COMPONENT UNIT FINANCIAL REPORT
for the Fiscal Year Ended June 30, 1990

STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS

CONTENTS

INTRODUCTORY SECTION

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State Universities Retirement System of Illinois

For its Component Unit Financial Report for the Fiscal Year Ended June 30, 1989

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

President

Executive Director

50 GERTY DRIVE · P.O. BOX 2710 — STATION A · CHAMPAIGN, IL 61820 · Telephone: (217) 333-3860

December 7, 1990

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

I am pleased to present the forty-ninth Annual Financial Report for the State Universities Retirement System of Illinois (SURS). This retirement system was created in 1941 by the State of Illinois for the benefit of the staff members and employees of the state universities and certain affiliated organizations, certain other state educational and scientific agencies, and the survivors, dependents, and other beneficiaries of those employees.

SURS management is charged with the responsibility of making available to participants and benefit recipients its financial statements, including the opinion of the independent certified public accountants regarding those statements. This report represents that responsibility.

The annual report is divided into five sections: 1) The Introductory Section contains this transmittal letter, identification of the trustees, staff, and consultants, and identification of the administrative organization; 2) the Financial Section contains the report of the independent public accountants and the financial statements and notes; 3) the Actuarial Section contains the report of the actuary and the results of the most recent actuarial valuation; 4) the Statistical Section contains significant data pertaining to participants and benefit recipients; and 5) the Investment Section contains the custodian bank's certification of the assets held in safekeeping, a list of those assets, and reports and tables concerning asset allocation and investment performance.

ECONOMIC CONDITIONS AND OUTLOOK

Despite rumors of impending recession, the U.S. economy continued to grow, albeit slowly, throughout fiscal year 1990. At June 30, 1990 it appeared that the U.S. economy would continue to slowdown because of declining consumer spending, cutbacks in local government spending, and a willingness by President Bush to increase taxes. This controlled slowdown was predictable unless the unforeseen happened.

In early August, 1990 Iraq invaded and annexed oil-rich Kuwait. The immediate consequence was higher oil prices and a costly military build up of U.S. forces in neighboring Saudi Arabia. In addition, Congress had difficulty passing a budget for fiscal year 1991, indicating Congress' inability to agree on current spending much less a deficit reduction package.

It is important to note that even during the period of economic growth of the past decade the State did not adequately fund the Retirement System. During periods of economic uncertainty demands upon strained budgets will be even greater.

While the current uncertainty in the economic outlook gives cause for concern, the SURS portfolio is structured to ameliorate market risk by investing in multiple asset classes. The market value of SURS assets increased by 10.8 percent, to $3.9 billion, in fiscal year 1990. This increase, despite an increasingly sluggish U.S. economy, was due in large part to the broad diversification of SURS investment portfolio. Moderate declines in some assets were more than offset by increasing values in others.

During the year, the Board took further steps to diversify against unpredictable future economic events. It initiated a program of investing a small, but material amount, in venture capital and expanded the allocation to foreign equities from 5 percent to 10 percent of total fund assets. These steps are designed to enhance long term return to the fund while at the same time providing further diversification of assets. Diversification remains the best defense against an uncertain world, while still allowing the returns necessary to meet future benefit promises to be earned.

MAJOR INITIATIVES

The mission statement of SURS provides the foundation for the System's initiatives and ongoing programs. The mission of SURS is "To provide our annuitants, participants, and their employers the best cost-effective pension and benefit services in the United States."

With this mission statement in mind, SURS installed BenefitLine - a computer operated 800 information number. Annuitants can check, among other things, when their last benefit check was issued; participants can inquire their account balance and beneficiaries. If other questions arise, they can access the SURS operator for personal assistance.

The most important service we can provide to our annuitants is accurate and timely benefit payments. At year end, SURS was providing over 18,100 monthly benefit payments. More than 77 percent of these were paid via electronic funds transfer (EFT), ensuring that the monthly benefit is in the recipient's account on the day it is payable. Active recruitment for the use of EFTs raised this year's participation rate from 64 percent. Many recipients like to have a more tangible indication of payment; therefore, in an effort to provide this sense of security and still encourage the use of EFTs, SURS mails a monthly EFT statement to each benefit recipient's home to confirm the deposit made to his or her account. In addition, SURS keeps its benefit recipients up to date on pertinent pension developments with a bi-annual newsletter.

SURS participants are most interested in the accumulation of pension credits and future benefits. With our state-of-the-art, on-line computer system, they can verify account balances by merely picking up the telephone. Counseling regarding options at termination is often available at the same time. The *Personal Benefits Summary Statement* was issued for the third consecutive year allowing participants to compare projected benefits with projections from the years before. This comparison gives participants a greater sense of what an additional year of service was worth. This statement provides every active participant with estimates of retirement, disability, death, and survivor benefits earned to date, as well as an estimate of the refund due should the participant terminate employment and request a refund of contributions.

SURS maintains an active counseling schedule at its Champaign office, at the location of individual employers, and at off-campus sites. Pre-retirement planning continues to be at the forefront of our services to active employees. These conferences are filled well in advance, indicating they are meeting a crucial need. In addition, SURS keeps its participants up-to-date on issues related to their prospective retirement with three newsletters each year.

Training is the most important service we can offer SURS employers. Each year, SURS hosts more than 150 individuals at annual training seminars.

Numerous administrative projects are being designed to improve the services the System provides. A few of the most significant projects this year were:

New Office Building-
SURS purchased land at 1901 Fox Drive in Champaign. Preliminary drawings for the 37,500 square foot facility call for office space to accommodate staffing levels for the next 10-20 years and include expanded conference rooms, board room, and training room in which pre-retirement seminars, employer training seminars, and other educational opportunities can take place. In an effort to commemorate this significant event in the System's history, pictures of previous office locations serve as background for the graphics in the Actuarial and Statistical sections of this report.

BenefitLine-
An interactive voice communication system available through a national 800 number was installed to give annuitants and participants access to general information about SURS and personal information about their benefit check, account balance, and beneficiaries. A Personal Identification Number (PIN) was assigned to each person to provide the required security of their confidential information.

50th Anniversary-
To commemorate the 50th anniversary of SURS, plans were made to research the history dating back to its inaugural legislation in 1941. This research formed the basis of a 12-page brochure highlighting SURS first fifty years. This brochure, along with new informational brochures about SURS will be mailed to each participant in February. At the same time, annuitants will

receive the history brochure along with a new annuitant handbook which will provide excellent information they will find handy.

Improved Benefits-
January 1 saw the improvement of benefits to all retirees and the beginning of a new benefit for survivors. Both groups received their first compounded automatic annual increase of three percent. Prior to this year, survivors received no annual benefit adjustment and retirees received three percent of their base annuity.

SURS On-Line-
Access to SURS' mainframe computer was made available to agency personnel and payroll offices to assist them in retirement counseling. Participant financial data, secured by a dual password protection scheme, is included.

Expert System-
Plans were made during the year to incorporate Articles 1, 15, and 20 of the "Illinois Revised Statutes", Chapter 108-1/2 into an expert system. The system will provide authoritative guidance on questions pertaining to application of the laws governing SURS.

Imaging-
During the year, the SURS' Board authorized, and SURS staff began preparing, more than 3.4 million documents for migration to a state-of-the-art imaging system. After successful transition, all paper documents concerning participants' files will be destroyed. SURS staff will then be able to access these documents through their computer terminal.

FINANCIAL INFORMATION

Accounting System and Internal Control

SURS uses the accrual basis of accounting to record assets, liabilities, revenues, and expenses. Revenues for SURS are taken into account when earned, without regard to date of collection. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Governmental Accounting Standards Board Statement #5 has been followed in the preparation of this report.

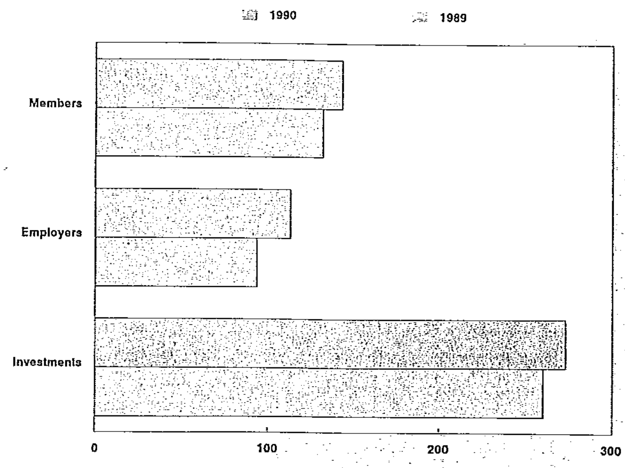
In developing and evaluating the accounting system, consideration has been given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding safekeeping of assets and reliability of financial records. SURS maintains an internal audit program that employs the services of an independent accountant to function as internal auditor to determine that all controls implemented are being accomplished.

Revenues and Expenses

The reserves needed to finance the benefits provided by SURS are accumulated through the collection of member and employer contributions and through income on investments. These income sources for fiscal year 1990 totaled $529.7 million, an increase of 8.9 percent over 1989. As summarized below, the increase is due to the growth in income from all sources.

Revenues
(in millions)

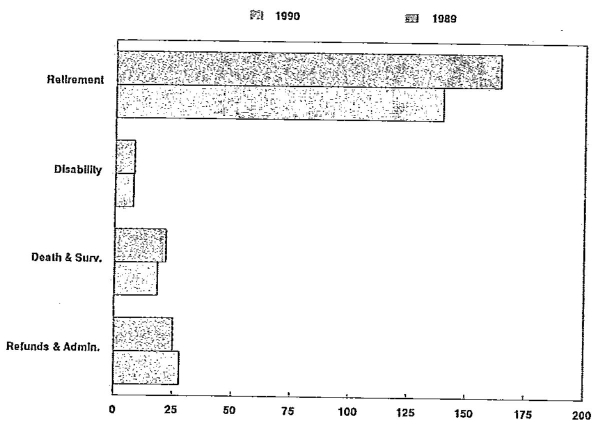
Source	1990	1989	Percent Change
Member Contributions	$143.2	$132.1	8.4
Employer Contributions	113.3	93.8	20.8
Investment Income	273.2	260.4	4.9
Total	$529.7	$486.3	8.9



The primary expense of a retirement system relates to the purpose for which it is created, namely, the payment of benefits. Consequently, benefits, refunds to terminated employees, and the cost of administering the system comprise the total expenses. These expenses for fiscal year 1990 were $219.7 million, an increase of 13.1 percent over expenses for 1989. As summarized below, the increase is due to an overall growth in benefits paid.

Expenses
(in millions)

Expense	1990	1989	Percent Change
Retirement Benefits	$164.2	$139.8	17.5
Disability	8.4	8.0	5.0
Survivors	14.1	12.5	12.8
Deaths	7.8	6.0	30.0
Refunds	21.2	25.4	-16.5
Administrative	4.0	2.6	53.8
Total	$219.7	$194.3	13.1



The cost of administering the System amounted to approximately .8 percent of the income generated. This means that out of every dollar received by SURS, 99.2 cents was available for payment of benefits. Income exceeded expenses by $310.0 million.

FUNDING

The pension benefit obligation of SURS at June 30, 1990, amounted to $6.2 billion as calculated by the projected unit credit method. The assets available at June 30, 1990, amounted to $3.3 billion. The amount by which the liability exceeds the assets is called the "unfunded accrued actuarial liability. This liability amounts to $2.9 billion and reflects the continuing State of Illinois policy of not appropriating sufficient funds to meet the normal costs of benefits being earned by current employees each year.

Public Act 86-0273 signed into law during fiscal year 1990 requires increased state appropriations over seven years, so that by the end of that period, the appropriation will be equal to normal cost plus an amount to amortize the unfunded liability over 40 years as a level percent of payroll. The financing objective adopted by the State is disclosed in greater detail in the Actuarial Section. As a result of this objective, SURS changed from the entry age normal actuarial cost method to the projected unit credit actuarial cost method for funding purposes. For financial reporting purposes SURS has used the projected unit credit method since 1985. Fiscal year 1991 State appropriations for retirement appropriated in August 1990 did not adhere to the financing objective prescribed by Public Act 86-0273.

INVESTMENTS

Investments are made under the authority of the "prudent person rule," which states that fiduciaries must discharge their duties solely in the interest of fund participants and beneficiaries. The rule has enabled the System to invest in different types of asset classes seeking to increase return while lowering risk through diversification.

Current investment policy provides for a goal of 55 percent of the fund to be invested in common stock, 10 percent of which may be invested in non-U.S. common stock; 30 percent in bonds; and 15 percent in real estate. The fund is managed by professional firms who serve as fiduciaries and are afforded full discretion.

All of SURS's investments are insured or collateralized with securities held by its agent except for mutual funds, which are not evidenced by securities that exist in physical or book entry form. The Government Accounting Standards Board concludes that risk in investments so held is minimal.

Yield information is detailed in the Investment section of this report. Taken as a whole, the SURS portfolio of investments produced a return of 9.7 percent.

INDEPENDENT AUDIT

The Illinois Pension Code requires an annual audit of the financial statements of the System by independent certified public accountants, selected by the State Auditor General. This requirement has been complied with, and the independent accountant's unqualified report on the System's 1990 financial statement has been included in this report.

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State Universities Retirement System for its component unit financial report for the fiscal year ended June 30, 1989. This is the sixth consecutive year the System has earned this award. To be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the annual report reflects the combined efforts of the SURS staff under the leadership of the Board of Trustees. It is intended for use by the Trustees and staff in making management decisions, in judging compliance with legal provisions, and in determining responsible stewardship for the assets contributed by System 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 express my gratitude to the staff, the consultants, and the many other people who work so effectively to assure the successful operation of this System.

Respectively submitted,

Bryan S. Bloom

Bryan S. Bloom, CPA
Deputy Director - Finance Division

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(pages 44, 45, 48, 49)

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Claims Manager

ANNIE L. JESSUP
Records Manager

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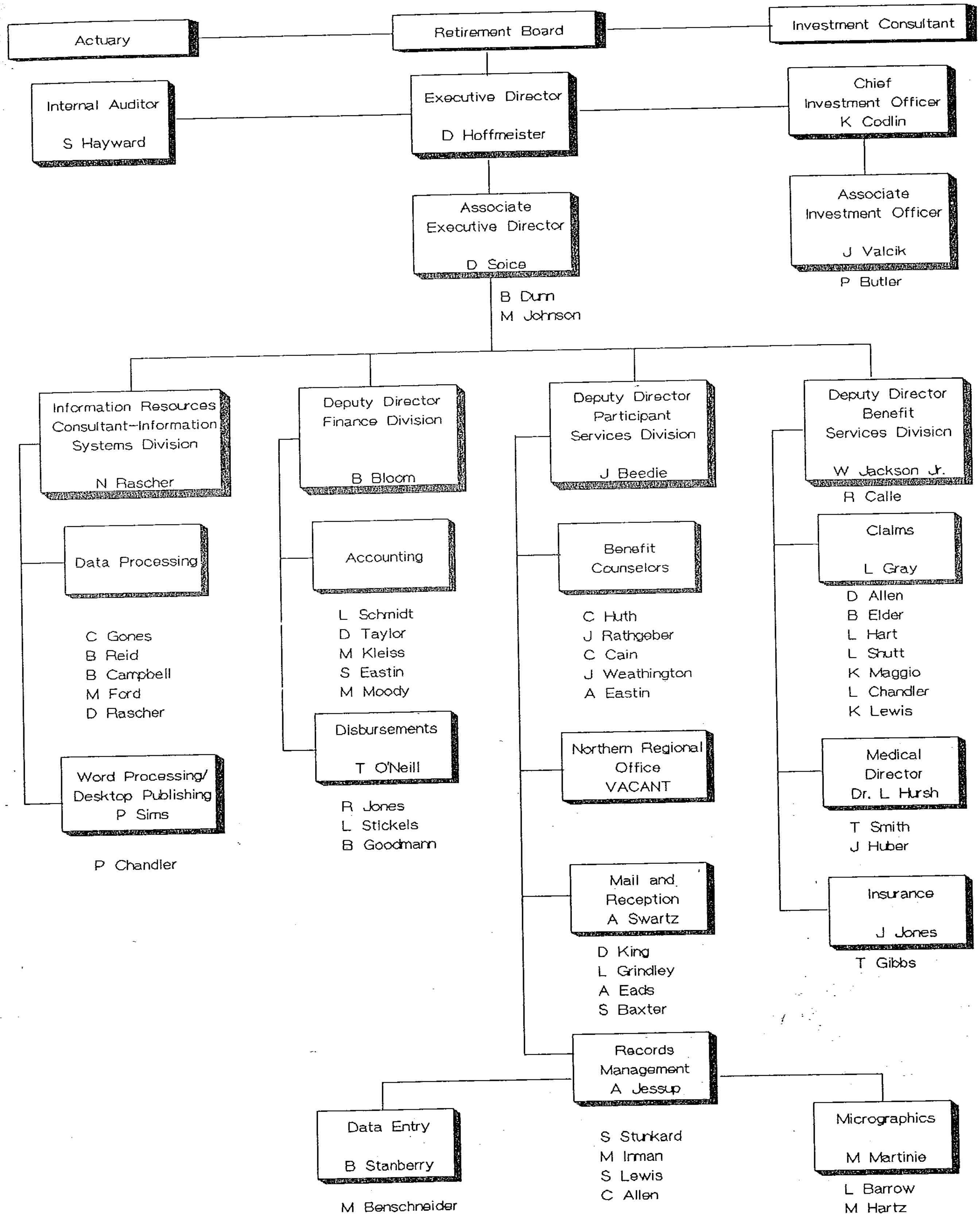
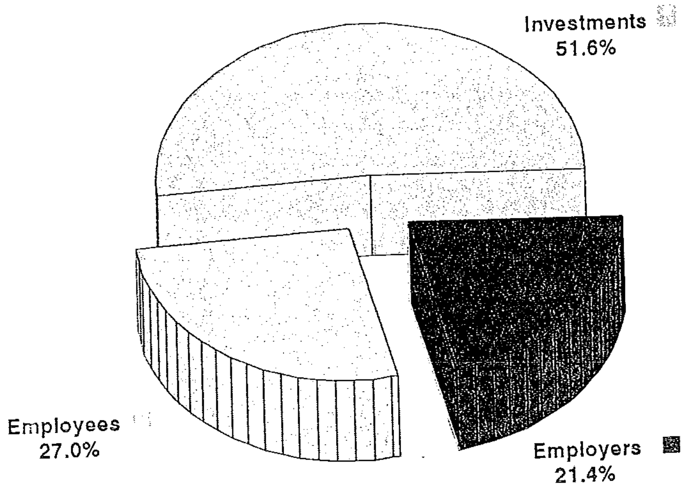
Administrative Services Manager

ORGANIZATIONAL CHART

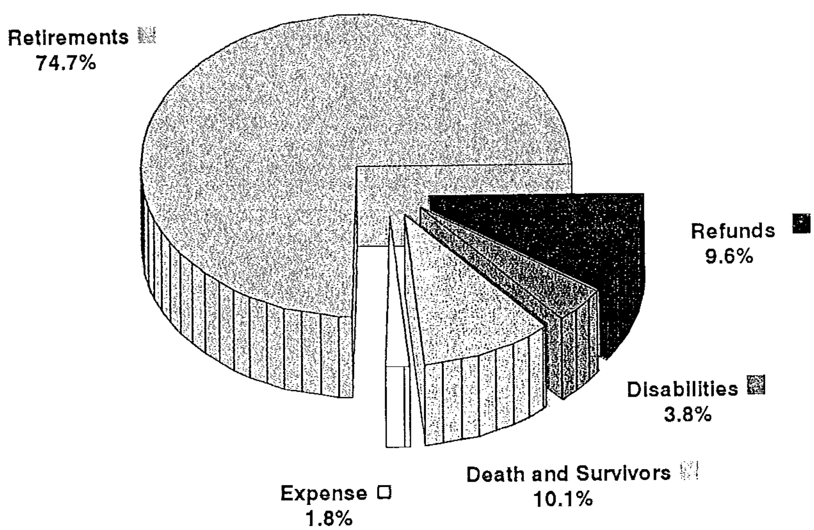


FINANCIAL SECTION

WHERE THE MONEY CAME FROM



WHERE THE MONEY WENT



FINANCIAL STATEMENT 1990

BALANCE SHEETS
June 30, 1990 and 1989

	1990	1989
ASSETS		
Contributions Receivable		
Participants	$6,518,115	$5,035,941
Federal, trust funds, and other	1,599,042	1,074,894
State of Illinois	51,208	0
	8,168,365	6,110,835
Prepaid Expenses	54,991	25,284
Accrued Investment Income Receivable	15,818,834	22,021,961
Investments (notes II-B, III, and VII) Market Value: $3,942,917,348 at 6-30-90 $3,560,024,906 at 6-30-89	3,281,423,768	2,967,656,056
Property and Equipment (notes II-D and IV)	2,038,184	1,005,469
TOTAL ASSETS	$3,307,504,142	$2,996,819,605
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$2,247,855	$1,554,893
Benefits payable	2,481,961	1,615,789
Refunds payable	2,644,011	3,330,033
Deferred income (note II-C)	173,139	303,253
Total Liabilities	7,546,966	6,803,968
Fund Balance (Reserved) (note II-E)		
Participant contributions	1,644,746,841	1,492,995,467
Benefits from employee and employer contributions	4,593,599,164	3,723,347,500
Less unfunded accrued actuarial liability	(2,938,388,829)	(2,226,327,330)
Total Fund Balance	3,299,957,176	2,990,015,637
TOTAL LIABILITIES AND FUND BALANCE	$3,307,504,142	$2,996,819,605

The notes to the financial statements are an integral part of the Component Unit Financial Statements.

