GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

A Pension Trust Fund of the State of Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

GENERAL ASSEMBLY RETIREMENT SYSTEM,
STATE OF ILLINOIS

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

Prepared by the Accounting Division

Printed by Authority of the State of Illinois
550/$2.46 ea/12/09
Printed on Recycled Paper

TABLE OF CONTENTS

INTRODUCTORY SECTION

STATE RETIREMENT SYSTEMS

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

2101 South Veterans Parkway, P. O. Box 19255, Springfield, IL 62794-9255 217-785-7444

February 8, 2010

The Board of Trustees and Members
General Assembly Retirement System,
State of Illinois
Springfield, IL 62794

Dear Board of Trustees and Members:

The comprehensive annual financial report (CAFR) of the General Assembly Retirement System, State of Illinois (System) as of and for the fiscal year ended June 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the System.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the System. All disclosures necessary to enable the reader to gain an understanding of the System's financial activities have been included.

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

The report consists of six sections:

1. The Introductory Section contains this letter of transmittal, the identification of the administrative organization and the Certificate of Achievement for Excellence in Financial Reporting;

2. The Financial Section contains management's discussion and analysis, the report of the Independent Auditors, the financial statements of the System and certain required and other supplementary financial information;

3. The Investment Section contains a report on investment activity, investment policies, investment results and various investment schedules;

4. The Actuarial Section contains the Actuary's Certification Letter and the results of the annual actuarial valuation;

5. The Statistical Section contains significant statistical data; and

6. The Plan Summary and Legislative Section contains the System's plan provisions and current legislative changes.

Generally accepted accounting principles require that the financial reporting entity include:
1. the primary government;
2. organizations for which the primary government is financially accountable; and
3. other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria of the Governmental Accounting Standards Board Statement No. 14, there are no other state agencies, boards or commissions, or other organizations required to be combined with the System, however, the System is considered to be part of the State of Illinois financial reporting entity, and is to be combined and included in the State of Illinois' comprehensive annual financial report.

Although the General Assembly Retirement System, Judges' Retirement System and State Employees' Retirement System share a common administration, they are separate entities for legal and financial reporting purposes. Therefore, the financial statements of the General Assembly Retirement System do not include plan net asset information nor the changes in plan net assets of the State Employees' Retirement System or Judges' Retirement System.

PLAN HISTORY & SERVICES PROVIDED

The General Assembly Retirement System was established as a public employee retirement system (PERS) by state statute on July 1, 1947. As of June 30, 1948, the end of the System's first fiscal year of operations, there were a total of 190 participants and the plan net assets valued at cost amounted to approximately $39,000. The fair value of plan net assets at the end of fiscal year 2009 amounted to approximately $55.1million, and there were 259 total participants.

The mission of the System as prescribed by state statute is to "provide retirement annuities, survivors' annuities, and other benefits for members of the General Assembly, certain elected officials, and their beneficiaries."

INVESTMENTS

The System's investments are managed by the Illinois State Board of Investment (ISBI) pursuant to Chapter 40, Article 5/22A of the Illinois Compiled Statues, using the "prudent person rule".

This rule states that fiduciaries shall discharge their duties solely in the interest of the fund participants and beneficiaries and with the degree of diligence, care and skill which prudent men and women would ordinarily exercise under similar circumstances in a like position.

The ISBI maintains a wide diversification of investments within this fund which is intended to reduce overall risk and increase returns. As further detailed in the Investment Section, the ISBI Commingled Fund earned a negative 20.1%, net of expenses for the fiscal year ended June 30, 2009.

FUNDING

Funding is the process of specifically allocating monies for current and future use. Proper funding includes an actuarial review of the fund balances to ensure that funds will be available for current and future benefit payments. The greater the level of funding, the larger the ratio of accumulated assets to the actuarial accrued liability and the greater the level of investment potential.

The funding plan for the System, enacted in 1994 with subsequent modifications, requires that state contributions be paid to the System so that by the end of fiscal year 2045, the ratio of accumulated assets to the actuarial accrued liability will be 90%.

For fiscal years 2011 through 2045, the required state contributions are to be computed as a level percentage of participant payroll.

For fiscal years up through 2010, the required state contributions, except for fiscal years 2006 and 2007, are to be increased incrementally as a percentage of the participant payroll so that by fiscal year 2011 the state is contributing at the required level contribution rate to achieve the financing objective by the end of fiscal year 2045. For fiscal years 2008 and 2009, the state contributed $6,809,800 and $8,847,000, respectively, as required by law.

The funding legislation also provides for the establishment of a continuing appropriation of the required state contributions to the System. This has, in effect, removed the appropriation of these funds from the annual budgetary process.

The actuarial determined liability of the System using the projected unit credit actuarial cost method at June 30, 2009, amounted to $245.2 million. The actuarial value of assets amounted to $71.6 million resulting in an unfunded accrued actuarial liability of $173.6 million as of the same date. A detailed discussion of funding is provided in the Actuarial Section of this report.

ACCOUNTING SYSTEM & INTERNAL CONTROL

This report has been prepared to conform with the principles of governmental accounting and reporting pronounced by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The accrual basis of accounting is used to record the financial transactions and activities of the System. Revenues are recognized in the accounting period in which they are earned, without regard to the date of collection, and expenses are recognized when the corresponding liabilities are incurred, regardless of when payment is made.

The System also uses the State of Illinois, Statewide Accounting Management System (SAMS) as a basis for the preparation of the financial statements.

In developing the System's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records. Constant effort is directed by the System at improving this level to assure the participants of a financially sound retirement system.

PROFESSIONAL SERVICES

Independent consultants are retained by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of the System. Actuarial services are provided by Goldstein & Associates, Chicago, Illinois. The System's investment function is managed by the Illinois State Board of Investment.

The annual financial audit of the System was conducted by the accounting firm of BKD, LLP, under the direction of the Auditor General of the State of Illinois. In addition to the annual financial audit, a compliance attestation examination was also performed by the auditors.

The purpose of the compliance attestation examination was to determine whether the System obligated, expended, received and used public funds of the state in accordance with the purpose for which such funds have been authorized by law.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the General Assembly Retirement System for its comprehensive annual financial report for the fiscal year ended June 30, 2008.

The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The General Assembly Retirement System has received a Certificate of Achievement for the past twenty consecutive years (fiscal years ended June 30, 1989 through June 30, 2008).

We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS & COMMENTS

The preparation of this report reflects the combined efforts of the System's staff under the direction of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and for determining responsible stewardship for the assets contributed by the members in the State of Illinois.

On behalf of the Board of Trustees, we would like to express our appreciation to the staff and professional consultants who worked so effectively to ensure the successful operation of the System.

Respectfully submitted,

Timothy B. Blair

Timothy B Blair
Acting Executive Secretary

David M. Richter

David M. Richter, CPA
Accounting Division

SENATOR
James F. Clayborne, Jr.
Chairman

REPRESENTATIVE
Mark Beaubien, Jr.
Vice Chairman

SENATOR
William Brady

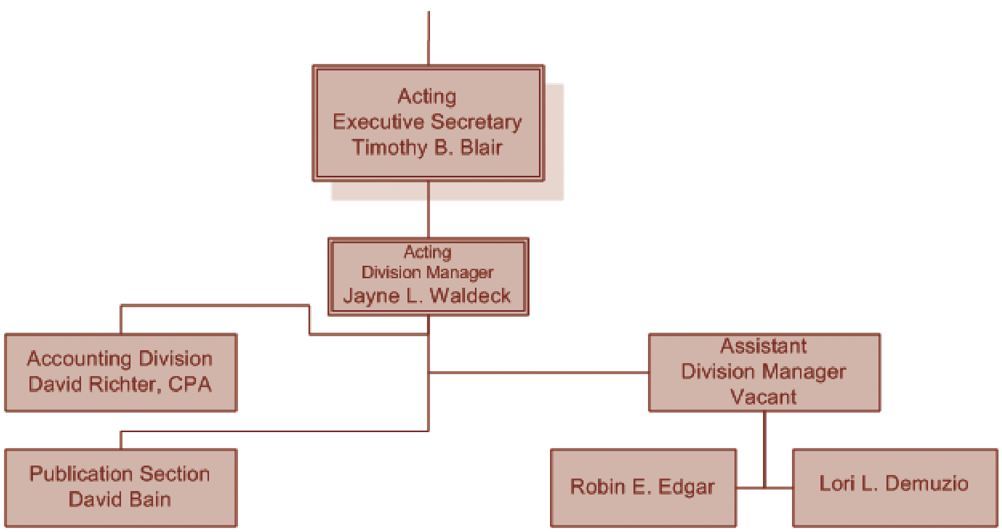
SENATOR
Don Harmon

REPRESENTATIVE
Kevin A. McCarthy

REPRESENTATIVE
Dan Reitz

REPRESENTATIVE
Philip W. Collins
Retired Annuitant Member

BOARD OF TRUSTEES



Advisors, Auditors, and Administrators

Consulting Actuary	Goldstein & Associates Chicago Illinois
External Auditor	BKD,LLP Decatur, Illinois
Investments	Illinois State Board of Investment Chicago,Illinois

Certificate of Achievement for Excellence in Financial Reporting

Presented to

General Assembly Retirement System, State of Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

FINANCIAL SECTION

BKD LLP
CPAs & Advisors

225 N. Water Street, Suite 400
P.O. Box 1580
Decatur, IL 62525-1580
217.429.2411 Fax 217.429.6109 www.bkd.com

Independent Auditors' Report

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

Board of Trustees, General Assembly Retirement System of the State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying statement of plan net assets of the General Assembly Retirement System of the State of Illinois (System), as of June 30, 2009 and 2008, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the 2009 and 2008 financial statements of the Illinois State Board of Investment, an internal investment pool of the State of Illinois, which statements represent 86 percent, 87 percent, and 359 percent, respectively in 2009, and 95 percent, 95 percent, and (125) percent, respectively, in 2008 of total assets, net assets held in trust for pension benefits, and total additions of the System. Those financial statement were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Illinois State Board of Investment is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the System as of June 30, 2009 and 2008, and the changes in its plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued, under a separate cover, our report dated February 2, 2010 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The supplementary financial information in the financial section and the accompanying introductory, investment, actuarial and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary financial information in the financial section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements as of and for the years ended June 30, 2009 and 2008, taken as a whole. The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

February 2, 2010

This financial report is designed to provide a general overview of the General Assembly Retirement System's finances for all those with an interest in the System's finances.

This section presents management's discussion and analysis of the financial position and performance of the General Assembly Retirement System (System) for the years ended June 30, 2009 and 2008. It is presented as a narrative overview and analysis. Readers are encouraged to consider the information presented here in conjunction with the Letter of Transmittal included in the Introductory Section, of the Comprehensive Annual Financial Report.

The System is a defined benefit, single-employer public employee retirement system. It provides services to 181 active participants and 401 benefit recipients. Throughout this discussion and analysis units of measure (i.e. billions, millions, thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the System's financial reporting which is comprised of the following components:

1. Basic Financial Statements. For the fiscal years ended June 30, 2009 and 2008, basic financial statements are presented for the System. This information presents the net assets held in trust for pension benefits for the System as of June 30, 2009 and 2008. This financial information also summarizes the changes in net assets held in trust for pension benefits for the years then ended.

2. Notes to the Financial Statements. The notes to the Financial Statements provide additional information that is essential to achieve a full understanding of the data provided in the basic financial statements.

3. Required Supplementary Information. The required supplementary information consists of two schedules and related notes concerning actuarial information, funded status and required contributions for the System.

4. Other Supplementary Schedules. Other schedules include more detailed information pertaining to the System, including schedules of revenues by source, cash receipts and disbursements, and payments to consultants.

FINANCIAL HIGHLIGHTS

- The System's net assets decreased by approximately $20.3 million and $11.8 million during fiscal years 2009 and 2008, respectively. The changes were primarily due to a $24.2 million and $11.9 million decrease in the System's investments, at fair value during fiscal years 2009 and 2008, respectively.
- The System was actuarially funded at 29.2% as of June 30, 2009 which is a decrease from 32.0% as of June 30, 2008. For fiscal year 2008, the actuarial value of assets was equal to the fair value of assets. For fiscal year 2009, the actuarial value of assets was equal to the fair value of assets adjusted for any actuarial gains or losses from investment return incurred in the fiscal year recognized in equal amounts over the five year period following that fiscal year.
- The overall rate of return for the Illinois State Board of Investment (ISBI) Commingled Fund was negative 20.1% for fiscal year 2009 compared to negative 6.2% for fiscal year 2008.

The condensed Statements of Plan Net Assets reflect the resources available to pay benefits to members, including retirees and beneficiaries, at the end of the years reported. A summary of the System's Plan Net Assets is presented below.

