STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS

SURS

Creating Value

The Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2011

A Component Unit of the State of Illinois

INTRODUCTORY SECTION

FINANCIAL SECTION

INVESTMENT SECTION

For the 27th consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded SURS a Certificate of Achievement for Excellence in Financial Reporting for its component unit financial report for the fiscal year ended June 30, 2010.

ACTUARIAL SECTION

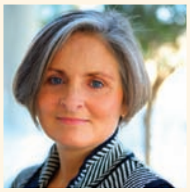
STATISTICAL SECTION

Creating value that benefits SURS members and annuitants, Illinois state colleges and universities, and the economies of our state and nation.

INTRODUCTORY

The Comprehensive Annual
Financial Report for Fiscal Year
Ended June 30, 2011

CREATING VALUE

SURS retirement benefits are at work in our state's communities with 78% of our retirees living in Illinois.

A Component Unit of the State of Illinois

A Message from Our Executive Director

Since 1941, the State Universities Retirement System (SURS) has been creating value for the State of Illinois by contributing to the economy of the state, the education of tomorrow's leaders, and the experience of our members and annuitants.

SURS creates value for the state of Illinois through positive investment returns that both lower the cost of pension benefits and plow money back into the Illinois economy. During 2011, SURS earned $2.9 billion (23.8%) in investment income and paid out $1.6 billion in benefits. As a result, SURS was able to play an important role in sustaining the Illinois economy during these difficult economic times.

SURS creates value for state colleges and universities by enabling these institutions to get and keep talented educators by offering the competitive benefit packages necessary to compete in a global market. SURS members include Nobel and Pulitzer Prize winners.

SURS creates value for our members by providing them with a superior customer service experience. We continue to provide fast, accurate, low cost service. We also continue to focus on providing our members with the best educational programs and tools for planning a secure retirement.

SURS takes the value of our members' future very seriously and that is reflected in all we do. As always, our mission is to secure and deliver the retirement benefits promised to our members.

Sincerely,

William E. Mabe
Executive Director
State Universities Retirement System

Letter of Transmittal

State Universities Retirement System of Illinois
Serving Illinois Community Colleges and Universities
1901 Fox Drive • Champaign, IL 61820
1-800-ASK SURS • (217) 378-8800 (C-U)
(217) 378-9800 (FAX)

December 12, 2011

Board of Trustees and Executive Director
State Universities Retirement System
1901 Fox Drive
Champaign, IL 61820

I am pleased to present the 70th Comprehensive Annual Financial Report for the State Universities Retirement System of Illinois (SURS or the System, a component unit of the State of Illinois) for the fiscal year ended June 30, 2011.

The management of SURS is responsible for the compilation and accuracy of the financial, investment, actuarial, and statistical information contained in this report. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of SURS.

The Illinois Pension Code requires an annual audit of the financial statements of the System by independent public certified accountants selected by the State Auditor General. This requirement has been complied with, and the independent auditors' unqualified report on the System's 2011 financial statements has been included in this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the report of the independent auditors.

Summary of Financial Information

The following table summarizes the change in the System's plan net assets available for benefits between fiscal years 2011 and 2010.

($ millions)

	2011	2010	Increase/(Decrease) Amount	%
Additions	$ 4,102.0	$ 2,788.6	$ 1,313.4	47.1
Deductions	1,709.0	1,553.7	155.3	10.0
Change	$ 2,393.0	$1,234.9	$ 1,158.1	93.8

The overall increase of $2.4 billion in net assets available for benefits is primarily due to an increase in additions of $1.3 billion, composed of an increase in net investment income of $1.2 billion and an increase in employer contributions of $0.08 billion. Deductions in the form of benefit payments showed a relatively small increase of $0.15 billion over the prior year. More detailed analysis can be found in the Financial Section of this report.

Profile

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, community colleges, and certain affiliated organizations, certain other state educational and scientific agencies, and the survivors, dependents, and other beneficiaries of those employees. SURS services 65 employers and 196,161 members and annuitants. The plans administered by SURS include a defined benefit plan established in 1941 and a defined contribution plan established in 1998.

Letter of Transmittal

Funding

The State of Illinois, the largest employer covered by SURS, provides funding from three sources: the General Revenue Fund, the Educational Assistance Fund, and the State Pensions Fund, which is funded with proceeds from unclaimed property. The determination of the total employer contributions for fiscal year 2011 was based upon Public Act 88-0593, a funding plan which calls for increasing contributions between 1995 and 2010, and then beginning in 2011 sustaining contributions at a level which would result in a 90% funding ratio by 2045. In fiscal year 2011, state contributions were certified at $775.8 million. However, we received $776.5 million, an increase of $74.0 million from the prior year. In fiscal year 2011, the majority of the appropriations paid to the state pension systems was funded with the proceeds of the March 10, 2011, sale of $3.7 billion in General Obligation notes, as required by Public Act 96-1497. Further information is presented in the required supplementary schedules related to employer contributions and the funding of the plan.

The actuarial accrued liability for the defined benefit plan at June 30, 2011, was $31.5 billion as calculated by the projected unit credit method. The actuarial value of assets available for benefits at June 30, 2011, equaled $13.9 billion. The amount by which the liability exceeds the assets is called the unfunded accrued actuarial liability, and it equaled $17.6 billion at the end of fiscal year 2011. The funded ratio at June 30, 2011 was 44.3%. The SURS Board of Trustees authorized a change in the assumed rate of investment return from 8.5% to 7.75%, effective on June 30, 2010. It is expected that the growth in state required contributions versus benefit payments will continue to result in a deficit of contributions over expenses, requiring the Board of Trustees to utilize investment assets to cover benefit payments as needed.

Investments

Investments are made under the authority of the prudent expert rule, which 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. This standard has enabled the System to invest in different types of asset classes seeking to increase return while lowering risk through diversification.

Investment policy provides for a goal of 66% of the fund to be invested in equities, 30% of which may be invested in non-U.S. common stock and global equities, 30% in U.S. equities, and 6% in private equities; 19% in fixed income; 10% in real estate investment trusts and direct real estate; 4% in treasury inflation-protected securities, and 1% in the Opportunity Fund. The System retains professional investment firms who serve as fiduciaries and are afforded full discretion to manage the assets entrusted to them in accordance with written policies and guidelines established by the Board of Trustees.

The majority of SURS 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.

Yield information is detailed in the Investment Section of this report. Taken as a whole, the SURS portfolio of investments produced a return of 23.8%, net of fees, for the year ended June 30, 2011.

Major Initiatives

The mission statement of SURS provides the foundation for the System's initiatives and ongoing programs. The mission of SURS is "To secure and deliver the retirement benefits promised to our members."

SURS conducted two online surveys to obtain member feedback regarding the content, value, convenience, and navigation of the SURS website and Member Website. As a result, improvements were made to both websites.

An enhancement to the online member Benefit Estimator was implemented in February 2011.

Public Act 96-0889 was signed into law by the Governor on April 14, 2010, which created a second tier of SURS benefits for participants who first began their SURS participation on or after January 1, 2011.

On February 1, 2011, the Governor signed into law Public Act 96-1513, which provides that "a party to a civil union is entitled to the same legal obligations, responsibilities, protections, and benefits as are afforded or recognized by the law of Illinois to spouses, whether they derive from statute, administrative rule, policy, common law, or any other source of criminal or civil law."

In April 2011, the Illinois Department of Healthcare and Family Services announced a selection of managed care, open access, and quality care health care plans and the termination of managed care plans in 52 downstate counties. This required our members and annuitants to choose a health care provider within a short time frame, increasing our volume of telephone calls to over 500% in a two-week period and our website visits to over 100%.

Letter of Transmittal

In June 2011, the SURS staff finalized a 2012 Strategic Plan to provide objectives for meeting the mission statement.

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. Market value has been used to present the assets of the System in accordance with Governmental Accounting Standards Board Statements #25 and #27, implemented effective July 1, 1996.

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 two internal auditors to determine that all controls implemented are as designed.

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 SURS for its component unit financial report for the fiscal year ended June 30, 2010. This is the twenty-seventh 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 the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Appointment of Trustees

As of June 30, 2011, the composition of the SURS eleven-member Board of Trustees is as follows. Serving as active member-elected trustees are Mr. Jeffrey Beaulieu and Ms. Dorinda Miller, who concluded the second year of their three-year terms, and Dr. J. Fred Giertz and Mr. Antonio Vasquez, who concluded the second year of their six-year terms. Serving as annuitant-elected trustees are Dr. John Engstrom, who concluded the second year of his three-year term, and Mr. Mitchell Vogel, who concluded the second year of his six-year term. Serving upon appointment by the Governor are Mr. Steven Rogers, who concluded the second year of his three-year term, and Mr. Matthew Berns and Dr. Marva Williams, who concluded the second year of their six-year terms. The seat formerly held by Ms. Patricia Cassidy was vacant as of June 30, 2011. Ms. Cassidy served as a trustee appointed by the Governor. As called for by Public Act 96-0006, the chairperson of the SURS Board of Trustees will be the appointed Chair of the Illinois Board of Higher Education, Ms. Carrie Hightman.

Acknowledgements

The preparation of the annual report by the finance division reflects the combined efforts of the SURS staff under the leadership of the SURS 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 made available to all employers covered by the State Universities Retirement System and is also available to members 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.

Respectfully submitted,

Phyllis L. Walker

Phyllis L. Walker
Chief Financial Officer

Board of Trustees

Administrative Staff

William Mabe
Executive Director

Terrin Krantz
Director of
Human Resources

Daniel L. Allen
Chief Investment Officer

Angela Lieb
Director of
Member Services

Michael B. Weinstein
General Counsel

Pam Butler
Director of
Outreach

Douglas Wesley
Deputy Chief
Investment Officer

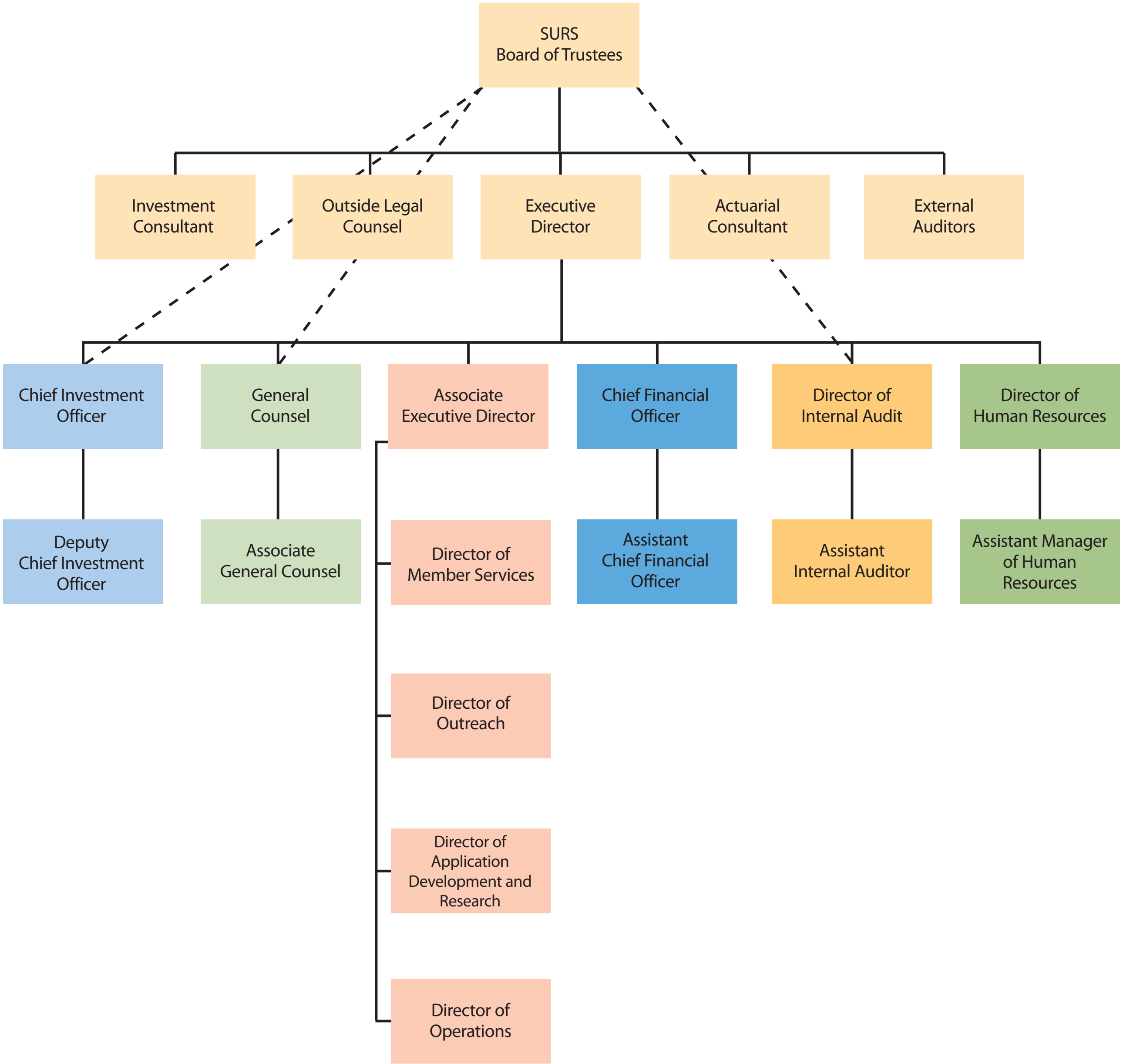
M. Christopher Hansen
Director of Operations

Phyllis Walker
Chief Financial Officer

Douglas J. Steele
Director of Application
Development & Research

Steven L. Hayward
CPA
Internal Auditor

Organizational Chart



Consulting and Professional Services

Actuary
- Gabriel, Roeder, Smith & Co.- Chicago, Illinois

Auditor
- McGladrey & Pullen, LLP - Schaumburg, Illinois
- (Acting as Special Assistant Auditor for the Illinois Office of the Auditor General)

Legal Counsel
- Burke, Burns & Pinelli, Ltd. - Chicago, Illinois
- Mayer Brown, LLP - Chicago, Illinois
- Thomas, Mamer & Haughey - Champaign, Illinois

Information Systems
- Adjacent Technologies, Inc. - Austin, Texas
- Champaign Systems, Inc. - Champaign, Illinois
- Gartner Inc. - Dallas, Texas
- MRC Information Technology, Inc. - Omaha, Nebraska
- Sirius Computer Solutions, Inc. - Dallas, Texas

Master Custodian & Performance Measurement
- The Northern Trust Company - Chicago, Illinois

Investment Consultant
- Callan Associates Inc. - San Francisco, California

Investment Advisors
- Aberdeen Asset Management - Edinburgh, Scotland
- Adams Street Partners - Chicago, Illinois
- Alinda Capital Partners - New York, New York
- Angelo Gordon GECC - New York, New York
- BlackRock Financial Management - New York, New York
- Calamos Advisors - Naperville, Illinois
- Chicago Equity Partners - Chicago, Illinois
- Dune Capital Management - New York, New York
- GlobeFlex Capital, L.P. - San Diego, California
- ING Clarion Real Estate Securities - Radnor, Pennsylvania
- Jacobs Levy Equity Management - Florham Park, New Jersey
- Macquarie Capital - New York, New York
- Martin Currie, Inc. - Edinburgh, Scotland
- Metropolitan West Asset Management - Los Angeles, California
- Mondrian Investment Partners - London, England
- Muller and Monroe - Chicago, Illinois
- Neuberger Berman - Chicago, Illinois
- Northern Trust Investments - Chicago, Illinois
- Oaktree Capital Management - Los Angeles, California
- Pacific Investment Management Company - Newport Beach, California
- Pantheon Ventures - San Francisco, California
- Payden & Rygel - Los Angeles, California
- Piedmont Investment Advisors - Durham, North Carolina
- Progress Investment Management Company - San Francisco, California
- Pyramis Global Advisors Trust Company - Smithfield, Rhode Island
- RhumbLine Advisers - Boston, Massachusetts
- RLJ Western Asset Management - Bethesda, Maryland
- RREEF - Chicago, Illinois
- State Street Global Advisors - Boston, Massachusetts
- T. Rowe Price - Baltimore, Maryland
- Taplin, Canida & Habacht - Miami, Florida
- UBS Realty Investors - Hartford, Connecticut
- Wellington Management Company - Boston, Massachusetts

Manager Development Program Investment Advisors
- Ativo Capital Management - Chicago, Illinois
- Buford, Dickson, Harper & Sparrow - St. Louis, Missouri
- Channing Capital Management - Chicago, Illinois
- EARNEST Partners - Atlanta, Georgia
- Fiduciary Management Associates - Chicago, Illinois
- Garcia Hamilton & Associates - Houston, Texas
- Herndon Capital Management - Atlanta, Georgia
- Holland Capital Management - Chicago, Illinois
- LM Capital Group - San Diego, California
- Lombardia Capital Partners - Pasadena, California a
- Longfellow Investment Management - Boston, Massachusetts
- NCM Capital Management - Durham, North Carolina
- New Century Advisors - Bethesda, Maryland
- Pugh Capital Management - Seattle, Washington
- Smith Graham & Company - Houston, Texas
- Strategic Global Advisors - Newport Beach, California

Progress Investment Management Company
Emerging Manager Investment Advisors
- AH Lisanti Capital Growth - New York, New York
- Ambassador Capital Management - Detroit, Michigan
- Bowling Investments - Cincinnati, Ohio
- Brown Capital Management - Baltimore, Maryland
- Cheswold Lane Asset Management - West Conshohocken, Pennsylvania
- Fortaleza Asset Management - Chicago, Illinois
- Garcia Hamilton & Associates - Houston, Texas
- Graham and Dodd Fund - New York, New York
- GW Capital - Bellevue, Washington
- Hahn Capital Management - San Francisco, California
- Herndon Capital Management - Atlanta, Georgia
- Holland Capital Management - Chicago, Illinois
- John Hsu Capital Group - New York, New York
- LM Capital Group - San Diego, California
- New Century Advisors - Bethesda, Maryland
- Piedmont Investment Advisors - Durham, North Carolina
- Strategic Global Advisors - Newport Beach, California

Self-Managed Plan Service Providers
- Fidelity Investments - Boston, Massachusetts
- Teachers Insurance Annuity Association - College Retirement Equities Fund - New York, New York

FINANCIAL

The Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2011

CREATING VALUE








SURS preserves plan assets for members by maintaining operating expenses of 0.09% of net assets.

A Component Unit of the State of Illinois

Independent Auditors' Report

McGladrey & Pullen, LLP
Certified Public Accountants

McGladrey

Honorable William G. Holland, Auditor General – State of Illinois

Board of Trustees, State Universities Retirement System of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying Statement of Plan Net Assets of the State Universities Retirement System of Illinois (System), a component unit of the State of Illinois, as of June 30, 2011, and the related Statement of Changes in Plan Net Assets for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the System's financial statements as of June 30, 2010 and for the year then ended, on which we expressed an unqualified opinion in our report dated December 13, 2010.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the State Universities Retirement System of Illinois as of June 30, 2011, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The accompanying supporting schedules in the financial section and the accompanying introductory, investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2011 supporting schedules in the financial section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements as of and for the year ended June 30, 2011, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the System's basic financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In our report dated December 13, 2010, we expressed an unqualified opinion on those statements. In our opinion, the 2010 supporting schedules in the financial section are fairly stated, in all material respects, in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole. The introductory, investment, actuarial, and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Schaumburg, Illinois
December 12, 2011

Management's Discussion and Analysis

This section presents management's discussion and analysis of the State Universities Retirement System's (SURS or the System) financial statements and the major factors affecting the operations and investment performance of the System during the year ended June 30, 2011, with comparative reporting entity totals for the year ended June 30, 2010.

Financial Highlights

- The System's net assets increased by $2.4 billion, or 18.6% from the previous fiscal year 2011.
- The System's return on investment, net of investment management fees, was 23.8% for fiscal year 2011.
- The System was actuarial funded at 44.3% as of June 30, 2011, compared to 46.4% as of June 30, 2010.

Overview of Financial Statements and Accompanying Information

- The financial statements presented in this report are the Statement of Plan Net Assets as of June 30, 2011 and the Statement of Changes in Plan Net Assets for the year ended June 30, 2011. These statements present separate totals for the defined benefit plan and the self-managed plan, with reporting entity totals for the years ended June 30, 2011 and 2010. The Statement of Plan Net Assets presents the assets on hand as of June 30, 2011 and 2010 and available to be used in the payment of benefits. The Statement of Changes in Plan Net Assets presents the additions to and deductions from the plan net assets during the years ended June 30, 2011 and 2010.
- The notes to the financial statements are an integral part of the financial statements and provide facts and detailed information to assist the reader in understanding the statements. Disclosures include the description of the plan, summary of significant accounting policies, and detailed presentations of major assets and liabilities.
- Required supplementary information presents schedules related to employer contributions and the funding of the plan.
- Other supplementary schedules consist of detailed information supporting administrative and investment expenses, fees paid to consultants, and a summary of cash receipts and disbursements.

General Market Risk

SURS is exposed to general market risk. This general market risk is reflected in asset valuations fluctuating with market volatility. Any impact from market volatility on SURS investment portfolios depends in large measure on how deep the market downturn is, how long it lasts, and how it fits within fiscal year reporting periods. The resulting market risk and associated realized and unrealized gains and losses could significantly impact SURS' financial condition.

Financial Analysis of the System

The State Universities Retirement System serves 196,161 members in its defined benefit plan and 16,742 members in its self-managed plan. The funds needed to finance the benefits provided by SURS are accumulated through the collection of member and employer contributions and through income on investments. The total net assets of the System increased from $12.8 billion as of June 30, 2010 to $15.2 billion as of June 30, 2011, chiefly due to investment income.

Plan Net Assets

The summary of plan net assets for the System is presented below:

Condensed Statement of Plan Net Assets

Reporting Entity Total (in millions)	2011	2010	Change Amount	Change %
Cash and short-term investments	$ 505.5	$ 758.4	$ (252.9)	(33.3)
Receivables and prepaid expenses	57.3	57.0	0.3	0.5
Pending investment sales	597.2	729.2	(132.0)	(18.1)
Investments and securities lending collateral	16,124.1	14,104.6	2,019.5	14.3
Capital assets, net	6.0	6.4	(0.4)	(6.3)
Total assets	17,290.1	15,655.6	1,634.5	10.4
Payable to brokers-unsettled trades	511.1	851.9	(340.8)	(40.0)
Securities lending collateral	1,516.0	1,935.3	(419.3)	(21.7)
Other liabilities	28.5	26.9	1.6	5.9
Total liabilities	2,055.6	2,814.1	(758.5)	(27.0)
Total plan net assets	$ 15,234.5	$ 12,841.5	$ 2,393.0	18.6

Management's Discussion and Analysis

Overall, plan net assets increased by $2.4 billion, or 18.6%, chiefly due to an increase in investments attributable to the positive return on defined benefit plan investments of 23.80%. The investment allocation strategy for the plans making up the reporting entity as of June 30, 2011 and 2010 is as follows:

	2011	2010
Defined Benefit Plan		
Equities	60.0%	65.0%
Opportunity Fund	2.0	3.0
Fixed income	18.0	18.0
Private Equity	6.0	0.0
TIPS*	4.0	4.0
Real Estate Investment Trusts	4.0	4.0
Real Estate	6.0	6.0
Total	100.0%	100.0%
Self-Managed Plan		
Equities	70.0%	65.0%
Fixed income	29.0	34.0
Real Estate	1.0	1.0
Total	100.0%	100.0%

*TIPS denotes Treasury Inflation Protected Securities

Proper implementation of the investment 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 investment managers who are hired to manage assets with a specified strategy. SURS' rebalancing policy calls for rebalancing, as soon as practical, if a strategy exceeds or falls below its target allocation by 3%. Ongoing rebalancing of the investment portfolio occurred as needed during the year with the assistance of System cash flows. The allocation of assets within the self-managed plan is totally determined by the individual participants, and also reflects gains or losses over the past year.

Liabilities decreased by $0.7 billion or 27.0%. This was primarily due to a decrease in the obligation for securities lending collateral and payables to brokers-unsettled trades.