FINANCIAL STATEMENT 1990

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Years Ended June 30, 1990 and 1989

	1990	1989
REVENUES		
Contributions		
Participants	$143,192,796	$132,153,246
Federal, trust funds and other	12,451,829	13,254,751
State of Illinois		
Employer units	96,939,900	76,075,429
Pension fund	3,560,200	4,136,800
Reciprocity	303,938	338,203
	256,448,663	225,958,429
Investment Income		
Interest	105,629,504	97,559,443
Dividends	88,852,682	89,427,480
Other	453,550	368,557
	194,935,736	187,355,480
Less investment expense	8,645,621	7,690,178
	186,290,115	179,665,302
Net Gain on Sale of Investments	86,922,212	80,722,329
Total Revenues	529,660,990	486,346,060
EXPENSES		
Benefits		
Retirement	163,738,572	139,462,335
Disability	8,354,463	7,963,807
Survivors	14,147,471	12,488,739
Death	7,831,315	6,015,056
Reversionary	244,013	233,784
Beneficiary	169,757	141,421
	194,485,591	166,305,142
Refunds	21,198,248	25,397,698
Administrative Expense	4,035,612	2,628,192
Total Expenses	219,719,451	194,331,032
Excess of Revenues over Expenses	309,941,539	292,015,028
Fund Balance		
Beginning of year	2,990,015,637	2,698,000,609
End of year	$3,299,957,176	$2,990,015,637

The notes to the financial statements are an integral part of the Component Unit Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS 1990

I. DESCRIPTION OF PLAN

The State Universities Retirement System of Illinois (SURS) is the administrator of a cost-sharing, multiple-employer public employee retirement system established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Article 15, Chapter 108-1/2 of the "llinois Revised Statutes." It is also these statutes that define the scope of SURS's reporting entity. SURS does not have oversight responsibility of any agencies. As a result, this financial report represents financial information of SURS only. There are no statutory provisions for termination of the System. The Illinois Constitution provides that the pension obligation of the state "shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."

At June 30, 1990 and 1989, the number of participating employers was

	1990	1989
Universities	12	12
Community Colleges	38	38
Allied Agencies	16	18
State of Illinois	1	1
	67	69

At June 30, 1990 and 1989, SURS membership consisted of

	1990	1989
Members currently receiving benefits	18,016	16,962
Current employees		
Active	54,970	53,296
Inactive	7,215	6,646
	80,201	76,904

The following is a summary of the provisions of SURS in effect as of June 30, 1990, as defined in the "Illinois Revised Statutes." Interested parties should refer to SURS brochures or the Statutes for more complete information.

A. Membership

Participation is required as a condition of employment, except for residents in medical training and postdoctoral research associates at state universities. Such employees may participate at any time during their first three years of employment, after which time participation is mandatory. Employees are ineligible to participate if (a) employed less than 50 percent of full-time; (b) employed less than full-time and attending classes with an employer; or (c) receiving a retirement annuity from SURS.

B. Member Contributions

Members contribute 8 percent of their gross earnings; 6-1/2 percent of those are designated for retirement annuities, 1/2 percent for post-retirement increases, and 1 percent for survivor benefits. Police officers and fire fighters contribute 9-1/2 percent of earnings; the additional 1-1/2 percent is a normal retirement contribution.

NOTES TO THE FINANCIAL STATEMENTS 1990

The member contributions are picked up by the employer and treated as employer contributions for income tax purposes. Retirement contributions are based on the gross earnings before the employer pick-up and are included in earnings.

All contributions on pre-1981 earnings and service credit payments, plus future other public employment, prior service, refund repayments, and leave payments and the employee portion of Early Retirement Option payments are considered as previously taxed, unless qualifying 401 (a) funds are rolled over to SURS to make these purchases. Previously taxed contributions will be recovered tax-free when distributed to the employee in the form of benefits or refunds or to his or her beneficiary as a death and/or survivor benefit.

C. Interest Credited on Member Contributions

The interest rate credited is fixed by the Board of Trustees and is currently 8 percent. For purposes of lump sum refunds to former members, the interest rate is 4-1/2 percent, compounded annually.

D. Retirement Benefits

1. Normal Retirement

Members are eligible for normal retirement at any age after 35 years of covered service, after eight years of covered service and age 55, or after five years of covered service and age 62. Police officers and fire fighters are eligible for normal retirement at age 55 with 20 years of service as a police officer or fire fighter or at age 50 with 25 years of service. The annuity payable is based on the largest calculation of four formulas:

a. The following percentages of "average earnings," which is the average of the highest earnings for any four consecutive academic years or, in some cases, the 48 months immediately preceding retirement, whichever is larger.

	General	Police and Fire Fighters
i. For each of the first 10 years of service	1.67%	2.25%
ii. For each of the second 10 years of service	1.90%	2.50%
iii. For each of the third 10 years of service	2.10%	2.75%
iv. For each year of service over 30	2.30%	

b. The actuarial equivalent of 2.4 times the accumulated member contributions plus interest for retirement annuities (6-1/2 percent of earnings), divided by an annuity conversion factor. Purchase of other public employment is matched dollar for dollar. The actuarial equivalent assumes an annuity payable for life.

c. The following monthly amounts, based on average earnings, for each year of service at half-time or greater employment to a maximum of 30 years:

Average Annual Earnings	
Under $3,500	$8
3,500 - 4,499	9
4,500 - 5,499	10
5,500 - 6,499	11
6,500 - 7,499	12
7,500 - 8,499	13
8,500 - 9,499	14
9,500 and over	15

d. The pre-1969 law provided a pension of 1.67 percent of average earnings during the highest five consecutive fiscal years multiplied by the total years of service.

For first-time participants hired after September 14, 1977, the maximum annuity under (a) or (b) is 75 percent of average earnings. The maximum is 80 percent of average earnings for members who participated on or before September 14, 1977.

2. Early Retirement

Members are eligible for early retirement after eight years of service and age 55, but the annuity calculated under formula (a) or (c) above is reduced by 1/2 percent for each full month such retirement precedes age 60.

3. Early Retirement Without Discount

A member may retire between the ages of 55 and 60 with at least eight, but less than 35, years of service credit without the 1/2 percent reduction provided the following conditions are met:

a. The member retires on or before September 1, 1992.

b. The member retires within six months of the last day of employment for which he or she appeared on a payroll.

c. The member and the employer make one-time lump sum payments to SURS based upon the member's highest full-time annual salary rate during the four-year average salary period or, if not full-time, the full-time equivalent. The member pays 7 percent of the base salary for each year or fraction of a year prior to age 60, or each year short of 35 years of service credit, whichever is lower. The employer payment is 20 percent of the base salary for each year or fraction of a year prior to age 60. These one-time payments do not increase the amount of service credit, but merely eliminate the reduction for retiring before age 60 with less than 35 years of service.

The number of members using this provision may be limited, at the option of the employer, to no less than 15 percent of those eligible during any year. The right to participate is allocated among those applying on the basis of seniority in the service of the employer.

4. Automatic Increases

Retirement benefits are increased annually after retirement by 3 percent. Note that the increase does not apply to disability benefits or disability retirement allowances.

5. Reversionary Annuity

A participant nearing retirement age may elect to receive a reduced retirement annuity in order to provide the spouse or other dependent with a monthly income in addition to that which would be payable under the survivors' insurance program. This provision of the law, called a reversionary annuity, gives the individual electing this benefit two options. Under the first option, the participant receives a reduced retirement annuity throughout his or her lifetime in exchange for the reversionary annuity to be paid to the dependent upon the participant's death. If the dependent predeceases the annuitant, the annuitant continues to receive the reduced retirement annuity. Under the second option, the annuitant's retirement annuity reverts to the full unreduced amount upon the death of the prospective reversionary annuitant.

NOTES TO THE FINANCIAL STATEMENTS 1990

E. Disability Benefits

Members with at least two years of covered service who are unable to perform the duties of their job because of illness, or members with any amount of covered service who are unable to perform their duties because of an accident, are eligible to receive disability benefits after 60 days of disability or when sick leave payments are exhausted, whichever is later.

The amount of the disability benefit is determined as follows:

1. Fifty percent of basic compensation at disability or 50 percent of average earnings for the 24 months preceding disability, whichever is greater, payable until the total benefits paid equal 50 percent of the total earnings in covered service.

2. After cessation of the benefit in (1), a member with eight years of covered service may receive the normal retirement benefit commencing at or after age 55 (with no reduction for early retirement if the member continues to be disabled), or if at least five years of covered service, an annuity beginning at age 62.

The disability benefit ceases upon death or recovery.

F. Disability Retirement Allowance

If a member's disability benefits (see note E1) are discontinued due to the 50 percent of total earnings limitation, the member is entitled to a disability retirement allowance of 35 percent of the basic compensation that was payable at the time the disability began, provided at least two licensed and practicing physicians appointed by the Board certify that the member has a medically determined physical or mental impairment that would prevent him or her from engaging in any substantial gainful activity, and that can be expected to result in death, or that has lasted or can be expected to last for a continuous period of not less than 12 months. The disability retirement allowance is payable for life unless the member is able to accept substantial gainful employment or elects to receive a retirement annuity.

G. Death Benefits

1. Before Retirement

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

a. a death benefit equal to the retirement and AAI contributions (7 percent) and interest, plus

b. a lump sum payment of $1,000, plus

c. a monthly survivors' annuity equal to 50 percent of the member's accrued normal retirement benefit or the following amounts if greater:

i) 30 percent of average earnings to a spouse, child, or parent, up to $400 monthly

ii) 60 percent of average earnings to two dependents, up to $600 monthly

iii) 80 percent of average earnings to three or more dependents, up to $600 monthly

Survivors' benefits are payable until children attain age 18 (benefits continue if the child is disabled), to a spouse after age 50, and to a dependent parent after age 55. The spouse's benefit is payable at any age while children are under 18 and living with the spouse. If death occurs after termination of employment, the monthly survivors' annuity may not exceed 80 percent of the earned retirement annuity. Survivor benefits are increased annually by 3 percent.

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

a. a death benefit equal to all contributions and interest, and

b. 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.

2. After Retirement

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

H. Termination of Service

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

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by SURS. The System's financial statements have been prepared in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB). The accounts of the System are organized in one fund. The System's assets, liabilities, fund equity, revenues, and expenses are recorded in that fund.

A. Basis of Accounting

The financial transactions are recorded on the accrual basis.

B. Investments

Investments are governed by Article 15, Chapter 108-1/2 of the "Illinois Revised Statutes." The most important aspect of the Statutes is the "prudent person rule", which establishes a standard of care for all fiduciaries. (A fiduciary is any person who has authority or control with respect to the management or administration of plan assets.) The prudent person rule states that fiduciaries must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

In addition to the prudent person rule, Article 1, Chapter 108-1/2 of the "Illinois Revised Statutes" enumerates a number of prohibited transactions. Prior to 1987, the list contained ERISA-type prohibitions against imprudent actions by trustees. In 1987, the statutes were amended to prohibit any new investment in companies increasing their investment in South Africa. Investments in U.S.

companies are in compliance as U.S. national corporations are covered by Federal legislation containing the same prohibition. However, new investments in non-U.S. companies must be carefully monitored to insure compliance.

Investments are carried at acquisition cost. Gain or loss on the sale of investments is determined based on average cost for stocks and identified cost for debt securities. Dividend income is recognized based on dividends declared, and interest income is recognized on the accrual basis as earned.

C. Deferred Income

Deferred income consists of prepaid employer and employee contributions.

D. Property and Equipment

Property and equipment are carried at cost, except for the land, which is carried at the fair market value on the date it was received as a gift or purchased. Depreciation is computed by the straight-line method based upon estimated useful lives of 50 years for building and improvements and three to 10 years for furniture and equipment.

E. Fund Balance Accounts

The System maintains two reserve accounts that reflect the assignment of assets to participant and benefit accounts:

1. The Participant Contribution Reserve records the pension assets contributed by each participant.

2. The Benefits from Employee and Employer Contributions Reserve records the assets available for annuities in force and available for future retirement, death and disability benefits, and the undistributed investment income.

III. INVESTMENTS

Investments at June 30, 1990 and 1989, are summarized below (in millions of dollars):

1990	Cost	Percent of Cost	Market	Percent of Market	Risk Category
Short-term investments	$115.7	3.5	$115.8	2.9	1
Fixed income	1,128.5	34.4	1,126.3	28.6	1
Equities	1,611.5	49.1	2,235.4	56.7	1
Real estate	425.7	13.0	465.4	11.8	1
	$3,281.4	100.0	$3,942.9	100.0	

1989	Cost	Percent of Cost	Market	Percent of Market	Risk Category
Short-term investments	$48.4	1.6	$48.5	1.4	1
Fixed income	1,035.3	34.9	1,069.4	30.0	1
Equities	1,478.0	49.8	2,011.7	56.5	1
Real estate	406.0	13.7	430.4	12.1	1
	$2,967.7	100.0	$3,560.0	100.0	

NOTES TO THE FINANCIAL STATEMENTS 1990

The investments have been categorized to give an indication of the level of risk assumed by the System at June 30, 1990 and 1989. All investments subject to categorization are held by the Master Trustee, SURS agent, in the System's name. Therefore, all SURS investments are Category 1. Investments may also be categorized as Category 2, which includes uninsured or unregistered investments for which the securities are held by a trust department or agent in the System's name, and Category 3, which is defined as uninsured or unregistered investments for which the securities are held by its trust department or agent, but not in the System's name. The System has no investments that would be classified in Categories 2 or 3.

IV. PROPERTY AND EQUIPMENT

Property and equipment and the related accumulated depreciation at June 30, 1990 and 1989, are summarized below:

	1990	1989
Land	$574,798	$70,000
Land improvements	12,799	12,799
Office building	559,621	559,621
Office building improvements	52,766	52,766
Furniture and fixtures	1,396,101	1,255,141
Construction in process	118,999	0
	2,715,084	1,950,327
Less accumulated depreciation	(676,900)	(944,858)
Net property and equipment	$2,038,184	$1,005,469

V. FUNDING POLICY

A. Actuarial Cost Method

The projected unit credit cost method is used for both the retirement and ancillary benefits. Under this method, the projected pension at retirement age is first calculated and the value thereof at the individual member's current or attained age is determined. The normal cost for the member for the current year is equal to the value so determined divided by the member's projected service at retirement. The normal cost for the plan for the year is the sum of the individual normal costs.

The actuarial liability at any point in time is the value of the projected pensions at that time less the value of future normal costs. Estimated annual administrative expenses are added to the normal cost. For valuation purposes assets are valued at book.

B. Funding Status and Progress

The "Pension Benefit Obligation" shown on the next page is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, to assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among public employee retirement systems. The amount is computed using a unit credit actuarial method required by GASB Statement #5. In December 1989, the Board of Trustees adopted the Projected Unit Credit actuarial cost method for purposes of funding the System. In prior years the entry age normal method was used.

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1990 and 1989. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually; (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 2.5 percent per year, attributable to seniority and merit.

The unfunded pension benefit obligation at June 30, 1990 and 1989, was as follows (in millions of dollars):

	1990	1989
Accumulated contributions of current employees	$1,503.3	$1,375.0
Accumulated contributions of inactive members	119.4	101.9
Payable to retirees and beneficiaries	2,035.5	1,677.1
Payable to terminated employees not yet receiving benefits --Employer financed portion	173.7	131.3
Payable to vested current employees --Employer-financed portion	2,308.7	1,843.1
Payable to nonvested current employees --Employer-financed portion	97.8	87.9
Total Pension Benefit Obligation	$6,238.4	$5,216.3
Net Assets Available for Benefits (1990 market value $3,961.5 million, 1989 market value $3,582.4 million)	3,300.0	2,990.0
Unfunded Pension Benefit Obligation	$2,938.4	$2,226.3

During the year there were no changes in the actuarial assumptions. Changes in benefit provisions resulted in an increase of $373.5 million in the pension benefit obligation.

C. Contributions Required and Contributions Made

The law governing the System requires that the State shall make contributions to the System, which with employee contributions, investment income, and other income of the System...

> will be sufficient to meet the requirements of this Article in accordance with actuarial determinations. In no event shall the contributions of employers from State appropriations for any fiscal year be less than an amount which when added to contributions from other sources and investment income for that year is sufficient to meet (a) the total accruing normal costs plus interest at the prescribed rate on the unfunded accrued liabilities or (b) the accruing requirements necessary to retain qualified status under Section 401(a) of the United States Internal Revenue Code, or any similar provision as successor thereof.

The law defines normal cost as...

> the liability for pensions and other benefits which accrues to the system because of the credits earned for service rendered by the participants during the fiscal year and expenses of administering the system.

Section 401(a) of the Internal Revenue Code would require essentially the same contribution as required by (a) quoted above.

A comparison of the actuarially determined funding requirement for the year ended June 30, 1990, versus the actual funding is presented below (in millions of dollars):

		Employee Normal Cost			Employer Cost					State Contributions	
Member Payroll	Total Normal Cost	Employee Normal Cost	Actual Employee Cont.	% Of Payroll	Employer Normal Cost	% Of Payroll	Interest On Unfunded	Required Employer Funding	% Of Payroll	State Cont.	% Of Payroll
1,676.0	273.7	121.8	143.2	8.5%	151.9	9.1%	200.7	352.6	21.0%	113.3	6.8%

D. Actuarial Statements

The results of the basic calculations prepared for the System by its actuary are presented in Section III of this report, along with 10-year historical trend information designed to provide information about SURS progress in accumulating sufficient assets to pay benefits when due.

E. Analysis of Funding Progress

The following table is required supplementary information. Beginning in 1985, SURS adopted the projected unit credit cost method for financial presentation purposes, consequently only six years are presented.