Condensed Statements of Plan Net Assets
(in thousands)

	As of June 30, 2009	As of June 30, 2008	As of June 30, 2007	Increase/(Decrease) from 2008 to 2009	Increase/(Decrease) from 2007 to 2008
Cash	$ 3,705.7	$ 2,823.3	$ 3,234.9	$ 882.4	$ (411.6)
Receivables	3,777.5	732.4	145.6	3,045.1	586.8
Investments, at fair value	47,693.7	71,923.9	83,864.9	(24,230.2)	(11,941.0)
Equipment, net	1.7	2.1	1.9	(0.4)	.2
Total assets	55,178.6	75,481.7	87,247.3	(20,303.1)	(11,765.6)
Liabilities	86.5	75.8	65.2	10.7	10.6
Total plan net assets	$ 55,092.1	$ 75,405.9	$ 87,182.1	$(20,313.8)	$(11,776.2)

ADDITIONS TO PLAN NET ASSETS

Additions to Plan Net Assets include employer and participant contributions and net income from investment activities. Participant contributions were approximately $1.7 million and $1.8 million for the years ended June 30, 2009 and 2008. Participant contribution rates are set by statute as a percentage of gross salary. Employer contributions increased to $8.9 million in 2009 from $6.8 million in 2008. This increase was the result of the State's funding plan.

DEDUCTIONS FROM PLAN NET ASSETS

Deductions from Plan Net Assets are primarily benefit payments. During 2009 and 2008, the System paid out $15.9 million and $15.4 million, respectively, in benefits and refunds, an increase of 3.4% from 2008. These higher payments were mainly due to an increase in the number of annuitants as well as a 3% automatic annuity increase paid each year. The administrative costs of the System represented 1.7% and 1.6% of total deductions in 2009 and 2008 respectively.

FUNDED RATIO

The funded ratio of the plan measures the ratio of net assets against actuarially determined liabilities and is one indicator of the fiscal strength of a pension fund's ability to meet obligations to its members. An annual actuarial valuation is required by statute. The most recent available valuation showed the funded status of the System on June 30, 2009 decreased to 29.2% from 32.0% at June 30, 2008. The major reason for the decline was a significant decrease in investment revenues during fiscal year 2009. The amount by which actuarially determined liabilities exceeded the actuarial value of assets was $173.6 million at June 30, 2009 compared to $160.4 million at June 30, 2008.

The June 30, 2009 unfunded liability and funded ratio are based on a smoothed value of assets while the June 30, 2008 amounts are based on market value. As described in more detail in the Legislative section, Public Act 96-0043 requires the five state retirement systems to begin smoothing actuarial gains and losses on investments over a five-year period, beginning with the valuation for the year ended June 30, 2009. Without this change, the June 30, 2009 funded ratio would have been reported as 22.5 percent.

INVESTMENTS

Investments of the System are combined in a commingled investment pool with the Judges' Retirement System and the State Employees' Retirement System. Each system owns an equity position in the pool and receives proportionate investment income from the pool in accordance with respective ownership percentage. Investment gains or losses are reported in the Statement of Changes in Plan Net Assets of each retirement system.

The net investment loss of the total ISBI Commingled Fund was approximately $2.354 billion during fiscal year 2009, versus $737.6 million during fiscal year 2008, resulting in returns of negative 20.1% and negative 6.2%, respectively. For the three, five, and ten year period ended June 30, 2009, the ISBI Commingled Fund earned a compounded rate of return of negative 4.3%, positive 1.4%, and positive 1.9%, respectively.

The ISBI is exposed to general market risk. This general market risk is reflected in asset valuations fluctuating with market volatility. Any impact from market volatility on the ISBI's investment portfolio depends in large measure on how deep the market downturn is, how long it lasts, and how it fits within fiscal year reporting periods. The resulting market risk and associated realized and unrealized gains and losses could significantly impact the ISBI's financial condition. The readers of these financial statements are advised that financial markets continue to be volatile and are experiencing significant changes on almost a daily basis.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Assembly Retirement System, Accounting Division, 2101 S. Veterans Parkway, P. O. Box 19255, Springfield, Illinois 62794

The condensed Statements of Changes in Plan Net Assets reflect the changes in the resources available to pay benefits to members, including retirees and beneficiaries.

Condensed Statements of Changes in Plan Net Assets
(in thousands)

	For the Year Ended June 30, 2009	2008	2007	Increase/(Decrease) from 2008 to 2009	2007 to 2008
Additions					
Participant contributions	$ 1,697.6	$ 1,772.9	$ 1,703.3	$ (75.3)	$ 69.6
Employer contributions	8,856.4	6,809.8	5,470.4	2,046.6	1,339.4
Investment income/(loss)	(14,662.3)	(4,708.3)	12,991.0	(9,954.0)	(17,699.3)
Total additions/(deductions)	(4,108.3)	3,874.4	20,164.7	(7,982.7)	(16,290.3)
Deductions					
Benefits	15,857.2	15,258.6	14,719.3	598.6	539.3
Refunds	71.6	147.8	297.8	(76.2)	(150.0)
Administrative expenses	276.7	244.2	220.3	32.5	23.9
Total deductions	16,205.5	15,650.6	15,237.4	554.9	413.2
Net increase/(decrease) in plan net assets	$ (20,313.8)	$(11,776.2)	$ 4,927.3	$ (8,537.6)	$ (16,703.5)

GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

Statements of Plan Net Assets

June 30, 2009 and 2008

	2009	2008
Assets		
Cash	$ 3,705,657	$ 2,823,304
Receivables:		
Employer contributions	3,686,250	567,483
Participants' contributions	85,561	158,990
Refundable annuities	2,909	-
Interest on cash balances	2,752	5,876
Total receivables	3,777,472	732,349
Investments - held in the Illinois State Board of Investment Commingled Fund at fair value	47,693,753	71,923,943
Equipment, net of accumulated depreciation	1,695	2,128
Total Assets	55,178,577	75,481,724
Liabilities		
Administrative expenses payable	30,707	23,782
Due to Judges' Retirement System of Illinois	55,745	51,999
Total Liabilities	86,452	75,781
Net assets held in trust for pension benefits	$ 55,092,125	$ 75,405,943

(A schedule of funding progress is presented on page 27)

See accompanying notes to financial statements.

GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

Statements of Changes in Plan Net Assets
Years Ended June 30, 2009 and 2008

	2009	2008
Additions:		
Contributions:		
Participants	$ 1,697,575	$ 1,772,860
Employer	8,856,422	6,809,800
Total contributions	10,553,997	8,582,660
Investments:		
Net investment income	1,411,133	1,893,640
Interest earned on cash balances	67,905	132,702
Net depreciation in fair value of investments	(16,141,323)	(6,734,639)
Total investment loss	(14,662,285)	(4,708,297)
Total Additions (Deductions)	(4,108,288)	3,874,363
Deductions:		
Benefits:		
Retirement annuities	13,020,316	12,653,183
Survivors' annuities	2,836,903	2,605,438
Total benefits	15,857,219	15,258,621
Refunds of contributions	71,589	147,804
Administrative expenses	276,722	244,170
Total Deductions	16,205,530	15,650,595
Net Decrease	(20,313,818)	(11,776,232)
Net assets held in trust for pension benefits:		
Beginning of year	75,405,943	87,182,175
End of year	$ 55,092,125	$ 75,405,943

See accompanying notes to financial statements.

GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

Notes to Financial Statements June 30, 2009 and 2008

1. Reporting Entity

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The General Assembly Retirement System (System) is administered by a Board of Trustees consisting of seven persons, which include the President of the Senate, ex officio, or his designee, two members of the Senate appointed by the President of the Senate, three members of the House of Representatives appointed by the Speaker of the House of Representatives, and one person elected from the member annuitants.

Based on the criteria of the Governmental Accounting Standards Board Statement No. 14, there are no other state agencies, boards or commissions, or other organizations required to be combined with the System, however, the System is considered to be part of the State of Illinois financial reporting entity, and is to be combined and included in the State of Illinois' comprehensive annual financial report.

Pursuant to federal tax law and regulations governing the administration of public employee pension plans, the System has established a separate fund for the sole purpose of paying benefits in accordance with Section 415 of the Internal Revenue Code. The receipts and disbursements from the fund for fiscal years 2009 and 2008 were each less than $20,000. Due to the immaterial nature of the separate fund, these receipts and disbursements have been included in the System's financial statements.

2. Plan Description

The System is the administrator of a single-employer defined benefit public employee retirement system (PERS) established and administered by the State of Illinois to provide pension benefits for its participants.

a. Eligibility and Membership

The General Assembly Retirement System covers members of the General Assembly of the State and persons elected to the offices of Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller and Attorney General for the period of service in such offices and the Clerks and Assistant Clerks of the respective Houses of the General Assembly. Participation by eligible persons is optional.

At June 30, 2009 and 2008, the System membership consisted of:

	2009	2008
Retirees and beneficiaries currently receiving benefits:		
Retirement annuities	275	269
Survivors' annuities	125	125
Reversionary annuities	1	1
	401	395
Inactive participants entitled to benefits but not yet receiving them	78	75
Total	479	470
Current participants:		
Vested	139	149
Nonvested	42	33
Total	181	182

Operation of the System and the direction of its policies are the responsibility of the Board of Trustees.

b. Contributions

In accordance with Chapter 40 Section 5/2-126 of the Illinois Compiled Statutes, participants contribute specified percentages of their salaries for retirement annuities, survivors' annuities and automatic annual increases as shown on the next page. Contributions are excluded from gross income for Federal and State income tax purposes.

The total contribution rate is 11.5% as shown below:

8.5%	Retirement annuity
2.0%	Survivors' annuity
1.0%	Automatic annual increases
11.5%	

The statutes governing the General Assembly Retirement System provide for optional contributions by participants, with interest at prescribed rates, to retroactively establish service credits for periods of prior creditable service.

The Board of Trustees has adopted the policy that interest payments by a participant, included in optional contributions to retroactively establish service credits, shall be considered an integral part of the participant's investment in annuity expectancies and, as such, shall be included as a part of any refund payable.

The payment of (1) the required State contributions, (2) all benefits granted under the System and (3) all expenses in connection with the administration and operation thereof are the obligations of the State to the extent specified in Chapter 40, Article 5/2 of the Illinois Compiled Statutes.

c. Benefits

After eight years of credited service, participants have vested rights to retirement benefits beginning at age 55, or after four years of service with retirement benefits beginning at age 62.

The retirement annuity is determined according to the formula in the box below based upon the participants' final rate of salary. The maximum retirement annuity payable is 85% of the final rate of salary.

The General Assembly Retirement System also provides annual automatic annuity increases for retirees and survivors, survivors' annuity benefits, reversionary annuity benefits, and under specified conditions, lump-sum death benefits. Participants who terminate service may receive, upon application, a refund of their total contributions.

3.0% for each of the first 4 years of service
3.5% for each of the next 2 years of service
4.0% for each of the next 2 years of service
4.5% for each of the next 4 years of service
5.0% for each year of service in excess of 12 years

3. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The financial transactions of the System are maintained and these financial statements have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles.

Participant and employer contributions are recognized as revenues when due pursuant to statutory requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the plan.

b. Cash

The System retains all of its available cash in a commingled investment pool managed by the Treasurer of the State of Illinois (Treasurer). All deposits are fully collateralized by the Treasurer.

"Available cash" is determined to be that amount which is required for the current operating expenditures of the System. The excess of available cash is transferred to the Illinois State Board of Investment (ISBI) for purposes of long-term investment for the System.

c. New Accounting Pronouncements

GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, establishes accounting and financial reporting requirements for intangible assets (including certain internally developed software). All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. All existing authoritative guidance for capital assets should be applied to those intangible assets, as applicable. The System is required to implement this Statement for the year ending June 30, 2010.

GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, issued June 2008, is effective for the ISBI beginning with its year ending June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by the state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

d. General Litigation

The System is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the plan net assets or the changes in plan net assets of the System.

e. Methods Used to Value Investments

Investments are managed by the ISBI pursuant to Chapter 40, Article 5/22A of the Illinois Compiled Statutes (ILCS) and are maintained in the ISBI Commingled Fund.

Investments owned are reported at fair value as follows: (1) U.S. Government and Agency, Foreign and Corporate Obligations, Convertible Bonds – prices quoted by a major dealer in such securities; (2) Common Stock and Equity Funds, Preferred Stock, Foreign Equity Securities, Forward Foreign Currency Contracts and Options: (a) Listed – closing prices as reported on the composite summary of national securities exchanges; (b) Over-the-counter – bid prices; (3) Money Market Instruments – average cost which approximates fair values; (4) Real Estate Investments – fair values as determined by the ISBI and its investment managers; and (5) Alternative Investments (Private Equity, Hedge Funds, and Infrastructure Funds) - fair values as determined by the ISBI and its investment managers; and (6) Commingled Funds - fair values as determined by the ISBI and its investment managers.

Units of the ISBI Commingled Fund are issued to the member systems on the last day of the month based on the unit net asset value calculated as of that date. Net investment income of the ISBI Commingled Fund is allocated to each of the member systems on the last day of the month on the basis of percentage of accumulated units owned by the respective systems. Management expenses are deducted monthly from income before distribution.

