2009 Illinois Municipal Retirement Fund

Comprehensive Annual Financial Report

For the year ending December 31, 2009

7th

COMMITMENT to EXCELLENCE

IMRF

Anniversary

1939 - 2009

2009

Illinois Municipal Retirement Fund

Comprehensive Annual Financial Report

For the year ending December 31, 2009.

IMRF Mission Statement

To efficiently and impartially
develop, implement and administer
programs that provide income
protection to members
and their beneficiaries on behalf
of participating employers
in a prudent manner.

Prepared By

The Finance Department of the Illinois
Municipal Retirement Fund
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1-800-ASK-IMRF

Louis W. Kosiba
Executive Director

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2010 Board of Trustees

BOARD OF TRUSTEES

CONSULTANTS

- **Investment Consultants**
- **Investment Managers**
- **Master Trustee**
- **External Auditor**
- **Actuary**
- **Medical Consultants**

STAFF

- **Executive Director** – Louis W. Kosiba
- **Internal Audit** – Douglas Samz, C.P.A.

- **Chief Financial Officer** – Richard DeCleene
  - **Finance** – Phyllis Walker, *Operations Manager*
- **Deputy Executive Director** – Daniel Duquette
  - **Benefits** – Tom Raitt, *Manager*
  - **Office Services** – Denise Streit, *Manager*
  - **Member & Field Services** – William Pettry, *Manager*
  - **Human Resources** – Linda Bieniek, *Manager*
- **Chief Information Services Officer** – Robert Woollen
  - **e-Service Systems** – Curtis Walter, *Manager*
- **General Counsel** – Kathleen O'Brien
  - **Associate General Counsel** – Michael Weinstein
  - **Legislative Liaison** – Bonnie Shadid
  - **Communications** – Linda Horrell, *Manager*
- **Chief Investments Officer** – Walt Koziol
  - **Investments** – Edward Sambol, *Manager*

Consultants - *Investment Consultants are listed on page 44*

Actuary
Gabriel, Roeder, Smith & Company
Brian B. Murphy, F.S.A.
Mark Buis, F.S.A.
Southfield, Michigan

Auditors
KPMG LLP
Jeffrey Markert
Julie Barrientos
Chicago, Illinois

Commercial Bank
Northern Trust
Richard Deeter, Vice President
Chicago, Illinois

Independent Fiduciary Counsel
Seyfarth Shaw Attorneys LLP
Lawrence Moss
Chicago, Illinois

Medical Consultants
Marianjoy Medical Group
Wheaton, Illinois
Leonard Kessler, M.D.
Highland Park, Illinois

Commitment to Excellence

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Illinois Municipal Retirement Fund

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 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

Illinois Municipal Retirement Fund

2211 York Road Suite 500 Oak Brook IL 60523-2337
Member Services Representatives 1-800-ASK-IMRF (1-800-275-4673)
www.imrf.org

May 21, 2010

Board of Trustees
Illinois Municipal Retirement Fund
Oak Brook, Illinois 60523-2337

Formal Transmittal

We are pleased to submit the Comprehensive Annual Financial Report of the Illinois Municipal Retirement Fund (IMRF) for the year ended December 31, 2009. The management of IMRF is responsible for the compilation and accuracy of the financial, investment, actuarial and statistical information contained in this report. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of IMRF.

In developing and evaluating IMRF's accounting system, we consider the adequacy of internal accounting controls. We design these controls to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

IMRF employs the services of an outside certified public accountant to function as the Internal Auditor. He is aided by two full-time assistants on staff. We use a detailed internal audit program that encompasses examination of internal controls and employer compliance as well as the Fund's financial transactions and records. IMRF also engages an independent accounting firm annually to review and test internal controls over our information systems.

The internal audit function reports directly to the Executive Director and the Board of Trustees. The Board of Trustees has established an Audit Committee, consisting entirely of Board members. Annually, the Internal Auditor presents his report to the Audit Committee covering the results of internal audit procedures performed. The Internal Auditor may also meet with the committee on an as-needed basis. Again this year the Internal Auditor reported that IMRF's system of internal controls appears adequate and is being adhered to in the areas tested.

The Illinois Pension Code requires an annual audit of the financial statements of the Plan by independent certified public accountants selected by the Board of Trustees and approved by the State Auditor General. We satisfied this requirement and the independent accountants' unqualified report on IMRF's 2009 Financial Statements is included in this report. The independent accountants meet twice a year with the Audit Committee—once to report on the planned scope of their audit and a second time to report on its results.