Fiscal Year	Net Assets	Pension Benefit Obligation	Percent Funded	Unfunded PBO	Covered Payroll	Unfunded PBO as a Percent of Covered Payroll	Contributions Required	Contributions Actual
1985	$1,752.3	$3,549.1	49.4	$1,796.8	$1,141.9	157.4	$232.1	$83.5
1986*	2,258.0	3,886.0	58.1	1,628.0	1,275.9	127.6	255.4	94.7
1987	2,470.5	4,234.9	58.3	1,764.4	1,370.2	128.8	204.8	77.9
1988	2,698.0	4,640.9	58.1	1,942.9	1,427.6	136.1	266.6	83.4
1989	2,990.0	5,216.3	57.3	2,226.3	1,536.7	144.9	284.6	93.8
1990	3,300.0	6,238.4	52.9	2,938.4	1,676.0	175.3	352.6	113.3

*Actuarial assumptions were changed in fiscal year 1986. Salary increment assumption was changed from 8 percent to 7 percent.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of SURS funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger a retirement system is. Trends in the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjust for the effects of inflation and aid analysis of SURS progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the retirement system is.

VI. COMPENSATED ABSENCES

The System is obligated to pay employees at termination for unused vacation and sick time. The maximum time for which any individual may be paid is 448 hours of vacation and one-half of unused sick time earned since January 1, 1984. At June 30, 1990, the System had a liability of $262,717 for compensated absences. At June 30, 1989, the liability was $199,729 . The annual increase in liability is reflected in the financial statements as an increase in administrative expense.

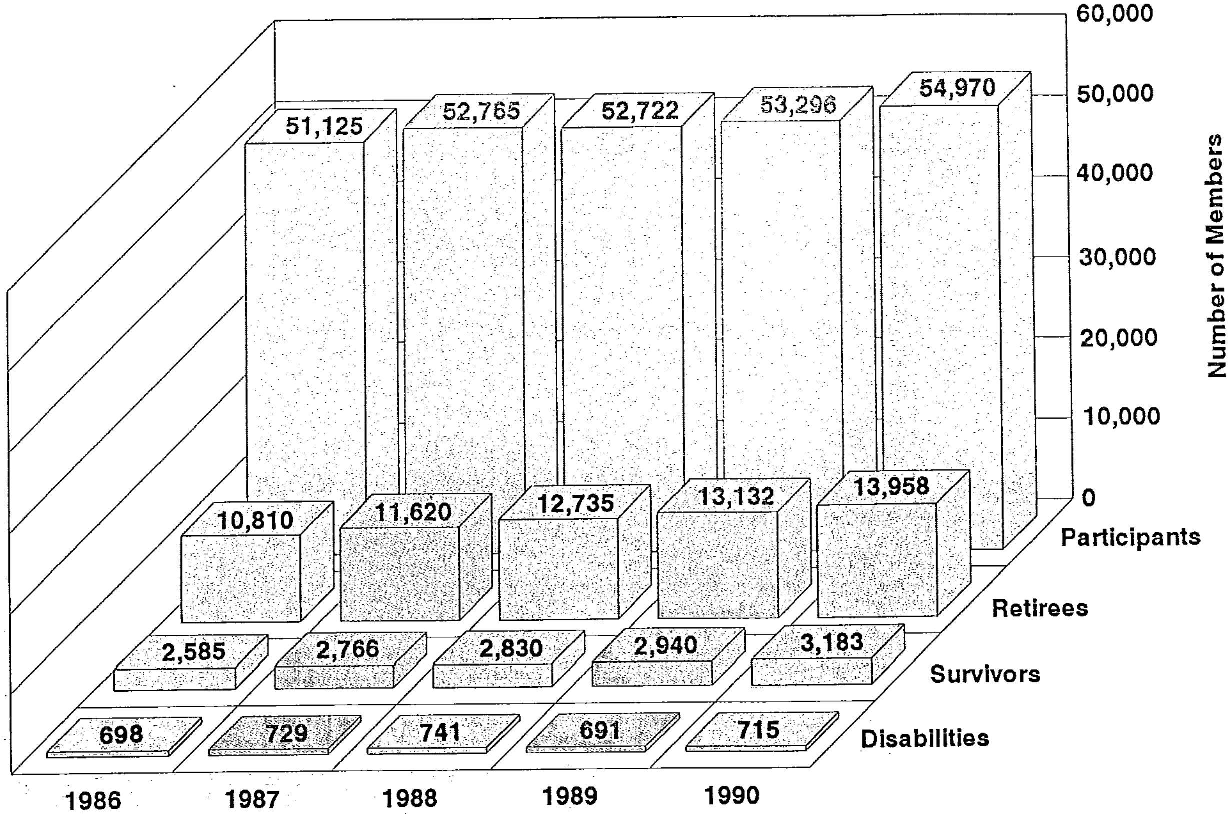
NOTES TO THE FINANCIAL STATEMENTS 1990

VII. SUBSEQUENT EVENTS

Subsequent to June 30, 1990, the Board of Trustees of the State Universities Retirement System approved the issuance of Special Revenue Bonds, Series 1990 (Capital Appreciation Bonds), in the principal of $10 million which will mature October 1, 2001, 2003, and 2005, with interest rates ranging from 7.25 percent to 7.45 percent.

A general economic decline, subsequent to June 30, 1990, has had a negative effect on financial markets. Consequently, the SURS market value of investments at September 30, 1990 had declined by 8.8 percent to $3,596,386,452. Furthermore, financial markets continued to decline in October 1990, the U.S. stock market as evidenced by the Wilshire 5000 Index declined1.5 percent during October.

MEMBER DATA



SUPPORTING SCHEDULE 1990

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Years Ended June 30, 1990 and 1989

	1990 Budget	1990 Expense	1989 Expense
Personal Services	$2,650,917	$1,776,540	$1,424,093
Supplies	62,000	53,130	40,493
Contractual Services	2,365,904	2,077,428	1,044,946
Depreciation	128,514	128,514	118,660
TOTALS	$5,207,335	$4,035,612	$2,628,192

SUMMARY SCHEDULE OF FEES AND COMMISSIONS
For the Years Ended June 30, 1990 and 1989

	1990	1989
Master Custodian & Measurement		
The Northern Trust Company	$406,454	$354,163
Investment Management Firms		
Aetna Realty Investors, Inc.	950,039	875,866
Batterymarch Financial Management	595,883	540,491
Equitable Real Estate Investment Management	796,559	748,056
Fayez Sarofim & Company	1,007,912	878,225
Pacific Investment Management Company	1,156,262	1,048,929
Rosenberg Real Estate Equity Fund	2,494,431	2,345,820
Wells Fargo Investment Advisors	1,062,322	783,288
	8,063,408	7,220,675
Investment Consulting & Measurement		
Ennis, Knupp & Associates	175,759	115,340
Total Investment Expense	$8,645,621	$7,690,178
Actuary		
The Wyatt Company	$44,471	$35,244
Investment Brokerage Firm		
Bear, Stearns & Company	38,507	24,320
Cantor, Fitzgerald	8,325	1,340
First Boston Corporation	18,421	11,130
Goldman, Sachs & Company	23,040	12,558
Instinet	77,047	60,953
Jefferies	20,240	5,340
Jones & Associates	41,136	18,465
Paine Webber Inc.	11,765	2,655
Salomon Brothers	40,472	4,304
Smith Barney Harris Upham	9,363	2,392
All others	72,608	101,889
	$360,924	$245,346

SUPPORTING SCHEDULE 1990

INVESTMENT PORTFOLIO ACTIVITY AT BOOK VALUE
For the Year Ended June 30, 1990
(in millions of dollars)

	July 1 Book Value	Acquisitions	Dispositions	June 30 Book Value
Fixed income	$1,035.3	$1,477.0	($1,383.8)	$1,128.5
Equity securities	1,478.0	533.9	(400.4)	1,611.5
Real estate	406.0	21.6	(1.9)	425.7
Short-term securities	48.4	301.5	(234.2)	115.7
TOTALS	$2,967.7	$2,334.0	($2,020.3)	$3,281.4

INVESTMENT PORTFOLIO AT MARKET VALUE
For the Year Ended June 30, 1990
(in millions of dollars)

	July 1 Market Value	June 30 Market Value
Fixed income	$1,069.4	$1,126.3
Equity securities	2,011.7	2,235.4
Real estate	430.4	465.4
Short-term securities	48.5	115.8
TOTALS	$3,560.0	$3,942.9

SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended June 30, 1990
(in millions of dollars)

Receipts	
Member contributions	$141.6
Employer contributions	112.7
Interest, dividends, and miscellaneous investment income	201.1
Investments redeemed	2,020.3
Gain on disposition of investments	86.9
TOTAL RECEIPTS	$2,562.6
Disbursements	
Benefit payments	$193.3
Administrative expenses	3.8
Investment expenses	8.4
Refunds	21.9
Equipment purchased	1.2
Investments purchased	2,334.0
TOTAL DISBURSEMENTS	$2,562.6

SUPPORTING SCHEDULE 1990

REVENUE BY SOURCE
10-YEAR SUMMARY
(in millions of dollars)

Fiscal Year (A)	Contributions by Members	Investment Income	Contributions by Employers	Total
1981	$68.8	$70.7	$74.4	$213.9
1982	76.7	68.6	55.0	200.3
1983	78.4	126.0	52.3	256.7
1984	85.5	72.1	70.2	227.8
1985	97.8	166.4	83.5	347.7
1986	110.8	434.6	94.7	640.1
1987	95.8	165.4	77.9	339.1
1988	132.3	185.5	83.4	401.2
1989	132.2	260.3	93.8	486.3
1990	143.2	273.2	113.3	529.7

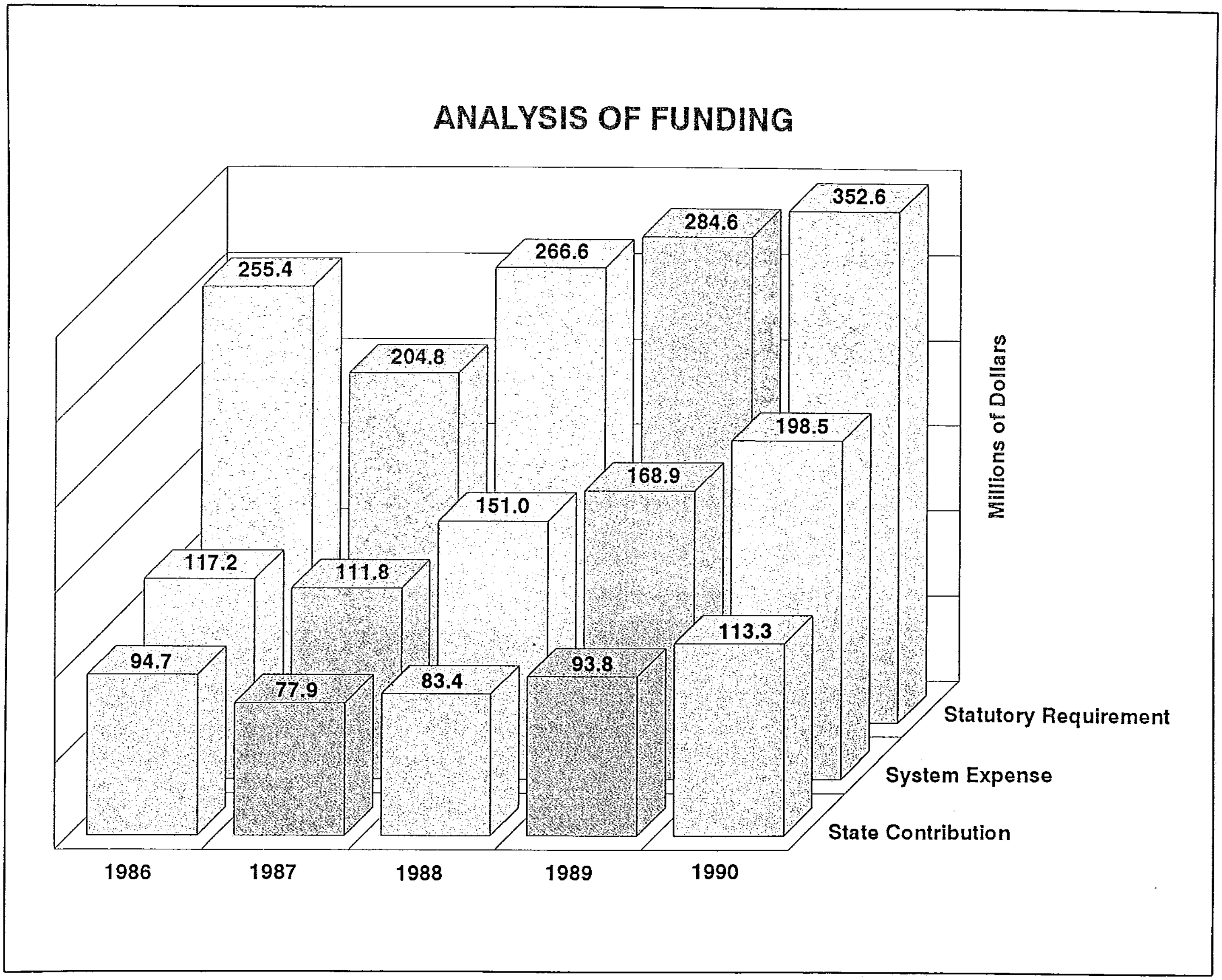
(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

TOTAL EXPENSES
10-YEAR SUMMARY
(in millions of dollars)

Fiscal Year (A)	Benefits	Contribution Refunds	Administrative Expenses	Total
1981	$61.8	$14.1	$0.9	$76.8
1982	70.0	14.0	1.2	85.2
1983	78.7	12.2	1.5	92.4
1984	91.1	14.5	1.6	107.2
1985	101.7	16.4	1.7	119.8
1986	115.4	17.2	1.9	134.5
1987	109.9	14.8	1.9	126.6
1988	148.6	22.7	2.4	173.7
1989	166.3	25.4	2.6	194.3
1990	194.5	21.2	4.0	219.7

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

ACTUARIAL SECTION



CERTIFICATION LETTER

THE *Wyatt* COMPANY

ACTUARIAL SERVICES
COMPENSATION PROGRAMS
ADMINISTRATIVE SYSTEMS
INTERNATIONAL SERVICES
ORGANIZATION SURVEYS

SUITE 2400
303 WEST MADISON STREET
CHICAGO, ILLINOIS 60606-3308
(312) 704-0600

EMPLOYEE BENEFITS
EMPLOYEE COMMUNICATIONS
RISK MANAGEMENT
INSURANCE CONSULTING
HEALTH CARE CONSULTING

October 26, 1990

Board of Trustees and Executive Director
State Universities Retirement System of Illinois
50 Gerty Drive
P.O. Box 2710 · Station A
Champaign, Illinois 61820

ACTUARIAL CERTIFICATION

We have completed the annual actuarial valuation of the assets and liabilities of the State Universities Retirement System of Illinois as of June 30, 1990.

Since the last valuation there have been several changes which affected SURS costs and liabilities. The Actuarial Cost Method was changed from Entry Age Normal to Projected Unit Credit, resulting in a decrease of approximately 6.8% in the accrued actuarial liability (AAL). Legislation affecting benefit provisions was enacted, and benefits to some annuitants were increased based on revised money purchase factors, resulting in increases of approximately 7.2% and 0.1%, respectively, in the AAL.

Senate Bill 95 (SB95) and House Bill 332 (HB332) were passed by the Illinois legislature in June of 1989 and approved by the governor in August of that year. The effect of these bills on the AAL is first disclosed in this 1990 valuation. However, because the contribution requirements for the 1991 fiscal year were based on the June 30, 1989 actuarial valuation, the annual funding requirements developed therein reflected the provisions of these bills. Significant benefit changes included in these bills were: The retirees' 3% automatic annual increase is based on the total annuity payable at the time of each increase rather than on the original pension, and a 3% compounded annual increase is payable to recipients of widow's and survivor's annuities. The provisions requiring discontinuance of disability benefits upon attainment of age 70 were removed. Ad hoc benefit increases granted to retirees in 1981 and 1982 will now be used in the calculation of survivor benefits. Effective retroactive to January 26, 1988, all annuitants who terminated employment after August 14, 1969 and before January 26, 1988 qualify for the automatic annual increase on the January 1 immediately following the date their retirement annuity begins.

Pursuant to the law establishing the System, the actuary shall investigate the experience under the System at least once every five years. The Wyatt Company, as the actuary, completed such a review for the five year period ending August 31, 1986 and recommended assumptions which were adopted by the Board effective August 31, 1986, and which were used for the current valuation. We believe that, in the aggregate, the current assumptions relate reasonably to the past and anticipated experience of the plan.

A contribution rate for fiscal year 1992 has been determined using the Projected Unit Credit Cost Method, providing for the normal cost plus an amortization of the unfunded accrued actuarial liability as required by SB95. Normal cost rates are expected to remain constant as a percentage of payroll, while the amortization contribution rate will increase in equal annual increments from the 1991 fiscal year rate until the 1996 fiscal year rate is reached. The total contribution rate can thus be expected to rise gradually until June 30, 1996, remain level until June 30, 2035, and then drop to a constant normal cost rate. Employer contributions in recent years have been less than that required to meet this new financing objective.

For purposes of determining contribution rates, assets have been valued at amortized cost value. The liabilities have been valued based on employee data which is supplied by the administrative staff of the System and verified by the System's auditor. We have made additional tests to ensure its accuracy. Standardized assumptions were used to supply any missing birthdate or salary information. All other data was used without change.

In our opinion, the following schedule of valuation results fairly presents the financial condition of the State Universities Retirement System of Illinois as of June 30, 1990. The contribution rate determined complies with the applicable law in force as of June 30, 1990.

THE WYATT COMPANY

By *S. Lynn Hill*
S. Lynn Hill
Consultant

By *Norman S. Losk*
Norman S. Losk
Fellow Of The Society of Actuaries

By *Lloyd L. Nordstrom*
Lloyd L. Nordstrom
Fellow Of The Society of Actuaries

ACTUARIAL REPORT 1990

PENSION FINANCING

The State Universities Retirement System of Illinois (SURS) is financed by employee contributions, employer contributions (state appropriations and contributions from trust and federal funds), and investment earnings. Employee contributions are established by the "Ilinois Revised Statutes" at 8 percent of pay. Investment earnings and state funding are primary determinants of the System's financial status.

Employer (state) contributions are determined through annual actuarial valuations. Actuaries use demographic data (such as employee age, salary, and service credits), economic assumptions (such as estimated salary increases and interest rates), and decrement assumptions (such as employee turnover, mortality, and disability rates) in performing these valuations. The actuarial valuation process flows generally as follows:

1) Based on the demographic data and actuarial assumptions described above, the amount and timing of benefits payable in the future is estimated by the actuary for all participants at the valuation date. Important assumptions in this computation are the turnover, retirement age and earnings progression for active members, and mortality for all participants.

2) The actuary then calculates the Actuarial Present Value of these benefits. This is the amount necessary to be invested at the valuation interest rate, at the valuation date to provide benefit payments as they come due. Each year's estimated benefit payments are discounted by an assumed interest rate to determine the present dollar value of benefits.

3) The final step is to apply a cost method assigning portions of the total value of benefits to past, present, and future periods of employee service. This allocation is accomplished by development of normal cost and accrued benefit cost.

There are several accepted actuarial cost methods. The one used by SURS is the projected unit credit cost method. Under this method, the Actuarial Present Value of the projected pension at retirement age is determined at the individual member's current or attained age. The normal cost for the member for the current year is equal to the portion of the value so determined assigned to this year. The normal cost for the plan for the year is the sum of the normal costs of all active members.

Accrued benefit cost is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation dates at the time the estimate is prepared. Although accrued during each member's employment, benefits are not paid until the member retires; thus the value changes as the member's salary and years of service change. Furthermore, membership continually changes as some members leave and are replaced by new members.

The normal cost during FY 90 was 17.4 percent of payroll. Eight percent of this normal cost is paid by the members' contributions. The remaining 9.4 percent is the employer's portion of the normal cost.

