiscal year has been an extremely active year:

1. At its December meeting, the Board adopted a major change in actuarial assumptions, based on the results of an analysis of SURS experience.
2. In the 1997 Legislative session, legislation substantially affecting SURS benefits was enacted.
3. In the same legislative session, SURS was authorized to recognize market values of assets in order to comply with new GASB standards.
4. The legislature also ensured that the Optional Retirement Plan ("ORP") will be implemented.

The results of this valuation have been significantly influenced by these items. The ORP has virtually no effect on the actuarial liabilities of SURS. However, State contributions to SURS are affected by the new members who elect to participate in the ORP rather than in SURS.

The primary results of the valuation reflect the changes cited above. However, in order to disclose the impacts of these changes, we will set out results which will highlight these impacts on actuarial accrued liabilities.

ACTUARIAL ASSUMPTIONS

Every five years the actuary performs a review of the set of actuarial assumptions used in the actuarial valuations of SURS. The latest such review was performed for the period 1991-96 and presented to the Board at its December, 1996 meeting. Based on that review, the Board approved, effective July 1, 1996, the following changes in actuarial assumptions:

1. **Assumed Rate of Investment Return** - Increased from 8.00% to 8.50% per year.
2. **Assumed Effective Rate of Interest** - This rate, which is the assumed rate applied to member contribution accounts each year, was increased from 8.00% to 9.00%.
3. **Assumed Rate of Annual Pay Increase** - The general rate of annual pay increase was reduced from 7.00% to 5.50%. The assumed additional pay increases based on longevity were retained without adjustment.
4. **Assumed Retirement Pattern** - A new table with increased rates of retirement was adopted.
5. **Assumed Rates of Mortality** - A shift was made from a table based on the 1983 GAM table to the Uninsured Pension Mortality Table for 1994 ("UP94").
6. **Assumed Rates of General Employment Turnover** - Based on experience for the 1991-96 period, a new table of turnover rates was adopted which reflected heavier turnover experience.
7. **Assumed Rates of Disability Incidence** - Based on the experience of the last two five-year study periods, the rates of disability incidence were approximately doubled.

Based on the 1996 actuarial valuation, the impact of the changes in actuarial assumptions on the actuarial accrued liability ("AAL") of the system is as follows:

	(\$ in Millions)		
	Active Members	Inactive / Retired	Total
AAL Before Changes	\$5,661.5	\$4,493.5	\$10,155.0
AAL After Changes	<u>5,218.0</u>	<u>4,220.3</u>	<u>9,438.3</u>
Impact of Changes	(443.5)	(273.2)	(716.7)

Thus, the net result of the changes in actuarial assumptions in SURS AAL as of June 30, 1996 is a reduction of nearly \$717 million.

SURS BENEFITS

Two major pieces of legislation, revising the benefit structure of SURS, were enacted in the 1997 session of the legislature.

The first established a defined contribution Optional Retirement Plan. In addition, an alternative defined benefit program, known as Portable SURS, was established. While these programs may be adopted by current members, it is anticipated that their primary impact will be with respect to future new members of the system. Thus, while they will affect the contributions to be made to SURS in future years, they are expected to have an immaterial impact on the actuarial liabilities of the system as of June 30, 1997.

The second piece of legislation made the following major changes in the benefit structure of SURS:

A. General Formula - The General Formula for calculation of retirement and other benefits under SURS is based on a percentage of high 4 year average salary. This percentage is calculated as follows:

1. Before the legislation

- | | |
|--|-------|
| a) For each of the first 10 years of service | 1.67% |
| b) For each of the next 10 years of service | 1.90% |
| c) For each of the next 10 years of service | 2.10% |
| d) For years of service in excess of 30 | 2.30% |

2. After the legislation, 2.20% for each year of service.

B. Maximum Benefit - For members entering SURS before September 15, 1977, the maximum retirement benefit payable was 80% of high 4 year average salary. For other members, that maximum was 75%. The legislation sets the maximum benefit for all members at 80% of high 4 year average salary.

C. 30 and Out - Members of SURS can retire without suffering an early retirement reduction if they have at least 35 years of service. Under the legislation, this 35 year threshold becomes 34 for the year beginning January 1, 1998. It continues to be reduced by 1 year in each calendar year until 2002, when it becomes 30 years. In 2003, it reverts to 35 years unless the legislature acts again.

Based on the 1996 actuarial valuation, the impact of these changes in SURS benefit structure on the actuarial accrued liability ("AAL") of the system is as follows:

	(\$ in Millions)		
	<u>Active Members</u>	<u>Inactive / Retired</u>	<u>Total</u>
AAL Before Changes	\$5,218.0	\$4,220.3	\$9,438.3
AAL After Changes	<u>5,397.1</u>	<u>4,220.3</u>	<u>9,617.4</u>
Impact of Changes	179.1	0	179.1

EXPERIENCE DURING 1997

Once the changes in the actuarial assumptions and benefit structure have been accounted for, the next item for review is the actuarial experience in FY 1997.

Overall the system experienced a gain of almost \$158 million. However, the gain from investment return at book value was \$312 million. In addition, there was a gain of about \$44 million from the pay increase assumption. Thus, there was a loss from demographic experience of about \$198 million. Of this amount, about \$166 million (over 83%) resulted from "New Entrants".

New entrants are members who are active as of June 30, 1997 who were not considered active for the prior valuation. These members are often predominantly new members in the system. There are about 15,700 "New Entrants" in this valuation. Of these, about half of these members have 2 or more years of service. It appears that a large number of members who were either part time employees or in an inactive status last year were treated as active this year. It should be said that the data provided this year was the first set of data from the final version of the new record keeping system. It was the highest quality data set we have received from SURS in my 9 years of work with the system.

The total gain or loss from liabilities for a retirement system is calculated as follows:

1. AAL - Prior Year (after changes in assumptions and benefits)	9,617.5
2. Normal Cost - Prior Year	399.5
3. Benefits Paid in FY 1997	449.1
4. Interest on the above items	<u>829.8</u>
5. Expected AAL 6/30/97 (1+2-3+4)	10,397.7
6. Actual AAL 6/30/97	<u>10,552.2</u>
7. Actuarial (Gain) or Loss on Liabilities (6-5)	154.5

The total actuarial gain is determined as the total of the gain from assets and the gain from liabilities.

