

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS

MEETING NO. 239

MINUTES OF THE REGULAR MEETING OF THE

BOARD OF TRUSTEES

NOVEMBER 17, 2010

A regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Wednesday, November 17, 2010, and convened at 9 a.m. in the Senate Conference Room 627A of the State House, Springfield, Illinois.

Roll call was taken with the following trustees present:

Senator James Clayborne, Jr., Chairman
Representative Mark Beaubien, Jr., Vice-Chairman
Senator Don Harmon
Representative Dan Reitz
Representative Philip Collins, Retired

Absent was:

Senator Bill Brady
Representative Kevin A. McCarthy

Others in attendance were:

Timothy B. Blair, Acting Executive Secretary
Jayne L. Waldeck, Acting Division Manager
Sandor Goldstein, Consulting Actuary
Scott Richards, Illinois State Board of Investment

With a quorum present, the meeting was called to order by Chairman Clayborne.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

Scott Richards, of the Illinois State Board of Investment, addressed the Board. He referred the Board's attention to the Flash Report dated October 31, 2010. The total portfolio's market value was \$10,332,776,651. He reviewed the Fiscal Year to Date percentages compared to the Benchmark for each of the asset classes. He indicated three funds that were on the "watch list" as Globeflex, Amalgamated CLF and ULLICO. He further reviewed the entire performance as of October 31, 2010. After addressing questions raised by the Board members, Trustee Harmon moved to accept the report of the Illinois State Board of Investment. The motion was seconded by Trustee Beaubien and all were in favor. A copy of this report is maintained in the office of the Illinois State Board of Investment. Mr. Richards was excused from the meeting.

MINUTES OF PREVIOUS MEETING

Chairman Clayborne presented the minutes of Meeting No. 238 held on April 21, 2010, for approval. Copies of the minutes were previously submitted to the trustees for preliminary review.

With no further discussion, Trustee Reitz moved to approve the minutes as submitted. Trustee Harmon seconded the motion which prevailed by the affirmative vote of all trustees present.

ACTUARIAL VALUATION AS OF JUNE 30, 2010

Sandor Goldstein, Consulting Actuary, addressed the Board and reviewed the June 30, 2010 actuarial report which had previously been mailed to all trustees. The purpose of the valuation is to determine the financial position and funding requirements of the General Assembly Retirement System. Mr. Goldstein reviewed the major changes in benefits impacted by Senate Bill 1946 (Tier 2) legislation and pointed out to the Board that he had used an interest rate assumption of 8% per year in preparing the valuation. He emphasized to the Board members that many of the state funded systems are going to a somewhat lower interest rate assumption.

In his report, Mr. Goldstein pointed out that assets at June 30, 2010 totaled \$66,212,244 while unfunded actuarial liability totaled \$185,552,590, providing a funded ratio of only 26.3%. He further explained the employer contribution requirement for FY 12 is \$10,502,000 based on this valuation. Regarding funding and the required FY 12 contribution, lower Tier 2 benefits for new GARS members and the five-year smoothing of investment returns have reduced the required contributions to GARS.

Several questions were entertained by Mr. Goldstein. Trustee Harmon asked for actuarial projections based on investment return assumptions of 7% and 7.5%. Trustee Reitz moved and Trustee Beaubien seconded the motion to accept the Actuarial Valuation as of June 30, 2010. All were in favor.

REPORT OF CHAIRMAN

Chairman Clayborne had nothing to report.

REPORT OF THE EXECUTIVE SECRETARY

Future Meeting Dates. 2011 GARS Meeting dates were set for April 20, 2011 and for the first Wednesday of the Fall Veto Session. Trustee Harmon moved and Trustee Reitz seconded the motion to approve this meeting schedule. All were in favor.

Financial Statements and Report of Administrative Expenses. The financial statements for the period ending June 30, 2010 and September 30, 2010 were submitted by Acting Secretary Blair. He emphasized the Statement of Cash Receipts, Disbursements and Balances indicates that \$11.2 million was transferred from the Illinois State Board of Investment and \$10.4 million came from the sale of the bonds; resulting in a net of only \$900,000 in FY 12. Assuming no employer contribution for this year, Acting Secretary Blair informed the trustees it would be necessary to draw down \$16.5 million to pay benefits. In terms of plan solvency, GARS has assets available to pay benefits for only the next 3 ½ years without the statutorily required employer funding.

Following discussion, Trustee Reitz moved and Trustee Harmon seconded the motion to adopt the Financial Statements for the periods ending June 30, 2010 and September 30, 2010. This report is attached as Exhibit A.

Allocation of Shared Expenses. Acting Secretary Blair reviewed the "Allocation of Shared Services" survey for the twelve month reporting period from May 1, 2009 through April 30, 2010. The results of the survey show that JRS/GARS performed a net \$367 more in services for SERS on a monthly

basis. Following review of the survey, on motion by Trustee Collins, seconded by Trustee Beaubien to adopt the report as presented. All were in favor.

Final 2011 Budget. Acting Secretary Blair explained to the trustees that staff is requesting decrease of \$680 to the FY 11 Budget approved in April. The cause of this decrease was due to reduction in the Group Insurance line item, with the Contractual Services line and Printing line slightly increased. Following review of the breakdown, Trustee Harmon moved to adopt the FY 11 Budget as presented. Trustee Beaubien seconded the motion and all were in favor.

Personnel Matters. Chairman Clayborne requested the Board members approve to remove the "Acting" title from Secretary Blair's title as well as from the titles of the Division Manager, Jayne Waldeck and the Assistant Division Manager, Lori Demuzio. Trustee Collins moved to remove "Acting" from each of the titles. Trustee Beaubien seconded the motion and all were in favor.

REPORT OF MANAGER

Annuities and Refunds for Approval. Acting Division Manager Jayne Waldeck directed the trustees' attention to the reports reflecting six retirement annuities totaling \$32,705.47. Also reviewed were four survivor annuities paid since the last board meeting totaling \$18,887.28 per month. In addition, one survivor contribution refund totaling \$8,661.23 was paid. There being no questions regarding the payments, Trustee Collins moved for approval of the payment of annuities and refunds. Trustee Beaubien seconded the motion and all were in favor. These reports are attached as Exhibit B.

UNFINISHED BUSINESS

There was no unfinished business to be discussed.

NEW BUSINESS

There was no new business to report.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Beaubien moved to adjourn at 10 a.m. The motion was seconded by Trustee Reitz and passed with an affirmative vote of those trustees present. The next regularly scheduled meeting will be held April 20, 2011.

Secretary

Date: _____

APPROVED:

Chairman

GENERAL ASSEMBLY RETIREMENT SYSTEM

STATE OF ILLINOIS

**FINANCIAL STATEMENTS
AND
REPORT OF ADMINISTRATIVE EXPENSES**

JULY 1, 2010 THROUGH DECEMBER 31, 2010

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
FINANCIAL STATEMENTS
AND
REPORT OF ADMINISTRATIVE EXPENSES
JULY 1, 2010 THROUGH DECEMBER 31, 2010

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SCHEDULE 1

GENERAL ASSEMBLY RETIREMENT SYSTEM

STATE OF ILLINOIS

PENSION TRUST FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES

JULY 1, 2010 THRU DECEMBER 31, 2010

	October 1, 2010 Thru <u>December 31, 2010</u>	July 1, 2010 Thru <u>December 31, 2010</u>
<u>CASH BALANCE - at Beginning of Period</u>	\$ 3,152,607.60	\$ 3,044,543.50
<u>RECEIPTS</u>		
Contributions by Participants	521,785.22	926,051.44
Contributions by Employer:		
General Revenue Fund	-	-
Paid by Participants	139,115.28	139,115.28
Sale of Investments	3,900,000.00	7,800,000.00
Repayment of Refunds	-	39,437.82
Interest on Average Balance with Treasurer	5,931.00	10,961.00
Claim Receivables	3,650.27	9,409.28
After Tax Installment Payments	113,288.56	228,288.56
Tax Deferred Installment Payments	112,829.59	122,617.95
Miscellaneous	-	10,000.00
Total Receipts	<u>4,796,599.92</u>	<u>9,285,881.33</u>
<u>DISBURSEMENTS</u>		
<u>Annuities</u>	<u>Number</u>	
Retirement Annuity	278	5,253,225.21
QLDRO Retirement Annuity	2	24,426.30
Survivors' Annuity	117	1,171,703.06
Reversionary Annuity	1	3,000.00
Automatic Annuity Increase		2,153,207.75
QLDRO Automatic Annuity Increase		1,536.72
Survivors Ad Hoc Annuity Increase		432.00
Total Annuities		<u>8,607,531.04</u>
<u>Refunds</u>	<u>Number</u>	
Survivors Annuity Contributions	1	8,661.23
Overpayment of Claims Receivable	6	7,242.89
Total Refunds		<u>15,904.12</u>
<u>Administrative Expenses</u>		
FY 2011 (see schedule 4)		63,454.45
FY 2010 Lapse Period		71,872.55
Total Administrative Expenses		<u>135,327.00</u>
Total Disbursements		<u>8,758,762.16</u>
<u>CASH BALANCE - at End of Period</u>	<u>\$ 3,571,662.67</u>	<u>\$ 3,571,662.67</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
EXCESS BENEFIT FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
JULY 1, 2010 THRU DECEMBER 31, 2010