The investment authority of the ISBI is provided in Chapter 40, Section 5/22A-112 of the ILCS. Such investment authority requires that all opportunities be undertaken with care, skill, prudence and diligence given prevailing circumstances that a prudent person acting in like capacity and experience would undertake.

f. Actuarial Experience Review

In accordance with Illinois Compiled Statutes, an actuarial experience review is to be performed at least once every five years to determine the adequacy of actuarial assumptions regarding the mortality, retirement, disability, employment, turnover, interest and earnable compensation of the members and beneficiaries of the System. An experience review was last performed as of June 30, 2005.

g. Administrative Expenses

Expenses related to the administration of the System are financed through investment earnings and employer retirement contributions. These expenses are budgeted and approved by the System's Board of Trustees.

Administrative expenses common to the General Assembly Retirement System and the Judges' Retirement System are allocated 30% to the General Assembly Retirement System and 70% to the Judges' Retirement System.

Invoices/vouchers covering common expenses incurred are paid by the Judges' Retirement System, and the appropriate amount is allocated to and reimbursed by the General Assembly Retirement System. Administrative expenses allocated to and reimbursed by the General Assembly Retirement System as of June 30, 2009 and 2008, were $204,009 and $184,046, respectively.

h. Risk Management

The System, as part of the primary government of the State, provides for risks of loss associated with workers' compensation and general liability through the State's self-insurance program. The System obtains commercial insurance for fidelity, surety, and property. There have been no commercial insurance claims in the past three fiscal years.

i. Use of Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles, the System makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

j. Reclassifications

Certain fiscal year 2008 amounts have been reclassified to conform to the fiscal year 2009 presentation. These reclassifications have not changed the fiscal year 2008 results.

4. Investments

Summary of the ISBI Fund's investments at fair value by type

	June 30, 2009	June 30, 2008
Government and agency obligations	$ 665,018,889	$ 852,045,701
Foreign obligations	33,237,090	113,005,430
Corporate obligations	668,047,761	1,058,164,332
Common stock & equity funds	2,610,218,733	3,823,791,711
Preferred stock	286,429	4,491,500
Foreign equity securities	1,482,594,431	1,984,314,463
Foreign preferred stock	47,856	603,032
Commingled Funds	335,484,184	417,894,222
Hedge Funds	880,939,190	598,985,402
Real estate investments	875,929,700	1,332,081,349
Private Equity	450,491,810	524,628,589
Money market instruments	235,126,490	307,481,504
Infrastructure funds	305,969,947	209,975,518
Bank loans	197,259,098	202,137,983
Forward foreign exchange contracts	(5,594,545)	(72,622)
Total investments	$ 8,735,057,063	$ 11,429,528,114

Custodial Credit Risk for Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the ISBI will not be able to recover the value of investments or collateral securities that are in the possession of a counterparty. As of June 30, 2009 and 2008, the investments listed in the table below were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the ISBI's name:

	2009	2008
Common stock	$ 2,529,488	$ 2,024,444
Government and agency obligations	7,847,410	9,695,067
Total	$ 10,376,898	$ 11,719,511

Deposits

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the System's and ISBI's deposits may not be returned. All non-investment related bank balances at year end are insured or collateralized with securities held by the Illinois State Treasurer or agents in the name of the State Treasurer. Cash held in the investment related bank account by ISBI is neither insured nor collateralized for amounts in excess of $250,000. During fiscal year 2007, a Credit Risk Policy was implemented by the ISBI staff and formally adopted by the ISBI Board in July, 2007. The policy outlines the control procedures used to monitor custodial credit risk. These assets are under the custody of State Street Bank and Trust. State Street Bank and Trust has a AA Long-term Deposit/Debt rating by Standard & Poor's and an Aa2 rating by Moody. Certain investments of the ISBI with maturities of 90 days or less would be considered cash equivalents; these consist of short-term investment funds and U.S. Treasury bills with maturities of 90 days or less. For financial statement presentation and investment purposes, the ISBI reports these types of cash equivalents as Money Market Instruments within their investments. The table below discloses the deposits held by the ISBI at June 30, 2009 and 2008, and the portion of those deposits exposed to custodial credit risk.

	June 30, 2009	June 30, 2008
Carrying amounts and Bank balances		
Cash	$ 12,440,740	$ 43,558,219
Amount exposed to custodial credit risk	$ -	$ 43,458,219

Securities Lending

The ISBI participates in a securities lending program with State Street who acts as securities lending agent. Securities are loaned to brokers and, in return, the ISBI has rights to a portion of a collateral pool. All of the securities are eligible for the securities lending program. Collateral consists solely of cash, letters of credit, commercial paper and government securities having a fair value equal to or exceeding 102% of the value of the loaned securities (105% for non-U.S. securities). In the event of borrower default, State Street provides the ISBI with counterparty default indemnification. The ISBI had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities loaned. As of June 30, 2009 and 2008, there were outstanding loaned investment securities having fair values of $1,476,903,266 and $1,851,952,625, respectively; against which collateral was received with a fair value of $1,528,744,414 and $1,912,742,552, respectively. Collateral received at June 30, 2009 and 2008 consisted of $1,467,250,961and $1,703,959,890, respectively, in cash and $61,493,453 and $208,782,662, respectively, in securities for which the ISBI does not have the ability to pledge or sell.

Concentration of Credit Risk and Credit Risk for Investments

The ISBI's portfolio is managed by professional investment management firms. These investment management firms are required to maintain diversified portfolios. Each investment manager must comply with risk management guidelines individually assigned to them as part of their Investment Management Agreement. The ISBI did not have any single issuer investment that exceeded 5% of the total net assets of the fund as of June 30, 2009 and 2008. The table at right presents the quality ratings of debt securities held by the ISBI as of June 30, 2009 and 2008.

	Moody's Quality Rating	2009	2008
Government and agency obligations			
U.S. Government obligations and	AAA	$ 653,019,129	$ 661,038,878
Federal agency obligations	AA	11,999,760	5,057,314
	A	-	12,617,585
	BAA	-	4,847,471
	B	-	976,931
	Not Rated	-	167,507,521
Total Government and agency obligations		$ 665,018,889	$ 852,045,700
Foreign obligations	AAA	$ 7,009,777	$ 8,105,833
	AA	3,433,768	3,578,088
	A	-	12,247,911
	BAA	1,899,728	27,477,167
	BA	10,915,077	30,930,973
	B	7,765,165	10,807,260
	CAA	1,609,335	-
	C	604,240	-
	Not rated	-	19,858,198
Total foreign obligations		$ 33,237,090	$ 113,005,430
Corporate obligations	AAA	$ 39,162,888	$ 129,745,414
	AA	56,839,344	125,292,897
	A	209,758,077	132,759,541
	BAA	99,409,888	148,019,604
	BA	79,410,130	111,315,582
	B	132,204,912	280,234,046
	CAA	39,940,421	64,919,149
	CA	977,375	530,341
	C	-	556,527
	Not rated	10,344,726	64,791,231
Total corporate obligations		$ 668,047,761	$ 1,058,164,332

Derivative Securities

Some of the ISBI managers invest in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as bond and stock prices, a market index, or commodity prices. The ISBI's investments in derivatives are not leveraged. Obligations to purchase (long a financial future or a call option) are held in cash or cash equivalents. In the case of obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivatives transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. The ISBI Board of Directors and senior management approve these limits, and the risk positions of the investment managers are reviewed on a regular basis to monitor compliance with the limits.

During the year, derivative investments included forward foreign currency contracts, collateralized mortgage obligations (CMO's), futures and options. The remaining derivative securities are used to improve the yields or to hedge changes in interest rates.

Forward foreign currency contracts are used to hedge against the currency risk in the ISBI's foreign stock and fixed income portfolios. Forward foreign currency contracts are agreements to buy or sell specific amounts of a foreign currency at a specified delivery or maturity date for an agreed upon price. As the fair value of the forward contracts varies, the ISBI records an unrealized gain or loss. Forward foreign currency contracts represent an off-balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The fair value of forward foreign currency contracts outstanding at June 30, 2009 and 2008, are shown in the table below:

	Cost	Fair Value	Gain/(Loss)
As of June 30, 2009			
Forward currency purchases	$173,126,960	$181,554,864	$ 8,427,904
Forward currency sales	183,451,357	197,473,806	(14,022,449)
Total gain/(loss)			$ (5,594,545)
	Cost	Fair Value	Gain/(Loss)
As of June 30, 2008			
Forward currency purchases	$6,018,928	$6,025,470	$ 6,542
Forward currency sales	5,890,350	5,969,514	(79,164)
Total gain/(loss)			$ (72,622)

The ISBI also invests in mortgage-backed securities to maximize yields and to hedge against a rise in interest rates. These securities are based on cash flows from principal and interest payments on underlying mortgages.The value, liquidity and related income of these securities are sensitive to prepayments by mortgagees, changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and insurers and changes in interest rates. As of June 30, 2009 and 2008, the fair value of the ISBI's CMO holdings totaled $23,611,438 and $165,456,226, respectively.

The ISBI investment managers utilize financial futures to replicate an underlying security they desire to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Financial future contracts are also used to improve the yield or adjust the duration of the portfolio. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price. The fair values of the futures contracts vary from the original contract price, a gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off-balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The ISBI's investment managers utilize options in an effort to add value to the portfolio (collect premiums) or protect (hedge) a position in the portfolio. Options are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. As the writer of financial options, the ISBI receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the instrument underlying the option. As the purchaser, the ISBI pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

Futures and options positions held by the ISBI as of June 30, 2009 and 2008

	2009		2008	
	Number of Contracts	Contract Principal*	Number of Contracts	Contract Principal*
Equity futures purchased	1,626	$ 74,430,150	1,892	$ 122,985,600
Fixed income futures purchased	-	-	3	599,694
Fixed income futures sold	-	-	790	167,444,230
Fixed income written put options	-	-	347	34,700,000
Fixed income written call options	-	-	283	28,300,000

* Contract principal amounts shown represent the market value of the underlying assets the contracts control. These are shown to present the volume of the transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk. Contract principal values also do not represent recorded values.

Interest Rate Risk

The ISBI manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio to an effective weighted average rate between 80 and 120 percent of the benchmark index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's fair value. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. As of June 30, 2009, the ISBI benchmarks its debt security portfolio to Barclay's Capital Intermediate U.S. Government/Credit Bond Index. As of June 30, 2008, the ISBI benchmarked its debt security portfolio to Lehman Brothers Aggregate. At June 30, 2009, the effective duration of the Barclay's Capital Intermediate U.S. Government/ Credit Bond Index was 3.9 years. At June 30, 2008, the effective duration of the Lehman Brothers Aggregate was 3.8 years. At the same point in time, the effective duration of the ISBI debt security portfolio at June 30, 2009 and 2008 was 3.8 and 4.2 years, respectively.

	2009		2008	
Investment Type	Fair Value	Effective Weighted Duration Years	Fair Value	Effective Weighted Duration Years
Government & agency obligations				
U.S. Government	$ 75,529,694	5.3	$ 235,753,279	5.3
Federal agency	589,489,195	2.9	616,292,422	3.4
Foreign obligations	33,237,090	4.7	113,005,430	5.1
Corporate obligations				
Bank and Finance	159,283,917	4.0	159,397,789	3.8
Collateralized Mortgage Obligations	19,360,918	2.8	136,048,371	1.4
Industrials	425,239,911	4.4	593,294,641	4.9
Other	64,163,015	4.7	169,423,531	5.1
	$ 1,366,303,740		$ 2,023,215,463	

Foreign Currency Risk

	2009		2008	
	Foreign Equity and Foreign Preferred Securities	Foreign Obligations	Foreign Equity and Foreign Preferred Securities	Foreign Obligations
Australian Dollar	$ 64,845,908	$ -	$ 122,273,518	$ -
Brazilian Real	33,224,878	-	9,912,719	822,627
Canadian Dollar	47,104,026	-	67,312,081	640,243
Danish Krone	22,597,007	-	20,127,457	-
Egyptian Pound	631,787	-	315,568	-
English Pound Sterling	291,255,325	-	360,797,972	355,913
Euro Currency	407,541,247	-	579,718,291	3,464,132
Hong Kong Dollar	39,652,995	-	54,097,173	-
Iceland Krona	-	-	-	4,149,151
Japanese Yen	221,156,513	-	278,817,201	-
Malaysian Ringgit	-	-	-	6,031,886
Mexican Peso	2,121,876	-	2,383,899	9,829,450
New Zealand Dollar	1,076,827	-	1,093,179	-
Norwegian Krone	9,277,231	-	33,771,404	-
Singapore Dollar	30,234,461	-	33,616,147	6,136,820
South African Rand	3,495,645	-	3,038,970	-
South Korean Won	21,353,474	-	22,322,531	-
Swedish Krona	15,868,385	-	38,232,833	-
Swiss Franc	124,169,874	-	129,364,946	-
Foreign investments denominated in U.S. Dollars	147,034,828	33,237,090	227,721,606	81,575,208
Total	$ 1,482,642,287	$ 33,237,090	$ 1,984,917,495	$ 113,005,430

The ISBI's international portfolio is constructed on the principles of diversification, quality growth and value. Risk of loss arises from changes in currency exchange rates. International managers may also engage in transactions to hedge currency at their discretion. Certain investments held in infrastructure funds trade in a reported currency of Euro based dollars valued at $38,643,067 and $0 as of June 30, 2009 and 2008, respectively. The table at bottom of previous page presents the foreign currency risk by type of investment as of June 30, 2009 and 2008.