Changes in Plan Net Assets

The summary of changes in plan net assets for the System is presented below:

Condensed Statement of Changes in Plan Net Assets

Reporting Entity (in millions)	2011	2010	Change	
			Amount	%
Employer contributions	$ 818.5	$ 739.7	$ 78.8	10.7
Participant contributions	309.9	323.6	(13.7)	(4.2)
Net investment income/(loss)	2,973.6	1,725.3	1,248.3	72.4
Total additions	4,102.0	2,788.6	1,313.4	47.1
Benefits	1,622.5	1,483.7	138.8	9.4
Refunds	73.9	57.5	16.4	28.5
Administrative expense	12.6	12.5	0.1	0.8
Total deductions	$ 1,709.0	$ 1,553.7	155.3	10.0
Net increase/(decrease) in plan net assets	$ 2,393.0	$ 1,234.9	$ 1,158.1	93.8

Management's Discussion and Analysis

Additions

Additions to plan net assets are in the form of employer and participant contributions and investment income or losses. For fiscal year 2011, employer contributions increased by $78.8 million due to higher employer contributions from the State of Illinois as required by Public Act 88-0593. Participant contributions remained decreased from the prior year due to an increase in refund of participant contributions that exceed the 80% maximum benefit.

The investment net income for fiscal year 2011 was $3.0 billion for the System, representing a $1.2 billion increase from the prior year. For the defined benefit plan, the overall rate of return was 23.8% (net of all investment management fees).

Given the long-term orientation of the SURS defined benefit investment program, it is important to track investment returns over several time periods to correctly assess performance, especially given recent market volatility. The defined benefit plan returns are as follows:

Time Period	1-year	3-year	5-year	10-year	20-year
Annualized Return	23.80%	4.6%	5.3%	6.1%	8.5%

The 20-year return corresponds to the average active service term of the System member. At 8.5%, it can be compared to the actuarial rate of return assumption, recently changed from 8.5% to 7.75% and effective as of the June 30, 2010 actuarial valuation. While this assumed rate is normally determined every five years as part of the experience study performed by the System actuaries, the rate can be changed outside of this timetable by the System Board of Trustees, should changes in market conditions or plan demographics call for such an adjustment.

Deductions

The expenses of the Retirement System relate to the provision of retirement annuities and other benefits, refunds to terminated employees, and the cost of administering the System. These expenses for fiscal year 2011 were $1.71 billion, an increase of $155.3 million or 10.0% over expenses for 2010. This increase is primarily due to the $138.8 million increase in defined benefit plan retirement and survivor annuity payments, and a $16.4 million increase in portable lump sum distributions and refunds. Administration expenses increased by $0.1 million or 0.8% from fiscal year 2010 to 2011.

Future Outlook

Participant contributions are expected to grow in the future, at least at the pace of wage inflation experienced by the employers. The employer contribution for fiscal year 2012, mainly provided by the State of Illinois, will increase by approximately $201 million or 25%. The employer contributions for fiscal years 2012 and beyond should remain at a level percent of pay of approximately 34% as required by the funding plan set out by Public Act 88-0593. Under this plan, contributions will be at levels sufficient to fund the employer normal cost while amortizing the unfunded accrued actuarial liability for the period of 2012 to 2045, allowing the System to reach a funding ratio of 90%.

Benefit payments are projected to continue to grow at a rate of approximately 7 - 8 % annually as a result of increasing numbers of retirees, the 3% annual increase, and the impact of salary increases at the participating agencies. This results in expenditure levels greater than combined participant and employer contributions such that the System will continue to liquidate investments by approximately $500 to $700 million annually in order to pay current benefits. SURS will continue to structure its portfolio with the objective of maximizing returns over the long term, taking advantage of investment income to help offset the shortages in employer contributions.

Financial Statements

Statement of Plan Net Assets as of June 30, 2011
With Comparative Reporting Entity Totals as of June 30, 2010

	2011			2010
	Defined Benefit Plan	Self-Managed Plan	Total	Total
Assets				
Cash and short-term investments	$ 505,492,014	$ -	$ 505,492,014	$ 758,435,840
Receivables				
Participants	9,936,358	2,262,025	12,198,383	15,208,630
Federal, trust funds, and other	3,317,220	1,309,800	4,627,020	3,768,845
Pending investment sales	597,196,141	-	597,196,141	729,180,673
Interest and dividends	40,462,379	-	40,462,379	37,970,185
Total receivables	650,912,098	3,571,825	654,483,923	786,128,333
Prepaid expenses	22,777	-	22,777	22,480
Investments, at fair value				
Equity investments	10,086,790,110	44,823,063	10,131,613,173	7,634,359,192
Fixed income investments	3,189,219,461	20,800,782	3,210,020,243	3,596,346,644
Real estate investments	374,925,811	663,939	375,589,750	266,184,186
Mutual fund and variable annuities	-	890,678,243	890,678,243	667,015,195
Total investments	13,650,935,382	956,966,027	14,607,901,409	12,163,905,217
Securities lending collateral	1,516,154,400	-	1,516,154,400	1,940,729,837
Capital assets, at cost, net of accumulated depreciation $17,977,466 and $17,729,535 respectively	6,003,179	-	6,003,179	6,408,913
Total assets	16,329,519,850	960,537,852	17,290,057,702	15,655,630,620
Liabilities				
Benefits payable	7,159,269	-	7,159,269	6,577,950
Refunds payable	3,416,995	-	3,416,995	3,863,392
Securities lending collateral	1,515,998,213	-	1,515,998,213	1,935,311,903
Payable to brokers for unsettled trades	511,135,516	-	511,135,516	851,863,268
Administrative expenses payable	17,806,560	-	17,806,560	16,491,806
Total liabilities	2,055,516,553	-	2,055,516,553	2,814,108,319
Net assets held in trust for pension benefits	$ 14,274,003,297	$ 960,537,852	$ 15,234,541,149	$ 12,841,522,301

Financial Statements

Statement of Changes in Plan Net Assets For the Year Ended June 30, 2011
With Comparative Reporting Entity Totals For the Year Ended June 30, 2010

	2011			2010
	Defined Benefit Plan	Self-Managed Plan	Total	Total
Additions				
Contributions				
Employer	$ 773,594,666	$ 44,841,140	$ 818,435,806	$ 739,711,843
Participant	260,177,436	49,756,972	309,934,408	323,570,314
Total Contributions	1,033,772,102	94,598,112	1,128,370,214	1,063,282,157
Investment Income				
Net appreciation in fair value of investments	2,474,258,890	172,505,597	2,646,764,487	1,294,472,087
Interest	192,587,174	-	192,587,174	324,588,475
Dividends	181,007,663	-	181,007,663	153,916,871
Securities lending	5,347,769	-	5,347,769	6,534,929
	2,853,201,496	172,505,597	3,025,707,093	1,779,512,362
Less investment expense				
Asset management expense	51,574,569	-	51,574,569	53,524,481
Securities lending expense	518,100	-	518,100	652,536
Net investment income	2,801,108,827	172,505,597	2,973,614,424	1,725,335,345
Total additions	3,834,880,929	267,103,709	4,101,984,638	2,788,617,502
Deductions				
Benefits	1,611,228,356	11,224,239	1,622,452,595	1,483,740,506
Refunds of contributions	58,917,601	14,977,550	73,895,151	57,467,779
Administrative expense	12,273,786	344,258	12,618,044	12,455,584
Total deductions	1,682,419,743	26,546,047	1,708,965,790	1,553,663,869
Net increase	2,152,461,186	240,557,662	2,393,018,848	1,234,953,633
Net assets held in trust for pension benefits				
Beginning of year	12,121,542,111	719,980,190	12,841,522,301	11,606,568,668
End of Year	$ 14,274,003,297	$ 960,537,852	$ 15,234,541,149	$ 12,841,522,301

Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. Reporting Entity

The System is a component unit of the State of Illinois. As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable, or for which the nature and significance to the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or otherwise incomplete. Financial accountability is defined as:

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

2. Fiscal dependency on the primary government.

Based upon the required criteria, the System has no component units.

B. Measurement Focus and Basis of Accounting

For both the defined benefit plan and the self-managed plan (SMP), the financial transactions are recorded using the economic resources measurement focus and accrual basis of accounting. Member and employer contributions are recognized as revenue when due pursuant to statutory or contractual requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the plans.

C. Use of Estimates

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates and those differences could be material. The System uses an actuary to determine the actuarial accrued liability for the defined benefit plan and to determine the actuarially required contribution.

D. Risks and Uncertainties

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and those such changes could materially affect the amounts reported in the Statement of Plan Net Assets.

E. Description of Plans

The system is the administrator of a cost-sharing, multiple-employer defined benefit plan and a multiple-employer defined contribution plan. Legislation effective January 1, 1998, required State Universities Retirement System (SURS or the System) to introduce a portable benefit package to the existing defined benefit plan and to offer a defined contribution plan. The portable benefit package and the defined contribution plan are available to all participants whose employers elect to make the options available. As of June 30, 2011, the defined benefit plan has two options available. These options are known as the traditional benefit package and the portable benefit package. The defined contribution plan is known as the self-managed plan. The membership, contributions, and benefit provisions related to these plans are presented in the following summary of the provisions of SURS in effect as of June 30, 2011, as defined in the Illinois Compiled Statutes. Interested parties should refer to the SURS Member Guide or the Statutes for more complete information.

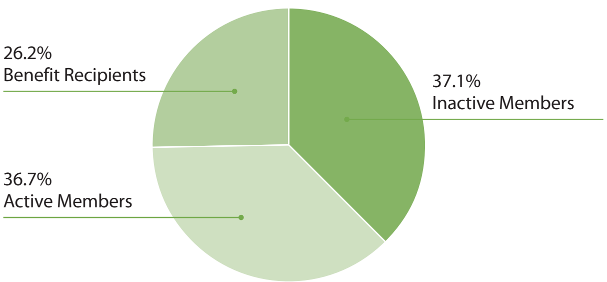
1. Defined Benefit Plan

SURS was established on July 12, 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.

Notes to the Financial Statements

SURS is included in the State of Illinois' financial reports as a component unit. SURS is governed by Chapter 40, Act 5, Article 15, of the Illinois Compiled Statutes. These statutes assign the authority to establish and amend the benefit provisions of the plan to the State Legislature. Operation of the System and the direction of its policies are the responsibility of the Board of Trustees of the System. It is also these statutes that define the scope of SURS' reporting entity. 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.

Defined Benefit Plan



At June 30, 2011 and 2010, the number of participating employers was:

	2011	2010
Universities	9	9
Community Colleges	39	39
Allied Agencies	15	15
State of Illinois	2	2
	65	65

At June 30, 2011 and 2010, defined benefit plan membership consisted of:

	2011	2010
Benefit Recipients	51,370	48,903
Active Members	71,888	72,996
Inactive Members	72,903	71,870
	196,161	193,769

a. Membership

Participation is required as a condition of employment. Employees are ineligible to participate if (a) employed less than full-time and attending classes with an employer; (b) receiving a retirement annuity from SURS; or (c) excluded by subdivision (a)(7)(f) or (a)(19) of Section 210 of the Federal Social Security Act from the definition of employment given in that Section.

b. Benefit Provisions

A traditional benefit plan was established in 1941. Public Act 90-448 was enacted effective January 1, 1998, which established an alternative defined benefit program known as the portable benefit package. This option is offered in addition to the traditional benefit option. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. The traditional benefit plan and the portable benefit plan were revised in 2010 and became effective for new members who begin participation on or after January 1, 2011 and do not have any other eligible Illinois reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed 6 months from their date of hire to make an irrevocable election. The following is a summary of the benefit provisions as of June 30, 2011.

	Traditional Plan - Tier 1	Traditional Plan - Tier 2	Portable Plan
Retirement Vesting	5 years of service	10 years of service	5 years of service (Tier 1) and 10 years of service (Tier 2)
Retirement Age Requirement	Age 62, with at least 5 years Age 60, with at least 8 years At any age with at least 30 years	Age 67, with at least 10 years of service	• Tier 1-Same as Traditional Plan Tier 1 Age Requirement • Tier 2-Same as Traditional Plan Tier 2 Age Requirement
Final Rate of Earnings (FRE)	• Average earnings during 4 high consecutive academic years; or • Average of the last 48 months prior to termination.	• Average earnings during 8 high consecutive academic years of the last 10; or • Average of the high 96 consecutive months of last 120 months (if applicable).	• Tier 1-Same as Traditional Plan Tier 1 FRE • Tier 2-Same as Traditional Plan Tier 2 FRE
Retirement Benefit AAI (Automatic Annual Increase)	The AAI is 3% compounded annually.	The AAI is calculated using the lesser of 3% or one-half of the consumer price index. The increase will not be compounded.	• Tier 1-Same as Traditional Plan Tier 1 AAI • Tier 2-Same as Traditional Plan Tier 2 AAI
Survivor Benefits	An eligible survivor receives a minimum of 50% of the member's earned retirement annuity.	An eligible survivor receives 66 2/3% of the member's earned retirement annuity.	Based upon selection at retirement of 50%, 75% or 100% of the member's earned retirement annuity.
Survivor AAI (Automatic Annual Increase)	The AAI is 3%, compounded annually.	The AAI is calculated using the lesser of 3% or one-half of the consumer price index. The increase will not be compounded.	• Tier 1-Same as Traditional Plan Tier 1 Survivor AAI • Tier 2-Same as Traditional Plan Tier 2 Survivor AAI

Notes to the Financial Statements

SURS also provides retirement, disability, death and survivor benefits as authorized in Chapter 40, Act 5, Article 15, of the Illinois Compiled Statutes.

Disability benefits are payable to all participants with at least 2 years of service credit if they are unable to reasonably perform the duties of their assigned position due to a physical or mental impairment as certified by a physician. The benefit becomes payable when sick leave payments are exhausted or after 60 days of the disability, whichever is later. The benefit is payable at a rate of 50% of the monthly rate of compensation on the date the disability began. Disability benefits are reduced by any payments received under the Workers' Compensation or the Occupational Diseases Act. If a participant remains disabled after receiving the maximum benefits due, they may be eligible for a disability retirement annuity equal to 35% of the monthly rate of compensation on the date the disability began.

Death benefits are payable to named beneficiaries upon the death of any participant of this System. Under the traditional benefit package, monthly survivor benefits may be paid to eligible survivors if the participant established a minimum of 1.5 years of service credit prior to the date of death. If no qualified survivor exists at the date of retirement, the member is paid a refund of all survivor contributions plus interest. Under the portable benefit package, survivor benefits are available through a reduction of the retirement annuity calculated as described above. No refund of survivor contributions is available if there is no qualified survivor at the time of retirement. These provisions are designed to allow the impact of the portable benefit package's enhanced refund opportunity to be cost neutral.

Upon the death of an annuitant, SURS will pay either a death benefit to a non-survivor beneficiary or a monthly survivor benefit to an eligible survivor. The amount of the monthly survivor benefit will differ depending upon whether the annuitant had selected the traditional benefit package or the portable benefit package.

Upon termination of service, a lump sum refund is available to all members. Under the traditional benefit package, this refund consists of all member contributions and interest at 4-1/2%. Under the portable benefit package, this refund consists of all member contributions and total interest credited, plus for those members with greater than or equal to 5 years of service credit, an equal amount of employer contributions. Under both defined benefit plan options, a member with 5 or more years of service credit who does not apply for a refund may apply for a normal retirement benefit payable at age 62.

c. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, is as follows (in millions):

Actuarial Value of Assets	Accrued Actuarial Liabilities	Unfunded Accrued Actuarial Liabilities	Funding Ratio*	Covered Payroll	UAAL as % of Covered Payroll
$13,945.7	$31,514.3	$17,568.6	44.3%	$3,460.8	507.6%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*If calculated using the market value of assets of $14,274.0, the funding ratio would be 45.3%.

d. Actuarial Value of Assets

The actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 7.75% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year. The use of this actuarial method began with the valuation for the period ending June 30, 2009, as required by Public Act 96-0043 , which was signed into law on July 15, 2009.

Notes to the Financial Statements

Calculation of Actuarial Value of Assets (in thousands)

Actuarial Value of Assets at July 1, 2010		$ 13,966,642.8
Total investment income/(loss)	2,801,108.8	
Less: Projected investment income @ 7.75%	914,753.4	
Investment income/(loss) in excess of projected	1,886,355.4	
Less: Deferral to smooth asset values over 5 years	1,509,084.3	
Recognized investment income - current year		377,271.1
Projected investment income		914,753.4
Recognized investment loss - prior years		(664,339.2)
Excess of contributions over disbursements		(648,647.6)
Actuarial value of assets at June 30, 2011		$ 13,945,680.5

e. Additional actuarial valuation information

Valuation date	June 30, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent, open
Remaining amortization period	30 years, open
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases	0.5 - 8.25%
Cost-of-living adjustment	3.0% before January 2011 hires and 1.375% after
Assumed wage inflation rate	2.75%
Postretirement benefits	3.0%
Mortality table	RP 2000 Mortality Table projected to 2017, with the rates multiplied by 80 percent for males and 85 percent for females.

*Assumed investment rate of return change from 8.5 percent in Fiscal Year 2009 to 7.75 percent in Fiscal Year 2010 by action of the System Board of Trustees. Includes assumed wage inflation of 2.75 percent.

2. Self-Managed Plan

SURS is the plan sponsor and administrator of a defined contribution plan established as of January 1, 1998, by the Illinois General Assembly as an amendment to the Illinois Pension Code through Illinois Public Act 90-448. This plan is referred to as the self-managed plan (SMP) and is offered to employees of all SURS employers who elect to participate. This plan is a qualified money purchase pension plan under Section 401(a) of the Internal Revenue Code. The assets of the SMP are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code.

At June 30, 2011 and 2010, the number of SMP participating employers was:

	2011	2010
Universities	9	9
Community Colleges	39	39
Allied Agencies	13	13
State of Illinois	1	1
	62	62

At June 30, 2011 and 2010, the SMP membership consisted of:

	2011	2010
Annuity Benefit Recipients	182	153
Active Members	9,723	9,746
Inactive Members	7,019	8,568
	16,924	18,467

a. Membership

A member may elect participation in the SMP if (a) all participation criteria for the defined benefit plan are met; (b) the employer has elected through Board action to offer the self-managed plan; (c) the employee is on active status at the plan offering date; and (d) the employee is not eligible to retire as of the employer plan offering date. The member election is irrevocable. New employees are allowed 6 months from the date of hire in which to make their election. If no election is received, members are considered to be part of the defined benefit plan, under the traditional benefit option.

Notes to the Financial Statements

b. Benefit Provisions
The SMP provides retirement, disability, death, and survivor benefits as authorized in Chapter 40, Act 5, Article 15, of the Illinois Compiled Statutes, and amended by Public Act 90-448.

Retirement benefits are payable to participants meeting minimum vesting requirements of 5 years of service credit at age 62, 8 years of service credit at age 55, or 30 years of service credit regardless of age. The distribution options available upon reaching retirement eligibility are the following: a lump sum distribution consisting of all employee and employer contributions and related investment earnings; a single life annuity; a 50% or 100% joint and survivor annuity; a single life annuity with a guaranteed period of 10, 15, or 20 years as elected by the participant; and a 50% or 100% joint and survivor annuity with a guaranteed period of 10, 15, or 20 years as elected by the participant.

Disability benefits are payable to all participants with at least 2 years of service credit if they are unable to reasonably perform the duties of their assigned position due to physical impairment as certified by a physician. The benefit becomes payable when sick leave payments are exhausted or after 60 days of the disability, whichever is later. The benefit is payable at a rate of 50% of the monthly rate of compensation on the date the disability began. Disability benefits are reduced by any payments under the Workers' Compensation or the Occupational Diseases Act.

Upon termination of service with less than 5 years of service credit, a lump sum distribution is available which consists of employee contributions and related investment earnings. The employer contributions and related investment earnings are forfeited. Upon termination of service with greater than 5 years of service credit but where the participant is not yet eligible for retirement, a lump sum distribution is available which consists of employee and employer contributions and related investment earnings.

Death benefits are payable to named beneficiaries upon the death of any participant of this plan. If the participant has less than 1.5 years of service credit, the death benefit payable is the employee contributions and related investment earnings. If the participant has 1.5 or more years of service credit, the death benefit payable is the employee and employer contributions and related investment earnings.

F. Cash and Short-Term Investments
Included in the $505,492,014 of cash and short-term investments presented in the Statement of Plan Net Assets is $121,731,430 of short-term investments with less than 90 days maturity. For purposes of the various data tables presented in Note III, this group of short-term investments is included as part of fixed income investments. Short-term investments are generally reported at cost, which approximates fair value.

G. Investments
Investments are governed by Chapter 40, Act 5, Articles 1 and 15, of the Illinois Compiled Statutes. The most important aspect of the statutes is the prudent expert 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 expert 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. Purchases and sales of securities are recorded on a trade-date basis. Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date.

For the defined benefit plan, investments are reported at fair value. Marketable securities (stocks, bonds, warrants, and options) are traded on public exchanges. The Northern Trust Company, SURS' custodial bank, establishes these prices using third-party pricing services. Generally, these values are reported at the last reported sales price. Certain investments that do not have an established market value are reported at estimated fair value obtained from a custodial bank or investment management firm. These investments include commingled investment pools, where the underlying assets are individually marked to market (i.e., estimated fair value) on a daily basis and individually traded on publicly recognized exchanges. The investment manager, using methods approved by the CFA Institute (formerly known as the Association for Investment Management Research) or other industry standards, values non-marketable securities (real estate and venture capital). These methods generally include detailed property level appraisals and discounted cash flow analysis.

For the SMP, investments are reported at fair value by the Service Providers. These investments include both mutual and variable annuity funds where the underlying assets are marked to market (i.e., estimated fair value) on a daily basis and individually traded on publicly recognized exchanges. Generally, the values on the underlying investments are reported at the last reported sales price.

Notes to the Financial Statements

H. Capital Assets

Capital assets are recorded at historical cost and depreciated over the estimated useful life of each asset. Annual depreciation is computed using the straight-line method.

I. Administrative Expenses

System administrative expenses (which include amounts for both the defined benefit and self-managed plans) are budgeted and approved by the System's Board of Trustees. Funding for these expenses is included in the employer contribution as determined by the annual actuarial valuation and appropriated by the State of Illinois.

J. Prior Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements as of and for the year ended June 30, 2010, from which the summarized comparative information was derived.

K. New Accounting Pronouncements

The Governmental Accounting Standards Board Statement No. 59, *Financial Instruments Omnibus*, has been issued and is effective for all reporting periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of the Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. SURS has implemented this Statement for the year ending June 30, 2011, with no significant impact on system financial statements.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment to GASB Statement No. 53*, will be effective for the System beginning with its year ending June 30, 2012. The objective of this statement is to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or swap counterparty's credit support provider, is replaced.

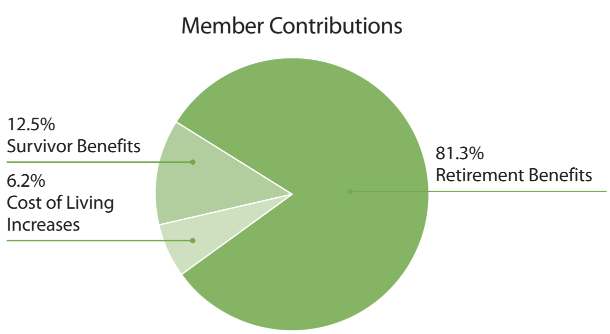
L. Actuarial Experience Review

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2006 to June 30, 2010 was performed in March 2011, resulting in the adoption of new assumptions as of June 30, 2011. The impact of adopting the recommended assumptions was a decrease in the unfunded actuarial accrued liability by $2.5 million and no change to the actuarial value of assets.

II. Contributions and Net Assets Designations

A. Defined Benefit Plan

1. Membership Contributions



In accordance with Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, members of the traditional benefit package contribute 8% of their gross earnings; 6-1/2% of those are designated for retirement annuities, 1/2% for post-retirement increases, and 1% for survivor benefits. Police officers and fire fighters contribute 9-1/2% of earnings; the additional 1-1/2% is a normal retirement contribution. Members of the portable benefit package contribute 8% of their gross earnings; 6-1/2% of those are designated for retirement annuities, 1/2% for post-retirement increases, and 1% for enhanced refund benefits. Police officers and fire fighters contribute 9-1/2% of earnings; the additional 1-1/2% is a normal retirement contribution. These statutes assign the authority to establish and amend the contribution provisions of the plan to the State Legislature. 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.