Profile of IMRF

IMRF is the administrator of an agent multiple-employer public employee retirement system. The Illinois State Legislature established IMRF in 1939. We began operations in 1941 in order to provide retirement, death and disability benefits to employees of local units of government in Illinois. Members, employers and annuitants elect eight trustees who govern IMRF. IMRF is separate and apart from the Illinois state government and is not included in the state's financial statements. IMRF now serves 2,950 different employers, 181,380 participating members and 93,298 benefit recipients. The Illinois Pension Code requires IMRF to provide its financial statements to participating employers and to any participating member who requests them.

Economic Conditions

Summary of Financial Information

The following table summarizes additions and deductions to the plan's net assets for 2009 and 2008.

	2009 (millions)	2008 (millions)	Dollar Change	Percent Change
Additions	$5,408	$(5,151)	$10,559	NM
Deductions	1,127	1,050	77	7%
Net Change	$4,281	$(6,201)	$10,482	NM

The significant change in Additions between 2009 and 2008 is primarily due to a $10,520 million increase in investment income. The financial markets in 2009 with the aid of the unprecedented government stimulus program rebounded sharply from the previous year which was impacted by the collapse of the housing sector, credit crisis, and the overall slowdown in the global economy. The financial markets in 2009 rose dramatically returning 24.5 percent versus a total return in 2008 of negative 24.8 percent. The increase in Deductions is primarily due to increased benefit payments caused by an increase in the number of benefit recipients from 90,170 to 93,298. For a full understanding of IMRF's financial results, the reader is urged to review the Financial Section of this report that contains the auditors' report, management's discussion and analysis, the financial statements and other supplemental information. Management's discussion and analysis provides a narrative introduction, overview and analysis of the financial statements and complements this transmittal letter.

Funding

IMRF's actuary uses a five-year smoothed market-related value with a 20 percent corridor to determine the actuarial value of assets. The smoothing is intended to prevent extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2009 valuation, the actuarial value of assets was $22.7 billion. The aggregate actuarial liability for all IMRF employers was $27.3 billion. The actuarial funding ratio is currently 83.2 percent. Despite the 24.5 percent investment return in 2009, the 83.2 percent funding ratio is a slight drop from the 2008 actuarial funding ratio of 84.3 percent due to 2008 investment losses that are being recognized over a five-year period. The preceding ratios are for the Fund as a whole. Under the Illinois Pension Code, each employer funds the pensions for its own employees. Funding ratios for individual employers and individual plans vary widely. IMRF members can look with a sense of security to the net asset base since these assets are irrevocably committed to the payment of their pensions when they retire. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon are sufficient to provide for full payment of future benefits under the level payroll percentage method of funding. The Actuarial Section contains the actuary's letter and further information on IMRF's funding.

Investments

The investment portfolio is a major contributor to the Fund. 2009 investment results were a gain of $4,424 million and represented 81.8 percent of Plan Additions for the year. In the five years—2009 through 2005—investment income represented the following percentage of Additions to plan net assets:

Year	Percentage of Plan Additions
2009	81.8%
2008	(118.3)%
2007	66.7%
2006	75.1%
2005	66.5%

The Investment Section of this report contains a summary of the portfolio.

Currently, 70 professional investment management firms, handling 83 separate accounts, manage the investment portfolio. These firms make investment decisions under the prudent man rule authorized by Article 1 of the Illinois Pension Code and by investment policy guidelines adopted by the Board of Trustees. The Board employs an investment consultant to monitor and evaluate the investment management firms' performance, to aid in the selection of investment management firms and to assist in the development of investment policy. Our uppermost goal is to optimize the long-term total return of the Fund's investments through a policy of diversification within a parameter of prudent risk as measured on the total portfolio.

The Investment Section contains a summary of IMRF's investment performance, the Investment Consultant's report, the Master Trustee's report and a summary of the investment objectives and policies.

Current and Future Developments

a. Board of Trustees

Max F. Bochmann, School Bus Operator for Naperville CUSD #203, was elected as an employee trustee. His one-year term began January 1, 2010.