The total gain is determined as follows:

1. Actuarial Gain on Assets	(312.3)
2. Actuarial Loss on Liabilities	154.5
3. Total Actuarial (Gain) or Loss (1+2)	(157.8)

STATUTORY APPROPRIATIONS FOR THE 1999 FISCAL YEAR AND BEYOND

Section 15-155 of the SURS Statute, which governs the development of State contributions to SURS, provides that:

1. State contributions are determined under the following process:
 - a) The overall objective is to achieve a funding ratio of 90% by the end of fiscal year ("FY") 2045.
 - b) The State contribution for FY 2010 and each year thereafter to and including FY 2045 are to be based on a (theoretically) constant percentage of the payroll of active members of SURS.
 - c) The State contribution rate (expressed as a percentage of active member payroll) is to grade from the current level to the ultimate level in equal steps from the current valuation to that for the 2010 contribution.
 - d) After FY 2045, the State contribution rate is to be sufficient to maintain the funding level at 90%.

2. The dollar amount of State contribution required for a fiscal year shall be certified to the Bureau of the Budget no later than November 15 for the fiscal year commencing on the following June 30. The required amounts are budgeted pursuant to the continuing appropriations process.

Based on **market value of assets**, State contributions for FY 1999 and estimates of the required contributions for the subsequent five fiscal years are set out below. We have developed contributions ignoring the ORP. In addition, we have developed contributions assuming that 10% of current members and 45% of future new members elect the ORP.

Fiscal Year	Required State Contribution			
	No ORP	45% of New Members to ORP		
		SURS	ORP	Total
1999	\$242,711,000	\$210,066,000	\$23,165,000	\$233,231,000
2000	264,937,000	225,099,000	27,865,000	252,964,000
2001	288,429,000	240,874,000	32,480,000	273,354,000
2002	313,350,000	257,513,000	37,058,000	294,571,000
2003	340,024,000	275,263,000	41,837,000	317,100,000
2004	368,561,000	294,187,000	46,951,000	341,138,000

We recommend that the State contribution for FY 1999 be set at \$233,231,000. A showing that it is unlikely that 45% of new members will opt to participate in the ORP could convince us to amend this recommendation.

Projections of required State contributions for each fiscal year through 2045 assuming no ORP and based on market value of assets, is set out in Table 12, Appendix C. A corresponding projection, with assets based on book value is set out in Table 12a. For this and future actuarial valuations, market value of assets is the official method of asset valuation.

Estimates of State contributions through 2045, assuming no ORP and assuming that 10% of current members and 45% of future new members elect ORP, are set out in Table 13.

The State contributions set out in this report represent total required contributions. The net State General Fund appropriation is the total shown in this report, adjusted by contributions from such sources as State Pension Fund appropriations and contributions from federal and trust funds.

ASSET INFORMATION

Until the 1997 session of the Legislature, the statute required that the asset value used for actuarial and all other purposes under SURS be the book value of assets. The 1997 Legislature authorized the use of market value of assets in the actuarial process in order to allow compliance with new accounting standards.

The Governmental Accounting Standards Board ("GASB") has promulgated Statements Number 25 and 27 which mandate, among other things, the use of market or market related asset value. It is our understanding that these statements are in effect for the statewide retirement systems in the State of Illinois for FY 1997 (ending June 30, 1997) and that market value, without adjustment will be used for all actuarial purposes. In this valuation, funding status determinations and contribution projections will be set out based on both book and market values of assets. The assets of the fund which are available for benefits are the total assets of the system reduced by current fund liabilities.

The book value of the assets of the fund which are available for benefits have grown from \$5,082.9 million as of June 30, 1996 to \$ 5,750.6 million as of June 30, 1997. The market value of the assets of the fund which are available for benefits has grown from \$6,958.0 million as of June 30, 1996 to \$8,376.3 million as of June 30, 1997.

Investment returns were quite favorable in FY 1997. On a book value basis, the assets of the fund returned about 14.4%. On a market value basis, the total return in the fund was over 21%.

The detailed determinations of asset values utilized in this valuation and asset growth in the last year are set out in Appendix A.

FUNDING STATUS

The funding status of SURS has been measured in the last few years by the Funding Ratio. The Funding Ratio is the ratio of the assets available for benefits to the actuarial accrued liability of the System. Thus, it reflects the portion of benefits earned by SURS members which are covered by System assets.

A funding ratio of 100% means that all of the benefits earned to date by SURS members are covered by assets. By monitoring changes in the funding ratio each year we can determine whether or not funding progress is being made.

Based on assets at book value, the SURS funding ratio has grown from 50.1% at June 30, 1996 to 54.5 % at June 30, 1997. Based on assets at market value, the corresponding funding ratios are 68.6% at June 30, 1996 and 79.4% at June 30, 1997.

GASB DISCLOSURE

The state is now operating under the terms of GASB Statement Number 25. Tables 10 and 11 are new Required Supplemental Information tables mandated by that statement.

APPENDICES

APPENDIX A
ASSET INFORMATION

TABLE I - NET ASSETS AVAILABLE FOR BENEFITS - REVISED

(\$ IN 000'S)

	Fiscal Year 1996		Fiscal Year 1997	
	Book	Book	Book	Market
ASSETS				
Accrued Investment Income	\$ 22,912	\$ 20,700	\$ 20,700	
Contributions Receivable	15,334	11,320	11,320	
Investments - Book	5,053,904	5,732,308	8,358,019	
Prepaid Expense	38	25	25	
Fixed Assets	<u>14,490</u>	<u>13,370</u>	<u>13,370</u>	
Total Assets	\$5,106,678	\$5,777,723	\$8,403,434	
ACCOUNTS PAYABLE	23,787	27,087	27,087	
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$5,082,891</u>	<u>\$5,750,637</u>	<u>\$8,376,347</u>	

TABLE 2 - CHANGE IN ASSETS AVAILABLE FOR BENEFITS
 FISCAL YEAR ENDING JUNE 30, 1997 - REVISED
 (\$ IN 000'S)

	<u>Book Value</u>	<u>Market Value</u>
1. Assets Available at Beginning of Year	\$5,082,891	\$6,958,012
2. Revenues		
a. Member Contributions	\$ 202,182	\$ 202,182
b. Employer Contributions (includes State)	182,041	182,041
c. Investment Income	274,874	274,874
d. Investment Expense	(12,204)	(12,204)
e. Realized Capital Gains (Losses)	466,370	466,370
f. Unrealized Capital Gains (Losses)	<u> n/a</u>	<u> 749,590</u>
Total Revenues	\$1,125,466	\$1,875,056
3. Expenses		
a. Benefits	\$ 419,204	\$ 419,204
b. Refunds	29,846	29,846
c. Administration Expense	7,545	7,545
d. Other	<u> 1,125</u>	<u> 1,125</u>
Total Expense	\$ 457,721	\$ 457,721
4. Assets Available at End of Year	\$5,750,637	\$8,376,347