Notes to the Financial Statements

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

2. Interest Credited on Member Contributions
For the traditional and portable benefit packages, the interest rate credited is fixed by the Board of Trustees and is 7.5% for the year ended June 30, 2011. As of July 1, 2011, the rate will remain at 7.5%. For purposes of lump sum refunds to former members, the traditional benefit package offers an interest rate of 4-1/2%, compounded annually, and the portable benefit package offers an interest rate equal to the credited rate, compounded annually. A change brought forth by the enactment of Public Act 94-0004 and effective July 1, 2005, calls for the Comptroller of the State of Illinois to set the interest rate credited to member contribution balances for purposes of the calculation of retirement annuities under the money purchase formula. That rate is 7.0% for the year ended June 30, 2011 and is 6.75% as of July 1, 2011.

Members certified after July 1, 2005 will not be eligible for the money purchase formula calculation. Rather their retirement annuity will be calculated using the general formula.

3. Employer Contributions
On an annual basis, an actuarial valuation is performed in order to determine the amount of statutorily required contributions from the State of Illinois. An actuarial experience study is performed every 5 years to determine the assumptions to be used in the annual valuation. The actuarial assumptions are also reviewed at least annually by the System. The last actuarial experience study was performed in March 2011. To determine the funding method, Public Act 88-0593 was passed by the Illinois General Assembly in 1994. This act, which took effect on July 1, 1995, provides a 15-year phase-in to a 35-year plan that requires the state to make continuing appropriations to meet the normal actuarially-determined cost of the System, plus amortize the unfunded accrued liability. Under this plan, the System is expected to be 90% funded by fiscal year 2045.

As required by Public Act 96-1497 the State of Illinois issued $3.7 billion in general obligation bonds on March 10, 2011, at an interest rate of 5.56%. The proceeds of these bonds were used to fund the state's contribution to the five retirement systems, including $713.5 million paid to SURS.

4. Net Asset Accounts
The System maintains two designated accounts that reflect the assignment of net assets to employee and benefit accounts:

a. The Employee Contribution Account records the pension assets contributed by each employee and the interest income earned by those contributions.

b. The Benefits from Employee and Employer Contributions Account records the net assets available for annuities in force and available for future retirement, death and disability benefits, the undistributed investment income, the unexpended administrative expense allocation, and the variations in actuarial assumptions.

Balances in these designated accounts as of June 30, 2011 are as follows:

Employee contributions	$ 6,007,401,403
Benefits from employee and employer contributions	8,266,601,894
Total Net Assets	$ 14,274,003,297

5. Ownership of Greater than 5 Percent of Net Assets Available for Benefits
There are no significant investments in any one organization that represents 5% or more of net assets available for benefits.

B. Self-Managed Plan

1. Membership Contributions
In accordance with Chapter 40, Act 5, Article 15, of the Illinois Compiled Statutes, members contribute 8% of their gross earnings. These statutes assign the authority to establish and amend the contribution provisions of the plan to the State Legislature.

Notes to the Financial Statements

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.

Service credit purchase payments are considered as previously taxed, unless qualifying 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.

2. Employer Contributions

In accordance with Chapter 40, Act 5, Article 15, of the Illinois Compiled Statutes, employer contributions credited to the SMP participant are at a rate of 7.6% of the participant's gross earnings, less the amount retained by SURS (currently 0.5%) to provide disability benefits to the participant. The amounts credited are paid into the participant's account. The State of Illinois shall make the employer contribution to SURS on behalf of the SMP participants.

3. Net Asset Accounts

The SMP maintains three designated accounts that reflect the assignment of net assets to employee contributions, disability benefits, and employer forfeiture accounts:

a. The Employee Contribution Account records the pension assets contributed by each employee and the corresponding employer contribution, and the investment income earned by those contributions.

b. The Disability Benefits Account reflects the pension assets contributed by the employer and held to fund member disability benefits.

c. The Employer Forfeiture Account reflects the pension assets contributed by the employer but forfeited from member accounts due to termination prior to reaching 5 years of service. Future employer contributions are reduced by the total forfeitures held by the defined contribution plan.

The assets related to disability benefits and employer forfeitures are commingled with the investment assets of the defined benefit plan. Investment income or loss is credited to these balances based upon the annual investment return or loss of the commingled assets. For fiscal year 2011, the investment income credited to these balances was $11,637,810.

Balances in these designated accounts as of June 30, 2011 are as follows:

Employee contributions	$ 894,243,083
Disability benefits	57,251,841
Employer forfeitures	9,042,929
Total Net Assets	$ 960,537,853

4. Ownership of Greater than 5 Percent of Net Assets Available for Benefits

There are no significant investments in any one organization that represent 5% or more of net assets available for benefits.

III. Deposits and Investments

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, State Universities Retirement System deposits may not be returned. Cash held in the investment related bank account in excess of $250,000 is uninsured and uncollateralized. SURS has no deposit policy for custodial credit risk. Deposits are under the custody of The Northern Trust Company which has an AA Long Term Deposit/Debt rating by Standard & Poor's, an Aa3 rating by Moody's and an AA/AA- rating by Fitch. At June 30, 2011, the carrying amount of cash was $383,760,585 and the bank balance was $389,751,479 of which $11,765,337 was foreign currency deposits and was exposed to custodial credit risk. The remaining $121,731,430 was made up of short-term invested funds which are considered to be investments for the purpose of assessing custodial credit risk.

Notes to the Financial Statements

Investment Policies

Investments are governed by Chapter 40, Act 5, Articles 1 and 15, of the Illinois Compiled Statutes. The most important aspect of the statutes is the prudent expert 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 expert 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. The SURS Board of Trustees has adopted an Investment Policy that contains general policies for investments. The Investment Section of this report contains a summary of these policies. Within the prudent expert framework, the SURS Board of Trustees establishes specific investment guidelines in the investment management agreement of each individual investment management firm.

Investment Commitments

Alternative investment portfolios consist of passive interests in limited partnerships. The System had outstanding commitments to private equity limited partnerships of approximately $413.1 million and $498.4 million as of June 30, 2011 and 2010, respectively. The System had outstanding commitments to real estate partnerships of approximately $123.1 million, to infrastructure partnerships of approximately $42.4 million and to Public-Private Investment Program (PPIP) partnerships of approximately $42.8 million at June 30, 2011.

Investments

The carrying values of investments by type at June 30, 2011 are summarized below:

Equity investments	
U.S. equities	$ 6,827,305,941
Non-U.S. equities	2,276,837,747
U.S. private equity	1,277,772,613
Non-U.S. private equity	96,328,790
Equity futures	(346,631,918)
Fixed income investments	
U.S. government obligations	1,042,688,876
U.S. agency obligations	667,773,114
U.S. corporate fixed income	1,091,747,938
U.S. fixed income, other	26,430,487
Non-U.S. fixed income securities	302,613,071
U.S. fixed income derivatives	30,336,970
Non-U.S. fixed income derivatives	37,194,250
U.S. fixed income futures	(32,560,281)
Non-U.S. fixed income futures	(37,194,250)
U.S. short term investments	615,286,069
Non-U.S. short term investments	45,804,982
U.S. swaps and options	10,507,920
Non-U.S. swaps and options	4,033,438
Real estate investments	
Real estate	375,589,750
Mutual fund and variable annuities	
Self-managed plan mutual funds and variable annuity funds	890,678,243
Total Investments	$ 15,202,543,750

(a) Fixed income investments presented in this table include $121,731,430 of short-term investments with maturities of less than 90 days and $472,910,911 of investments in the form of cash and cash-equivalents. Both are included in the cash and short-term investments total on the financial statements.

(b) U.S. short-term investments principally consist of money market funds and options.

(c) Fixed income investments presented in this table include $64,258,712 of short-term bills and notes with maturities greater than 90 days.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. SURS has not adopted a formal policy specific to custodial credit risk. At June 30, 2011, no investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the System's name.

Notes to the Financial Statements

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the System's investment in a single issue. SURS has not adopted a formal policy specific to concentration of credit risk. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties. The System's investment portfolios are managed by professional investment management firms. These firms must maintain diversified portfolios and must comply with risk management guidelines specific to each of their investment management agreements. Excluding U.S. government and agency issues, the portfolios are limited to a 5% allocation in any single investment grade U.S. issuer. Allocation limits also apply to international issuers. At June 30, 2011, SURS had no investments in any one issuer that represented 5% or more of the System's total investments.

Credit Risk of Debt Securities

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill obligations. SURS has not adopted a formal policy specific to credit risk of debt securities. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties. The quality ratings of investments in fixed income securities of the System as described by Standard & Poor's rating agency at June 30, 2011 are as follows:

Quality Rating: Standard & Poor's	Domestic**	International	Total
AAA	$ 738,049,787	$ 135,453,680	$ 873,503,467
AA+	144,158,496	10,122,027	154,280,523
AA	30,094,476	36,946,512	67,040,988
AA-22,884,918	7,826,074	30,710,992	
A+	95,995,319	43,517,713	139,513,032
A	136,414,160	48,078,790	184,492,950
A-	95,063,095	19,481,227	114,544,322
BBB+	75,471,052	23,237,034	98,708,086
BBB	64,998,314	14,994,331	79,992,645
BBB-	75,413,258	43,998,805	119,412,063
BB+	52,644,806	2,175,375	54,820,181
BB	28,404,898	11,470,836	39,875,734
BB- 34,633,137	-	34,633,137	
B+	37,880,531	1,424,250	39,304,781
B	11,715,883	1,322,750	13,038,633
B-	6,455,990	-	6,455,990
CCC+	1,768,565	-	1,768,565
CCC	28,591,569	-	28,591,569
CCC-	8,519,571	-	8,519,571
CC	5,326,435	-	5,326,435
C	-	1,010,750	1,010,750
D	30,109,796	1,580,050	31,689,846
Not rated	225,976,567	25,921,720	251,898,287
Total credit risk: debt securities	1,950,570,623	428,561,924	2,379,132,547
U.S. government and agencies *	1,042,688,877	–	1,042,688,877
Total debt securities investments	$ 2,993,259,500	$ 428,561,924	$ 3,421,821,424

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

** Includes $104,577,795 from self-managed plan variable annuities and mutual funds.

Notes to the Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Universities Retirement System manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The System has not adopted a formal policy specific to interest rate risk. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties.

At June 30, 2011, the segmented time distribution of the various investment types of debt securities of the System are as follows:

		Maturities in Years				
Type	2011 Fair Value	Less than 1 year	1 to 5 years	6 to 10 years	10 to 20 years	More than 20 years
U.S. Gov't & Agency fixed income *	$ 1,830,819,909	$ 123,059,932	$ 437,174,217	$ 388,621,765	$ 351,741,038	$ 530,222,957
U.S. corporate fixed income **	1,162,439,591	128,839,790	254,012,810	385,002,639	25,881,471	368,702,881
Non-U.S. fixed income	428,561,924	138,075,564	142,325,401	101,038,623	19,211,387	27,910,949
Total	$ 3,421,821,424	$ 389,975,286	$ 833,512,428	$ 874,663,027	$ 396,833,896	$ 926,836,787

* Includes $18,239,091 from self-managed plan mutual fund.

** Includes $86,338,704 from self-managed plan variable annuities and mutual funds.

Notes to the Financial Statements

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or a deposit. SURS has not adopted a formal policy specific to foreign currency risk. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties. International investment management firms maintain portfolios with diversified foreign currency risk for SURS. The System's exposure to foreign currency risk derives from its positions in foreign currency and foreign currency-denominated equity and fixed income investments. At June 30, 2011 the System's exposure to foreign currency risk is as follows:

Currency	Equity	Fixed Income*	Total
Australian dollar	$ 94,560,675	$ 5,217,146	$ 99,777,821
Brazilian real	20,391,413	10,980,668	31,372,081
British pound sterling	368,942,416	14,467,971	383,410,387
Canadian dollar	57,140,858	39,454,674	96,595,532
Chinese yuan renminbi	65,008	18,600,300	18,665,308
Czech koruna	2,465,678	-	2,465,678
Danish krone	17,645,467	864,000	18,509,467
Euro	462,191,234	(31,012,111)	431,179,123
Hong Kong dollar	91,244,851	1,968,369	93,213,220
Indian rupee	-	5,364,313	5,364,313
Indonesian rupiah	1,365,801	3,102,572	4,468,373
Japanese yen	261,831,704	(810,693)	261,021,011
Malaysian ringgit	2,194,058	10,344,004	12,538,062
Mexican peso	1,578,478	14,862,541	16,441,019
New Israeli shekel	2,930,696	27,836	2,958,532
New Taiwan dollar	17,803,811	4,242,401	22,046,212
New Zealand dollar	599,544	96,896	696,440
Norwegian krone	26,184,073	(8,054,704)	18,129,369
Peruvian nuevo sol	-	1,753	1,753
Philippine peso	2,239,335	5,039,009	7,278,344
Polish zloty	1,517,074	-	1,517,074
Singapore dollar	42,823,817	12,344,360	55,168,177
South African rand	580,560	1,187,603	1,768,163
South Korean won	24,262,630	13,623,059	37,885,689
Swedish krona	17,311,893	5,808,739	23,120,632
Swiss franc	133,021,519	217,345	133,238,864
Thai baht	690,220	-	690,220
Turkish lira	-	1,379,283	1,379,283
Total securities subject to foreign currency risk	1,651,582,813	129,317,334	1,708,900,147
Foreign investments denominated in U.S. Dollars	669,050,086	223,134,157	892,184,243
Total foreign investment securities	$ 2,320,632,899	$ 352,451,491	$ 2,673,084,390

*Includes Swaps, Options and Short-Term Investments

Notes to the Financial Statements

Derivative Securities

The System invests in derivative securities through its investment managers. A derivative security is an investment whose value is derived from other financial instruments such as commodity prices, bond and stock prices, or a market index. The System's derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statement of Plan Net Assets as either assets or liabilities, and the change in the fair value is recorded in the Statement of Changes in Plan Net Assets as net appreciation in fair value of investments.

In the case of an obligation to purchase (long a financial future or a call option), the full value of the obligation is held in cash or cash equivalents. For obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest rate risk or foreign currency risk will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. The System has not adopted a formal policy specific to master netting arrangements. As of June 30, 2011, SURS' derivative investments included foreign currency forward contracts, rights and warrants, futures, options, swaps and swaptions.

Foreign currency forward contracts are used to protect against the currency risk in SURS' foreign stock and fixed income security portfolios. A foreign currency forward contract is an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed-upon price. Fluctuations in the market value of foreign currency forward contracts are marked to market on a daily basis. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the investment income in the Statement of Changes in Plan Net Assets. At June 30, 2011, SURS' investments in foreign currency forward contracts are as follows:

Currency	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2011	Change In Fair Value
Australian dollar	$ 322	$ (68,715)	$ (68,393)	$ (7,155,251)
Brazilian real	-	(128,302)	(128,302)	1,128,744
British pound sterling	108,400	(2,694)	105,706	8,132,883
Canadian dollar	-	(478,173)	(478,173)	(6,592,643)
Chinese yuan renminbi	-	(7,682)	(7,682)	(22,057,452)
Danish krone	-	-	-	(503,862)
Euro	169,773	(1,940,888)	(1,771,115)	79,869,147
Hong Kong dollar	-	(2)	(2)	(3,278,863)
Indonesian rupiah	-	(6,811)	(6,811)	(1,024,140)
Japanese yen	2,851	(661,404)	(658,553)	(15,391,432)
Malaysian ringgit	-	-	-	(1,335,662)
Mexican peso	54,703	-	54,703	(62,199)
New Taiwan dollar	-	-	-	832,051
New Zealand dollar	-	(2,180)	(2,180)	(2,180)
Norwegian krone	513	(280,518)	(280,005)	3,161,068
Philippine peso	3	-	3	3
Russian ruble	3,530	-	3,530	3,530
Singapore dollar	-	(13,471)	(13,471)	(1,459,253)
South African rand	3,930	(19,638)	(15,708)	67,899
South Korean won	-	(14,683)	(14,683)	(2,090,924)
Swedish krona	-	(7,106)	(7,106)	(1,756,831)
Swiss franc	-	(191,013)	(191,013)	(344,707)
Turkish lira	-	(17,915)	(17,915)	(17,915)
Total securities subject to foreign currency risk	$ 344,025	$ (3,841,195)	$ (3,497,170)	$ 30,122,011
Foreign investments denominated in U.S. dollars	3,348,597	(461,947)	2,886,650	(37,613,445)
Total foreign investment securities	$ 3,692,622	$ (4,303,142)	$ (610,520)	$ (7,491,434)

Notes to the Financial Statements

Rights and warrants provide SURS investment managers the right, but not the obligation, to purchase or sell a company's stock at a fixed price until a specified expiration date. Rights normally are issued with common stock and expire after two to four weeks. Warrants typically are issued together with a bond or preferred stock and may not expire for several years. The fair value of rights and warrants is reported in the investments in the Statement of Plan Net Assets. The gain or loss from rights and warrants is included in the investment income in the Statement of Changes in Plan Net Assets. At June 30, 2011, SURS' investments in rights and warrants had the following balances:

	Notional Value 2011	Fair Value 2011	Change in Fair Value
Total Rights and Warrants	$ 1,543,371	$ 5,096,584	$ 4,747,745

SURS investment managers use financial futures to replicate an underlying security they wish to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Additionally, SURS investment managers use futures contracts to improve the yield or adjust the duration of the fixed income portfolio. A financial futures contract is an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed-upon price. Futures contracts are traded on organized exchanges, thereby minimizing the System's credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. The cash or securities to fulfill these obligations are held in the investment portfolio. As the market value of the futures contract varies from the original contract price, a gain or loss is paid to or received from the clearinghouse and recognized in the Statement of Changes in Plan Net Assets. At June 30, 2011, the notional future balances of SURS' investments are as follows:

	Notional Value 2011	Fair Value 2011	Change in Fair Value
Equity derivatives futures			
Long	$ 346,631,918	$ 2,919,716	$ 3,715,318
Fixed income derivatives futures			
Long	1,623,748,822	136,870	67,171
Short	(4,666,750)	20,000	(1,703)
Total Futures	$ 1,965,713,990	$ 3,076,586	$ 3,780,876

SURS investment managers use options in an attempt to add value to the portfolio (collect premiums) or protect (hedge) a position in the portfolio. Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, the System receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. All written financial options are recognized as a liability on the System's financial statements. As a purchaser of financial options, the System pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At June 30, 2011, SURS' investments had the following option balances:

	Notional Value 2011	Fair Value 2011	Change in Fair Value
Equity options			
Call	$ -	$ -	$ 5,288
Put	-	-	364,250
Fixed income options			
Call	(80,700,000)	(241,161)	1,401,631
Put	(278,100,000)	(2,018,300)	(1,961,552)
Cash and cash equivalent options			
Call	(3,900,000)	(23,494)	(15,544)
Put	(2,034,140)	(5,845)	147,987
Swaptions			
Call	(66,400,000)	(341,744)	4,127,168
Put	(509,751,600)	(157,685)	(634,789)
Total Options	$ (940,885,740)	$ (2,788,229)	$ 3,434,439

Notes to the Financial Statements

SURS fixed income managers invest in swaps and swaptions to manage exposure to credit, currency, inflation and interest rate risks. Swaptions are options on swaps that give the purchaser the right, but not the obligation, to enter into a swap at a specific date in the future. Swap agreements are privately negotiated agreements with a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. In connection with swap agreements, securities or cash may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default, bankruptcy or insolvency. Swaps are marked to market daily based upon values from third party vendors or quotations from market makers to the extent available and any change in value is recorded as an unrealized gain or loss. SURS investment managers have entered into credit default, inflation-linked, total return and interest rate swap agreements.

			Maturities in Years					
	Notional Value 2011	Fair Value 2011	Less than 1 year	1 to 5 years	6 to 10 years	10 to 20 years	More than 20 years	Change In Fair Value
Swaps								
Credit default	$343,209,487	$5,355,677	$ (321,197)	$ 1,264,462	$ 3,287,977	$ -	$ 1,124,435	-
Credit default	73,436,692	1,089,924	16,000	1,065,863	8,061	-	-	-
Credit default	33,205,600	1,156,111	-	(168)	1,156,279	-	-	-
Total, Credit Default	449,851,779	7,601,712	(305,197)	2,330,157	4,452,317	-	1,124,435	(3,751,218)
Inflation-linked	-	-	-	-	-	-	-	(90,758)
Interest rate	221,642,219	(8,243,756)	613,669	412,500	(3,285,928)	(5,066,399)	(917,598)	-
Interest rate	59,891,872	(993,918)	235,262	136,223	(23,344)	(1,307,683)	(34,376)	-
Interest rate	1,152,184	46,303	32,122	14,181	-	-	-	-
Total, Interest Rate	282,686,275	(9,191,371)	881,053	562,904	(3,309,272)	(6,374,082)	(951,974)	604,745
Total return	142,438	1,714,382	1,714,382	-	-	-	-	66,936,516
Total swaps	$732,680,492	$ 124,723	$ 2,290,238	$2,893,061	$ 1,143,045	$(6,374,082)	$ 172,461	$63,699,285

Credit default swap agreements involve one party making a stream of payments (the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation or index. The seller of protection generally receives from the buyer of protection a fixed rate of income throughout the term of the swap provided there is no credit event. The seller effectively adds leverage to its portfolio as it is subject to investment exposure on the notional amount of the swap. At June 30, 2011, the total notional value of written credit default swaps (selling protection) was $208.0 million and the notional value of purchased credit default swaps (buying protection) was $241.8 million. .

Inflation-linked swap agreements involve a stream of fixed payments in exchange for variable payments linked to an inflation index. These swaps can protect against unfavorable changes in inflation expectations and are utilized to transfer inflation risk from one counterparty to another.

Total return swap agreements involve a stream of payments based on a set rate, either fixed or variable, by one party while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset (reference asset), usually an equity index, loans, or bonds, is owned by the party receiving the set rate payments. These swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without owning it.

Interest rate swap agreements involve the exchange of a set of variable and fixed-rate interest payments linked to a referenced interest rate without an exchange of the underlying principal amount. These agreements are used to limit or manage exposure to fluctuations in interest rates or to obtain a marginally lower interest rate than would be available without the swap. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Plan Net Assets.

Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk. The maximum loss that would be recognized at June 30, 2011, if all counter parties fail to perform as contracted is $25.5 million. This maximum exposure is reduced by $13.4 million in collateral held and approximately $25.3 million in liabilities, resulting in no net exposure to credit risk.

Notes to the Financial Statements

Securities Lending

The SURS Board of Trustees policies permit the System to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Credit Suisse AG, New York Branch, the System's third party agent lender, lends securities in exchange for cash collateral at 102% for U.S. securities and 105% for international securities. Cash collateral is shown on the System's financial statements. Securities lent are included in the Statement of Plan Net Assets. At year end, the System had no credit risk as a result of its securities lending program as the collateral received exceeded the fair value of the securities loaned. The contract with the System's third party agent lender requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are out on loan.

All securities loans can be terminated on demand by either the System or the borrower, although the average term of the loans is 1.05 days. Cash collateral is invested in the System's short-term investment pool, which at year end has a weighted average final maturity of 123.48 days and a weighted average reset of 24.85 days, and with a fair value of $1,481.4 million.

Collateral as of June 30, 2011 ($ millions)

Securities on loan as of June 30, 2011	$ 1,631.1
Fair value of cash collateral invested	$ 1,516.2
Fair value of collateral received	$ 1,516.0
Change in fair value*	$ 0.2

*Included in net appreciation in fair value of investments in Statement of Changes in Plan Net Assets.

Self-Managed Plan

The SMP participants have the ability to invest their account balances in 31 mutual and variable annuity funds. These funds are offered by two providers: Fidelity Investments and Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). As of June 30, 2011, the SMP had investments of $956,966,027. A detailed schedule (unaudited) of the funds and balances at June 30, 2011 is located in the Investment Section of The Comprehensive Annual Financial Report.

IV. Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	$ 531,834	$ –	$ –	$ 531,834
Office building	6,896,790	-	–	6,896,790
Information system equipment & software	14,588,456	206,473	367,016	14,427,913
Furniture and fixtures	2,121,368	2,740	–	2,124,108
	24,138,448	209,213	367,016	23,980,645
Less accumulated depreciation:				
Office building	2,142,290	179,400	–	2,321,690
Information system equipment and software	13,559,432	378,926	367,016	13,571,342
Furniture and fixtures	2,027,813	56,621	–	2,084,434
	17,729,535	614,947	367,016	17,977,466
	$ 6,408,913	$ (405,734)	$ –	$ 6,003,179

The average estimated useful lives for depreciable capital assets are as follows:

Office building	40 years	Information systems equipment	3 years
Information systems software	10 years	Furniture and fixtures	3 years

Notes to the Financial Statements

V. 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 between January 1, 1984 and December 31, 1997. No sick time earned after December 31, 1997 will be compensable at termination. At June 30, 2011, the System had a liability of $1,025,840 for compensated absences, based upon the vesting method used for calculation of sick leave payable. The liability is included in the administrative expenses payable on the Statement of Plan Net Assets, and the annual increase or decrease in liability is reflected in the financial statements as an increase or decrease in salary expense.

