

Annual report / State Universities Retirement System of Illinois.

State Universities Retirement System of Illinois.

Champaign, Ill. : The System

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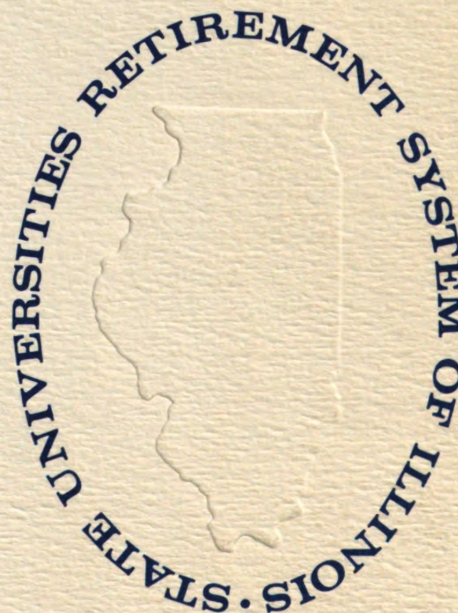
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State Universities Retirement System

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February 12, 1982

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Board of Trustees
State Universities Retirement System
50 Gerty Drive
Champaign, Illinois 61820

The Annual Report of the State Universities Retirement System for the fiscal year ending August 31, 1981, is submitted herewith. The Report consists of the financial statements which contain the opinion of the independent certified public accountant; the Actuary's certification which includes valuation results, contribution rates and summary of major actuarial assumptions; a section containing statistical tables; a summary plan description of the State Universities Retirement System; and a listing of securities held in the portfolio as of August 31, 1981.

The accrual basis of accounting is used to record the assets, liabilities, revenues and expenses. Revenues for the System are taken into account when earned, without regard to date of collection and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

The reserves needed to finance the benefits provided by the State Universities Retirement System are accumulated through the collection of employer and employee contributions and through income on investments. These income sources for fiscal year 1981 totaled \$226 million which is an increase of 11.7% over income for 1980. Employee contributions accounted for 30.5% of the total income as compared to 31.6% for the preceding fiscal year. Employer contributions provided 32.9% of the total income as opposed to 35.9% for FY 80. Investment income accounted for 36.6% of the total income as compared to 32.5% for FY 80. Employer contributions appropriated by the State exceeded gross benefit and administrative expense payments for the year.

The primary expense of a retirement system relates to the purpose for which it is created; namely, the payment of benefits. Consequently, recurring benefit payments prescribed by the plan, refunds of contributions to terminated employees and the cost of administering the system comprise the total expenses. These expenses for fiscal year 1981 were \$77.5 million, an increase of 11.3% over fiscal year 1980. The combined benefit payments and administrative expenses increased 12.8% over the previous fiscal year. Contribution refunds for the same period increased 5.3%. Income exceeded expenses by \$148.5 million for fiscal year 1981.

The accrued liabilities of the System at August 31, 1981, amounted to \$2.51 billion. The reserve balances for participants' contributions, benefits from employee and employer contributions and undistributed investment income amounted to \$1.12 billion as of the same date. The amount by which the liabilities exceed the reserves is called the "unfunded accrued liability" and is shown on the balance sheet as "to be provided by future State of Illinois appropriations." The unfunded accrued liabilities amount to \$1.39 billion and reflects the current State policy of not appropriating sufficient funds to meet the normal costs of benefits being earned by current employees each year.

The investment portfolio is a major contributor to the System. In recognition of this fact, the Board of Trustees conducted a search for multiple investment managers during the past fiscal year. After a review of investment policies and guidelines, the Trustees selected two active equity managers and two active bond managers. In addition, the Trustees established a small S & P 500 index fund. Income from investments amounted to \$82.7 million which is an increase of \$17.1 million over the previous fiscal year. The income rate of return on book value was 9.59% on bonds and notes, and 5.29% on stocks. A listing of the securities in the investment portfolio as of August 31, 1981, can be found beginning on page 36 of this report.

Significant benefit changes were approved during the 1981 Session of the General Assembly. These improvements include a 35% long-term disability retirement allowance, an early retirement option, ad hoc increases to pre-1977 retirees and pre-1981 survivor insurance beneficiaries, and a \$100.00 per month increase in the maximum survivor benefits. A detailed description of these improvements is contained in the General Provisions brochure which can be obtained from the Retirement System Office and most Campus Personnel Offices of the participating employers.

The preparation of this Report reflects the combined efforts of the Retirement System Staff under the leadership of the Board of Trustees. It is intended to be used by the Trustees and Staff in making management decisions, as a means of determining compliance with legal provisions and for determining responsible stewardship for the assets contributed by the members and the State of Illinois. The Report is being mailed to all employers covered by the State Universities Retirement System and is available to individual participants and other interested persons upon request.

On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the Staff, the Advisors and to the many people who worked so effectively to assure the successful operation of this System.

Respectively submitted,



Donald Hoffmeister
Executive Director

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PROFESSIONAL CORPORATION

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The Honorable Robert G. Cronson
Auditor General
State of Illinois
Springfield, Illinois

We have examined the balance sheet of the Retirement Fund and Building Fund of the State Universities Retirement System as of August 31, 1981 and 1980 and the related statements of revenue and expenses and changes in reserve balances for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the State Universities Retirement System Retirement Fund and Building Fund as of August 31, 1981 and 1980 and the results of operations and changes in reserve balances for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis, except for the change, with which we concur, in amortization of investments as described in note 3 to the financial statements.

Allsup, Vollbracht, Coffman & Morris
Professional Corporation
ALLSUP, VOLLBRACHT, COFFMAN & MORRIS
PROFESSIONAL CORPORATION

November 17, 1981

Financial Statement ANNUAL REPORT 1981

BALANCE SHEETS

STATE UNIVERSITIES RETIREMENT SYSTEM

RETIREMENT FUND

	August 31	
	<u>1981</u>	<u>1980</u>
ASSETS		
Cash	\$ 9,720,413	\$ 1,857,931
Contributions receivable		
Participants	3,530,742	3,094,560
Federal, trust funds and other	1,376,290	1,911,888
State of Illinois	1,595,173	6,642,942
	<u>6,502,205</u>	<u>11,649,390</u>
Accrued interest and dividends receivable	18,718,110	14,275,942
Investments (Note 2)	1,094,328,272	962,431,214
Notes receivable -		
Building Fund	474,388	486,768
	<u>\$1,129,743,388</u>	<u>\$ 990,701,245</u>
LIABILITIES AND RESERVES		
Liabilities		
Accounts payable	\$ 330,695	\$ 276,691
Benefits payable	312,400	222,049
Refunds payable	1,323,620	639,082
Accounts payable -		
Building Fund	83,729	81,279
Deferred income (Note 4)	3,249,465	2,177,412
	<u>5,299,909</u>	<u>3,396,513</u>
Reserves (Note 5)		
Participants' contributions	654,215,061	577,322,890
Benefits from employee and employer contributions	441,010,464	378,385,742
Undistributed investment income	29,217,954	31,596,100
	<u>1,124,443,479</u>	<u>987,304,732</u>
To be provided by future State of Illinois appropriations	1,389,131,928	879,136,019
	<u>2,513,575,407</u>	<u>1,866,440,751</u>
Less unfunded accrued liability (Note 6)	(1,389,131,928)	(879,136,019)
	<u>1,124,443,479</u>	<u>987,304,732</u>
	<u>\$1,129,743,388</u>	<u>\$ 990,701,245</u>

See accompanying notes to financial statements.

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Financial Statement ANNUAL REPORT 1981

STATEMENTS OF REVENUE AND EXPENSES
STATE UNIVERSITIES RETIREMENT SYSTEM
RETIREMENT FUND

	<u>Year Ended August 31</u>	
	<u>1981</u>	<u>1980</u>
REVENUE		
Contributions by participants	\$ 68,822,427	\$ 63,997,390
Contributions by State of Illinois		
Employer units	63,355,478	61,823,683
State Pension Fund	<u>2,142,167</u>	<u>\$ 2,476,833</u>
	65,497,645	64,300,516
Contributions from Federal, trust funds and other	8,348,379	7,659,473
Reciprocity payments	549,406	740,582
Investment income	82,722,437	65,663,466
Miscellaneous	<u>39,764</u>	<u>29,907</u>
	225,980,058	202,391,334
EXPENSES		
Benefits		
Age retirement	46,513,749	41,776,752
Disability	6,739,832	6,165,988
Survivors	5,144,058	4,451,890
Death	3,165,542	1,960,455
Reversionary	217,150	206,611
Beneficiary	<u>64,166</u>	<u>64,329</u>
	61,844,497	54,626,025
Refunds	14,099,953	13,396,491
Administrative expenses	<u>1,541,001</u>	<u>1,580,083</u>
	77,485,451	69,602,599
Excess of revenue over expenses before gain (loss) on sale of investments	148,494,607	132,788,735
Gain (loss) on sale of investments, net	<u>(11,355,860)</u>	<u>(2,497,640)</u>
Excess of revenue over expenses	<u>\$137,138,747</u>	<u>\$130,291,095</u>

See accompanying notes to financial statements.

Financial Statement ANNUAL REPORT 1981

STATEMENTS OF CHANGES IN RESERVE BALANCES

STATE UNIVERSITIES RETIREMENT SYSTEM

RETIREMENT FUND

Years ended August 31, 1981 and 1980

	<u>Total</u>	<u>Participants'</u> <u>Contributions</u>	<u>Benefits From</u> <u>Employee and</u> <u>Employer</u> <u>Contributions</u>	<u>Undistributed</u> <u>Investment</u> <u>Income</u>
Balance				
September 1, 1979	\$ 857,013,637	\$510,986,382	\$321,427,388	\$24,599,867
Revenue	199,893,694	63,997,390	72,700,571	63,195,733
Expenditures	<u>(69,602,599)</u>	<u>(15,138,984)</u>	<u>(54,463,615)</u>	<u>---</u>
Excess of revenue (expense)	130,291,095	48,858,406	18,236,956	63,195,733
Transfers				
Interest	---	33,699,583	22,499,917	(56,199,500)
Contributions	<u>---</u>	<u>(16,221,481)</u>	<u>16,221,481</u>	<u>---</u>
Net increase (decrease)	<u>130,291,095</u>	<u>66,336,508</u>	<u>56,958,354</u>	<u>6,996,233</u>
Balance				
August 31, 1980	987,304,732	577,322,890	378,385,742	31,596,100
Revenue	214,624,198	68,822,427	74,405,988	71,395,783
Expenditures	<u>(77,485,451)</u>	<u>(16,991,329)</u>	<u>(60,494,122)</u>	<u>---</u>
Excess of revenue (expense)	137,138,747	51,831,098	13,911,866	71,395,783
Transfers				
Interest	---	43,503,069	30,270,860	(73,773,929)
Contributions	<u>---</u>	<u>(18,441,996)</u>	<u>18,441,996</u>	<u>---</u>
Net increase (decrease)	<u>137,138,747</u>	<u>76,892,171</u>	<u>62,624,722</u>	<u>(2,378,146)</u>
Balance				
August 31, 1981	<u>\$1,124,443,479</u>	<u>\$654,215,061</u>	<u>\$441,010,464</u>	<u>\$29,217,954</u>

See accompanying notes to financial statements.

Financial Statement ANNUAL REPORT 1981

BALANCE SHEETS

STATE UNIVERSITIES RETIREMENT SYSTEM

BUILDING FUND

	August 31	
	<u>1981</u>	<u>1980</u>
ASSETS		
Accounts receivable - Retirement Fund	\$ 83,729	\$ 81,279
Property and equipment, net (Note 1)		
Land	70,000	70,000
Land improvements	8,559	8,983
Office building	446,081	457,274
Building improvements	45,687	52,213
Furniture and fixtures	443,704	382,793
	<u>1,014,031</u>	<u>971,263</u>
	<u>\$1,097,760</u>	<u>\$1,052,542</u>
LIABILITIES AND RESERVES		
Notes payable - Retirement Fund (Note 2)	\$ 474,388	\$ 486,768
Reserves		
Land	70,000	70,000
Retirement Fund expenditures	495,917	435,006
Excess revenue (expense)	57,455	60,768
	<u>623,372</u>	<u>565,774</u>
	<u>\$1,097,760</u>	<u>\$1,052,542</u>

See accompanying notes to financial statements.