Actuarial funding of System benefits would require annual state appropriations which at least cover the employer's normal cost (9.4 percent of payroll) plus interest on the System's unfunded accrued benefit cost. The employer's normal cost plus interest is called employer cost (see "Schedule of Payroll Percentages"). The state has not funded the System on this basis. Historically, the state funded the System by reimbursement (in full or in part) of benefit payments. In August 1989, Governor Thompson signed legislation that phased-in, over the next seven years, a financing objective that would ultimately provide adequate funding of SURS (see "Financing Objective").

As the membership matures, as is happening with SURS, and more members retire, the benefit payments significantly escalate. When funding is based on benefit payments, the unfunded accrued benefit cost grows. If funding is based on actuarial recommendations, the unfunded accrued benefit cost stabilizes or decreases.

ACTUARIAL REPORT 1990

VALUATION RESULTS
(in millions of dollars)

Actuarial Liability (Reserves)		
For members receiving annuities		
Retirement annuities	$1,815.2	
Survivor annuities	153.6	
Disability benefits	66.8	
Total		$2,035.6
For inactive members		293.1
For active members		3,909.7
Total		$6,238.4
Assets (Amortized Cost Value)		$3,300.0
Unfunded Accrued Actuarial Liabilities		$2,938.4

CHANGES IN THE UNFUNDED ACCRUED ACTUARIAL LIABILITY
(in millions of dollars)

Unfunded Accrued Actuarial Liability at June 30, 1989	$2,607.2
Increase due to prior year's contribution being less than the amount necessary to fund the normal cost and interest on the unfunded liability	259.8
Actuarial Differences	
Investments other than 8%	(32.6)
Salary increases other than 7%	86.5
Age and service retirement differences	11.7
Termination differences	(4.9)
Other actuarial differences	12.4
Nonrecurring Items	
Change from entry age normal method	(380.9)
Benefit changes	373.5
Benefit recalculations	5.7
Unfunded Accrued Actuarial Liability at June 30, 1990	$2,938.4

ACTUARIAL REPORT 1990

ACTUARIAL COST METHOD

The projected unit credit cost method is used for retirement benefits. Under this method, the projected pension at retirement age is first calculated and the value thereof at the individual member's current attained age is determined. The normal cost for the member for the current year is equal to the value so determined divided by the member's projected service at retirement. The normal cost for the plan for the year is the sum of the individual normal costs.

The actuarial liability at any point in time is the value of the projected pensions at that time less the value of future normal costs. For ancillary benefits for active members, in particular disability benefits, death and survivor benefits, termination benefits, and the post-retirement increases, the same procedure as outlined above is followed. Estimated annual administrative expenses are added to the normal cost. For valuation purposes assets are valued at book.

EMPLOYEE DATA

Employee data are provided by the administrative staff of the State Universities Retirement System. Various tests are applied to check internal consistency as well as consistency from year to year. No calculations are made for employees not yet hired as of the valuation date.

FINANCING OBJECTIVE

The law governing the System provides that...

Starting with... fiscal year... 1990, the State's contribution shall be increased incrementally over a 7-year period so that by... fiscal year... 1996, the minimum contribution... shall be... sufficient to meet the normal cost and amortize the unfunded liability over 40 years as a level percentage of payroll, determined under the projected unit credit actuarial cost method. (Chapter 108-1/2, Par. 15-155(a))

However, the state's projected contribution of $110,860,800 to SURS for fiscal year 1991 will be insufficient to meet the System's total required contribution for that year of $143,007,000. As a result, the 7-year phase in period called for in the law has been reduced to a 6-year period starting with fiscal year 1991. The target date for completely amortizing the unfunded accrued actuarial liability remains unchanged at June 30, 2035.

The required contribution rates and amounts are as follows:

Fiscal Year	Normal Cost	Amortization of Unfunded Liability	Total Required Rate	Assumed Payroll (Billions)	Total Required Contribution
1992	9.535%	(1.083%)	8.452%	$1.857	$156,954,000
1993	9.535%	1.083%	10.618%	1.954	207,476,000
1994	9.535%	3.250%	12.785%	2.057	262,987,000
1995	9.535%	5.417%	14.952%	2.165	323,711,000
1996	9.535%	7.584%	17.119%	2.278	389,971,000
1997	9.535%	7.584%	17.119%	2.398	410,514,000

Contribution levels are shown on a gross basis. The net state appropriation requirements can be determined by adjusting for such things as State Pension Fund appropriations and contributions from federal and trust funds.

ACTUARIAL REPORT 1990

The results are based on the projected unit credit actuarial cost method, and on the data provided, and assumptions used, for the June 30, 1990 actuarial valuations. In order to determine projected contribution rates and amounts the following additional assumptions and estimates were used.

1) Covered payroll of $1,764,000,000 for fiscal year 1991.
2) 5.25% per annum rate of increase in covered payroll.
3) Total employer contributions of $110,860,800 for fiscal year 1991.

As of June 30, 1990, the Unfunded Accrued Actuarial Liability (UAAL) to be amortized was $2,938,388,829.

SUMMARY OF MAJOR ACTUARIAL ASSUMPTIONS

<u>Assumption</u>

Mortality: 1986 Projected Experience 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 three-year setback for males and a two-year setback for females.

Interest: 8 percent per annum, compounded annually.

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

Age	Males	Females
20	0.184	0.224
25	0.152	0.188
30	0.120	0.152
35	0.087	0.116
40	0.059	0.083
45	0.041	0.059
50	0.029	0.045
55		

It is assumed that terminated employees will not be rehired.

Salary Increases: 7 percent per annum, compounded annually.

Retirement Age: General employees are assumed to retire 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.

Spouse's Age: The female spouse is assumed to be three years younger than the male spouse.

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

These assumptions were adopted September 1, 1985, and have been applied consistently since then.

ANALYSIS OF FUNDING 1990

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and losses in Accrued Actuarial Liability for Fiscal Year ending June 30, 1990 (in millions of dollars):

Actuarial (Gains) and Losses		
Age & Service Retirements	$11.7	
Incidence of Disability	(0.1)	
In-Service Mortality	3.2	
Retiree Mortality	0.3	
Disabled Mortality	0.3	
Termination of Employment	(4.9)	
Salary Increases	86.5	
Investment Income	(32.6)	
Other	8.7	
Total Actuarial Loss		$73.1
Contribution income less than amount needed to fund normal cost		$259.8
Non-Recurring Items		
Benefit Changes	373.5	
Benefit Recalculations	5.7	
Change in Cost Method	(380.9)	
Total Non-Recurring Items		($1.7)
Total Financial Loss		$331.2

SCHEDULE OF INCREASES AND DECREASES OF BENEFIT RECIPIENTS

Fiscal Year (A)	Beginning Balance	Additions	Subtractions	Ending Balance
1982	10,185	1,595	939	10,841
1983	10,841	1,537	765	11,613
1984	11,613	1,700	753	12,560
1985	12,560	1,583	740	13,403
1986	13,403	1,720	735	14,388
1987	14,388	1,440	597	15,231
1988	15,231	1,872	662	16,441
1989	16,441	1,672	835	17,278
1990	17,278	1,732	868	18,142

(A) Fiscal years 1982 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

ANALYSIS OF FUNDING 1990

10-YEAR SUMMARY

TESTS OF FINANCIAL SOUNDNESS

The following four exhibits illustrate different measures of the financial soundness of the System.

The "Schedule of Funding" compares state appropriations to the actuarial funding requirements, statutory funding requirement, and System expense.

The "Funding Ratios" exhibit shows the percentage of the System's accrued benefit cost covered by net assets. This funding ratio is used to assess the System's ability to make future benefit payments. The exhibit illustrates the ratio of net assets to the System's accrued benefit cost over 10 years, with net assets valued both at cost and at market.

The "Percentage of Benefits Covered by Net Assets" exhibit compares the plan's net assets with the members' accumulated contributions, the amount necessary to cover the present value of benefits currently being paid, and the employer's portion of future benefits for active members.

The final test, "Payroll Percentages," compares member payroll to unfunded accrued benefit cost, normal cost, and normal cost plus interest. These percentages should decrease over the years if SURS is growing stronger.

SCHEDULE OF FUNDING
(in millions of dollars)

	Funding Requirements				Covered Percentages		
Fiscal Year (A)	Statutory Requirement {1}	With 40-Year Amortization {2}(B)	System Expense {3}(C)	State Cont. {4}(D)	Statutory Requirement {5}(E)	With 40-Year Amortization {6}(F)	System Expense {7}(G)
1981	$133.9	$141.8	$63.4	$74.4	55.6%	52.4%	117.4%
1982	176.4	182.0	73.0	55.0	31.2	30.2	75.4
1983	196.6	203.4	80.2	52.3	26.6	25.7	65.2
1984	208.6	216.4	92.7	70.2	33.6	32.4	75.7
1985	232.1	241.6	103.4	83.5	36.0	34.6	80.7
1986	255.4	266.6	117.2	94.7	37.1	35.5	80.8
1987	204.8	210.8	111.8	77.9	38.0	37.0	69.7
1988	266.6	274.4	151.0	83.4	31.3	30.4	55.3
1989	284.6	293.1	168.9	93.8	33.0	32.0	55.5
1990(H)	352.6	362.3	198.5	113.3	32.1	31.3	57.1

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were12 months in length.
(B) Appropriation amount required by Sections 15-155 and 15-156 of the "Ilinois Revised Statutes."
(C) Benefit and administrative expense.
(D) Contributions from The State of Illinois employer units and Pension Fund, and employer contributions from trust and federal funds
(E) State contributions divided by Statutory Requirement (Column 4 divided by Column 1).
(F) State contributions divided by the 40-year amortization requirement (Column 4 divided by Column 2).
(G) State contributions divided by System expense (Column 4 divided by Column 3).
(H) Funding method changed from entry age normal to projected unit credit.

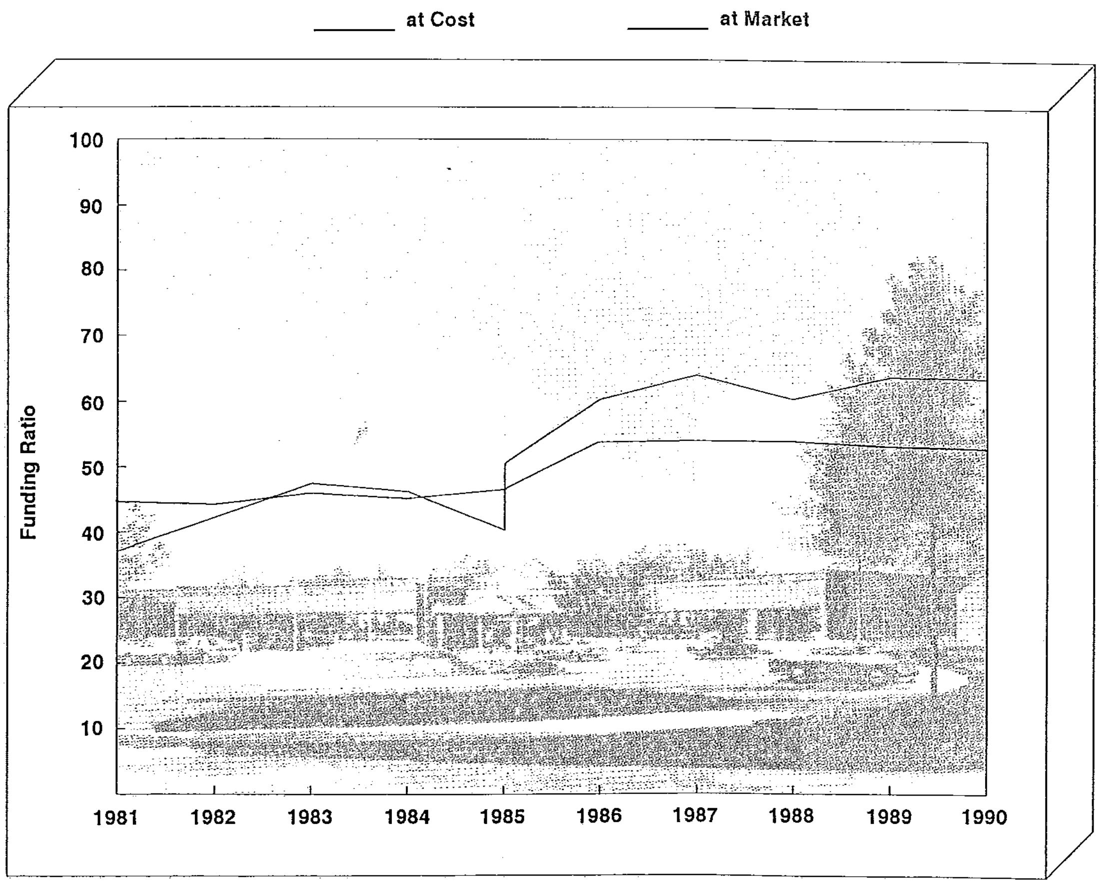
ANALYSIS OF FUNDING 1990

10-YEAR SUMMARY

FUNDING RATIOS
(in millions of dollars)

Fiscal Year (A)	Net Assets at Cost	Net Assets at Market	Actuarial Funding Requirements	Funding Ratio Cost	Funding Ratio Market
1981	$1,124.4	$932.5	$2,513.6(C)	44.7%	37.1%
1982	1,239.5	1,130.7	2,801.0	44.3	40.4
1983	1,403.4	1,444.6	3,043.4	46.1	47.5
1984	1,524.4	1,563.1	3,374.0	45.2	46.3
1985	1,752.3	1,903.4	3,761.9	46.6	50.6
1986	2,258.0	2,527.7	4,182.2(D)	54.0	60.4
1987	2,470.5	2,912.9	4,561.0	54.2	63.9
1988	2,698.0	3,030.6	4,977.8	54.2	60.9
1989	2,990.0	3,582.4	5,597.2	53.4	64.0
1990(B)	3,300.0	3,961.5	6,238.3	52.9	63.5

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.
(B) Funding method changed from entry age normal to projected unit credit.
(C) Actuarial assumptions were changed in fiscal year 1981. Interest rate assumption was changed from 5% to 8%. Salary increment assumption was changed from 4% to 8%.
(D) Actuarial assumptions were changed in fiscal year 1986. Salary increment assumption was changed from 8% to 7%.



In 1990, SURS purchased land located at 1901 Fox Drive, Champaign to construct the building pictured here. It is projected that SURS will move to this 37,500 square foot facility in the Spring of 1992.

ANALYSIS OF FUNDING 1990

10-YEAR SUMMARY

PERCENTAGE OF BENEFITS COVERED BY NET ASSETS
(in millions of dollars)

Fiscal Year (A)	Member Accumulated Contributions {1}(B)	Members Currently Receiving Benefits {2}(B)	Active and Inactive Members' Employer Portion {3}(B)	Net Assets	Percentage of Benefits Covered By Net Assets for {1}	{2}	{3}
1981	$654.2	$597.2	$1,262.2(C)	$1,124.4	100	78.7	0
1982	741.0	712.7	1,347.3	1,239.6	100	70.0	0
1983	828.4	780.7	1,434.4	1,403.4	100	73.7	0
1984	918.2	861.2	1,594.2	1,524.4	100	70.4	0
1985	1,018.2	984.7	1,759.0	1,752.3	100	74.6	0
1986	1,134.7	1,145.9	1,901.6(D)	2,258.0	100	98.0	0
1987	1,237.0	1,289.0	2,035.0	2,470.5	100	95.7	0
1988	1,360.6	1,498.9	2,118.3	2,698.0	100	89.2	0
1989	1,493.0	1,677.1	2,427.1	2,990.0	100	71.9	0
1990	1,644.7	2,035.5	2,558.1	3,300.0	100	81.3	0

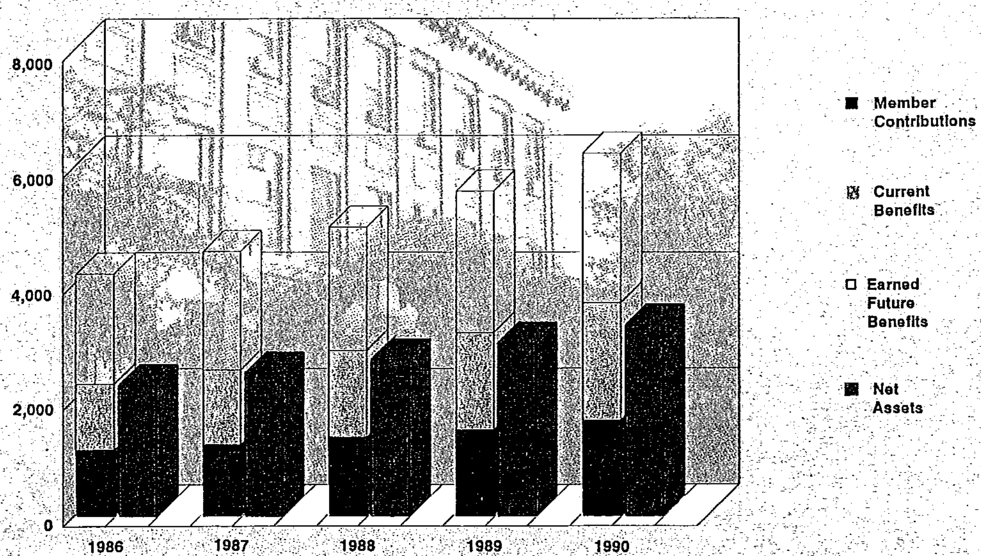
(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months long. Fiscal years 1988 and after ended June 30 and were 12 months long.

(B) A test of financial soundness of a system is its ability to pay all promised benefits when due. Column 1 represents the value of members' accumulated contributions. Column 2 represents the amount necessary to pay participants currently receiving benefits. Column 3 represents the employer's portion of future benefits for active members. Section 15-156 of the "Illinois Pension Code" provides an order of priority: that is, members' contributions would be covered first, then current benefit recipients and the employer portion of active and inactive employees. For a system receiving actuarially determined contribution amounts, the total of actuarial values in Columns 1 and 2 should generally be fully covered by assets, and the portion of the actuarial value of Column 3 covered by assets should increase over time.

(C) Actuarial assumptions were changed in fiscal year 1981. Interest rate assumption was changed from 5% to 8%. Salary increment assumption was changed from 4% to 8%.

(D) Actuarial assumptions were changed in fiscal year 1986. Salary increment assumption was changed from 8% to 7%.

BENEFITS COVERED BY NET ASSETS



The Administration Building on the University of Illinois' campus was the first home of SURS. SURS offices occupied Room 305 from 1941-54.