Compensated absences payable for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Estimate Amount Due Within One Year
Compensated absences payable	$ 1,099,057	$ 751,698	$ 824,915	$ 1,025,840	$ 76,000

VI. Insurance Coverage

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System has minimized the risk of loss through private insurance carriers for commercial, business owners, and automobile policies. The deductible for this insurance coverage ranges from $250 to $500 per occurrence. There has been no significant reduction of insurance coverage from the prior year. The System has not had any insurance claims filed or paid in the past five fiscal years.

VII. Post-Employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute toward health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Universities Retirement System do not contribute toward health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State; therefore, those annuitants with twenty or more years of credited service do not have to contribute toward health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes $5,000.

The State pays the State Universities Retirement System's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763.

Required Supplementary Information

Defined Benefit Plan
Schedule of Funding Progress ($ millions)

Fiscal Year**	Actuarial Value of Assets (A)	Accrued Actuarial Liabilities	Unfunded Accrued Actuarial Liabilities	Funding Ratio	Payroll	UAAL as % of Payroll
2002	$ 9,814.7	$ 16,654.0	$ 6,839.3	58.9%	$ 2,607.2	262.3%
2003	9,714.5	18,025.0	8,310.5	53.9%	2,763.4	300.7%
2004	12,586.3	19,078.6	6,492.3	66.0%	2,814.1	230.7%
2005	13,350.3	20,349.9	6,999.6	65.6%	2,939.1	238.1%
2006	14,175.1	21,688.9	7,513.8	65.4%	3,054.1	246.0%
2007	15,985.7	23,362.1	7,376.4	68.4%	3,181.0	231.9%
2008	14,586.3	24,917.7	10,331.4	58.5%	3,303.2	312.8%
2009	14,282.0	26,316.2	12,034.2	54.3%	3,463.9	347.4%
2010	13,966.6	30,120.4	16,153.8	46.4%	3,491.1	462.7%
2011	13,945.7	31,514.3	17,568.6	44.3%	3,460.8	507.6%

(A) Per public Act 96-0043, beginning fiscal year 2009, measures of financial soundness will be calculated using an actuarial value of assets based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 7.75% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

Schedule of Employer Contributions ($ millions)

Fiscal** Year	Total ARC*	Member Contributions	Net ER/State ARC	Actual ER/State Contribution	State Contributions as % of Net ARC	Total Contributions as % of Total ARC
2002	$ 686.9	$ 250.0	$ 436.9	$ 256.1	58.6%	73.7%
2003	843.8	246.3	597.5	285.3	47.7%	63.0%
2004	934.8	243.8	691.0	1,757.5	254.4%	214.1%
2005	859.7	251.9	607.8	285.4	47.0%	62.5%
2006	914.9	252.9	662.0	180.0	27.2%	47.3%
2007	968.3	262.4	705.9	261.1	37.0%	54.1%
2008	971.6	264.1	707.5	344.9	48.8%	62.7%
2009	1,147.3	273.3	874.0	451.6	51.7%	63.2%
2010	1,278.3	275.0	1,003.3	696.6	69.4%	76.0%
2011	1,519.2	260.2	1,259.0	773.6	61.4%	68.0%

*Annual Required Contribution as defined in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."
** The source of these schedules is the annual actuarial valuation which is performed as of June 30 for each fiscal year listed.

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Administrative Expenses
For the Years Ended June 30, 2011 and 2010

	2011	2010
Personnel Services		
Salary and wages	$ 6,467,302	$ 6,343,007
Retirement contributions	747,959	598,565
Insurance and payroll taxes	1,717,639	1,573,896
	8,932,900	8,515,468
Professional Services		
Computer services	545,026	527,460
Medical consultation	5,675	17,706
Technical and actuarial	590,438	477,612
Legal services	249,763	324,778
	1,390,902	1,347,556
Communications		
Postage	311,354	260,939
Printing and copying	95,122	84,785
Telephone	91,556	94,599
	498,032	440,323
Other Services		
Equipment repairs, rental and maintenance	94,541	76,788
Building operations and maintenance	265,199	228,966
Surety bonds and insurance	203,210	203,873
Memberships and subscriptions	40,394	37,532
Transportation and travel	98,185	147,142
Education	21,077	30,804
Supplies	114,399	107,580
	837,005	832,685
Depreciation and amortization	614,947	972,149
Total administrative expenses - DB Plan	$ 12,273,786	$ 12,108,181
Self Managed Plan		
Salary and wages	225,655	229,824
Retirement contributions	22,337	21,904
Insurance and payroll taxes	60,166	55,705
Technical and actuarial	6,000	8,000
Postage	19,788	20,564
Transportation and travel	1,283	2,438
Printing	9,029	8,968
Total administrative expenses - SMP	$ 344,258	$ 347,403
Total administrative expenses	$ 12,618,044	$ 12,455,584

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Consultant Payments
For the Years Ended June 30, 2011 and 2010

	2011	2010
Defined benefit plan		
Technical and actuarial services:		
Aurico	$ 562	$ -
Berwyn Group	4,150	4,025
Centurion	-	869
Corley Photography	-	865
Economic Research	4,989	4,989
EFL Associates	15,000	80,283
Alice Faron	3,560	-
Gabriel, Roeder, Smith & Co.	269,755	147,161
GII of Illinois	9,000	19,500
Governmental Consulting Solutions	48,000	36,000
ICS/Merrill	4,395	920
INFRE 308	308	900
Janet Jones & Associates	30,000	-
McLagan	2,500	2,500
Meador Investigations	830	1,745
Miscellaneous	1,598	1,140
Morrill and Associates	24,000	48,000
National Student Clearinghouse	425	-
Navigant Consulting	14,129	-
Open position advertising/Recruitment	21,305	20,811
Pen-Cin Partners	300	-
Reed Group	-	1,185
Resolutions EAP	125	-
Smith Investigations	305	225
Spectrum	1,202	-
The Northern Trust	91,043	86,150
University of Illinois Business Consulting	16,000	4,500
VIA	32	-
Woolard Marketing Consultants	26,925	15,844
	590,438	477,612
Legal services:		
Areawide Reporting Services	850	3,195
Burke, Burns & Pinelli	149,512	151,998
Investors Responsibility Support Services	25,000	25,000
Mayer Brown LLP	52,043	99,141
Thomas, Mamer & Haughey	8,542	22,331
Winters, Featherstun, et al	13,816	23,113
	249,763	324,778
Self-managed plan		
Technical and actuarial services:		
Callan Associates	2,000	-
Ennis, Knupp Investment Consulting	4,000	8,000
	6,000	8,000
Total consultant payments	$ 846,201	$ 810,390

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Investment Fees, Commissions, and Administrative Expenses
For the Years Ended June 30, 2011 and 2010

	2011	2010
Master trustee & custodian		
The Northern Trust Company	$ 1,032,120	$ 1,058,006
Investment manager		
Aberdeen Asset Management	1,553,530	1,238,663
Adams Street Partners	4,351,150	4,479,557
Alinda Capital Partners	1,160,940	1,385,616
Angelo Gordon GECC	600,000	803,056
Ativo Capital Management	61,630	30,164
BlackRock Institutional Trust (formerly Barclays Global Investors)	3,060,061	387,638
BlackRock Financial Management	323,883	4,192,526
Buford, Dickson, Harper & Sparrow	47,537	34,438
Calamos Advisors	943,676	729,877
Capital Guardian Trust Company	-	488,562
Channing Capital Management	119,374	107,227
Chicago Equity Partners	307,550	-
Dune Capital Management	542,587	1,309,574
EARNEST Partners	1,957	-
Fiduciary Management Associate	27,101	-
Garcia, Hamilton & Associates	63,104	59,511
GlobeFlex Capital, L.P.	652,620	243,182
Herndon Capital Management	298,386	173,979
Holland Capital Management	113,920	96,715
ING Clarion Real Estate Securities	1,084,232	929,511
Jacobs Levy Equity Management	1,135,456	771,844
LM Capital Group	66,506	-
Lombardia Capital Partners	274,009	450,535
Longfellow Investment Management	63,398	12,526
Macquarie Capital	450,000	1,351,788
Martin Currie, Inc.	1,265,864	1,520,079
Metropolitan West Asset Management	1,379,193	1,180,690
Mondrian Investment Partners	424,187	480,394
Muller and Monroe	350,347	405,806
NCM Capital Management	161,602	175,739
Neuberger Berman	298,748	-
New Century Advisors	136,765	28,648
Northern Trust Investments	156,429	152,702
Oaktree Capital Management	32,683	2,149
Pacific Investment Management Company	12,875,085	14,708,190
Pantheon Ventures	2,655,664	2,575,329
Paradigm Asset Management	(6,337)	58,268
Payden & Rygel	782,742	628,276
Piedmont Investment Advisors	133,636	114,496
Profit Investment Management	191,520	197,535
Progress Investment Management Company	1,664,419	1,279,161
Pugh Capital Management	115,974	88,699
Pyramis Global Advisors Trust Company	449,815	344,946
RhumbLine Advisers	180,752	162,732
RLJ Western Asset Management	250,620	162,971
RREEF	2,685,642	1,676,528
Smith, Graham & Company	91,912	86,556
State Street Global Advisors	55,149	-
Strategic Global Advisors	139,702	117,917
T. Rowe Price	2,238,212	1,687,422
Taplin, Canida & Habacht	93,556	65,511
UBS Realty Investors	1,438,125	1,193,020
Wellington Management Company	750,951	800,604
Western Asset Management	529,752	1,508,041
	48,825,316	50,678,898
Investment consultant, measurement & counsel		
Callan Associates, Inc.	151,000	-
EnnisKnupp + Associates, Inc.	158,856	383,500
Burk, Burns, & Pinelli, Ltd.	23,697	-
Mayer, Brown, Rowe & Maw	64,473	248,751
Bryan Cave	-	25,000
	398,026	657,251
Investment administrative expenses		
Personnel	1,079,210	903,288
Resources, board and travel	160,277	131,688
Performance measurement and database	79,620	95,350
	1,319,107	1,130,326
Total investment expenses	$ 51,574,569	$ 53,524,481

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Cash Receipts and Disbursements
For the Year Ended June 30, 2011 ($ millions)

Beginning cash and short-term investments balance	$	758.4
Receipts		
Member contributions	$	263.7
Employer contributions		773.6
Investment income (loss)		2,850.7
Investments redeemed		61,647.2
Total receipts	$	65,535.2
Disbursements		
Benefit payments	$	1,611.1
Administrative expenses		10.8
Investment expenses		51.6
Fixed asset purchases		.2
Refunds		58.9
SMP balance transfers		1.0
Investments purchased		64,054.5
Total disbursements	$	65,788.1
Ending cash and short-term investments balance	$	505.5

INVESTMENT

The Comprehensive Annual
Financial Report for Fiscal Year
Ended June 30, 2011

CREATING VALUE








SURS continues to deliver favorable long-term investment results by utilizing an optimal, risk-controlled investment program.

Letter of Certification

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

Northern Trust

July 18, 2011

To the Board of Trustees and the Executive Director:

The Northern Trust Company as Master Trustee has provided annual Statements of Account for the State Universities Retirement System Master Trust ("Trust") which, to the best of its knowledge, provide a complete and accurate reflection of The Northern Trust Company's record of the investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Trust for the period July 1, 2010 through June 30, 2011.

In addition to the custody of assets, pursuant to and in accordance with the terms of the agreement establishing the Trust, The Northern Trust Company provided and continues to provide the following services as Master Trustee:

1. Receive and hold all amounts paid to the Trust Find by the Board of Trustees.
2. Accept and deliver securities in connection with investment transactions in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
5. Transfer securities to a lending agent appointed by the Board of Trustees pursuant to direction from such lending agent.
6. Begin, maintain or defend any litigation necessary in connection with the investment, reinvestment of the Trust Fund and the administration of the 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 with respect to securities held in the trust fund, including but not limited to, proxy voting in accordance with the instructions of appointed Investment Managers; respond to stock subscriptions, conversion rights, and other capital changes pursuant to procedures set forth in the operating guidelines of The Northern Trust Company in effect from time to time.
9. Hold securities in the name of the Trust or nominee form or other means as provided in the agreement establishing the Trust.
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 other securities.
11. Employ agents with the consent of the Board of Trustees to the extent provided in the agreement establishing the Trust.
12. Provide disbursement services.
13. Provide security fail float income to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.

THE NORTHERN TRUST COMPANY
By: Patricia Somerville-Koulouris
Patricia Somerville-Koulouris, Vice President

Letter of Transmittal

State Universities Retirement System of Illinois
Serving Illinois Community Colleges and Universities

1901 Fox Drive • Champaign, IL 61820
1-800-ASK SURS • (217) 378-8800 (C-U)
(217) 378-9800 (FAX)

Investment Department

November 1, 2011

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

Following is discussion of the Investment section of the State Universities Retirement System (SURS) Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2011. SURS remains a large and mature public defined benefit investment program with a portfolio value of over $14.3 billion for the fiscal year ending June 30, 2011. In addition, the Self-Managed Plan (SMP), a defined contribution structure, continues to increase in size with assets of approximately $900 million.

SURS investment performance for the Fiscal Year ended June 30, 2011, was stellar, returning 23.8%, net of investment management fees, and exceeding the target benchmark return by 0.4%. The fund achieved its fourth highest absolute investment performance in SURS history, marking the best return in twenty-five years.

In Fiscal Year 2011, the System's funding ratio level increased from 40.2% to 45.3% on a market value basis. Utilizing the asset smoothing valuation concept adopted per legislation in 2009, the funding ratio of the plan declined from 46.4% to 44.3%. In October 2010, at the recommendation of the actuary and the investment consultant, the Board of Trustees reduced the assumed rate of investment return from 8.5% to 7.75%. Aside from the actuarial modifications, the current funding ratio levels continue to be the result of inadequate funding received from the State over many years, and are not due to investment performance.

Longer-term investment performance has been favorable. Over the past twenty-five years, the SURS portfolio has earned an 8.8% annualized rate of return, net of investment management fees. The twenty year portfolio return is also robust at 8.5%. It is important to note that both the twenty year and twenty-five year returns remain well in excess of both the policy portfolio return and the 7.75% assumed rate of return. As of June 30, 2011, five and ten year investment performance is at or above benchmark levels, returning 5.3% and 6.1%, respectively.

A key accomplishment during the past year was the review of the investment consulting relationship. This process is conducted every five years and is required per statute. The search resulted in the selection of Callan Associates, replacing Hewitt EnnisKnupp. EnnisKnupp had served the SURS Board and staff for nearly thirty years. Callan Associates brings deep resources and abundant investment expertise and will assist the SURS Board and Investment staff in overseeing the program going forward.

A critical duty of the SURS Board of Trustees is to approve and implement the asset allocation strategy. These decisions provide a guide to assist in achieving stable long-term investment returns and cash flow liquidity to be used for benefit payments while maintaining a desired level of risk. The investment strategy is anchored by a comprehensive asset/liability study. As previously noted in last year's letter, an asset/liability study was conducted during Fiscal Year 2011. Callan Associates, with the assistance of SURS Investment staff, conducted the study which was approved by the Board of Trustees in June 2011.

The outcomes of the asset/liability study resulted in minimal changes from the prior study conducted and approved in June 2008. Modifications approved include a slight decrease in the domestic equity asset allocation and an increase in non-U.S. equities, which is designed to reduce the home country bias within the portfolio. Also, an increase in the real estate asset class to an allocation of 10% is targeted over the upcoming years, similar to the 2008 study. Implementation of real estate and other alternative strategies normally takes several years to complete to ensure the portfolio maintains diversification over vintage years.

Letter of Transmittal (continued)

In addition to the items previously mentioned, a number of significant accomplishments were achieved during Fiscal Year 2011, several of which are referenced below. The Investment section of this Report provides a more detailed review of these items.

- The portfolio produced strong absolute investment performance in the past year, providing a return of 23.8%, net of investment management fees.

- Total combined fund assets in the defined benefit and defined contribution plans are in excess of $15.2 billion with the SURS investment program continuing its ranking as one of the largest 100 pension plans in the U.S.

- A comprehensive search to evaluate the fixed income program was conducted during calendar year 2010, concluding during the fall of 2010. At the conclusion of the search process, changes designed to optimize the portfolio structure, reduce risk and assist in addressing liquidity challenges were recommended and implemented. Subsequent changes were implemented, resulting in the modification of the fixed income portfolio and designed to identify optimal strategies, reduce risk and assist in addressing liquidity challenges.

- Continued expansion of the Manager Diversity Program (MDP) occurred during the year. As of June 30, 2011, $2.8 billion, amounting to 19.3% of assets in the SURS Investment Portfolio, are managed by investment firms owned by minorities, females and persons with a disability.

- A search was conducted to identify core domestic equity managers for the Manager Diversity Program. The search resulted in the selection of two additional managers and is intended to create a target market neutral style within the MDP. Previously, the MDP domestic equity portfolio maintained a style overweight to growth equities.

- The Self-Managed Plan (SMP) completed its thirteenth year of existence, currently exceeding $960 million in member assets.

The ongoing challenge and concern to SURS remains the funding status of the Plan. SURS is approximately 45% funded as of June 30, 2011. Investment performance alone cannot bridge the ongoing funding gap. SURS is constantly interacting with appropriate audiences to identify methods in which to assist in securing full funding.

For additional information regarding the Investment Program, staff has prepared the SURS Fiscal Year 2012 Investment Plan, which is included on the SURS web site.

The SURS investment program continues to operate effectively and efficiently during these volatile and challenging market conditions. Staff is pleased with the successful investment performance for the period but realizes the challenge of funding is ongoing. The Board of Trustees is committed to SURS membership to deliver an optimal, risk-controlled investment program with the objective of providing favorable long-term results.

Sincerely,

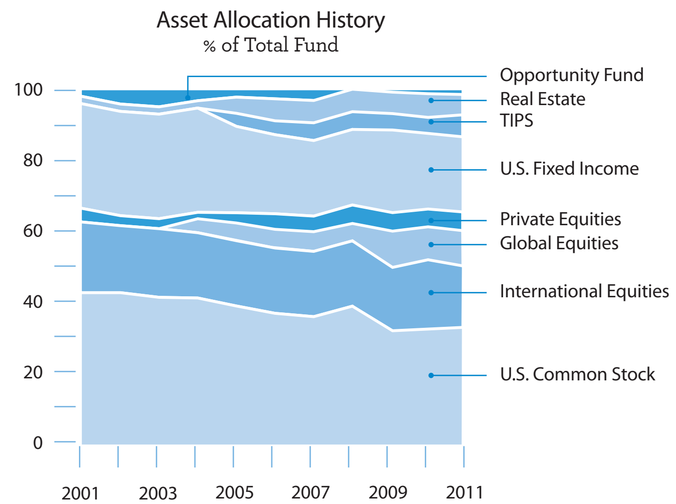
Daniel L. Allen
Chief Investment Officer

Investment Summary

The SURS Board of Trustees is charged with the responsibility of investing the assets entrusted to them solely for the benefit of the System's participants and beneficiaries. The Trustees, in carrying out their responsibilities, adhere to applicable Illinois statutes and the prudent expert rule, which states that the Trustees must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims." In carrying out their fiduciary duties, the Trustees have set forth a clearly defined investment policy, objectives, and strategies.

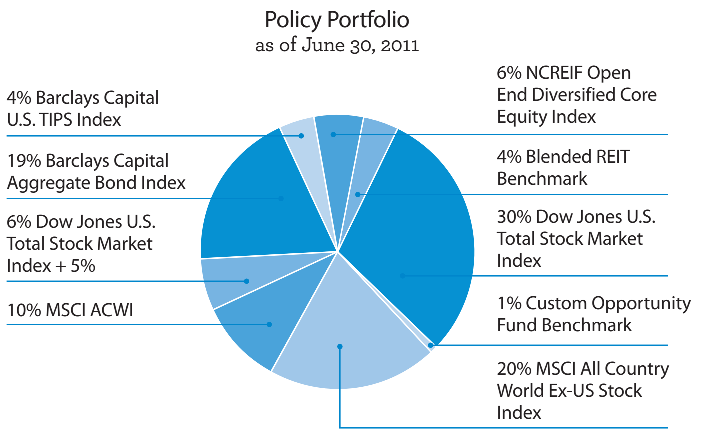
Investment Policy

The investment policy of SURS provides an efficient allocation of assets to achieve overall risk and return objectives. Periodically, asset allocation studies are conducted and the results of these studies guide the setting of investment policy. An asset/liability study completed in June, 2011 resulted in modifications to SURS' asset allocation targets. The modified long-term strategic asset allocation targets are: 30.0% of the total fund invested in U.S. equities, 20.0% in non-U.S. equities, 10.0% in global equities, 6.0% in private equities, 19.0% in fixed income, 4.0% in treasury inflation-protected securities (TIPS), 10.0% in real estate investment trust securities (REITs) and direct real estate (through funds), and 1.0% in the Opportunity Fund. These strategic asset allocation targets will be implemented over time to allow for proper diversification into direct real estate. The graph titled Asset Allocation History details the various investment policy changes during the past 10 years.



Investment Objectives

The investment objective of the total portfolio is to produce annualized investment returns, net of all management fees, which exceed the return of a composite market benchmark or policy portfolio. The policy portfolio is comprised of market indices, which are consistent with the overall investment policy. The policy portfolio reflects a passive implementation of the investment policy. The current policy portfolio is comprised of the following benchmarks.



Asset Class	Benchmark	Current Policy Portfolio
U.S. Equity	Dow Jones U.S. Total Stock Market Index	30.0%
Non-U.S. Equity	Morgan Stanley All Country World Ex-U.S. Index	20.0%
Global Equity	Morgan Stanley All Country World Index	10.0%
Private Equity	Dow Jones U.S. Total Stock Market Index + 5.0%	6.0%
Fixed Income	Barclays Capital Aggregate Bond Index	19.0%
TIPS	Barclays Capital U.S. TIPS Index	4.0%
Direct Real Estate	NCREIF Open End Diversified Core Equity Index	6.0%
REITS	Blend of Dow Jones U.S. Select Real Estate Securities Index, FTSE EPRA/NAREIT Developed Ex-U.S. Index And FTSE EPRA/NAREIT Developed Index	4.0%
Opportunity Fund	Custom benchmark of the combined investments	1.0%
		100.0%

Investment Summary

Comparisons of total fund performance are also made with a universe of public pension funds implementing generally comparable investment policies. The public pension fund index used for comparative purposes is the Callan Associates' Public Funds - Large (over $1 billion) Index.

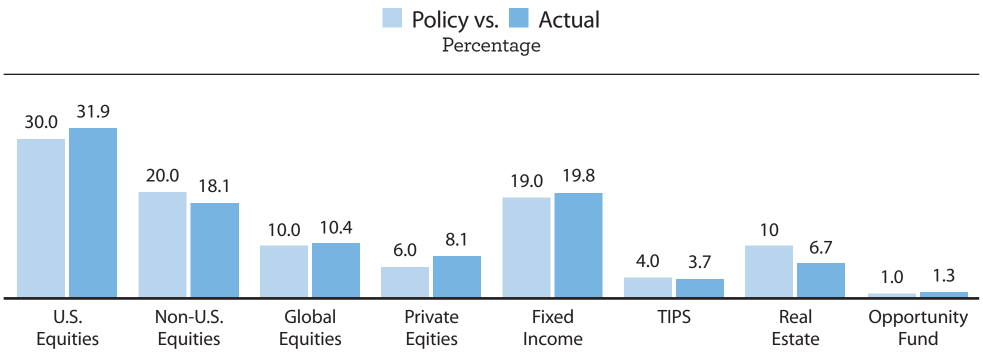
Investment Strategies

Diversification

SURS invests in different types of assets and uses multiple investment managers and strategies as a method to ensure overall fund diversification. As of June 30, 2011, the System had retained the services of 50 investment management firms, several of which manage multiple mandates, and an additional 17 managers through the Progress Emerging Managers program, of which six have a direct relationship with SURS. Each investment management firm is afforded full discretion to diversify its portfolio(s) in a manner it deems appropriate. The Trustees have developed guidelines to direct the investment managers in their execution of the overall investment policy. The guidelines are specific to the type of portfolio managed.

