

	1975	June 30th 1974
ASSETS		
Present Assets		
Cash	\$ 39,974	\$ 1,358,242
Accounts Receivable	7,856,200	5,550,861
Investments (At Cost)	505,050,292	441,204,262
Office Equipment (Net)	52,556	520,940,328
Prospective Assets	602,727,168	
Deferred Assets Due from the State of Illinois and applicable Agencies as an unfunded accrued liability (See Note Below)	661,912,869	572,116,385
Total	\$1,777,639,059	\$1,541,170,078

LIABILITIES	
Current Liabilities	
Benefits Payable	\$ 793,061
Refunds Payable	214,431
Administrative Expense	74,726
Future Service Liability	602,727,168
Reserve Liabilities	1,173,829,673
Total	\$1,777,639,059

Note: The "Deferred Asset" account, representing the amount due from the State of Illinois and applicable Agencies, constitutes the past service pension credits of the members. It is to be discharged by future State appropriations.
 *Office equipment not carried as an asset on the books of the System until the 1975 Fiscal Year.

LEGISLATIVE COMMENT

While minor in scope, the 79th General Assembly did enact some changes in the Retirement System Law that affect the rights and benefits of members and their dependents. These changes are summarized below and are included in a new "Handbook of Information" that has been released to all employees.

Except for disability benefits, all benefit payments are now made for full calendar months. Thus a member's pension becomes effective the first of the month following termination of State employment, or the first of the month following attainment of age 60 if the member had already terminated State employment. Similarly, the pension will be paid for the entire month in which eligibility ceases.

Monthly service connected death benefits are now payable to widowers.

Members employed by the State on a contractual basis before January 1, 1976 may establish pension credit for this employment by making the required contributions before July 1, 1976. The maximum credit that can be established for such employment is five years.

Fractional monthly pension credit is now allowed for State employment after July 1, 1960 - previously it was allowed only after July 1, 1963.

The pension formula and contribution rate for State Police has been increased. Special Agents of the Illinois Bureau of Investigation are now also subject to this formula and rate.

An annuitant who reenters State employment on a contractual basis will continue to be eligible for a pension from the System while so employed but ineligible to establish pension credit for this employment at a later date.

Survivors Benefit maximums were also increased from \$250 to \$300 per month for a spouse only and \$350 to \$500 per month for a family. Benefits for disabled dependent children over age 18 may also be payable if the disability can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months.

BOARD OF TRUSTEES

(As constituted January 1, 1976)

RICHARD W. ERKES, Chairman
(Public Member)

ELLIOT S. EPSTEIN
Director of Finance
(Member Ex Officio)

HON. GEORGE W. LINDBERG
State Comptroller
(Member Ex Officio)

CLASCENNA HARVEY
(State Employee)

MICHAEL L. MORY
Secretary

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

ANNUAL STATEMENT OF THE BOARD OF TRUSTEES TO THE MEMBERS

Fiscal Year Ended June 30, 1975

1201 South Fifth Street
Springfield, Illinois 62706
Phone: 217/782-7008

ANNUAL REPORT TO THE MEMBERS

This annual report of the State Employees' Retirement System is presented on behalf of the Board of Trustees for the purpose of informing the members regarding significant facts pertaining to the operations of the System for the Fiscal Year ended June 30, 1975 with comparative figures for the 1974 fiscal year.

Operations during the year were characterized by steady and constructive progress in every area of operations. The reserves of the System for future pension and benefit payments continued their usual upward trend reflecting the increases in pension credits earned by the employees during the year and their ultimate pension expectancies. Investment income has steadily increased in accord with larger investment account together with improved earnings during the year. Measured by the usual standards, the financial condition of the system is satisfactory and reflects relative financial stability. Total revenues from all sources amounted to \$25,549,771 compared to \$105,673,819 for the preceding fiscal year. The increase in revenues has been due to a larger membership, increases in salaries and improved investment income as will be noted in the accompanying financial statements. Expenditures for the year for all purposes of the system, including annuities, benefits, refunds and administrative expenses, totalled \$60,607,643 compared to \$55,023,401 in the preceding year. The excess of revenues over expenditures for the year is \$64,942,128. After year-end adjustments, the amount of \$65,000,708 was credited to the reserves of the system to provide for the additional pension credits earned by the members which would ultimately mature as pension payments.

In the normal course of operations, the accrual revenues should continue to exceed expenditures particularly under an expanding membership which is characterized by the system over the years. The underlying plan of operation and the financing provisions of the retirement law are so constituted as to insure financial solvency to the end that the pension obligations of the system will be met in full measure as they mature.

Effective and profitable management of investment reserves may be achieved by good investment performance. This is particularly important today as a public agency because of the increasing costs on all levels of government. The need for improved investment management has been given increasing emphasis in retirement system operations during recent years in both private and public enterprise. This has brought about the development of programs and procedures by the Illinois State Board of Investment which, by law, performs the investment functions for the system. These programs are designed to maximize investment return and the assets subject to the Board's management within the limitations applicable to governmental

As stated above, this report summarizes the results of operations for the 1975 Fiscal Year with reference to the several major factors that are pertinent and affect the system's financial condition. Both the employees of the State and the public have a mutual interest and concern in the proper and efficient operation of the system. It is the aim of the Board in the management and direction of its affairs to give full effect to this interest in fulfillment of the basic purposes and objectives of the system.