Financial Statement ANNUAL REPORT 1981

STATEMENTS OF REVENUE AND EXPENSES

STATE UNIVERSITIES RETIREMENT SYSTEM

BUILDING FUND

	Year Ended August 31	
	1981	1980
REVENUE		
Office rental	\$88,600	\$90,064
Interest	6,502	5,022
	<u>95,102</u>	<u>95,086</u>
EXPENSES		
Building operations	51,066	43,966
Interest	29,206	29,907
Depreciation	18,143	11,616
	<u>98,415</u>	<u>85,489</u>
Excess revenue over expenses	<u>\$ (3,313)</u>	<u>\$ 9,597</u>

STATEMENTS OF CHANGES IN RESERVE BALANCES

STATE UNIVERSITIES RETIREMENT SYSTEM

BUILDING FUND

Years ended August 31, 1981 and 1980

	Total	Land	Retirement Fund Expendi- tures	Excess Revenue (Expense)
Balance September 1, 1979	<u>\$198,005</u>	<u>\$70,000</u>	<u>\$ 76,834</u>	<u>\$51,171</u>
Excess of revenue (expense)	9,597	---	---	9,597
Retirement Fund expenditures	358,172	---	358,172	---
	<u>367,769</u>	<u>---</u>	<u>358,172</u>	<u>9,597</u>
Balance August 31, 1980	565,774	70,000	435,006	60,768
Excess of revenue (expense)	(3,313)	---	---	(3,313)
Retirement Fund expenditures	60,911	---	60,911	---
	<u>57,598</u>	<u>---</u>	<u>60,911</u>	<u>(3,313)</u>
Balance August 31, 1981	<u>\$623,372</u>	<u>\$70,000</u>	<u>\$495,917</u>	<u>\$57,455</u>

See accompanying notes to financial statements.

Financial Statement ANNUAL REPORT 1981

NOTES TO FINANCIAL STATEMENTS

STATE UNIVERSITIES RETIREMENT SYSTEM

RETIREMENT FUND

1. Summary of Significant Accounting Policies

The State Universities Retirement System is administered in accordance with Chapter 108½, Article 15 of the Illinois Revised Statutes.

The financial statements are prepared on the accrual basis of accounting.

2. Investments

Investments as of August 31, 1981 and 1980 are as follows:

	August 31, 1981		August 31, 1980	
	Amortized Cost	Market Value	Amortized Cost	Market Value
U.S. Government & Federal obligations	\$ 114,966,585	\$ 77,258,253	\$114,294,730	\$ 94,147,176
Canadian Government obligations	5,526,303	2,891,681	8,521,271	5,805,892
Common & preferred stocks	356,742,283	372,710,089	361,777,460	404,300,896
Other corporate securities	597,112,265	428,477,981	477,837,753	362,181,104
Equity Fund Index	19,980,836	21,070,308	---	---
	<u>\$1,094,328,272</u>	<u>\$902,408,312</u>	<u>\$962,431,214</u>	<u>\$866,435,068</u>

On August 1, 1981, the System retained a master trustee and four investment managers to invest the securities portfolio. The System also participated in commingled investment funds with American National Bank and Trust Company of Chicago in accordance with Article 15-167.1 of the Illinois Pension Code.

3. Investment Authorization

As of August 1, 1981, the System discontinued amortizing bond premium and discount due primarily to the following reason. Amortization creates additional work that apparently has limited justification, especially in an actively traded portfolio where the securities will likely not be held to maturity.

4. Deferred Income

Deferred income consists of prepaid employee and employer unit contributions.

Financial Statement ANNUAL REPORT 1981

RETIREMENT FUND - CONTINUED

5. Reserves

Participants' Contributions

This reserve accumulates contributions, with interest received for participants. The contribution rate is 8% of the participant's earnings. When a participant's status changes by retirement, death, or termination the balance is transferred to another reserve or refunded.

Benefits From Employee and Employer Contributions

Retirement annuities - federal and trust funds

This reserve represents employer contributions for participants whose salaries have been paid from federal and trust funds.

Retirement, reversionary annuities - federal and trust funds

Additions are made to this reserve when a participant retires. The additions are the participant's accumulated contributions, the employer contributions, which were from federal and trust funds, and funds transferred from other reciprocating retirement systems. A proportional part of the annuities paid are charged to this reserve.

Retirement, reversionary annuities - state appropriations

This reserve represents the State's share of the cost of retirement and reversionary annuities over the appropriations received.

Beneficiary Survivors and Death Benefits

This reserve represents contributions from employers, state appropriations and trust funds for payment of death benefits.

Disability Benefits

This reserve represents accumulated contributions from employers, provided from state appropriations and from trust funds, for payment of disability benefits.

Annual Increases in Annuities

This reserve represents employer contributions, from state appropriations and trust funds, and transfers from participants' accumulated contributions; the transfer occurring when the participant retires.

Financial Statement ANNUAL REPORT 1981

RETIREMENT FUND - CONTINUED

5. Reserves - Continued

Administrative Expenses

This reserve is used to accumulate that portion of employers' contributions used to pay the administrative costs incurred by the System.

Variations in Mortality

This reserve represents contributions in prior years provided from appropriations of the state for contingencies arising from variations in mortality, interest and turnover experience.

Undistributed Investment Income

The reserve represents the accumulated excess of investment income over interest distributed to other reserve accounts.

6. Unfunded Accrued Liability

The unfunded accrued liability represents the actuarial liability resulting from the difference between the total net assets of the System and the actuarial requirement to fund the System's benefits. However, Illinois statutes provide that any potential unfunded liability be an obligation of the State of Illinois.

The unfunded accrued liability increased from \$879,136,019 in 1980 to \$1,389,131,928 in 1981. A. A. Weinberg was the System's consulting actuary for 1980 and The Wyatt Company was retained as actuary for 1981.

In addition to underfunding by the State of Illinois, the primary reason for the increase in the unfunded accrued liability was the higher value given to the defined contribution retirement annuity by The Wyatt Company.

Another reason for the increase was the change in the annual salary increments and interest rate assumptions which are as follows:

	<u>Annual Salary Increments</u>	<u>Interest Rate Assumption</u>
A. A. Weinberg (1980)	5%	6%
The Wyatt Company (1981)	8%	8%

Also, A. A. Weinberg valued survivor benefits on a one-year-term basis in 1980 and The Wyatt Company valued survivor benefits based upon the entry-age-normal method.

Financial Statement ANNUAL REPORT 1981

NOTES TO FINANCIAL STATEMENTS

STATE UNIVERSITIES RETIREMENT SYSTEM

BUILDING FUND

1. Summary of Significant Accounting Policies

The assets of the Building Fund are carried at cost, except the land which is carried at fair market value when received by gift.

Depreciation has been computed on the straight-line method over the estimated useful lives of the building and improvement accounts. Depreciation is not recorded with respect to furniture and fixtures, which are acquired by the Retirement Fund as an administrative expense.

2. Note Payable - Retirement Fund

The System completed construction of a building in 1971 on land donated by the University of Illinois. The cost of the building was financed through a loan from the Retirement Fund. The loan is to be repaid in 30 equal annual installments of \$41,586, including interest at 6%. As of August 31, 1981, 20 installments remain to be paid.

3. Rental Income

The Building Fund has an unwritten agreement with the Retirement Fund whereby it rents the west half of the building based on a per square footage charge varying from \$4.20 to \$5.40. Rental income to the Building Fund was \$48,000 for the fiscal year ending August 31, 1981.

The Building Fund leases part of the building to the State Universities Civil Service System on a year-to-year basis. The lessor is required to furnish utilities, custodial service, repairs and insurance. The rental rate varies from \$4.20 to \$5.40 per square foot. Rental income received from this agreement during the fiscal year ending August 31, 1981 was \$33,132.

The Adler Zone Center rents excess space from the Building Fund. Adler does not pay cash for the space rented but rather provides engineering services to the Building Fund of \$4,200, which is equal to the value of the space rented.

The University of Illinois entered into a lease with the Building Fund on July 1, 1980 to rent excess space. The lease requires the lessee to pay \$272 per month. The lessor is required to pay utilities, custodial service, repairs and insurance. Rental income received from this agreement during the fiscal year ending August 31, 1981 was \$3,268.

Financial Statement ANNUAL REPORT 1981

SCHEDULE OF ADMINISTRATIVE EXPENSES
 STATE UNIVERSITIES RETIREMENT SYSTEM
 RETIREMENT FUND

	Year Ended August 31	
	1981	1980
Salaries	\$ 525,585	\$ 497,390
Group health insurance	22,711	20,098
Retirement contribution	68,999	51,200
Postage, freight and express	39,773	33,484
Equipment repair and rental	23,911	11,285
Office rental	48,000	48,000
Investment and actuarial services	595,410	420,664
Other professional fees	51,376	52,630
EDP equipment, rental and supplies	109,739	308,258
Office furniture and equipment	723	19,380
Remodeling and renovation	121	61,802
Telephone	4,952	5,039
Travel	11,126	7,057
Printing and copying services	25,111	25,417
Dues and subscriptions	1,358	1,527
Office supplies and expense	9,305	13,624
Conference expenses	<u>2,801</u>	<u>3,228</u>
	<u>\$1,541,001</u>	<u>\$1,580,083</u>

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 CHICAGO, ILLINOIS 60606

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ACTUARIAL CERTIFICATION

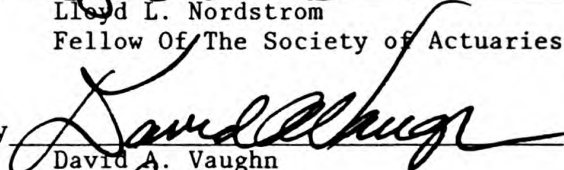
We have completed an actuarial valuation of the assets and liabilities of the State Universities Retirement System of Illinois as of August 31, 1981.

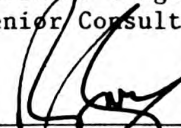
For purposes of determining contribution rates, assets have been valued at amortized Cost Value as reported in the Balance Sheet in the report prepared for the Auditor General. The liabilities have been valued based on employee data supplied by the staff of the System and based on actuarial assumptions. A summary of the major actuarial assumptions follows.

In our opinion, the following schedule of valuation results fairly presents the financial condition of the State Universities Retirement System of Illinois as of August 31, 1981 and the schedule of contribution rates complies with the applicable law in force as of the valuation date.

THE WYATT COMPANY

By 
 Lloyd L. Nordstrom
 Fellow Of The Society of Actuaries

By 
 David A. Vaughn
 Senior Consultant

By 
 Robert L. Barnes
 Fellow Of The Society Of Actuaries

Chicago, Illinois
 February 3, 1982

VALUATION RESULTS

1. Actuarial Liability (Reserves) (a)	
(a) For Members Receiving Annuities	
i) Retirement Annuities	\$506,094,364
ii) Survivor Annuities	41,269,775
iii) Disability	49,819,531
iv) Total	<u>\$597,183,670</u>
(b) For Inactive Members	\$134,778,461
(c) For Active Members	\$1,781,613,276
(d) Total	\$2,513,575,407
2. Assets (Amortized Cost Value)	\$1,124,443,479
3. Unfunded Actuarial Liability	\$1,389,131,928

CONTRIBUTION RATES

	<u>% Of Payroll (b)</u>	<u>Annual Contributions (b)</u>
1. State Normal Cost (a)	8.809%	\$ 69,131,029
2. Normal Cost Plus 8% Interest on the Unfunded Actuarial Liability	22.477	176,383,687
3. Normal Cost Plus An Amount to Amortize the Unfunded Actuarial Liability Over A 40-year Period from September 1, 1980	23.192	181,994,516

(a) Based on an "entry age normal" cost method.

