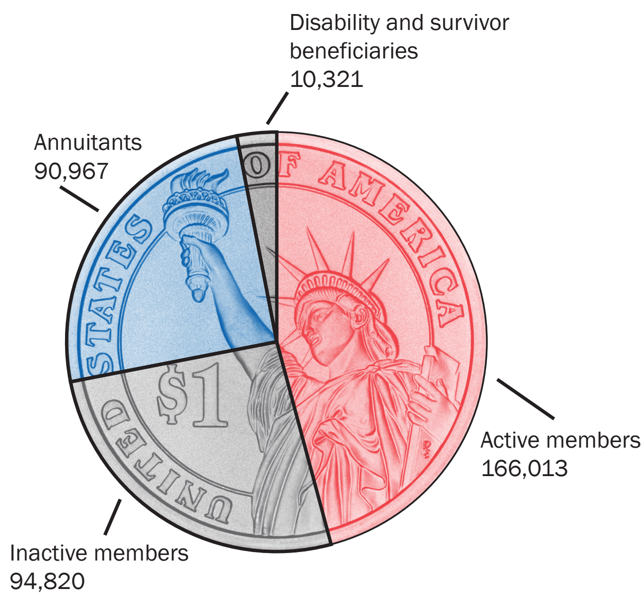
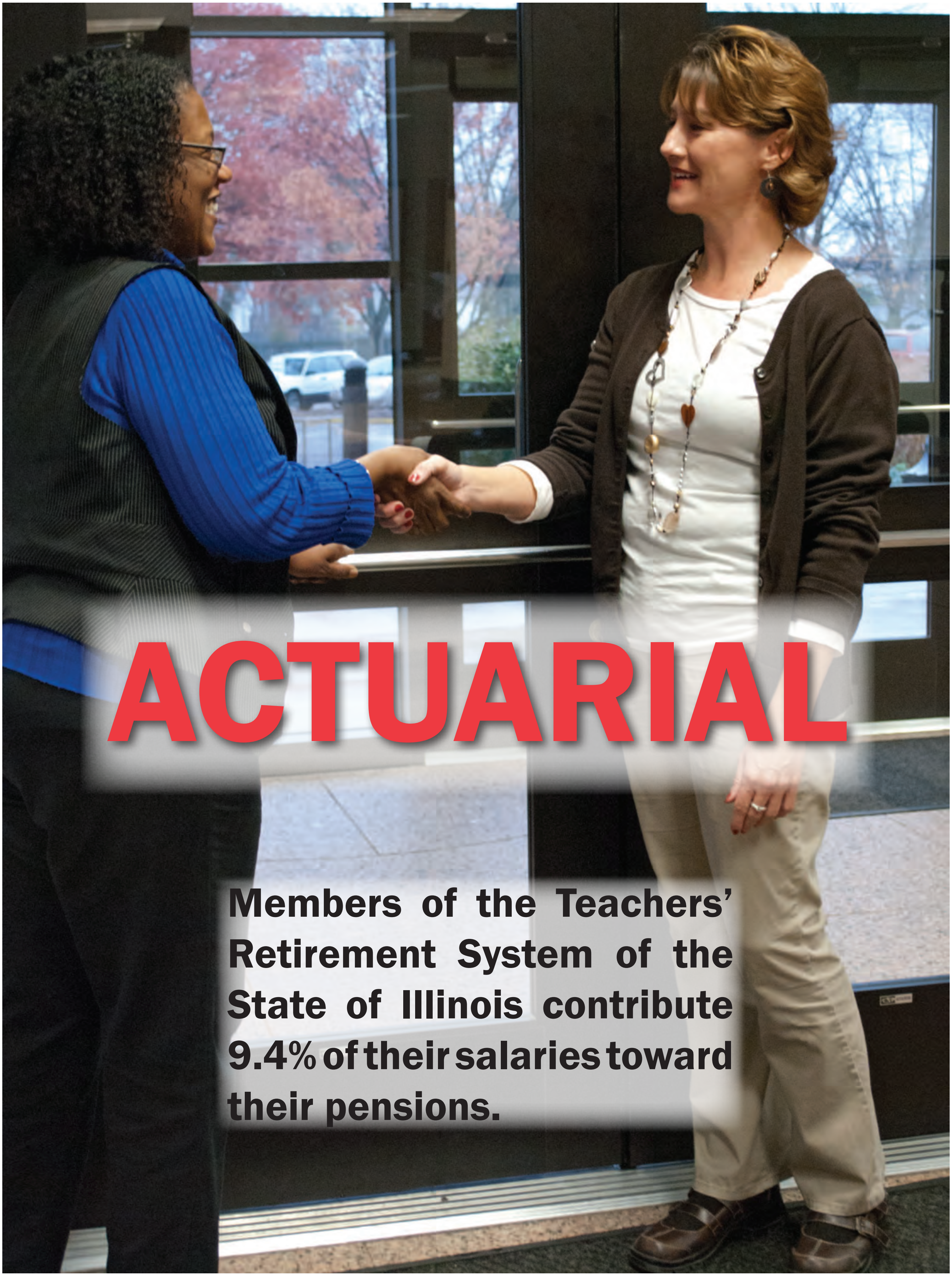
By law, active members contribute 9.4 percent of their salary toward their pension. In FY11, teacher contributions paid for more than half of the $1.7 billion total cost of benefits because the 9.4 percent member contribution is more than half the total cost of current pensions. The remaining 8.6 percent is split between state and employer contributions.

