



Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2012

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

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
A COMPONENT UNIT OF THE STATE OF ILLINOIS
2815 W. WASHINGTON | P.O. BOX 19253 | SPRINGFIELD, ILLINOIS 62794-9253
[HTTP://TRS.ILLINOIS.GOV](http://TRS.ILLINOIS.GOV)

CONTENTS

INTRODUCTION

- 6 Certificate of Achievement
- 7 Letter of Transmittal
- 11 Board of Trustees
- 11 Executive Cabinet Members
- 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 as of June 30, 2012 and 2011
 - 25 Statements of Changes in Plan Net Assets Years Ended June 30, 2012 and 2011
 - 26 Notes to Financial Statements
- 54 Required Supplementary Information
 - 54 Schedule of Funding Progress
 - 54 Schedule of Contributions from Employers and Other Contributing Entities
- 55 Other Supplementary Information
 - 55 Schedule of Administrative Expenses For Years Ended June 30
 - 55 Schedule of Investment Expense For Years Ended June 30
 - 55 Schedule of Payments to Consultants For Years Ended June 30

INVESTMENTS

- 58 Introduction
- 59 Fund Performance vs. Benchmarks and Market Values
 - 59 Performance Summary
- 60 Asset Allocation vs. Targets
- 61 Portfolio Securities Summary
- 62 Securities Holdings (Historical)
 - 62 Securities Holdings For Years Ended June 30
 - 63 Growth of \$10,000
- 63 U.S. Equity
- 66 International Equity
- 69 Global Fixed Income
- 71 Real Return
- 72 Private Equity
- 76 Absolute Return
- 77 Real Estate
- 79 Securities Lending
 - 79 Securities Lending Summary
- 80 Brokerage Activity
 - 80 Top 50 Brokers Used by TRS Managers
- 81 External Manager Fee Payments
- 81 Schedule of Investment Manager Fees

ACTUARIAL

88	Actuary's Certification
90	Actuarial Assumptions and Methods
93	Annual Actuarial Valuation
93	Actuarial Valuation
93	Analysis of Financial Experience: Reconciliation of Unfunded Liability
94	Reconciliation of Unfunded Liability
94	State Funding
95	Tests of Financial Condition
95	Funded Ratio Test
96	Unfunded Liability as a Percentage of Payroll Test
96	Solvency Test
97	Other Information
97	Retirees and Beneficiaries Added to and Removed from Rolls
98	Average Annual Salary for Active Members by Years of Service
100	Active Members by Age and Years of Service as of June 30, 2012
102	Plan Summary

STATISTICAL

110	Retired Members by Years of Service and Years in Retirement as of June 30, 2012
112	Changes in Net Assets, Last 10 Fiscal Years
112	Benefit and Refund Deductions from Net Assets by Type, Last 10 Fiscal Years
115	Employee and Employer Contribution Rates, Last 10 Fiscal Years
116	Demographics of Benefit Recipients and Active Members as of June 30, 2012
116	Benefit Recipients by Type as of June 30, 2012
118	Average Benefit Payments for New Retirees, Last 10 Fiscal Years
120	Principal Participating Employers