	October 1, 2010 Thru <u>December 31, 2010</u>	July 1, 2010 Thru <u>December 31, 2010</u>
<u>CASH BALANCE - at Beginning of Period</u>	\$ 5,537.99	\$ 10,960.12
<u>RECEIPTS</u>		
Contributions by Employer:		
General Revenue Fund	-	-
Other Sources	11,000.00	11,000.00
Interest on Average Balance with Treasurer	10.00	26.00
Total Receipts	<u>11,010.00</u>	<u>11,026.00</u>
<u>DISBURSEMENTS</u>		
<u>Annuities</u>	<u>Number</u>	
Excess Retirement Benefits	3	10,876.26
Total Annuities		<u>10,876.26</u>
Total Disbursements		<u>10,876.26</u>
<u>CASH BALANCE - at End of Period</u>	<u>\$ 11,109.86</u>	<u>\$ 11,109.86</u>

SCHEDULE 3

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
STATEMENT OF INVESTMENT ACCOUNT
WITH ILLINOIS STATE BOARD OF INVESTMENT
DECEMBER 31, 2010

Investments at December 31, 2010 - per Report of Illinois State Board of Investment, at market	<u>\$ 51,094,044.00</u>
Funds transferred to Illinois State Board of Investment:	
July 1, 2010 thru September 30, 2010	-
October 1, 2010 thru December 31, 2010	-
Total	<u>\$ -</u>
Funds transferred (from) Illinois State Board of Investment:	
July 1, 2010 thru September 30, 2010	\$ (3,900,000.00)
October 1, 2010 thru December 31, 2010	<u>(3,900,000.00)</u>
Total	<u>\$ (7,800,000.00)</u>
 Total projected fund transfers to/(from) the Illinois State Board of Investment during fiscal year 2011	 <u>\$ (4,562,655.74)</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
STATEMENT OF BUDGET, EXPENSES AND BALANCES
JULY 1, 2010 THRU DECEMBER 31, 2010

	Budget	Expenses 10/1/10 Thru 12/31/10	Year to Date	Balances	Projected Expenditures Thru End of Fiscal Year	Projected Budget Variances
Personal Services	\$ 140,040.00	\$ 35,105.90	\$ 68,265.20	\$ 71,774.80	\$ 66,074.80	\$ 5,700.00
Employer Pickup of Employee Retirement Contributions	1,080.00	847.98	1,648.12	(568.12)	1,921.88	(2,490.00)
Contribution to Retirement System	42,390.00	10,624.61	20,661.23	21,728.77	20,018.77	1,710.00
State Contribution to Social Security	11,310.00	2,618.84	5,091.25	6,218.75	4,958.75	1,260.00
Group Insurance	25,770.00	5,781.97	12,212.47	13,557.53	12,957.53	600.00
Contractual Services	100,250.00	9,505.47	13,968.24	86,281.76	75,711.76	10,570.00
Travel	720.00	352.99	392.11	327.89	327.89	-
Commodities	330.00	138.06	155.59	174.41	174.41	-
Printing	2,410.00	-	-	2,410.00	2,310.00	100.00
Equipment	300.00	240.40	240.40	59.60	159.60	(100.00)
Electronic Data Processing	2,820.00	118.46	152.65	2,667.35	2,487.35	180.00
Telecommunications	1,170.00	366.26	456.92	713.08	713.08	-
Automotive	840.00	155.04	243.64	596.36	596.36	-
Total General Assembly Retirement System	\$ 329,430.00	65,855.98	123,487.82	\$ 205,942.18	\$ 188,412.18	\$ 17,530.00
Previous quarter expenses allocated from Judges' Retirement System, reimbursed during current quarter		57,274.60				
Expenses allocated from Judges' Retirement System, not yet reimbursed		(60,033.37)	(60,033.37)			
Total Disbursements from General Assembly Retirement System Fund	\$ 63,097.21		\$ 63,454.45			

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
PENSION TRUST FUND
RECONCILIATION OF TREASURER'S REPORT
DECEMBER 31, 2010

	<u>Regular Account</u>	<u>Clearing Account</u>
Balance per Treasurer's Report, December 31, 2010	\$ 3,571,689.02	\$ -
Add Deposits in Transit:		
None	-	
Less Vouchers Outstanding:		
Electronic Data Processing:		
Voucher #10045	26.35	
Balance per System's Books, December 31, 2010	<u>\$ 3,571,662.67</u>	<u>\$ -</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
EXCESS BENEFIT FUND
RECONCILIATION OF TREASURER'S REPORT
DECEMBER 31, 2010

	<u>Regular Account</u>	<u>Clearing Account</u>
Balance per Treasurer's Report, December 31, 2010	\$ 11,109.86	\$ -
Add Deposits in Transit:		
None	-	
Less Vouchers Outstanding:		
None	-	
Balance per System's Books, December 31, 2010	<u>\$ 11,109.86</u>	<u>\$ -</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM

STATE OF ILLINOIS

**FINANCIAL STATEMENTS
AND
REPORT OF ADMINISTRATIVE EXPENSES**

JULY 1, 2010 THROUGH MARCH 31, 2011

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
FINANCIAL STATEMENTS
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SCHEDULE 1

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
PENSION TRUST FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
JULY 1, 2010 THRU MARCH 31, 2011

	January 1, 2011 Thru March 31, 2011	July 1, 2010 Thru March 31, 2011
<u>CASH BALANCE - at Beginning of Period</u>	\$ 3,571,662.67	\$ 3,044,543.50
<u>RECEIPTS</u>		
Contributions by Participants	430,623.91	1,356,675.35
Contributions by Employer:		
General Revenue Fund	1,982,666.00	1,982,666.00
Pension Contribution Fund	9,037,344.26	9,037,344.26
Paid by Participants	-	139,115.28
Sale of Investments	3,100,000.00	10,900,000.00
Repayment of Refunds	-	39,437.82
Interest on Average Balance with Treasurer	1,025.00	11,986.00
Claim Receivables	5,125.47	14,534.75
After Tax Installment Payments	343.64	228,632.20
Tax Deferred Installment Payments	97,292.94	219,910.89
Miscellaneous	-	10,000.00
Total Receipts	<u>14,654,421.22</u>	<u>23,940,302.55</u>
<u>DISBURSEMENTS</u>		
<u>Annuities</u>	<u>Number</u>	
Retirement Annuity	286	2,732,664.41
QILDRO Retirement Annuity	2	12,213.15
Survivors' Annuity	120	600,885.25
Reversionary Annuity	1	1,500.00
Automatic Annuity Increase		1,143,930.54
QILDRO Automatic Annuity Increase		910.47
Survivors Ad Hoc Annuity Increase		216.00
Total Annuities		<u>4,492,319.82</u>
<u>Refunds</u>	<u>Number</u>	
Survivors Annuity Contributions	1	-
Error	3	7,111.86
Overpayment of Claims Receivable	9	3,573.96
Total Refunds		<u>10,685.82</u>
<u>Investments</u>		
Transfer to Illinois State Board of Investment		<u>9,037,344.26</u>
<u>Administrative Expenses</u>		
FY 2011 (see schedule 4)		70,274.75
FY 2010 Lapse Period		-
Total Administrative Expenses		<u>70,274.75</u>
Total Disbursements		<u>13,610,624.65</u>
<u>CASH BALANCE - at End of Period</u>	\$ 4,615,459.24	\$ 4,615,459.24