(b) Based on covered pay of \$784,733,956 for Fiscal Year September 1, 1981 - August 31, 1982.

SUMMARY OF MAJOR
ACTUARIAL ASSUMPTIONS

Assumption:

Mortality: 1986 Projected Annuity Mortality Table, a table based on experience underlying the 1971 Group Annuity Mortality Table, without margins, with a projection for mortality improvements to 1986, with a 1 year setback.

Interest: 8% per annum, compounded annually.

Termination: Illustrative rates of withdrawal from the plan are as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.374	0.524
25	0.249	0.324
30	0.174	0.219
35	0.124	0.154
40	0.073	0.104
45	0.047	0.064
50	0.020	0.038
55	--	0.013

It is assumed that terminated employees will not be rehired.

Salary Increases: 8% per annum, compounded annually.

Retirement Rates: Retirement was assumed to occur at age 62.

Assets: Assets available for benefits are used at book value.

Expenses: As estimated and advised by SURS staff, based on current expenses with an allowance for expected increases.

Marital Status: 85% of employees are assumed to be married.

Spouse's Age: The spouses of eligible employees were assumed to be 3 years younger than the employees.

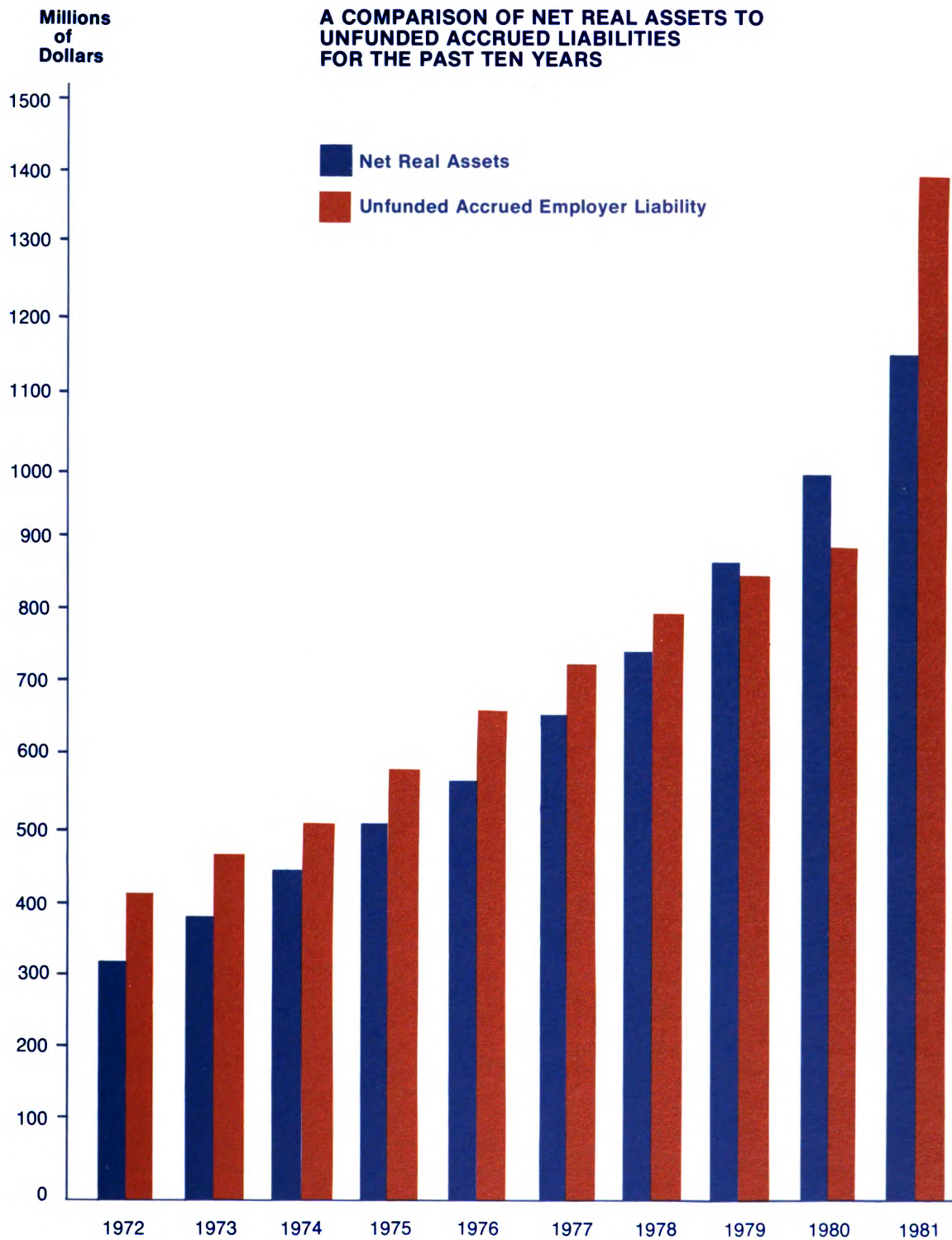
In addition to the above, other assumptions used include disability incidence, recovery from disability, mortality of disabled lives, remarriage rates and ages, and numbers of children.

Statistical Table ANNUAL REPORT 1981

ANALYSIS OF FUNDING

<u>Fiscal Year Ending August 31</u>	<u>Net Real Assets</u>	<u>Unfunded Accrued Liability</u>	<u>Reserve Requirement</u>	<u>Funding</u>
1972	\$ 328,028,268	\$ 401,421,722	\$ 729,449,990	44.9
1973	382,465,929	467,896,311	850,362,240	44.9
1974	443,332,363	509,793,867	953,126,230	46.5
1975	507,476,930	587,893,456	1,095,370,386	46.3
1976	577,757,539	658,772,105	1,236,529,644	46.7
1977	657,455,395	730,570,416	1,388,025,811	47.3
1978	747,975,984	792,374,137	1,540,350,121	48.5
1979	857,013,637	849,722,361	1,706,735,998	50.2
1980	987,304,732	879,136,019	1,866,440,751	52.8
1981	1,124,443,479	1,389,131,928	2,513,575,407	44.7

Statistical Table **ANNUAL REPORT 1981**



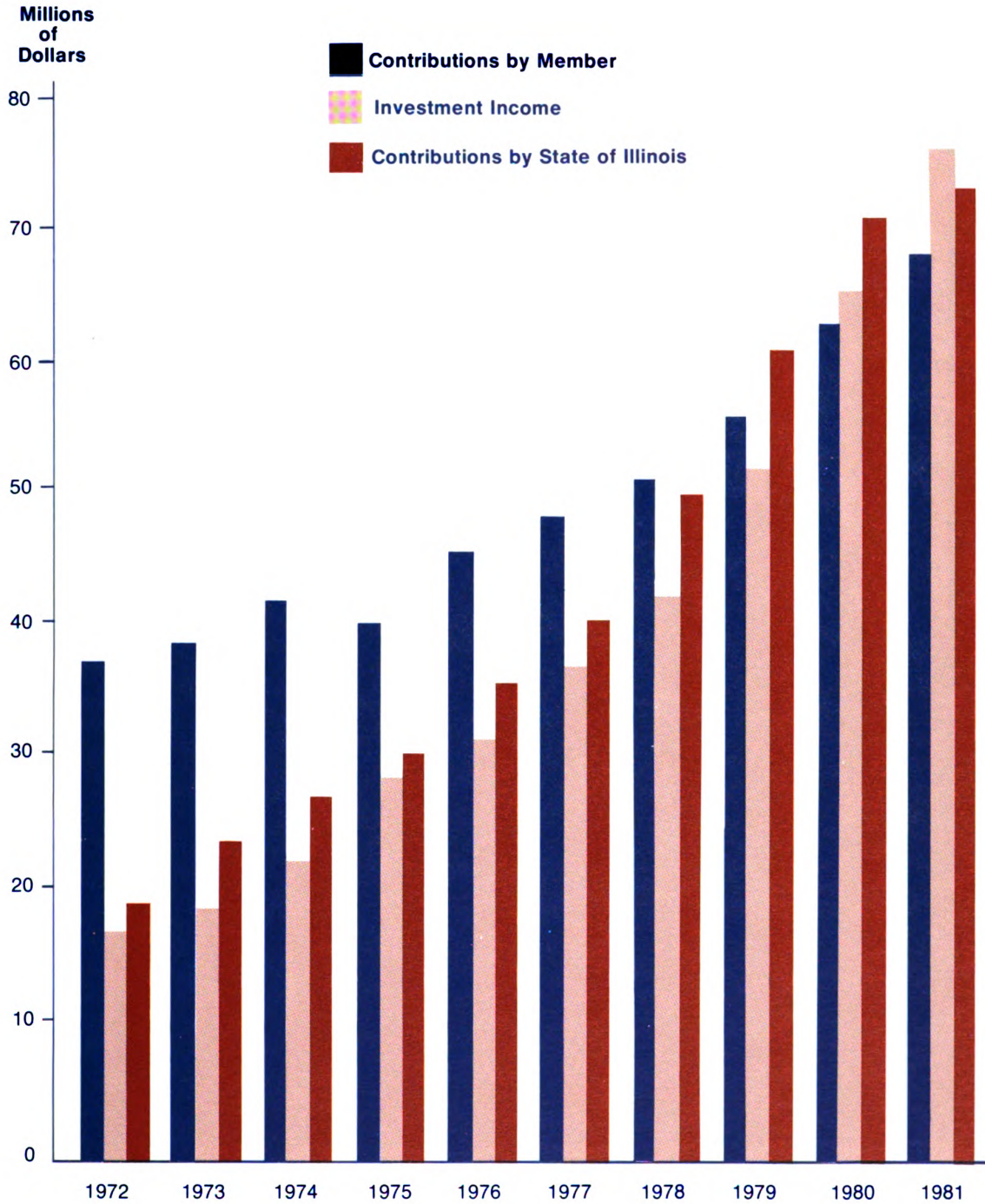
Statistical Table ANNUAL REPORT 1981

REVENUES BY SOURCE

<u>Fiscal Year Ending August 31</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Total</u>
1972	\$35,539,911	\$19,327,709	\$16,365,212	\$ 71,232,832
1973	39,873,003	24,194,339	19,057,261	83,124,603
1974	43,485,117	27,511,456	23,383,169	94,379,742
1975	42,171,952	30,298,625	28,428,446	100,899,023
1976	46,007,876	35,501,427	30,476,497	111,985,800
1977	48,869,685	41,275,044	37,862,667	128,007,396
1978	52,631,639	50,741,364	42,730,461	146,103,464
1979	56,503,802	61,595,360	53,364,829	171,463,991
1980	63,997,390	72,700,571	65,693,373	202,391,334
1981	68,822,427	74,395,430	82,762,201	225,980,058