APPENDIX B
MEMBERSHIP DATA

TABLE 3 - SUMMARY OF DATA CHARACTERISTICS

(\$ IN 000'S)

	June 30, 1996		June 30, 1997	
	Number	Earnings	Number	Earnings
Active Members				
Full time	64,434	\$2,155,228	68,168	\$2,277,415
Part time	<u>11,654</u>	<u>174,810</u>	<u>7,613</u>	<u>20,600</u>
Total	76,088	\$2,330,038	75,781	\$2,298,029
Inactive Members	34,446		36,047	
	Number	Annual Benefits	Number	Annual Benefits
Benefit Recipients				
Retirement	19,255	\$341,093	20,119	\$376,293
Survivor	4,540	29,317	4,779	32,670
Disability	<u>1,209</u>	<u>14,974</u>	<u>1,260</u>	<u>15,823</u>
Total	25,004	\$385,385	26,158	\$424,786

**TABLE 4 - DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND YEARS OF SERVICE
AS OF JUNE 30, 1997**

Age	Years of Service								Totals
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30 & Over	
Under 20	88	31							119
	189,041	132,273							321,314
20-24	553	924	66						1,543
	3,139,713	13,507,525	943,310						17,590,548
25-29	1,181	3,550	728	33					5,492
	8,113,449	74,327,212	17,536,772	853,658					100,831,091
30-34	1,103	3,892	2,107	576	21				7,699
	8,401,305	92,478,349	60,609,213	16,701,984	516,401				178,707,251
35-39	1,002	3,772	2,839	1,553	518	38			9,722
	7,564,458	90,520,762	91,918,673	55,313,377	16,223,618	1,287,353			262,828,240
40-44	868	3,588	3,488	2,230	1,134	375	17		11,700
	5,995,066	83,658,510	109,322,117	96,061,132	43,254,767	13,597,621	594,146		352,483,358
45-49	793	3,376	3,724	2,367	1,617	898	329	36	13,140
	4,657,612	70,854,150	106,958,881	102,708,274	75,728,236	42,760,947	14,432,015	1,416,770	419,516,885
50-54	534	2,257	2,784	1,891	1,371	1,149	1,027	323	11,336
	3,485,947	47,214,583	75,347,516	79,385,056	66,063,498	65,561,554	61,988,555	16,438,809	415,485,518
55-59	269	1,293	1,534	985	917	744	1,099	664	7,505
	1,644,988	23,434,356	39,860,295	37,737,921	42,198,600	41,210,815	72,419,008	43,349,711	301,855,693
60-64	128	640	829	523	462	408	493	545	4,028
	593,895	10,356,215	19,601,792	20,131,250	19,969,066	21,155,716	30,477,692	37,044,041	159,329,666
65 & Over	109	438	754	234	198	186	206	324	2,449
	421,527	4,264,489	12,479,605	8,139,993	8,598,392	9,518,469	12,792,994	22,976,041	79,191,511
Age Undetermined	723	323	2						1,048
	4,647,251	5,193,155	47,980						9,888,386
Totals	7,351	24,084	18,855	10,392	6,238	3,798	3,171	1,892	75,781
	48,854,252	515,941,578	534,626,153	417,032,644	272,552,577	195,092,475	192,704,410	121,225,372	2,298,029,461

TABLE 5 - DISTRIBUTION OF BENEFIT RECIPIENTS BY AGE
NUMBER OF BENEFIT RECIPIENTS AND THEIR ANNUAL BENEFITS
AS OF JUNE 30, 1997

Age	Number	Annual Benefit
Retirees and Survivors		
Under 50	383	\$ 1,382,382
50-54	217	2,649,807
55-59	1,769	32,672,597
60-64	3,545	74,460,583
65-69	5,084	100,642,147
70 & Over	<u>13,900</u>	<u>197,155,727</u>
Total	24,898	408,963,243
 Disabilitants		
Under 50	326	3,868,864
50-54	180	2,385,317
55-59	210	2,886,824
60-64	215	2,844,632
65-69	214	2,789,022
70 & Over	<u>115</u>	<u>1,048,225</u>
Total	1,260	15,822,884

APPENDIX C
ACTUARIAL DETERMINATIONS

TABLE 6 - SUMMARY OF ACTUARIAL VALUES

AS OF JUNE 30, 1997

(\$ IN 000'S)

	APV of Projected Benefits	Projected Unit Credit Values	
		Actuarial Accrued Liability (AAL)	Normal Cost (NC)
1. Active Members			
a. Retirement	\$ 8,051,962	\$ 4,761,862	\$297,119
b. Death	386,742	236,082	15,822
c. Disability	917,304	557,224	45,104
d. Termination	<u>680,796</u>	<u>426,887</u>	<u>45,118</u>
Total - Active Members	\$10,036,804	\$ 5,982,055	\$403,163
2. Benefit Recipients			
a. Retirement	\$ 3,811,104	\$ 3,811,104	0
b. Survivor	304,124	304,124	0
c. Disability	<u>143,918</u>	<u>143,918</u>	<u>0</u>
Total - Benefit Recipients	\$ 4,259,146	\$ 4,259,146	0
3. Other Inactive	\$ 311,015	\$ 311,015	
4. Grand Total	<u>\$14,606,965</u>	<u>\$10,552,216</u>	<u>\$403,163</u>

TABLE 7 - GASB No. 5 DISCLOSURE STATEMENT - REVISED

(\$ IN 000's)