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
EXCESS BENEFIT FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
JULY 1, 2010 THRU MARCH 31, 2011

	January 1, 2011 Thru March 31, 2011	July 1, 2010 Thru March 31, 2011
<u>CASH BALANCE - at Beginning of Period</u>	\$ 11,109.86	\$ 10,960.12
<u>RECEIPTS</u>		
Contributions by Employer:		
General Revenue Fund	27,000.00	27,000.00
Other Sources	-	11,000.00
Interest on Average Balance with Treasurer	12.00	38.00
Total Receipts	27,012.00	38,038.00
<u>DISBURSEMENTS</u>		
<u>Annuities</u>	<u>Number</u>	
Excess Retirement Benefits	3	
Total Annuities		20,256.12
		9,379.86
Total Disbursements		20,256.12
		9,379.86
<u>CASH BALANCE - at End of Period</u>	\$ 28,742.00	\$ 28,742.00

SCHEDULE 3

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
STATEMENT OF INVESTMENT ACCOUNT
WITH ILLINOIS STATE BOARD OF INVESTMENT
MARCH 31, 2011

Investments at December 31, 2010 - per Report of Illinois State Board of Investment, at market	<u>\$ 51,094,044.00</u>
Funds transferred to Illinois State Board of Investment:	
July 1, 2010 thru September 30, 2010	-
October 1, 2010 thru December 31, 2010	-
January 1, 2011 thru March 31, 2011	<u>9,037,344.26</u>
Total	<u>\$ 9,037,344.26</u>
Funds transferred (from) Illinois State Board of Investment:	
July 1, 2010 thru September 30, 2010	\$ (3,900,000.00)
October 1, 2010 thru December 31, 2010	(3,900,000.00)
January 1, 2011 thru March 31, 2011	<u>(3,100,000.00)</u>
Total	<u>\$ (10,900,000.00)</u>
Total projected net fund transfers to/(from) the Illinois State Board of Investment during fiscal year 2011	<u>\$ (4,562,655.74)</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
STATEMENT OF BUDGET, EXPENSES AND BALANCES
JULY 1, 2010 THRU MARCH 31, 2011

	Budget	Expenses 1/1/11 Thru 3/31/11	Year to Date	Balances	Projected Expenditures Thru End of Fiscal Year	Projected Budget Variances
Personal Services	\$ 140,040.00	\$ 28,763.73	\$ 97,028.93	\$ 43,011.07	\$ 37,311.07	\$ 5,700.00
Employer Pickup of Employee Retirement Contributions	1,080.00	847.98	2,496.10	(1,416.10)	1,073.90	(2,490.00)
Contribution to Retirement System	42,390.00	8,273.33	28,934.56	13,455.44	11,745.44	1,710.00
State Contribution to Social Security	11,310.00	2,142.28	7,233.53	4,076.47	2,816.47	1,260.00
Group Insurance	25,770.00	5,457.71	17,670.18	8,099.82	7,499.82	600.00
Contractual Services	100,250.00	18,386.49	32,354.73	67,895.27	57,325.27	10,570.00
Travel	720.00	-	392.11	327.89	327.89	-
Commodities	330.00	138.28	293.87	36.13	36.13	-
Printing	2,410.00	-	-	2,410.00	2,310.00	100.00
Equipment	300.00	30.20	270.60	29.40	129.40	(100.00)
Electronic Data Processing	2,820.00	56.38	209.03	2,610.97	2,430.97	180.00
Telecommunications	1,170.00	187.29	644.21	525.79	525.79	-
Automotive	840.00	121.66	365.30	474.70	474.70	-
Total General Assembly Retirement System	\$ 329,430.00	64,405.33	187,893.15	\$ 141,536.85	\$ 124,006.85	\$ 17,530.00
Previous quarter expenses allocated from Judges' Retirement System, reimbursed during current quarter		60,033.37				
Expenses allocated from Judges' Retirement System, not yet reimbursed		(54,163.95)	(54,163.95)			
Total Disbursements from General Assembly Retirement System Fund		\$ 70,274.75	\$ 133,729.20			

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
PENSION TRUST FUND
RECONCILIATION OF TREASURER'S REPORT
MARCH 31, 2011

	<u>Regular Account</u>	<u>Clearing Account</u>
Balance per Treasurer's Report, March 31, 2011	\$ 4,613,315.35	\$ -
Add Deposits in Transit:		
Deposit #L11-082	2,143.89	
Less Vouchers Outstanding:		
None	-	
Balance per System's Books, March 31, 2011	<u>\$ 4,615,459.24</u>	<u>\$ -</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM
STATE OF ILLINOIS
EXCESS BENEFIT FUND
RECONCILIATION OF TREASURER'S REPORT
MARCH 31, 2011

	<u>Regular Account</u>	<u>Clearing Account</u>
Balance per Treasurer's Report, March 31, 2011	\$ 28,742.00	\$ -
Add Deposits in Transit:		
None	-	
Less Vouchers Outstanding:		
None	-	
Balance per System's Books, March 31, 2011	<u>\$ 28,742.00</u>	<u>\$ -</u>

October 6, 2010

Mr. Tim Blair
Acting Executive Director
Judges' Retirement System
2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794

Re: Investment Return Assumption For Judges' Retirement System

Dear Tim,

An investment return assumption of 8.0% per year has been used in recent actuarial valuations of the Judges' Retirement System. As requested, we have reviewed some of the factors involved in the selection of the investment return assumption.

What is the System's Long-Term Expected Rate of Return?

The ISBI's current target asset allocation policy is as follows:

<u>Asset Class</u>	<u>Allocation Percentage</u>
Fixed Income	20.0%
Domestic Equity	30.0%
International Equity	20.0%
Hedge Funds	10.0%
Real Estate	10.0%
Private Equity	5.0%
Infrastructure	5.0%

Based on information provided by some large investment consulting firms regarding capital market expectations as of July 1, 2010, we have adopted the following expected return and risk assumptions for the above asset classes:

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

Mr. Tim Blair
 October 6, 2010
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<u>Asset Class</u>	<u>Geometric Annual Return</u>	<u>Arithmetic Expected Return</u>	<u>Standard Deviation Of Return</u>
Fixed Income	4.4%	4.6%	6.0%
Domestic Equity	8.0%	9.9%	20.8%
International Equity	8.1%	10.1%	21.5%
Hedge Funds	6.9%	7.6%	12.2%
Real Estate	7.2%	8.3%	15.5%
Private Equity	9.6%	13.0%	28.4%
Infrastructure	8.0%	10.3%	22.9%

On the basis of the fund's target asset allocation policy and the above expected returns for each asset class, we estimate the system's long-term expected rate of return to be 7.38% per year. We estimate the standard deviation of the fund's expected rate of return to be 17.1%.

What Actuarial Standards Apply to the Selection of the Interest Rate Assumption?

The Actuarial Standards Board, established by the actuarial profession, is the organization that sets standards that are intended to apply to the practice of actuaries. Actuarial Standards of Practice No. 27 deals with the selection of economic assumptions for measuring the pension obligation.

This standard provides that the actuary should develop a best-estimate range for the investment return assumption. The best-estimate range is defined as the narrowest range within which the investment return rate has at least a 50% probability of falling. The actuary should then select a specific investment return within this range.

Based on the above expected returns and expected standard deviation of returns for the fund's asset classes, we estimate that there is a 50% probability that the fund's long-term expected return will be between 5.29% and 9.47%. Therefore, an investment return assumption within this range would be in line with Actuarial Standards of Practice No. 27.

What Interest Rate Assumption Are Used by Other Public Pension Funds?

According to the 2008 Public Fund Survey of 101 large public pension funds carried out by the National Association of State Retirement Administrators, the median interest rate assumption was 8.0%. Of the 101 pension funds surveyed, 49 used an interest rate assumption of 8.0%, 14 used

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

Mr. Tim Blair
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7.75%, 14 used 7.5%, 5 used 7.25%, 1 used 7.0%, 13 used 8.25%, and 17 used 8.5%.