Statistical Table ANNUAL REPORT 1981

REVENUES BY SOURCE



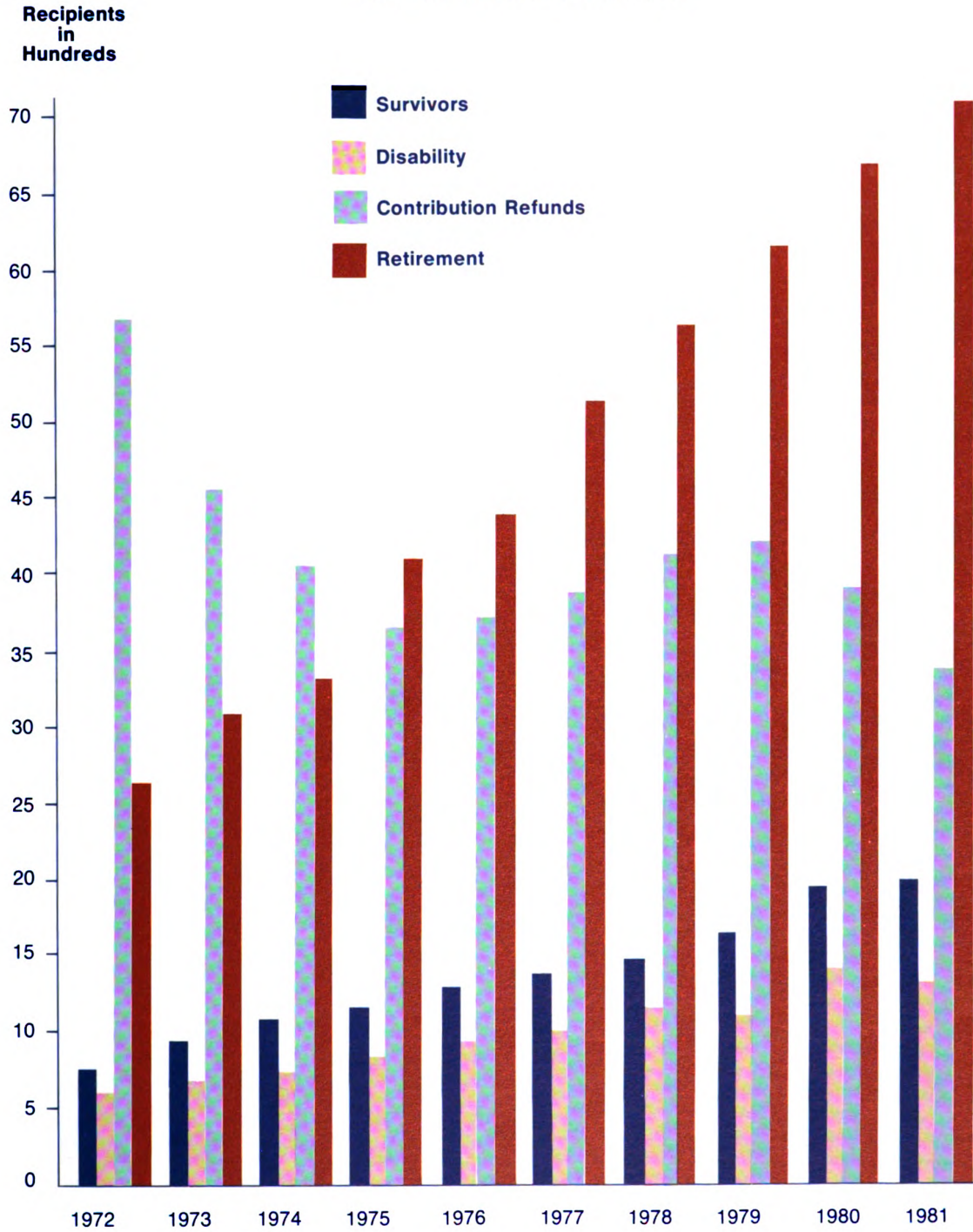
Statistical Table ANNUAL REPORT 1981

BENEFIT RECIPIENTS BY TYPE

<u>Fiscal Year</u> <u>Ending August 31</u>	<u>Survivors</u>	<u>Disability</u>	<u>Contribution</u> <u>Refunds</u>	<u>Retirement</u>
1972	884	598	5,742	2,618
1973	993	680	4,515	3,050
1974	1,092	767	4,105	3,475
1975	1,178	844	3,159	4,007
1976	1,301	915	3,573	4,453
1977	1,370	972	3,892	5,075
1978	1,491	1,240	4,088	5,612
1979	1,726	1,222	4,160	6,119
1980	1,808	1,420	3,852	6,677
1981	1,847	988	3,476	7,127

Statistical Table ANNUAL REPORT 1981

BENEFIT RECIPIENTS BY TYPE



Statistical Table ANNUAL REPORT 1981

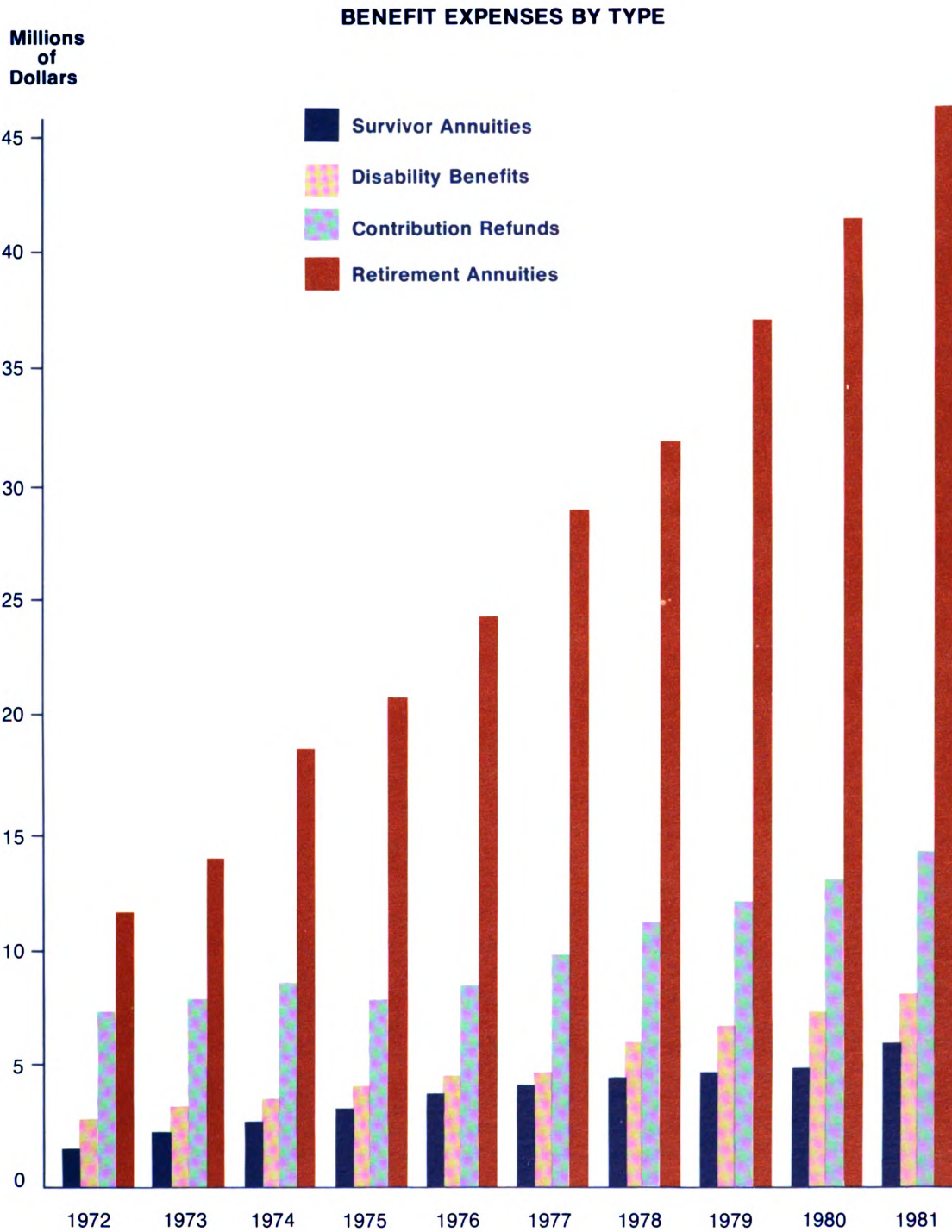
BENEFIT EXPENSES BY TYPE

<u>Fiscal Year Ending August 31</u>	<u>Retirement Annuities</u>	<u>Survivors Annuities</u>	<u>Disability Benefits</u>	<u>Lump Sum Death Benefits</u>	<u>Total</u>
1972	\$11,641,547	\$1,461,965	\$2,017,177	\$ 906,523	\$16,027,212
1973	14,654,159	1,712,233	2,550,727	1,052,149	19,969,268
1974	17,776,422	2,036,059	3,134,952	1,308,366	24,255,799
1975	20,965,566	2,325,858	3,589,230	1,295,154	28,175,808
1976	24,287,646	2,660,769	4,113,883	1,483,132	32,545,430
1977	28,097,278	3,089,241	4,680,790	1,645,252	37,512,561
1978	32,982,948	3,476,991	5,324,788	1,772,479	43,557,206
1979	37,220,681	3,998,473	5,708,948	2,299,323	49,227,425
1980	42,047,692	4,451,890	6,165,988	1,960,455	54,626,025
1981	46,795,065	5,144,058	6,739,832	3,165,542	61,844,497

EXPENSES BY TYPE

<u>Fiscal Year Ending August 31</u>	<u>Benefits</u>	<u>Contribution Refunds</u>	<u>Administrative Expenses</u>	<u>Total</u>
1972	\$16,027,212	\$ 7,641,835	\$ 516,802	\$24,185,849
1973	19,969,268	8,171,073	546,600	28,686,941
1974	24,255,799	8,620,893	636,616	33,513,308
1975	28,175,808	7,932,634	691,373	36,799,815
1976	32,545,430	8,302,803	811,599	41,659,832
1977	37,512,561	9,897,031	899,948	48,309,540
1978	42,557,206	11,008,076	1,017,592	55,582,874
1979	49,227,425	12,021,454	1,777,459	63,026,338
1980	54,626,025	13,396,491	1,580,083	69,602,599
1981	61,844,497	14,099,953	1,541,001	77,485,451

Statistical Table ANNUAL REPORT 1981



Statistical Table ANNUAL REPORT 1981

BALANCE SHEET ASSETS

<u>Fiscal Year</u> <u>Ending August 31</u>	<u>Cash</u>	<u>Receivables</u>	<u>Investments</u>	<u>Total</u>
1972	\$ 41,428	\$ 6,855,446	\$ 321,841,106	\$ 328,737,980
1973	2,067,822	8,159,236	372,947,328	383,174,386
1974	544,339	10,068,274	433,499,519	444,112,132
1975	(123,636)	10,626,711	497,812,710	508,315,785
1976	191,459	13,982,576	565,001,597	579,175,632
1977	286,695	12,673,603	648,599,405	661,559,703
1978	(139,985)	14,873,963	736,335,382	751,069,360
1979	(754,708)	16,523,670	846,618,134	862,387,096
1980	1,857,931	25,925,331	962,917,983	990,701,245
1981	9,720,413	25,220,315	1,094,802,660	1,129,743,388

BALANCE SHEET LIABILITIES

<u>Ending August 31</u>	<u>Accounts Payable</u>	<u>Deferred Income</u>	<u>Fund Balances</u>	<u>Total</u>
1972	\$ 553,795	\$ 155,917	\$ 328,028,268	\$ 328,737,980
1973	604,207	104,250	382,465,929	383,174,386
1974	601,029	178,740	443,332,363	444,112,132
1975	744,212	140,002	507,431,571	508,315,785
1976	1,013,385	404,708	577,757,539	579,175,632
1977	1,293,207	2,811,101	657,455,395	661,559,703
1978	1,307,701	1,785,675	747,975,984	751,069,360
1979	993,674	4,379,785	857,013,637	862,387,096
1980	1,219,101	2,177,412	987,304,732	990,701,245
1981	2,050,444	3,249,465	1,124,443,479	1,129,743,388

Plan Summary ANNUAL REPORT 1981

STATE UNIVERSITIES RETIREMENT SYSTEM

The following is a summary of the provisions of the State Universities Retirement System as in effect on the date of the valuation.

Membership

The System covers faculty and non-academic permanent employees of State Universities and Colleges, Community Colleges, State Scientific Surveys and other related agencies. Participation is compulsory after three years of service but is optional on the hire date or after one or two years of service.

Employees hired after age 68, employed less than 50% full-time or enrolled and attending classes with an employer are ineligible to participate.

Member Contributions

8% of gross earnings. 6-1/2% of the 8% contributions are designated for retirement annuities, 1/2% for automatic annual increases and 1% for survivor benefits.

Interest Credited on Member Contributions

The interest rate credited is fixed by the Board and is currently 8%. For purposes of lump sum payments to former members, the interest rate is 4-1/2%.

Normal Retirement

Members are eligible for normal retirement after 35 years of covered service, after 8 years of covered service and age 60, or after 5 years of covered service and age 62.