As in the past, the policies of the Board will continue to be geared to the maintenance of a well-balanced benefit schedule consistent with established principles and recognized concepts in retirement planning for public employees.

MICHAEL L. MORY
Secretary

MEMBERSHIP STATISTICS

CONTRIBUTING MEMBERS	1975		1974	
	Num-ber of Mem-bers	Annual Salaries	Num-ber of Mem-bers	Annual Salaries
Male	37,927	\$489,823,453	35,829	\$419,874,443
Female	39,141	\$79,215,252	36,764	\$30,008,504
Special Groups—State				
Police	1,869	\$29,378,015	1,815	\$7,117,697
Air Pilots	78,937	\$898,425,720	74,408	\$757,000,644
Totals				
Members under Coordi-nated Plan—covered by Federal Social Security	30,911	\$399,213,453	27,766	\$334,117,842
Female	29,591	\$286,686,731	26,679	\$234,670,915
Members not under coordinated Plan—not covered by Federal Social Security	7,016	\$90,610,000	7,736	\$79,942,156
Male	9,550	\$2,528,521	10,412	\$1,152,034
Female				

PENSIONERS	1975		1974	
	Num-ber of Mem-bers	Annual Salaries	Num-ber of Mem-bers	Annual Salaries
Service Retirement	5,775	\$18,855,866	5,430	\$16,323,305
Male	6,093	\$15,032,625	5,601	\$13,018,412
Female	4,334	\$7,015,020	2,731	\$4,874,986
Survivor Beneficiaries	16,202	\$40,903,511	13,762	\$34,216,703
Totals				

The average annual service retirement annuity as of June 30, 1975 for male retirements was \$3,265 per year and for females \$2,467 per year. In the case of survivor beneficiaries, the average annual payment was \$1,618 per year.

FINANCIAL FACTS

Statement of Assets, Liabilities and Reserves

Assets	1975		June 30th, 1974	
	Amount	Number	Amount	Number
Cash	\$ 39,974	\$	\$ 1,358,241	
Accounts Receivable	7,856,200		5,550,862	
Investments (At Cost)				
Market Value				
Total				

Supplementary Annuity to Members on Retirement 26,332,647 18,105,162
Post-Retirement Increment 33,527,421 25,832,174
Automatic Increase in Annuity 192,966,699 171,634,388
General Reserve for Future Operations \$512,999,022 \$448,113,365
Total Liabilities and Reserves \$125,549,771 \$105,673,819

*Office equipment not carried as an asset on the books of the System until the 1975 Fiscal Year.

Statement of Revenues and Expenditures

	1975	June 30th, 1974
REVENUES		
Member Contributions	\$ 45,277,307	\$ 40,306,570
State Contributions	51,976,434	41,549,357
Investment Income	28,346,030	23,817,892
Total Revenues	\$125,549,771	\$105,673,819

EXPENDITURES

	1975	June 30th, 1974
Retirement Annuities and Survivors Benefits	\$ 40,052,684	\$ 34,634,429
Death Benefits	2,793,672	2,458,721
Disability Benefits	8,124,471	7,071,054
Refunds	8,605,238	9,980,751
Administrative Expenses	1,031,578	878,446
Total Expenditures	\$ 60,607,643	\$ 55,023,401

Excess of Total Revenues over Total Expenditures \$ 64,942,128 \$ 50,650,418
Add - Adjustment for Office Equipment 58,580

Excess Revenues credited to reserves to meet future pay-ments for annuities and benefits to present members \$ 65,000,708 \$ 50,650,418

*Office equipment not carried as an asset on the books of the System until the 1975 Fiscal Year.

SUMMARY OF INVESTMENT ACCOUNT WITH THE ILLINOIS STATE BOARD OF INVESTMENT

	1974	June 30th, 1974
Investments at Cost at July 1, 1974	\$441,204,262	\$392,386,370
Add		
Funds Transferred to the Invest-ment Board during the Year	35,500,000	25,000,000
Income for the Year	22,232,675	18,475,543
Interest on Fixed Obligations	6,363,626	5,564,067
Dividends on Stock Investments	\$505,300,563	\$441,425,980
Total		

Deduct

Management Expense - Proportion-able to State Employees' Retirement System	\$ 250,271	\$ 221,718
Investments at Cost at June 30, 1975	\$505,050,292	\$441,204,262

Note 1: Market value of investments at June 30, 1975 according to the Illinois State Board of Investment \$462,198,963.

Note 2: Average rate of net investment income for the year ending June 30, 1975, based on cost as reported by said Board was 6.0%.

Note 3: An adjustment of \$30,928 not included in this summary statement, representing a realized loss on account of unamortized premium on U.S. Government Bonds will be reflected in the accounting records of the System during FY-76.

ACTUARIAL VALUATION
The law governing the State Employees' Retirement