362,121 TOTAL MEMBERS



Only six states have a higher teacher pension contribution rate than the 9.4 percent TRS members pay: Kentucky, Missouri, Nevada, Ohio, Rhode Island, and Vermont.

Julie, who is a TRS member, is greeted by benefits counselor Sonya as she arrives at the Springfield TRS office.



ACTUARIAL

Members of the Teachers' Retirement System of the State of Illinois contribute 9.4% of their salaries toward their pensions.

December 7, 2011

Board of Trustees
Teachers' Retirement System
of the State of Illinois
2815 West Washington Street
Springfield, Illinois 62794

Subject: Pension Benefit Obligation as of June 30, 2011

Ladies & Gentlemen:

Based upon our annual actuarial valuation of the Teachers' Retirement System of the State of Illinois, we have determined the pension benefit obligation of the System to be $81,299,745,000 as of June 30, 2011. The valuation was performed using the projected unit-credit actuarial cost method. Throughout the actuarial valuation report we reference the term Pension Benefit Obligation (PBO) when discussing the TRS actuarial accrued liability (AAL) because the TRS AAL is equivalent to the GASB Statement 5 PBO. Users of the TRS actuarial valuation report should consider the terms PBO and AAL to be equivalent and interchangeable.

The actuarial valuation was based on a census of retired members as of June 30, 2011, and a census of active and inactive members as of June 30, 2010, which were submitted to us by the System. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation. In accordance with our normal procedures, we adjusted for the one-year lag in reporting of the active and terminated membership by assuming that the population was stationary with regard to age and service and by increasing reported payroll and member account balances by 4%. This increase is based on the increase in payroll from the prior year to the current year.

Presented in the Financial Section of the System's Annual Financial Report, there is a schedule of Required Supplementary Information. The actuary has provided the Unfunded Actuarial Accrued Liability, the Annual Required Contribution per State Statute, and the GASB Statement No. 25 Annual Required Contribution that appear in this section. The actuary reviewed the remainder of the figures that appear in the Required Supplementary Information to ensure their consistency with the valuation report.

The Actuarial Section of the Annual Financial Report also contains various schedules: Actuarial Valuation with Actuarial Value of Assets, Reconciliation of Unfunded Liability, State Funding Amounts, Funded Ratio Test, Unfunded Liability as a Percentage of Payroll Test and Solvency Test. While the actuary did not prepare these schedules, they are in agreement with the valuation report and their accuracy has been verified. The actuary neither reviewed nor prepared any items beyond those specifically listed in this paragraph and the preceding paragraph.

The contributions to the System are based on the provisions of Public Act 94-0004, as amended by subsequent acts. The actuary and the Board are required to follow Public Act 94-0004 for purposes of developing contributions to the System. Public Act 94-0004 has resulted in contributions to the System much less than those that would be contributed under a prudent funding policy. Under a prudent funding policy, a funded ratio of 100% would be achieved within 30 years as opposed to the 90% funded ratio achieved by 2045 under Public Act 94-0004. In addition, under a prudent funding policy contributions would not be based on members not currently in the System as is done under Public Act 94-0004, particularly given the lower value of Tier II benefits in the System for members hired on or after

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January 1, 2011. Finally, under a prudent policy, contributions to the System would not be arbitrarily lowered as they were in fiscal year 2006 and 2007 when the state specified the amount. The continued use of Public Act 94-0004 in its current form will continue the history of an inadequate funded ratio of less than 100%. It should be noted that at least one of the undersigned has made this message very clear in public forums several times in the past. In addition, the Net Pension Obligation clearly exhibits the shortfall of the Public Act 94-0004 contributions when compared to the GASB 25/27 ARC, which is a prudent funding policy.

At June 30, 2011 the remaining GASB amortization period is 30 years. The actuarial assumptions, actuarial cost method, and asset valuation method used for funding purposes do meet the parameters of GASB Statement No. 25.

The valuation is based on the benefit provisions of TRS in effect on June 30, 2011. The actuarial assumptions used in the valuation are those specified by the Board of Trustees of the System based on recommendations made by the actuary. The actuarial assumptions used for the June 30, 2011 actuarial valuation are unchanged from the June 30, 2010 actuarial valuation. As required under PA 96-0043, the method for determining the actuarial value of assets used to determine the employer contribution rate was changed beginning with the June 30, 2009 valuation from market value to a smoothed value. The smoothed value recognizes actuarial investment gains or losses for each fiscal year in equal amounts over the ensuing five-year period. The System incurred a gain of $4,618,217,733 in FY 2011. Per statutory requirement, 20% is recognized in the actuarial value of assets as of June 30, 2011, and recognition of the remaining 80%, or $3,694,574,186, will be deferred and recognized in equal amounts over the next four valuations. Depending on the whether the total net deferral is an investment gain or loss, the smoothing method will produce a contribution rate that is more or less than the rate based on the market value. As of the June 30, 2011 valuation the total net deferral is a $298,485,778 loss, resulting in a contribution that is lower than it would be if the assets were valued at market.

The valuation was prepared under the supervision of Larry Langer in accordance with generally accepted actuarial principles and practice, and peer reviewed by Paul Wilkinson. To the best of our knowledge, it is complete and accurate. Mr. Langer and Mr. Wilkinson are members of the American Academy of Actuaries and meet the Academy's Qualification Standards to render the actuarial opinion contained herein.