Investment Liquidity

The ISBI holds investments in hedge funds, real estate funds, private equity funds and infrastructure funds that are considered illiquid by the very nature of the investment. Market risk exists with respect to these investments as the ISBI may not be able to exit from the investments during periods of significant market value declines.

Investment Commitments

The ISBI's real estate and private equity investment portfolios consist of passive interests in limited partnerships. The ISBI had outstanding commitments to these limited partnerships of approximately $486 million and $515 million, as of June 30, 2009 and 2008, respectively. Also, at the end of fiscal year 2009 and 2008, the ISBI had outstanding commitments of $159 million and $165 million, respectively, to separate real estate accounts. Also, at the end of fiscal year 2009 and 2008, the ISBI had outstanding amounts of $155 million and $302 million, respectively, to infrastructure funds.

Other Information

The System owns approximately 1% of the net investment assets of the ISBI Commingled Fund as of June 30, 2009 and 2008. A schedule of investment expenses is included in the ISBI's annual report.

For additional information on ISBI's investments, please refer to their Annual Report as of June 30, 2009. A copy of the report can be obtained from the ISBI at 180 North LaSalle Street, Suite 2015, Chicago, Illinois 60601.

5. Administrative Expenses

A summary of the administrative expenses for the General Assembly Retirement System for fiscal years 2009 and 2008 is listed below.

Administrative expenses for fiscal years 2009 and 2008

	2009	2008
Personal services	$117,817	$107,733
Employee retirement contributions paid by employer	4,716	4,314
Employer retirement contributions	24,818	17,862
Social Security contributions	8,695	7,982
Group insurance	22,493	22,627
Contractual services	88,043	71,960
Travel	608	830
Printing	1,910	2,097
Commodities	303	218
Telecommunications	999	982
Electronic data processing	2,682	4,313
Automotive	648	450
Depreciation	663	880
Change in accrued compensated absences	2,327	1,922
Total	$276,722	$244,170

6. Funding - Statutory Contributions Required & Contributions Made

On an annual basis, a valuation of the liabilities and reserves of the System is performed by the System's actuarial consultants in order to determine the amount of contributions statutorily required from the State of Illinois. For fiscal years 2009 and 2008, the actuary used the projected unit credit actuarial method for determining the proper employer contribution amount.

For fiscal year 2009 and 2008, the required employer contribution was computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50 year funding plan with an ultimate goal to fund the cost of maintaining and administering the System at an actuarial funded ratio of 90%.

In addition, the funding plan provides for a 15 year phase-in period to allow the state to adapt to the increased financial commitment. Once the 15 year phase-in period is complete, the state's contribution will then remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved.

The total amount of statutorily required employer contributions for fiscal years 2009 and 2008 was $8,847,000 and $6,809,800, respectively. The total amount of employer contributions received from the state during fiscal years 2009 and 2008 was $8,847,000 and $6,809,800, respectively.

The funded status of the System as of June 30, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
$71,573,865	$245,226,299	$173,652,434	29.2%	$14,728,000	1,179.1%

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

Additional information as of the latest actuarial valuation follows:

Valuation date: June 30, 2009

Actuarial cost method: Projected Unit Credit

Amortization method:
- a. For GASB Statement No. 25 reporting purposes: Level percent of payroll
- b. Per state statute: 15-year phase-in to a level percent of payroll until a 90% funding level is achieved

Remaining amortization period:
- a. For GASB Statement No. 25 reporting purposes: 30 years, open
- b. Per state statute: 36 years, closed

Asset valuation method: Fair value, adjusted for any actuarial gains or losses from investment return incurred in the fiscal year recognized in equal amounts over the five year period following that fiscal year.

Actuarial assumptions:

Investment rate of return:	8.0 percent per year, compounded annually
Projected salary increases:	5.0 percent per year, compounded annually
Assumed inflation rate:	4.0 percent
Group size growth rate:	0.0 percent
Post-retirement increase:	3.0 percent per year, compounded annually

Mortality Rates:

Active and retired members: The UP-1994 Mortality Table for Males, rated down 2 years.

Survivors: The UP-1994 Mortality Table for Females, rated down 1 year.

7. Pension Plan & Other Post-Employment Benefits

Plan Description. All of the System's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity.

The SERS is a single-employer defined benefit public employee retirement system (PERS) in which state employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems.

The financial position and results of operations of the SERS for fiscal years 2009 and 2008 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2009 and 2008, respectively. The SERS also issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255 or by calling 217-785-7202.

The State of Illinois' CAFR may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams St., Springfield, Illinois, 62704-1858 or by calling 217-782-2053.

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute, and the authority under which those obligations are established.

Funding Policy. The System pays employer retirement contributions based upon an actuarially determined percentage of its payrolls. For fiscal years 2009, 2008, and 2007 the employer contribution rates were 21.049%, 16.561%, and 11.525%, respectively. The System's contributions to SERS for fiscal years 2009, 2008, and 2007 were $24,818, $17,862, and $11,173, respectively, and were equal to the required contributions for each fiscal year.

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

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

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

8. Accrued Compensated Absences

Employees of the General Assembly Retirement System are entitled to receive compensation for all accrued but unused vacation time and one-half of all unused sick leave earned after December 31, 1983 and prior to January 1, 1998 upon termination of employment. These accrued compensated absences as of June 30, 2009 and 2008 total $19,888 and $17,561, respectively and are included in administrative expenses payable.

9. Analysis of Changes in Reserve Balances

The funded statutory reserves of the General Assembly Retirement System are composed of two components as follows:

a. Reserve for Participants' Contributions
This reserve consists of participants' accumulated contributions for retirement annuities, survivors' annuities and automatic annual increases.

Statements of Changes in Reserve Balances
Years Ended June 30, 2009 and 2008

	Participants' Contributions	Future Operations	Total Reserve Balances
Balance at June 30, 2007	$15,994,185	$71,187,990	$87,182,175
Add (deduct):			
Excess of revenues over/(under) expenses	1,695,666	(13,471,898)	(11,776,232)
Reserve transfers:			
Accumulated contributions of participants who retired or died with eligible survivor during the year	(923,701)	923,701	–
Balance at June 30, 2008	$16,766,150	$58,639,793	$75,405,943
Add (deduct):			
Excess of revenues over/(under) expenses	1,635,408	(21,949,226)	(20,313,818)
Reserve transfers:			
Accumulated contributions of participants who retired or died with eligible survivor during the year	(1,526,048)	1,526,048	–
Balance at June 30, 2009	$16,875,510	$38,216,615	$55,092,125

b. Reserve for Future Operations
This reserve is the balance remaining in the General Assembly Retirement System from State of Illinois contributions and revenue from investments after consideration of charges for payouts by the General Assembly Retirement System.

10. Equipment

Capital assets are capitalized at their cost at the time of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The estimated useful lives are as follows: (1) office furniture - 10 years, (2) equipment - 6 years, and (3) certain electronic data processing equipment - 3 years.

Summary of the changes in equipment for fiscal years 2009 and 2008

2009

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	$ 20,848	$ 230	$ -	$ 21,078
Accumulated depreciation	(18,720)	(663)	-	(19,383)
Equipment, net	$ 2,128	$ (433)	$ -	$ 1,695

2008

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	$ 20,277	$ 1,063	$ (492)	$ 20,848
Accumulated depreciation	(18,332)	(880)	492	(18,720)
Equipment, net	$ 1,945	$ 183	$ -	$ 2,128

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
6/30/04	$ 83,208,002	$ 207,592,692	$ 124,384,690	40.1%	$ 12,993,000	957.3%
6/30/05	83,273,042	212,905,654	129,632,612	39.1	12,851,000	1,008.7
6/30/06	82,254,832	221,713,300	139,458,468	37.1	12,739,000	1,094.7
6/30/07	87,182,175	231,913,988	144,731,813	37.6	12,701,000	1,139.5
6/30/08	75,405,943	235,780,071	160,374,128	32.0	12,871,000	1,246.0
6/30/09	71,573,865	245,226,299	173,652,434	29.2	14,728,000	1,179.1

* For fiscal years prior to 2009, the actuarial value of assets was equal to the fair value of assets. Beginning in fiscal year 2009, the actuarial value of assets was equal to the fair value of assets adjusted for any actuarial gains or losses from investment return incurred in the fiscal year recognized in equal amounts over the five year period following that fiscal year.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution per GASB Statement No. 25	Percentage Contributed	Annual Required Contribution per State Statute	Percentage Contributed
2004	$ 8,894,016	65.1%	$ 5,790,000	100.0% (1)
2005	8,302,564	56.3	4,674,000	100.0
2006	8,593,196	48.4	4,157,000	100.0
2007	10,125,503	51.6	5,220,300	100.0
2008	10,672,535	63.8	6,809,800	100.0
2009	11,129,440	79.5	8,847,000	100.0

(1) This percentage excludes the additional employer contributions received from the sale of General Obligation bonds by the State of Illinois. These proceeds were not part of the current fiscal year required contributions.

Notes to Required Supplementary Information

Valuation date: June 30, 2009

Actuarial cost method: Projected Unit Credit

Amortization method:

a. For GASB Statement No. 25 reporting purposes: Level percent of payroll

b. Per state statute: 15-year phase-in to a level percent of payroll until a 90% funding level is achieved

Remaining amortization period:

a. For GASB Statement No. 25 reporting purposes: 30 years, open

b. Per state statute: 36 years, closed

Asset valuation method: Fair value, adjusted for any actuarial gains or losses from investment return incurred in the fiscal year recognized in equal amounts over the five year period following that fiscal year.

Actuarial assumptions:

Investment rate of return:	8.0 percent per year, compounded annually
Projected salary increases:	5.0 percent per year, compounded annually
Assumed inflation rate:	4.0 percent
Group size growth rate:	0.0 percent
Post-retirement increase:	3.0 percent per year, compounded annually

Mortality Rates:

Active and retired members: The UP-1994 Mortality Table for Males, rated down 2 years.

Survivors: The UP-1994 Mortality Table for Females, rated down 1 year.

SUMMARY OF REVENUES BY SOURCE
Years Ended June 30, 2009 and 2008

	2009	2008
Contributions:		
Participants:		
Participants	$ 1,703,025	$ 1,701,291
Interest paid by participants	(5,450)	30,975
Repayment of refunds	-	40,594
Total participant contributions	1,697,575	1,772,860
Employer:		
General Revenue Fund	8,847,000	6,809,800
Received from reciprocating systems	9,422	-
Total employer contributions	8,856,422	6,809,800
Total contributions revenue	10,553,997	8,582,660
Investments:		
Net investment income	1,411,133	1,893,640
Interest earned on cash balances	67,905	132,702
Net depreciation in fair value of investments	(16,141,323)	(6,734,639)
Total investment loss	(14,662,285)	(4,708,297)
Total revenues (losses)	$ (4,108,288)	$ 3,874,363

SCHEDULE OF PAYMENTS TO CONSULTANTS
Years Ended June 30, 2009 and 2008

	2009	2008
Actuary	$22,000	$18,000
Audit fees	28,704	25,930
Legal services	3,746	105
Total	$54,450	$44,035

SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
Years Ended June 30, 2009 and 2008

	2009	2008
Cash balance, beginning of year	$ 2,823,304	$ 3,234,905
Receipts:		
Participant contributions	1,724,075	1,710,631
Employer contributions:		
General Revenue Fund	5,728,233	6,242,317
Received from reciprocating systems	9,422	-
Interest income on cash balances	71,029	138,922
Tax-deferred installment payments	46,930	35,434
Cancellation of annuities	13,152	3,508
Repayment of refunds	-	1,263
Transfers from Illinois State Board of Investment	9,500,000	7,100,000
Miscellaneous	50	85
Total cash receipts	17,092,891	15,232,160
Disbursements:		
Benefit payments:		
Retirement annuities	13,023,821	12,656,318
Survivors' annuities	2,839,930	2,605,812
Refunds	81,119	147,804
Administrative expenses	265,668	233,827
Total cash disbursements	16,210,538	15,643,761
Cash balance, end of year	$ 3,705,657	$ 2,823,304

This page is intentionally left blank

INVESTMENT SECTION

INVESTMENT REPORT

By state law, the System's investment function is managed by the Illinois State Board of Investment (ISBI). The ISBI was created in 1969 to provide a means of centralizing the investment management function for public employee pension funds and retirement systems operating in the state.