The annuity payable is based on the largest of three formulas:

- 1) The following percentages of "average earnings", the highest earnings for any 4 consecutive years:
 - 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 each year of service over 30 2.30
- 2) The actuarial equivalent of 2.4 times the accumulated member contributions for retirement annuities (6-1/2% of earnings). The actuarial equivalent assumes a constant annuity payable for life.
- 3) For each year of service up to a maximum of 30 years, the following monthly amounts based on average earnings:

<u>"Average Annual Earnings"</u>	
Under \$3,500	\$ 8
3,500 - 4,500	9
4,500 - 5,500	10
5,500 - 6,500	11
Over \$6,500	12

Plan Summary ANNUAL REPORT 1981

For members hired after September 14, 1977, the maximum annuity under (1) or (2) is 75% of average earnings.

Early Retirement

Members are eligible for early retirement after 8 years of service and age 55 but the annuity calculated under formula (1) or (3) above is reduced by 1/2% for each month such retirement precedes age 60.

Disability Retirement

Members with 2 years of covered service who are unable to perform their duties because of illness or any amount of covered service if because of an accident, are eligible for disability retirement after 60 days of disability.

The amount of the disability benefit is as follows:

- (1) 50% of basic compensation at disability or 50% of average earnings for the 24 months preceding disability, whichever is greater, payable until the total benefits paid equal 50% of the total earnings in covered service, but in no event after September 1 following the employee's 70th birthday.
- (2) After cessation of the benefit in (1), members who had 8 years of covered service will receive the normal retirement benefit commencing at or after age 55 (with no reduction for early retirement).

The disability retirement benefit will cease upon death or recovery.

Death Benefits Before Retirement

Upon death of an active member with 1-1/2 years of covered service, or of a former member with 10 years of covered service, the following amounts are paid to the member's survivors:

- (1) A death benefit equal to the retirement contributions (7%) and interest, plus
- (2) A lump sum payment of \$1,000 plus
- (3) A monthly survivors annuity equal to the greater of 50% of the member's accrued normal retirement benefit or the following amounts if greater:
 - (i) 30% of average earnings to a spouse, child or parent, up to \$400 monthly
 - (ii) 60% of average earnings to a spouse and 1 child, up to \$600 monthly.
 - (iii) 80% of average earnings to a spouse and 2 or more children, up to \$600 monthly.

Plan Summary ANNUAL REPORT 1981

Survivor's benefits are payable until children attain age 18, to a spouse after age 50 and a dependent parent after age 55. The spouse's benefit is payable while children are under 18. If death occurs after termination of employment, the monthly survivors annuity may not exceed 80 percent of the earned retirement annuity.

If there are no dependent survivors, the member did not have necessary service or if the dependent survivors so elect in lieu of any other benefits, the following amounts will be paid.

- (1) A death benefit equal to all contributions and interest, and
- (2) If death occurred in active service, a lump sum payment of \$2,500 or, if the beneficiary is a dependent, an amount equal to the member's average annual earnings up to \$5,000.

Death Benefits After Retirement

A lump sum benefit of \$1,000 is payable to the member's spouse, children or dependent parent. In addition, a survivor's annuity as outlined above is payable. If no survivor annuity is payable, the excess of the member's contributions and interest to retirement over the benefits paid is payable.

Automatic Increases

Retirement benefits are increased annually after retirement by 3% of the original retirement annuity. Note that the increase is not compounded and does not apply to survivor's or disability benefits. The first automatic annual increase in retirement annuity is paid on the January 1 nearest the annuitant's 61st birthday or the January 1 nearest the first anniversary of retirement, whichever is later.

Termination of Service

A lump sum refund of all member contributions and interest (at 4-1/2%) will be made. If a member has 5 years of covered service and does not apply for a refund, a normal retirement benefit will be payable at age 62.

Investments ANNUAL REPORT 1981

Schedule I

INVESTMENT PORTFOLIO SUMMARY August 31, 1981

	Number of Issues	Par Value	Market Value	Book Value Value	% of Total Book Value
Bonds					
Government Bonds:					
Federal	57	\$120,442,278	\$ 77,258,253	\$ 114,966,585	10.5%
Canadian	5	5,663,000	2,891,681	5,526,303	.5
Total	62	<u>\$126,105,278</u>	<u>\$ 80,149,934</u>	<u>\$ 120,492,888</u>	<u>11.0</u>
Corporate Obligations:					
Corporate Bonds	219	428,419,899	268,087,003	436,723,138	39.9
Short-Term Reserves	35	161,339,798	160,390,978	160,389,127	14.7
Total	254	<u>\$589,759,697</u>	<u>\$428,477,981</u>	<u>\$ 597,112,265</u>	<u>54.6</u>
Total Bonds	316	<u>\$715,864,975</u>	<u>\$508,627,915</u>	<u>\$ 717,605,153</u>	<u>65.6</u>
Stocks					
Common	85	9,320,147	368,210,089	351,577,725	32.1
Preferred	1	90,000	4,500,000	5,164,558	.5
Equity Index Fund	1	914,202	21,070,308	19,980,836	1.8
Total	87	<u>10,324,349</u>	<u>\$393,780,397</u>	<u>\$ 376,723,119</u>	<u>34.4</u>
Total Portfolio	465	<u>10,324,349</u>	<u>\$902,408,312</u>	<u>\$1,094,328,272</u>	<u>100.0%</u>

Schedule II

INVESTMENT PORTFOLIO ACTIVITY Year Ended August 31, 1981

	Beginning Balance September 1	Acquisitions	Dispositions	Ending Balance August 31
Bonds				
Government Bonds:				
Federal	\$114,294,730	\$165,522,932	\$164,851,077	\$114,966,585
Canadian	8,521,271	12,535	3,007,503	5,526,303
Total	<u>\$122,816,001</u>	<u>\$165,535,467</u>	<u>\$167,858,580</u>	<u>\$120,492,888</u>
Corporate Obligations:				
Corporate Bonds	445,872,756	51,256,069	60,405,687	436,723,138
Short-Term Reserves	31,964,997	648,056,478	519,632,348	160,389,127
Total	<u>\$477,837,753</u>	<u>\$699,312,547</u>	<u>\$580,038,035</u>	<u>\$597,112,265</u>
Total Bonds	<u>\$600,653,754</u>	<u>\$864,848,014</u>	<u>\$747,896,615</u>	<u>\$717,605,153</u>
Stocks				
Common	361,777,460	178,445,286	188,645,021	351,577,725
Preferred		6,312,238	1,147,680	5,164,558
Equity Index Fund		19,980,836		19,980,836
Total	<u>\$361,777,460</u>	<u>\$204,738,360</u>	<u>\$189,792,701</u>	<u>\$376,723,119</u>

Investments ANNUAL REPORT 1981

INVESTMENT PORTFOLIO FIXED INCOME SECURITIES

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
U.S. Government						
Farrell Lines Inc.....	AAA	8.050%	04/01/88	\$ 420,000	\$ 420,000	\$ 281,917
U.S. Treasury Bonds....	AAA	8.375	08/15/00	10,000,000	10,009,486	5,825,000
U.S. Treasury Bonds....	AAA	8.625	08/15/93	7,000,000	6,859,294	4,379,340
U.S. Treasury Bonds....	AAA	8.750	11/15/08	17,500,000	17,121,126	10,598,350
U.S. Treasury Bonds....	AAA	9.000	02/15/94	10,000,000	9,948,544	6,475,000
U.S. Treasury Bonds....	AAA	10.375	11/15/09	1,500,000	1,172,610	1,059,375
U.S. Treasury Bonds....	AAA	11.750	02/15/01	4,000,000	3,988,792	3,180,000
U.S. Treasury Bonds....	AAA	13.000	11/15/90	4,500,000	4,130,625	4,005,000
Total U.S. Government				54,920,000	53,650,477	35,803,982
Government Agency						
Fed. Natl. Mort. Assn..	AAA	6.050	02/01/88	2,000,000	1,997,563	1,225,000
Fed. Natl. Mort. Assn..	AAA	6.200	08/12/88	4,000,000	4,005,611	2,410,000
Fed. Natl. Mort. Assn..	AAA	6.400	12/11/87	1,000,000	1,000,000	632,500
Fed. Natl. Mort. Assn..	AAA	6.450	04/08/88	1,200,000	1,200,000	747,000
				8,200,000	8,203,174	5,014,500
Gov. Natl. Mort. Assn..	AAA	7.500	06/15/06	833,616	770,776	468,909
Gov. Natl. Mort. Assn..	AAA	7.500	04/15/07	458,571	422,698	257,946
Gov. Natl. Mort. Assn..	AAA	7.500	04/15/07	431,800	399,253	242,887
Gov. Natl. Mort. Assn..	AAA	7.500	05/15/07	391,407	361,396	220,166
Gov. Natl. Mort. Assn..	AAA	7.500	07/15/07	705,085	650,387	396,610
Gov. Natl. Mort. Assn..	AAA	7.500	07/15/07	751,261	694,742	422,584
Gov. Natl. Mort. Assn..	AAA	7.500	09/15/07	411,082	379,761	231,234
Gov. Natl. Mort. Assn..	AAA	8.000	11/15/03	507,318	504,465	297,415
Gov. Natl. Mort. Assn..	AAA	8.000	11/15/03	900,461	895,423	527,895
Gov. Natl. Mort. Assn..	AAA	8.000	11/15/03	330,737	328,889	193,895
Gov. Natl. Mort. Assn..	AAA	8.000	05/15/05	700,162	709,192	410,470
Gov. Natl. Mort. Assn..	AAA	8.000	10/15/06	1,266,100	1,282,889	742,251
Gov. Natl. Mort. Assn..	AAA	8.000	11/15/06	691,781	700,742	405,556
Gov. Natl. Mort. Assn..	AAA	8.000	12/15/06	780,370	791,849	457,492
Gov. Natl. Mort. Assn..	AAA	9.000	02/15/09	2,855,321	2,725,867	1,777,438
Gov. Natl. Mort. Assn..	AAA	9.000	03/15/09	979,439	935,088	609,701
Gov. Natl. Mort. Assn..	AAA	9.000	05/15/09	5,700,252	5,440,241	3,548,407
Gov. Natl. Mort. Assn..	AAA	9.500	06/15/09	481,855	360,262	310,194
Gov. Natl. Mort. Assn..	AAA	9.500	07/15/09	943,516	826,853	607,388
Gov. Natl. Mort. Assn..	AAA	9.500	07/15/09	493,982	369,330	318,001
Gov. Natl. Mort. Assn..	AAA	9.500	08/15/09	480,034	454,637	309,021
Gov. Natl. Mort. Assn..	AAA	9.500	08/15/09	978,932	858,428	630,188
Gov. Natl. Mort. Assn..	AAA	9.500	08/15/09	943,842	894,519	607,598
Gov. Natl. Mort. Assn..	AAA	9.500	08/15/09	972,910	922,093	626,311
Gov. Natl. Mort. Assn..	AAA	9.500	08/15/09	486,102	363,524	312,928
Gov. Natl. Mort. Assn..	AAA	9.500	09/15/09	4,870,550	4,615,255	3,135,417
Gov. Natl. Mort. Assn..	AAA	9.500	09/15/09	487,401	364,378	313,765
Gov. Natl. Mort. Assn..	AAA	9.500	09/15/09	987,604	865,961	635,770