Sincerely,

Larry Langer
Principal, Consulting Actuary

Paul R. Wilkinson,
Director, Consulting Actuary

LL/PW:pl
7228/Buck cert letter 2011 CAFR Draft 1.doc

buckconsultants

Actuaries estimate the cost of benefits members and survivors will receive over their lifetimes and calculate the amount that should be set aside each year to fund them.

TRS complies with the requirements issued by the Governmental Accounting Standards Board (GASB) under Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended by GASB Statement No. 50.

ACTUARIAL ASSUMPTIONS AND METHODS

Each year the actuary reconciles the differences between major actuarial assumptions and experience to explain the change in TRS's unfunded liability. The unfunded liability is the difference between the accrued liability (the present value of benefits including the cost of annual increases) and the assets that are available to cover the liability. Many of the following assumptions were revised in the 2007 actuarial experience analysis. Additional assumptions for new hires who will be covered by Public Act 96-0889 were adopted in the 2010 actuarial valuation. While the new hire ("Tier II") assumptions do not apply to current ("Tier I") participants, they were adopted in order to develop funding projections through FY45 as well as state funding requirements.

Inflation: 3.5 percent per annum. Implicit in investment and earnings progression assumptions. Adopted in the FY02 valuation.

Investment return: 8.5 percent per annum, compounded annually. Adopted in the FY97 valuation. Components revised in FY02 valuation: inflation 3.5 percent, real return 5.0 percent, with overall 8.5 percent assumption retained.

Real wage growth (productivity): 1.2%. Adopted in the FY02 valuation. No change for Tier II.

Earnings progression: Merit and longevity increases, adjusted for inflation. Approximates 7.0 percent per year over a typical career. Adopted in the FY07 valuation. No change for Tier II.

The following rates include the inflation and real wage growth (productivity) assumptions.

Sample annual percentage salary increases:

Age	Male and Female
25	10.2%
30	8.4
40	7.2
50 and above	6.0

Retirement age: Graduated rates based on age and service of active members. Tier I rates adopted in the FY07 valuation. Tier II rates adopted in the FY10 valuation.

Sample annual retirement rates per 100 participants:

a) Tier I, for those entering service before January 1, 2011 (includes ERO retirees):

	Years of Service				
Age	5-18	19-30	31	32-33	34
54	-	7	12	38	40
55	-	12	20	38	40
60	14	27	45	45	37
65	23	33	45	45	30
70	100	100	100	100	100

b) Tier II, for those entering service on or after January 1, 2011:

	Years of Service				
Age	5-18	19-30	31	32-33	34
61	13	15	20	25	25
65	20	10	15	20	20
67	20	40	40	40	40
70	100	100	100	100	100

Utilization of ERO among Tier I members retiring from active service:

Years of Service on June 30 prior to Retirement	Age					
	54	55	56	57	58	59
19 – 30	63%	70%	69%	65%	63%	25%
31	72	72	71	71	71	38
32	66	68	68	67	66	45
33	66	68	68	67	66	45

Mortality: Rates for all groups adapted in the FY07 valuation. No change for Tier II.

For retirees, the 1995 Buck Mortality tables projected 16 years for males and one year for females as of June 30, 2007. For beneficiaries, projected one year for both males and females, then rated forward two years for males and forward one year for females as of June 30, 2007. Projected mortality improvements using Society of Actuaries Mortality Projection Scale AA were phased in over the four year period that began July 1, 2007.

Sample active member annual death rates per 100 participants (mortality improvements fully phased-in):

Age	Male	Female
25	0.057	0.013
30	0.059	0.017
40	0.082	0.041
50	0.152	0.100
55	0.240	0.153
60	0.473	0.234
65	0.951	0.486

Disability: Tier I rates adopted in the FY07 valuation. Tier II rates adopted in the FY10 valuation.

Sample annual disability rates per 100 participants:

	Tier I Members		Tier II Members	
Age	Male	Female	Male	Female
25	0.034	0.045	0.102	0.135
30	0.030	0.100	0.090	0.300
40	0.060	0.110	0.180	0.330
50	0.110	0.190	0.330	0.570
55	0.130	0.200	0.390	0.600
60	0.200	0.350	0.600	1.050
65	0.600	1.500	1.800	4.500

Termination from active service: Tier I rates adopted in FY07 valuation. Tier II rates adopted in FY10 valuation.

Sample annual termination rates per 100 participants:

	Tier I				Tier II			
	Nonvested Members		Vested Members		Nonvested Members		Vested Members	
Age	Male	Female	Male	Female	Male	Female	Male	Female
25	7.0	8.1	6.0	9.0	7.0	8.1	6.0	9.0
30	6.5	9.0	3.7	8.0	6.5	9.0	3.7	8.0
40	8.0	6.6	1.6	2.4	8.0	6.6	1.6	2.4
50	9.4	6.2	1.1	1.3	9.4	6.2	1.1	1.3
55	12.0	8.7	1.4	1.7	12.0	8.7	10.0	12.0
60	12.6	11.1	2.6	2.9	12.6	11.1	3.0	3.2
65	12.6	11.1	3.1	3.0	12.6	11.1	3.1	3.0

Severance pay: Increases with years of service at retirement, adjusted in the following table. Adopted in the FY07 valuation. Not applicable to Tier II.