Rebalancing

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be conducted to ensure conformance with policy target levels. Such rebalancing is necessary to reflect cash flows and performance imbalances among investment managers who are hired to manage assets with a specified strategy. Although a strategy may be within a specified asset class, the manager may be authorized to utilize other instruments in another asset class. SURS' rebalancing policy calls for rebalancing, as soon as practical, if a strategy exceeds or falls below its target allocation by 3%. Ongoing rebalancing of the investment portfolio occurred as needed during the year with the assistance of System cash flows. At year end, the fund was invested 74% in equities, 23% in fixed income, and 3% in direct real estate through funds, as compared with the target allocations of 71%, 23%, and 6%, respectively. Staff is gradually implementing the policy target allocations that were approved as of June 10, 2011, through the strategic transition of assets among investment managers.



Investment Results

Long-Term Investment Results

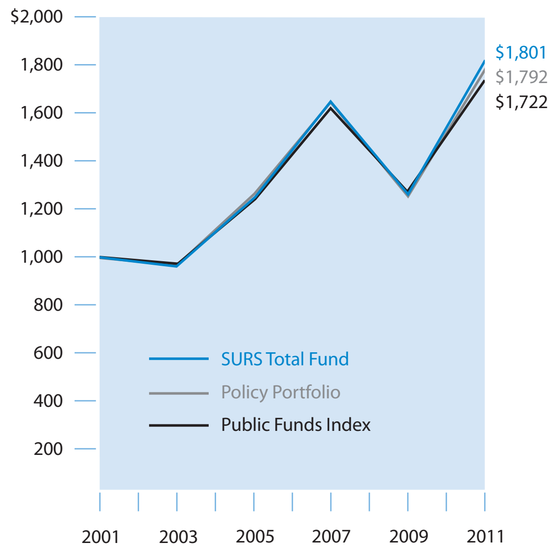
The 10-year period ended June 30, 2011, provided returns that exceeded its benchmark. SURS total portfolio earned an annualized total return, net of all investment management expenses, of 6.1%. As shown in the investment results table, over the long term, SURS total fund returns are consistent with its market goal (policy portfolio) and the median public pension funds benchmark.

This consistent performance is best illustrated by the growth of $1,000 invested in SURS total fund, the policy portfolio and median public funds index during the past 10 years. The ending points indicate that $1,000 invested in SURS total fund would have grown to $1,801, while the same $1,000 invested in the policy portfolio and median public funds index would have grown to $1,792 and $1,722, respectively.

Fiscal Year 2011 Results

For the fiscal year ended June 30, 2011, SURS total fund returned 23.8%, exceeding the market goal, or policy portfolio by 0.4%. SURS' one-year return exceeded that of the median public pension fund return, as measured by the Callan Associates Public Pension Funds - Large Index, by 2.9%. Seven of the nine asset class portfolios, including U.S. equities, non-U.S. equities, fixed income, TIPS, direct real estate, REITS and the Opportunity Fund, met or exceeded the returns of their respective benchmarks.

Total Fund Growth of $1,000



Investment Results

		Fiscal Year Ended June 30					Annualized		
		2007	2008	2009	2010	2011	3 yrs	5 yrs	10yrs
Total Fund									
SURS		18.3%	(4.5)%	(19.7)%	15.0%	23.8%	4.6%	5.3%	6.1%
Policy Portfolio		17.6	(5.0)	(20.1)	16.0	23.4	4.6	5.0	6.0
Public Funds Index		17.2	(4.1)	(17.8)	11.8	20.9	3.6	4.6	5.6
CPI		2.7	5.0	(1.4)	1.0	3.6	1.0	2.1	2.4
U.S. Stock Returns									
SURS		19.8	(13.4)	(27.3)	17.8	33.8	4.7	3.5	3.7
Dow Jones U.S. Total Stock Market	20.5	(12.5)	(26.4)	16.1	32.4	4.2	3.6	3.8	
Non-U.S. Stock Returns									
SURS		29.2	(7.9)	(32.2)	7.8	31.2	(1.4)	2.7	6.8
MSCI All Country World Index Ex-U.S.		29.6	(6.6)	(30.9)	10.4	29.7	(0.3)	3.7	7.4
Global Stock Returns									
SURS		20.5	(8.7)	(29.0)	12.6	29.9	1.2	2.7	6.1
Performance Benchmark		23.6	(10.7)	(27.9)	11.8	30.1	1.6	3.0	6.0
Private Equity Returns (1)									
SURS		25.7	16.4	(21.3)	18.5	19.8	3.8	11.0	7.6
Dow Jones U.S. Total Stock Market + 5%		16.3	(0.8)	(33.0)	57.6	22.7	8.7	8.2	9.6
Fixed Income Returns									
SURS		6.0	7.4	5.5	14.5	5.2	8.3	7.7	6.8
Performance Benchmark		6.1	7.1	6.0	9.5	3.9	6.5	6.5	6.0
TIPS Returns									
SURS		3.9	16.3	0.0	11.6	7.9	6.4	7.8	7.1
Performance Benchmark		4.0	15.1	(1.1)	9.5	7.7	5.3	6.9	6.5
Direct Real Estate Returns (2)									
SURS		18.5	10.6	(28.4)	(6.4)	19.2	(8.1)	(0.9)	-
Performance Benchmark		15.6	12.0	(23.8)	(18.8)	19.0	(9.7)	(1.0)	-
Real Estate Returns (REITs)									
SURS		13.3	(15.7)	(40.1)	41.5	34.7	4.5	1.7	10.8
Performance Benchmark		12.6	(17.2)	(41.3)	42.7	34.1	3.3	0.5	9.7
Opportunity Fund Returns									
SURS		16.4	10.7	(27.1)	44.7	22.2	8.8	10.7	10.2
Performance Benchmark		15.2	(6.8)	(34.4)	33.5	11.0	(1.0)	0.8	5.5

Return calculations (except for private equities and direct real estate) were prepared using a time-weighted rate of return methodology in accordance with the Performance Presentation Standards of the CFA Institute.

(1) Private equity returns were prepared using an Internal Rate of Return (IRR) methodology which is consistent with industry standards. Additionally, the returns for both the portfolio and the benchmark are reported one quarter in arrears"due to the length of the performance reporting cycle.

(2) Direct real estate returns for both the portfolio and the benchmark are reported one quarter in arrears due to the length of the performance reporting cycle.

Investment Results

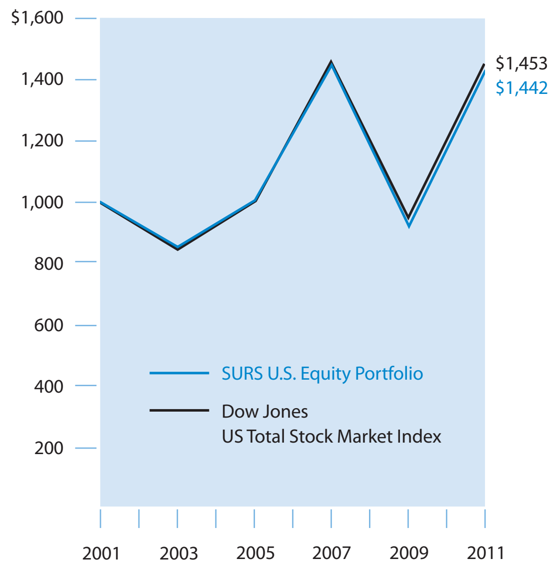
U.S. Equities

For the fiscal year 2011, SURS U.S. equity portfolio returned 33.8%. SURS portfolio outperformed its market benchmark, the Dow Jones U.S. Total Stock Market (DJ U.S. TSM) Index, by 1.4%. As the table indicates, the Dow Jones U.S. Total Stock Market Index returned 32.4%. All segments of the U.S. equity market posted positive returns. Growth outperformed value stocks, while small cap outpaced large cap stocks. The SURS U.S. equity portfolio is by design both size and style neutral relative to the Dow Jones U.S. Total Stock Market Index. Consequently, the returns from this portfolio are expected to track consistently with the broad market.

The accompanying chart indicates the growth of $1,000 invested in the U.S. equity market during the past 10 years. The ending points indicate that $1,000 invested in SURS U.S. equity portfolio would have decreased to $1,442 (net of investment management expenses), while the same $1,000 invested in the Dow Jones U.S. Total Stock Market Index would have decreased to $1,453.

	FY 2011	3 YR	5 YR	10 YR
SURS	33.8%	4.7%	3.5%	3.7%
DJ U.S. TSM	32.4	4.2	3.6	3.8
DJ U.S. Large Cap TSM	31.5	3.5	3.4	3.2
DJ U.S. Large Cap Growth TSM	32.9	3.9	4.8	2.3
DJ U.S. Large Cap Value TSM	28.7	2.2	1.3	3.9
DJ U.S. Small Cap TSM	39.7	10.4	6.2	8.3
DJ U.S. Small Cap Growth TSM	45.2	10.2	7.4	7.1
DJ U.S. Small Cap Value TSM	34.4	10.7	4.9	9.2
S&P 500	30.7	3.3	2.9	2.7
Russell 3000	32.4	4.0	3.4	3.4
Russell 2000	37.4	7.8	4.1	6.3

U.S. Equity Portfolio
Growth of $1,000



TEN LARGEST U.S. EQUITY HOLDINGS (excludes commingled funds)	Shares	Carrying Value
Apple Inc	291,497	$ 97,846,798
Exxon Mobil Corp	1,185,282	96,458,249
JP Morgan Chase & Co	1,375,551	56,315,058
Microsoft Corp	2,025,684	52,667,784
Johnson & Johnson	779,541	51,855,067
General Electric Co	2,736,369	51,607,919
Chevron Corp	482,645	49,635,212
Google Inc	94,059	47,629,596
Philip Morris International	712,791	47,593,055
International Business Machines Corp	268,805	46,113,498

Note: A complete list of the portfolio holdings is available upon request.

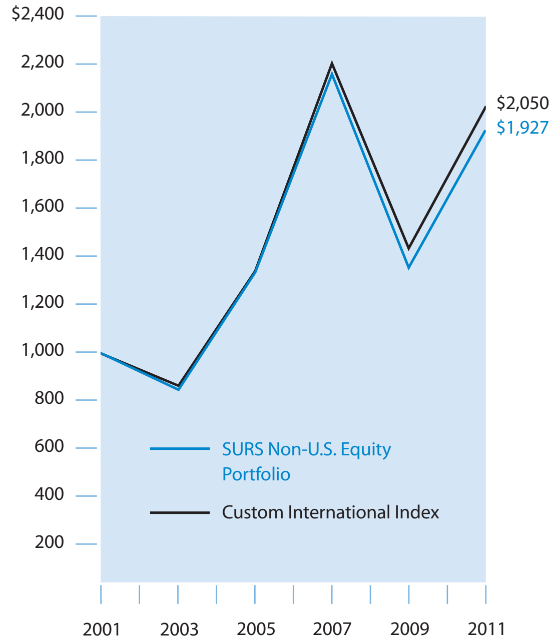
Investment Results

Non-U.S. Equities

For fiscal year 2011, SURS non-U.S. equity portfolio returned 31.2%, surpassing its benchmark return by 1.5%. The non-U.S. equity portfolio performance benchmark, the Morgan Stanley All Country World Ex-US Index, rose 29.7% in value during the fiscal year. The benchmark represents a mixture of both developed and emerging markets, which varies over time depending on market performance. This mix accurately portrays the manner in which SURS non-U.S. equity investments are allocated.

The accompanying chart indicates the growth of $1,000 invested in the non-U.S. equity markets during the past 10 years. The ending points indicate that $1,000 invested in SURS non-U.S. equity portfolio would have grown to $1,927 (net of investment management expenses), while the same $1,000 invested in the performance benchmark would have grown to $2,050.

Non-U.S. Equity Portfolio
Growth of $1,000



	FY 2011	3 YR	5 YR	10 YR
SURS	31.2%	(1.4)%	2.7%	6.8%
Performance Benchmark	29.7	(0.3)	3.7	7.4
MSCI ACWI Ex-US	29.7	(0.3)	3.7	7.4
MSCI EAFE	30.4	(1.8)	1.5	5.7
MSCI Emerging Markets	27.8	4.2	11.4	16.2
S&P BMI Ex-US	32.5	0.1	3.0	5.6

TEN LARGEST NON-U.S. EQUITY HOLDINGS (excludes commingled funds)	Shares	Carrying Value
Vodafone Group (United Kingdom)	11,440,035	$ 30,359,667
Novartis AG (Switzerland)	485,518	29,696,172
BG Group (United Kingdom)	1,199,990	27,241,049
Accenture PLC (United Kingdom)	378,908	22,893,621
Anglo American (United Kingdom)	441,247	21,871,851
Canon Inc (Japan)	461,487	21,771,489
QBE Insurance Group (Australia)	1,116,764	20,624,229
Nestle SA (Switzerland)	316,654	19,649,847
Standard Chartered (United Kingdom)	744,465	19,577,399
Sanofi (France)	223,131	17,935,200

Note: A complete list of the portfolio holdings is available upon request.

Investment Results

Global Equities

SURS initially invested in global equities through its Opportunity Fund in 2002 and transferred the program to a separate asset class during fiscal year 2004. The two managers and strategies that were employed in the Opportunity Fund were transferred to this new asset class. As the table indicates, SURS global equity portfolio trailed its benchmark by 0.2% for the fiscal year, returning 29.9%. The benchmark for this portfolio was modified in November of 2008 from the MSCI World Index to the MSCI All Country World Index (ACWI), to include emerging markets as well as developed markets in the benchmark.

	FY 2011	3 YR	5YR
SURS	29.9%	1.2%	2.7%
Performance Benchmark	30.1	1.6	3.0
MSCI ACWI	30.1	0.9	3.2
MSCI World	30.5	0.5	2.3
Dow Jones U.S. Total Stock Market	32.4	4.2	3.6
MSCI EAFE	30.4	(1.8)	1.5
MSCI ACWI Ex US	29.7	(0.3)	3.7

Private Equities

SURS private equity portfolio posted a positive return of 19.8% during fiscal year 2011. The portfolio's benchmark, the Dow Jones U.S. Total Stock Market Index +5% returned 22.7%. As of June 30, 2011, the valuation of SURS private equity portfolio was $1.194 billion, representing 8.1% of total plan assets. Since inception, the asset class has added significant value to the SURS investment program. Private equity is a challenging, and sometimes difficult asset class to benchmark.

SURS private equity portfolio is highly diversified. Since its inception in 1990, the SURS private equity portfolio has made commitments to numerous partnership funds. The private equity portfolio has been diversified by a number of different measures which include vintage year, general partner groups and sub-asset class types. This diversification effort has benefited the portfolio as different sub-classes perform better under different economic and market conditions. Since its inception, a total of $2.275 billion has been committed to these funds, and of this amount approximately $1.825 billion has been invested. During this same period, SURS has received more than $1.706 billion in distributions, which, when combined with the current value of the portfolio, indicates that the portfolio has generated a significant return over the approximately 20-year period. The table below indicates that since inception SURS private equity portfolio has significantly exceeded its benchmark return.

	FY 2011	3 YR	5 YR	10 YR	Since Inception
SURS	19.8%	3.8%	11.0%	7.6%	23.4%
Performance Benchmark	22.7	8.7	8.2	9.6	15.1%
(Dow Jones U.S. Total Stock Market + 500 Basis Points)					

Fixed Income

The SURS fixed income portfolio returned 5.2% for the year, surpassing the 3.9% return of the portfolio's benchmark. The fixed income portfolio's benchmark is the Barclays Capital Aggregate Bond Index, which reflects the manner in which the assets are invested. SURS investment managers typically employ a Core/Core Plus approach that utilizes securities which include government, corporate, mortgage, high yield and non-U.S. bonds. This assest class has been the most consistent of all the portfolios, generating above benchmark returns in 21 of the past 23 fiscal years.

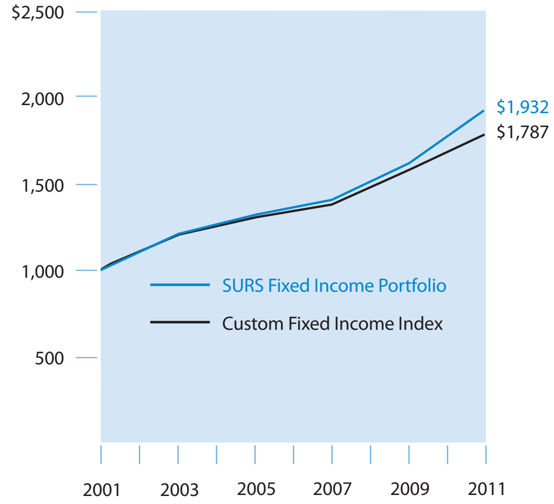
	FY 2011	3 YR	5 YR	10 YR
SURS	5.2%	8.3%	7.7%	6.8%
Performance Benchmark	3.9	6.5	6.5	6.0
Barclays Capital Aggregate	3.9	6.5	6.5	5.7
Barclays Capital Universal	4.8	6.7	6.6	6.0
Long Term Govt.	(0.8)	6.0	7.2	6.9
Intermediate Govt.	2.7	4.9	5.9	5.0
Long Term Corp.	6.0	10.1	7.8	7.3
Intermediate Corp.	6.4	8.1	6.9	6.1
Mortgage-Backed	3.8	6.9	7.0	5.8

SURS fixed income portfolio is structured to capture the return of the broad market over the long term. Consequently, the returns from this portfolio will tend to track that of the broad fixed income market (Barclays Capital Aggregate Bond Index) over longer periods of time. As the table above indicates, SURS portfolio has consistently added value over each of the longer-term periods presented.

Investment Results

The accompanying chart indicates the growth of $1,000 invested in the U.S. fixed income market during the past 10 years. The ending points show that $1,000 invested in SURS' U.S. fixed income portfolio would have grown to $1,932 (net of investment management expenses), while the same $1,000 invested in the portfolio's benchmark would have grown to $1,787.

Fixed Income Portfolio
Growth of $1,000



TEN LARGEST FIXED INCOME HOLDINGS (excludes commingled funds)

Asset Description	S & P Rating	Interest Rate	Maturity Date	Par Value	Carrying Value
U.S. Treasury Inflation Index Bonds	AAA	2.375	January 15, 2025	$ 37,250,000	$ 51,073,082
U.S. Treasury Inflation Index Notes	AAA	1.875	July 15, 2013	27,400,000	35,642,143
U.S. Treasury Inflation Index Notes	AAA	3.000	July 15, 2012	23,055,000	30,085,013
U.S. Treasury Inflation Index Notes	AAA	2.375	January 15, 2017	22,006,000	27,991,241
U.S. Treasury Inflation Index Bonds	AAA	3.875	April 15, 2029	14,900,000	27,925,875
U.S. Treasury Inflation Index Notes	AAA	1.875	July 15, 2015	21,525,000	27,437,754
U.S. Treasury Inflation Index Bonds	AAA	1.750	January 15, 2028	24,275,000	27,264,198
U.S. Treasury Inflation Index Notes	AAA	2.000	July 15, 2014	20,430,000	26,577,663
U.S. Treasury Inflation Index Bonds	AAA	2.500	January 15, 2029	21,430,000	26,066,426
U.S. Treasury Notes	AAA	2.625	August 15, 2020	26,437,400	25,590,584

Note: A complete list of the portfolio holdings is available upon request.

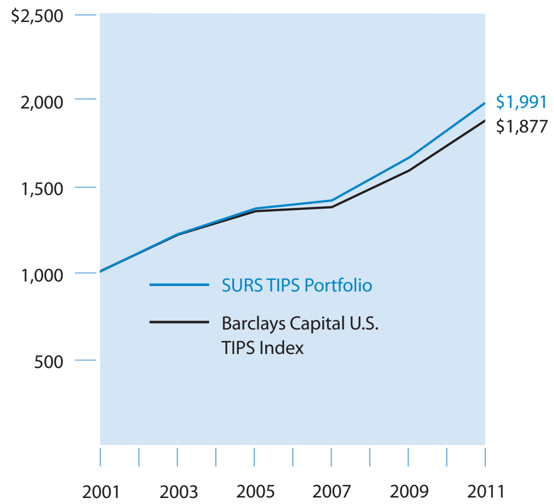
Treasury Inflation-Protected Securities (TIPS)

During 2004, the TIPS portfolios were transferred from the Opportunity Fund to a separate asset class. At June 30, 2011, TIPS accounted for 3.7% of the total fund. The TIPS portfolio returned 7.9% for fiscal year 2011, exceeding its Barclays Capital U.S. TIPS benchmark by 0.2%. The portfolio's three- and five-year returns outpaced the annualized benchmark returns by 1.1% and 0.9%, respectively.

	FY 2011	3YR	5 YR
SURS	7.9%	6.4%	7.8%
Performance Benchmark	7.7	5.3	6.9

The accompanying chart indicates the growth of $1,000 invested in the U.S. TIPS market during the past 10 years. The ending points indicate that $1,000 invested in SURS U.S. TIPS portfolio would have grown to $1,991(net of investment management expenses), while the same $1,000 invested in the portfolio's benchmark would have grown to $1,877.

TIPS Portfolio
Growth of $1,000



Investment Results

Real Estate

The SURS Board of Trustees adopted an asset allocation during fiscal year 2001 that created a 2% allocation to publicly traded real estate securities (REITs). During fiscal year 2005, the target allocation to the real estate asset class was increased to 6%, comprised of 4% REITs and 2% direct real estate through fund of funds. Funding of the direct real estate allocation began at the end of fiscal year 2006. During fiscal year 2007, an allocation to global REITs was approved as a component of the 4% REITs target allocation with initial funding commencing April 2007. The real estate asset class target allocation was increased to 10% during fiscal year 2009, comprised of 4% REITs and 6% direct real estate.

Since its inception, a total of $410 million has been committed to direct real estate in funds, and of this amount approximately $287 million has been invested. The direct real estate portfolio returned 19.2% for the fiscal year, outperforming its benchmark by 0.2%. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open End Diversified Core Equity (ODCE) Index benchmark returned 19.0% for the same period. The returns from this asset class lag one quarter due to the time frame associated with data collection for both accounting and performance reporting purposes.

	FY 2011	3YR	5 YR	Since Inception
SURS	19.2	(8.1)%	(0.9)%	0.0%
NCREIF ODCE Index	19.0	(9.7)	(1.0)	2.2

SURS combined REITs portfolio increased 34.7% during the fiscal year, outperforming its benchmark, a blend of the Dow Jones U.S. Select Real Estate Securites Index, the FTSE EPRA/NAREIT Developed Ex-US Index and the FTSE EPRA/NAREIT Developed Index, by 0.6%. The portfolio's three- and five-year returns exceeded the benchmark returns by a margin of 1.2% and 1.2% (annualized), respectively.

	FY 2011	3YR	5 YR	10YR
SURS	34.7%	4.5%	1.7%	10.8%
Performance Benchmark	34.1	3.3	0.5	9.7
Dow Jones U.S. Select Real Estate Securities	35.2	4.6	1.6	10.4
FTSE EPRA/NAREIT Developed	32.5	1.5	(5.6)	NMF
FTSE EPRA/NAREIT Developed Ex-U.S.	32.1	0.4	(6.8)	NMF

Opportunity Fund

The SURS Board of Trustees created the Opportunity Fund during fiscal year 2000 to provide an arena for investments in new opportunities, which might otherwise not be included in the total investment portfolio. Each of the investment portfolios is evaluated on an annual basis to determine whether or not they continue to merit inclusion in the fund. This unique portfolio has been designed in such a manner that no more than approximately 5% of the total fund assets can be invested in the fund. As of June 30, 2011, there were three types of investments in the portfolio: a public-private investment program (PPIP), an infrastructure portfolio and a specialty private equity fund. SURS has committed $160 million to the PPIP program and $80 million to the infrastructure portfolio.

The Opportunity Fund returned 22.2% during the year, outpacing its custom benchmark return by 11.2%. In order to accurately monitor these investments, a custom benchmark has been established. The benchmark reflects a passive implementation of the various portfolios included in the Fund.