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URBANA-CHAMPAIGN

Investments ANNUAL REPORT 1981

INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
Government Agency - continued						
Gov. Natl. Mort. Assn..	AAA	9.500%	09/15/09	\$ 990,752	\$ 740,962	\$ 637,797
Gov. Natl. Mort. Assn..	AAA	9.500	09/15/09	478,757	356,950	308,200
Gov. Natl. Mort. Assn..	AAA	9.500	09/15/09	475,452	416,918	306,072
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	491,085	367,133	316,136
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	1,974,689	1,731,650	1,271,206
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	979,253	732,138	630,394
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	963,473	844,950	620,235
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	3,844,291	3,425,748	2,474,762
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	2,911,812	2,593,644	1,874,479
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	1,901,997	1,694,950	1,224,411
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	989,226	867,521	636,814
Gov. Natl. Mort. Assn..	AAA	14.750	08/15/96	500,000	466,954	453,750
				<u>47,322,278</u>	<u>43,128,416</u>	<u>29,771,693</u>
Inter-Am. Develop. Bk..	AAA	8.250	01/15/85	2,500,000	2,504,323	1,990,500
Internatl. Bk. for R&D.	AAA	4.500	02/01/90	1,000,000	1,001,275	496,730
Internatl. Bk. for R&D.	AAA	6.375	10/01/94	1,650,000	1,634,807	813,681
Internatl. Bk. for R&D.	AAA	8.150	01/01/85	2,500,000	2,494,905	1,986,025
Internatl. Bk. for R&D.	AAA	8.625	08/01/95	2,350,000	2,349,208	1,381,142
				<u>7,500,000</u>	<u>7,480,195</u>	<u>4,677,578</u>
Total Government Agency				65,522,278	61,316,108	41,454,271
Canadian						
Ontario Province.....	A-1	4.750	09/15/90	\$ 1,413,000	\$ 1,295,675	\$ 702,134
Ontario Province.....	A-1	5.500	04/01/96	150,000	140,287	64,197
Ontario Province.....	A-1	7.125	08/01/98	2,300,000	2,305,100	1,152,806
Ontario Province.....	A-1	7.375	02/15/99	800,000	795,790	410,224
Ontario Province.....	A-1	8.375	09/01/99	1,000,000	989,451	562,320
Total Canadian Bonds				<u>5,663,000</u>	<u>5,526,303</u>	<u>2,891,681</u>
Total All Government Obligations				<u>\$126,105,278</u>	<u>\$120,492,888</u>	<u>\$ 80,149,934</u>
CORPORATE OBLIGATIONS						
Public Utility						
Alabama Power.....	BAA	3.875%	01/01/88	1,100,000	973,140	572,319
Alabama Power.....	BAA	4.875	05/01/89	713,000	635,322	361,591
Alabama Power.....	BAA	5.000	04/01/90	608,000	550,803	292,071
Alabama Power.....	BAA	7.875	04/01/02	1,000,000	1,001,976	478,940

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INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Public Utility - continued						
Appalachian Power.....	BAA	8.500%	10/01/99	\$ 1,000,000	\$ 1,014,423	\$ 524,230
Baltimore Gas & Elec...	AA	12.125	09/15/90	8,000,000	8,000,000	6,448,000
California Water Serv..	NR	4.850	11/01/95	787,000	787,000	284,154
Commonwealth Edison...	A	3.750	03/01/88	400,000	392,748	210,064
Commonwealth Edison...	A	4.625	03/01/90	300,000	298,076	147,375
Commonwealth Edison...	A	8.750	03/01/05	3,000,000	2,993,918	1,614,780
Conn. Light & Power....	BAA	3.875	01/01/88	200,000	200,035	103,034
Con. Edison of New York	A	5.900	12/15/96	1,000,000	1,000,000	434,690
Consolidated Natl. Gas.	AA	4.375	04/01/88	460,000	460,601	262,554
Consolidated Natl. Gas.	AA	5.000	09/01/82	41,000	41,037	37,508
Consolidated Natl. Gas.	AA	5.000	02/01/85	279,000	278,951	208,898
Consumers Power.....	BAA	3.250	02/01/90	100,000	100,627	40,716
Consumers Power.....	BAA	4.625	08/01/89	850,000	785,028	410,329
Consumers Power.....	BAA	5.875	07/01/96	750,000	730,866	306,840
Dayton Power & Light...	A	3.000	09/01/84	110,000	110,000	78,183
Detroit Edison.....	BAA	9.000	12/01/99	1,000,000	998,468	546,400
Duke Power.....	NR	4.500	02/01/95	650,000	651,463	231,166
Ensearch.....	A	4.875	09/01/90	500,000	477,605	247,435
Florida Power & Light..	A	7.625	06/01/02	1,500,000	1,515,491	744,600
Florida Power & Light..	A	10.125	03/01/05	1,420,000	1,372,426	899,513
Florida Power & Light..	A	12.125	11/01/09	8,000,000	7,825,995	5,917,520
Florida Power Corp.....	A	13.300	11/01/90	6,500,000	6,500,000	5,494,060
Georgia Power.....	A	3.375	05/01/85	50,000	49,981	33,300
Georgia Power.....	BAA	3.625	04/01/86	100,000	98,114	61,324
Georgia Power.....	BAA	5.750	07/01/96	1,695,000	1,582,483	702,883
Gulf States Utilities..	A	4.875	10/01/87	160,000	160,468	94,774
Houston Power & Light..	A	12.000	06/01/10	8,000,000	7,738,950	5,809,280
Ind. & Mich. Electric..	BAA	3.250	01/01/82	50,000	50,022	47,786
Ind. & Mich. Electric..	BAA	3.875	02/01/88	350,000	336,367	180,366
Iowa Ill. Gas & Elec..	AA	5.000	04/15/90	482,000	465,318	247,801
Iowa Power & Light....	AA	4.625	01/01/91	460,000	460,585	219,429
Kan. City Power & Light	A	5.000	01/01/90	350,000	350,766	180,611
Laclede Gas.....	AA	4.875	07/01/85	470,000	472,207	335,514
Lone Star.....	A	4.375	09/01/88	800,000	800,000	432,288
Lone Star.....	A	4.625	04/15/82	179,000	179,043	167,907
Louisiana Power & Lt...	BAA	5.000	04/01/90	400,000	397,719	195,516
Louisiana Power & Lt...	BAA	5.750	03/01/96	900,000	868,960	363,906
Louisville Gas & Elec..	AA	4.875	10/01/90	350,000	352,305	173,485
Louisville Gas & Elec..	AA	7.500	07/01/02	1,500,000	1,515,060	728,190
New Jersey Power & Lt..	BA	4.875	07/01/90	170,000	170,600	67,330
N.Y. St. Elec. & Gas...	BAA	5.625	01/01/97	900,000	878,873	361,431
Niagara Mohawk Power...	A	7.750	08/01/02	2,000,000	2,028,078	968,620
Northern Illinois Gas..	AA	4.375	07/01/88	500,000	500,525	276,925
Northern Illinois Gas..	AA	4.625	07/01/85	382,000	382,221	273,967
Northern Illinois Gas..	AA	5.000	06/01/84	86,000	86,258	67,915
Northern States Power..	AA	4.000	07/01/88	150,000	150,029	80,727

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INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Public Utility - continued						
Pacific Gas & Electric.	AA	4.625%	06/01/87	\$ 600,000	\$ 581,618	\$ 217,506
Pacific Gas & Electric.	AA	5.000	06/01/91	700,000	639,176	339,619
Pacific Gas & Electric.	AA	6.625	06/01/00	1,000,000	938,583	449,790
Pacific Gas & Electric.	AA	6.750	12/01/00	2,000,000	1,890,518	909,580
Pacific Gas & Electric.	AA	7.750	06/01/05	1,500,000	1,491,599	739,320
Pacific Gas & Electric.	AA	7.750	12/01/05	3,000,000	2,972,077	1,475,730
Philadelphia Electric..	BAA	5.000	10/01/89	200,000	200,000	100,982
Pub. Ser. Elec. & Gas..	AA	4.375	08/01/92	400,000	401,849	170,332
Pub. Ser. Elec. & Gas..	AA	4.875	09/01/87	1,750,000	1,617,995	1,052,380
Pub. Ser. Elec. & Gas..	A	5.750	06/01/91	1,150,000	1,111,872	600,852
Pub. Ser. Elec. & Gas..	AA	8.500	03/01/04	4,500,000	4,500,000	2,480,715
Southern Calif. Edison.	AA	8.875	03/01/00	3,000,000	2,828,754	1,752,720
Southern Calif. Edison.	AA	13.500	11/15/10	8,000,000	7,528,487	6,423,600
Southern Calif. Water..	NR	4.650	07/01/95	680,000	680,000	241,012
Texas Electric Service.	AAA	3.250	03/01/85	100,000	100,270	70,596
Union Electric.....	BAA	3.750	07/01/86	200,000	187,864	119,644
Union Electric.....	BAA	4.750	09/01/90	300,000	299,658	137,646
Utah Power & Light.....	A	4.625	08/01/94	1,000,000	1,008,891	387,790
Virginia Elec. & Power.	A	7.750	06/01/99	500,000	502,235	251,545
West Penn. Power.....	AA	3.000	04/01/84	115,000	114,945	85,917
West Texas Utilities...	AA	4.625	02/01/91	476,000	479,850	222,511
Wisconsin Elec. & Power	AA	6.875	11/15/97	1,000,000	957,102	489,730
Wisconsin Elec. & Power	AA	8.750	07/15/06	5,000,000	5,000,000	2,819,800
Wisconsin Mich. Power..	A	5.875	08/01/96	700,000	680,355	297,542
Wisconsin Mich. Power..	A	8.500	09/15/99	996,000	985,738	549,692
Wisconsin Power & Lt...	AA	3.250	10/01/84	150,000	142,233	107,871
Wisconsin Public Ser...	AA	3.250	10/01/84	100,000	100,329	72,110
Total Public Utilities				\$ 91,269,000	\$ 97,712,929	\$ 61,534,777
Industrial and Miscellaneous						
Abbott Lab Registered.	AA	6.250	01/15/93	1,000,000	997,708	659,680
American Can Company..	A	3.750	04/01/88	100,000	98,235	60,217
American Can Company..	A	6.000	07/15/97	1,500,000	1,500,000	698,085
American Can Company..	A	7.750	03/15/01	2,000,000	1,993,459	1,072,080
American Cyanamid Co..	AA	8.375	03/15/06	4,500,000	4,481,531	2,468,115
American Hosp. Supply.	AA	7.875	08/15/07	5,000,000	4,994,544	2,635,000
Anaconda Company.....	AAA	6.625	11/15/93	2,500,000	2,493,854	1,435,550
Anheuser Busch.....	A	8.550	09/01/08	6,200,000	6,200,000	3,412,976
Ashland Oil & Ref. Inc	A	6.150	08/01/92	1,635,000	1,602,490	900,640
Ashland Oil & Ref. Inc	A	8.800	02/15/00	1,500,000	1,500,000	858,915
Atlantic Richfield Co.	AAA	5.625	05/15/97	2,000,000	1,895,679	979,480
Atlantic Richfield Co.	AAA	7.750	12/15/03	2,000,000	2,000,000	1,068,120
Atlantic Richfield Co.	AAA	8.625	04/01/00	1,000,000	1,000,000	589,940
Beatrice Foods Co.....	AAA	8.500	08/15/08	5,650,000	5,650,000	3,273,610
Bethlehem Steele Corp.	A	5.400	01/15/92	485,000	489,183	268,166