	<u>June 1996</u> <u>Assets</u> <u>at Book</u>	<u>June 1997</u> <u>Assets</u> <u>at Book</u>	<u>June 1997</u> <u>Assets</u> <u>at Market</u>
1. Accumulated Member Contributions			
a. Current Active Members	\$ 2,352,308	\$ 2,618,125	\$ 2,618,125
b. Inactive Members	<u>324,395</u>	<u>295,464</u>	<u>295,464</u>
Total - Member Financed	\$ 2,676,703	\$ 2,913,589	\$ 2,913,589
2. APV of Credited Projected Benefits			
a. Retirees and Beneficiaries	4,138,381	4,259,146	4,259,146
b. Terminated Members - Employer Financed	30,725	15,551	15,551
c. Vested Active Members - Employer Financed	3,097,776	3,137,263	3,137,263
d. Non-Vested Active Members- Employer Financed	<u>211,454</u>	<u>226,666</u>	<u>226,666</u>
Total - Employer Financed	7,478,336	7,638,626	7,638,626
3. Total APV of Credited Projected Benefits	\$10,155,039	10,552,216	10,552,216
4. Net Assets Available for Benefits	5,082,891	5,750,637	8,376,347
5. Unfunded APV of Credited Projected Benefits (3 - 4)	\$ 5,072,148	\$ 4,801,579	\$ 2,175,869
6. Funding Ratio (4 ÷ 3)	50.05%	54.50%	79.38%

TABLE 8 - ANALYSIS OF CHANGE IN UNFUNDED
ACTUARIAL ACCRUED LIABILITY
FOR THE YEAR ENDING JUNE 30, 1997

REVISED
(\$ IN 000'S)

1. Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 1996			
(a) Valuation		\$5,072,148	
(b) Effect of New Actuarial Assumptions		(716,685)	
(c) Effect of 1997 Legislation		<u>179,117</u>	
(d) After changes in assumptions and benefits			\$4,534,580
2. Contributions to Maintain UAAL			
(a) Interest on 1 to June 30, 1997		\$ 385,439	
(b) Member Contributions - including ERO contributions		202,182	
(c) Employer Normal Cost		215,775	
(d) Employer ERO Contributions		<u>2,559</u>	
Total			\$ 805,954
3. Contributions Paid			
(a) Member Contributions		\$ 202,182	
(b) State Appropriations		159,547	
(c) Employer ERO Payments		2,559	
(d) Reciprocity		162	
(e) Federal, Trust Funds & Other		<u>19,773</u>	
Total			\$ 384,223
4. Interest on [2-2(a) - 3] to June 30, 1997			\$ 3,085
5. Increase in UAAL from Contribution Shortfall [2 - 3 + 4]			\$ 424,816
6. Net Actuarial (Gains) & Losses			(157,817)
7. Unfunded Actuarial Accrued Liability as of June 30, 1997 [1 + 5 + 6]			\$4,801,579
8. Effect of Change to Market Value			2,625,710
9. Unfunded Actuarial Accrued Liability at Market Value [7-8]			\$2,175,869

TABLE 9 - ANALYSIS OF ACTUARIAL GAINS AND LOSSES IN FY 1997
 (\$ IN 000'S)

	Amount of (Gain) or Loss	
	FY 1996	FY 1997
Investment Return	\$(105,383)	\$(312,322)
Salary Increase	(70,535)	(44,026)
Age and Service Retirement	(4,991)	(182)
General Employment Termination	(24,780)	6,587
Disability Incidence	5,049	2,931
In Service Mortality	1,410	488
Benefit Recipient	26,191	14,654
New Entrants	44,839	165,519
Other	<u>39,105</u>	<u>8,532</u>
Total Actuarial (Gain) Loss	\$ (89,095)	\$(157,817)

TABLE I O - SCHEDULE OF FUNDING STATUS - REVISED
 (\$ IN 1,000's)

Year	Assets*	AAL	UAAL	Funding Ratio	Payroll	UAAL as % of Payroll
1991	\$3,529,800	\$ 6,647,500	\$3,117,700	53.10%	\$1,768,549	176.29%
1992	3,901,500	7,359,600	3,458,100	53.01	1,947,913	177.53
1993	4,188,500	7,838,200	3,649,700	53.44	2,106,167	173.29
1994	4,446,900	8,585,500	4,138,600	51.80	2,140,139	193.38
1995	4,673,287	9,378,486	4,705,199	49.83	2,237,025	210.33
1996	5,082,891	10,155,039	5,072,148	50.05	2,330,038	217.69
1997	5,750,637	10,552,216	4,801,579	54.50	2,298,029	208.94
1997**	8,376,347	10,552,216	2,175,869	79.38	2,298,029	94.68

* Book Value, except second 1997 value

** Market Value

AAL - Actuarial Accrued Liability

UAAL - Unfunded Actuarial Accrued Liability

TABLE I I - SCHEDULE OF EMPLOYER CONTRIBUTIONS

(\$ IN 1,000'S)

Year	Total ARC*	Member Contributions	Net State ARC	Actual State Contribution	State Cont. as Percent of Net ARC
1991	570,068	152,381	417,687	117,574	28.15%
1992	610,125	170,426	439,699	108,639	24.71%
1993	651,793	175,701	476,092	127,807	26.85%
1994	706,778	183,070	523,708	133,783	25.55%
1995	739,463	185,899	553,564	128,116	23.14%
1996	787,111	197,006	590,105	147,368	24.97%
1997	837,013	202,182	634,831	182,041	28.68%