ANALYSIS OF FUNDING 1990

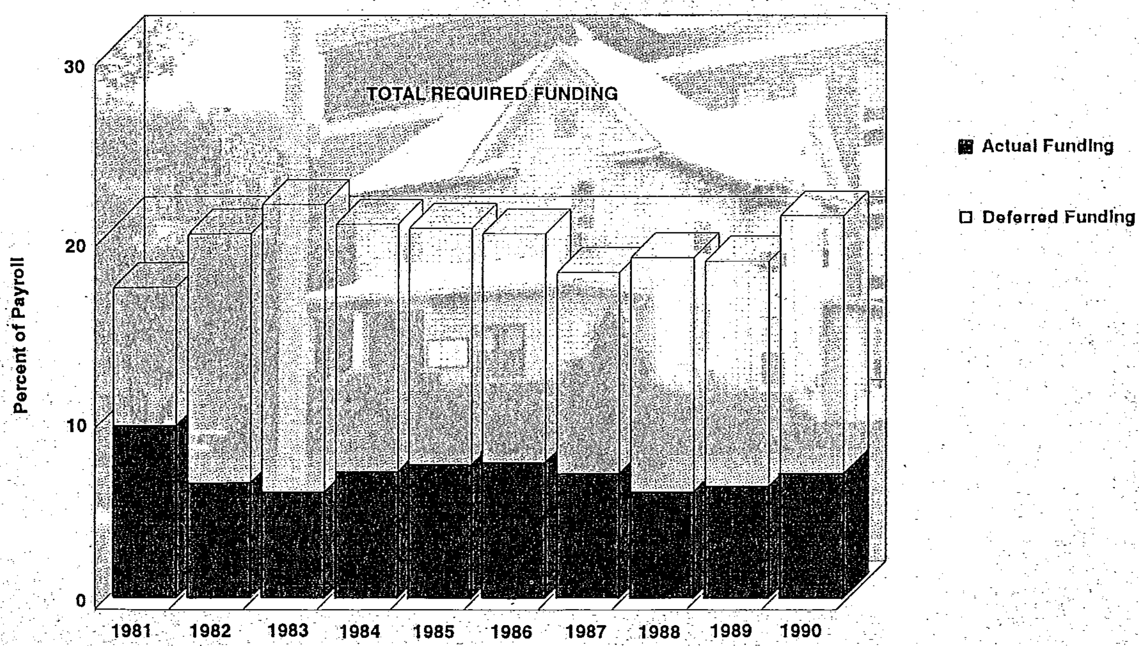
10-YEAR SUMMARY

PAYROLL PERCENTAGES
(in millions of dollars)

		Unfunded Accrued Benefit Cost		Employer's Cost					State Contributions	
Fiscal Year(A)	Member Payroll	Amount	% of Payroll	Employers' Normal Cost	% of Payroll	Interest on Unfunded	Total (D)	% of Payroll	State Cont.	% of Payroll
1981	$784.7	$1,389.1	177.0	$89.9	11.5(B)	$44.0	$133.9	17.1	$74.4	9.5
1982	872.4	1,561.4	179.0	69.1	7.9	107.3	176.4	20.2	55.0	6.3
1983	908.3	1,640.0	180.6	76.0	8.4	120.6	196.6	21.6	52.3	5.8
1984	1,016.2	1,849.7	182.0	82.0	8.1	126.6	208.6	20.5	70.2	6.9
1985	1,141.9	2,009.6	176.0	89.3	7.8	142.8	232.1	20.3	83.5	7.3
1986	1,275.9	1,924.2	150.8	100.2	7.9(C)	155.2	255.4	20.0	94.7	7.4
1987	1,370.2	2,090.5	152.6	97.2	7.1	107.6	204.8	14.9	77.9	5.7
1988	1,427.6	2,279.8	159.7	105.2	7.4	161.4	266.6	18.7	83.4	5.8
1989	1,536.7	2,607.2	169.7	108.6	7.1	176.0	284.6	18.5	93.8	6.1
1990(E)	1,676.0	2,938.4	175.3	151.9	9.1	200.7	352.6	21.0	113.3	6.8

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months long. Fiscal years 1988 and after ended June 30 and were 12 months long.
(B) Actuarial assumptions were changed in fiscal year 1981. Interest rate assumption was changed from 5% to 8%. Salary increment assumption was changed from 4% to 8%.
(C) Actuarial assumptions were changed in fiscal year 1986. Salary increment assumption was changed from 8% to 7%.
(D) Normal cost plus interest.
(E) Funding method changed from entry age normal to projected unit credit.

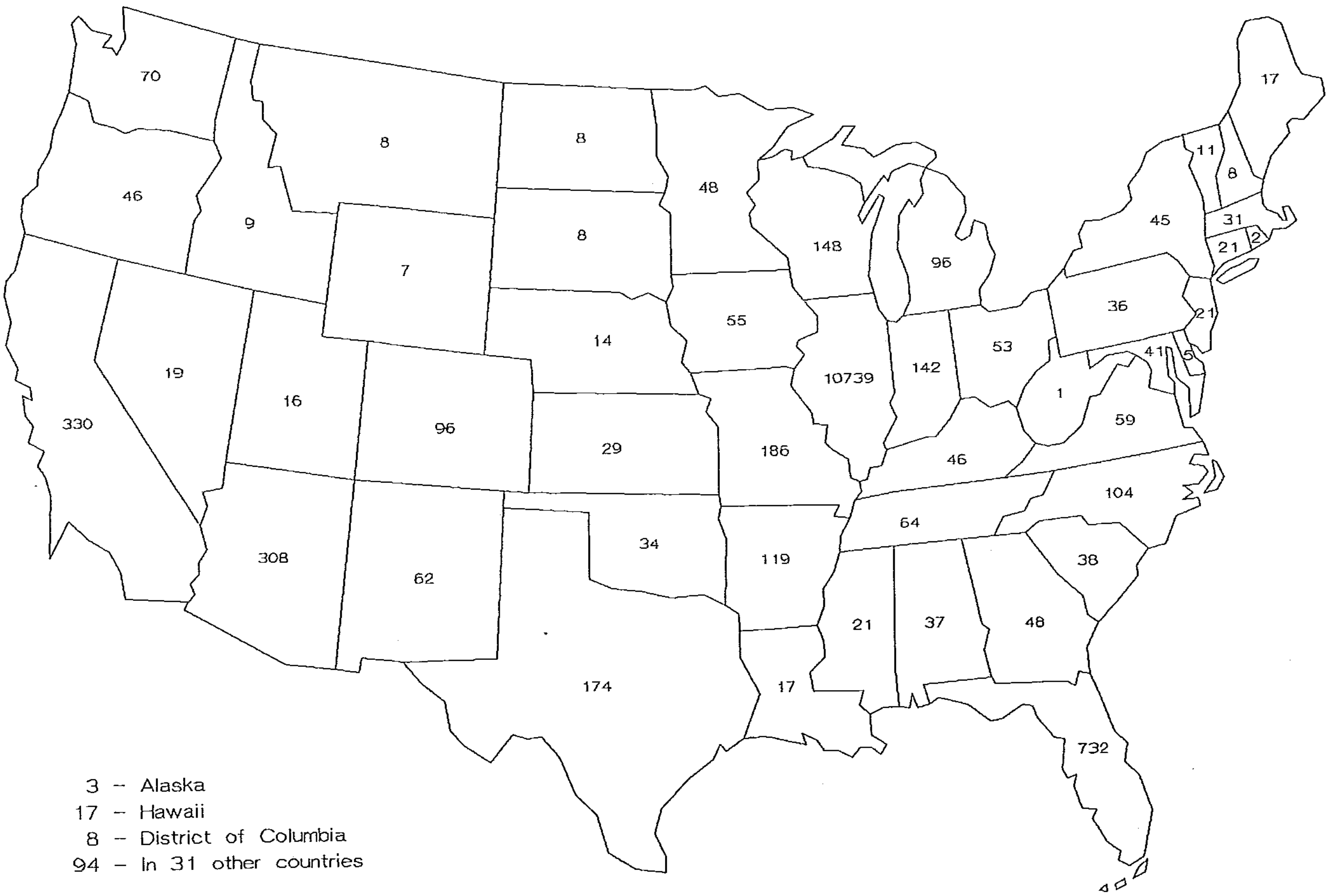
ACTUAL vs. REQUIRED EMPLOYER FUNDING



During 1954, SURS moved its office to a building located at 1210 West Oregon Street in Urbana. The actual building that housed the SURS office was torn down, however it stood at this location; the intersection of Oregon and Matthews. This was SURS' home until 1963.

STATISTICAL SECTION

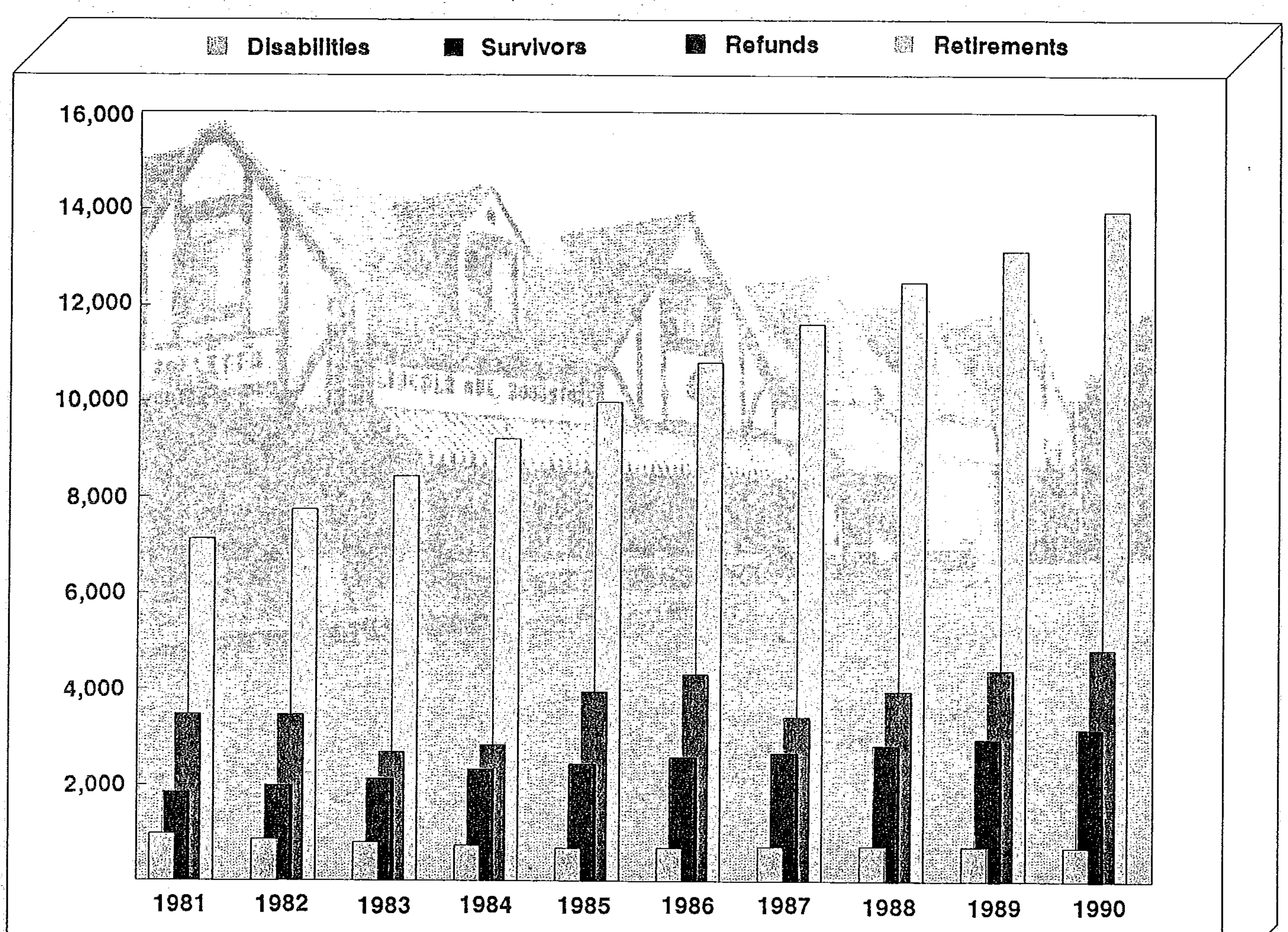
LOCATION OF SURS RETIREES WORLDWIDE



3 – Alaska
17 – Hawaii
8 – District of Columbia
94 – In 31 other countries

BENEFIT RECIPIENTS

10-YEAR SUMMARY



The third SURS home was located at 807 South Lincoln Avenue in Urbana. SURS kept its office here until 1971.

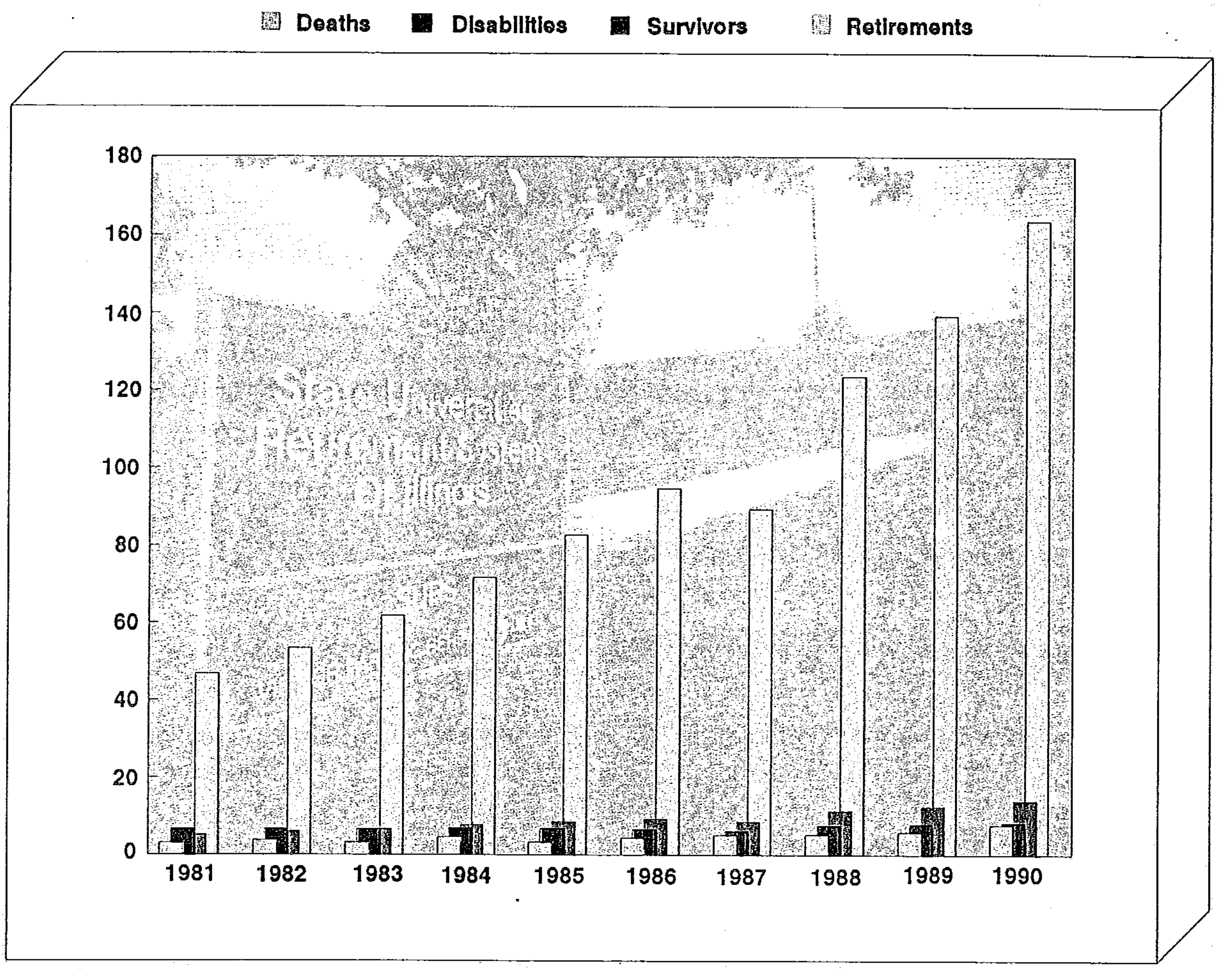
Number of Recipients

Fiscal Year (A)	Survivors	Disability	Contribution Refunds	Retirement	Disability Retirement Allowance
1981	1,847	988	3,476	7,127	
1982	1,995	872	3,461	7,737	35
1983	2,117	814	2,657	8,432	50
1984	2,321	750	2,832	9,217	71
1985	2,440	695	3,943	9,982	91
1986	2,585	698	4,305	10,809	101
1987	2,766	729	3,421	11,620	116
1988	2,830	741	3,955	12,495	135
1989	2,959	722	4,399	13,132	149
1990	3,183	715	4,834	13,958	160

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

BENEFIT EXPENSES

10-YEAR SUMMARY



In 1971, SURS constructed an office building on land donated to the System by the University of Illinois at 50 Gerty Drive, Champaign. This 20,000 square foot facility also housed the State Universities Civil Service System until January 1986, when SURS occupied the entire building.

(in millions of dollars)

Fiscal Year (A)	Survivors' Annuities	Disability Benefits	Disability Retirement Allowance	Retirement Annuities	Lump Sum Death Benefits	Total
1981	$5.1	$6.7		$46.8	$3.2	$61.8
1982	6.0	6.7	$0.1	53.4	3.8	70.0
1983	6.8	6.8	0.1	61.7	3.3	78.7
1984	7.8	7.1	0.2	71.4	4.7	91.2
1985	8.7	6.9	0.3	82.5	3.4	101.8
1986	9.4	6.8	0.4	94.3	4.6	115.5
1987	8.7	6.2	0.4	89.4	5.2	109.9
1988	11.5	7.7	0.5	123.6	5.3	148.6
1989	12.5	8.0	0.6	139.2	6.0	166.3
1990	14.1	8.4	0.7	163.5	7.8	194.5

(A) Fiscal years 1981 through 1987 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

BENEFIT SUMMARY

SCHEDULE OF NEW BENEFIT PAYMENTS
July 1, 1989 through June 30, 1990

	Retirement		Disability		Survivors	
Age	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
Under 9					10	$207
10-14					14	241
15-19					7	314
20-24						
25-29			3	$768		
30-34			3	768	1	232
35-39			8	930		
40-44			7	1,059	6	294
45-49			14	1,037	5	309
50-54	11	$1,773	18	1,308	25	484
55-59	285	1,332	35	1,059	31	523
60-64	374	1,202	28	1,210	31	412
65-69	299	1,488	10	1,289	55	608
70-74	69	1,604	2	600	42	443
Over 74	3	1,425			73	394
TOTALS	1,041	$1,353	128	$1,114	300	$444

Average Age 62.6 years

BENEFIT SUMMARY

SCHEDULE OF AVERAGE BENEFIT PAYMENTS
For Retirees As Of June 30, 1990

	Years of Credited Service						
	0-10	11-15	16-20	21-25	26-30	30+	Total
Fiscal Year 1985							
Number of Retirees	1,940	2,074	1,858	1,163	992	1,955	9,982
Average Monthly Annuity	$219	$335	$544	$751	$1,031	$1,523	$701
Final Average Salary	$13,484	$15,550	$18,364	$19,360	$21,127	$23,674	$18,256
Average Credited Service							19.53
Fiscal Year 1986							
Number of Retirees	2,070	2,172	2,088	1,342	1,077	2,060	10,809
Average Monthly Annuity	$223	$351	$582	$807	$1,101	$1,606	$741
Final Average Salary	$13,771	$16,194	$19,430	$20,858	$22,378	$24,763	$19,181
Average Credited Service							19.54
Fiscal Year 1987							
Number of Retirees	2,161	2,372	2,242	1,484	1,183	2,178	11,620
Average Monthly Annuity	$229	$370	$616	$860	$1,169	$1,710	$790
Final Average Salary	$13,984	$16,723	$20,177	$22,006	$23,502	$25,920	$19,996
Average Credited Service							19.63
Fiscal Year 1988							
Number of Retirees	2,428	2,326	2,371	1,742	1,303	2,325	12,495
Average Monthly Annuity	$277	$380	$649	$937	$1,250	$1,820	$847
Final Average Salary	$14,343	$17,863	$20,856	$23,743	$24,800	$27,338	$21,132
Average Credited Service							19.54
Fiscal Year 1989							
Number of Retirees	2,385	2,402	2,492	1,981	1,424	2,448	13,132
Average Monthly Annuity	$244	$399	$686	$1,011	$1,337	$1,933	$905
Final Average Salary	$14,702	$18,369	$21,680	$25,245	$26,170	$28,755	$22,154
Average Credited Service							19.86
Fiscal Year 1990							
Number of Retirees	2,658	2,433	2,572	2,187	1,540	2,568	13,958
Average Monthly Annuity	$306	$431	$736	$1,106	$1,445	$2,083	$985
Final Average Salary	$15,020	$18,964	$22,309	$26,651	$27,496	$30,331	$23,175
Average Credited Service							19.72

BENEFIT SUMMARY

SCHEDULE OF BENEFIT RECIPIENTS BY TYPE OF BENEFIT
For the Year Ended June 30, 1990

Monthly Amount of Benefit	Total Recipients	General Formula	Money Purchase	Police or Fire	Other (A)	Long-Term Disability	Temporary Disability	Survivors
$0-200	2,628	549	364		1,026	3	1	685
201-400	4,211	1,060	718		830	93	20	1,490
401-600	2,498	1,032	568	1	193	51	110	543
601-800	1,753	877	427	2	23	8	203	213
801-1000	1,348	829	256	7	2	4	127	123
1001-1200	1,002	690	187	4	1	1	69	50
1201-1400	869	599	156	5	1		65	43
1401-1600	749	532	130	14	1		56	16
1601-1800	603	466	86	17	1		28	5
1801-2000	508	389	81	12	1		17	8
2001-2200	406	330	60	7			6	3
2201-2400	350	283	48	11			5	3
2401-2600	253	214	30	3			5	1
2601-2800	203	164	32	7				
2801-3000	141	120	17	2			2	
3001-3200	127	100	25	1			1	
3201-3400	83	72	11					
3401-3600	71	63	7	1				
3601-3800	37	34	3					
3801-4000	33	32	1					
Over 4000	143	134	9					
TOTALS	18,016	8,569	3,216	94	2,079	160	715	3,183

(A) Minimum annuity and retirements of participants who terminated prior to 1969.