Years of Service at Retirement	Percent Retiring with Severance Pay	Severance Pay as a Percent of Final Salary
10–20	41%	13.81%
20–24	52	13.24
25–29	58	14.29
30 or more	75	15.35

The percentages in the preceding “percent retiring with severance pay” column were multiplied by 33.3 percent in FY10 and will be multiplied by 10 percent for retirements assumed to occur in FY11 and later because the percent of members retiring with severance is expected to decrease.

Optional service at retirement: The accrued liability for retirement benefits for active members who have not previously purchased optional service is increased to cover the employer cost of optional service purchased in the last two years of service. Sample purchases at retirement follow. Adopted in the FY07 valuation. No change for Tier II.

Years of Regular Service at Retirement	Maximum Service Purchased
10	0.388 years
20	1.131 years
25	1.245 years
30	0.886 years
34 or more	None

Unused and uncompensated sick leave: Varies by the amount of regular service at retirement. Adopted in the FY07 valuation. No change for Tier II.

Sample amount of sick leave at retirement:

Years of Service at Retirement	Sick Leave Service Credit
20	1.080 years
25	1.224 years
30	1.277 years
34	1.000 years
35 or more	none

Actuarial cost method: Projected unit credit. Gains and losses are reflected in the unfunded liability. Adopted in the FY89 valuation.

Asset valuation method: Five-year prospective asset smoothing was adopted in the FY09 valuation as required by Public Act 96-0043.

ANNUAL ACTUARIAL VALUATION

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date but not yet paid. The unfunded liability is the present value of future benefits payable that are not covered by the actuarial value of assets on the valuation date.

The funded ratio shows the percentage of the accrued liability covered by actuarial value of assets.

Actuarial Valuation
($ thousands)

	Years Ended June 30	
	2011	**2010**
Total actuarial accrued liability	**$81,299,745**	**$77,293,198**
Less actuarial value of assets*	37,769,753	37,439,092
Unfunded liability	**$43,529,992**	**$39,854,106**
Funded ratio*	46.5%	48.4%

** Five-year prospective smoothing began in FY09.*

ANALYSIS OF FINANCIAL EXPERIENCE: RECONCILIATION OF UNFUNDED LIABILITY

The net increase in the June 30, 2011, unfunded liability of $3.6 billion was caused by a combination of factors.

The employer cost in excess of contributions is the shortfall between actual employer contributions and the amount needed to cover the cost of benefits earned during the year and to keep the unfunded liability from growing. In 2011, this shortfall was $1.9 billion and in 2010 it was $1.6 billion.

TRS experienced actuarial gains under the salary increase assumption in both FY11 and FY10. Salary increases for continuing active members were $546 million lower than expected in 2011 and $210 million lower than expected in 2010. Under the investment return assumption, losses occurred both years. In FY11, smoothed assets were assumed to earn $3.1 billion, but earnings were actually $1.4 billion. The actuarial loss due to investments was $1.7 billion in FY11, compared to a loss of $2.9 billion in FY10.

In both years, actuarial losses occurred under the mortality assumptions because fewer people died than expected. Actuarial losses were also incurred under the turnover assumption because fewer people left service than assumed. Additionally, many members repaid refunds, and the repurchased service increased the unfunded liability. Delayed reporting of retirements also increased the unfunded liability because more people were receiving benefits than expected.

Other, which is a balancing item, reflects actuarial losses in both 2011 and 2010. “Other” includes the effect of either more or fewer retirements than expected, retirements that were reported late to the actuary, and several other factors.

Reconciliation of Unfunded Liability
($ thousands)

	Years Ended June 30	
	2011	**2010**
Unfunded liability at beginning of year	**$39,854,106**	**$35,001,154**
Additions		
Employer cost in excess of contributions	**1,913,647**	**1,572,252**
Actuarial losses (gains)		
Salary increases for continuing active members	(545,612)	(210,215)
Investment return	1,718,405	2,929,300
New entrant loss	21,230	26,484
Mortality other than expected	52,319	40,736
Fewer terminations than expected	50,761	42,044
Repayments of refunded member contributions[1]	30,392	27,030
Delayed reporting of retirements (effect on assets)[2]	11,222	10,974
Other	423,522	414,347
Net actuarial losses	**1,762,239**	**3,280,700**
Unfunded liability at end of year	**$43,529,992**	**$39,854,106**

1 *Includes the employer-paid portion of the benefit that was restored when members repaid previously refunded contributions.*

2 *460 retirements which occurred prior to 7/1/09 were not reported to the actuary until 6/30/10.*
509 retirements which occurred prior to 7/1/10 were not reported to the actuary until 6/30/11.

STATE FUNDING

Public Act 88-0593 was enacted in 1994 and first affected state contributions in FY96. The law established a 50-year funding plan that includes a 15-year phase-in period. Contributions were gradually increased to a percentage level of active member payroll during the phase-in period, with the exceptions noted below. By the end of the funding period in FY45, TRS will have a 90 percent funded ratio. A key feature of this act is the "continuing appropriation" language that requires state contributions to be made automatically to TRS, provided state funds are available.

Public Act 90-0582, the 2.2 legislation, was enacted in 1998 and first affected state contributions in FY99. The act established minimum state contribution rates so that the state's cost of the formula change would be paid as a level percent of pay instead of being phased in. Those minimum state contribution rates were in effect from FY99 through FY04.

Public Act 93-0002, the pension obligation bond (POB) legislation, was enacted in 2003 and first affected state contributions in FY05. The TRS share of the proceeds, $4.330 billion, was deposited on July 2, 2003.