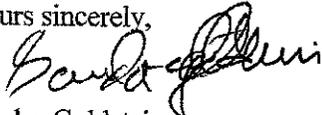
Among Illinois public pension funds, the most commonly used interest rate assumption is also 8.0%. The three large state retirement systems use 8.5%. The Metropolitan Water Reclamation District Retirement Fund uses 7.75%. The Cook County Employees Pension Fund uses 7.5%.

Summary and Conclusion

It has been indicated that consideration is being given to reducing the interest rate assumption from 8.0% to 7.0%. It can be seen from the above that a 7.0% interest rate assumption would be somewhat lower than the long term expected rate of return of 7.38%. But a 7.0% interest rate assumption would be within the range that is considered to be acceptable under standards set by the actuarial profession.

If you or any of the Board members have any questions regarding the above, please let me know.

Yours sincerely,


Sandor Goldstein
Consulting Actuary

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

29 SOUTH LaSALLE STREET SUITE 735
CHICAGO, ILLINOIS 60603
PHONE (312) 726-5877 FAX (312) 726-4323

December 17, 2010

Board of Trustees
General Assembly Retirement System of Illinois
2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794-9255

Re: **Actuarial Valuation as of June 30, 2010**

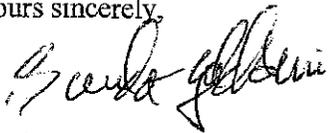
Dear Board Members:

We have prepared an actuarial report based on our actuarial valuation as of June 30, 2010 using an interest rate assumption of 8.0%. As requested, we have also performed an alternate actuarial valuation using an interest rate assumption of 7.0%.

The results of the actuarial valuation using a 7% interest rate assumption are summarized on the attached page. I have also attached the results of our funding projections using a 7% interest rate assumption. Using a 7% interest rate assumption, the required State contribution under the current funding plan for Fiscal Year 2012 amounts to \$10,843,000.

If you have any questions regarding this alternate actuarial valuation, please let me know.

Yours sincerely,



Sandor Goldstein
Consulting Actuary

General Assembly Retirement System

Actuarial Liability As of June 30, 2010
Using 7% Interest Rate Assumption

1. Actuarial Liability For Active Members	
(a) Basic retirement annuity	\$ 30,053,923
(b) Annual increase in retirement annuity	9,635,115
(c) Pre-retirement survivor's annuity	4,058,349
(d) Post-retirement survivor's annuity	4,085,877
(e) Withdrawal benefits	10,402,062
(f) Disability benefits	<u>290,420</u>
(g) Total	\$ 58,525,746
2. Actuarial Liability For Members Receiving Benefits	
(a) Retirement annuities	\$ 168,289,576
(b) Survivor annuities (Including reversionary)	<u>26,974,957</u>
(c) Total	\$ 195,264,533
3. Actuarial Liability For Inactive Members	<u>25,448,861</u>
4. Total Actuarial Liability	<u>\$ 279,239,140</u>
5. Actuarial Value of Assets	<u>66,212,244</u>
6. Unfunded Actuarial Liability	<u>\$ 213,026,896</u>
7. Funded Ratio	23.7%

EXHIBIT 7

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
PROJECTION OF COSTS, BENEFITS, AND LIABILITIES AT 7%**
(State Contributions Are Based on the Provisions under Section 5/2-124 of the Illinois Pension Code)
(All Dollar Amounts in Millions)

	Fiscal Year Ending 6/30					
	2011	2012	2013	2014	2015	2016
<u>BASIC DATA</u>						
1. Number of Active Members	182	182	182	182	182	182
2. Expected Total Payroll	\$14.7	\$15.3	\$16.0	\$16.8	\$17.7	\$18.7
<u>VALUATION RESULTS</u>						
3. Actuarial Liability (Retired Lives Reserve)	\$282.7 (197.7)	\$285.8 (199.9)	\$289.1 (202.1)	\$292.3 (204.4)	\$295.4 (206.6)	\$298.6 (208.8)
4. Assets (Actuarial Value)	\$61.7	\$55.1	\$48.7	\$46.6	\$44.5	\$42.8
5. Unfunded Actuarial Liability (Funded Percentage)	\$221.0 (21.8)	\$230.7 (19.3)	\$240.4 (16.8)	\$245.7 (15.9)	\$250.9 (15.1)	\$255.8 (14.3)
6. Annual Normal Cost						
(a) Total	\$5.3	\$5.3	\$5.4	\$5.4	\$5.4	\$5.5
(b) Employee Contribution	1.7	1.8	1.8	1.9	2.0	2.1
(c) Employer's Share (% of Total Payroll)	3.6 (24.51)	3.5 (23.14)	3.6 (22.00)	3.5 (20.57)	3.4 (19.24)	3.4 (17.79)
7. State Contribution (% of Total Payroll)	\$12.1 (82.22)	\$10.8 (70.98)	\$11.6 (72.38)	\$12.4 (73.70)	\$13.2 (74.93)	\$14.1 (75.63)
8. Estimated Total Expenses (Benefits, Refunds and Administrative Expenses)	\$18.1	\$18.8	\$19.3	\$19.8	\$20.4	\$20.9
9. Accumulated Contributions (Actives and Inactives)	\$17.6	\$18.3	\$19.2	\$20.1	\$21.2	\$22.3

EXHIBIT 7 (Continued)

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
PROJECTION OF COSTS, BENEFITS, AND LIABILITIES AT 7%**
(State Contributions Are Based on the Provisions under Section 5/2-124 of the Illinois Pension Code)
(All Dollar Amounts in Millions)

	Fiscal Year Ending 6/30					
	<u>2020</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>	<u>2040</u>	<u>2045</u>
<u>BASIC DATA</u>						
1. Number of Active Members	182	182	182	182	182	182
2. Expected Total Payroll	\$22.0	\$25.9	\$30.7	\$36.6	\$43.8	\$52.5
<u>VALUATION RESULTS</u>						
3. Actuarial Liability (Retired Lives Reserve)	\$311.2 (217.6)	\$324.6 (227.0)	\$333.3 (233.1)	\$342.0 (239.2)	\$361.1 (252.5)	\$398.5 (278.7)
4. Assets (Actuarial Value)	\$36.8	\$35.2	\$44.0	\$80.6	\$176.6	\$358.6
5. Unfunded Actuarial Liability (Funded Percentage)	\$274.4 (11.8)	\$289.4 (10.9)	\$289.3 (13.2)	\$261.4 (23.6)	\$184.5 (48.9)	\$39.9 (90.0)
6. Annual Normal Cost						
(a) Total	\$5.6	\$5.6	\$5.9	\$6.6	\$7.6	\$8.8
(b) Employee Contribution	2.5	3.0	3.5	4.2	5.0	6.0
(c) Employer's Share (% of Total Payroll)	3.1 (14.02)	2.6 (10.07)	2.4 (7.76)	2.4 (6.51)	2.6 (5.84)	2.8 (5.35)
7. State Contribution (% of Total Payroll)	\$16.7 (75.70)	\$19.3 (74.30)	\$22.7 (74.03)	\$29.2 (79.86)	\$35.0 (79.86)	\$41.9 (79.86)
8. Estimated Total Expenses (Benefits, Refunds and Administrative Expenses)	\$22.7	\$24.6	\$26.1	\$26.7	\$26.1	\$25.6
9. Accumulated Contributions (Actives and Inactives)	\$26.4	\$31.0	\$36.8	\$43.8	\$52.4	\$62.8

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December 17, 2010

Board of Trustees
General Assembly Retirement System of Illinois
2101 South Veterans Parkway
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Re: **Actuarial Valuation as of June 30, 2010**

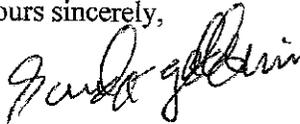
Dear Board Members:

We have prepared an actuarial report based on our actuarial valuation as of June 30, 2010 using an interest rate assumption of 8.0%. As requested, we have also performed an alternate actuarial valuation using an interest rate assumption of 7.5%.

The results of the actuarial valuation using a 7.5% interest rate assumption are summarized on the attached page. I have also attached the results of our funding projections using a 7.5% interest rate assumption. Using a 7.5% interest rate assumption, the required State contribution under the current funding plan for Fiscal Year 2012 amounts to \$10,733,000.

If you have any questions regarding this alternate actuarial valuation, please let me know.