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INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Industrial and Miscellaneous - continued						
Borg Warner Corp.....	A	5.500%	03/01/92	\$ 1,000,000	\$ 964,987	\$ 548,510
Caterpillar Tractor...	AA	8.600	05/01/99	3,000,000	3,000,000	1,789,320
Cities Service Co.....	A	9.750	10/01/00	3,000,000	2,988,500	1,939,020
Consolidated Foods Co.	AA	7.375	11/01/96	2,000,000	2,000,000	1,119,340
Continental Group Inc.	A	8.850	05/01/08	6,000,000	5,991,953	3,341,640
Deere & Co.....	AA	4.500	07/01/89	450,000	450,000	271,795
Deere & Co.....	AA	8.000	11/15/02	5,000,000	4,962,615	2,709,900
Diamond Shamrock.....	A	8.500	04/01/08	6,000,000	5,960,000	3,265,920
Dow Chemical.....	AA	7.625	07/01/03	2,000,000	2,000,000	1,058,460
Dow Chemical.....	AA	7.875	07/15/07	5,000,000	4,967,552	2,618,200
Dupont E.I. De Nemours	AA	8.500	05/01/06	6,300,000	5,917,990	3,526,425
Eaton Corporation.....	A	7.875	12/01/03	2,000,000	2,000,000	1,055,180
Exxon Corporation.....	AAA	6.000	11/01/97	1,000,000	1,000,000	481,810
General Electric Co...	AAA	5.300	05/01/92	500,000	498,925	280,160
General Electric Co...	NR	5.750	11/01/91	275,000	275,000	199,653
General Electric Co...	AAA	8.500	05/01/04	3,000,000	3,000,000	1,761,000
General Mills Inc.....	A	9.375	03/01/09	5,000,000	4,954,430	3,027,000
Goodyear Tire & Rubber	A	8.600	09/30/95	1,368,000	1,368,000	815,314
Gulf Oil.....	AAA	8.500	11/15/95	2,000,000	1,994,283	1,224,500
Honeywell Inc.....	A	9.375	06/15/09	7,500,000	7,500,000	4,568,100
Inland Steel Co.....	A	3.200	03/01/82	130,000	130,053	123,642
Inland Steel Co.....	A	11.250	06/01/90	8,000,000	7,964,667	6,165,840
IBM.....	AAA	9.375	10/01/04	15,000,000	14,715,345	9,873,450
International Paper...	AA	8.850	12/15/00	3,000,000	3,000,000	1,773,540
Marathon Oil Company..	AA	8.500	02/01/00	2,000,000	1,996,917	1,158,360
Mead Corporation.....	A	8.500	12/15/95	2,000,000	2,000,000	1,177,440
Mead Corporation.....	A	9.875	11/01/00	3,000,000	2,988,450	1,942,170
Mobil Oil Corp.....	AAA	7.375	10/01/01	2,000,000	2,000,000	1,049,960
Monsanto Corp.....	AA	8.500	06/15/00	3,000,000	2,988,675	1,693,530
Monsanto Corp.....	AA	8.750	05/15/08	6,000,000	5,966,417	3,368,940
Motorola.....	AA	8.000	10/01/07	5,000,000	4,986,880	2,674,400
Owens Illinois Inc....	A	7.625	04/01/01	2,000,000	1,993,426	1,059,860
J.C. Penny Co. Inc....	A	9.000	06/15/99	3,000,000	3,000,000	1,795,200
J.C. Penny Co. Inc....	A	10.750	06/15/90	8,000,000	8,000,000	6,053,600
Pet Inc.....	NR	5.875	06/01/92	700,000	696,947	428,295
Pittsburg Pl. Glass Co	AA	5.625	08/01/91	950,000	921,585	556,482
R.J. Reynolds Indus...	AA	8.000	01/15/07	5,000,000	5,000,000	2,680,050
Scott Paper Company...	A	8.875	06/01/00	1,660,000	1,657,404	990,422
Shell Oil Company.....	NR	4.500	04/15/90	239,999	239,999	155,944
Shell Oil Company.....	AAA	7.250	02/15/02	2,250,000	2,261,433	1,176,525
Shell Oil Company.....	AAA	8.000	04/15/07	5,000,000	5,000,000	2,696,200
Shell Oil Company.....	AAA	8.500	09/01/00	1,373,000	1,370,817	799,841
Shell Oil Company.....	AAA	8.750	05/15/05	1,500,000	1,587,332	880,275
Sherwin Williams Co...	BAA	5.450	04/15/92	1,000,000	1,000,000	447,560
Sinclair Oil Corp.....	AAA	4.600	12/15/88	1,025,000	1,026,493	678,376
Socony Mobil Oil Co...	AAA	4.250	04/01/93	500,000	500,972	248,170

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INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY

	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Industrial and Miscellaneous - continued						
Standard Oil of Ind...	AAA	7.875%	08/01/07	\$ 5,000,000	\$ 4,983,750	\$ 2,671,750
Standard Oil of Ind...	AAA	8.375	06/15/05	4,000,000	3,968,167	2,266,640
Standard Oil of Ohio..	A	4.250	01/01/82	366,000	366,090	356,938
Standard Oil of Ohio..	A	7.600	07/01/99	1,000,000	1,000,000	549,730
Standard Oil of Ohio..	A	8.500	01/01/00	1,500,000	1,497,692	875,100
Stauffer Chemical Co..	A	8.125	06/01/96	2,000,000	1,988,133	1,149,900
Sunray DX Oil Company.	AA	4.250	05/01/87	650,000	649,369	445,016
Swift & Company.....	NR	4.750	10/01/83	27,000	27,000	23,285
Swift & Company.....	NR	6.300	08/01/92	763,000	763,000	433,460
Texaco Inc.....	AAA	5.750	07/15/97	1,000,000	1,000,000	483,140
Texas Instruments Inc.	AA	12.700	02/01/05	7,500,000	7,500,000	5,976,675
Union Carbide Corp....	AA	5.300	03/01/97	1,000,000	1,000,000	453,130
Union Oil Co. of Cal..	AA	6.625	06/01/98	1,500,000	1,489,480	763,455
United States Steel...	A	4.000	07/15/83	300,000	300,120	246,018
Westinghouse Electric.	A	5.375	04/01/92	1,100,000	1,100,000	565,103
Weyerhaeuser Co.....	AA	7.950	08/15/06	5,000,000	4,984,261	2,676,750
Weyerhaeuser Co.....	AA	8.625	10/01/00	1,828,000	1,828,000	1,067,662
Total Industrial & Miscellaneous				\$212,324,999	\$216,129,792	\$128,633,945
Finance						
Associates Investment.	A	7.375	12/01/88	1,500,000	1,495,692	924,240
Bankamerica Corp.....	AAA	7.875	12/01/03	2,500,000	2,484,180	1,285,200
CIT Financial.....	AA	4.625	05/01/89	500,000	501,220	243,515
John Deere Credit Co..	AA	7.500	04/30/98	2,000,000	1,993,267	1,032,720
Ford Motor Credit Co..	A	7.500	10/15/92	2,000,000	2,000,000	1,022,220
Ford Motor Credit Co..	A	7.500	05/01/93	2,000,000	2,000,000	1,006,800
Ford Motor Credit Co..	A	9.750	01/15/01	3,000,000	2,985,455	1,654,830
Ford Motor Credit Co..	A	8.375	11/01/01	4,000,000	4,054,278	1,905,040
Gen. Motors Acc. Corp.	AAA	4.500	11/01/85	300,000	281,731	199,302
Gen. Motors Acc. Corp.	AAA	4.625	06/15/86	600,000	585,092	380,502
Gen. Motors Acc. Corp.	AAA	7.350	01/15/87	5,000,000	4,966,541	3,458,350
Gen. Motors Acc. Corp.	AAA	8.000	05/01/93	2,000,000	1,989,278	1,173,040
Gen. Motors Acc. Corp.	AAA	7.750	10/01/94	3,000,000	2,858,116	1,691,160
Gen. Motors Acc. Corp.	AAA	7.850	11/01/98	2,000,000	2,000,000	1,074,680
Gen. Motors Acc. Corp.	AAA	8.875	06/01/99	3,000,000	2,991,948	1,728,960
Heller Walter E. & Co.	A	11.750	07/15/90	8,000,000	7,951,198	6,125,200
Household Finance Corp	AA	7.500	08/01/95	1,000,000	1,000,000	537,970
Household Finance Corp	AA	7.500	10/01/97	2,500,000	2,481,782	1,300,525
Household Finance Corp	AA	8.375	10/01/03	5,200,000	5,165,847	2,777,684
Household Finance Corp	AA	12.000	04/15/87	8,000,000	8,000,000	6,802,800
Total Finance				\$ 58,100,000	\$ 57,785,625	\$ 36,324,738
Telephone						
Amer. Tel. & Telegraph	AAA	4.625	02/01/94	1,500,000	1,335,009	658,080

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INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Telephone - continued						
Amer. Tel. & Telegraph	AAA	4.375%	05/01/99	\$ 500,000	\$ 502,021	\$ 179,590
Amer. Tel. & Telegraph	AAA	8.750	05/15/00	999,900	987,316	642,436
Central Tel. Co. of IL	NR	6.375	10/01/92	870,000	870,000	416,643
Chesapeake & Potomac..	AAA	12.375	09/01/17	8,000,000	7,910,669	6,159,920
Cincinnati Bell Inc...	AAA	8.375	10/01/09	1,000,000	1,010,246	547,630
Gen. Tel. Co. of CA...	A	5.000	06/01/87	84,000	78,755	50,532
Gen. Tel. Co. of CA...	A	4.125	03/01/88	745,000	655,629	397,376
Gen. Tel. Co. of CA...	A	4.500	03/01/95	755,000	726,238	277,289
Gen. Tel. Co. of CA...	A	5.000	12/01/95	495,000	424,933	187,976
Gen. Tel. Co. of IN....	NR	4.750	09/01/90	300,000	300,000	153,777
Illinois Bell Tel. Co.	AAA	4.875	07/01/97	525,000	497,009	212,047
Illinois Bell Tel. Co.	AAA	8.000	06/01/05	500,000	506,636	268,270
Michigan Bell Tel. Co.	AAA	3.125	10/15/88	300,000	258,330	151,923
Michigan Bell Tel. Co.	AAA	4.625	08/01/96	900,000	816,733	353,448
Mountain St. T. & T...	AAA	2.625	05/15/86	40,000	40,082	24,744
NJ Bell Tel. Co.....	AAA	3.125	07/15/88	50,000	50,176	25,907
NJ Bell Tel. Co.....	AAA	3.000	05/01/89	50,000	50,059	23,975
NJ Bell Tel. Co.....	AAA	2.750	03/15/90	50,000	50,295	22,775
NJ Bell Tel. Co.....	AAA	4.625	06/01/05	850,000	856,978	288,592
Northwestern Bell Tel.	AAA	3.250	02/01/96	120,000	121,031	39,434
Pacific NW Bell Tel...	AAA	7.750	08/01/09	750,000	750,000	383,617
Pacific Tel. & Tel....	A	3.500	11/15/81	50,000	49,930	48,603
Pacific Tel. & Tel....	A	2.750	12/01/85	90,000	90,360	56,665
Pacific Tel. & Tel....	A	3.125	10/01/87	10,000	10,054	5,262
Pacific Tel. & Tel....	A	6.000	11/01/02	3,000,000	2,677,613	1,184,970
South Central Bell Tel	AAA	12.875	10/01/20	8,000,000	7,693,022	6,413,280
Southern Bell T. & T..	AAA	3.125	09/01/89	110,000	111,017	52,837
Southern Bell T. & T..	AAA	5.000	12/01/97	300,000	303,399	121,788
Southern Bell T. & T..	AAA	6.000	10/01/04	2,000,000	1,785,604	839,560
Southern Bell T. & T..	AAA	8.000	02/15/14	3,500,000	3,384,103	1,835,470
Southern Bell T. & T..	AAA	8.250	04/15/16	5,000,000	4,978,307	2,701,100
Southern Bell T. & T..	AAA	12.875	10/05/20	8,000,000	7,960,833	6,413,200
SW Bell Tel. Co.....	AAA	2.750	10/01/85	100,000	99,455	66,005
SW Bell Tel. Co.....	AAA	4.625	08/01/95	400,000	402,096	164,544
SW Bell Tel. Co.....	AAA	4.500	08/01/97	500,000	502,021	188,615
SW Bell Tel. Co.....	AAA	6.875	02/01/11	2,000,000	1,828,800	922,480
Total Telephone				\$ 52,443,900	\$ 50,674,759	\$ 32,480,360
Pipeline						
Exxon Pipeline Co.....	AAA	8.875	10/15/00	6,000,000	6,126,165	3,642,780
Exxon Pipeline Co.....	AAA	8.250	03/01/01	4,000,000	4,007,860	2,299,400
Total Pipeline				\$ 10,000,000	\$ 10,134,025	\$ 5,942,180