The FY05 state contribution to TRS was reduced by the system's share of the POB debt service. The calculation was performed through a multi-step process that ensured that state contributions did not exceed certain maximums provided in the act.

Public Act 94-0004 specified the actual contributions to TRS for FY06 and FY07 that were not based on actuarial calculations. State contributions from FY08 through FY11 were based on the statutory schedule, subject to the maximums contained in the POB legislation. Bonds were sold in FY10 and FY11 to cover some of the state contributions due TRS, but the debt service on those bonds does not affect future state contributions. Actuarial smoothing of assets, required by Public Act 96-0043, first affected the FY11 state contribution.

State Funding Amounts

The FY11 actuarial valuation was used to determine the required FY13 state contributions and the FY13 employer's normal cost. The FY10 actuarial valuation was used to determine the required FY12 state contributions and the FY12 employer's normal cost. For FY12, two amounts were certified due to uncertainty over state appropriations during FY11. The appropriation shown for FY12 is based on receipt of the required FY11 appropriation.

State Funding Amounts

	FY13	FY12
Benefit Trust Reserve (excludes federal contributions; excludes school district contributions)	$2,702,278,000	$2,405,172,000
Minimum benefit reserve	1,200,000	1,300,000
Total state funding amount	**$2,703,478,000**	**$2,406,472,000**
Employer's normal cost as a percentage of active member payroll	8.23%	8.43%

TESTS OF FINANCIAL CONDITION

The **funded ratio** shows the percentage of the accrued liability covered by actuarial value of assets.

Funded Ratio Test
($ thousands)

As of June 30	Actuarial Value of Assets*	Actuarial Accrued Liability	Funded Ratio*
2002	$22,366,285	$43,047,674	52.0%
2003	23,124,823	46,933,432	49.3
2004	31,544,729	50,947,451	61.9
2005	34,085,218	56,075,029	60.8
2006	36,584,889	58,996,913	62.0
2007	41,909,318	65,648,395	63.8
2008	38,430,723	68,632,367	56.0
2009	38,026,044	73,027,198	52.1
2010	37,439,092	77,293,198	48.4
2011	**37,769,753**	**81,299,745**	**46.5**

** Market value through FY08. Five-year prospective smoothing began in FY09.*

The **unfunded liability as a percentage of payroll** is a standard measure of the relative size of the unfunded liability. Decreases in this percentage indicate improvements in a system's financial position.

Unfunded Liability as a Percentage of Payroll Test
($ thousands)

Year Ended June 30	Approximate Member Payroll	Unfunded Liability*	Percentage of Payroll
2002	$6,785,000	$20,681,389	304.8%
2003	7,059,000	23,808,609	337.3
2004	7,281,000	19,402,722	266.5
2005	7,550,510	21,989,811	291.2
2006	7,765,752	22,412,024	288.6
2007	8,149,849	23,739,077	291.3
2008	8,521,717	30,201,644	354.4
2009	8,945,021	35,001,154	391.3
2010	9,251,139	39,854,106	430.8
2011	**9,205,603**	**43,529,992**	**472.9**

* *Market value through FY08. Five-year prospective smoothing began in FY09.*

The **solvency test** measures TRS's ability to cover different types of obligations if the plan was terminated and is hypothetical. The columns are in the order that assets would be used to cover certain types of obligations. Employee contributions would be refunded first, amounts due for current beneficiaries would be covered next, and the employer's obligation for active members would be covered last. Columns 1 and 2 should be fully covered by assets. The portion of column 3 that is covered by assets should increase over time.

Solvency Test
($ thousands)

	Aggregate Accrued Liabilities for				Percentage of Benefits Covered by Net Assets		
Year Ended June 30	Members' Accumulated Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)	Actuarial Value of Assets*	(1)	(2)	(3)
2002	$4,688,042	$22,105,192	$16,254,440	$22,366,285	100%	80%	-
2003	5,622,026	25,188,870	16,122,536	23,124,823	100	69	-
2004	5,853,274	28,286,916	16,807,261	31,544,729	100	91	-
2005	5,925,696	32,861,473	17,287,860	34,085,218	100	86	-
2006	6,303,750	35,315,529	17,377,634	36,584,889	100	86	-
2007	6,500,318	39,785,368	19,362,709	41,909,318	100	89	-
2008	6,931,518	41,849,964	19,850,885	38,430,723	100	75	-
2009	7,320,600	44,495,917	21,210,681	38,026,044	100	69	-
2010	7,715,984	47,475,906	22,101,308	37,439,092	100	63	-
2011	**8,048,689**	**50,567,881**	**22,683,175**	**37,769,753**	**100**	**59**	**-**

* *Market value through FY08. Five-year prospective smoothing began in FY09.*

OTHER INFORMATION

Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended June 30	Number at Beginning of Year	Number Added to Rolls	Number Removed from Rolls	Number at End of Year	End-of-Year Annual Allowances		Average Annual Allowance	
					Amount	% Increase	Amount	% Increase
2002	64,877	5,391	2,319	67,949	$1,852,194,540	12.7%	$27,259	7.6%
2003*	67,949	9,404	3,922	73,431	2,181,186,831	17.8	29,704	9.0
2004	73,431	6,016	2,542	76,905	2,432,132,334	11.5	31,625	6.5
2005	76,905	7,897	2,227	82,575	2,806,341,054	15.4	33,985	7.5
2006	82,575	5,147	2,619	85,103	3,018,848,450	7.6	35,473	4.4
2007	85,103	6,473	2,340	89,236	3,344,714,652	10.8	37,482	5.7
2008	89,236	4,912	2,686	91,462	3,551,117,836	6.2	38,826	3.6
2009	91,462	5,520	2,558	94,424	3,815,292,869	7.4	40,406	4.1
2010	94,424	5,711	2,381	97,754	4,109,018,971	7.7	42,034	4.0
2011	**97,754**	**6,377**	**2,843**	**101,288**	**4,418,500,521**	**7.5**	**43,623**	**3.8**