Yours sincerely,



Sandor Goldstein
Consulting Actuary

General Assembly Retirement System

Actuarial Liability As of June 30, 2010
Using 7.5% Interest Rate Assumption

1. Actuarial Liability For Active Members	
(a) Basic retirement annuity	\$ 28,024,792
(b) Annual increase in retirement annuity	8,642,288
(c) Pre-retirement survivor's annuity	3,740,812
(d) Post-retirement survivor's annuity	3,658,970
(e) Withdrawal benefits	9,419,139
(f) Disability benefits	<u>267,348</u>
(g) Total	\$ 53,753,349
2. Actuarial Liability For Members Receiving Benefits	
(a) Retirement annuities	\$ 161,156,122
(b) Survivor annuities (Including reversionary)	<u>26,031,779</u>
(c) Total	\$ 187,187,901
3. Actuarial Liability For Inactive Members	<u>23,936,348</u>
4. Total Actuarial Liability	<u>\$ 264,877,598</u>
5. Actuarial Value of Assets	<u>66,212,244</u>
6. Unfunded Actuarial Liability	<u>\$ 198,665,354</u>
7. Funded Ratio	25.0%

EXHIBIT 7

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
PROJECTION OF COSTS, BENEFITS, AND LIABILITIES AT 7.5%
(State Contributions Are Based on the Provisions under Section 5/2-124 of the Illinois Pension Code)
(All Dollar Amounts in Millions)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>Fiscal Year Ending 6/30</u>					
<u>BASIC DATA</u>						
1. Number of Active Members	182	182	182	182	182	182
2. Expected Total Payroll	\$14.7	\$15.3	\$16.0	\$16.8	\$17.7	\$18.7
<u>VALUATION RESULTS</u>						
3. Actuarial Liability (Retired Lives Reserve)	\$268.2 (189.5)	\$271.3 (191.7)	\$274.5 (194.0)	\$277.6 (196.2)	\$280.8 (198.4)	\$283.9 (200.6)
4. Assets (Actuarial Value)	\$61.9	\$55.5	\$49.3	\$47.3	\$45.4	\$43.8
5. Unfunded Actuarial Liability (Funded Percentage)	\$206.3 (23.1)	\$215.8 (20.5)	\$225.2 (18.0)	\$230.3 (17.0)	\$235.4 (16.2)	\$240.1 (15.4)
6. Annual Normal Cost						
(a) Total	\$4.8	\$4.9	\$4.9	\$5.0	\$5.0	\$5.1
(b) Employee Contribution	1.7	1.8	1.8	1.9	2.0	2.1
(c) Employer's Share	3.1	3.1	3.1	3.1	3.0	3.0
(% of Total Payroll)	(21.53)	(20.32)	(19.33)	(18.07)	(16.89)	(15.59)
7. State Contribution (% of Total Payroll)	\$12.1 (82.22)	\$10.7 (70.26)	\$11.5 (71.71)	\$12.3 (73.07)	\$13.1 (74.35)	\$14.0 (74.78)
8. Estimated Total Expenses (Benefits, Refunds and Administrative Expenses)	\$18.1	\$18.8	\$19.3	\$19.8	\$20.4	\$20.9
9. Accumulated Contributions (Actives and Inactives)	\$17.6	\$18.3	\$19.2	\$20.1	\$21.2	\$22.3

EXHIBIT 7 (Continued)

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
PROJECTION OF COSTS, BENEFITS, AND LIABILITIES AT 7.5%
(State Contributions Are Based on the Provisions under Section 5/2-124 of the Illinois Pension Code)
(All Dollar Amounts in Millions)

	Fiscal Year Ending 6/30					
	<u>2020</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>	<u>2040</u>	<u>2045</u>
<u>BASIC DATA</u>						
1. Number of Active Members	182	182	182	182	182	182
2. Expected Total Payroll	\$22.0	\$25.9	\$30.7	\$36.6	\$43.8	\$52.5
<u>VALUATION RESULTS</u>						
3. Actuarial Liability (Retired Lives Reserve)	\$296.7 (209.6)	\$310.7 (219.5)	\$320.5 (226.5)	\$330.7 (233.7)	\$351.8 (248.6)	\$392.4 (277.3)
4. Assets (Actuarial Value)	\$38.1	\$37.3	\$47.0	\$83.1	\$175.0	\$353.2
5. Unfunded Actuarial Liability (Funded Percentage)	\$258.6 (12.8)	\$273.4 (12.0)	\$273.5 (14.7)	\$247.6 (25.1)	\$176.8 (49.7)	\$39.2 (90.0)
6. Annual Normal Cost						
(a) Total	\$5.2	\$5.2	\$5.5	\$6.1	\$7.1	\$8.2
(b) Employee Contribution	2.5	3.0	3.5	4.2	5.0	6.0
(c) Employer's Share	2.7	2.2	2.0	1.9	2.1	2.2
(% of Total Payroll)	(12.24)	(8.60)	(6.46)	(5.29)	(4.66)	(4.21)
7. State Contribution (% of Total Payroll)	\$16.5 (74.84)	\$19.1 (73.71)	\$22.6 (73.45)	\$27.9 (76.35)	\$33.4 (76.35)	\$40.1 (76.35)
8. Estimated Total Expenses (Benefits, Refunds and Administrative Expenses)	\$22.7	\$24.6	\$26.1	\$26.7	\$26.1	\$25.6
9. Accumulated Contributions (Actives and Inactives)	\$26.4	\$31.0	\$36.8	\$43.8	\$52.4	\$62.8

JUDGES AND GENERAL ASSEMBLY RETIREMENT SYSTEM

FY 2012 BUDGET REQUEST

EXECUTIVE SUMMARY

The budget request for FY 2012 for the Judges and General Assembly Retirement Systems is \$1,072,800. This represents a 5.04% increase over the current year budget of \$1,021,300.

The budget allocations for JRS and GARS are a 70 percent and 30 percent split between the two systems. This is a historical split based on the number of members and annuitants. In addition, direct allocations are made whenever possible for specific expenses of the individual systems. Direct allocations are being made in the Contractual, Travel, Printing and Information Technology lines.

Projects with budget impact for FY 2012 include:

The continuation of the pre-retirement seminars for active members and spouses (\$6,200); Project A

One-on-one counseling sessions for active members, annuitants and survivors (\$1,700); Project B

Conversion of all membership records for Judges and General Assembly active members, annuitants and survivors (\$15,000); Project C

Other items having cost impact on the FY 2012 budget are:

Increase in Personal Services \$27,500

Increase in Retirement \$33,300

Increase in Group Insurance \$5,200

Increase in Information Technology \$14,800

The Commodity and Equipment lines remain the same as FY11 while the Contractual Services, Travel and Printing lines have been reduced for FY12.

JUDGES AND GENERAL ASSEMBLY FY12 BUDGET

	BUDGET FY 11	PROJECTED SPENDING 11	BASE FOR FY-12	DIRECT ALLOCATION		TOTAL FY-12	BUDGET CHANGE
				* GARS	J R S		
PERSONAL SERVICES	466,800	447,800	494,300			494,300	27,500
EMPLOYER PICKUP	3,600	11,900	7,200			7,200	3,600
RETIREMENT	141,300	135,600	174,600			174,600	33,300
FICA	37,700	33,500	37,900			37,900	200
GROUP INSURANCE	85,900	83,900	91,100			91,100	5,200
CONTRACTUAL	250,200	217,700	58,100	72,870	87,730	218,700	-31,500
TRAVEL	6,500	6,000	2,500		3,600	6,100	-400
PRINTING	7,700	7,200	700	1,800	3,500	6,000	-1,700
COMMODITIES	1,100	1,100	1,100			1,100	0
EQUIPMENT	1,000	1,000	1,000			1,000	0
TELECOMMUNICATIONS	3,900	3,900	4,100			4,100	200
INFORMATION TECHNOLOGY	12,800	11,900	22,200	600	4,800	27,600	14,800
AUTOMOTIVE	2,800	2,800	3,100			3,100	300
TOTAL	1,021,300	964,300	897,900	75,270	99,630	1,072,800	51,500

* These expenditures will be allocated 30% to the General Assembly Retirement System and 70% to the Judges Retirement System.