In addition to the assets of the General Assembly Retirement System, the ISBI also manages the investment function for the Judges' and State Employees' Retirement Systems. All ISBI investments are accounted for in a commingled fund (ISBI Fund).

As of June 30, 2009, total net assets under management valued at market, amounted to $8.684 billion. Of the total market value of assets under management, $47.7 million or approximately 1% represented assets of the General Assembly Retirement System.

A summary of the portfolio's largest holdings, as well as the complete listing of the ISBI portfolio, are included in the ISBI Annual Report. A schedule of fees and commissions paid by brokerage firms and a listing of transactions executed, including transaction value, are also contained in the ISBI Annual Report. The following investment information and analysis has been prepared from information provided by the ISBI.

INVESTMENT POLICY

The ISBI operates under a strategic investment policy. The investment objective of the total portfolio is to maximize the rate of return on investments within a prudent level of risk. To achieve this objective, the ISBI invests in different types of assets and uses multiple managers to ensure diversification.

The ISBI continues to seek an appropriate level of diversity among the investment professionals charged with meeting the ISBI's mission. Towards those ends, the ISBI has adopted policies regarding utilization of minority and female owned brokers, minority and female owned money managers, and emerging managers. Since April, 2006, the ISBI has achieved its minimum goal of 5% of the total portfolio being managed by emerging and minority managers. At June 30, 2009, 25.7% of the ISBI's portfolio was managed by emerging, minority, and female owned firms.

During fiscal year 2009, utilization of minority/female owned broker/dealers by ISBI investment managers far exceeded policy goals, with 57.4% of domestic equity trades being executed through minority/female owned broker/dealers. Of those trades, 94.8% were executed through Illinois based broker/dealers. Similarly, 30% of fixed income transactions, based on par value, were placed through minority/female owned broker/dealers, of which 73.5% were with Illinois based firms. In the international portfolio, 7.3% of trades were placed with minority/female owned broker/dealers, of which 100% were with Illinois based firms.

ASSET ALLOCATION

The investment policy of the ISBI establishes asset allocation targets and ranges for each asset class, selected to achieve overall risk and return objectives. This policy is implemented by allocations to investment managers with assignments to invest in specific asset classes, with defined security selection styles and methodologies.

During fiscal year 2008, consistent with its policy and industry best practices, the ISBI, working through staff and in concert with its consultant, examined the asset allocation and considered revisions. Stemming out of that work, the recommendations submitted and adopted by the ISBI Board at its March, 2008 meeting were to reduce the portfolio's exposure to domestic equities and increase investments in international equities. The domestic equity allocation was reduced from 40% to 30% and the commitment to international equities was increased from 10% to 20%. The ISBI also reduced investments in fixed income instruments from 25% to 20% and increased the utilization of hedged equity fund of funds from 5% to 10%.

Subsequent to the March, 2008 ISBI Board meeting and into early fiscal year 2009, the ISBI finalized the implementation of the portfolio changes to reflect the revised asset allocation policy.

While the ISBI made no new changes to the asset allocation policy during fiscal year 2009, difficulty was experienced in complying with the existing policy

	Actual Asset Allocation	Policy Target
U.S. Equity	30%	30%
U.S. Equity Hedge Funds	10	10
International Equity	17	20
Commingled Funds	4	-
Fixed Income	16	18
Bank Loans	2	2
Real Estate	10	10
Private Equity	5	5
Infrastructure	3	5
Cash	3	-
Total	100%	100%

during the first two quarters. During this time period, asset values declined precipitously and liquidity, both systemically and within the ISBI portfolio, declined. It was with great difficulty that the ISBI was able to rebalance the portfolio to remain true to the asset allocation model.

INVESTMENT RESULTS

In fiscal year 2009, investors suffered from double digit declines in the U.S. equity, international equity, private equity and real estate as measured by market indices. Fixed income, as measured by Barclay's Universal Index, had a positive return. The ISBI total fund was down 20.1% for fiscal year 2009, net of expenses. This follows a negative return of 6.2% for fiscal year 2008, and positive returns of 17.1%, 11.0%, and 10.1% for fiscal years 2007, 2006, and 2005, respectively. While the ISBI continues to be concerned by some underperformance by specific managers, most of the current managers have exceeded their individual benchmarks since inception.

REAL ESTATE

In fiscal year 2009, the ISBI's real estate portfolio earned a return of negative 31.7%. The NCREIF Real Estate Index, a measure of core, operating, non-leveraged real estate, earned a negative 19.6%. It is the ISBI's belief that much of the portfolio's underperformance relative to this benchmark can be attributed to the ISBI's prompt writing down of real estate assets, and a general lag on the part of the index for similar write downs. Further, while the ISBI, as well as most institutional investors, utilizes a prudent amount of leverage in its real estate portfolio, the NCREIF Real Estate Index is completely unleveraged. Over the last five years, the ISBI increased the real estate strategic allocation from 5% to 10% of the total fund with the new allocation targeting 70% of its real estate to core, income producing real estate, with the balance in higher return strategies. The increased real estate allocation resulted in the addition of two core, separate real estate accounts. Originally, it was planned to have the new separate accounts fully invested by the end of calendar year 2008. However, as a result of challenging market conditions, those accounts are yet to be fully funded. The ISBI's real estate portfolio is invested primarily through interests in separate accounts, limited partnerships, trusts, and other forms of pooled investments.

REAL ESTATE

	1 Year	3 Years	5 Years
ISBI	(31.7)%	(6.9)%	2.1%
NCREIF Real Estate Index	(19.6)	1.0	7.6

U.S. EQUITIES

For the twelve months ended June 30, 2009, the Russell 3000 Index, a broad representation of the U.S. market, was down 26.6%. Growth stocks exceeded value stocks, with the Russell 3000 Growth Index down 24.5%, compared to the Russell 3000 Value Index down 28.7%. Small capitalization stocks outperformed large capitalization stocks, with the S&P 500 declining 26.2% compared to a 25% decline for the Russell 2000. The ISBI's U.S. equity portfolio was down 22% for fiscal year 2009, 4.6% above the Russell 3000. The ISBI, through structure analysis, rebalancing and risk management, continues to achieve its objective of tracking the market with predictable consistency.

U.S. EQUITIES

	1 Year	3 Years	5 Years
ISBI	(22.0)%	(6.2)%	0.0%
Russell 3000 Index	(26.6)	(8.4)	(1.8)

INTERNATIONAL EQUITIES

The Morgan Stanley EAFE Index returned negative 31% for the fiscal year ended June 30, 2009, or 4.4% below the U.S. return. The ISBI's international equity portfolio was down 29.1%, 1.9% above the EAFE Index. As with the U.S. equity portfolio, the ISBI has the twin objectives of limiting tracking error relative to the benchmark and adding value with active management.

INTERNATIONAL EQUITIES

	1 Year	3 Years	5 Years
ISBI	(29.1)%	(6.4)%	3.9%
MSCI-EAFE Index	(31.0)	7.5	2.8

FIXED INCOME

The ISBI's fixed income portfolio had a negative return of 2.4% for the fiscal year ended June 30, 2009, compared to the positive 4.9% for the Barclay's Universal Bond Index. An underweighting to Government bonds coupled with an associated overweight to investment grade, mortgage-backed securities, when compared to the index, was the reason for the under-performance.

FIXED INCOME

	1 Year	3 Years	5 Years
ISBI	(2.4)%	3.3%	3.5%
Barclay's Capital Intermediate U.S. Government Credit Bond Index	4.9	5.9	5.0

PRIVATE EQUITY

In fiscal year 2009, the ISBI's private equity portfolio returns were negative 18.8%. The private equity portfolio consists of interests in limited partnerships and other commingled vehicles that invest in management buyouts, venture capital, and other private placement equity strategy activities. The private equity asset class was challenged by disruptions in the credit markets and an overall weakness in pricing for the fiscal year period. In spite of these challenges, long-term results show that private equity remains the best performing asset class for the ten-year period ended June 30, 2009.

MANAGEMENT EXPENSES

The ISBI's total expenses for fiscal year 2009, based on $8.8 billion in total assets were $41.2 million, compared to $41.9 million based on $11.3 billion in total assets for fiscal year 2008. The resulting expense ratio (expenses divided by average fair value of assets) was .44% for fiscal year 2009, as compared to .36% for fiscal year 2008. Decreased aggregate expenses in fiscal year 2009 were mainly a result of decreased fees paid to investment managers.

INVESTMENT PORTFOLIO SUMMARY

	June 30, 2009		June 30, 2008	
Investments, at fair value				
Government and Agency Obligations	$ 665,018,889	7.66%	$ 852,045,701	7.53%
Foreign Obligations	33,237,090	0.38	113,005,430	1.00
Corporate Obligations	668,047,761	7.69	1,058,164,332	9.35
Common Stock & Equity Funds	2,610,218,733	30.06	3,823,791,711	33.80
Commingled Funds	335,484,184	3.86	417,894,222	3.69
Preferred Stock	286,429	0.00	4,491,500	0.04
Foreign Equity Securities	1,482,594,431	17.07	1,984,314,463	17.54
Foreign Preferred Stock	47,856	0.00	603,032	0.00
Hedge Funds	880,939,190	10.14	598,985,402	5.29
Real Estate Funds	875,929,700	10.09	1,332,081,349	11.77
Private Equity	450,491,810	5.19	524,628,589	4.64
Money Market Instruments	235,126,490	2.71	307,481,504	2.72
Infrastructure Funds	305,969,947	3.52	209,975,518	1.85
Bank Loans	197,259,098	2.27	202,137,983	1.79
Forward Foreign Exchange Contracts	(5,594,545)	(0.05)	(72,622)	0.00
	8,735,057,063	100.59	11,429,528,114	101.01
Other Assets, Less Liabilities	(51,002,791)	(0.59)	(114,474,953)	(1.01)
Net Assets, at Fair Value	$ 8,684,054,272	100.00%	$ 11,315,053,161	100.00%

ANALYSIS OF INVESTMENT PERFORMANCE (1)

	2009	2008	2007	2006	2005
Total Return* - Past 3 years		(4.3)%			
Total Return* - Past 5 years			1.4%		
Total Return* - year by year	(20.1)%	(6.2)%	17.1%	11.0%	10.1%
System's Actuarial Assumed Rate of Return			8.0%		

	2009	2008	2007	2006	2005
Comparative rates of return on fixed income securities					
Total fixed income - ISBI	(2.4)%	5.3%	6.9%	0.8%	6.9%
Comparison index:					
Barclay's Capital Intermediate					
U.S. Government Credit Bond Index	4.9%	6.2%	6.6%	(0.3)%	7.4%
Comparative rates of return on equities					
U.S. equities - ISBI	(22.0)%	(11.6)%	19.9%	10.7%	9.3%
Comparison index:					
Russell 3000 Index	(26.6)%	(12.5)%	20.1%	9.6%	8.1%

(1) State Street Bank and Trust, the ISBI's master custodian, provides performance rates of return by portfolio, portfolio aggregation and the respective indices.

* Total return is the combined effect of income earned and market appreciation (depreciation).

ADDITIONAL INVESTMENT INFORMATION

The following table shows a comparison of ISBI investment operations of the System for fiscal years 2009 and 2008:

	2009	2008	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Balance at beginning of year,				
at fair value	$ 71,923,943	$ 83,864,942	$ (11,940,999)	(14.2)%
Cash transferred from ISBI	(9,500,000)	(7,100,000)	(2,400,000)	(33.8)
Net ISBI investment revenue:				
ISBI Commingled Fund income	1,654,178	2,164,234	(510,056)	(23.6)
Less ISBI expenses	(243,045)	(270,594)	27,549	10.2
Net ISBI investment income	1,411,133	1,893,640	(482,507)	(25.5)
Net depreciation in				
fair value of ISBI investments	(16,141,323)	(6,734,639)	(9,406,684)	(139.7)
Net ISBI investment loss	(14,730,190)	(4,840,999)	(9,889,191)	(204.3)
Balance at end of year, at fair value	$ 47,693,753	$ 71,923,943	$ (24,230,190)	(33.7)%

In addition, interest on the average balance in the System's cash account in the State Treasury for FY 2009 was $67,905 compared to $132,702 during FY 2008.

This page is intentionally left blank

ACTUARIAL SECTION

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

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

November 19, 2009

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

ACTUARIAL CERTIFICATION

We have completed the annual actuarial valuation of the General Assembly Retirement System of Illinois as of June 30, 2009. The purpose of the valuation was to determine the financial condition and funding requirements of the retirement system.

Pursuant to the law governing the system, the actuary shall investigate the experience of the system at least once every five years and recommend, as a result of such investigation, the actuarial assumptions to be adopted. As the actuary, we have completed such an experience analysis for the four-year period 2002-2005. Based on this experience analysis, we recommended actuarial assumptions which were adopted by the system's board effective June 30, 2006 and which were used for the current valuation. We believe that, in the aggregate, the current actuarial assumptions relate reasonably to the past and anticipated experience of the system.