	FY 2011	3YR	5 YR	10YR
SURS	22.2%	8.8%	10.7%	10.2%
Performance Benchmark	11.0	(1.0)	0.8	5.5

Self-Managed Plan

Fiscal year 2011 marks the thirteenth complete year of the Self-Managed Plan (SMP). As of June 30, 2011, the SMP had accumulated plan assets of approximately $960 million. This represents an increase of approximately $241 million since the end of fiscal year 2010. Contributing to the growth in plan assets was a market-related increase, net of asset withdrawals, of approximately $308 million. During the past several years, SMP participants have continued to maintain a balanced exposure to equities. In aggregate, the total funds invested by SMP participants have an allocation of 68% equity, 31% fixed income, and 1% real estate. This was a 3% increase in the equity allocation as compared to last year's position and is a more conservative asset allocation than the defined benefit plan portfolio.

A detailed schedule of the funds available in this plan, along with the investment totals for each fund, can be found in the accompanying table.

Asset Allocation

Self-Managed Plan Asset Allocation
June 30, 2011

	U.S. Stocks	Non-U.S. Stocks	Fixed Income	Balanced	Real Estate	Total
Fidelity Funds						
Fidelity Managed Income Portfolio	$ –	$ –	$ 15,702,488	$ –	$ –	$ 15,702,488
Spartan U.S. Bond Index	–	–	15,916,352	–	–	15,916,352
PIMCO Total Return Institutional	–	–	23,217,583	–	–	23,217,583
Fidelity Four In One Index	–	–	–	7,450,020	–	7,450,020
Fidelity Puritan	–	–	–	120,348,329	–	120,348,329
Ariel Fund	16,551,957	–	–	–	–	16,551,957
American Beacon Large Cap Value Inst.	2,278,899	–	–	–	–	2,278,899
Buffalo Small Cap Fund	5,988,485	–	–	–	–	5,988,485
Hartford Capital Appreciation Y Fund	21,537,750	–	–	–	–	21,537,750
Fidelity Growth Company	38,426,029	–	–	–	–	38,426,029
Spartan Extended Market Index	14,395,281	–	–	–	–	14,395,281
Fidelity Contrafund	46,447,737	–	–	–	–	46,447,737
Fidelity Low Priced Stock Fund	25,175,356	–	–	–	–	25,175,356
Spartan Total Market Index	8,536,724	–	–	–	–	8,536,724
Spartan 500 Index	42,364,254	–	–	–	–	42,364,254
Fidelity Diversified International	–	27,827,024	–	–	–	27,827,024
Spartan International Index	–	8,359,429	–	–	–	8,359,429
Fidelity Worldwide	–	13,911,583	–	–	–	13,911,583
Fidelity Real Estate Investment	–	–	–	–	4,799,120	4,799,120
Fidelity Freedom K 2000 (1)	–	–	–	127,050	–	127,050
Fidelity Freedom K 2005 (1)	–	–	–	173,772	–	173,772
Fidelity Freedom K 2010 (1)	–	–	–	1,476,537	–	1,476,537
Fidelity Freedom K 2015 (1)	–	–	–	3,037,672	–	3,037,672
Fidelity Freedom K 2020 (1)	–	–	–	5,849,359	–	5,849,359
Fidelity Freedom K 2025 (1)	–	–	–	8,045,455	–	8,045,455
Fidelity Freedom K 2030 (1)	–	–	–	9,607,882	–	9,607,882
Fidelity Freedom K 2035 (1)	–	–	–	7,808,996	–	7,808,996
Fidelity Freedom K 2040 (1)	–	–	–	6,924,337	–	6,924,337
Fidelity Freedom K 2045 (1)	–	–	–	2,849,144	–	2,849,144
Fidelity Freedom K 2050 (1)	–	–	–	2,182,998	–	2,182,998
Fidelity Freedom K Income	–	–	–	967,073	–	967,073
Fidelity Total	221,702,472	50,098,036	54,836,423	176,848,624	4,799,120	508,284,675
					57.1%	
TIAA-CREF Funds						
CREF Money Market Account	–	–	17,329,061	–	–	17,329,061
TIAA Traditional Annuity	–	–	62,426,362	–	–	62,426,362
CREF Bond Market Account	–	–	31,502,281	–	–	31,502,281
CREF Inflation-Linked Bond Account	–	–	18,239,091	–	–	18,239,091
CREF Social Choice Account	–	–	–	31,096,831	–	31,096,831
CREF Equity Index Account	38,433,767	–	–	–	–	38,433,767
CREF Growth Account (2)	252,869	–	–	–	–	252,869
CREF Stock Account	90,803,816	–	–	–	–	90,803,816
CREF Global Equities Account	–	30,986,956	–	–	–	30,986,956
TIAA Real Estate Account	–	–	–	–	2,503,719	2,503,719
TIAA-CREF Large-Cap Growth Index	43,099,869	–	–	–	–	43,099,869
TIAA-CREF Lifecycle Fund 2010	–	–	–	405,317	–	405,317
TIAA-CREF Lifecycle Fund 2015	–	–	–	1,177,410	–	1,177,410
TIAA-CREF Lifecycle Fund 2020	–	–	–	1,625,776	–	1,625,776
TIAA-CREF Lifecycle Fund 2025	–	–	–	2,150,327	–	2,150,327
TIAA-CREF Lifecycle Fund 2030	–	–	–	2,530,940	–	2,530,940
TIAA-CREF Lifecycle Fund 2035	–	–	–	2,561,227	–	2,561,227
TIAA-CREF Lifecycle Fund 2040	–	–	–	4,180,296	–	4,180,296
TIAA-CREF Lifecycle Fund 2045	–	–	–	678,290	–	678,290
TIAA-CREF Lifecycle Fund 2050	–	–	–	340,413	–	340,413
TIAA-CREF Lifecycle Retirement Income	–	–	–	68,950	–	68,950
TIAA-CREF Total	172,590,321	30,986,956	129,496,795	46,815,777	2,503,719	382,393,568
					42.9%	
GRAND TOTALS	$394,292,793	$81,084,992	$184,333,218	$223,664,401	$7,302,839	$890,678,243
44.3%	9.1%	20.7%	25.1%	0.8%	100.0%	
SMP Forfeiture Reserve (3)						9,042,929
SMP Disability Reserve (3)						57,244,855
Total SMP Investments						$956,966,027

1. As of June 30, 2011, the Fidelity Freedom Fund (lifecycle) series is the default fund for members who have selected the Self-Managed Plan, but have not yet selected individual mutual/variable annuity funds.
2. CREF Growth Account is no longer an approved option for the Self-Managed Plan. Assets remaining in the Account were invested prior to termination of this option.
3. These assets are commingled with the SURS defined benefit plan investments and accrue interest equal to the overall annual rate of return of the fund, net of fees.

Asset Allocation

Defined Benefit Plan Asset Allocation
June 30, 2011 ($ thousands)

	Equity	Fixed Income	Real Estate	Market Value	% of Fund
U.S. Stock Managers - Passive					
Northern Trust Investments	$1,787,580	$ –	$ –	$1,787,580	13%
RhumbLine Advisers	1,019,315	–	–	1,019,315	7%
Subtotal	2,806,895	–	–	2,806,895	20%
Non-U.S. Stock Managers - Passive					
BTC Custom International Fund	918,799	–	–	918,799	6%
BTC Emerging Markets Fund	200,671	–	–	200,671	1%
Subtotal	1,119,470	–	–	1,119,470	8%
U.S. Stock Managers - Active					
Buford Dickson Harper & Sparrow	21,286	–	–	21,286	–
Channing Capital Management	45,620	–	–	45,620	–
EARNEST Partners	36,104	–	–	36,104	–
Fiduciary Management Associates	35,218	–	–	35,218	–
Holland Capital Management	38,448	–	–	38,448	–
Jacobs Levy Equity Management	333,716	–	–	333,716	2%
Lombardia Capital Partners	62,958	–	–	62,958	–
NCM Capital Management	52,173	–	–	52,173	–
Pacific Investment - StocksPlus	580,569	–	–	580,569	4%
Piedmont Investment Advisors	70,874	–	–	70,874	1%
Profit Investment Management	50,573	–	–	50,573	–
Progress Emerging Managers	200,334	–	–	200,334	1%
T. Rowe Price	228,330	–	–	228,330	2%
Subtotal	1,756,203	–	–	1,756,203	12%
Non-U.S. Stock Managers - Active					
Ativo Capital Management	23,676	–	–	23,676	–
BTC International Alpha Tilts	384,038	–	–	384,038	3%
GlobeFlex Capital	104,969	–	–	104,969	1%
Herndon Capital Management	86,331	–	–	86,331	1%
Martin Currie	269,409	–	–	269,409	2%
Mondrian Investment Partners	231,144	–	–	231,144	2%
Progress Emerging Managers	73,183	–	–	73,183	1%
Pyramis Global Advisors	278,232	–	–	278,232	2%
Strategic Global Advisors	22,904	–	–	22,904	–
Subtotal	1,473,886	–	–	1,473,886	10%
Global Stock Managers - Active					
Aberdeen Asset Management	368,581	–	–	368,581	3%
Calamos Investments	165,948	–	–	165,948	1%
Payden & Rygel	180,420	–	–	180,420	1%
T. Rowe Price	358,361	–	–	358,361	3%
Wellington Management	412,386	–	–	412,386	3%
Subtotal	1,485,696	–	–	1,485,696	10%
Private Equity Managers					
Adams Street Acquisition Fund II	25	–	–	25	–
Adams Street Partnerships	340,662	–	–	340,662	2%
Adams Street 2009 Offering	21,828	–	–	21,828	–
Adams Street 2008 Offering	43,756	–	–	43,756	–
Adams Street 2007 Global Oppor Ptf	72,643	–	–	72,643	1%
Adams Street Global Secondary Fund	15,966	–	–	15,966	–
Adams Street Non-U.S. Partnerships	57,384	–	–	57,384	–
Muller and Monroe ILPEFF	13,929	–	–	13,929	–
Muller and Monroe MPEFF	14,945	–	–	14,945	–
Pantheon Europe Fund III	69,169	–	–	69,169	–
Pantheon Europe Fund VI	20,804	–	–	20,804	–
Pantheon Global	3,162	–	–	3,162	–
Pantheon Global Secondary Fund II	11,634	–	–	11,634	3%
Pantheon USA 8	37,338	–	–	37,338	–
Pantheon Ventures, Inc.	469,498	–	–	469,498	–
Progress Investment	1,451	–	–	1,451	–
Subtotal	1,194,194	–	–	1,194,194	8%

Asset Allocation

Defined Benefit Plan Asset Allocation
June 30, 2011 ($ thousands)

	Equity	Fixed Income	Real Estate	Market Value	% of Fund (C)
Bond Managers - Passive					
Cash	–	166,011	–	166,011	1%
State Street Global Advisors	–	559,097	–	559,097	4%
Subtotal	–	725,108	–	725,108	5%
Bond Managers - Active					
Chicago Equity Partners	–	252,495	–	252,495	2%
Garcia Hamilton & Associates	–	30,969	–	30,969	–
LM Capital Group	–	51,154	–	51,154	–
Metropolitan West Asset Mgmt.	–	381,342	–	381,342	3%
Neuberger Berman	–	259,609	–	259,609	2%
Pacific Investment	–	852,264	–	852,264	6%
Progress Emerging Managers	–	91,495	–	91,495	1%
Pugh Capital Management	–	77,705	–	77,705	1%
Smith Graham & Company	–	50,546	–	50,546	–
Taplin Canida & Habacht	–	61,474	–	61,474	–
Subtotal	–	2,109,053	–	2,109,053	15%
Treasury Inflation-Protected Securities - Active					
Longfellow Investment Management	–	110,712	–	110,712	1%
New Century Advisors	–	83,570	–	83,570	1%
Pacific Investment - U.S. TIPS	–	339,587	–	339,587	2%
Subtotal	–	533,869	–	533,869	4%
Direct Real Estate					
Dune Real Estate Parallel Fund II	–	–	16,479	16,479	–
RREEF America II Fund	–	–	115,155	115,155	1%
RREEF America III Fund	–	–	12,171	12,171	–
RREEF West Funds	–	–	155	155	–
UBS Trumbull Property Fund	–	–	234,384	234,384	2%
Subtotal	–	–	378,344	378,344	3%
Real Estate Investment Securities: U.S. - Passive					
BTC 84,960	–	–	84,960	1%	
	84,960	–	–	84,960	1%
Real Estate Investment Securities: U.S. - Active					
ING Clarion Real Estate Securities	145,445	–	–	145,445	1%
RREEF America	133,804	–	–	133,804	1%
Subtotal	279,249	–	–	279,249	2%
Real Estate Investment Securities: Non-U.S. and Global					
BTC 70,220	–	–	70,220	–	
ING Clarion Real Estate Securities	78,229	–	–	78,229	1%
RREEF	73,453	–	–	73,453	1%
Subtotal	221,902	–	–	221,902	2%
Opportunity Fund					
Alinda Capital Partners	15,495	–	–	15,495	–
Angelo Gordon GECC	66,606	–	–	66,606	–
Macquarie Capital	27,975	–	–	27,975	–
Oaktree Capital Management	9,061	–	–	9,061	–
RLJ Western Asset	58,367	–	–	58,367	–
Private Opportunities Fund	2,906	–	–	2,906	–
Subtotal	180,410	–	–	180,410	1%
SMP Forfeiture/Disability Reserves (B)	(44,823)	(20,801)	(664)	(66,288)	–
TOTAL FUND	$10,558,042	$3,347,229	$377,680	$14,282,951 (A)	100%
% OF TOTAL FUND	74%	23%	3%	100%	

(A) Amount includes accrued investment income receivable of $40,462 at June 30, 2011 and includes net pending transactions of $86,061.
(B) These assets are commingled with the SURS defined benefit plan investments.
(C) The % of Total Fund may not add to 100% due to rounding.

Supporting Schedules

Summary Schedule of Domestic Investment Commissions
For the Year Ended June 30, 2011

	2011		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share
Cheevers & Co	$ 152,396	4,682,770	$ 0.03
Loop Capital Markets/Broadcort Capital	136,483	6,689,847	0.02
Cabrera Capital Markets	90,089	3,395,942	0.03
Investment Technology Group Inc. (ECN)	76,644	22,643,117	-
Morgan Stanley & Co. Inc.	58,987	1,339,958	0.04
M R Beal & Co.	54,568	1,931,548	0.03
Credit Suisse First Boston Corp.	52,314	4,454,181	0.01
Bank of New York ConvergEx Execution	47,502	1,162,875	0.04
Williams Capital Group	46,440	2,430,477	0.02
Capital Institutional Services	39,077	911,125	0.04
Merrill Lynch Pierce Fenner & Smith	39,067	3,123,103	0.01
Gardner Rich & Co.	38,120	1,305,703	0.03
Barclays Capital LE	37,311	2,406,529	0.02
Guzman & Company	36,876	3,583,121	0.01
C.L. King & Associates	34,858	726,381	0.05
Goldman Sachs & Company	26,185	1,298,382	0.02
UBS Securities LLC	22,746	1,832,624	0.01
Saxony Securities, Inc.	22,590	451,800	0.05
Security Capital Broker	20,920	523,010	0.04
BNY ESI Securities Co.	20,184	699,948	0.03
Jefferies & Company	19,753	476,206	0.04
Citigroup Global Markets Inc.	18,520	526,324	0.04
J.P. Morgan Securities Inc.	18,511	603,299	0.03
Stifel Nicolaus & Co.	14,405	379,189	0.04
Capital Institutional Services	14,164	354,100	0.04
Deutsche Bank Securities, Inc.	13,233	361,242	0.04
Cantor Fitzgerald & Co.	12,417	456,651	0.03
Sanford Bernstein	10,134	457,112	0.02
Robert W. Baird & Co.	10,078	236,142	0.04
Pacific American Securities	9,756	323,899	0.03
Interstate Group	9,747	194,922	0.05
Liquidnet Inc. (ECN)	9,214	848,121	0.01
Canaccord Adams	8,840	221,784	0.04
Banc of America Securities	8,645	313,961	0.03
O'Neil Williams	8,336	167,882	0.05
Blair, William & Co.	7,833	194,280	0.04
Montrose Securities	7,794	173,200	0.05
Keefe Bruyette Woods Inc.	7,658	183,631	0.04
North South Capital	7,385	169,140	0.04
Instinet	7,194	175,803	0.04
ISI Group Inc.	7,079	183,122	0.04
Morgan Keegan & Co.	6,994	142,712	0.05
Blair, William & Co. (ECN)	6,479	185,120	0.03
M. Ramsey King Securities	6,460	183,712	0.04
J.P. Morgan Securities Inc. (ECN)	6,414	335,699	0.02
Piper Jaffray	5,093	144,474	0.04
State Street Brokerage Services	4,744	181,300	0.03
Howard, Weil, Legg Mason	4,742	109,988	0.04
Johnson Rice & Co.	4,593	105,115	0.04
Blaylock & Partners	4,534	150,803	0.03
All other brokers	159,704	5,824,042	0.03
Total	$1,493,810	79,955,416	$ 0.02

Supporting Schedules

Summary Schedule of International Investment Commissions
For the Year Ended June 30, 2011

	2011		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share
Loop Capital	$ 212,771	25,804,861	$ 0.01
Nomura Securities	118,115	12,321,462	0.01
Deutsche Bank Securities Inc.	105,141	27,226,511	-
Credit Suisse First Boston	66,843	14,859,518	-
Cabrera Capital Markets	64,107	9,301,364	0.01
Merrill Lynch & Co.	59,958	4,150,945	0.01
JP Morgan Securities	56,670	3,543,107	0.02
Jefferies & Co Inc	53,317	3,184,716	0.02
Nomura International	50,551	2,237,940	0.02
M R Beal & Co.	47,553	4,601,150	0.01
Chicago Analytic Trading Co.	46,453	2,362,300	0.02
UBS Securities	45,669	3,437,378	0.01
UBS Warburg	43,161	797,792	0.05
Goldman Sachs & Co	38,843	2,406,304	0.02
Melvin Securities	38,757	5,768,147	0.01
Investment Tech Group Inc (ECN)	35,789	1,901,675	0.02
Morgan Stanley and Co.	33,745	1,728,424	0.02
Credit Suisse First Boston (ECN)	27,821	6,698,807	-
BNP Paribas Peregrine Securities	26,331	3,484,117	0.01
Macquarie Equities	25,286	5,319,074	-
BNY ConvergEx	24,123	5,499,002	-
Citigroup Global	23,802	1,279,302	0.02
Macquarie Securities	23,534	1,552,137	0.02
Barclays	21,764	2,084,038	0.01
Nomura Securities (ECN)	19,577	937,590	0.02
UBS Securities (ECN)	19,423	3,091,489	0.01
M. Ramsey King Securities	18,998	1,521,100	0.01
Goldman Sachs International	16,551	352,360	0.05
Exane	15,256	318,600	0.05
Merrill Lynch (ECN)	14,150	3,005,579	-
Societe Generale Securities Corp	14,093	326,027	0.04
Merrill Lynch International	12,785	1,907,402	0.01
Kepler Equities	12,267	72,314	0.17
Royal Bank of Scotland	12,033	373,513	0.03
Bank of New York	11,160	183,875	0.06
Daiwa Securities	10,927	1,058,365	0.01
Credit Lyonnais	9,441	5,005,900	-
Mainfirst	7,950	54,312	0.15
HSBC Securities	7,110	196,020	0.04
Cantor Fitzgerald & Co.	7,109	304,743	0.02
Liquidnet (ECN)	7,008	1,076,092	0.01
Keefe Bruyette Woods Inc.	6,206	557,317	0.01
Macquarie Securities (ECN)	5,930	874,471	0.01
Redburn Partners	5,765	124,782	0.05
Morgan Stanley International	5,361	264,228	0.02
Credit Agricole	4,987	185,239	0.03
Cheuvreux De Virieu	4,980	74,782	0.07
Morgan Stanley and Co. (ECN)	4,898	679,504	0.01
Divine Capital Markets	4,721	168,875	0.03
Mizuho Securities	4,215	734,814	0.01
All other brokers	70,613	12,359,767	0.01
Total	$1,623,618	187,359,131	$ 0.01

Supporting Schedules

Summary Schedule of Global Investment Commissions
For the Year Ended June 30, 2011

	2011		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share
Mogavero, Lee & Co.	$ 173,652	5,788,400	$ 0.03
Citigroup Global	96,991	8,633,616	0.01
Morgan Stanley and Co.	81,439	11,100,548	0.01
Goldman Sachs & Co	66,711	5,024,317	0.01
Deutsche Bank Securities Inc.	57,999	4,787,382	0.01
Bank of America	55,918	5,077,027	0.01
JP Morgan Chase & Co.	53,756	10,026,301	0.01
Credit Suisse Securities	36,414	2,628,439	0.01
Credit Suisse First Boston	35,536	5,712,375	0.01
Nomura Securities	35,428	2,646,907	0.01
Barclays Capital	29,255	2,385,341	0.01
UBS Securities	28,595	3,456,182	0.01
Cheevers	27,677	835,382	0.03
Multitrade	26,299	3,542,258	0.01
Morgan Stanley and Co. (ECN)	25,525	7,308,527	-
Merrill Lynch & Co.	22,355	1,221,119	0.02
Credit Agricole	21,175	4,036,827	0.01
Liquidnet (ECN)	20,318	5,525,849	-
Macquarie Securities	19,523	4,240,339	-
Jeffries & Co Inc	19,017	510,057	0.04
M. Ramsey King Securities	18,663	1,495,885	0.01
Cabrera Capital Markets	18,206	666,239	0.03
Merrill Lynch International	17,783	672,987	0.03
Loop Capital	15,633	585,123	0.03
UBS AG	15,562	1,815,943	0.01
Montrose Securities	14,113	777,358	0.02
Credit Lyonnais	13,505	4,861,220	-
Societe Generale Securities Corp.	13,043	168,049	0.08
Danske Bank	13,012	1,210,766	0.01
Barclays Capital (ECN)	12,036	1,623,610	0.01
UBS Securities (ECN)	11,745	3,115,112	-
Morgan Stanley International	11,243	389,394	0.03
ABN Amro	10,372	629,332	0.02
Redburn Partners	9,533	442,454	0.02
M R Beal & Co.	9,392	577,920	0.02
Nomura Securities (ECN)	9,053	2,310,551	-
Melvin Securities	8,989	261,021	0.03
Daiwa Securities	8,669	334,039	0.03
BNP Paribas Peregrine Securities	8,654	851,953	0.01
Nomura International	8,284	765,317	0.01
Citigroup Global (ECN)	7,609	1,028,946	0.01
Sanford Bernstein	7,300	736,075	0.01
Santander Investment Securities Inc.	7,120	235,267	0.03
Deutsche Bank Securities Inc. (ECN)	7,036	1,265,770	0.01
JP Morgan Securities	6,920	1,149,034	0.01
RBC Capital Markets	6,765	317,036	0.02
Goldman Sachs & Co (ECN)	6,746	1,013,959	0.01
Bank of America Securities (ECN)	6,429	6,870,845	-
BTG Pactual	6,412	187,000	0.03
Blaylock & Partners	6,168	190,107	0.03
All other brokers	227,792	24,973,235	0.01
Total	$1,477,370	156,008,740	$ -

Supporting Schedules

Summary Schedule of REITS Income Investment Brokerage
For the Year Ended June 30, 2011

