

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009

This report was prepared by the TRS Accounting, Investments, Research, and Communications Departments.

TRS Springfield office building, 1979 - present



Seasons of Change TRS Celebrates 70 Years

Teachers' Retirement System of the State of Illinois

A component unit of the State of Illinois

2815 West Washington Street, P.O. Box 19253

Springfield, Illinois 62794-9253

<http://trs.illinois.gov>

Contents

Introduction

- 6 Certificate of Achievement
- 7 Letter of Transmittal
- 11 Board of Trustees
- 12 Organizational Structure
- 13 Consulting and Professional Services

Financial

- 16 Independent Auditors' Report
- 18 Management's Discussion and Analysis
- 24 Basic Financial Statements
 - 24 Statements of Plan Net Assets
 - 25 Statements of Changes in Plan Net Assets
 - 26 Notes to Financial Statements
- 46 Required Supplementary Information
 - 46 Schedule of Funding Progress
 - 46 Schedule of Contributions from Employers and Other Contributing Entities
- 47 Other Supplementary Information
 - 47 Schedule of Administrative Expenses
 - 47 Schedule of Investment Expense
 - 47 Schedule of Payments to Consultants

Investments

- 50 Introduction
 - 50 Summary Data
- 51 Fund Performance vs. Benchmarks and Market Values
 - 51 Performance Summary
- 52 Asset Allocation vs. Targets
 - 53 Strategic Investment Listing Allocation Targets vs. Total Assets
- 53 Portfolio Securities Summary
 - 55 Securities Holdings (Historical)
 - 55 Securities Holdings for Years Ending June 30
 - 55 Growth of \$10,000
- 56 U.S. Equity
- 59 International Equity
- 62 Global Fixed Income
- 64 Real Return
- 65 Private Equity
- 68 Absolute Return
- 69 Real Estate

71	Brokerage Activity
71	Top 50 Brokers Used by TRS Managers
72	External Manager Fee Payments
72	Schedule of Investment Manager Fees
76	Securities Lending
76	Securities Lending Summary

Actuarial

80	Actuary's Certification
82	Actuarial Assumptions and Methods
84	Annual Actuarial Valuation
84	Actuarial Valuation
85	Analysis of Financial Experience: Reconciliation of Unfunded Liability
86	Reconciliation of Unfunded Liability
86	State Funding
87	State Funding Amounts
87	Tests of Financial Condition
87	Funded Ratio Test
88	Unfunded Liability as a Percentage of Payroll Test
88	Solvency Test
89	Other Information
89	Retirees and Beneficiaries Added to and Removed from Rolls
90	Average Annual Salary for Active Members by Years of Service
92	Active Members by Age and Years of Service as of June 30, 2009
94	Plan Summary

Statistical

102	Retired Members by Years of Service and Years in Retirement
104	Changes in Net Assets, Last 10 Fiscal Years
104	Benefit and Refund Deductions from Net Assets by Type, Last 10 Fiscal Years
107	Employee and Employer Contribution Rates, Last 10 Fiscal Years
108	Demographics of Benefit Recipients and Active Members as of June 30, 2009
108	Benefit Recipients by Type as of June 30, 2009
110	Average Benefit Payments for New Retirees, Last 10 Fiscal Years
112	Principal Participating Employers