**In the year ended June 30, 2003, statistical programs were revised and improved. This resulted in a much larger number reported as added to the rolls.*

	Amount Added to Rolls**		Amount Removed from Rolls
	Annual Benefit Increases	New Benefit Recipients	
2007	$81,629,966	$295,571,869	$51,335,633
2008	93,731,561	174,119,867	61,448,244
2009	108,144,294	219,175,023	63,144,284
2010	114,879,927	247,234,501	68,388,326
2011	**125,124,423**	**263,213,399**	**78,856,272**

***Amounts added to and removed from rolls are available beginning with the year ended June 30, 2007.*

Average Annual Salary for Active Members by Years of Service

Years of Service*		2011	2010	2009	2008
under 5	**Number**	**27,960**	**33,487**	**37,293**	**42,725**
	Average salary	$47,292	$46,324	$45,464	$44,916
5-9	**Number**	**34,626**	**34,529**	**33,494**	**31,959**
	Average salary	$57,416	$57,105	$55,945	$55,436
10-14	**Number**	**26,865**	**25,051**	**23,133**	**21,395**
	Average salary	$67,691	$66,788	$65,168	$64,705
15-19	**Number**	**17,935**	**17,790**	**17,417**	**14,753**
	Average salary	$77,268	$76,001	$73,770	$71,802
20-24	**Number**	**11,682**	**11,391**	**11,084**	**10,447**
	Average salary	$83,563	$82,184	$79,805	$78,080
25-29	**Number**	**7,834**	**7,786**	**7,790**	**8,654**
	Average salary	$88,416	$86,566	$84,282	$82,013
30-34	**Number**	**5,839**	**6,554**	**6,858**	**5,763**
	Average salary	$93,299	$91,077	$87,973	$85,738
35 +	**Number**	**1,179**	**1,251**	**1,265**	**790**
	Average salary	$98,678	$95,486	$90,698	$88,478
	Total number	**133,920**	**137,839**	**138,334**	**136,486**
	Average salary	$66,044	$64,385	$62,319	$60,254
	% Change average salary	**2.6%**	**3.3%**	**3.4%**	**3.7%**
	Total payroll full & part-time	**$8,844,612,480**	**$8,874,727,268**	**$8,620,836,546**	**$8,223,827,444**

Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted.

Total payroll shown will be lower than payroll figures used elsewhere in this report.

** From FY02-FY08, years of service increments were as follows: 0-5, 6-10, 11-15, 16-20, 21-25, 26-30, 31-35, and 35+. However, figures for those years are not restated because the differences would be minor.*

	2007	2006	2005	2004	2003	2002
	41,244	**40,930**	**39,728**	**36,951**	**38,074**	**41,120**
	$43,446	$42,404	$41,444	$37,633	$37,960	$36,242
	30,520	**28,847**	**26,557**	**26,027**	**25,020**	**24,258**
	$53,062	$51,314	$49,536	$45,568	$46,740	$45,300
	20,469	**20,222**	**20,295**	**18,307**	**17,334**	**16,812**
	$62,447	$60,476	$58,195	$52,771	$53,931	$52,761
	14,422	**14,086**	**13,429**	**13,358**	**12,860**	**12,215**
	$69,368	$67,343	$65,276	$59,820	$60,788	$59,011
	9,814	**9,619**	**9,431**	**10,868**	**11,152**	**12,575**
	$74,894	$72,531	$70,278	$64,881	$65,427	$63,599
	9,484	**10,349**	**10,667**	**12,488**	**12,429**	**13,256**
	$78,831	$76,616	$74,127	$69,276	$70,066	$68,501
	5,301	**6,134**	**5,900**	**9,186**	**7,107**	**7,484**
	$82,508	$83,165	$79,236	$75,643	$76,676	$76,413
	694	**785**	**744**	**1,162**	**804**	**843**
	$84,065	$84,524	$81,497	$77,805	$78,091	$78,831
	131,948	**130,972**	**126,751**	**128,347**	**124,780**	**128,563**
	$58,116	$56,916	$55,237	$52,181	$52,408	$50,895
	2.1%	**3.0%**	**5.9%**	**(0.4%)**	**3.0%**	**3.4%**
	$7,668,289,968	**$7,454,402,352**	**$7,001,344,987**	**$6,697,274,807**	**$6,539,470,240**	**$6,543,213,885**