Natalie Copper, School-age Child Care Site-Coordinator for Dawes School in Evanston School District 65, was elected as an employee trustee. Her five-year term began January 1, 2010.

b. Legislative Activity

On April 3, 2009, the Illinois Pension Ethics Reform Act, affecting all Illinois public pension systems, became law. It establishes new ethical requirements for members of Boards of Trustees, substantially changes the procurement process for investment consultants and managers, requires greater transparency of investment activities through website enhancements, and requires the adoption of new policies fostering greater diversity for all contractors and suppliers with IMRF, trustees and staff.

On April 14, 2010, the Governor signed Public Act 96-0889 which created a second tier of IMRF benefits for regular and elected county official members who are first enrolled in IMRF on or after January 1, 2011. The new law does not affect members currently participating in IMRF or members who ever participated in IMRF or a reciprocal system prior to January 1, 2011. The major changes are summarized in the Actuarial section under "Changes in Plan Provisions" on page 71.

c. Systems Development

IMRF's major system development efforts in 2009 focused on:

- Providing comprehensive, online access to in-depth investments information to improve transparency of investment activities.
- Reengineering past service payment processing to improve internal efficiency and dramatically speed turnaround times.

IMRF's major 2010 system development priorities focus on:

- Expanding our Member Access website self-service options including changing beneficiaries, comparing multiple pension estimates, and applying for benefits.
- Modernizing our correspondence generation process to more effectively deliver our key messages and to better support electronic delivery and archiving.
- Developing a long-term strategy for the overall modernization of our enterprise pension administration system.

d. Investment Activities

The Board of Trustees, its consultant and IMRF staff review the investment asset allocation annually. In November of 2009, the strategic targets for the asset classes used by IMRF, which were adopted in 2008, were reconfirmed and are as follows:

Asset Class	Target
US Equities	38%
Non-US Equities	20%
Fixed Income	29%
Real Estate	6%
Alternative Investments	6%
Cash	1%

Major investment activities last year and through April 30, 2010 were as follows:

- Made significant revisions to investment policies and procedures. This was necessary to comply with the newly enacted Illinois Public Act 96-0006.
- Terminated the Cordillera small cap growth portfolio.
- Completed an Asset Liability Study update.
- Retained Franklin Templeton as a manager-of-managers to invest with minority-, disabled-, and women-owned real estate investment firms.
- Retained Investor Responsibility Support Services, Inc. to monitor securities class action litigation.
- Terminated Ennis Knupp as investment consultant.
- Retained Callan Associates as investment consultant.

e. Strategic Plan

The IMRF Strategic Plan for 2008 – 2010 includes six inter-related strategic goals: improve IMRF's effectiveness in addressing legislative issues; prepare the IMRF organization for changing demands in customer service; advocate preservation of the defined benefit plan; continue to promote the IMRF brand; maintain and promote the Board's independence; and advocate preservation of the 100% funding goal. We will continue to pursue a series of action plans to achieve these goals as we strive to achieve both our mission and vision. We will also complete a strategic planning process cycle in 2010 as we prepare a new Strategic Plan for 2011 – 2013.

f. Defined Benefit Administration Benchmarking Analysis

CEM Benchmarking, Inc. conducts an annual Defined Benefit Administration Benchmarking Study for public pension systems. IMRF has participated in this benchmarking program since 2001. This program provides insight into benefit administration costs, customer service levels, and industry best practices. IMRF again received a high service level score and was ranked near the top in both our peer group and in the total universe of the 66 participating retirement systems. Though IMRF received high marks for our excellent customer service, the real value of the study is identifying areas for further improvement. We will continue our participation in this program.

g. Continuous Process Improvement Program

IMRF implemented a continuous process improvement (CPI) program in 2009. A CPI program provides a method to formalize the manner in which we analyze our processes and procedures with the goal of improving the services we provide. Our CPI program will play a key role in supporting our strategic goal: *"To prepare the IMRF Organization for Changing Demands in Customer Service."* IMRF staff received extensive training in CPI methods and tools. More than 70 Opportunities for Improvement (OFIs) were identified by staff during the first phase of the CPI program.

h. Lincoln Award

IMRF received the *2009 Lincoln Bronze Award for Commitment to Excellence*. IMRF was one of four Illinois organizations receiving a Lincoln Award in 2009. The comprehensive application process compared our practices, policies, operations, and results against the Malcolm Baldrige National Quality Program's *Criteria for Performance Excellence*. The seven criteria are: Leadership; Strategic Planning; Customer Focus; Measurement, Analysis, and Knowledge Management; Workforce Focus; Process Management; and Results. The Feedback Report from the Lincoln Foundation complements IMRF's CPI program as it identifies opportunities for improving our key processes. Highlights of the report include the ongoing improvement of our strategic planning process and establishment of a balanced scorecard in 2010.