ASSETS AND LIABILITIES

10-YEAR SUMMARY

ASSETS
(in millions of dollars)

Fiscal Year (A)	Receivables	Investments	Property and Equipment	Total
1981	$25.2	$1,104.5	$0.4	$1,130.1
1982	32.2	1,212.1	0.5	1,244.8
1983	23.4	1,389.0	0.6	1,413.0
1984	21.3	1,516.0	0.7	1,538.0
1985	34.5	1,725.9	0.6	1,761.0
1986	23.1	2,249.3	0.8	2,273.2
1987	15.1	2,458.0	0.9	2,474.0
1988	15.4	2,687.4	0.9	2,703.7
1989	28.1	2,967.7	1.0	2,996.8
1990	24.1	3,281.4	2.0	3,307.5

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

LIABILITIES
(in millions of dollars)

Fiscal Year (A)	Accounts Payable	Deferred Income	Fund Balances	Total
1981	$2.1	$3.2	$1,124.4	$1,129.7
1982	3.0	1.8	1,239.5	1,244.3
1983	2.5	6.2	1,403.8	1,412.5
1984	6.3	6.7	1,524.4	1,537.4
1985	3.0	5.8	1,752.3	1,761.1
1986	9.7	5.5	2,258.0	2,273.2
1987	3.3	0.2	2,470.5	2,474.0
1988	5.5	0.3	2,698.0	2,703.8
1989	6.5	0.3	2,990.0	2,996.8
1990	7.3	0.2	3,300.0	3,307.5

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 were 12 months in length.

ACTIVE PARTICIPANT STATISTICS

10-Year Summary

Fiscal Year (A)	Males	Females	Total Actives	Percent Change	Average Salary	Average Age	Average Service Credit
1981	22,134	18,490	40,624	2.6%	$19,316	42.7	8.8
1982	22,111	19,208	41,319	1.7	21,114	43.5	9.0
1983	22,004	19,585	41,589	0.6	21,840	43.3	9.7
1984	22,919	21,607	44,526	6.6	22,823	43.1	8.9
1985	24,327	24,082	48,409	8.0	23,589	42.6	8.5
1986	25,259	25,866	51,125	5.3	24,956	42.4	8.4
1987	26,009	26,756	52,765	3.1	25,968	42.7	7.8
1988	25,824	26,898	52,722	-0.1	27,078	42.8	9.0
1989	25,694	27,602	53,296	1.1	28,834	43.0	9.1
1990	26,187	28,783	54,970	3.0	30,878	43.2	9.1

(A) Fiscal years 1981 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

ANALYSIS OF CHANGE IN MEMBERSHIP

Fiscal Year (A)	Beginning Members	Additions	Retired	Died	Other Terminations	Ending Members
1984	41,589	7,700	464	130	4,169	44,526
1985	44,526	8,861	459	85	4,434	48,409
1986	48,409	8,191	513	95	4,867	51,125
1987	51,125	5,228	346	77	3,165	52,765
1988	52,765	6,790	904	109	5,820	52,722
1989	52,722	7,503	759	101	6,069	53,296
1990	53,296	7,923	673	114	5,462	54,970

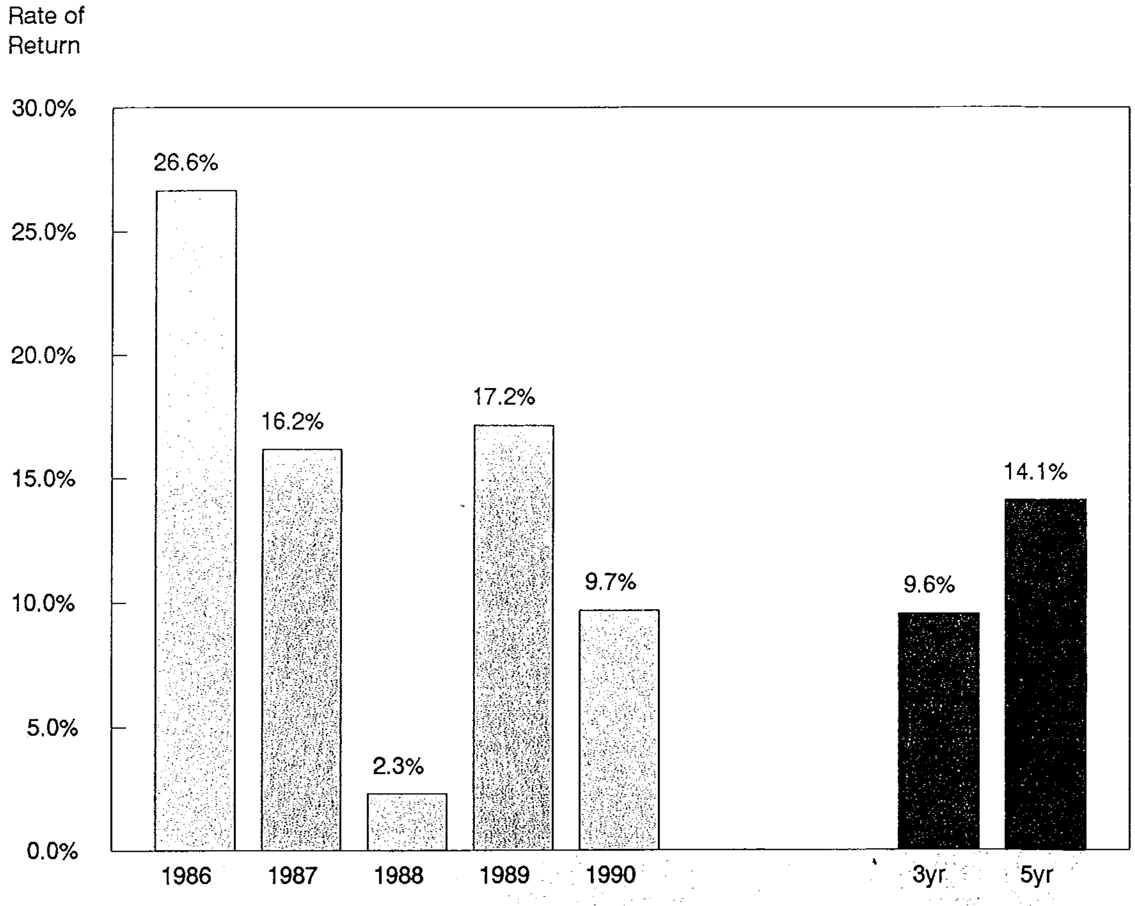
(A) Fiscal years 1984 through 1986 ended August 31. Fiscal year 1987 ended June 30 and was 10 months in length. Fiscal years 1988 and after ended June 30 and were 12 months in length.

PARTICIPATING EMPLOYERS 1990

Belleville Area College
Black Hawk College
Board of Governors
Board of Governors Cooperative Computer Center
Board of Regents
Carl Sandburg College
Chicago State University
City Colleges of Chicago
College of DuPage
College of Lake County
Danville Area Community College
Eastern Illinois University
Elgin Community College
Governors State University
Hazardous Waste Research and Information Center
Highland Community College
Illinois Board of Higher Education
Illinois Central College
Illinois Community College Board
Illinois Community College Trustees Association
Illinois Eastern Community Colleges
Illinois Mathematics and Science Academy
Illinois State University
Illinois Valley Community College
John A. Logan College
John Wood Community College
Joliet Junior College
Kankakee Community College
Kaskaskia College
Kishwaukee College
Lake Land College
Lewis & Clark Community College
Lincoln Land Community College
McHenry College
Moraine Valley Community College
Morton College
Northeastern Illinois University
Northern Illinois University
Oakton Community College
Parkland College
Prairie State College
Rend Lake College
Richland College
Rock Valley College
Sangamon State University
Sauk Valley College
Shawnee College
Southern Illinois University at Carbondale
Southern Illinois University at Edwardsville
Southern Illinois University Foundation at Edwardsville
South Suburban College
Southeastern Illinois College
Spoon River College
State Community College of East St. Louis
State Geological Survey
State Natural History Survey
State Universities Civil Service System
State Universities Retirement System
State Water Survey
The University of Illinois at Chicago
Triton College
University of Illinois - Alumni Association
University of Illinois - Foundation
University of Illinois - Urbana
Waubonsee Community College
Western Illinois University
William Rainey Harper College

INVESTMENT SECTION

PERFORMANCE SUMMARY
ANNUALIZED PERCENT RETURN
For the periods ended June 30



CERTIFICATION LETTER

THE NORTHERN TRUST COMPANY

FIFTY SOUTH LA SALLE STREET

CHICAGO, ILLINOIS 60675

TELEPHONE (312) 630-6000

Master Trustee's Comments on the Services Provided

To the Board of Trustees and the Executive Director:

The Northern Trust Company as Master Trustee has provided detailed financial reports of all investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Fund for the period July 1, 1989 through June 30, 1990. Also, a statement of assets together with their fair market value was provided, showing the properties held as of June 30, 1990. The Northern Trust Company certifies that the statements contained therein are fairly presented and are true and accurate.

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

1. Receive and hold all amounts paid to the Trust Fund by the Board of Trustees.

2. Accept and deliver securities in accordance with the instructions of appointed Investment Managers.

3. Collect dividends and registered interest payments.

4. Collect matured or called securities and coupons.

5. Securities Lending.

6. Begin, maintain or defer any litigation necessary in connection with the investment, reinvestment of the Trust Fund and the administration of the Master Trust.

7. Invest cash balances held from time to time in the individual investment management accounts in short term -- cash equivalent securities.

8. Exercise rights of ownership in accordance with pre-described jurisdiction and direction of proxy voting, stock subscriptions and conversion rights.

9. Hold securities in the name of the Master Trust or nominee form.

10. Use the Federal Book Entry Account System for deposit of Treasury securities and clearing corporations as defined in Article 8 of the Illinois Uniform Commercial code for the deposit of securities.

11. Employ agents with the consent of the Board of Trustees.

12. Provide disbursement and security fail float income.

THE NORTHERN TRUST COMPANY

By:

Susan L. Gilpin
Second Vice President

INVESTMENT SUMMARY 1990

STATEMENT OF INVESTMENT POLICY

Investment Policy

Permissible Equity Investment

A goal of 55 percent of the market value of the fund is to be invested in equity securities with a target of 10 percent of the market value of the fund invested in non-U.S. equity securities.

Permissible Real Estate Investment

Up to 15 percent of the market value of the fund may be invested in diversified equity real estate or mortgages.

Diversification

The State Universities Retirement System (SURS) invests in different types of assets and uses multiple managers as a method to ensure overall fund diversification. As of June 30, 1990, the System had retained the services of nine investment managers.

Each investment management firm is afforded full discretion to diversify its portfolio in a manner it deems appropriate. The Trustees have created guidelines to direct the investment managers in their execution of the overall investment policy. The guidelines are specific to the type of portfolio managed.

INVESTMENT SUMMARY

Asset Allocation

The investment policy of SURS provides an efficient allocation of assets to achieve overall risk and return objectives. Proper implementation of this policy requires that a periodic adjustment, or "rebalancing," of assets be made to ensure conformance with policy target levels. Such rebalancing is necessary to reflect sizable cash flows and performance imbalances among asset classes and investment managers.

The fund did not require rebalancing during fiscal year 1990, as the asset allocation stayed within target levels throughout the year. At year end, the 58 percent of the fund invested in stocks was slightly over the 55 percent target. Bonds equalled their goal of 30 percent. The overweighting in stocks (3 percent of the total fund) was offset by a like underweighting in real estate, 12 percent invested versus a 15 percent goal.

Internal Management

In mid-July 1989, the staff commenced a trial program of internal management of a small portion of SURS stock portfolio. The program, if successful, will provide a low cost alternative to outside management. The internally managed portfolio uses quantitative techniques to select a broadly diversified, value biased portfolio of stocks selected from the S&P 500. A value biased portfolio seeks to avoid investing in stocks which are over priced in comparison to their estimated value. In addition, the portfolio is structured to avoid unintended biases such as size and industry concentration. The objective is to provide small, consistent gains over the S&P.

INVESTMENT SUMMARY 1990

Although the return of the portfolio slightly lagged the return of the S&P 500, the results for the first 11 months of the program were encouraging. The portfolio achieved the consistency of returns we desired and successfully neutralized industry and size concentrations.

The Board of Trustees has authorized continuation of the program through September of 1991.

Non U.S. Stock Increased

During FY 1990, the Board of Trustees increased the allocation to non U.S. stock from 5 to 10 percent of the fund. The increase is intended to increase the overall portfolio return while decreasing portfolio risk through broader diverstification.

A new South Africa Free Europe, Australia and Far East (SAF-EAFE) index fund was developed by SURS passive investment manager, Wells Fargo Nikko Investment Advisors. SURS is prohibited under Article 1 from making new investments after February 1987, in companies increasing their investments in South Africa. The new fund more than complies with the law as it excludes companies with any investment in South Africa. The SAF-EAFE began January 31, 1990, with an initial allocation of $210 million.

Venture Capital

Brinson Partners, Inc., Chicago, Illinois was hired to begin a program of venture investing. The Board of Trustees, in allocating funds to venture investing, is seeking to diversify investments while capturing a higher return relative to other asset classes over long periods of time.

Brinson Partners will serve as a venture investment program manager for SURS, investing $100 million over the next five years. A program manager reviews the 100-plus venture partnerships offerings per year, selecting those deemed to have superior potential. The program manager ensures broad diversification by investing in multiple industries, different stages of a pre-public company's life cycle, and diverse geographical areas. The first venture investment was made subsequent to the end of the fiscal year.

INVESTMENT RESULTS

Investment Objectives

Overall fund performance will be compared with the performance of a "policy portfolio" comprised of 45 percent of the Wilshire 5000 Stock Index, 10 percent of the currency hedged Europe, Australia, and Far East Index (EAFE), 30 percent of the Salomon Brothers Broad Investment Grade Bond Index, and 15 percent of the Ennis, Knupp & Associates Real Estate Index. The investment objective is to equal or exceed the policy portfolio rate of return. The policy portfolio has been continually updated to reflect a passive implementation of the investment policy. Comparisons of total fund performance will also be made with a universe of funds implementing generally comparable investment policies.

Summary of Investment Results

The year ended June 30 was favorable for U.S. stock and bond markets, returning 12.7 percent and 7.7 percent, respectively. Fiscal year 1990 was not a good time period for foreign stock investors. Foreign stocks, which outperformed their U.S. counterparts by 16.5 percent per year in the five years prior to fiscal year 1990, returned 1.8 percent. The return of foreign stocks was dominated by the well publicized decline in the Japanese stock market. Real estate returns continue to suffer from overcapacity in certain areas. Inflation was 4.6 percent for fiscal year 1990.

INVESTMENT SUMMARY 1990

While returns over the past five years have been substantially in excess of inflation, employer funding has lagged. Past inadequate funding, in addition to creating future cost problems for the System, has meant missing the important opportunity during the past five years to earn a very high return over inflation. Total fund return over inflation amounted to 5.1 percent for the year.

For the fiscal year ended June 30, 1990, SURS total fund return of 9.7 percent exceeded the policy portfolio goal by +1.1 percent but lagged the CDA Associates Public Funds Median by +0.5 percent. Each of SURS investment types equalled or exceeded their goal. SURS stocks, foreign stocks, and real estate exceeded their goals by 0.2, 2.4, and 3.1 percent respectively. SURS bond results matched their goal.

The following table summarizes investment results for the past five years.

PERFORMANCE SUMMARY
Annualized Percent Return for Periods Ending June 30

	1986	1987	1988	1989	1990	Annualized	
						3 Years	5 Years
Total Fund							
SURS	26.6%	16.2%	2.3%	17.2%	9.7%	9.6%	14.1%
Policy Portfolio	27.2	15.0	0.5	15.2	8.6	7.9	13.0
CDA Public Retirement Funds Index	26.1	13.7	0.5	14.4	10.2	8.2	12.7
CPI	1.9	3.3	3.9	5.2	4.6	4.4	3.8
U.S. Common Stock Returns							
SURS	34.4	22.9	-5.8	21.7	12.9	9.0	16.4
S&P 500 Stock Index	35.8	25.1	-6.9	20.5	16.5	9.3	17.3
Wilshire 5000 Index	35.3	20.1	-6.0	19.5	12.7	8.2	15.5
Foreign Stock Returns							
SURS		61.3	5.0	17.6	4.2	8.8	
Currency Hedged EAFE Index		59.2	4.4	17.4	1.8	7.6	
Bond Returns							
SURS	21.7	6.0	9.0	13.4	7.7	10.0	11.4
Shearson/Lehman G/C Bond Index	20.6	4.7	7.5	12.3	7.1	9.0	10.3
Salomon Broad Investment Grade Index	19.9	5.6	8.1	12.2	7.7	9.3	10.6
Real Estate Returns							
SURS	9.0	5.3	7.4	9.5	8.5	8.5	7.9
Ennis, Knupp & Assoc-Real Estate Index	8.4	6.4	6.9	6.8	5.4	6.3	6.8
Asset Allocation							
U.S. Stock	47	49	47	50	50	49	49
Non-U.S. Stock	5	7	7	7	8	7	7
Bonds	42	36	33	31	30	31	34
Real Estate	6	8	13	12	12	12	10