* ARC - Annual Required Contribution as defined in GASB Statements #25 and 27

TABLE 1 2 - PROJECTED STATE CONTRIBUTION LEVELS 1999 - 2045

ASSETS AT MARKET VALUE - REVISED

Fiscal Year	Total Payroll	State Contribution		Assets EOY	AAL	Funding Ratio
		% of Pay	Dollars			
1997	\$ 2,298,014,695	7.922%	\$ 182,040,870	\$ 8,376,347,273	\$10,552,216,207	79.38%
1998	2,399,967,676	9.234	221,624,000	8,937,709,544	11,718,299,376	76.27
1999	2,505,267,384	9.688	242,710,304	9,535,470,729	12,514,253,113	76.20
2000	2,612,374,403	10.142	264,947,012	10,165,429,756	13,352,515,949	76.13
2001	2,722,257,348	10.596	288,450,389	10,828,060,082	14,232,999,320	76.08
2002	2,836,056,939	11.050	313,384,292	11,524,119,449	15,155,259,065	76.04
2003	2,956,113,537	11.504	340,071,301	12,255,563,740	16,120,416,890	76.03
2004	3,082,653,086	11.958	368,623,656	13,023,546,789	17,127,853,109	76.04
2005	3,215,471,681	12.412	399,104,345	13,829,550,311	18,177,750,417	76.08
2006	3,355,680,487	12.866	431,741,851	14,675,700,089	19,271,194,632	76.15
2007	3,503,364,309	13.320	466,648,126	15,563,983,462	20,408,336,802	76.26
2008	3,659,405,723	13.774	504,046,544	16,523,401,000	21,614,665,552	76.45
2009	3,824,738,214	14.228	544,183,753	17,534,980,883	22,867,300,965	76.68
2010	4,000,551,237	14.676	587,120,900	18,599,033,732	24,164,843,492	76.97
2011	4,187,198,554	14.676	614,513,260	19,698,352,263	25,504,921,508	77.23
2012	4,384,870,965	14.676	643,523,663	20,832,664,031	26,886,445,436	77.48
2013	4,595,236,202	14.676	674,396,865	22,002,510,907	28,309,726,341	77.72
2014	4,819,232,006	14.676	707,270,489	23,209,724,692	29,776,979,653	77.95
2015	5,057,977,455	14.676	742,308,771	24,457,461,193	31,292,479,401	78.16
2016	5,311,733,397	14.676	779,549,993	25,745,583,080	32,853,413,028	78.37
2017	5,581,208,993	14.676	819,098,232	27,073,854,898	34,457,131,702	78.57
2018	5,867,902,973	14.676	861,173,440	28,446,830,391	36,108,912,366	78.78
2019	6,173,263,799	14.676	905,988,195	29,869,392,262	37,814,204,535	78.99
2020	6,497,813,371	14.676	953,619,090	31,346,507,235	39,577,194,741	79.20
2021	6,842,329,943	14.676	1,004,180,342	32,882,068,586	41,400,330,809	79.42
2022	7,207,928,699	14.676	1,057,835,616	34,482,470,881	43,289,731,084	79.66
2023	7,595,869,852	14.676	1,114,769,859	36,155,781,802	45,253,753,871	79.90
2024	8,007,314,134	14.676	1,175,153,422	37,910,760,201	47,300,955,712	80.15
2025	8,443,318,996	14.676	1,239,141,496	39,756,349,974	49,440,055,314	80.41
2026	8,905,223,495	14.676	1,306,930,600	41,705,133,583	51,685,022,999	80.69
2027	9,393,739,273	14.676	1,378,625,176	43,766,010,202	54,041,938,687	80.99
2028	9,910,565,466	14.676	1,454,474,588	45,952,114,826	56,524,291,283	81.30
2029	10,456,386,100	14.676	1,534,579,224	48,275,369,734	59,142,257,586	81.63
2030	11,033,098,279	14.676	1,619,217,503	50,749,424,188	61,908,759,404	81.97
2031	11,642,022,606	14.676	1,708,583,238	53,388,465,852	64,836,567,505	82.34
2032	12,284,949,493	14.676	1,802,939,188	56,208,646,452	67,940,847,082	82.73
2033	12,963,375,635	14.676	1,902,505,008	59,222,918,190	71,229,506,589	83.14
2034	13,678,862,020	14.676	2,007,509,790	62,449,711,977	74,720,011,179	83.58
2035	14,433,511,535	14.676	2,118,262,153	65,906,541,944	78,426,764,489	84.04
2036	15,229,469,152	14.676	2,235,076,893	69,610,427,483	82,361,997,044	84.52
2037	16,068,762,910	14.676	2,358,251,645	73,580,469,479	86,540,886,687	85.02
2038	16,953,768,052	14.676	2,488,134,999	77,834,439,436	90,974,872,536	85.56
2039	17,887,018,695	14.676	2,625,098,864	82,393,468,519	95,680,118,673	86.11
2040	18,871,044,220	14.676	2,769,514,450	87,278,737,975	100,671,376,011	86.70
2041	19,908,894,512	14.676	2,921,829,359	92,512,958,538	105,964,642,545	87.31
2042	21,003,326,236	14.676	3,082,448,158	98,120,261,396	111,576,313,388	87.94
2043	22,157,563,920	14.676	3,251,844,081	104,125,044,379	117,521,845,658	88.60
2044	23,374,911,674	14.676	3,430,502,037	110,552,692,753	123,817,109,166	89.29
2045	24,658,930,994	14.676	3,618,944,713	117,432,672,832	130,480,886,650	90.00