Reports to Membership

IMRF issued a variety of reports covering 2008 and 2009 activity. We provide employer statements every month. We mailed member statements in February. We will send a summary of the annual report to members and annuitants in the summer issues of *Fundamentals*. We will mail this report, as well as our Popular Annual Financial Report, to Authorized Agents in June. Both this CAFR and the PAFR will be available on our website—*imrf.org*.

Awards and Acknowledgements

Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Illinois Municipal Retirement Fund for its comprehensive annual financial report for the year ended December 31, 2008. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a 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. IMRF has received a Certificate of Achievement for the last 29 consecutive years (fiscal years 1980-2008). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we will be submitting it to the GFOA.

IMRF also received a Certificate of Achievement for Excellence in Financial Reporting for its popular annual financial report for the year ended December 31, 2008.

In 2009 in recognition of meeting professional standards for plan administration and funding as set forth in the Public Pension Standards, IMRF was given awards for plan funding and administration by the Public Pension Coordinating Council, a confederation of the National Association of Retirement Administrators, the National Conference on Public Employee Retirement Systems and the National Council on Teacher Retirement.

Acknowledgements

The production of this report reflects the combined effort of the IMRF staff under the leadership of the Board of Trustees and the Executive Director, Louis W. Kosiba. The Finance Department, under the direction of Richard DeCleene and Phyllis Walker, compiled the report. We believe this report provides complete and reliable information for making management decisions, for determining compliance with legal provisions and for determining responsible stewardship for the assets contributed by the members and their employers.

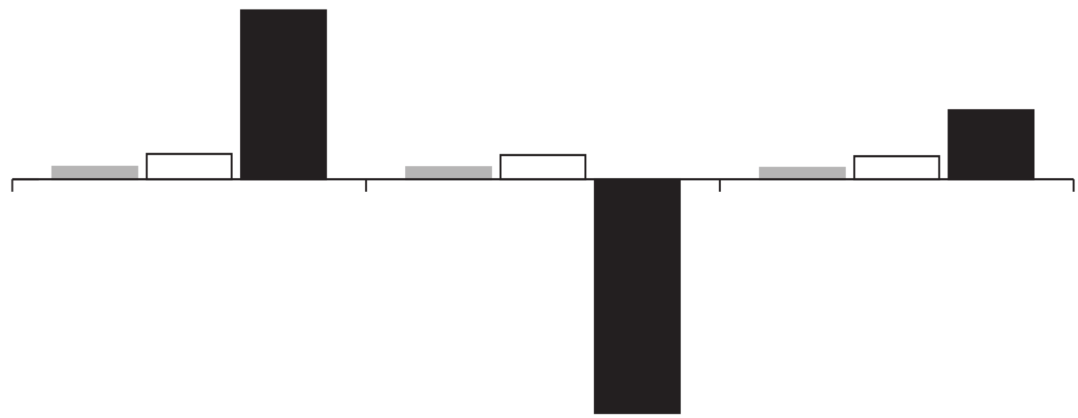
We send this report to the Authorized Agents for all participating units of government. They form the link between IMRF and its membership. Their cooperation, for which we are thankful, contributes significantly to the success of IMRF. We hope they will find this report both informative and helpful.