Active Members by Age and Years of Service as of June 30, 2011

Age		Subs	Under 5	5-9	10-14	15-19
			Years of Service			
20-24	**Number**	**4,148**	**3,101**	**1**	**-**	**-**
	Average Salary	$4,109	$39,075	$41,223	-	-
25-29	**Number**	**5,606**	**12,851**	**6,599**	**-**	**-**
	Average Salary	$4,421	$45,075	$52,984	-	-
30-34	**Number**	**2,786**	**4,560**	**13,061**	**4,584**	**-**
	Average Salary	$4,157	$48,454	$57,296	$65,353	-
35-39	**Number**	**2,733**	**2,298**	**4,939**	**9,278**	**2,450**
	Average Salary	$4,066	$49,582	$59,318	$68,366	$76,570
40-44	**Number**	**4,155**	**2,048**	**3,395**	**4,426**	**6,490**
	Average Salary	$4,197	$57,084	$58,619	$69,042	$78,041
45-49	**Number**	**3,672**	**1,420**	**2,618**	**2,683**	**2,789**
	Average Salary	$4,351	$49,415	$58,713	$67,197	$78,778
50-54	**Number**	**3,118**	**849**	**2,129**	**2,633**	**2,346**
	Average Salary	$4,391	$52,211	$58,531	$66,908	$75,233
55-59	**Number**	**2,798**	**533**	**1,260**	**2,185**	**2,503**
	Average Salary	$4,693	$62,937	$60,963	$67,553	$76,108
60-64	**Number**	**1,930**	**256**	**539**	**930**	**1,174**
	Average Salary	$4,359	$74,306	$67,920	$69,022	$77,137
65-69	**Number**	**768**	**37**	**78**	**129**	**171**
	Average Salary	$3,804	$72,695	$76,803	$75,044	$77,296
70-74	**Number**	**227**	**5**	**6**	**10**	**10**
	Average Salary	$3,889	$46,064	$47,828	$67,386	$106,608
Over 74	**Number**	**152**	**2**	**1**	**7**	**2**
	Average Salary	$3,088	$29,987	$29,592	$64,963	$86,558
	Total Number	**32,093**	**27,960**	**34,626**	**26,865**	**17,935**
	Average Salary	**$4,283**	**$47,292**	**$57,416**	**$67,691**	**$77,268**

Years of Service							
20-24	**25-29**	**30-34**	**35-39**	**40-44**	**45-49**	**50+**	**Full and Part-time Member Totals**
-	**-**	**-**	**-**	**-**	**-**	**-**	**3,102**
-	-	-	-	-	-	-	$39,076
-	**-**	**-**	**-**	**-**	**-**	**-**	**19,450**
-	-	-	-	-	-	-	$47,758
-	**-**	**-**	**-**	**-**	**-**	**-**	**22,205**
-	-	-	-	-	-	-	$57,144
-	**-**	**-**	**-**	**-**	**-**	**-**	**18,965**
-	-	-	-	-	-	-	$64,793
1,830	**-**	**-**	**-**	**-**	**-**	**-**	**18,189**
$83,065	-						$70,372
3,901	**1,500**	**-**	**-**	**-**	**-**	**-**	**14,911**
$85,146	$87,481	-	-	-	-	-	$72,916
2,324	**3,311**	**2,017**	**-**	**-**	**-**	**-**	**15,609**
$82,261	$88,334	$91,165	-	-	-	-	$76,182
2,332	**2,037**	**3,170**	**545**	**-**	**-**	**-**	**14,565**
$82,196	$88,550	$94,614	$98,291	-	-	-	$80,605
1,133	**885**	**577**	**402**	**110**	**-**	**-**	**6,006**
$84,259	$89,881	$94,002	$98,718	$99,428	-	-	$81,627
150	**88**	**65**	**31**	**52**	**11**	**-**	**812**
$84,759	$89,947	$90,281	$96,211	$95,674	$96,348	-	$82,627
12	**9**	**9**	**4**	**6**	**6**	**3**	**80**
$82,551	$91,842	$89,442	$83,634	$126,326	$109,056	$181,755	$89,644
-	**4**	**1**	**1**	**1**	**4**	**3**	**26**
-	$73,048	$55,519	$90,908	$93,269	$96,592	$90,270	$73,327
11,682	**7,834**	**5,839**	**983**	**169**	**21**	**6**	**133,920**
$83,563	**$88,416**	**$93,299**	**$98,333**	**$99,192**	**$100,025**	**$136,013**	**$66,044**

	Average Age	Average Years of Service	Number
Full and part-time members	42	12	133,920
Substitutes	41	3	32,093
All	**42**	**10**	**166,013**

PLAN SUMMARY

Administration

TRS was created and is governed by Article 16 of the Illinois Pension Code, contained in the Illinois Compiled Statutes (ILCS). A 13-member Board of Trustees is authorized to carry out duties granted to it under the article.

Membership

Membership is mandatory for all full-time, part-time, and substitute public school personnel employed outside the city of Chicago in positions requiring certification. Persons employed at certain state agencies are also members.

Contributions

During FY11, members contributed 9.4 percent of gross creditable earnings designated as 7.5 percent for retirement annuity, 0.5 percent for post-retirement increases, 0.4 percent for the Early Retirement Option, and 1 percent for death benefits. Active members do not contribute to Social Security for TRS-covered employment; however, members hired after March 31, 1986, are required to contribute to Medicare. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security Fund, a separate fund in the State Treasury that is not a part of this retirement plan. For FY11, the member contribution was 0.88 percent of pay.

Service Credit

A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the authority of the United States government, substitute or part-time teaching prior to July 1, 1990, leaves of absence, involuntary layoffs, military service, and gaps in teaching due to pregnancy or adoption prior to July 1, 1983. Up to two years of unused, uncompensated sick leave that has been certified by former employers may also be added as service credit at retirement.

Refunds

After a four-month waiting period from the date last taught, a member ceasing TRS-covered employment may withdraw all contributions, except the 1 percent death benefit. When accepting a refund, the member forfeits all service credit and benefit rights. Credit can be re-established if the member returns to a TRS-covered position for one year or to a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.