Public Act 96-0043, signed into law on July 15, 2009, provides that the actuarial value of the system's assets shall be used in determining the required State contribution to the system. Public Act 96-0043 provides that in determining the actuarial value of the system's assets for fiscal years after June 30, 2008, any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following the fiscal year. We have therefore determined the actuarial value of assets as of June 30, 2009 by recognizing 20% of the unexpected loss from investment return incurred during the fiscal year ending June 30, 2009. The asset values used for the valuation were based on the asset information reported by the system.

Section 5/2-124 of the Illinois Pension Code provides for the following funding plan for the system:

For fiscal years 2008 through 2010, the minimum State contribution to the system, as a level percentage of payroll, shall be increased in equal annual increments from the fiscal year 2007 contribution so that by fiscal year 2010 the contribution rate is at the same level as the contribution rate for fiscal years 2011 through 2045.

For fiscal years 2011 through 2045, the minimum contribution to the system for each fiscal year shall be an amount determined by the system to bring the total assets of the system up to 90% of the total actuarial liabilities by the end of fiscal year 2045. In making these determinations, the

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

required State contribution shall be calculated as a level percentage of payroll over the years through 2045.

Based on the results of the June 30, 2009 actuarial valuation, we have determined the required State contribution under this funding plan for fiscal year 2011. We have also estimated the required State contribution for future years.

The system's current funding plan does not meet the requirements for amortizing the unfunded liability provided under GASB Statement No. 25. In all other respects, the assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by GASB Statement No. 25.

The actuarial liabilities have been valued on the basis of membership data, which is supplied by the administrative staff of the system and verified by the system's auditors. We have made additional tests to ensure its accuracy.

In our opinion, the information presented herein fairly presents the financial condition of the General Assembly Retirement System of Illinois as of June 30, 2009. We prepared the accompanying Actuarial Cost Method and Summary of Major Actuarial Assumptions. The staff of the retirement system prepared the other supporting schedules in this section and the trend tables in the financial section, based on information contained in our actuarial reports.

Respectfully submitted,

Sandor Goldstein

Sandor Goldstein, F.S.A.
Consulting Actuary

Carl J. Smedinghoff

Carl J. Smedinghoff, A.S.A.
Actuary

INTRODUCTION

Annually, the System's actuarial consultants perform a valuation of the liabilities and reserves of the System in order to make a determination of the amount of contributions required from the state. These results are then certified to the Board.

The Board, in turn, has the duty of certifying an employer contribution amount, required to be paid to the System by the state during the succeeding fiscal year.

The employers' contribution amount, together with participants' contributions, income from investments and any other income received by the System, shall be sufficient to meet the cost of maintaining and administering the System on a funded basis in accordance with actuarial requirements, pursuant to Chapter 40, Section 5/2-146 of the Illinois Compiled Statutes.

In August, 1994, Senate Bill 533 was signed into law as Public Act 88-0593. This funding legislation, which became effective July 1, 1995, provides that:

- For fiscal years 1996 through 2010, the contribution to the System, as a percentage of the payroll, shall be increased in equal annual increments so that by fiscal year 2010 the contribution rate is at the same level as the contribution rate for fiscal years 2011 through 2045.

- For fiscal years 2011 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of fiscal year 2045. In making these determinations, the required contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

- Beginning in fiscal year 2045, the minimum contribution to the System for each fiscal year shall be the amount needed to maintain the total assets of the System at 90% of the total actuarial liabilities of the System.

The funding legislation also provides for the establishment of a continuing appropriation of the required state contributions to the System. This has, in effect, removed the appropriation of these funds from the annual budgetary process.

The amortization period required by the state's funding plan, as described above, does not meet the parameters of GASB Statement No. 25.

In April, 2003, House Bill 2660 was signed into law as Public Act 93-0002. This legislation authorized the sale of $10 billion of General Obligation bonds for the purpose of making contributions to the five state-financed retirement systems. This legislation also modified the funding plan by mandating that, beginning in fiscal year 2005, the required state contribution for each fiscal year not exceed the state contributions that would have been required had the General Obligation bond program not been in effect, reduced by the total debt service for each year for the System's portion of the General Obligation bond proceeds.

In June, 2005, Senate Bill 0027 was signed into law as Public Act 94-0004. This legislation further modified the funding plan by reducing the amount of required employer contributions for fiscal years 2006 and 2007 that would have otherwise been required under Public Act 88-0593, as modified by Public Act 93-0002. The required state contributions for fiscal years 2008 through 2010 will then be increased incrementally as a percentage of the participant payroll so that by fiscal year 2011 the state is contributing at the required level contribution rate to achieve the financing objective of a 90% funded status by the end of fiscal year 2045.

For fiscal years 2009 and 2008, the System received the actuarially determined employer contributions in accordance with the state's funding plan described above.

ACTUARIAL COST METHOD AND SUMMARY OF MAJOR ACTUARIAL ASSUMPTIONS

The System utilizes the projected unit credit actuarial cost method. Under this method, the actuarial liability is the actuarial present value or that portion of a participant's projected benefit that is attributable to service to date on the basis of future compensation projected to retirement. The normal cost represents the actuarial present value of the participant's projected benefit that is attributable to service in the current year, again based on future compensation projected to retirement.

Actuarial gains and losses are recognized in the unfunded actuarial liability of the System. However, for purposes of determining future employer contributions, the actuarial gains and losses are amortized in accordance with the funding plan as previously described.

A description of the actuarial assumptions utilized for fiscal years 2009 and 2008 follows:

Dates of Adoption: The Projected Unit Credit Actuarial Cost Method was adopted June 30, 1987; all other assumptions were adopted June 30, 2006.

Asset Valuation Method: For fiscal year 2008, the actuarial value of assets was equal to the fair value of assets. For fiscal year 2009, the actuarial value of assets was equal to the fair value of assets adjusted for any actuarial gains or losses from investment return incurred in the fiscal year recognized in equal amounts over the five year period following that fiscal year.

Mortality Rates: Active and retired members: The UP-1994 Mortality Table for Males, rated down 2 years. Survivors: The UP-1994 Mortality Table for Females, rated down 1 year.

Salary Increase: A salary increase assumption of 5.0% per year (consisting of a general increase component of 4.0% per year and a seniority/merit increase component of 1.0% per year), compounded annually, was used. In determining total covered payroll, the size of the active group is assumed to remain constant.

Interest Rate: An interest rate assumption of 8.0% per year (consisting of an inflation component of 4.0% per year and a real rate of return component of 4.0% per year), compounded annually, was used.

Marital Status: It was assumed that 75% of active participants will be married at the time of retirement.

Spouse's Age: The age of the spouse was assumed to be 4 years younger than the age of the participant.

Termination Rates: Termination rates based on the recent experience of the System were used. The following is a sample of the termination rates that were used:

Age	Rate of Termination
20 - 65	.070
66 and over	.000

Disability Rates: Disability rates based on the recent experience of the System as well as on published disability rate tables were used. The following is a sample of the disability rates that were used:

Age	Rate of Disability	Age	Rate of Disability
30	.00057	45	.00115
35	.00064	50	.00170
40	.00083	55 and over	.00000

Retirement Rates: Rates of retirement for each age from 55 to 80 based on the recent experience of the System were used. The following are samples of the rates of retirement that were used:

Age	Rate of Retirement
55	.20
60	.10
65	.08
70	.05
75	.05
80 and over	1.00

The above retirement rates are equivalent to an average retirement age of approximately 60.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date June 30	Active Members			
	Number	Annual Payroll	Annual Average Pay	% Increase/(Decrease) In Average Pay
2000	181	10,763,000	59,464	2.8%
2001	181	11,479,000	63,420	6.7%
2002	181	12,089,000	66,790	5.3%
2003	182	12,638,000	69,440	4.0%
2004	181	12,993,000	71,785	3.4%
2005	182	12,851,000	70,610	(1.6)%
2006	182	12,739,000	69,995	(0.9)%
2007	182	12,701,000	69,786	(0.3)%
2008	182	12,871,000	70,720	1.3%
2009	181	14,728,000	81,370	15.1%

SUMMARY OF AND CHANGES TO THE PLAN PROVISIONS

Please refer to the Plan Summary and Legislative Section for a summary of the plan provisions and legislative amendments that were evaluated and considered by the actuary.

SHORT-TERM SOLVENCY TEST

A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the plan's present assets (primarily cash and investments) are compared with: 1) active and inactive participant contributions on deposit; 2) the liabilities for future benefits to present retired lives; and 3) the liabilities for service already rendered by active and inactive participants. In a system that has been following level percent of payroll financing, the liabilities for service already rendered by active and inactive participants (liability 3) should be partially covered by the remainder of present assets. If the system continues using level cost financing, the funded portion of liability 3 will increase over time, although it is very rare for a system to have its liability 3 fully funded.

COMPUTED ACTUARIAL VALUES

	Aggregate Accrued Liabilities For				Percentage of Accrued Liabilities Covered By Net Real Assets		
Fiscal Year	(1) Active and Inactive Participant Contributions	(2) Retirement and Survivor Annuitants	(3) Active and Inactive Participants (Employer Financed Portion)	Actuaial Value of Assets *	(1)	(2)	(3)
2000	$ 13,697,347	$ 93,016,774	$ 62,648,794	$ 70,471,444	100.0%	61.0%	0.0%
2001	14,667,801	97,775,794	65,102,549	61,997,847	100.0	48.4	0.0
2002	15,353,162	106,247,988	62,981,394	54,050,567	100.0	36.4	0.0
2003	14,631,496	124,991,226	56,887,345	49,676,302	100.0	28.0	0.0
2004	14,952,319	136,267,303	56,373,070	83,208,002	100.0	50.1	0.0
2005	15,061,845	143,516,668	54,327,141	83,273,042	100.0	47.5	0.0
2006	15,417,924	155,534,185	50,761,191	82,254,832	100.0	43.0	0.0
2007	15,994,185	162,006,322	53,913,481	87,182,175	100.0	43.9	0.0
2008	16,766,150	167,065,987	51,947,934	75,405,943	100.0	35.1	0.0
2009	16,875,510	174,259,645	54,091,144	71,573,865	100.0	31.4	0.0

* For fiscal years prior to 2009, the actuarial value of assets was equal to the fair value of assets. Beginning in fiscal year 2009, the actuarial value of assets was equal to the fair value of assets adjusted for any actuarial gains or losses from investment return incurred in the fiscal year recognized in equal amounts over the five year period following that fiscal year.

SCHEDULE OF RETIRANTS AND SURVIVORS' ANNUITANTS ADDED TO AND REMOVED FROM ROLLS

Fiscal Year	Annuitants Beginning	Annuitants Additions	Annuitants Deletions	Annuitants Ending	Survivors* Beginning	Survivors* Additions	Survivors* Deletions	Survivors* Ending	Total
2000	224	7	10	221	130	5	7	128	349
2001	221	11	6	226	128	5	8	125	351
2002	226	10	9	227	125	6	5	126	353
2003	227	31	4	254	126	6	3	129	383
2004	254	19	14	259	129	12	3	138	397
2005	259	16	12	263	138	9	13	134	397
2006	263	12	8	267	134	5	11	128	395
2007	267	15	10	272	128	6	7	127	399
2008	272	12	15	269	127	8	9	126	395
2009	269	16	10	275	126	7	7	126	401

***Includes reversionary annuities**

SUMMARY OF ACCRUED AND UNFUNDED ACCRUED LIABILITIES (Analysis of Funding)

In an inflationary economy, the value of the dollar decreases. This environment results in employees' pay and retirement benefits increasing in dollar amounts resulting in unfunded accrued liabilities which increase in dollar amounts, all at a time when the actual substance of these items may be decreasing. Looking at just the dollar amounts of unfunded accrued liabilities can be misleading. The ratio of the unfunded accrued liabilities to active employee payroll provides an index which clarifies understanding. The smaller the ratio of unfunded liabilities to active participant payroll, the stronger the system. Observation of this relative index over a period of years will give an indication of whether the system is becoming financially stronger or weaker.

Fiscal Year	Total Actuarial Liability	Actuarial Value of Assets *	Actuarial Value of Assets as a % of Actuarial Liability	Total Unfunded Actuarial Liability	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Annual Covered Payroll
2000	$ 169,362,915	$ 70,471,444	41.6%	$ 98,891,471	$ 10,763,000	918.8%
2001	177,546,144	61,997,847	34.9%	115,548,297	11,479,000	1,006.6%
2002	184,582,544	54,050,567	29.3%	130,531,977	12,089,000	1,079.8%
2003	196,510,067	49,676,302	25.3%	146,833,765	12,638,000	1,161.8%
2004	207,592,692	83,208,002	40.1%	124,384,690	12,993,000	957.3%
2005	212,905,654	83,273,042	39.1%	129,632,612	12,851,000	1,008.7%
2006	221,713,300	82,254,832	37.1%	139,458,468	12,739,000	1,094.7%
2007	231,913,988	87,182,175	37.6%	144,731,813	12,701,000	1,139.5%
2008	235,780,071	75,405,943	32.0%	160,374,128	12,871,000	1,246.0%
2009	245,226,299	71,573,865	29.2%	173,652,434	14,728,000	1,179.1%

* For fiscal years prior to 2009, the actuarial value of assets was equal to the fair value of assets. Beginning in fiscal year 2009, the actuarial value of assets was equal to the fair value of assets adjusted for any actuarial gains or losses from investment return incurred in the fiscal year recognized in equal amounts over the five year period following that fiscal year.