JUDGES RETIREMENT SYSTEM
BUDGET FY 12

	BUDGET FY 11	PROJECTED SPENDING 11	BASE FOR FY 12 70% OF TOTAL	DIRECT ALLOCATION	TOTAL FY 12	BUDGET CHANGE
PERSONAL SERVICES	326,760	313,460	346,010		346,010	19,250
EMPLOYER PICKUP	2,520	8,330	5,040		5,040	2,520
RETIREMENT	98,910	94,920	122,220		122,220	23,310
FICA	26,390	23,450	26,530		26,530	140
GROUP INSURANCE	60,130	58,730	63,770		63,770	3,640
CONTRACTUAL	149,950	128,020	40,670	87,730	128,400	-21,550
TRAVEL	5,780	5,280	1,750	3,600	5,350	-430
PRINTING	5,290	4,890	490	3,500	3,990	-1,300
COMMODITIES	770	770	770		770	0
EQUIPMENT	700	600	700		700	0
TELECOMMUNICATIONS	2,730	2,730	2,870		2,870	140
INFORMATION TECHNOLOGY	9,980	9,260	15,540	4,800	20,340	10,360
AUTOMOTIVE	1,960	1,960	2,170		2,170	210
TOTAL	691,870	652,400	628,530	99,630	728,160	36,290

GENERAL ASSEMBLY RETIREMENT SYSTEM
BUDGET FY 12

	BUDGET PROJECTED FY 11	SPENDING 11	BASE FOR FY 12 30% OF TOTAL	DIRECT ALLOCATION	TOTAL FY 12	BUDGET CHANGE
PERSONAL SERVICES	140,040	134,340	148,290		148,290	8,250
EMPLOYER PICKUP	1,080	3,570	2,160		2,160	1,080
RETIREMENT	42,390	40,680	52,380		52,380	9,990
FICA	11,310	10,050	11,370		11,370	60
GROUP INSURANCE	25,770	25,170	27,330		27,330	1,560
CONTRACTUAL	100,250	89,680	17,430	72,870	90,300	-9,950
TRAVEL	720	720	750		750	30
PRINTING	2,410	2,310	210	1,800	2,010	-400
COMMODITIES	330	330	330		330	0
EQUIPMENT	300	400	300		300	0
TELECOMMUNICATIONS	1,170	1,170	1,230		1,230	60
INFORMATION TECHNOLOGY	2,820	2,640	6,660	600	7,260	4,440
AUTOMOTIVE	840	840	930		930	90
TOTAL	329,430	311,900	269,370	75,270	344,640	15,210

JUDGES AND GENERAL ASSEMBLY
RETIREMENT SYSTEM
COMPARISON OF PROJECTED EXPENDITURES FY 11
TO BUDGET FY 12

	PROJECTED FY 11	BUDGET REQUEST FY 12	CHANGE
PERSONAL SERVICES	447,800	494,300	46,500

Included in the Personal Services line item are:

4 technical and clerical employees (includes annual step and cost of living adjustments consistent with SERS union employees)	269,048
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2 professional employees (no merit comp increases and one-time bonuses consistent with SERS merit comp staff)	179,652
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Stipends	40,600
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Termination pay	5,000
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EMPLOYER PICKUP	11,900	7,200	-4,700
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The pickup of employee contributions is 4% of payroll costs for professional employees.

RETIREMENT	135,600	174,600	39,000
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The Retirement line item is based on 35.313% of payroll.

FICA	33,500	37,900	4,400
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Social Security contributions are calculated on 7.65% of wages.

GROUP INSURANCE	83,900	91,100	7,200
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The Group Insurance line is used to reimburse the General Revenue Fund for the cost of group health and life insurance for employees. The FY 12 rates are approximately 6% more than the FY11 budgeted amount of \$85,900.

CONTRACTUAL	217,700	218,700	1,000
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The following is a comparison of detail object items between the projected expenditures for FY 11 and the requested amounts for FY 12.

Petty Cash	200	200	0
Petty cash is budgeted for various small office expenditures.			
Judges	50	50	
General Assembly	50	50	
Misc	100	100	
Repair & Maintenance of Office Equipment	1,052	1,100	48
This amount is budgeted for maintenance of typewriters, a Lektriever and other equipment.			
Rental of Office Equipment	3,883	3,900	17
Rental of two copiers.			
Rental of Motor Vehicles	1,200	1,200	0
The rent is for the lease of an SERS vehicle for the field service program.			
Rental of Real Property	47,100	47,700	600
The rent is a full service rate including all utilities. The FY 12 rate has been increased 1.2% based on the increase in the consumer price index from 2009 to 2010.			
Other Rental	447	500	53
Retirement Counseling Rooms(4)- JRS (Project A)			
	447	500	
Professional Services	126,700	129,200	2,500
Actuarial services - GARS			
	23,000	24,000	
Actuarial services - JRS			
	24,500	26,000	
Attorney fees - GARS			
	1,000	1,000	
Attorney fees - JRS			
	7,500	7,500	
Pre- retirement financial planner-JRS (Project A)			
	2,000	2,000	
Auditor Generals Audit Fee - JRS			
	32,000	32,000	
Auditor Generals Audit Fee - GARS			
	35,000	35,000	
In house physician-GARS			
	200	200	
In house physician - JRS			
	500	500	
Disability Exams GARS			
	200	200	
Disability Exams JRS			
	800	800	

Postage	6,450	5,920	-530
Statements (Active w/newsletter) - JRS	410	430	
Statements (Annuitant) - JRS	350	380	
Newsletters(Retiree & Survivor) 2 (Active)1- JRS	800	820	
Annual report (Active) - JRS	540	560	
Insurance mailings(3)-JRS	1,000	1,020	
Active/Retiree handbooks-JRS	530	0	
Statements (Active w/newsletter)- GARS	100	100	
Statements (Annuitant)- GARS	150	150	
Newsletters(Retirees & Survivor) 2 (active)1 - GA	250	250	
Annual report(Active) - GARS	100	110	
Insurance mailings(3) - GARS	350	350	
Active/Retiree handbooks-GA	170	0	
Daily postage	1,700	1,750	
Court Reporting (JRS)	750	750	0
Judges	750	750	
Surety Bond	200	200	0
Required bond for State Treasurer			
Judges	100	100	
General Assembly	100	100	
Operating Fees	16,000	16,000	0
Department of Insurance filing fees for JRS	8,000	8,000	
Department of Insurance filing fees. G. A.	8,000	8,000	
Subscriptions	460	500	40
Advertising	30	30	0
Judges	20	20	
General Assembly	10	10	
Conference fees	1,000	1,000	0
Conference fees are for The International Foundation of Employee Benefit Plans and the GFOA.			

Association dues	3,420	3,600	180
Reciprocal Association - JRS	1,500	1,500	
GFOA-JRS	160	200	
Reciprocal Association - G. A.	1,500	1,500	
GFOA-GA	160	200	
Misc.	100	200	
Copying and Printing services	500	500	0
Medicals-JRS	500	500	
Other Contractual	8,308	6,400	-1,908
General mailings (stuffing) - JRS	1,900	2,000	
GFOA Certificate Fee - JRS	580	600	
General mailings (stuffing) - GARS	1,110	1,200	
GFOA Certificate Fee - GARS	435	450	
Collating Pre-Retirement Counseling books	250	250	
Pre-retirement Catering -JRS (Project A)	1,400	1,400	
Board meeting-JRS	100	100	
Lektriever move	2,200	0	
Misc	333	400	
TRAVEL	6,000	6,100	100
Conferences(GFOA, International Foundation, Reciprocal Task Force, Reciprocal Meeting)	800	800	
Judges Board Meetings (4)	1,000	1,000	
Judges conferences	600	600	
Field Service Program (Project B)	1,600	1,700	
Pre-retirement Seminars - JRS(Project A)	2,000	2,000	