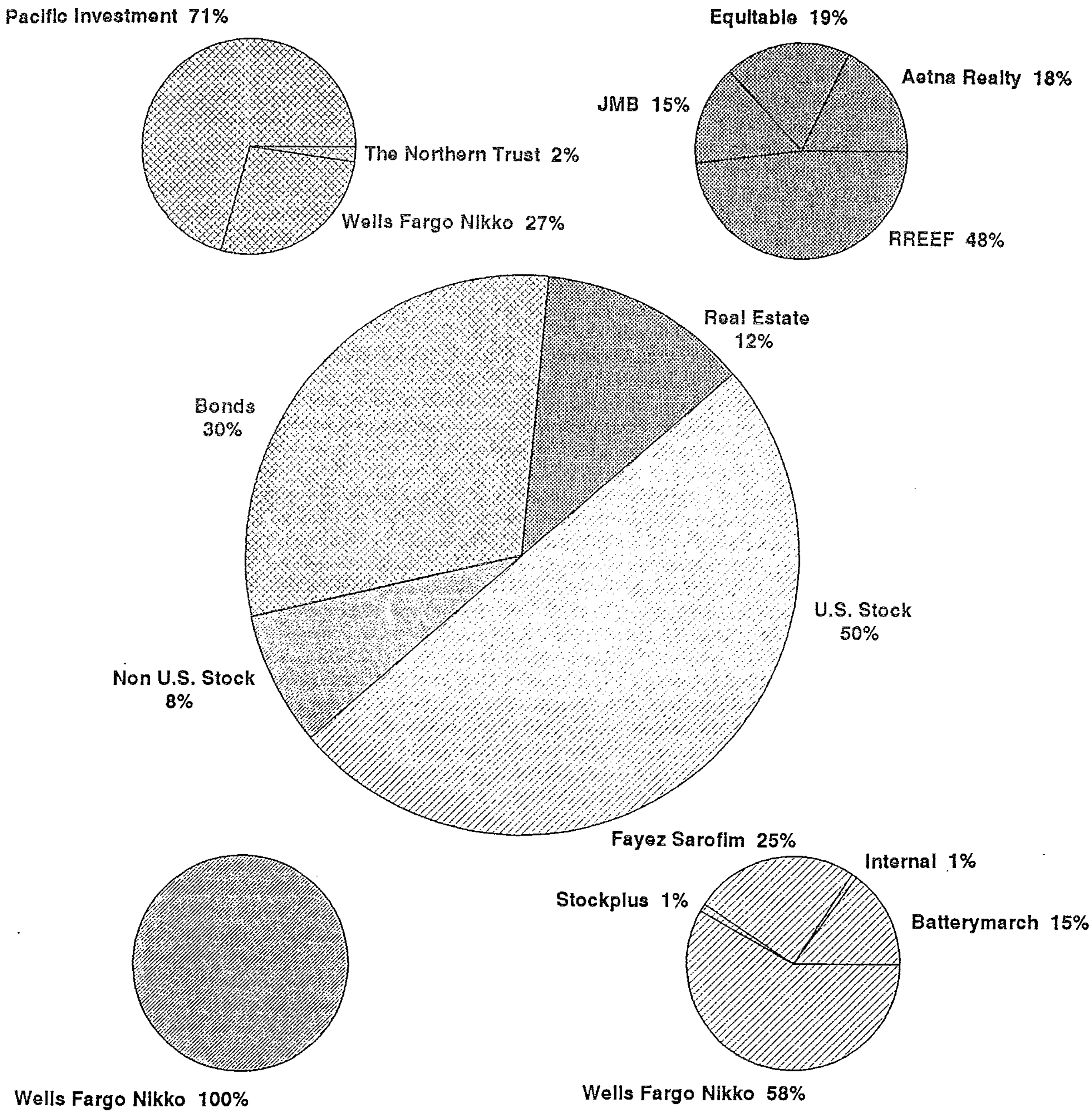
INVESTMENT SUMMARY 1990

ASSET ALLOCATION AS OF JUNE 30, 1990
($000)

	Equity	Fixed Income	Real Estate	Market Value	% Of Fund
Stock Managers - Passive					
Wells Fargo Nikko Investment Advisors					
U.S. Equity	$979,568	$0	$0	$979,568	25
Extended Market	106,313	0	0	106,313	3
S&P 500 Index	47,883	0	0	47,883	1
South Africa Free International	102,383	0	0	102,383	3
International	237,497	0	0	237,497	5
Currency Hedge	(7,022)	0	0	(7,022)	0
Subtotal	1,466,622	0	0	1,466,622	37
Stock Managers - Active					
Batterymarch Financial Management	282,269	5,857	0	288,126	7
Fayez Sarofim and Company	495,938	970	0	496,908	13
Pacific Investment Management Company					
StocksPlus	12,470	0	0	12,470	0
Internal Management	21,599	85	0	21,684	1
Subtotal	812,276	6,912	0	819,188	21
Bond Managers - Passive					
Wells Fargo Nikko Investment Advisors					
U.S. Debt	0	325,955	0	325,955	8
Subtotal	0	325,955	0	325,955	8
Bond Managers - Active					
Pacific Investment Management Company	6,441	842,263	0	848,704	21
The Northern Trust Company					
(Short-term cash and GICs)	0	29,652	0	29,652	1
Subtotal	6,441	871,915	0	878,356	22
Real Estate Managers					
Aetna Realty Investors					
Real Estate Separate Account	0	0	85,165	85,165	2
Equitable Real Estate Management					
Prime Property Fund	0	0	87,964	87,964	2
JMB Institutional Realty					
Cadillac Fairview	0	1,074	71,784	72,858	2
The RREEF Funds	0	2,125	220,503	222,628	6
Subtotal	0	3,199	465,416	468,615	12
TOTAL ASSET ALLOCATION	$2,285,339	$1,207,981	$465,416	$3,958,736	100
PERCENT	58	30	12	100	

INVESTMENT SUMMARY 1990

ASSET ALLOCATION AS OF JUNE 30, 1990



INVESTMENT PORTFOLIO 1990

EQUITIES

	Shares	Book Value	Market Value
COMMON STOCK			
Abbott Labs	338,200	$9,530,444	$13,866,200
Advanced Micro Devices	505,700	4,863,504	4,804,150
Aetna Life & Casualty Co	1,232	71,558	64,372
Alcan Alum Ltd	4,963	108,344	111,667
Alco Std Corp	3,400	109,310	119,425
Alum Co America	900	60,435	57,375
Amax Inc	4,400	109,560	107,250
Amdahl Corp	6,900	107,519	112,125
American Brands Inc	1,500	110,287	96,937
American Ecology Corp	4,300	21,932	23,650
American Elec Pwr Co	3,976	117,547	118,285
American Express Co	416,089	7,907,043	12,794,751
American General Corp	222,341	6,152,022	10,672,367
American Home Prod Corp	185,400	4,816,892	9,733,500
American Intl Group Inc	79,500	7,331,374	7,661,813
American Stores Co	65,000	3,626,762	4,330,625
Amer Telephone & Telegraph	175,495	4,617,043	6,756,557
Amerada Hess Corp	2,700	110,093	119,137
Amoco Corp	186,300	5,756,142	9,524,587
AMR Corp	191,900	11,488,590	12,305,587
Anheuser-Busch Companies	260,000	2,824,190	11,212,500
Apple Computer Inc	3,300	109,724	147,675
Archer-Daniels-Midland Co	40,227	908,519	1,030,817
Asarco Inc	3,700	111,555	98,050
ASK Computer Sys Inc	27,400	398,069	239,750
Atlantic Richfield Co	26,100	2,975,430	3,066,750
Bally Mfg Corp	106,900	2,623,690	1,028,913
Baltimore Gas & Elec Co	3,700	121,148	106,837
BancFlorida Fncl Corp	5,400	53,082	29,025
BankAmerica Corp	2,100	60,690	62,213
Bankers Trust N.Y. Corp	2,942	144,162	123,196
Barnett Banks Inc	23,600	805,822	767,000
Bausch & Lomb Inc	30,400	1,764,457	2,109,000
Bay View Cap Corp Del	46,900	879,375	855,925
Becton Dickinson & Co	900	50,530	63,113
Bell Atlantic Corp	52,485	2,703,162	2,604,567
BellSouth Corp	5,328	271,466	277,056
Bergen Brunswig Corp Cl A	55,313	689,466	1,486,537
Bethlehem Steel Corp	5,200	116,479	83,850
Boeing Co	341,137	7,422,904	19,956,515
Bowne & Co Inc	50,000	551,000	693,750
Bristol Myers Squibb Co	3,100	159,340	196,463
B B & T Financial Corp	4,600	102,395	86,250
Cabot Corp	28,700	883,098	932,750
Calfed Inc	25,800	581,015	432,150
Carter-Wallace Inc	33,000	1,840,284	1,806,750
Caterpillar Inc	1,800	118,647	94,725
Central Ill Pub Serv Co	32,400	725,598	692,550

INVESTMENT PORTFOLIO 1990

EQUITIES

	Shares	Book Value	Market Value
COMMON STOCK			
Champion Intl Corp	130,000	$4,064,036	$3,965,000
Chase Manhattan Corp	4,175	147,344	99,677
Chemical Banking Corp	4,423	150,785	112,787
Chevron Corp	239,000	11,401,411	16,819,625
Chrysler Corp	6,000	141,000	94,500
Cigna Corp	121,700	5,681,301	6,100,213
Citicorp	47,362	1,165,692	1,071,565
CNA Financial Corp	700	66,448	51,450
Coca Cola Co	970,600	19,480,743	43,070,375
Coca Cola Enterprises Inc	65,000	1,072,500	1,040,000
Cons Edison Co N.Y. Inc	4,700	123,506	110,450
CPC Intl Inc	89,200	6,698,922	7,147,150
Citizen First Bancorp Inc	66,000	917,070	668,250
Cyprus Mining Co	4,100	122,652	91,737
Danaher Corp	48,700	755,824	967,913
Dayton-Hudson Corp	65,000	2,939,365	4,728,750
Delta Air Lines Inc	75,000	5,224,549	5,484,375
Detroit Edison Co	5,400	114,314	141,075
Digital Equip Corp	42,600	4,192,577	3,621,000
Donnelley R R & Sons Co	36,900	1,718,976	1,743,525
Dow Chemical Co	224,100	13,535,676	12,829,725
Du Pont E I De Nemours & Co	327,606	6,482,719	12,612,600
Eastman Kodak Co	142,200	5,772,499	5,759,100
Eastern Enterprises	900	26,708	25,987
Eaton Corp	1,933	116,370	121,537
EDO Corp	2,700	45,694	16,875
Emulex Corp	100,100	899,940	738,237
Engelhard Corp	59,100	1,616,688	1,322,363
Enron Corp	56,200	2,055,574	3,189,350
Entergy Corp	5,500	111,640	109,313
Exxon Corp	75,900	3,529,162	3,633,713
Fed Paper Board Co Inc	4,500	110,363	91,687
Fedders Corp	3,900	49,803	62,400
First Chicago Corp	3,600	149,243	105,300
First Rep Bank Corp	86,800	609,336	1
Fleming Companies Inc	2,600	84,305	95,550
Fluke John Mfg Co Inc	34,949	836,716	777,615
Ford Mtr Co	389,700	7,867,532	17,049,375
F.N.M.A.	33,700	567,800	1,369,063
Gannett Co Inc	1,700	81,218	65,025
General Dynamics Corp	2,600	144,470	83,200
General Electric Co	344,800	8,019,932	23,877,400
General Motor Corp	154,000	5,789,336	7,334,250
General Public Utilities	37,800	1,701,756	1,639,575
General Re Corp	1,000	70,400	85,500
Gillette Co	51,800	2,820,136	3,075,625
Golden West Financial	39,000	936,344	1,184,625
Goodyear Tire & Rubber Co	55,700	3,011,794	1,677,963

INVESTMENT PORTFOLIO 1990

EQUITIES

COMMON STOCK	Shares	Book Value	Market Value
Great Western Financial	88,500	$1,871,333	$1,593,000
Greyhound Dial Corp	27,900	707,236	777,713
Greater N.Y. Svgs Bank	9,000	105,830	48,375
Grumman Corp	7,100	147,328	134,900
GTE Corp	18,239	1,061,718	1,180,975
Handleman Co	5,600	116,424	89,600
Harris Corp	68,400	2,182,091	2,351,250
Heinz H J Co	325,000	5,865,157	11,293,750
Hewlett-Packard Co	39,600	2,046,642	1,871,100
Honeywell Inc	28,500	1,695,344	2,807,250
Humana Inc	3,000	110,700	147,000
Hunt Mfg Co	1,000	19,645	12,000
Inco Ltd	373,769	8,042,839	10,699,137
Intl Business Mach Corp	127,800	15,413,592	15,016,500
Intl Multifoods Corp	22,000	583,440	671,000
Intl Paper Co	17,909	1,014,211	911,120
ITT Corp	1,400	83,160	80,500
Johnson & Johnson	47,200	2,627,962	3,197,800
K Mart Corp	223,200	6,978,617	7,812,000
Kellogg Co	159,200	5,607,024	10,447,500
Kennametal Inc	30,700	917,777	1,059,150
King World Prod Inc	3,800	117,420	142,500
Lilly Eli & Co	207,900	5,307,638	17,281,687
Loews Corp	90,000	6,068,169	9,866,250
Long Drug Stores Corp	2,500	105,063	105,625
Marriott Corp	211,900	6,412,204	4,820,725
Marsh & Mc Lennan Co	65,000	4,172,519	4,988,750
Martin-Marietta Corp	2,418	111,526	103,672
May Dept Stores Co	192,400	5,427,571	10,654,150
Mc Graw-Hill Inc	65,000	1,989,924	3,656,250
Melville Corp	2,400	111,060	125,700
Mercantile Stores Co Inc	3,200	139,400	129,200
Merck & Co Inc	351,100	15,100,566	30,457,925
Meridian Bancorp Inc	89,900	2,012,395	1,427,163
Merrill Lynch & Co Inc	322,400	7,570,348	7,254,000
Manufacturers Hanover	3,485	136,517	120,233
Manufacturers Natl Corp	2,100	121,034	91,350
Minn Mining & Mfg Co	128,200	7,310,348	11,105,325
Mobil Corp	272,022	6,559,661	16,797,359
Momentum Distr Inc	7,820	83,483	148,580
Monsanto Co	125,400	6,350,270	5,972,175
Morgan J P & Co Inc	5,268	199,752	188,331
Morgan Stanley Group Inc	76,400	5,388,216	5,558,100
Mosinee Paper Corp	24,000	411,158	462,000
Motorola Inc	34,200	1,974,684	2,859,975
NACCO Ind Inc Cl A	10,500	493,959	643,125
Natl Intergroup Inc	37,900	858,246	677,463
Natl Medical Enterprises	3,400	106,527	128,775

INVESTMENT PORTFOLIO 1990

EQUITIES

	Shares	Book Value	Market Value
COMMON STOCK			
Natl Service Ind Inc	4,100	$107,728	$114,287
NCR Corp	44,300	1,302,351	2,840,737
New Eng Business Service Inc	51,900	948,213	817,425
Nichols Institute	73,840	871,170	1,181,440
NICOR Inc	3,100	117,180	117,413
NIKE Inc Cl B	19,800	423,525	1,519,650
Norfolk Southern Corp	1,900	69,635	81,463
Northside Svg Bank Bronx N.Y.	49,300	916,874	493,000
NWNL Companies Inc	24,800	753,300	706,800
NL Industries Inc	63,900	734,791	1,022,400
Occidental Petroleum Corp	219,800	6,051,694	5,659,850
Ohio Edison Co	2,000	38,850	39,500
ONEOK Inc	8,200	113,939	107,625
Orion Pictures Corp	12,600	187,677	206,325
Owens Corning Fiberglass	195,000	4,302,082	4,338,750
Pacific Telesis Group	63,052	3,121,493	2,805,814
PACCAR Inc	2,400	116,400	100,800
Panhandle Eastern Corp	160,128	2,002,828	3,923,136
Paramount Communications Inc	147,600	8,669,325	6,365,250
Penney J .C. Co Inc	141,900	4,483,185	8,602,687
Pennzoil Co	110,000	3,672,348	8,346,250
Pentair Inc	24,200	726,484	671,550
Peoples Energy Corp	5,300	126,655	116,600
Peoples Heritage Fncl Group	43,400	916,825	320,075
Peoples Westchester Svgs Bk	9,975	255,503	139,650
Pepsico Inc	202,900	5,156,282	15,750,113
Pfizer Inc	1,900	114,285	121,837
Phelps Dodge Corp	1,800	110,295	107,100
Philadelphia Electric Co	5,565	129,131	92,517
Philip Morris Companies	911,700	8,325,813	42,394,050
Phillips Petroleum Co	359,800	7,705,589	9,264,850
PHM Corp	8,900	77,154	80,100
PPG Industries Inc	40,800	1,667,193	1,958,400
Prime Motor Inns Inc	9,900	192,470	89,100
Procter & Gamble Co	171,300	5,676,155	14,924,513
PSI Resources Inc	7,000	114,252	121,625
Pub Service Enterprise Group	4,588	125,103	118,715
Quaker Oats Co	35,700	1,917,939	1,704,675
Quaker State Corp	8,600	110,897	105,350
Quantum Chemical Corp	2,781	111,421	46,234
Ralston Purina Co	35,200	3,135,594	3,234,000
Reebok International	8,000	109,200	141,000
Reynolds Metals Co	2,100	105,578	121,537
Rochester Cmnty Svg Bank	48,500	845,895	582,000
Rockwell Intl Corp	5,400	120,845	147,825
Royal Dutch Petroleum	137,600	3,846,743	10,354,400
Salomon Inc	5,100	109,905	124,950
San Diego Gas & Elec Co	122,600	4,864,359	5,333,100

INVESTMENT PORTFOLIO 1990

EQUITIES

	Shares	Book Value	Market Value
COMMON STOCK			
SCE Corp	25,200	$964,653	$945,000
Seagram Co Ltd	1,000	76,025	82,250
Sears Roebuck & Co	3,000	114,525	109,500
Signet Banking Corp	47,100	1,905,580	1,083,300
So New Eng Telecomm Corp	20,100	801,890	673,350
Southern Co	4,386	118,606	110,747
Spring Ind Inc Cl A	3,200	133,035	103,200
SPX Corp	47,400	1,067,993	1,380,525
St Paul Bancorp Inc	1,700	22,559	19,550
Stone Container Corp	4,100	111,192	67,137
Sun Co Inc	2,900	110,708	107,663
Southwestern Bell Corp	1,600	91,080	86,200
Tambrands Inc	70,000	1,767,063	5,915,000
Tandy Corp	3,000	129,525	106,500
Teledyne Inc	100,000	1,512,226	2,375,000
Temple Inland Inc	95,100	1,242,772	3,257,175
Texas Utilities Co	3,785	124,355	133,894
Texaco Inc	52,100	2,541,429	2,950,163
Textron Inc	4,400	119,985	104,500
Times Mirror Co Cl A	201,400	6,020,347	6,268,575
TJX Companies Inc	8,200	108,035	108,650
Tonka Corp	9,800	129,303	61,250
Toys R Us Inc	100,000	3,725,830	4,812,500
Tribune Co	21,300	913,289	915,900
UJB Financial Corp	4,100	109,757	66,625
Union Carbide Corp	170,200	4,773,411	3,276,350
Union Pacific Corp	1,100	80,190	77,138
Unilever NV	1,600	112,040	136,800
United Technologies Corp	9,700	496,942	555,325
Unitrin Inc	100,000	1,542,590	3,375,000
Upjohn Co	77,700	2,677,829	3,185,700
USX Corp	78,900	2,724,307	2,603,700
US Bancorp	62,800	1,977,792	1,750,550
US West	50,600	1,738,281	1,815,275
V F Corp	3,200	116,480	83,600
Varian Assoc Inc	46,800	1,837,836	1,316,250
Waban Inc	47,250	521,535	383,906
Wal-Mart Stores Inc	56,100	2,391,488	3,499,238
Walt Disney Company	81,500	9,427,679	10,452,375
Warner-Lambert Co	209,200	7,648,376	13,781,050
Washington Post Co Cl B	3,200	877,664	841,600
Waste Management Inc	129,900	4,447,845	5,374,613
Westcorp Inc	1,000	7,280	8,500
Westinghouse Elec Corp	28,700	1,043,486	1,054,725
Weyerhaeuser Co	2,200	64,954	56,100
Woolworth Corp	4,000	111,550	131,500
Xerox Corp	15,500	788,073	726,563
Zenith Electric Corp	237,500	4,654,967	1,989,063