VALUATION RESULTS

Actuarial Liability:	June 30, 2009	June 30, 2008
For Active Participants:		
Basic retirement annuity	$ 24,116,314	$ 25,662,969
Annual increase in retirement annuity	7,228,003	7,647,409
Pre-retirement survivors' annuity	3,136,777	3,210,126
Post-retirement survivors' annuity	2,956,267	3,158,959
Withdrawal benefits	8,306,038	7,845,818
Disability benefits	240,710	225,735
Total	45,984,109	47,751,016
For Participants Receiving Benefits:		
Retirement annuities	149,773,899	143,763,327
Survivor annuities	24,485,746	23,302,660
Total	174,259,645	167,065,987
For Inactive Participants	24,982,545	20,963,068
Total Actuarial Liability	245,226,299	235,780,071
Actuarial Value of Assets	71,573,865	75,405,943
Unfunded Actuarial Liability	$ 173,652,434	$ 160,374,128

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITY

	FY 2009	FY 2008
Unfunded actuarial liability at beginning of fiscal year	$ 160,374,128	$ 144,731,813
Employer contribution requirement of normal cost plus interest on the unfunded liability	15,029,364	13,883,035
Actual employer contribution for the year	8,856,422	6,809,800
Increase in unfunded liability due to employer contributions being less than normal cost plus interest on unfunded liability	6,172,942	7,073,235
Increase in unfunded liability due to investment return lower than assumed	3,986,959	11,400,154
Increase/(decrease) in unfunded liability due to salary increases higher/(lower) than assumed	760,070	(2,217,940)
Increase in unfunded liability due to salary increases for inactive members	977,739	1,025,565
Increase/(decrease) in unfunded liability due to other sources	1,380,596	(1,638,699)
Total Actuarial Losses	7,105,364	8,569,080
Net Increase in unfunded liability for the year	13,278,306	15,642,315
Unfunded actuarial liability at end of fiscal year	$ 173,652,434	$ 160,374,128

STATISTICAL SECTION

ASSET BALANCES

Fiscal Year Ended June 30	Cash	Receivables	Investments	Fixed Assets Net of Accumulated Depreciation	Total
2000	$ 1,638,076	$ 9,721	$ 68,916,666	$ 4,315	$ 70,568,778
2001	1,632,080	19,546	60,463,005	2,833	62,117,464
2002	1,297,601	701,568	52,154,420	2,081	54,155,670
2003	1,614,768	791,696	47,386,171	1,546	49,794,181
2004	2,029,406	4,344	81,287,682	947	83,322,379
2005	2,220,504	375,087	80,772,801	2,033	83,370,425
2006	3,314,237	28,197	79,016,741	2,737	82,361,912
2007	3,234,905	145,554	83,864,942	1,945	87,247,346
2008	2,823,304	732,349	71,923,943	2,128	75,481,724
2009	3,705,657	3,777,472	47,693,753	1,695	55,178,577

LIABILITIES AND RESERVE BALANCES

Fiscal Year Ended June 30	Total Liabilities	Reserve for Participant Contributions	Reserve for Future Operations	Total
2000	$ 97,334	$ 13,697,347	$ 56,774,097	$ 70,568,778
2001	119,617	14,667,801	47,330,046	62,117,464
2002	105,103	15,353,162	38,697,405	54,155,670
2003	117,879	14,631,496	35,044,806	49,794,181
2004	114,377	14,952,319	68,255,683	83,322,379
2005	97,383	15,061,845	68,211,197	83,370,425
2006	107,080	15,417,924	66,836,908	82,361,912
2007	65,171	15,994,185	71,187,990	87,247,346
2008	75,781	16,766,150	58,639,793	75,481,724
2009	86,452	16,875,510	38,216,615	55,178,577

NUMBER OF PARTICIPANTS

At June 30	Active	Inactive	Total
2000	181	110	291
2001	181	111	292
2002	181	105	286
2003	182	113	295
2004	181	99	280
2005	182	93	275
2006	182	83	265
2007	182	85	267
2008	182	75	257
2009	181	78	259

CHANGES IN NET ASSETS

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Additions										
Participant contributions	$ 1,317,542	$ 1,407,638	$ 1,552,295	$ 1,954,169	$ 1,596,695	$ 1,451,282	$ 1,491,811	$ 1,703,344	$ 1,772,860	$ 1,697,575
Employer contributions:										
State of Illinois	3,951,000	4,305,000	4,678,000	5,163,000	32,863,983	4,675,000	4,157,000	5,220,300	6,809,800	8,847,000
Other sources	-	6,909	43,478	270,781	87,771	-	18,390	250,129	-	9,422
Total employer contributions	3,951,000	4,311,909	4,721,478	5,433,781	32,951,754	4,675,000	4,175,390	5,470,429	6,809,800	8,856,422
Net investment income/(loss)	7,561,684	(4,650,917)	(3,914,840)	(233,094)	11,851,709	7,642,461	7,872,989	12,990,985	(4,708,297)	(14,662,285)
Total additions to /(deduction from) plan net assets	12,830,226	1,068,630	2,358,933	7,154,856	46,400,158	13,768,743	13,540,190	20,164,758	3,874,363	(4,108,288)
Deductions										
Benefit Payments:										
Retirement annuities	7,186,818	7,505,092	8,111,247	9,159,794	10,299,820	10,953,940	11,623,511	12,180,739	12,653,183	13,020,316
Survivors' annuities	1,653,864	1,722,868	1,841,986	1,971,683	2,166,151	2,409,402	2,442,249	2,538,553	2,605,438	2,836,903
Total benefit payments	8,840,682	9,227,960	9,953,233	11,131,477	12,465,971	13,363,342	14,065,760	14,719,292	15,258,621	15,857,219
Refunds:										
Termination	97,593	12,290	4,719	21,523	-	9,072	22,639	273,748	12,290	5,494
Other	-	25,534	63,486	85,190	97,835	14,128	165,278	24,042	135,514	66,095
Total refunds	97,593	37,824	68,205	106,713	97,835	23,200	187,917	297,790	147,804	71,589
Administrative expenses	253,015	276,443	284,775	290,931	304,652	317,161	304,723	220,333	244,170	276,722
Total deductions from plan net assets	9,191,200	9,542,227	10,306,213	11,529,121	12,868,458	13,703,703	14,558,400	15,237,415	15,650,595	16,205,530
Change in net assets	$ 3,638,936	$ (8,473,597)	$ (7,947,280)	$ (4,374,265)	$ 33,531,700	$ 65,040	$ (1,018,210)	$ 4,927,343	$ (11,776,232)	$ (20,313,818)

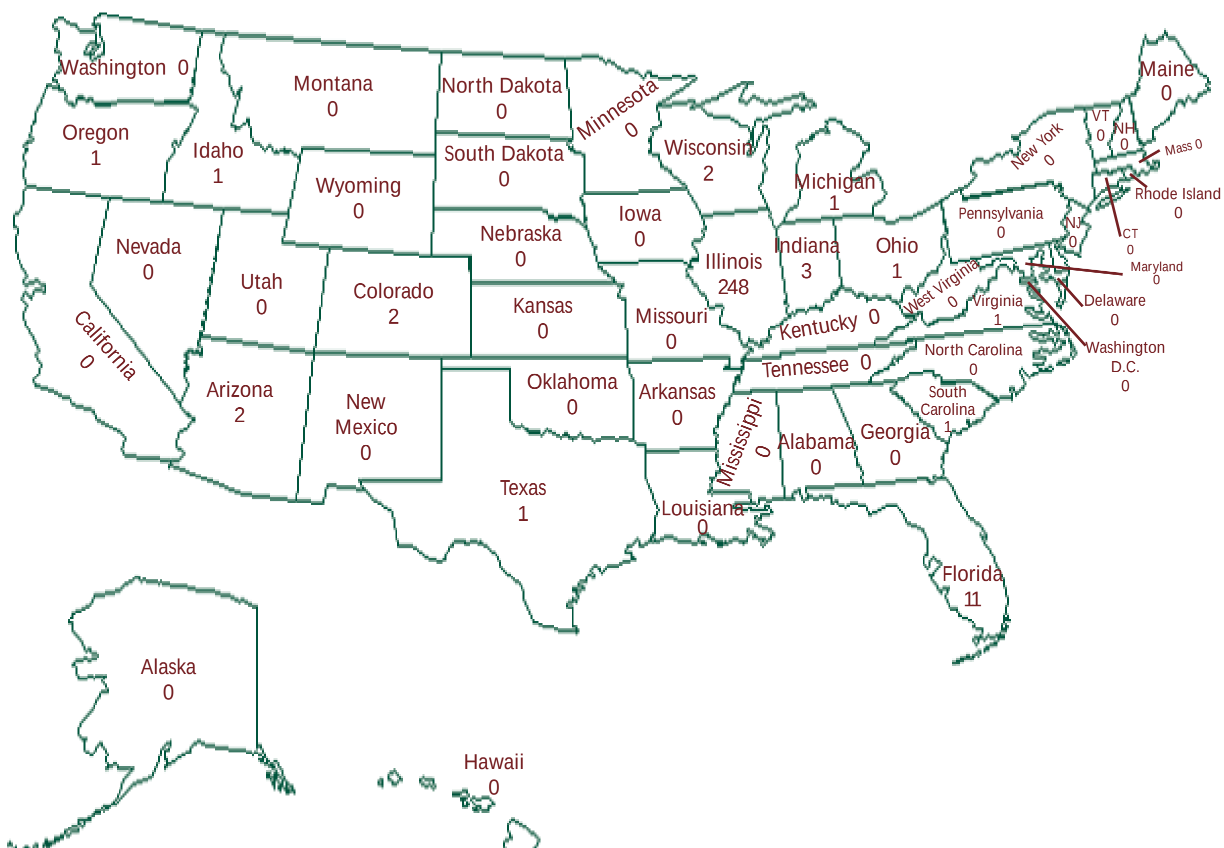
NUMBER OF RECURRING BENEFIT PAYMENTS / TERMINATION REFUNDS

At June 30	Retirement Annuities	Survivors' Annuities	Reversionary Annuities	Total Recurring Benefit Payments	Termination Refunds
2000	221	125	3	349	3
2001	226	122	3	351	1
2002	227	123	3	353	1
2003	254	126	3	383	5
2004	259	136	2	397	0
2005	263	132	2	397	1
2006	267	126	2	395	2
2007	272	125	2	399	4
2008	269	125	1	395	1
2009	275	125	1	401	2

NUMBER ON ACTIVE PAYROLLS

At June 30	Elected State Officers	House Members	Senate Members	Total
2000	6	118	59	183
2001	6	118	59	183
2002	6	118	59	183
2003	6	118	59	183
2004	6	118	59	183
2005	6	118	59	183
2006	6	118	59	183
2007	6	118	59	183
2008	6	118	59	183
2009	5	118	59	182

ACTIVE RETIREES BY STATE



RETIREMENT ANNUITANTS STATISTICS AND AVERAGE MONTHLY BENEFITS

Fiscal Year Ended June 30	At Retirement: Average Age	At Retirement: Average Length of Service *	Average Current Age	Average Current Monthly Benefit
2000	59.6	13.8	71.6	$ 2,706
2001	59.6	13.6	71.7	2,810
2002	59.4	13.5	71.7	3,033
2003	59.7	13.9	71.5	3,247
2004	59.5	13.7	71.2	3,380
2005	59.7	13.7	71.3	3,534
2006	59.6	13.6	71.6	3,650
2007	59.8	13.8	71.8	3,788
2008	59.7	13.6	71.8	3,922
2009	59.8	13.5	72.0	4,026

* in years

Annuitants by Benefit Range (Monthly) on June 30, 2009

Benefit Range	Total	Cumulative Total	% of Total	Cumulative % of Total
$ 1-500	15	15	5.5%	5.5%
501-1000	27	42	9.8	15.3
1001-1500	19	61	6.9	22.2
1501-2000	24	85	8.7	30.9
2001-2500	18	103	6.5	37.4
2501-3000	15	118	5.5	42.9
3001-3500	17	135	6.2	49.1
3501-4000	10	145	3.6	52.7
4001-4500	11	156	4.0	56.7
4501-5000	17	173	6.2	62.9
5001-5500	17	190	6.2	69.1
5501-6000	23	213	8.4	77.5
6001-6500	10	223	3.6	81.1
6501-7000	11	234	4.0	85.1
7001-7500	9	243	3.3	88.4
7501-8000	7	250	2.5	90.9
8001-8500	7	257	2.5	93.4
8501-9000	5	262	1.8	95.2
9001-9500	4	266	1.5	96.7
9501-10000	3	269	1.1	97.8
over 10000	6	275	2.2	100.0