PRINTING	7,200	6,000	-1,200
Envelopes	300	300	
In House Printing	400	400	
Annual Report - JRS	2,100	2,200	
Newsletter - JRS	400	400	
Statement JRS	200	200	
Pre-Retirement Seminar Workbooks - JRS	300	300	
Handbooks-JRS	1,000	0	
Newsletter - GARS	180	180	
Statement GARS	150	150	
Annual Report - GARS	1,270	1,370	
Handbooks-GA	400	0	
In House printing direct charge -JRS	400	400	
In House printing direct charge - GARS	100	100	
COMMODITIES	1,100	1,100	0
Commodities include general office supplies, microfilm and copier supplies.			
EQUIPMENT	1,000	1,000	0
Equipment includes the purchase of miscellaneous equipment.			
TELECOMMUNICATIONS	3,900	4,100	200
Local, long distance and maintenance charges are included in this line.			
INFORMATION TECHNOLOGY	11,900	27,600	15,700
Data processing costs are:			
IT Supplies	400	450	
IT Services provided by SERS - daily processing	2,500	2,500	
CMS Charges - daily processing (JRS)	4,260	4,800	
Computer software	1,000	1,000	
Equipment maintenance	1,100	1,100	
Association dues	150	150	
Employee tuition	1,000	1,000	
IT Equipment	1,000	1,000	
CMS Charges(GARS)	490	600	
Imaging hardware/software	0	15,000	
AUTOMOTIVE	2,800	3,100	300
Automotive costs are:			
Repair and Maintenance	600	600	
Parts and fittings	200	200	
Gas, oil, and antifreeze	1,900	2,200	
Registration fee	100	100	

JUDGES RETIREMENT SYSTEM
GENERAL ASSEMBLY RETIREMENT SYSTEM
PERSONAL SERVICES DETAIL

FY 2012

TITLE	FY11		FY12	ANNUAL SALARIES			
	BUDGET/FILLED		BUDGET	FY11 BUDGETED	FY11 PROJECTED	FY12 REQUEST	
Division Manager	1	1	1	88,800	88,800	88,800	
Assistant Division Mgr.	1	1	1	62,244	61,997	76,481	
Certified Public Acct.	1	1	1	90,852	90,852	90,852	
Methods & Proc. Adv 3	1	1	1	60,891	60,891	67,509	
Pension Ben. Tech. 2	1	1	2	43,529	42,367	125,058	
Insurance Analyst 3	0	0	0	19,224	19,224	0	
Pension Ben Tech 1	1	1	0	42,060	28,869	0	
	6	6	6	407,600	393,000	448,700	
				Termination Pay	15,000	9,400	5,000
				75 Day Temporary	0	0	0
				Stipends	45,400	45,400	40,600
					468,000	447,800	494,300

STIPENDS	FY11	FY12
Executive Secretary	25,000	25,000
CIO/SPSA	8,400	8,400
Claims/Benefits Mgr.	4,800	0
Human Res. Mgr/HR Spe	4,800	4,800
Admin. Assistant	<u>2,400</u>	<u>2,400</u>
	45,400	40,600
Total Stipends	45,400	40,600

PRERETIREMENT WORKSHOP

PROJECT A

Project Scope

This project is designed to assist participants who are planning to retire within the next 12 years to realistically assess their future needs and lifestyles and take steps to achieve their selected future goals. This program focuses on planning principals, financial planning, entitlement packages from JRS and the Social Security Administration, as well as the State of Illinois Deferred Compensation Program.

- I. Arrange and prepare a schedule of programs with three (3) to be held in the Chicago area and one downstate. Notify individual circuits and arrange scheduled workshops accordingly. (July 2011 – June 2012)
- II. Total Cost (FY-2012)
 - A. Travel
 1. 3 Trips to Chicago area @ \$500 = \$1,500
 2. 1 Trip Downstate area @\$500 = \$500
 - B. Contractual Services
 1. Financial Planner Fees 4 mtgs. @ \$500 = \$2,000
 2. Room Rental for Downstate Meeting 1 mtg. @ \$500
 3. Catering - 4 mtgs. @ \$350 ea. = \$1,400
 - C. Printing
 1. Printing JRS Preretirement Workbook 200 books per yr. @ \$1.50 = \$300
 - D. Total Cost – Judges' Retirement System FY-2012 = \$6,200
- III. Benefits of Project

This program continues to offer a solid foundation for the future retirement planning of JRS members.

FIELD SERVICE PROGRAM

ONE-ON-ONE COUNSELING

PROJECT B

Project Scope

Our Field Service Program provides one-on-one counseling for GARS & JRS members, annuitants and survivors in various sections of the state. Since FY-91, each judicial circuit has been visited at least every two years with annual sessions at the State Capitol. With the preretirement workshops (Project A), our one-on-one counseling sessions are arranged to visit all of the judicial circuits, plus Cook County Circuit, each fiscal year. In addition we maintain the annual visit to the State Capitol.

I. Arrange and prepare a schedule of meetings to be held in each judicial circuit of the State of Illinois. Publish the schedule in both the JRS and GARS newsletters issued in August and January. (July 2011 – June 2012)

II. Cost (FY-2012)

A. Travel

Twelve (12) trips to all judicial circuits

Eight (8) Overnight Stays @ \$212 ea. Night = \$1,700

III. Benefits of Project

This program continues to offer an opportunity for members, annuitants and survivors to discuss their retirement plans or benefits, and to also receive updated information on current status in the system and group insurance benefits.

IMAGING

PROJECT C

Project Scope

This project will convert the storage of member files from paper to electronic images utilizing imaging technology. Currently member paper based information is stored in folders housed in a mechanical file cabinet. The member files will be scanned and electronic images of the files will be stored in a secure computer system.

- I. Analyze the paper based files to determine the requirements an imaging system must accommodate.
- II. Procure the imaging software and hardware.
- III. Convert paper based files to the imaging system.
- IV. Total Cost (FY-2012)
 - a. Imaging software and hardware \$15,000
- V. Benefits of Project
 - a. Faster service to members.
 - b. More secure storage of member information.
 - c. Provides for disaster recovery of member files.

STATEMENTS OF NET ASSETS
Illinois State Board of Investment
Six Months Ended December 31, 2010

	2011	2010
	\$	\$
ASSETS		
Cash and cash equivalents	8,189,759	6,699,540
Receivables:		
Foreign taxes	1,701,360	1,901,658
Account receivables	1,303,692	643,947
Investments sold	11,157,639	14,529,485
Interest & dividends	25,410,694	26,862,879
Total receivables	39,573,385	43,937,969
Prepaid Expenses	6,333	55,988
Capital assets	50,391	57,635
Investments at fair value:		
Government and agency obligations	987,950,806	666,841,968
Foreign obligations	33,340,369	47,741,303
Corporate obligations	700,567,965	716,892,414
Municipal bonds	2,901,885	2,223,341
Common stock & equity funds	3,290,314,127	2,979,604,407
Commingled Funds	266,365,238	285,498,792
Preferred stock	-	438,977
Foreign Preferred stock	31,003	71,429
Foreign equity securities	2,045,781,431	1,841,061,936
Hedge funds	992,086,301	943,114,988
Real estate funds	763,067,203	766,362,253
Private equity	614,071,731	509,358,096
Infrastructure funds	359,612,067	299,141,580
Money market instruments	329,670,663	217,041,389
Bank loans	239,415,108	220,293,916
Forward foreign exchange contracts	(4,254,899)	(1,474,061)
Total investments	10,620,920,998	9,494,212,728
Securities lending collateral	944,383,531	1,304,713,055
Total assets	11,613,124,397	10,849,676,915
LIABILITIES		
Payables:		
Investment purchases	20,335,596	20,031,143
Operating expenses	6,264,890	5,276,155
Securities lending collateral obligation	952,011,513	1,325,658,459
Total liabilities	978,611,999	1,350,965,757
Net assets	10,634,512,398	9,498,711,158

**A full description of quarterly investments acquired showing averages and a full description of securities sold or exchanged by the Illinois State Board of Investment on behalf of the State Employees Retirement System, the General Assembly Retirement System and the Judges Retirement System is posted on the Illinois State Board of Investment Website at <http://www2.illinois.gov/fisbi> in the investments section of the website.