Retirement Benefits

The following vesting schedule applies to all members hired before January 1, 2011.

Years of Service	Age
5	62
10	60
20	55 (discounted)
35	55 (nondiscounted)

To be eligible to receive a monthly retirement annuity, a member must terminate active service and meet specific age and service requirements. If a member retires at an age less than 60 with fewer than 35 years of service and does not elect the Early Retirement Option (discussed under "Early Retirement"), the benefit will be reduced by 6 percent for each year the member is under age 60.

A member with fewer than five years of creditable service who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65.

Most members retire under a retirement benefit formula. This retirement annuity is determined by two factors: average salary and years of creditable service. Average salary is the average of the creditable earnings in the highest four consecutive years within the last 10 years of creditable service. Years of service determine the percentage of the final average salary to which members are entitled. Members with contributing service before July 1, 2005, can retire under a money purchase style "actuarial" benefit instead of a retirement benefit formula. By law, the higher of the formula benefit or the actuarial benefit is paid. The maximum formula benefit is 75 percent of the final average salary; there is no maximum for the actuarial benefit.

Public Act 90-0582 improved retirement benefits for TRS members by changing the rate at which TRS benefits accrue beginning July 1, 1998, from a graduated rate to a flat rate equal to 2.2 percent of final average salary. Members who retire on or after the effective date have the option of upgrading their service earned prior to July 1, 1998, to the flat-rate 2.2 percent formula by making a payment to TRS. Additionally, for members who continue to teach, every three full years worked after July 1, 1998, count toward a full one-year reduction of the years to be upgraded.

Public Act 91-0017 reduced the 2.2 formula upgrade cost on a sliding scale for members who have more than 34 years of service credit. The legislation also made a technical correction in the benefit accrual rate for members who do not upgrade their pre-July 1998 service.

Years of service earned before July 1, 1998, were earned under a four-step graduated formula:

- 1.67 percent for each of years one through 10,
- 1.9 percent for each of years 11 through 20,
- 2.1 percent for each of years 21 through 30, and
- 2.3 percent for each year over 30.

The maximum annuity, 75 percent of final average salary, is achieved with 34 years under the 2.2 formula and with 38 years of service under the graduated formula. The minimum retirement benefit is $25 per month for each year of creditable service up to 30 years of service.

Early Retirement

Members who are age 55 but under age 60 who have at least 20 but fewer than 35 years of service can elect the Early Retirement Option (ERO) to avoid a discounted annuity. Both the member and employer make one-time contributions at retirement. Under the terms of the ERO program described in Public Act 94-0004, the member pays 11.5 percent for each year that his or her age is under 60 or years of service is under 35, whichever is less. The employer pays 23.5 percent for each year the member is under age 60.

An actuarial study will be conducted in 2012 to review the adequacy of ERO contributions. Continuation of the ERO program beyond June 30, 2013 will depend on the results of that study and legislative action.

Post-Retirement Increase

Annuitants who meet certain service credit criteria receive an annual 3 percent increase in their gross annuities on the January 1 after they turn age 61 or the January 1 following the first anniversary in retirement, whichever is later.

Disability Benefits

TRS offers occupational and nonoccupational disability benefits to active members. Nonoccupational disability benefits are payable as disability benefits or as a disability retirement annuity to members who have a minimum of three years of creditable service. There is no minimum service requirement for occupational disability benefits for duty-related accidents or illnesses. Members continue to accrue service credit while they are receiving disability benefits but not while they are receiving disability retirement annuities. On January 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased 7 percent. Thereafter, the benefit increases by 3 percent each January 1.

Public Act 94-0539 allows individuals who have received TRS disability benefits for one year or more to return to teaching if their medical conditions improve, allowing part-time work. It allows members on a limited basis to tutor, substitute, or teach part-time for a TRS-covered employer without loss of disability benefits as long as the combined earnings from teaching and disability benefits do not exceed 100 percent of the salary rate upon which the disability benefit was based.

Death Benefits

There are two types of death benefits: a return of the member's accumulated contributions and survivor benefits.

The return of member contributions includes the retirement contributions (6.5 percent of salary through June 30, 1998 and 7.5 percent after that date), with interest, as well as 0.5 percent paid toward annual increases in annuity, and 0.4 percent paid for the Early Retirement Option. Beneficiaries of an annuitant receive the accumulated contributions minus the amount that the member had already received as a retirement annuity.

Survivor benefits can be paid in either a lump-sum or a monthly payment. A lump-sum benefit is the only method payable to nondependent beneficiaries. A dependent beneficiary may choose either a lump-sum benefit or a monthly payment. Survivor benefit recipients who are beneficiaries of a retired member are eligible for an annual 3 percent increase effective January 1 following the granting of the survivor benefit. Survivor benefit recipients who are beneficiaries of an active or eligible inactive member are eligible for an annual 3 percent increase on January 1 following the first anniversary of their receiving the survivor benefit.

Employment-Related Felony Conviction

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits; however, the member may receive a refund of contributions.

Continuity of Credit within Illinois

TRS is one of 13 public retirement systems that are included in the provisions of the Illinois Retirement Systems' Reciprocal Act. This act ensures continuous pension credit for public employment in Illinois.

Conflicts

Conditions involving a claim for benefits may require further clarification. If conflicts arise between material in this summary and that of the law, the law takes precedence.