TABLE 1 2A - PROJECTED STATE CONTRIBUTION LEVELS 1999 - 2045

ASSETS AT BOOK VALUE

Fiscal Year	Total Payroll	State Contribution		Assets EOY	AAL	Funding Ratio
		% of Pay	Dollars			
1997	\$ 2,298,014,695	7.922%	\$ 182,040.870	\$ 5,750,637,000	\$ 10,552,216,207	54.50%
1998	2,399,967,676	9.234	221,624.000	6,088,813,898	11,718,299,376	51.96
1999	2,505,267,384	10.219	256,013.274	6,458,275,770	12,514,253,113	51.61
2000	2,612,374,403	11.204	292,690.428	6,855,571,692	13,352,515,949	51.34
2001	2,722,257,348	12.189	331,815.948	7,282,035,095	14,232,999,320	51.16
2002	2,836,056,939	13.174	373,622.141	7,739,428,089	15,155,259,065	51.07
2003	2,956,113,537	14.159	418,556.116	8,230,926,014	16,120,416,890	51.06
2004	3,082,653,086	15.144	466,836.983	8,759,117,131	17,127,853,109	51.14
2005	3,215,471,681	16.129	518,623.427	9,327,139,192	18,177,750,417	51.31
2006	3,355,680,487	17.114	574,291.159	9,939,068,135	19,271,194,632	51.57
2007	3,503,364,309	18.099	634,073.906	10,599,134,066	20,408,336,802	51.94
2008	3,659,405,723	19.084	698,360.988	11,338,943,807	21,614,665,552	52.46
2009	3,824,738,214	20.069	767,586.712	12,142,548,798	22,867,300,965	53.10
2010	4,000,551,237	21.059	842,472.084	13,014,227,224	24,164,843,492	53.86
2011	4,187,198,554	21.059	881,777.956	13,917,229,017	25,504,921,508	54.57
2012	4,384,870,965	21.059	923,405.592	14,851,679,657	26,886,445,436	55.24
2013	4,595,236,202	21.059	967,706.197	15,818,663,638	28,309,726,341	55.88
2014	4,819,232,006	21.059	1,014,877.249	16,820,663,860	29,776,979,653	56.49
2015	5,057,977,455	21.059	1,065,154.414	17,861,616,973	31,292,479,401	57.08
2016	5,311,733,397	21.059	1,118,592.624	18,942,250,207	32,853,413,028	57.66
2017	5,581,208,993	21.059	1,175,341.221	20,063,313,302	34,457,131,702	58.23
2018	5,867,902,973	21.059	1,235,715.819	21,230,528,586	36,108,912,366	58.80
2019	6,173,263,799	21.059	1,300,021.450	22,450,142,976	37,814,204,535	59.37
2020	6,497,813,371	21.059	1,368,368.020	23,728,638,070	39,577,194,741	59.96
2021	6,842,329,943	21.059	1,440,919.420	25,071,602,524	41,400,330,809	60.56
2022	7,207,928,699	21.059	1,517,910.497	26,487,344,535	43,289,731,084	61.19
2023	7,595,869,852	21.059	1,599,606.636	27,986,091,865	45,253,753,871	61.84
2024	8,007,314,134	21.059	1,686,252.276	29,579,024,222	47,300,955,712	62.53
2025	8,443,318,996	21.059	1,778,070.104	31,277,782,439	49,440,055,314	63.26
2026	8,905,223,495	21.059	1,875,342.111	33,097,964,183	51,685,022,999	64.04
2027	9,393,739,273	21.059	1,978,218.160	35,051,787,442	54,041,938,687	64.86
2028	9,910,565,466	21.059	2,087,056.071	37,156,101,089	56,524,291,283	65.73
2029	10,456,386,100	21.059	2,201,999.892	39,426,902,445	59,142,257,586	66.66
2030	11,033,098,279	21.059	2,323,449.133	41,882,388,320	61,908,759,404	67.65
2031	11,642,022,606	21.059	2,451,681.899	44,541,768,269	64,836,567,505	68.70
2032	12,284,949,493	21.059	2,587,075.229	47,426,761,812	67,940,847,082	69.81
2033	12,963,375,635	21.059	2,729,944.312	50,556,461,716	71,229,506,589	70.98
2034	13,678,862,020	21.059	2,880,617.874	53,956,065,186	74,720,011,179	72.21
2035	14,433,511,535	21.059	3,039,538.761	57,650,567,599	78,426,764,489	73.51
2036	15,229,469,152	21.059	3,207,158.679	61,665,248,111	82,361,997,044	74.87
2037	16,068,762,910	21.059	3,383,904.712	66,028,304,282	86,540,886,687	76.30
2038	16,953,768,052	21.059	3,570,277.060	70,767,535,439	90,974,872,536	77.79
2039	17,887,018,695	21.059	3,766,809.380	75,915,121,412	95,680,118,673	79.34
2040	18,871,044,220	21.059	3,974,034.331	81,504,399,422	100,671,376,011	80.96
2041	19,908,894,512	21.059	4,192,594.186	87,571,472,210	105,964,642,545	82.64
2042	21,003,326,236	21.059	4,423,069.469	94,155,184,574	111,576,313,388	84.39
2043	22,157,563,920	21.059	4,666,139.228	101,296,112,994	117,521,845,658	86.19
2044	23,374,911,674	21.059	4,922,499.275	109,037,416,257	123,817,109,166	88.06
2045	24,658,930,994	21.059	5,192,899.619	117,428,081,728	130,480,886,650	90.00

TABLE 13

PROJECTED EFFECT OF ORP ON STATE CONTRIBUTIONS FOR RETIREMENT
ACTUARIAL VALUATION AS OF JUNE 30, 1997

10% OF EXISTING MEMBERS TO ORP
15% SELECT PORTABLE SURS

	Base Line Contributions		45% of New Members to ORP			
			SURS Cont.	ORP Cont.	Total Contribution	
					\$	% of Pay
1997	\$182.041	7.92%	\$182.041	\$ -	\$182.041	7.92%
1998	221.624	9.23	221.624	14.412	236.036	9.83
1999	242.711	9.69	210.066	23.165	233.231	9.31
2000	264.937	10.14	225.099	27.865	252.965	9.68
2001	288.429	10.60	240.874	32.480	273.354	10.04
2002	313.350	11.05	257.513	37.058	294.572	10.39
2003	340.024	11.50	275.263	41.837	317.100	10.73
2004	368.561	11.96	294.187	46.951	341.138	11.07
2005	399.026	12.41	314.312	52.377	366.688	11.40
2006	431.646	12.86	335.791	58.171	393.962	11.74
2007	466.534	13.32	358.685	63.782	422.467	12.06
2008	503.912	13.77	383.139	70.762	453.901	12.40
2009	544.027	14.22	409.310	78.255	487.565	12.75
2010	587.181	14.68	437.392	86.245	523.637	13.09
2011	614.576	14.68	457.799	94.735	552.534	13.20
2012	643.589	14.68	479.411	103.719	583.130	13.30
2013	674.466	14.68	502.411	113.279	615.690	13.40
2014	707.343	14.68	526.901	123.407	650.308	13.49
2015	742.385	14.68	553.004	134.088	687.092	13.58
2016	779.630	14.68	580.748	145.272	726.020	13.67
2017	819.182	14.68	610.210	157.079	767.290	13.75
2018	861.261	14.68	641.555	169.661	811.216	13.82
2019	906.081	14.68	674.941	182.830	857.771	13.89
2020	953.717	14.68	710.425	196.502	906.927	13.96

(Continued on next page)

TABLE I 3
 PROJECTED EFFECT OF ORP ON STATE CONTRIBUTIONS FOR RETIREMENT
 ACTUARIAL VALUATION AS OF JUNE 30, 1997
 (CONCLUDED)