	2011		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share
JP Morgan Chase & Company	$ 33,424	2,849,719	$ 0.01
Cheevers & Company	30,672	704,762	0.04
UBS	27,358	1,914,504	0.01
Barclays	24,344	615,637	0.04
Citigroup Global Markets	23,406	1,771,326	0.01
Wells Fargo Securities	20,659	553,300	0.04
Merrill Lynch	18,156	1,313,400	0.01
Keefe, Bruyette & Woods	17,547	423,583	0.04
RBC Dain Rauscher	10,360	397,934	0.03
Morgan Stanley	8,512	801,239	0.01
RBC Capital Markets	8,115	444,500	0.02
Nomura	7,679	283,086	0.03
Stifel, Nicolaus & Company	7,596	189,050	0.04
Jefferies & Company	7,379	194,452	0.04
Macquarie Securities	6,552	1,788,611	-
Credit Lyonnais	5,833	3,828,287	-
Barclays (ECN)	5,807	580,681	0.01
Goldman Sachs	5,760	635,640	0.01
Montrose Securities International	5,396	114,400	0.05
Citigroup Global Markets (ECN)	4,019	402,736	0.01
UBS (ECN)	3,541	572,653	0.01
Credit Suisse	3,490	1,123,480	-
HSBC	3,420	557,100	0.01
Kempen & Company	3,265	131,357	0.02
ISI Group	2,721	85,350	0.03
Credit Suisse (ECN)	2,676	2,209,468	-
Nomura (ECN)	2,322	566,955	-
Wells Fargo Securities (ECN)	2,032	101,600	0.02
Pershing Securities	2,002	48,346	0.04
Fortis Bank	1,688	14,295	0.12
Royal Bank of Scotland	1,634	238,407	0.01
ABG Securities	1,535	207,934	0.01
FBR Capital Markets	1,438	35,950	0.04
Green Street Advisors	1,427	37,650	0.04
BTIG	1,407	46,900	0.03
DBS Vickers Securities	1,334	198,500	0.01
Bear Stearns	1,139	33,850	0.03
KAS Bank	1,044	344,491	-
Deutsche Bank	1,030	140,010	0.01
Rabo Securities	1,007	7,541	0.13
Daiwa Securities Group	937	14,861	0.06
Raymond James & Associates	758	18,950	0.04
JP Morgan Chase & Company (ECN)	647	58,730	0.01
KeyBanc Capital Markets	610	15,250	0.04
RBS Securities	602	30,984	0.02
Societe Generale Securities	587	33,624	0.02
CIBC (Canadian Imperial Bank of Commerce)	551	13,650	0.04
Robert W. Baird & Company	518	17,050	0.03
Morgan Stanley (ECN)	485	424,490	-
Banco Itau	471	23,500	0.02
All other brokers	5,708	2,778,687	0.02
	$ 330,600	29,938,460	$ 0.01

Supporting Schedules

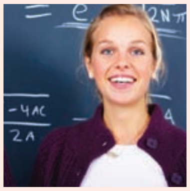
Summary Schedule of Fixed Income Investment Brokerage
For the Year Ended June 30, 2011

Investment Brokerage Firm	2011 Market Value Traded
Barclays Capital Inc.	$ 1,158,482,264
Morgan Stanley & Co. Inc.	1,067,531,275
CastleOak Securities	963,843,332
Loop Capital Markets	957,418,016
Citigroup Global Markets Inc.	943,074,055
Goldman Sachs & Company	852,010,159
Deutsche Bank Securities, Inc.	736,064,559
Credit Suisse First Boston Corp.	623,140,015
Credit Suisse Securities (USA)	541,461,803
Williams Capital	342,192,561
J.P. Morgan Securities Inc.	339,411,045
RBS Securities Inc.	256,916,457
Bank of America	246,148,370
UBS Securities LLC	245,795,052
Merrill Lynch Pierce Fenner & Smith	235,461,207
M R Beal & Co.	222,833,896
BNP Paribas Securities Corp.	203,819,763
Barclays Capital Inc. (ECN)	190,971,392
Royal Bank of Scotland PLC	175,413,019
Nomura Securities	172,131,803
Deutsche Bank Securities, Inc. (ECN)	169,050,519
HSBC Securities Inc.	155,405,444
Banc of America Securities	153,707,355
Citibank (ECN)	153,410,994
MF Global Inc.	150,131,129
Toussaint Capital Partners LLC	121,885,510
J.P. Morgan Chase Bank	107,962,211
Jefferies & Company	94,833,843
Goldman Sachs Group Inc.	71,435,662
J.P. Morgan Chase & Co. (ECN)	57,862,413
Cabrera Capital Markets	55,749,217
Montrose Securities International	48,569,871
UBS Warburg LLC	42,103,238
First Tennessee Brokerage	41,839,000
Mischler Financial Group	41,154,219
Royal Bank of Canada	38,681,231
Wells Fargo Investments	38,297,840
Morgan Stanley & Co., Inc. (ECN)	36,420,262
Blaylock & Partners	32,987,735
Barclays Bank	30,898,968
Bank of America (ECN)	28,139,767
Royal Bank of Canada (ECN)	24,433,208
Greenwich Capital Markets Inc.	23,766,053
Nomura Securities (ECN)	23,228,341
Deutsche Bank AG	22,749,322
RBC Dain Rausher Inc.	22,484,514
J.P. Morgan Chase & Co.	19,793,038
FTN Financial	17,395,359
Goldman Sachs & Company (ECN)	17,259,238
RBC Capital Markets Inc.	12,513,938
All other brokers	292,360,699
	$12,620,630,181

ACTUARIAL

The Comprehensive Annual
Financial Report for Fiscal Year
Ended June 30, 2011

CREATING VALUE








SURS continues to advocate for full payment of the Annual Required Contribution to ensure long term sustainability.

A Component Unit of the State of Illinois

Letter of Certification

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December 12, 2011

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

Re: Certification of Actuarial Results

Dear Members of the Board:

At your request, we have performed an actuarial valuation of the State Universities Retirement System of Illinois ("SURS") as of June 30, 2011. An actuarial valuation of the defined benefit plans of SURS is performed annually. GRS has prepared this actuarial valuation exclusively for the Trustees of the State Universities Retirement System; GRS is not responsible for reliance upon this valuation by any other party.

The actuarial valuation is based upon:

a. *Data relative to the Members of SURS* – Data for all members, including those participating in the Self Managed Plan, was provided by SURS staff. Such data is tested for reasonableness, but was accepted and used without verification or audit.

b. *Assets of the Fund* – The values of SURS assets are provided by SURS staff and was reviewed for reasonableness, but was accepted and used without verification or audit. First effective with the valuation as of June 30, 2009, the actuarial value of assets, as defined in statute, smoothes investment gains and losses compared to the actuarial assumption of 7.75% (8.5% prior to fiscal year 2011) over a five-year period, and is calculated by the actuary and used to develop actuarial results.

c. *Actuarial Method* – The actuarial method prescribed in the statute and utilized by SURS is the Projected Unit Credit Cost Method. The objective of this method is to finance the benefits of SURS as such benefits accrue to each member. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.

d. *Actuarial Assumptions* – The actuarial assumptions used in this valuation are summarized in the next few pages. The investment return assumption was decreased from 8.50% to 7.75% first effective with the valuation as of June 30, 2010. The remaining assumptions were reviewed and updated as part of the experience study conducted for the period June 30, 2006, through June 30, 2010, and adopted by the Board first effective for the valuation as of June 30, 2011.

The actuarial assumptions and methods used are in accordance with paragraph 36 of GASB Statement Number 25.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by SURS staff with our input.

The funding objective as defined in the statute is to provide employer and employee contributions sufficient to provide the benefits of SURS when due and to achieve an asset value equal to 90% of the Actuarial Accrued Liability by the end of fiscal year 2045. The financing objective of SURS and the funding process to reach that objective are set out in Section 15-155 of the SURS Article of the Illinois Pension Code.

The statutory funding policy set out in Section 15-155 of the Illinois Pension Code results in lower near-term contribution requirements than the Annual Required Contribution (ARC) as calculated under GASB 25. We recommend funding the ARC. This letter does not certify that the funding method in the statute complies with generally accepted actuarial standards for the funding of retirement systems.

To the best of our knowledge, this actuarial statement is complete and accurate, fairly presents the actuarial position of SURS as of June 30, 2011, based on the data and actuarial techniques described above and applicable statutes, and has been prepared in accordance with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Future actuarial measurements may differ significantly from the current measurements presented in this valuation due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions, contribution amounts or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

The signing actuaries are independent of the plan sponsor.

The undersigned are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

Leslie L. Thompson

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Senior Consultant

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Actuarial Report

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 Illinois Compiled Statutes at 8% 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 2011 was 18.14% of payroll, 8.0% of which is paid by the members' contributions. The remaining 10.14% 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 (10.14% of payroll) plus an amortization of the System's unfunded accrued benefit cost. The employer's normal cost plus amortization 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.

On August 22, 1994, Governor Jim Edgar signed legislation which requires a 15-year phase-in to a 35-year funding plan which provides adequate annual funding of the employer's normal cost while amortizing the unfunded accrued actuarial liability. This law, Public Act 88-0593, went into effect on July 1, 1995. A significant difference between the 1989 and 1994 funding legislation is that the latter takes the form of a continuing appropriation. This removes the pension funding from the General Assembly's annual budget negotiations and requires that the actuarially determined annual funding become an automatic contribution (see Financing Objective). Ultimately, this funding plan will increase the State's pension funding from its current level of 44.3% to approximately 90%.

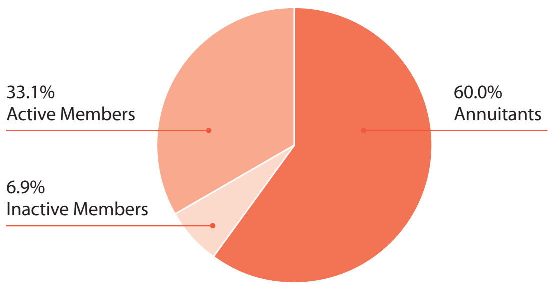
As required by Public Act 96-1497 the State of Illinois issued $3.7 billion in General Obligation Bonds March 10, 2011, at an interest rate of 5.56%. The proceeds of these bonds, were used to fund the State's contribution to the five retirement systems, including $713.5 million paid to SURS.

Actuarial Report

Valuation Results ($ millions)

Actuarial liability (reserves)	
For members receiving annuities	$ 18,918.1
For inactive members	2,175.4
For active members	10,420.8
Total	31,514.3
Actuarial value of assets available for benefits	13,945.7
Unfunded accrued actuarial liability	$ 17,568.6

Actuarial Liability



Changes in the Unfunded Accrued Actuarial Liability ($ millions)

Unfunded accrued actuarial liability at June 30, 2010	$ 16,153.8
Expected increase in unfunded accrued actuarial liabilty	930.2
Impact of change in actuarial assumptions	(24.9)
Actuarial differences	
Investments other than 7.75%	430.0
Salary increases	(172.3)
Age and service retirement differences	(31.4)
Termination differences	34.0
Mortality and disability incidence differences	(7.8)
Benefit recipient differences	100.8
New entrants	75.0
Other actuarial differences	81.2
Net actuarial loss	509.5
Unfunded accrued actuarial liability at June 30, 2011	$ 17,568.6

Actuarial Asset Valuation

The actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed expected income investment rate. Investment income in excess or shortfall of the expected 7.75% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

The use of this actuarial method began with the valuation for the period ending June 30, 2009, as required by Public Act 96-0043, which was signed into law on July 15, 2009.

Actuarial Report

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 postretirement increases, the same procedure as outlined above is followed. Estimated annual administrative expenses are added to the normal cost.

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

Beginning in fiscal year 1996 the required contribution rates were based upon Public Act 88-0593, which calls for a 15-year-phase-in to a 35-year funding plan which provides for adequate annual funding of the employer's normal cost while amortizing the unfunded accrued actuarial liability. Annual funding under this plan will occur as a continuing appropriation.

Defined Benefit Plan
Employer Contributions Received in Fiscal Year 2011

State appropriations (a)	$ 674,047,681
State pension fund (a)	63,000,000
Federal/trust/employer funds/other	36,546,985
Total	$ 773,594,666

Reconciliation to Total State Appropriations

Defined Benefit Plan–State	
Appropriations received (a)	$ 737,047,681
Defined Contribution Plan–State	
Appropriations received	39,460,673
Total State Appropriations Received	$ 776,508,354

Actuarial Report

The projected required contribution rates and amounts are as follows:

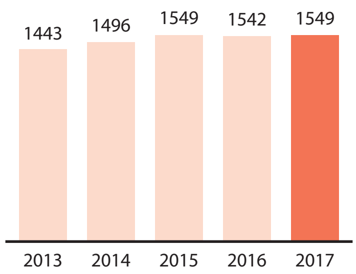
Fiscal Year	Percentage of Payroll	Assumed Payroll ($ billions)	Required Contribution
2013	34.5%	$ 4.18	$ 1,442.8
2014	35.0%	$ 4.27	$ 1,496.0
2015	35.4%	$ 4.37	$ 1,548.9
2016	34.5%	$ 4.47	$ 1,541.8
2017	33.8%	$ 4.58	$ 1,549.1

The net State appropriation requirements can be determined by adjusting for such items as State Pension Fund appropriations and contributions from federal and trust funds. The results are based on the projected unit credit actuarial cost method, and on the data provided, and assumptions used, for the June 30, 2011 actuarial valuation. In order to determine projected contribution rates and amounts, the following additional assumptions and estimates were used:

1) Covered payroll of $4.21 billion for fiscal year 2012.
2) 3.75% per annum rate of increase in covered payroll.
3) Total employer contributions of $1,019,485,000 for fiscal year 2012.

As of June 30, 2011, the Unfunded Accrued Actuarial Liability (UAAL) to be amortized was $17,568,655,547.

Required Contribution
Dollars (millions)



Summary of Major Actuarial Assumptions

■ Mortality

Mortality rates are based upon the RP2000 Combined Mortality Table, with rates multiplied by 0.80 for males and 0.85 for females. The assumed mortality rates for active members are 85% of the postretirement assumption for males and 60% for females.

■ Interest

7.75% per annum, compounded annually.

■ Termination

Rates of withdrawal are based upon ages and years of service as developed from plan experience. Shown at right is a table of termination rates based upon experience in the 2006-2010 period. The assumption consists of a table of ultimate turnover rates by years of service credit.

Termination Rates

Years of Service	All Members
0	.220
1	.220
2	.160
3	.140
4	.120
5	.105
6	.090
7	.075
8	.065
9	.060
10	.055
15	.030
20	.017
21-29	.015

Actuarial Report

■ Salary Increases

Each member's compensation is assumed to increase by 3.75% each year; 2.75% reflecting salary inflation and 1.00% reflecting standard of living increases. That rate is increased for members with less than 9 years of service as shown at right.

The payroll of the entire system is assumed to increase at 3.75% per year for purposes of calculating employer required contributions.

■ Retirement Age

Upon eligibility, active members are assumed to retire as shown at right.

■ Assets

Assets available for benefits are used at market value.

■ Expenses

As estimated and advised by the 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 effective with the June 30, 2011 actuarial valuation. They were developed based upon an experience study completed in March, 2011.

Annual Compensation Increases

Service Year	Additional Increase	Service Year	Additional Increase
0	.1200	7	.0575
1	.1000	8	.0550
2	.0850	9-13	.0500
3	.0725	14-18	.0475
4	.0650	19-33	.0425
5	.0625	34 & over	.0375
6	.0600		

Retirement Rates

	Members Eligible for Normal Retirement		Members Eligible for Early Retirement	
Age	Hired Before 1/1/11	Hired on or After 1/1/11	Hired Before 1/1/11	Hired on or After 1/1/11
Under 50	.40	-	-	-
51	.38	-	-	-
52	.38	-	-	-
53	.38	-	-	-
54	.34	-	-	-
55	.32	.07	-	-
56	.26	.05	-	-
57	.26	.045	-	-
58	.26	.055	-	-
59	.26	.06	-	-
60	.11	-	-	-
61	.11	-	-	-
62	.13	-	-	.35
63	.13	-	-	.15
64	.13	-	-	.15
65	.17	-	-	.15
66	.15	-	-	.15
67	.15	-	.50	-
68	.15	-	.35	-
69	.15	-	.30	-
70-79	.30	-	.30	-
80+	1.00	-	1.00	-

Analysis of Financial Experience
Gains & Losses in Accrued Actuarial Liability
For Fiscal Year Ended June 30, 2011 ($ millions)

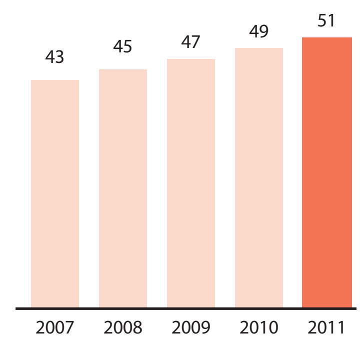
Actuarial (gains) and losses	
Investments other than 7.75%	$ 430.0
Salary increases other than 3.75%	(172.3)
Age and service retirement differences	(31.4)
Termination differences	34.0
Mortality and disability incidence differences	(7.8)
Benefit recipient differences	100.8
New entrants	75.0
Other actuarial differences	81.2
Total actuarial loss	$ 509.5
Impact of change in actuarial assumptions	(24.9)
Expected increase in UAAL	930.2
Total financial loss	$ 1,414.8

Analysis of Funding

Schedule of Increases and Decreases of Benefit Recipients
10-Year Summary

Fiscal Year	Beginning Balance	Additions	Subtractions	Ending Balance
200232,625	2,941	1,307	34,259	
2003	34,259	3,278	1,147	36,390
200436,390	3,498	1,401	38,487	
200538,487	2,559	1,246	39,800	
2006	39,800	3,140	1,302	41,638
200741,638	3,325	1,568	43,395	
200843,395	3,498	1,547	45,346	
200945,346	3,017	1,553	46,810	
201046,810	3,599	1,506	48,903	
201148,903	4,207	1,740	51,370	

Benefit Recipients
Persons (thousands)



Active Participant Statistics
10-Year Summary

Fiscal Year	Males	Total Females	Percent Actives	Average Change	Percent Salary	Average Change	Service Age	Average Credit
2002	32,033	40,745	72,778	2.7%	35,795	2.5%	46.6	10.1
2003	31,356	40,100	71,456	(1.8%)	37,012	3.4%	46.9	10.1
2004	31,803	41,189	72,992	2.1%	36,880	(0.4%)	46.3	9.3
2005	31,207	40,455	71,662	(1.8%)	39,221	6.3%	46.8	9.7
2006	31,024	40,735	71,759	0.1%	40,696	3.8%	47.0	9.8
2007	31,019	41,073	72,092	0.5%	42,373	4.1%	47.0	9.8
2008	31,158	41,928	73,086	1.4%	43,460	2.6%	47.0	9.8
2009	31,185	42,514	73,699	0.8%	45,204	4.0%	47.3	9.9
2010	30,935	42,061	72,996	(1.0%)	45,988	1.7%	47.4	10.1
2011	30,448	41,440	71,888	(1.5%)	46,402	0.9%	47.4	10.1

Analysis of Change in Membership
10-Year Summary

Fiscal Year	Beginning Members	Additions	Retired	Died	Other Terminations	Ending Members
2002	70,882	9,704	1,675	79	6,054	72,778
2003	72,778	8,830	1,946	174	8,032	71,456
2004	71,456	13,073	2,001	172	9,364	72,992
2005	72,992	10,310	1,566	180	9,894	71,662
2006	71,662	10,199	1,864	160	8,078	71,759
2007	71,759	10,021	1,749	173	7,766	72,092
2008	72,092	10,548	1,903	88	7,563	73,086
2009	73,086	9,610	1,484	120	7,393	73,699
2010	73,699	8,341	1,761	115	7,168	72,996
2011	72,996	8,434	2,200	106	7,236	71,888

Analysis of Funding

In an inflationary economy, the value of dollars is decreasing. This environment results in employee pay increasing in dollar amounts, retirement benefits increasing in dollar amounts, and then, unfunded accrued liabilities increasing in dollar amounts, all at a time when the actual substance of these items may be decreasing. Looking at just the dollar amounts of unfunded accrued liabilities can be misleading. Unfunded accrued liabilities dollars divided by active employee payroll dollars provides a helpful index which shows that the smaller the ratio of unfunded liabilities to active member payroll, the stronger the system. Observation of this relative index over a period of years will give an indication of whether the System is becoming financially stronger or weaker.

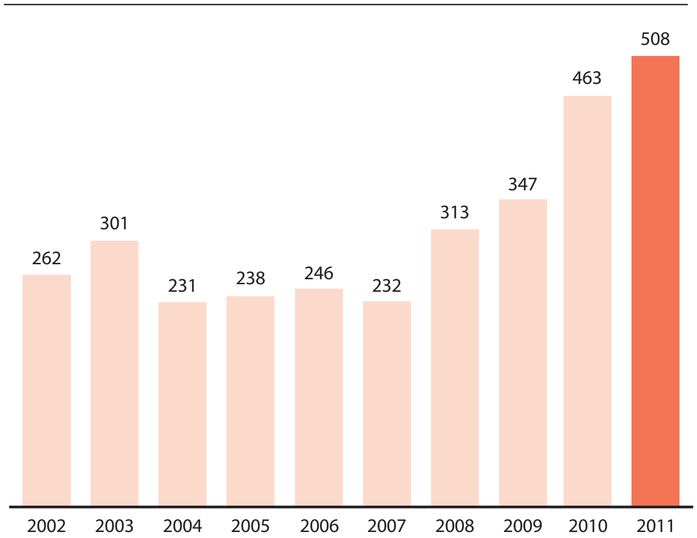
Summary of Accrued and Unfunded Accrued Liabilities ($ millions)

Fiscal Year	Accrued Liabilities	Net Assets at Market/Actuarial Value of Assets (A)	Assets as a % of Accrued Liabilities	Unfunded Accrued Liabilities (UAL)	Active Member Payroll	UAL as a % of Active Member Payroll
2002	$ 16,654.0	$ 9,814.7	58.9%	$ 6,839.3	$ 2,607.2	262.3%
2003	18,025.0	9,714.5	53.9%	8,310.5	2,763.4	300.7%
2004	19,078.6	12,586.3	66.0%	6,492.3	2,814.1	230.7%
2005	20,349.9	13,350.3	65.6%	6,999.6	2,939.1	238.1%
2006	21,688.0	14,175.1	65.4%	7,513.8	3,054.1	246.0%
2007	23,362.1	15,985.7	68.4%	7,376.4	3,181.0	231.9%
2008	24,917.7	14,586.3	58.5%	10,331.4	3,303.2	312.8%
2009	26,316.2	14,282.0	54.3%	12,034.2	3,463.9	347.4%
2010	30,120.4	13,966.6	46.4%	16,153.8	3,491.1	462.7%
2011	31,514.3	13,945.7	44.3%	17,568.6	3,460.8	507.6%

(A) Per Public Act 96-0043, the actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 7.75% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

Unfunded Accrued Liabilities as a % of Payroll

Payroll (%)



An increasing trend indicates a system is becoming financially weaker.

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 total required contributions. These percentages should decrease over the years if SURS is growing stronger.

Schedule of Funding: Fiscal Year 2002-2011 ($ millions)

	Funding Requirements				Covered Percentages		
Fiscal Year	Gross ARC {1} (A)	Net ARC {2}(B)	System Expense {3}(C)	Employer Contribution {4}(D)	Gross ARC {5}(E)	Net ARC {6}(F)	System Expense {7}(G)
2002	$ 686.9	$ 436.9	$ 755.1	$ 256.1	37.3%	58.6%	33.9%
2003	843.8	597.5	848.6	285.3	41.5%	65.3%	33.6%
2004	934.8	691.0	926.7	1,757.5	188.0%	254.4%	189.6%
2005	859.7	607.8	1,016.5	285.4	33.2%	47.0%	28.1%
2006	914.9	662.0	1,097.4	180.0	19.7%	27.2%	16.4%
2007	968.3	705.9	1,189.1	261.1	27.0%	37.0%	22.0%
2008	971.6	707.5	1,287.8	344.9	35.5%	48.8%	26.8%
2009	1,147.3	874.0	1,384.9	451.6	39.4%	51.7%	32.6%
2010	1,278.3	1,003.3	1,489.6	696.6	54.5%	69.4%	46.8%
2011	1,519.2	1,259.0	1,623.5	773.6	50.9%	61.4%	47.6%

(A) The annual required contribution as defined in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."
(B) The annual required contribution per Note A, less member contributions.
(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) Employer contributions divided by the total required contribution (Column 4 divided by Column 1).
(F) Employer contributions divided by the employer required contribution (Column 4 divided by Column 2).
(G) Employer contributions divided by System expense (Column 4 divided by Column 3).