Survivors* by Benefit Range (Monthly) on June 30, 2009

Benefit Range	Total	Cumulative Total	% of Total	Cumulative % of Total
$ 1-500	17	17	13.5%	13.5%
501-1000	25	42	19.8	33.3
1001-1500	14	56	11.1	44.4
1501-2000	19	75	15.1	59.5
2001-2500	13	88	10.3	69.8
2501-3000	14	102	11.1	80.9
3001-3500	8	110	6.3	87.2
3501-4000	5	115	4.0	91.2
4001-4500	4	119	3.2	94.4
4501-5000	0	119	0.0	94.4
5001-5500	3	122	2.4	96.8
5501-6000	2	124	1.6	98.4
6001-6500	2	126	1.6	100.0

* includes reversionary annuities

Average Benefit Payments
Fiscal Years 1999 through 2009

Retirement Effective Dates	Years Credited Service 0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/99 to 6/30/00							
Average monthly benefit	$ 4,834	$ -	$ -	$ 2,529	$ 141	$ 4,373	$ -
Average final average salary	$ 5,687	$ -	$ -	$ 3,790	$ 3,778	$ 5,144	$ -
Number of retired members*	1	-	-	2	1	1	-
Period 7/1/00 to 6/30/01							
Average monthly benefit	$ 4,192	$ 3,144	$ 3,431	$ 2,615	$ 4,552	$ -	$ -
Average final average salary	$ 9,704	$ 8,867	$ 8,260	$ 11,015	$ 5,355	$ -	$ -
Number of retired members*	2	3	3	1	1	-	-
Period 7/1/01 to 6/30/02							
Average monthly benefit	$ 8,184	$ 7,063	$ -	$ 2,653	$ 4,980	$ -	$ -
Average final average salary	$ 10,096	$ 9,385	$ -	$ 4,083	$ 6,231	$ -	$ -
Number of retired members*	2	2	-	1	4	-	-
Period 7/1/02 to 6/30/03							
Average monthly benefit	$ 2,814	$ 3,580	$ 4,520	$ 3,618	$ 3,905	$ -	$ 5,580
Average final average salary	$ 5,711	$ 6,660	$ 9,148	$ 5,151	$ 5,665	$ -	$ 8,294
Number of retired members*	5	6	4	6	4	-	5
Period 7/1/03 to 6/30/04							
Average monthly benefit	$ 6,151	$ 3,420	$ 3,333	$ 2,834	$ 4,769	$ -	$ -
Average final average salary	$ 8,199	$ 6,202	$ 6,019	$ 5,503	$ 13,625	$ -	$ -
Number of retired members*	5	2	3	4	1	-	-
Period 7/1/04 to 6/30/05							
Average monthly benefit	$ 2,998	$ 4,758	$ 1,283	$ 3,861	$ 5,467	$ 5,205	$ 2,910
Average final average salary	$ 6,093	$ 7,102	$ 2,333	$ 6,262	$ 6,432	$ 6,124	$ 6,531
Number of retired members*	4	4	1	2	1	1	2
Period 7/1/05 to 6/30/06							
Average monthly benefit	$ 6,252	$ 1,991	$ 2,552	$ -	$ -	$ -	$ 5,278
Average final average salary	$ 7,715	$ 5,532	$ 6,244	$ -	$ -	$ -	$ 6,210
Number of retired members*	5	1	1	-	-	-	1
Period 7/1/06 to 6/30/07							
Average monthly benefit	$ 1,606	$ 2,188	$ 4,778	$ 1,538	$ 5,640	$ 9,231	$ 4,334
Average final average salary	$ 5,843	$ 5,806	$ 11,129	$ 14,332	$ 6,635	$ 10,860	$ 6,714
Number of retired members*	2	2	3	1	2	1	3
Period 7/1/07 to 6/30/08							
Average monthly benefit	$ 7,626	$ 1,099	$ 3,025	$ -	$ 6,038	$ -	$ -
Average final average salary	$ 9,783	$ 2,770	$ 5,455	$ -	$ 7,103	$ -	$ -
Number of retired members*	2	2	4	-	1	-	-
Period 7/1/08 to 6/30/09							
Average monthly benefit	$ 3,934	$ 3,598	$ 5,160	$ 4,439	$ 2,123	$ 6,267	$ 6,751
Average final average salary	$ 7,392	$ 5,909	$ 5,017	$ 6,513	$ 6,066	$ 7,373	$ 7,942
Number of retired members*	4	2	2	2	1	1	2

* The number of retired members excludes new retirements with retroactive benefit start dates prior to the beginning of the period as well as resumptions of retirement benefits with original benefit start dates prior to the beginning of the period.

PLAN SUMMARY AND LEGISLATIVE SECTION

SUMMARY OF RETIREMENT SYSTEM PLAN
(As of June 30, 2009)

1. Purpose

The purpose of the System is to provide retirement annuities, survivors' annuities and other benefits for members of the General Assembly, certain elected officials, and their beneficiaries.

2. Administration

Responsibility for the operation of the System and the direction of its policies is vested in a Board of Trustees consisting of seven members. The administration of the detailed affairs of the System is the responsibility of the Executive Secretary who is appointed by the Board of Trustees.

Administrative policies and procedures are designed to ensure an accurate accounting of funds of the System and prompt payment of claims for benefits within the applicable statute.

3. Employee Membership

All members of the Illinois General Assembly and any person elected to the office of Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller or Attorney General become members of the System unless they file an election not to participate within 24 months of taking office.

Any person who has served 10 or more years as Clerk or Assistant Clerk of the House of Representatives, Secretary or Assistant Secretary of the Senate or any combination thereof, may elect to become a participant.

4. Participant Contributions

Participants are required to contribute a percentage of salary as their share of meeting the various benefits at the rates shown below:

Retirement Annuity	8.5%
Automatic Annual Increase	1.0%
Survivors' Annuity	2.0%
Total	11.5%

A participant who has no eligible survivors' annuity beneficiary may elect to not participate in the survivors' annuity provisions in which case the total participant contribution rate is 9.5% of salary.

5. Retirement Annuity

A. Qualification of Participant

Upon termination of service, a participant is eligible for a retirement annuity at age 55 with at least eight years of credit, or at age 62 with at least four years of credit.

B. Amount of Annuity

The retirement annuity is determined according to the following formula based upon the applicable salary:

3.0% for each of the first 4 years of credit;
3.5% for each of the next 2 years of credit;
4.0% for each of the next 2 years of credit;
4.5% for each of the next 4 years of credit;
5.0% for each year of service over 12 years.

The maximum annuity is 85% of final rate of salary after 20 years of credit.

C. Optional Forms of Payment

Reversionary Annuity: A participant may elect to receive a reduced annuity during his or her lifetime in order to provide a spouse, parent, child, brother or sister with a lifetime income. Such payment to a spouse would be in addition to the survivors' annuity benefit. The election should be filed with the System at least 2 years prior to retirement.

D. Annual Increases in Retirement Annuity

Post-retirement increases of 3% of the current amount of annuity are granted to participants effective in January or July of the year following the first anniversary of retirement and in January or July of each year thereafter. However, if the participant has not attained age 60 at that date, the payment of such annual increase shall be deferred until the first of the month following their 60th birthday.

For participants who first became members of the System on or before August 8, 2003 and remain in service after attaining 20 years of creditable service, the 3% annual increases shall begin to accrue on the January 1 following the date when the participant (1) attains age 55, or (2) attains 20 years of creditable service, whichever occurs later. In addition, the annual increases shall continue to accrue while the participant remains in service; however, such increases shall not become payable until (1) the January 1 or the July 1 next following the first anniversary of retirement, or (2) the first of the month following attainment of age 60, whichever occurs later.

E. Suspension of Retirement Annuity

An annuitant who reenters service becomes a participant and resumes contributions to the System as of the date of reentry and retirement annuity payments cease.

If the provisions of the Retirement Systems' Reciprocal Act are elected at retirement, any employment which would result in the suspension of benefits under any of the retirement systems being considered would also cause the annuity payable by the General Assembly Retirement System to be suspended.

6. Survivors' Annuity

A. Qualification of Survivor

If death occurs while in service, the participant must have established at least two years of credit. If death occurs after termination of service and prior to receipt of retirement annuity, the participant must have established at least 4 years of credit.

To be eligible for the survivors' annuity, the spouse and participant or annuitant must have been married for at least 1 year immediately preceding the date of death.

An eligible spouse qualifies at age 50 or at any age if there is in the care of the spouse unmarried children who are (1) under age 18 or (2) over age 18 if mentally or physically disabled or (3) under age 22 and a full-time student. Eligible surviving children would be entitled to benefits if no spouse survives.

B. Amount of Payment

If the participant's death occurs while in service, the surviving spouse without eligible children would be eligible to 66-2/3% of earned retirement annuity, subject to a minimum of 10% of salary. A surviving spouse with eligible children would receive the greater of 66-2/3% of the earned retirement annuity or 30% of salary increased by 10% of salary for each minor child, subject to a maximum of 50% of salary to a family, unless survived by a dependent disabled child in which case the annuity to a surviving spouse would not be less than 100% of the earned retirement annuity.

If the participant's death occurs after termination of service or retirement, the surviving spouse without eligible children would be eligible to 66-2/3% of earned retirement annuity. The maximum a surviving spouse with eligible children would receive is 75% of the earned retirement annuity unless survived by a dependent disabled child in which case the annuity to a surviving spouse would not be less than 100% of the earned retirement annuity.

The minimum survivors' annuity for any qualified survivor shall be $300 per month.

C. Duration of Payment

When all children, except for disabled children, are ineligible because of death, marriage or attainment of age 18 or age 22 in the case of a full-time student, the spouse's benefit is suspended if the spouse is under age 50 until attainment of such age.

D. Annual Increases in Survivors' Annuity

Increases of 3% of the current amount of annuity are granted to survivors in each January occurring on or after the commencement of the annuity if the deceased participant died while receiving a retirement annuity.

In the event of an active participant's death, increases of 3% of the current amount of annuity are granted to survivors effective in January of the year next following the first anniversary of the commencement of the annuity and in January of each year thereafter.

7. Death Benefits

The following lump sum death benefits are payable to the named beneficiaries or estate of the participant only if there are no eligible survivors' annuity beneficiaries surviving the deceased participant.

A. Before Retirement

If the participant's death occurs while in service, a refund of total contributions to the System, without interest, in the participant's account.

B. After Retirement

If the participant's death occurs after retirement, a refund of the excess of contributions to the System over annuity payments, if any.

The following lump sum death benefit is payable to the named beneficiaries or estate of the survivor.

A. Death of Survivor Annuitant

Upon death of the survivor annuitant with no further survivors' annuity payable, a refund of excess contributions to the System over total retirement and survivors' annuity payments, if any.

8. Disability Benefit

A participant with at least 8 years of service who becomes permanently disabled while in service as a contributing participant is eligible for a retirement annuity regardless of age.

If disability is service-connected, the annuity is subject to reduction by amounts received by a participant under the Workers' Compensation Act and the Workers' Occupational Diseases Act.

9. Refund of Contributions

Upon termination of service, a participant is entitled to a refund of total contributions to the System without interest. By accepting a refund, a participant forfeits all accrued rights and benefits in the System for his or herself and beneficiaries.

A participant who has no eligible survivors is entitled to a full refund of contributions for the survivors' annuity benefit. The refund may be repaid, with required interest, to qualify a spouse for survivors' annuity benefits if the participant marries or remarries after retirement.

LEGISLATIVE AMENDMENTS

There were no legislative amendments with an effective date during fiscal year 2009 having an impact on the System.

NEW LEGISLATION

Legislative amendments with an effective date subsequent to June 30, 2009, having an impact on the System.

Senate Bill 1292 (Public Act 96-0043; effective July 15, 2009)

Provides that, for purposes of determining the required State contribution to the System, the value of the System's assets shall be equal to the actuarial value of the System's assets. In determining the actuarial value of the System's assets for fiscal years after June 30, 2008, any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year. In addition, the actuarial value of assets shall be assumed to earn a rate of return equal to the System's actuarially assumed rate of return.

Senate Bill 0369 (Public Act 96-0207; effective August 10, 2009)

Provides that, for participants who first become participants on or after August 10, 2009, the highest salary for annuity purposes shall be the average monthly salary obtained by dividing the total salary of the participant during the period of (1) the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or (2) the total period of service, if less than 48 months, by the number of months of service in that period.

House Bill 3606 (Public Act 96-0775; effective August 28, 2009)

Provides that, upon the death in service of a participant during the 90th General Assembly, a survivor's annuity shall be payable to the eligible spouse prior to age 50 provided that the deceased participant had at least 6 years of service. Allows for the payment of retroactive benefits for periods of eligibility after February 28, 2009.

This page is intentionally left blank