10% OF EXISTING MEMBERS TO ORP
 15% SELECT PORTABLE SURS

	Base Line Contributions		45% of New Members to ORP			
					Total Contribution	
	\$	% of Pay	SURS Cont.	ORP Cont.	\$	% of Pay
2021	\$ 1,004.283	14.68	\$ 748.092	\$ 210.842	\$ 958.935	14.01%
2022	1,057.944	14.68	788.064	225.829	1,013.894	14.07
2023	1,114.884	14.68	830.479	241.447	1,071.926	14.11
2024	1,175.274	14.68	875.464	257.843	1,133.306	14.15
2025	1,239.268	14.68	923.133	274.853	1,197.986	14.19
2026	1,307.064	14.68	973.635	292.512	1,266.147	14.22
2027	1,378.766	14.68	1,027.046	310.988	1,338.034	14.24
2028	1,454.623	14.68	1,083.552	330.324	1,413.875	14.27
2029	1,534.736	14.68	1,143.228	350.483	1,493.711	14.29
2030	1,619.383	14.68	1,206.282	371.587	1,577.868	14.30
2031	1,708.758	14.68	1,272.857	393.495	1,666.353	14.31
2032	1,803.123	14.68	1,343.150	416.449	1,759.600	14.32
2033	1,902.699	14.68	1,417.325	440.477	1,857.802	14.33
2034	2,007.715	14.68	1,495.551	465.627	1,961.178	14.34
2035	2,118.479	14.68	1,578.059	491.843	2,069.902	14.34
2036	2,235.305	14.68	1,665.084	519.575	2,184.658	14.34
2037	2,358.493	14.68	1,756.846	548.645	2,305.491	14.35
2038	2,488.389	14.68	1,853.606	579.201	2,432.807	14.35
2039	2,625.367	14.68	1,955.641	611.339	2,566.980	14.35
2040	2,769.798	14.68	2,063.228	645.158	2,708.386	14.35
2041	2,922.128	14.68	2,176.699	680.757	2,857.456	14.35
2042	3,082.763	14.68	2,296.357	718.244	3,014.601	14.35
2043	3,252.176	14.68	2,422.553	757.755	3,180.308	14.35
2044	3,430.853	14.68	2,555.649	799.406	3,355.056	14.35
2045	<u>3,619.315</u>	14.68	<u>2,696.035</u>	<u>843.329</u>	<u>3,539.363</u>	14.35
Total	64,067.820		48,030.318	13,831.939	61,862.258	

APPENDIX D
ACTUARIAL METHOD AND ASSUMPTIONS

PROJECTED UNIT CREDIT METHOD

The Projected Unit Credit Method is mandated under Section 15-155 as the actuarial valuation to be used for all purposes under SURS.

The concept of this method is that funding of benefits should occur as benefits are accrued (earned) by active members of SURS.

The Normal Cost (NC) for a fiscal year under this method is the actuarial present value of all benefits expected to be accrued during the fiscal year. The Actuarial Accrued Liability (AAL) under this method is the actuarial present value of all benefits accrued to the valuation date. To the extent that the assets of the fund are insufficient to cover the AAL, an Unfunded Actuarial Accrued Liability (UAAL) develops. Under the classical application of this method, the contribution for a year is the NC for that year plus an amount to amortize the UAAL.

Under Section 15-155, the employer/State contribution is determined such that the assets of SURS reach 90% of the AAL by the end of FY 2045.

This contribution is determined as a level percentage of pay for all years except that the contribution rates through 2010 shall grade in equal steps to the desired level contribution rate.

ACTUARIAL ASSUMPTIONS
(ADOPTED EFFECTIVE JULY 1, 1996)

Rate of Investment Return. For all purposes under the system the rate of investment return is assumed to be 8.5% per annum.

Effective Rate of Interest: The assumed rate credited to member accounts is 9.0% per annum.

Annual Compensation Increases. Each member's compensation is assumed to increase by 7% each year, except that rate is increased for members with less than 6 years of service, as follows:

<u>Service Year</u>	<u>Multiplier</u>
0	1.0400
1	1.0300
2-4	1.0175
5	1.0100

The payroll of the entire system is assumed to increase at 5.25% each year.

Mortality. Uninsured Pensions Mortality Table for 1994 ("UP94") without adjustment.

Disability. A table of disability incidence with sample rates follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.0000	0.0000
30	0.0012	0.0017
40	0.0018	0.0028
50	0.0042	0.0062
60	0.0176	0.0162
70	0.0100	0.0200

ACTUARIAL ASSUMPTIONS
(ADOPTED EFFECTIVE JULY 1, 1996)
(CONTINUED)

Retirement. Upon eligibility, active members are assumed to retire as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
50-55	.060	.070
56	.050	.050
57	.060	.050
58	.070	.050
59	.090	.070
60	.110	.100
61	.140	.110
62	.150	.140
63	.140	.120
64	.170	.160
65	.240	.240
66	.220	.180
67	.210	.22
68	.24	.20
69	.28	.23
70	1.00	1.00

ACTUARIAL ASSUMPTIONS
 (ADOPTED EFFECTIVE JULY 1, 1996)
 (CONTINUED)

General Turnover. A table of termination rates based on experience in the 1986-91 period. The assumption consists of a table of ultimate turnover rates by age and a set of multipliers for adjustment of those ultimate rates for those with less than 10 years of service. A sample of the ultimate rates follows:

<u>Age</u>	<u>ALL Members</u>
20	.0650
30	.0546
40	.0312
50	.0172
60	.0339
70	.0696

The adjustment factors for the first 10 years of service follow:

<u>Service Year</u>	<u>ALL Members</u>
0	5.75
1	5.75
2	4.70
3	3.90
4	3.20
5	2.50
6	2.15
7	1.80
8	1.50
9	1.25

Part time members with less than 3 years of service are assumed to terminate at the valuation date.

ACTUARIAL ASSUMPTIONS
(ADOPTED EFFECTIVE JULY 1, 1996)
(CONTINUED)

Operational Expenses. The amount of operational expenses incurred in the latest fiscal year are supplied by SURS staff and incorporated in the Normal Cost.

Marital Status. Members are assumed to be married in the following proportions:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	25%	40%
30	70%	75%
40	80%	80%
50	85%	85%
60	85%	70%

Spouse Age. The female spouse is assumed to be 3 years younger than the male spouse.

APPENDIX E
SUMMARY OF BENEFIT PROVISIONS OF SURS

MEMBERSHIP

Any employee of a public institution of higher education or community college in the state of Illinois who is expected to be employed for at least 4 months or an academic term, if lesser, is a member of SURS except the following employees are not members:

1. A student employed temporarily at less than full time,
2. A person receiving a retirement benefit or disability retirement annuity from SURS,
3. An employee participating in the Social Security System by virtue of such employment or a part time employee participating in a special optional plan.

MEMBER CONTRIBUTIONS

Most members contribute a total of 8% of compensation, broken down as follows:

Retirement Annuity	6.5%
Survivor Benefits	1.0%
Annual Increases in Retirement Benefits	.5%

Police officers and firefighters contribute a total of 9.5% of compensation, with the additional 1.5% allocated to the retirement annuity.

Since January 1, 1981, the member contributions under SURS have been "picked up" by employers.