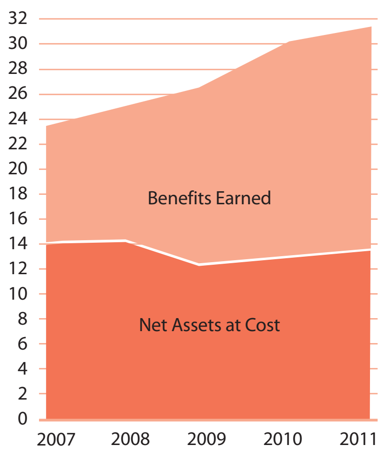
Tests of Financial Soundness

Funding Ratios
10-Year Summary ($ millions)

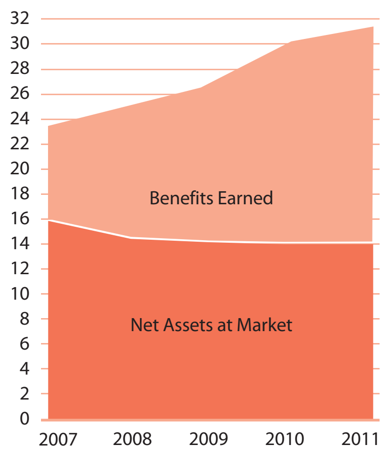
Fiscal Year	Net Assets at Cost	Net Assets at Market/ Actuarial Value of Assets (A)	Actuarial Funding Requirement	Funding Ratio Cost	Funding Ratio Market/Actuarial
2002	$ 10,169.7	$ 9,814.7	$ 16,654.0	61.1%	58.9%
2003	9,715.2	9,714.5	18,025.0	53.9%	53.9%
2004	11,371.7	12,586.3	19,078.6	59.6%	66.0%
2005	11,736.0	13,350.3	20,349.9	57.7%	65.6%
2006	13,414.9	14,175.1	21,688.9	61.9%	65.4%
2007	14,089.0	15,985.7	23,362.1	60.3%	68.4%
2008	14,282.3	14,586.3	24,917.7	57.3%	58.5%
2009	12,485.0	14,282.0	26,316.2	47.4%	54.3%
2010	12,672.7	13,966.6	30,120.4	42.1%	46.4%
2011	13,302.2	13,945.7	31,514.3	42.2%	44.3%

(A) Per Public Act 96-0043, the actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 7.75% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

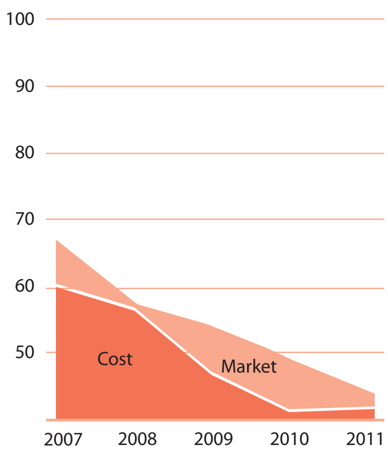
Benefits Covered by Net Assets at Cost
Dollars (millions)



Benefits Covered by Net Assets at Market/Actuarial Value[A]
Dollars (millions)



Funding Ratios
Percentage



Percentage of Benefits Covered by Net Assets
10-Year Summary ($ millions)

Fiscal Year	Member Accumulated Contributions {1}(A)	Members Currently Receiving Benefits {2}(A)	Active/Inactive Members/ Employers' Portion {3}(A)	Net Assets/ Actuarial Value of Assets (B)	% of Benefits Covered by Net Assets/Actuarial Value of Assets for {1}	{2}	{3}
2002	$ 4,145.0	$ 8,115.4	$ 4,393.6	$ 9,814.7	100.0	69.9	–
2003	4,299.5	9,215.5	4,510.0	9,714.5	100.0	58.8	–
2004	4,529.6	10,145.8	4,402.9	12,586.3	100.0	79.4	–
2005	4,726.1	10,842.1	4,781.7	13,350.3	100.0	79.5	–
2006	4,957.3	11,701.3	5,030.4	14,175.1	100.0	78.8	–
2007	5,239.9	12,838.1	5,284.1	15,985.7	100.0	83.7	–
2008	5,426.8	13,978.1	5,512.8	14,586.3	100.0	65.5	–
2009	5,688.9	14,802.6	5,824.7	14,282.0	100.0	58.1(C)	–
2010	5,916.3	16,834.4	7,369.7	13,966.6	100.0	47.8	–
2011	6,007.4	18,918.1	6,588.8	13,945.7	100.0	42.0	–

(A) 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 5/15-156 of the Illinois Compiled Statutes 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.

(B) Per Public Act 96-0043, the actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 7.75% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

(C) If the market value of net assets are used, the percent of benefits covered for category 2 is 43.5.

Payroll Percentages: Fiscal Year 2002-2011 ($ millions)

		Unfunded Accrued Benefit Cost		Employer Cost					Employer Contributions	
Fiscal Year	Member Payroll	Amount	% of Payroll	Normal Cost (A)	% of Payroll	Amortization of Unfunded Liability	Total (B)	% of Payroll	Emp Cont.	% of Payroll
2002	$ 2,607.2	$ 6,839.3	262.3%	$ 231.4	8.9%	$ 455.5	$ 686.9	26.3%	$ 256.1	9.8%
2003	2,763.4	8,310.5	300.7%	254.5	9.6%	589.3	843.8	30.5%	285.3	10.3%
2004	2,814.1	6,492.3	230.7%	267.3	9.5%	667.5	934.8	33.2%	1,757.5	62.5%
2005	2,939.1	6,999.6	238.1%	271.0	9.2%	588.7	859.7	29.2%	285.4	9.7%
2006	3,054.1	7,513.8	246.0%	292.3	9.6%	622.6	914.9	30.0%	180.0	5.9%
2007	3,181.0	7,376.4	231.9%	301.4	9.5%	666.9	968.3	30.4%	261.1	8.2%
2008	3,303.2	10,331.4	312.8%	310.4	9.1%	671.9	971.6	29.4%	344.9	10.4%
2009	3,463.9	12,034.2	347.4%	317.9	9.2%	829.4	1,147.3	33.1%	451.6	13.0%
2010	3,491.1	16,153.8	462.7%	355.4	10.2%	922.9	1,278.3	36.6%	696.6	20.0%
2011	3,460.8	17,568.6	507.6%	463.6	13.4%	1,055.6	1,519.2	43.9%	773.6	22.4%

(A) Actuarially determined normal cost less member contributions.
(B) Total annual required contribution as defined by GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls - Defined Benefit Plan
10-Year Summary

Fiscal Year	Beginning of Year Balance	Number Added to Rolls	Allowances	Number Removed from Rolls	Allowances	End of Year Balance	Annual Pension Benefit Amount	Average Annual Benefit	% Increase in Average Benefit
2002	32,625	2,941	–	1,307	–	34,259	$ 727,495,026	$ 21,235	5.9%
2003	34,259	3,278	–	1,147	–	36,390	820,418,360	22,545	6.2%
2004	36,390	3,498	–	1,401	–	38,487	899,587,841	23,374	3.7%
2005	38,487	2,559	–	1,246	–	39,800	983,321,902	24,707	5.7%
2006	39,800	3,140	–	1,302	–	41,638	1,067,075,275	25,627	3.7%
2007	41,638	3,325	–	1,568	–	43,395	1,155,124,989	26,619	3.9%
2008	43,395	3,498	–	1,547	–	45,346	1,254,030,795	27,655	3.9%
2009(A)	45,346	3,017	127,710,300	1,553	(30,203,460)	46,810	1,351,537,635	28,873	4.4%
2010	46,810	3,599	139,122,054	1,506	(33,710,616)	48,903	1,454,470,195	29,742	3.0%
2011	48,903	4,207	169,921,275	1,740	(40,835,477)	51,370	1,619,615,689	31,528	6.0%

(A) FY 2009 is the first year in which the allowances related to retirees added to or removed from the rolls have been calculated as part of the actuarial valuation.

STATISTICAL

The Comprehensive Annual
Financial Report for Fiscal Year
Ended June 30, 2011

CREATING VALUE

SURS continues to provide superior customer service to a growing membership of over 200,000 with no increase in staff for the past five years.

A Component Unit of the State of Illinois

Introduction to Statistical Section

The tables in this section present detailed information on benefit payments and recipients, member and employer contributions, financial trends and the largest SURS employers.

Section Contents

These schedules present historical financial information designed to provide information on the System's progress in accumulating assets to pay benefits when due.

These schedules present summaries of benefit expenses, benefit recipients and number of System employees over a 10-year period.

These schedules present information on new benefit payments by type, average benefit payments by years credited service, number of benefit recipients by type, and number of covered employees by employer.

Financial Schedules

Changes in Plan Net Assets - Defined Benefit Plan
10-Year Summary ($ millions)

The historical trend information presented below is designed to provide information on the System's progress in accumulating assets to pay benefits when due.

Additions

Fiscal Year	Contributions by Members	Investment Income (Loss)	Contributions by Employers Amount	Contributions by Employers % of Payroll	Total
2002	$ 250.0	(651.3)	$ 256.1	9.8	$ (145.2)
2003	246.3	250.4	285.3	10.3	782.0
2004	243.8	1,832.4	1,757.5	96.9	3,833.7
2005	251.9	1,279.6	285.4	9.7	1,817.0
2006	252.9	1,532.1	180.0	5.9	1,965.0
2007	262.4	2,517.5	261.1	8.2	3,041.0
2008	264.1	(675.7)	345.0	10.4	(66.6)
2009	273.3	(2,859.5)	451.6	13.0	(2,134.6)
2010	275.0	1,653.8	696.6	19.9	2,625.4
2011	260.2	2,801.1	773.6	22.4	3,834.9

Deductions

Fiscal Year	Benefits	Contribution Refunds	Administrative Expenses and Bond Interest	Total	Changes in Plan Net Assets
2002	$ 743.3	$ 37.0	$13.2	$ 793.5	$ 938.7
2003	836.7	32.2	13.2	882.1	(100.1)
2004	915.2	34.5	12.3	962.0	2,871.7
2005	1,004.4	35.8	12.8	1,053.0	764.0
2006	1,085.4	42.6	12.2	1,140.2	824.8
2007	1,177.3	41.4	11.7	1,230.4	1,810.6
2008	1,275.7	45.0	12.1	1,332.8	(1,399.4)
2009	1,372.0	42.6	12.9	1,427.5	(3,562.1)
2010	1,477.5	47.3	12.1	1,536.9	1,088.6
2011	1,611.2	58.9	12.3	1,682.4	2,152.5

Financial Schedules

Changes in Plan Net Assets - Defined Contribution Plan
10-Year Summary ($ millions)

The historical trend information presented below is designed to provide information on the System's progress in accumulating assets to pay benefits when due.

Additions

Fiscal Year	Contributions by Members	Investment Income (Loss)	Contributions by Employers Amount	Contributions by Employers % of Payroll	Total
2001	$ 20.2	(11.0)	$ 19.4	7.6	$ 28.6
2002	27.4	(15.2)	23.0	7.6	35.2
2003	29.6	5.0	24.8	7.6	59.4
2004	31.3	32.9	25.8	7.6	90.0
2005	33.7	22.3	27.4	7.6	83.4
2006	39.5	34.7	29.6	7.6	103.8
2007	41.7	80.3	33.3	7.6	155.3
2008	46.0	(39.1)	38.9	7.6	45.8
2009	48.8	(116.4)	38.3	7.6	(29.3)
2010	48.6	71.5	43.1	7.6	163.2
2011	49.8	172.5	44.8	7.6	267.1

Deductions

Fiscal Year	Benefits	Contribution Refunds	Administrative Expenses* and Bond Interest	Total	Changes in Plan Net Assets
2001	$ -	$ 2.6	$ -	$ 2.6	$ 26.0
2002	-	2.4	-	2.4	32.8
2003	0.7	3.0	-	3.7	55.7
2004	0.7	4.7	-	5.4	84.6
2005	0.9	7.4	-	8.3	75.1
2006	1.2	8.8	-	10.0	93.8
2007	3.2	12.1	-	15.3	140.0
2008	3.4	10.0	-	13.4	32.4
2009	4.8	8.7	-	13.5	(42.8)
2010	6.3	10.2	0.3	16.8	146.4
2011	11.2	15.0	0.3	26.5	240.6

*Until FY 2010, SMP administrative expenses were included with the defined benefit plan totals.

Statistical Analysis

Schedule of Benefit Expenses - Defined Benefit Plan
10-Year Summary ($ millions)

Fiscal Year	Survivor Annuities	Disability Benefits	Disability Retirement Allowance	Retirement Annuities	Lump Sum Death Benefits	Total
2002	$ 50.8	$ 15.1	$ 2.4	$ 662.9	$ 12.0	$ 743.3
2003	56.6	15.7	2.4	749.9	12.1	836.7
2004	60.5	16.7	2.4	824.0	11.6	915.2
2005	65.2	17.5	2.8	904.9	14.0	1,004.4
2006	70.6	17.5	2.9	981.1	13.4	1,085.5
2007	76.7	17.6	3.0	1,067.3	12.6	1,177.2
2008	81.8	16.8	3.2	1,160.5	13.5	1,275.8
2009	87.7	16.8	3.4	1,248.9	15.2	1,372.0
2010	94.3	16.1	3.4	1,352.2	11.5	1,477.5
2011	101.1	16.4	3.5	1,473.5	16.7	1,611.2

Number of SURS Employees (full-time equivalents)
10-Year Summary

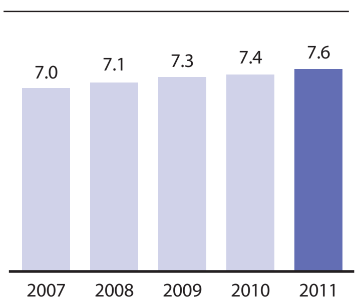
Fiscal Year	HR & Admin	Inv & Acctg	Member Svcs & Outreach	IS & Support Svcs	SMP	Total
2002	13.00	10.00	53.50	36.00	3.50	116.00
2003	13.00	10.25	61.25	35.00	3.50	123.00
2004	11.75	10.35	62.75	33.00	4.40	122.25
2005	12.75	10.40	62.75	32.75	4.65	123.30
2006	11.75	10.55	62.75	32.75	3.50	121.30
2007	11.80	9.80	64.00	31.75	2.75	120.10
2008	10.55	10.05	61.50	33.75	3.25	119.10
2009	9.55	11.30	59.50	29.75	4.00	114.10
2010	10.55	11.80	62.50	29.75	3.70	118.30
2011	10.55	12.80	62.00	29.75	3.70	118.80

Statistical Analysis

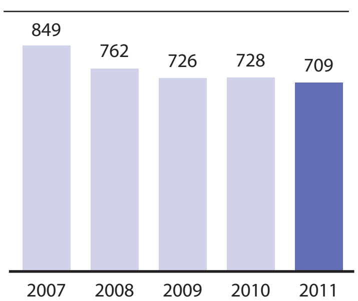
Schedule of Benefit Recipients - Defined Benefit Plan
10-Year Summary

Fiscal Year	Survivors	Disability	Contribution Refunds	Retirement	Disability Retirement Allowance
2002	5,905	781	4,589	27,202	371
2003	6,138	864	4,095	29,020	368
2004	6,427	902	3,988	30,795	363
2005	6,550	864	4,003	32,002	384
2006	6,807	864	3,750	33,574	393
2007	6,958	849	4,441	35,200	368
2008	7,122	762	3,975	37,055	407
2009	7,269	726	4,635	38,400	415
2010	7,402	728	4,312	40,364	409
2011	7,578	709	4,489	42,682	401

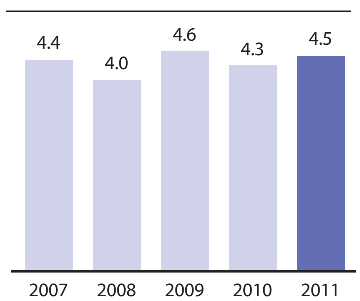
Surivor Recipients
Persons (thousands)



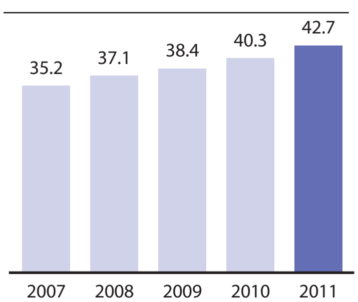
Disability Recipients
Persons



Refund Recipients
Persons (thousands)



Retirement Recipients
Persons (thousands)



Disability Retirement
Allowance Recipients
Persons

Benefit Summary

Schedule of New Benefit Payments - Defined Benefit Plan
July 1, 2010 through June 30, 2011

	Retirement		Disability		Survivors	
Age	Number	Average Monthly Benefit (A)	Number	Average Monthly Benefit (A)	Number	Average Monthly Benefit (A)
Under 10	–	$ –	–	$ –	5	$ 221
10-14	–	–	–	–	8	543
15-19	–	–	–	–	15	470
20-24	–	–	–	–	3	397
25-29	–	–	4	2,168	2	362
30-34	–	–	7	1,328	3	1,788
35-39	–	–	14	1,852	2	478
40-44	–	–	8	1,473	6	561
45-49	14	2,707	31	1,828	2	512
50-54	160	3,584	33	1,689	39	795
55-59	1,038	2,766	40	1,786	40	1,059
60-64	1,289	2,509	23	2,112	55	1,667
65-69	631	2,584	12	1,476	66	1,554
70-74	217	2,521	3	1,154	84	1,445
Over 74	82	2,350	4	1,228	267	1,498
Totals	3,431	$ 2,649	179	$ 1,755	597	$ 1,364

Average Age - Retirement 61.9 Years

(A) Total average monthly benefit is calculated based on a weighted average.

Benefit Summary

Schedule of Average Benefit Payments - Defined Benefit Plan
For Retirees as of June 30

	Years of Credited Service						
	0–10	11–15	16–20	21–25	26–30	30+	Total
Fiscal Year 2002							
Number of Retirees	5,889	3,757	3,831	4,074	4,321	5,330	27,202
Avg Monthly Annuity	$ 818	879	1,361	2,187	3,200	4,117	2,133
Final Average Salary	$ 25,188	27,812	32,024	39,902	47,075	51,293	37,309
Avg Credited Service							19.83
Fiscal Year 2003							
Number of Retirees	6,787	3,944	4,113	4,357	4,104	5,716	29,021
Avg Monthly Annuity	$ 709	1,001	1,573	2,495	3,447	4,349	2,243
Final Average Salary	$ 28,064	31,634	36,199	45,474	54,080	59,001	42,088
Avg Credited Service							19.95
Fiscal Year 2004							
Number of Retirees	6,795	4,109	4,075	4,708	4,840	6,268	30,795
Avg Monthly Annuity	$ 791	973	973	2,414	3,475	4,509	2,336
Final Average Salary	$ 19,773	25,747	30,614	38,294	43,962	48,774	34,541
Avg Credited Service							19.69
Fiscal Year 2005							
Number of Retirees	7,713	4,422	4,478	4,839	5,376	5,174	32,002
Avg Monthly Annuity	$ 738	1,104	1,762	2,766	3,847	4,831	2,422
Final Average Salary	$ 18,117	26,792	32,591	40,051	45,307	49,793	34,346
Avg Credited Service							19.71
Fiscal Year 2006							
Number of Retirees	8,074	4,701	4,734	5,127	5,717	5,221	33,574
Avg Monthly Annuity	$ 744	1,154	1,853	2,904	3,985	5,041	2,508
Final Average Salary	$ 18,872	26,606	33,177	40,378	45,599	50,519	34,728
Avg Credited Service							19.65
Fiscal Year 2007							
Number of Retirees	8,796	4,910	4,881	5,390	6,004	5,219	35,200
Avg Monthly Annuity	$ 797	1,198	1,959	3,040	4,147	5,252	2,589
Final Average Salary	$ 28,039	33,561	38,831	46,681	53,661	57,948	43,068
Avg Credited Service							20.04
Fiscal Year 2008							
Number of Retirees	9,253	5,212	5,153	5,754	6,399	5,284	37,055
Avg Monthly Annuity	$ 790	1,245	2,067	3,178	4,296	5,473	2,676
Final Average Salary	$ 32,978	37,044	45,569	54,420	63,061	72,333	49,941
Avg Credited Service							19.92
Fiscal Year 2009							
Number of Retirees	9,477	5,462	5,351	6,084	5,230	6,796	38,400
Avg Monthly Annuity	$ 755	1,306	2,172	3,301	4,329	5,496	2,760
Final Average Salary	$ 33,742	37,858	46,698	55,438	62,919	72,174	50,670
Avg Credited Service							19.78

Benefit Summary

Schedule of Average Benefit Payments - Defined Benefit Plan
For Retirees as of June 30

	Years of Credited Service						
	0–10	11–15	16–20	21–25	26–30	30+	Total
Fiscal Year 2010							
Number of Retirees	10,206	5,722	5,642	6,433	5,502	6,859	40,364
Avg Monthly Annuity	$ 785	1,363	2,269	3,423	4,471	5,684	2,830
Final Average Salary	$ 34,171	38,081	47,723	55,824	63,496	72,247	50,811
Avg Credited Service							19.62
Fiscal Year 2011							
Number of Retirees	11,081	5,979	6,019	6,821	5,838	6,944	42,682
Avg Monthly Annuity	$ 866	1,423	2,373	3,541	4,628	5,874	2,913
Final Average Salary	$ 34,140	37,607	46,721	55,154	63,436	70,158	50,029
Avg Credited Service							19.47

Number of Covered Employees by Employer
As of June 30, 2011

Employer	Number of Employees in DB plan	Number of Employees in SMP	Total Number of Covered Employees
University of Illinois - Chicago	11,455	1,699	13,154
University of Illinois - Urbana	10,073	1,795	11,868
City Colleges of Chicago	4,919	343	5,262
Southern Illinois University - Carbondale	4,492	641	5,133
Northern Illinois University	3,023	539	3,562
Illinois State University	2,884	446	3,330
Southern Illinois University - Edwardsville	2,108	311	2,419
College of DuPage	1,827	244	2,071
Western Illinois University	1,782	251	2,033
Eastern Illinois University	1,607	212	1,819
All other employers	27,718	3,242	30,960
Total	71,888	9,723	81,611

Benefit Summary

Schedule of Benefit Recipients by Type of Benefit - Defined Benefit Plan
For the Year Ended June 30, 2011

Monthly Amount of Benefit	Total Recipients	General Formula	Money Purchase	Police or Fire	Other (A)	Long-Term Disability	Temporary Disability	Survivors
$0-200	2,848	1,035	1,041	–	101	2	4	665
201-400	4,529	1,338	2,038	–	166	9	7	971
401-600	3,767	948	1,412	–	69	50	14	1,274
601-800	3,321	824	1,279	–	24	119	28	1,047
801-1000	2,563	674	1,226	–	7	113	24	519
1001-1200	2,235	562	1,165	–	1	32	53	422
1201-1400	2,088	587	1,010	–	–	17	83	391
1401-1600	2,095	511	1,079	–	–	16	157	332
1601-1800	1,896	508	981	1	–	9	85	312
1801-2000	1,761	463	975	1	–	8	59	255
2001-2200	1,630	434	949	1	–	7	29	210
2201-2400	1,493	350	904	2	–	9	23	205
2401-2600	1,511	378	935	4	–	1	22	171
2601-2800	1,382	371	828	3	–	2	13	165
2801-3000	1,264	351	762	6		–	18	127
3001-3200	1,154	332	715	4	1	2	14	86
3201-3400	1,104	361	632	15	2	4	7	83
3401-3600	943	321	532	11	–	–	8	71
3601-3800	922	324	520	13	1	–	13	51
3801-4000	834	332	445	10	–	–	5	42
4001-4200	830	316	455	11	–	–	14	34
4201-4400	756	293	421	12	–	–	4	26
4401-4600	746	291	411	11	–	–	6	27
4601-4800	703	264	408	5	–	–	6	20
4801-5000	638	269	349	7	–	–	2	11
5001-5200	588	260	317	6	–	–	1	4
5201-5400	578	231	327	8	–	–	4	8
5401-5600	615	237	365	5	–	–	3	5
5601-5800	533	244	275	8	–	–	–	6
5801-6000	505	219	276	6	–	–	–	4
Over 6000	5,538	2,762	2,723	15	–	1	3	34
Totals	51,370	16,390	25,755	165	372	401	709	7,578

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

Participating Employers

Black Hawk College
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
Heartland Community College
Highland Community College
ILCS Section 15-107(I) Members
ILCS Section 15-107(c) Members
Illinois Board of Examiners
Illinois Board of Higher Education
Illinois Central College
Illinois Century Network
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 Community College
Rock Valley College
Sauk Valley College
Shawnee College
Southern Illinois University at Carbondale
Southern Illinois University at Edwardsville
Southern Illinois University Foundation
South Suburban College
Southeastern Illinois College
Southwestern Illinois College
Spoon River College
State Geological Survey
State Natural History Survey
State Universities Civil Service System
State Universities Retirement System
State Water Survey
Triton College
University of Illinois — Alumni Association
University of Illinois — Chicago
University of Illinois — Foundation
University of Illinois — Springfield
University of Illinois — Urbana
Waubonsee Community College
Western Illinois University
William Rainey Harper College

State Universities Retirement System of Illinois
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