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INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Transportation						
Atchison Topeka and Santa Fe Railway Co..	AA	8.750%	03/15/85	\$ 1,332,000	\$ 1,332,000	\$ 1,048,457
Norfolk & Western Rail	AAA	7.000	01/01/83	500,000	500,110	438,565
Norfolk & Western Rail	AAA	7.000	01/01/84	500,000	500,289	404,845
Union Tank Car Co.....	A	5.850	11/15/86	450,000	450,000	298,031
Union Tank Car Co.....	A	7.625	04/01/89	1,500,000	1,503,609	981,105
Total Transportation				\$ 4,282,000	\$ 4,286,008	\$ 3,171,003
Total Corporate Bonds				\$428,419,899	\$436,723,138	\$268,087,003
Short Term Reserves						
Assoc. Corp. of N. Am.	NR	15.500	09/08/81	275,000	275,000	275,000
Bankamerica Corp.....	NR	16.600	09/29/81	1,695,000	1,624,657	1,624,657
Bankamerica Corp.....	NR	17.750	10/08/81	2,155,000	2,061,392	2,061,392
Bankamerica Corp.....	NR	17.250	09/16/81	3,230,000	3,135,590	3,135,590
Bankamerica Corp.....	NR	17.125	10/23/81	3,750,000	3,580,534	3,580,534
Bankamerica Corp.....	NR	16.750	10/01/81	1,405,000	1,405,000	1,405,000
Bankamerica Corp.....	NR	17.500	09/01/81	2,153,000	2,153,000	2,153,000
Bankamerica Corp.....	NR	16.500	09/01/81	2,000,000	2,000,000	2,000,000
Bankamerica Corp.....	NR	17.000	09/11/81	356,000	356,000	356,000
Bankamerica Corp.....	NR	17.250	10/09/81	2,891,000	2,891,000	2,891,000
Bankamerica Corp.....	NR	17.125	10/13/81	3,171,000	3,171,000	3,171,000
Commonwealth Edison Co	NR	18.000	09/16/81	4,500,000	4,432,500	4,432,500
Cont. IL Natl. Bank...	NR	17.000	09/01/81	688,000	688,000	688,000
Cont. IL Natl. Bank...	NR	16.500	09/25/81	350,000	350,000	350,000
Cont. IL Natl. Bank...	NR	16.000	10/01/81	2,000,000	2,000,000	2,000,000
Cont. IL Natl. Bank...	NR	17.375	09/11/81	2,136,000	2,136,000	2,136,000
Cont. IL Natl. Bank...	NR	15.750	10/13/81	2,410,000	2,410,000	2,410,000
Cont. IL Natl. Bank...	NR	17.000	09/30/81	5,669,000	5,669,000	5,669,000
Cont. IL Natl. Bank...	NR	16.625	10/16/81	3,000,000	2,991,965	3,000,000
Cont. IL Natl. Bank...	NR	17.000	10/16/81	207,000	207,000	207,000
Ford Motor Credit Co..	NR	16.750	09/01/81	325,000	325,000	325,000
Ford Motor Credit Co..	NR	16.000	09/18/81	500,000	500,000	500,000
Ford Motor Credit Co..	NR	17.000	09/04/81	629,000	629,000	629,000
Ford Motor Credit Co..	NR	17.000	09/03/81	1,222,000	1,222,000	1,222,000
Ford Motor Credit Co..	NR	16.000	10/02/81	945,000	945,000	945,000
Ford Motor Credit Co..	NR	15.000	10/16/81	654,000	654,000	654,000
Fruehauf Corp.....	NR	17.750	09/21/81	1,000,000	986,194	986,194
Gen. Motors Acc. Corp.	NR	15.000	10/01/81	993,000	993,000	993,000
Gen. Finance Corp.....	NR	16.000	09/18/81	962,000	962,000	962,000
Harris Investment Fund	NR	*	*	94,658,798	94,658,798	94,658,299
Irving Trust Fund.....	NR	16.300	09/01/81	1,200,000	1,154,360	1,154,360
Manuf. Hanover Trust..	NR	17.650	10/22/81	5,000,000	5,005,686	5,000,000
Manuf. Hanover Trust..	NR	17.050	10/14/81	5,000,000	4,786,875	4,786,875
Wells Fargo Bank.....	NR	16.650	09/28/81	2,000,000	1,917,675	1,917,675

Investments ANNUAL REPORT 1981

INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Short Term Reserves - continued						
Wells Fargo & Co.....	NR	17.000%	10/09/81	\$ 2,210,000	\$ 2,111,901	\$ 2,111,901
Total Short Term Reserves				\$161,339,798	\$160,389,127	\$160,390,978
Total Bonds and Corporate Notes				<u>\$715,864,975</u>	<u>\$717,605,153</u>	<u>\$508,627,915</u>

*The Harris Bank Investment Reserve Fund provides a vehicle for investment of liquid reserves on a daily basis. The fund, available to employee benefit plans only, had an annualized yield at August 31, 1981 of 17.716%.

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INVESTMENT PORTFOLIO EQUITIES

COMPANY	Shares	Book Value	Market Value
PREFERRED STOCKS			
Rowan Cos. Inc.....	90,000	\$ 5,164,558	\$ 4,500,000
COMMON STOCKS			
Aerospace Defense			
E Systems Incorporated.....	15,000	684,750	663,750
Automobiles & Auto Parts			
General Motors Corporation.....	80,000	5,297,288	3,710,000
TRW Incorporated.....	50,000	2,150,850	2,643,750
Banking and Finance			
American Express Company.....	100,000	4,717,262	4,200,000
Bankamerica Corporation.....	139,000	3,726,845	3,179,625
Citicorp.....	130,000	4,636,439	3,071,250
First International Bancshares Incorporated.....	50,000	1,549,887	1,450,000
Merrill Lynch & Company Incorporated.....	50,000	1,874,087	1,706,250
Wells Fargo & Company.....	100,000	2,938,787	2,775,000
Beverages			
Heublein Incorporated.....	99,000	3,715,255	2,660,625
Pepsico Incorporated.....	228,000	5,500,052	7,524,000
Chemical & Synthetic Fibers			
Celanese Corporation.....	30,000	1,911,100	1,762,500
Lubrizol Corporation.....	200,000	7,131,051	4,600,000
Monsanto Company.....	50,000	3,780,298	3,506,250
Electrical & Electronic			
Avnet Incorporated.....	50,000	2,482,050	2,300,000
General Electric Company.....	157,000	7,874,991	8,772,375
Hewlett Packard Company.....	80,000	3,882,738	3,480,000
Motorola Incorporated.....	70,000	2,924,041	4,541,250
Food, Soap & Tobacco			
Archer Daniels Midland Company.....	297,000	6,430,077	5,223,487
Philip Morris Incorporated.....	229,000	8,143,818	10,476,750
Procter and Gamble Company.....	35,000	2,768,666	2,428,125
Health Care and Cosmetics			
American Home Products Corporation.....	75,000	2,833,606	2,250,000

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INVESTMENT PORTFOLIO - EQUITIES - continued

COMPANY	Shares	Book Value	Market Value
COMMON STOCKS			
Health Care and Cosmetics - continued			
American Medical International Incorporated.....	100,000	\$ 3,633,868	\$ 3,725,000
Baxter Travenol Laboratories Incorporated.....	107,000	4,538,889	5,323,250
Bristol Myers Company.....	42,000	1,508,533	2,031,750
Eli Lilly and Company.....	90,000	4,447,438	4,713,750
Merck & Company Incorporated.....	102,000	6,727,345	8,568,000
Smithkline Corporation.....	80,000	4,467,532	5,620,000
Insurance			
Aetna Life and Casualty Company.....	75,000	2,898,595	2,775,000
Connecticut General Corporation.....	30,000	1,497,125	1,496,250
I N A Corporation.....	135,000	3,566,895	5,450,625
Marsh & McLennan Companies Incorporated.....	148,000	4,611,354	5,217,000
N L T Corporation.....	185,000	3,814,945	5,018,125
Leisure & Entertainment			
MCA Incorporated.....	30,000	1,394,310	1,350,000
Taft Broadcasting Company.....	81,500	2,562,629	2,475,563
Warner Communications Incorporated.....	80,000	3,847,200	3,500,000
Machinery & Equipment			
Browning Ferris Industries Incorporated.....	70,000	2,274,131	2,117,500
Caterpillar Tractor Company.....	133,000	5,061,674	7,730,625
Deere and Company.....	125,000	4,577,919	4,640,625
Ingersoll-Rand Company.....	68,000	5,063,716	4,097,000
Thiokol Corporation.....	17,300	556,536	540,625
Mining - Metals			
Armco Incorporated.....	76,600	2,517,250	2,374,600
Office Equipment			
Burroughs Corporation.....	100,000	8,295,425	3,350,000
International Business Machines Corporation.....	260,000	16,128,041	14,332,500
NCR Corporation.....	80,000	4,556,925	4,400,000
Pitney-Bowes Incorporated.....	35,000	968,785	883,750
Xerox Corporation.....	70,000	5,003,179	3,255,000
Oil and Gas			
Atlantic Richfield Company.....	280,000	8,503,147	13,230,000
Exxon Corporation.....	380,000	7,820,781	12,350,000
Getty Oil Company.....	30,000	2,253,635	2,025,000
Kerr McGee Corporation.....	40,000	3,300,384	2,910,000

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INVESTMENT PORTFOLIO - EQUITIES - continued

COMPANY	Shares	Book Value	Market Value
COMMON STOCKS			
Oil and Gas - continued			
Marathon Oil Company.....	50,000	\$ 3,711,594	\$ 3,062,500
Mobil Corporation.....	380,000	4,757,238	10,782,500
Murphy Oil Corporation.....	50,000	1,840,118	1,725,000
Pennzoil Company.....	100,000	5,133,900	4,425,000
Shell Oil Company.....	60,000	2,801,446	2,490,000
Standard Oil Company of California.....	200,000	8,859,397	8,375,000
Standard Oil Company of Indiana.....	350,000	6,949,351	19,775,000
Superior Oil Company.....	100,000	4,087,000	3,687,500
Texaco Incorporated.....	80,000	3,075,825	2,910,000
Texas Oil & Gas Corporation.....	150,000	3,791,254	5,512,500
Oil Support Services			
Halliburton Company.....	220,000	11,827,535	13,117,500
Sedco Incorporated.....	200,000	7,869,537	5,825,000
Paper & Forest Products			
International Paper Company.....	60,000	2,841,200	2,602,500
Union Camp Corporation.....	70,000	2,853,338	3,360,000
Weyerhaeuser Company.....	163,000	4,423,951	5,032,625
Photographic & Related			
Eastman Kodak Company.....	75,000	6,019,091	4,968,750
Minnesota Mining and Manufacturing Company.....	48,000	2,649,379	2,466,000
Printing and Publishing			
R R Donnelley and Sons.....	30,000	1,083,000	1,095,000
Retail Trade			
Jack Eckerd Corporation.....	150,000	4,061,450	3,431,250
K Mart Corporation.....	242,000	8,061,450	4,779,500
Transportation Excluding Air			
Norfolk and Western Railway Company.....	140,000	5,871,333	5,617,500
Santa Fe Industries Incorporated.....	35,000	736,306	791,875
Union Pacific Corporation.....	60,000	4,193,344	3,135,000
Utilities			
American Telephone and Telegraph Company.....	122,286	6,783,107	6,771,587
Arkansas Louisiana Gas Company.....	125,000	4,355,660	4,781,250
Florida Power and Light Company.....	209,525	5,268,715	6,180,979

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INVESTMENT PORTFOLIO - EQUITIES - continued

COMPANY	Shares	Book Value	Market Value
COMMON STOCKS			
Utilities - continued			
Houston Industries Incorporated.....	160,000	\$ 3,587,722	\$ 3,220,000
Panhandle Eastern Corporation.....	89,526	3,245,494	3,301,271
Southern California Edison Company.....	2,410	64,923	65,977
Texas Eastern Corporation.....	9,000	505,516	446,625
Conglomerates and Miscellaneous			
Big Three Industries Incorporated.....	30,000	1,032,569	922,500
Engelhard Corporation.....	43,000	770,616	768,625
International Telephone and Telegraph.....	82,000	3,541,491	2,091,000
Phibro Corporation.....	70,000	1,571,751	2,266,250
COMMON TRUST FUNDS			
American National Bank & Trust Company..... (S&P 500 Index Fund)	914,202	\$ 19,980,836	\$ 21,070,308
Total Common and Preferred Stocks		<u>\$376,723,119</u>	<u>\$393,780,397</u>