INVESTMENT PORTFOLIO 1990

EQUITIES

	Shares	Book Value	Market Value
MUTUAL FUNDS & LIMITED PARTNERSHIPS			
Stockplus	100,000	$10,000,000	$12,470,118
US Equity Fd	72,458,497	722,010,815	979,567,798
Extended Mkt Fd	3,633,755	95,576,892	106,313,566
International Fd	3,975,211	130,041,923	237,496,767
S Africa Free Int'l Fd	11,135,301	111,900,451	102,382,991
PREFERRED STOCK			
RPS Corp 17.00% Cum Exc Sr	4,245	61,747	61,956
Time Warner Inc Ser C Conv	220,000	9,102,923	9,487,500
Toledo Edison Ser A Adj Rate	50,000	1,000,000	1,025,000
INTERNATIONAL CURRENCY FORWARDS			
Wells Currency Hedge			(7,022,305)
TOTAL EQUITIES	109,309,959	$1,611,492,856	$2,235,354,350

FIXED INCOME SECURITIES

	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
GOVERNMENT AGENCIES						
Fed Home Loan Bank	AAA	7.000	10/01/06	$642,061	$595,512	$577,053
Fed Home Loan Bank	AAA	7.500	04/01/05	541,821	513,714	500,166
Fed Home Loan Bank	AAA	8.000	07/01/09	3,756,251	3,465,142	3,551,986
Fed Home Loan Bank	AAA	8.500	12/15/05	115,715	97,399	111,049
Fed Home Loan Bank	AAA	8.500	10/15/18	13,806,044	13,233,123	13,279,619
Fed Home Loan Bank	AAA	8.750	04/01/08	605,516	483,656	582,052
Fed Home Loan Bank	AAA	9.400	09/15/08	1,377,000	977,670	1,359,540
Fed Home Loan Bank	AAA	10.000	07/15/00	15,000,000	15,225,000	14,920,364
Fed Home Loan Bank	AAA	16.250	11/01/11	244,673	255,072	269,686
Fed Nat'l Mtg Assn	AAA	6.000	09/01/01	4,427,385	4,063,510	3,768,811
Fed Nat'l Mtg Assn	AAA	7.250	10/01/04	4,591,487	4,211,255	4,152,403
Fed Nat'l Mtg Assn	AAA	8.000	05/01/08	1,075,155	991,830	1,016,021
Fed Nat'l Mtg Assn	AAA	8.250	07/01/08	5,368,280	5,160,259	5,076,353
Fed Nat'l Mtg Assn	AAA	8.500	05/01/01	76,329	75,018	73,753
Fed Nat'l Mtg Assn	AAA	8.500	08/01/01	31,586	31,043	30,520
Fed Nat'l Mtg Assn	AAA	8.500	09/01/01	386,838	380,189	373,782
Fed Nat'l Mtg Assn	AAA	8.500	10/01/01	1,109,285	1,090,219	1,071,847
Fed Nat'l Mtg Assn	AAA	8.500	05/01/02	835,802	793,489	807,593
Fed Nat'l Mtg Assn	AAA	8.500	06/01/02	4,323,250	4,106,365	4,177,341
Fed Nat'l Mtg Assn	AAA	9.000	11/01/08	1,886,583	1,833,522	1,860,038

INVESTMENT PORTFOLIO 1990

FIXED INCOME SECURITIES

	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
GOVERNMENT AGENCIES						
Fed Nat'l Mtg Assn	AAA	9.000	01/01/09	$1,839,103	$1,798,298	$1,813,227
Fed Nat'l Mtg Assn	AAA	9.000	04/01/10	277,717	269,386	273,810
Fed Nat'l Mtg Assn	AAA	9.000	10/01/11	256,011	248,330	252,409
Fed Nat'l Mtg Assn	AAA	14.750	08/01/12	1,226,026	1,347,862	1,348,236
Fed Nat'l Mtg Assn	AAA	15.500	12/01/12	52,208	55,029	57,933
Fed Nat'l Mtg Assn	AAA	15.750	12/01/11	643,861	676,861	714,474
Fed Nat'l Mtg Assn	AAA	16.000	09/01/12	1,052,525	1,120,618	1,157,441
Fed Nat'l Mtg Assn	AAA	0.000	02/01/20	9,844,996	4,909,111	4,405,635
Gov Nat'l Mtg Assn	AAA	8.500	02/15/07	173,073	145,679	166,095
Gov Nat'l Mtg Assn	AAA	9.000	09/15/08	10,380	9,186	10,214
Gov Nat'l Mtg Assn	AAA	9.000	11/15/08	19,830	17,549	19,514
Gov Nat'l Mtg Assn	AAA	9.000	01/15/09	24,381	21,577	23,992
Gov Nat'l Mtg Assn	AAA	9.500	05/15/09	65,142	58,710	65,386
Gov Nat'l Mtg Assn	AAA	9.500	06/15/09	165,432	149,382	166,050
Gov Nat'l Mtg Assn	AAA	9.500	08/15/09	804,233	676,825	802,330
Gov Nat'l Mtg Assn	AAA	9.500	09/15/09	280,991	253,379	282,042
Gov Nat'l Mtg Assn	AAA	9.500	10/15/09	90,346	81,425	90,684
Gov Nat'l Mtg Assn	AAA	9.500	01/15/10	68,655	61,876	68,912
Gov Nat'l Mtg Assn	AAA	9.500	05/15/13	54,027	48,692	53,739
Gov Nat'l Mtg Assn	AAA	10.500	09/15/10	9,170	9,079	9,506
Gov Nat'l Mtg Assn	AAA	10.500	12/20/13	281,570	240,312	290,279
Gov Nat'l Mtg Assn	AAA	10.500	01/15/16	15,544	15,389	16,112
Gov Nat'l Mtg Assn	AAA	11.000	08/20/13	839,903	748,737	871,920
Gov Nat'l Mtg Assn	AAA	11.250	06/15/13	246,823	256,696	258,160
Gov Nat'l Mtg Assn	AAA	11.250	07/15/13	1,192,731	1,240,440	1,247,513
Gov Nat'l Mtg Assn	AAA	11.250	09/15/13	9,826	10,220	10,278
Gov Nat'l Mtg Assn	AAA	11.250	12/15/13	199,243	207,212	208,394
Gov Nat'l Mtg Assn	AAA	11.250	03/15/14	176,568	183,631	184,678
Gov Nat'l Mtg Assn	AAA	11.250	07/15/15	133,189	138,514	139,306
Gov Nat'l Mtg Assn	AAA	11.250	08/15/15	380,259	395,459	397,724
Gov Nat'l Mtg Assn	AAA	11.250	09/15/15	2,450,019	2,547,988	2,562,548
Gov Nat'l Mtg Assn	AAA	11.250	10/15/15	426,099	443,133	445,670
Gov Nat'l Mtg Assn	AAA	11.250	11/15/15	604,215	628,369	631,967
Gov Nat'l Mtg Assn	AAA	11.250	12/15/15	1,242,578	1,292,258	1,299,649
Gov Nat'l Mtg Assn	AAA	11.250	01/15/16	1,309,535	1,361,887	1,369,681
Gov Nat'l Mtg Assn	AAA	11.500	10/20/13	794,257	726,098	836,948
Gov Nat'l Mtg Assn	AAA	11.500	12/20/13	275,296	251,054	290,093
Gov Nat'l Mtg Assn	AAA	11.500	04/20/14	171,917	153,877	181,157
Gov Nat'l Mtg Assn	AAA	13.500	10/15/12	10,702	11,572	11,987
Gov Nat'l Mtg Assn	AAA	14.750	06/15/97	43,197	46,815	45,789
Gov Nat'l Mtg Assn	AAA	14.750	07/15/97	25,409	27,537	26,933
Total Government Agencies				$87,988,047	$80,469,038	$80,668,394

INVESTMENT PORTFOLIO 1990

FIXED INCOME SECURITIES

	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
U.S. GOVERNMENT						
U.S. Treasury Bond	AAA	6.750	09/30/90	$2,250,000	$2,241,211	$2,241,563
U.S. Treasury Bond	AAA	7.250	05/15/16	21,220,000	18,961,093	18,474,556
U.S. Treasury Bond	AAA	7.250	11/15/96	29,490,000	27,187,011	27,702,021
U.S. Treasury Bond	AAA	7.375	05/15/96	9,000,000	8,352,617	8,544,330
U.S. Treasury Bond	AAA	7.500	11/15/16	40,000,000	37,657,481	35,837,600
U.S. Treasury Bond	AAA	7.625	05/15/93	14,300,000	13,527,042	14,036,308
U.S. Treasury Bond	AAA	8.125	02/15/98	12,200,000	11,994,614	11,944,532
U.S. Treasury Bond	AAA	8.500	05/01/97	21,000,000	20,677,253	21,006,510
U.S. Treasury Bond	AAA	8.625	01/15/95	1,500,000	1,521,797	1,512,660
U.S. Treasury Bond	AAA	8.625	08/15/97	18,000,000	17,587,500	18,118,080
U.S. Treasury Bond	AAA	8.750	08/15/93	1,100,000	1,126,297	1,111,682
U.S. Treasury Bond	AAA	8.875	02/15/94	12,000,000	12,345,120	12,176,280
U.S. Treasury Bond	AAA	8.875	11/15/97	6,000,000	6,336,094	6,121,860
U.S. Treasury Bond	AAA	9.500	05/15/94	50,000,000	50,930,966	51,750,000
U.S. Treasury Bond	AAA	9.500	11/15/95	4,650,000	4,835,273	4,856,321
U.S. Treasury Bond	AAA	10.375	05/15/95	4,250,000	4,637,813	4,568,750
U.S. Treasury Bond	AAA	11.250	02/15/95	19,700,000	22,441,266	21,756,089
U.S. Treasury Bond	AAA	11.250	05/15/95	8,100,000	9,207,234	8,980,875
U.S. Treasury Bond	AAA	11.625	11/15/02	6,000,000	7,725,000	7,383,720
U.S. Treasury Bond	AAA	11.625	11/15/04	3,560,000	4,364,894	4,435,546
U.S. Treasury Bond	AAA	11.625	11/15/94	24,500,000	27,267,969	27,286,875
U.S. Treasury Bond	AAA	11.750	11/15/93	20,000,000	21,989,480	21,912,400
U.S. Treasury Bond	AAA	12.000	08/15/13	39,800,000	52,686,170	51,876,912
U.S. Treasury Bond	AAA	12.500	08/15/14	2,500,000	3,435,975	3,393,750
U.S. Treasury Bond	AAA	12.625	08/15/94	1,250,000	1,444,531	1,427,738
Total U.S. Government				372,370,000	390,481,701	388,456,958
Total Government Obligations				$460,358,047	$470,950,739	$469,125,351
CORPORATE OBLIGATIONS						
American Airlines Inc	A	14.375	01/06/05	3,000,000	3,772,500	3,553,620
American Standard Inc	B	0.000	06/30/03	3,500,000	1,894,375	2,205,000
Bk Of Amer Natl T&S Assn	BBB	11.671	04/01/10	101,368	79,287	100,355
BVPS Collateralized Lease	BBB	11.000	06/01/17	10,500,000	10,500,000	11,001,900
Chrysler Corp	BBB	12.000	11/15/15	4,000,000	4,441,250	3,480,000
Citicorp	AA	8.750	03/01/98	1,675,000	1,554,718	1,547,817
Citicorp	AA	9.000	04/01/17	6,710,919	6,304,069	6,350,207
Citicorp	AA	9.000	05/01/17	15,673,446	14,723,244	14,830,998
Citicorp	AAA	9.750	11/25/03	4,405,000	4,371,963	4,148,959
Consumers Power Co	BBB	8.750	02/15/98	900,000	897,480	890,541
Fleet Norstar Financial	NR	9.300	04/01/91	7,000,000	7,000,000	6,999,160
Fleet Norstar Financial	A	9.950	05/15/93	5,000,000	5,000,000	5,010,300
Ford Holdings Inc	A	9.250	03/01/00	6,500,000	6,422,390	6,446,505

INVESTMENT PORTFOLIO 1990

FIXED INCOME SECURITIES

	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
General Motors Accept	AA	8.200	08/08/94	$1,000,000	$964,940	$955,700
General Motors Accept	AA	8.450	11/23/92	1,250,000	1,245,700	1,240,625
Georgia Pacific Corp	BB	10.100	06/15/02	4,000,000	3,997,480	3,991,640
Great Western Bank	A	10.250	06/15/00	5,000,000	4,962,500	5,000,000
Great Western Bank	A	10.500	05/30/00	4,000,000	4,053,480	4,042,840
Gulf States Utilities Co	BB	12.125	07/01/16	3,250,000	3,298,750	3,267,420
Gulf States Utilities Co	BB	12.300	12/01/09	1,191,000	1,207,376	1,214,820
Gulf States Utilities Co	BB	12.375	09/01/15	4,000,000	4,015,000	4,080,000
Gulf States Utilities Co	BB	13.125	03/01/13	1,500,000	1,543,125	1,545,000
Gulf States Utilities Co	BB	13.750	03/01/94	6,000,000	6,660,000	6,150,000
Gulf States Utilities Co	BB	15.000	09/01/12	1,750,000	2,023,438	1,815,625
Home Savings of America	BBB	10.500	06/12/97	2,500,000	2,492,500	2,503,375
Home Savings & Loan Assn	NR	10.000	07/01/09	342,287	315,760	332,018
Hydro-Quebec	AA	9.375	04/15/30	15,100,000	15,080,823	15,214,458
Kroger Co	B	0.000	10/15/08	4,500,000	2,891,250	3,048,750
Long Island Lighting Co	BB	10.250	06/15/94	9,000,000	8,982,000	9,032,940
Long Island Lighting Co	BB	11.375	06/15/19	2,000,000	2,000,000	2,035,000
Long Island Lighting Co	BB	11.500	11/15/14	11,000,000	11,110,000	11,082,500
Long Island Lighting Co	BB	11.700	11/15/93	2,610,000	2,685,038	2,704,613
Long Island Lighting Co	BB	11.750	11/15/94	5,000,000	5,254,070	5,231,250
Long Island Lighting Co	BBB	13.250	06/15/95	5,000,000	5,171,900	5,256,250
Louisiana Power & Light	BA	10.300	01/02/05	7,500,000	7,500,000	7,518,750
NCNB Corp	A	9.375	09/15/09	2,100,000	1,961,127	1,995,567
NERCO Inc	BAA	9.650	06/01/99	7,500,000	7,645,500	7,284,000
Niagara Mohawk Power Corp	A	9.100	05/15/91	4,000,000	3,998,000	4,007,560
Niagara Mohawk Power Corp	BBB	10.375	04/01/99	5,000,000	5,140,000	5,156,950
Occidental Petroleum Corp	BBB	11.750	03/15/11	6,000,000	6,300,000	6,181,740
Philadelphia Electric Co	BBB	10.375	02/15/96	6,500,000	6,461,875	6,564,415
Phillips Petroleum Co	BBB	12.250	10/15/12	17,500,000	15,624,175	18,904,725
Pub Service Co Of NH	CAA	12.000	09/15/99	5,100,000	5,100,000	5,100,000
Pub Service Co Of NH	CA	13.750	02/15/96	10,050,000	13,768,500	14,170,500
System Energy Resources	BBB	10.500	09/01/96	350,000	356,125	353,500
Travelers Mtg Svcs Inc	NR	9.550	09/25/20	20,681,657	20,229,246	20,090,162
Western Fed Svgs & Ln Assn	NR	10.573	03/01/19	17,191,927	16,928,675	17,191,239
Total Corporate Obligations				268,432,604	267,929,628	270,829,295
MISCELLANEOUS FIXED INCOME SECURITIES						
INSURANCE CONTRACTS						
Connecticut General	NR	13.00	08/15/92	3,339,763	3,339,763	3,339,763
MORTGAGE BACKED SECURITIES						
Manufactured Hsg Part Cert	AAA	13.25	01/01/99	1,979,944	1,955,257	2,250,008
Manufactured Hsg Part Cert	AAA	13.25	01/15/99	1,126,398	1,111,714	1,280,039
Trust Series 62-Z	AAA	9.500	06/01/20	1,500,000	1,338,047	1,338,045

INVESTMENT PORTFOLIO 1990

FIXED INCOME SECURITIES

	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
MISCELLANEOUS FIXED INCOME SECURITIES						
MORTGAGE BACKED SECURITIES						
Salomon Mort Securities	AAA	10.000	12/01/14	$8,617,188	$8,839,741	$8,625,116
USAT Mtg Secs Inc	NR	8.600	06/25/03	1,122,488	1,111,964	1,112,958
Ryland Acceptance Corp	AAA	8.900	02/01/02	1,769,671	1,770,777	1,751,974
Ryland Acceptance Corp	AAA	11.600	06/01/03	810,475	835,802	818,580
ISFA Mortgage Funding Corp	NR	10.950	11/01/15	6,504,020	5,857,965	6,630,588
Investors GNMA Mtg Backed	AAA	11.900	01/25/14	5,000,000	4,717,000	5,443,400
Coll Mtg Oblig Trust 27	AAA	7.250	04/23/17	3,244,301	3,130,750	2,965,745
Rural Housing Tr 87-1	AAA	5.618	06/01/97	2,954,167	2,456,390	2,915,394
New Brunswick	A	9.750	05/15/20	4,000,000	3,954,000	4,127,360
MUTUAL FUNDS						
US Debt Fund	NR	0.000	12/31/99	23,659,961	331,490,827	325,955,144
PRIVATE PLACEMENTS						
Olympia & York	NR	10.727	03/20/99	9,787,406	9,695,649	9,298,036
RJR Holdings Capital Corp	NR	15.266	02/15/97	1,600,000	1,592,000	1,600,000
Systems Energy River Fuel	BA	10.190	02/15/91	3,000,000	3,000,000	2,975,400
Wilmgtn Tr CTF Emerson Cap	AAA	10.500	07/01/08	660,000	660,000	598,297
Wilmgtn Tr CTF Philip Mo	AAA	10.500	07/01/08	2,640,000	2,640,000	3,241,075
OPTIONS						
Euro Pub Service Of NH	NR	13.75	09/04/90	100,500	100,500	100,500
Total Miscellaneous Fixed Income Securties				83,416,282	389,598,147	386,367,421
TOTAL FIXED INCOME SECURITIES				$812,206,933	$1,128,478,514	$1,126,322,067

SHORT-TERM INVESTMENTS

	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Bank Of Nova Scotia	AAA	8.38	07/30/90	5,000,000	4,890,594	4,966,620
British Columbia Province	AAA	8.25	07/31/90	6,700,000	6,650,867	6,654,420
Coca Cola Financing Corp	AAA	8.30	07/11/90	3,500,000	3,490,317	3,491,484
Hydro Quebec	AAA	8.15	07/18/90	10,000,000	9,932,083	9,960,903
Wells Fargo Money Mkt Fd	NR	VAR	VAR	45,595,260	45,595,046	45,595,046
U.S. Treasury Bills	AAA		09/27/90	680,000	656,132	667,277
U.S. Treasury Bills	AAA		04/11/91	430,000	396,526	404,510
Northern Trust Govt Fd	NR	VAR	VAR	27,726,292	27,726,292	27,726,292
Northern Trust Short Term	NR	VAR	VAR	16,357,994	16,357,994	16,357,994
TOTAL SHORT-TERM INVESTMENTS				$115,989,546	$115,695,851	$115,824,546

INVESTMENT PORTFOLIO 1990

FUTURES

	Number of Contracts	Expiration Date
S&P 500-Long	267	September, 1990
US Treasury Bond-Long	243	September, 1990
US Treasury Note-Long	300	September, 1990
Eurodollar-Short	21	December, 1990
US Treasury Bill-Long	21	December, 1990
5 Yr. Treasury Note-Long	180	September, 1990

REAL ESTATE

Aetna Realty, Real Estate Seperate Account	$91,078,870	$85,164,769
Cadillac Fariview, 13.5% Debenture, Due 10/31/12	39,473,684	56,443,922
Cadillac Fariview, Common Stock	10,526,315	15,340,423
Equitable Real Estate, Prime Property Fund	85,228,863	87,964,406
Rosenberg Real Estate Equity Funds	199,448,815	220,502,866
TOTAL REAL ESTATE	$425,756,547	$465,416,386

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