STATEMENTS OF CHANGES IN NET ASSETS
Illinois State Board of Investment
Six months ending December 31, 2010

	FY2011	FY2010
	\$	\$
ADDITIONS		
Investment income:		
Net increase in fair value of investments	1,324,290,547	968,799,010
Interest	60,780,118	64,718,788
Dividends	53,973,232	48,374,787
Securities lending income	2,215,085	3,764,266
Less securities lending rebates	(9,147)	562,071
Less securities lending expenses	(214,360)	(430,203)
Total net investment income	1,441,035,475	1,085,788,718
Members systems' contributions	0	0
Total additions	1,441,035,475	1,085,788,718
DEDUCTIONS		
Expenses:		
Salaries and benefits:		
Salaries	581,025	560,905
Benefits	307,472	290,975
Operating expenses:		
Rent and utilities	85,737	85,794
Audit	0	0
Other	106,738	89,434
External support:		
Custody	108,026	142,722
Consulting and professional	633,504	682,944
Investment advisors/managers/loans	16,028,872	16,016,559
Investment services and research	75,505	62,500
Total expenses	17,926,879	17,931,832
Members systems' withdrawals	467,300,000	253,200,000
Total deductions	485,226,879	271,131,832
Increase(decrease) in net assets	955,808,596	814,656,886
Net assets at beginning of period	9,678,703,802	8,684,054,272
Net assets at end of period	10,634,512,398	9,498,711,158

ILLINOIS STATE BOARD OF INVESTMENT

<i>Member Systems' Participation</i>	General Assembly	Judges	State Employees'	Combined*
Member Systems' Income and Expenses Six Months Ended December 31, 2010	\$	\$	\$	\$
Interest and dividends	575,324	5,903,322	108,274,704	114,753,350
Net securities lending income	10,032	102,594	1,878,952	1,991,578
Net gain on investments	931,734	9,548,569	175,072,151	185,552,454
Net unrealized gain (loss) on investments	5,827,090	58,906,031	1,074,004,972	1,138,738,093
Management expenses	(88,722)	(918,806)	(16,919,351)	(17,926,879)
Net investment income	<u>7,255,458</u>	<u>73,541,710</u>	<u>1,342,311,428</u>	<u>1,423,108,596</u>

**Member Systems' Changes in Net Assets
Six Months Ended December 31, 2010**

Net assets at beginning of period	51,638,586	506,463,522	9,120,601,694	9,678,703,802
Member systems' net (withdrawals)	(7,800,000)	(39,500,000)	(420,000,000)	(467,300,000)
Member systems' (contributions)	-	-	-	-
Net investment income	<u>7,255,458</u>	<u>73,541,710</u>	<u>1,342,311,428</u>	<u>1,423,108,596</u>
Net assets at end of period	<u>51,094,044</u>	<u>540,505,232</u>	<u>10,042,913,122</u>	<u>10,634,512,398</u>

The source of net assets of the member systems since inception at December 31, 2010, is as follows:

Member systems' net contributions (withdrawals)	(63,363,222)	(111,872,920)	(1,844,341,468)	(2,019,577,610)
Accumulated net investment income	<u>114,457,266</u>	<u>652,378,152</u>	<u>11,887,254,590</u>	<u>12,654,090,008</u>
	<u>51,094,044</u>	<u>540,505,232</u>	<u>10,042,913,122</u>	<u>10,634,512,398</u>

* Combined column for the member systems is presented for information purposes only and does not indicate that the assets of one system may be used for another system.

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS

REFUNDS FOR APPROVAL

April 22, 2011

REFUNDS – TERMINATION

Joseph Dunn
(Refund of contributions, member terminated
on 12/31/08)

\$43,842.10

\$ 43,842.10

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS

REFUNDS FOR APPROVAL

April 22, 2011

REFUNDS – ERROR

Elizabeth Hannig (Refund of excess contributions paid in connection with the reciprocal transfer of service from the State Employees' Retirement System)	\$ 5,763.58
Dwight D. Kay (Refund of contributions withheld in error. Member elected not to participate)	\$ 1,240.42
Pamela Roth (Refund of contributions withheld in error. Member elected not to participate)	\$ 620.21
Ronald Sandack (Refund of contributions withheld in error. Member elected not to participate)	\$ 1,240.42
Arthur L. Turner (Refund of survivor annuity contributions withheld in error)	\$ <u>107.86</u>
	<u>\$ 8,972.49</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS

ANNUITIES FOR APPROVAL

April 22, 2011

<u>RETIREMENT ANNUITIES</u>	<u>AGE</u>	<u>EFFECTIVE DATE OF TERMINATION</u>	<u>YEARS OF SERVICE</u>	<u>EFFECTIVE DATE OF ANNUITY</u>	<u>MONTHLY AMOUNT</u>
Gary G. Dahl	70	12/10/10	8.0000	12/11/10	\$ 1,758.67
James M. Houlihan	67	12/31/78	6.0000	12/01/10	\$ 2,031.24
Arthur L. Turner	60	11/22/10	29.1667	12/24/10	\$ 7,744.13
Suzanne H. Bassi	65	12/31/10	12.0000	01/01/11	\$ 3,807.78
Robert A. Biggins	64	12/31/10	18.0000	01/01/11	\$ 4,885.19
William B. Black	69	12/31/10	36.5833	01/01/11	\$ 6,206.91
Michael J. Boland	68	12/31/10	16.0000	01/01/11	\$ 4,233.83
Elizabeth Coulson	56	12/31/10	18.0000	01/01/11	\$ 5,048.03
Deanna Demuzio	67	12/31/10	7.0000	01/01/11	\$ 2,243.26
Paul D. Froehlich	60	12/31/10	8.0000	01/01/11	\$ 2,605.43
Ned Mitchell	62	12/31/00	1.3333	01/01/11	\$ 376.86
Louis S. Viverito	79	01/15/11	16.0833	01/16/11	\$ 5,102.58
J. Bradley Burzynski	55	02/28/11	20.2500	03/01/11	\$ 6,267.69
Rickey R. Hendon	57	02/28/11	18.1667	03/01/11	\$ 5,591.77
Dale E. Risinger	67	02/28/11	8.1667	03/01/11	\$ 2,046.22
					<u>\$ 59,949.59</u>

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS

SURVIVOR ANNUITIES FOR APPROVAL

April 22, 2011

<u>SURVIVOR ANNUITANTS</u>	<u>AGE</u>	<u>EFFECTIVE DATE</u>	<u>MONTHLY AMOUNT</u>
LaVerne Rostenkowski (Representative Dan D. Rostenkowski) (Date of Death 08/11/10)	81	09/01/10	\$ 272.07
Dorothy Swanson (Senator Arthur R. Swanson) (Date of Death 10/29/10)	83	11/01/10	\$ 300.00
Christine G. Myers (Representative Richard P. Myers) (Date of Death 12/01/10)	57	12/01/10	\$ 2,822.57
Mary V. Bartulis (Representative August Charles Bartulis) (Date of Death 01/31/11)	81	02/01/11	<u>\$ 1,475.53</u>
			<u>\$ 4,870.17</u>



**STATE
RETIREMENT
SYSTEMS**

- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

Internet: <http://www.state.il.us/srs> E-Mail: sers@srs.illinois.gov

2101 South Veterans Parkway, P.O. Box 19255, Springfield, IL 62794-9255

March 21, 2011

State
Employees'
Retirement
System
of Illinois
(217)785-7444

TTY
(217)785-7218

Accounting
(217)785-7191

Admin. Services
(217)785-6971

Deaths
(217)785-7366

Deaths Fax
(217) 524-2293

Disabilities
(217)785-7318

Disabilities Fax
(217) 785-6961

Group Insurance
(217)785-7150

Group Ins. Fax
(217) 557-0510

Pensions
(217)785-7343

Pensions Fax
(217) 524-2293

Vouchering
(217)785-7034

Vouchering Fax
(217) 557-0510

Data Processing
(217)785-6957

Exec. Offices
(217)785-7016

Exec. Office Fax
(217)557-3943

Gen. Info. Fax
(217)785-7019

Field Services
(217)785-6979

Field Serv. Fax
(217)557-5154

Refunds
(217)785-7187

Service
(217)785-7167

Service &
Refunds Fax
(217)785-6964

Chicago Office
(312)814-5853

Chicago Fax
(312)814-5805

Judges'
Retirement
System of
Illinois
(217)782-8500

General
Assembly
Retirement
System
(217)782-8500

To: GARS Board of Trustees

From: Jayne L. Waldeck, Manager - GARS *JLW*

Re: Owen D. Pelt - Deceased - Request to Write-Off Account

Former Senator Owen D. Pelt served in the General Assembly for 24 months from 1/1/1967 through 12/31/1968. Senator Pelt died 9/16/1968 leaving his remaining contributions in the GARS of \$1,440.00. A copy of his death certificate is attached.

Many attempts were made to contact his two living daughters with no response from them. Therefore, since this file has been inactive for more than 40 years, it is suggested that this now be considered as a write-off account.

jlw