EFFECTIVE RATE OF INTEREST

The interest rate credited to member contribution accounts for most purposes under the system is called the Effective Rate of Interest ("ERI"). The ERI is established annually by the Board. While in recent years this rate has been 8%, it will be at 8.5% for the year beginning July 1, 1997.

For the purpose of withdrawal of contributions at termination, this rate is set at 4.5% by statute.

RETIREMENT BENEFITS

NORMAL RETIREMENT:

Eligibility

For police officers and firefighters, separation from service on or after the attainment of the earlier of:

1. Age 55 with 20 years of service, or
2. Age 50 with 25 years of service.

For other members, separation from service on or after attainment of the earlier of:

1. Age 62 with 5 years of service,
2. Age 60 with 8 years of service, and
3. 35 years of service regardless of age. Over the next five years this service requirement will grade to thirty years in steps of one year each year.*

Initial Benefit Amount

There are 3 alternate formulae. The initial benefit is the largest produced by one of the three:

1. General Formula: The following percentages of high 4 consecutive year average compensation for each year of service:

<u>Year of Service</u>	<u>General*</u>	<u>Police/Fire</u>
1 st 10 Years	2.20%	2.25%
Next 10 Years	2.20	2.50
Next 10 Years	2.20	2.75
Over 30	2.20	2.75

* Amended by legislation enacted in 1997.

2. Money Purchase Formula:
 - a) The member contributions for retirement benefit accumulated with interest at the ERI plus
 - b) An imputed employer contribution match at \$1.40 per dollar of member contribution accumulated with interest at the ERI.
 - c) The total of the accumulations in (a) and (b) is converted into an annuity using a life annuity factor which takes neither the automatic 50% spousal or survivor benefit nor the automatic annual increases into account.

3. Minimum Benefit - A benefit for each year of service, up to 30, based on final annual pay, as follows:

Under 3,500	\$ 8
\$3,500 - \$4,500	9
\$4,500 - \$5,500	10
\$5,500 - \$6,500	11
\$6,500 - \$7,500	12
\$7,500 - \$8,500	13
\$8,500 - \$9,500	14
Over \$9,500	15

Maximum Benefit

80% of high 4 year average compensation.*

Benefit Duration

The Normal Retirement benefit is payable for the lifetime of the retired member. If the retiree has a spouse at date of retirement and if that spouse survives the retiree the spouse will receive, upon the death of the retiree, a survivor benefit equal to 50% of the monthly benefit being paid to the retiree as of the date of death. Such benefit will continue for the lifetime of the surviving spouse.

* Amended by legislation enacted in 1997.

Annual Increases

Each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

EARLY RETIREMENT

Eligibility

For members other than police and fire employees, separation from service on or after attainment of age 55 with 8 years of service but not eligible for Normal Retirement.

Benefits

The benefit amounts and all terms of benefit payment are the same as that for Normal Retirement, except that the benefit amounts calculated under the General Formula and the Minimum Formula shall be reduced by .5% for each month by which the retirement date precedes the 60th birthday.

“Buy Down” of Early Retirement Reduction

A member retiring on an early retirement prior to September 1, 1997, may make an additional contribution at retirement and eliminate the reduction applied to his early retirement benefit. The contribution is 7% of final compensation multiplied by the lesser of:

1. the number of years by which 60 exceeds the member's age, and
2. the number of years by which 35 exceeds the member's years of service.

Each employer may limit participation in this option to 15% of those eligible in any year.

BENEFITS ON DEATH BEFORE RETIREMENT

SURVIVOR BENEFITS

Eligibility

Death of an active member with at least 1.5 years of service or a terminated member with at least 10 years of service. For this purpose, service under the State Employees' Retirement System, the State Teachers' Retirement System, and the Chicago Teacher's Retirement System is recognized.

Benefits

An annuity to the surviving spouse equal to the greater of:

1. 50% of the benefit accrued to the date of the death of the member, and
2. the applicable benefit from the following list:
 - a) \$400 per month to a single survivor (spouse, child or dependent parent), or
 - b) \$600 to two or more survivors.

Benefit Duration

Surviving spouse may receive a lifetime benefit commencing at the later of the member's date of death and the spouse's attainment of age 50. Benefits are payable to a spouse at an earlier date so long as there is a surviving dependent, unmarried child under age 18 (over 18 if disabled).

Annual Adjustments

Survivor annuities are subject to the same annual adjustments made to retirement benefits.

LUMP SUM DEATH BENEFIT

Eligibility

Death of member prior to retirement.

Benefit

The following are payable to the member's beneficiary:

1. Refund of accumulated member contributions for retirement and annual adjustment,
2. \$1,000
3. If survivor benefits not payable,
 - a) Refund of the accumulated member contribution for survivor benefits, and
 - b) \$5,000 to a dependent beneficiary or \$2,500 to a non-dependent beneficiary

BENEFITS FOR DISABILITY

DISABILITY BENEFIT

Eligibility

Disablement for over 60 days after 2 years of service. The service requirement is waived if the disablement is accidental.

Disability definition - "His occupation".

Pregnancy and childbirth are, by definition, disablement.

Benefit

50% of the basic compensation paid at date of disablement. This base benefit level is offset dollar for dollar by each of the following:

1. Earnings while disabled in excess of the disability benefit.
2. Other disability insurance either fully or partially employer provided.
3. Worker's compensation benefits.

Duration of Benefit

Benefits become payable 60 days after disablement and continue to the earlier of the following:

1. Recovery or death
2. Benefits paid equal 50% of total compensation during the period of SURS service
3. If disablement occurs prior to age 65, the attainment of age 70
4. If disablement occurs at or after attainment of age 65, completion of 5 years in disablement.

If, at discontinuance of the disability benefit, the member is eligible for a retirement benefit (based on service which includes the period of disability), the member may retire and receive that benefit.

Annual Adjustment

On January 1 following the 4th anniversary of commencement of the disability benefit, the benefit is increased by 7%. On each subsequent anniversary, the benefit is increased by an additional 3%.

DISABILITY RETIREMENT ANNUITY

Eligibility

Continuing disablement after discontinuation of the disability benefit as a result of reaching the "50% of total earnings" limitation. Disability is defined in accordance with the Social Security disability definition.

Benefit

35% of the compensation being earned at disablement.

Duration of Benefit

Benefits become payable upon discontinuance of the disability benefit and continue to the earlier of the following:

1. Recovery or death
2. Election to receive a retirement benefit

Annual Adjustments

None.