Respectfully submitted,

Louis W. Kosiba
Executive Director

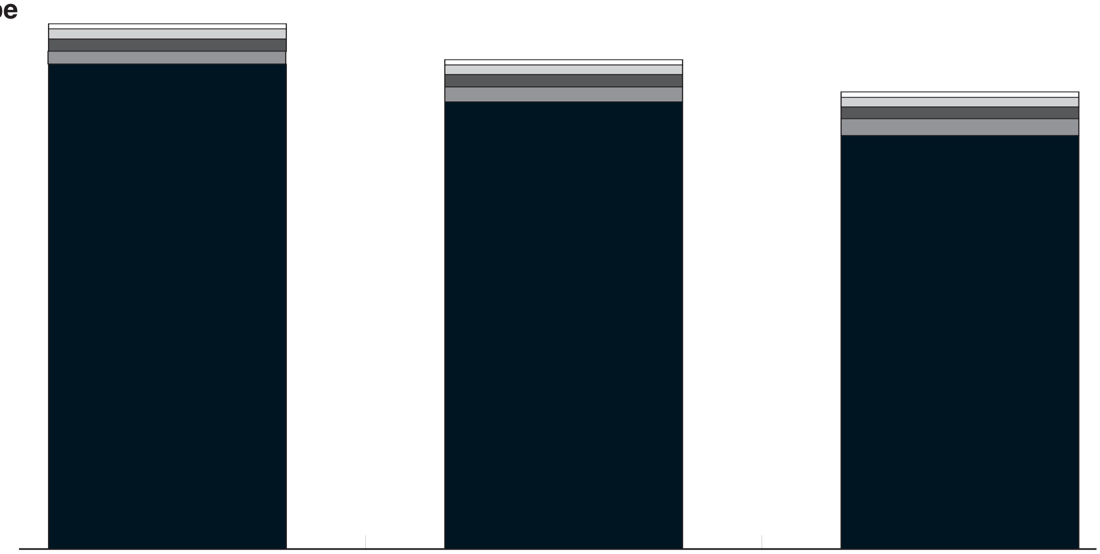
Richard J. DeCleene
Chief Financial Officer

Revenues by Source



	2009	2008	2007
Members	$ 324,070,795	$ 314,019,939	$ 296,690,070
Employers	660,399,408	631,147,476	600,822,135
Investments	4,423,559,889	(6,096,462,011)	1,799,397,454
	$5,408,030,092	$(5,151,294,596)	$2,696,909,659

Expenses by Type



	2009	2008	2007
Annuities	$1,040,633,287	$ 959,694,219	$ 887,279,625
Refunds	27,426,079	31,926,120	36,206,951
Death	26,359,020	26,488,716	25,133,776
Administrative	21,967,308	20,727,536	20,811,398
Disability	10,860,146	11,309,206	11,592,431
	$1,127,245,840	$1,050,145,797	$ 981,024,181

Financial
2009

7th Anniversary
1939 - 2009

Commitment to Excellence...

For 29 consecutive years (1980 - 2008) IMRF has received the GFOA (Government Finance Officers Association) Certificate of Achievement in Excellence for its comprehensive annual financial report. Additionally, IMRF received the GFOA Certificate of Achievement for its 2008 popular annual report.

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KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Trustees
Illinois Municipal Retirement Fund:

We have audited the accompanying statements of plan net assets of the Illinois Municipal Retirement Fund (Fund) as of December 31, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois Municipal Retirement Fund as of December 31, 2009 and 2008, and the changes in its net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the schedules of funding progress and employer contributions on pages 16 through 20 and page 38, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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 Fund's basic financial statements taken as a whole. The supplementary information on page 39, the introductory section, the investments section, the actuarial section, and the statistical section 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 information on page 39 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 taken as a whole. The introductory section, investments section, actuarial section, and the statistical section 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.

KPMG LLP

May 21, 2010

Finance

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Illinois Municipal Retirement Fund's (IMRF) financial performance provides an introduction to the financial statements of IMRF for the years ended December 31, 2009 and 2008. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, please read it in conjunction with the transmittal letter (pages 7-11), the financial statements, required supplementary information and supplementary information.

Required Financial Statements

IMRF, an agent multiple-employer public employee retirement system, prepares its financial statements on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Statement of Plan Net Assets includes all of IMRF's assets and liabilities and provides information about the nature and amount of investments available to satisfy the pension benefits of the plan. All additions to and deductions from the net assets held in trust for pension benefits are accounted for in the Statement of Changes in Plan Net Assets. This statement measures IMRF's success over the past year in increasing the net assets available for pension benefits.

Financial Analysis of IMRF

While the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets measure the value of plan net assets and the changes to them, another important factor needs to be considered in order to determine the financial health of IMRF. That additional factor is the plan's funded status. In 2009, contributions of $984 million and investment income of $4,424 million exceeded deductions to net assets of $1,127 million by $4,281 million. This net increase brought the Plan's net asset base to $22.3 billion. For 2009 actuarial calculations, IMRF's actuary used a five-year smoothed market-related value with a 20 percent corridor to determine the actuarial value of assets. The smoothing is designed to prevent extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2009 valuation, the actuarial value of assets was $22.7 billion. The aggregate actuarial liability for all IMRF employers was $27.3 billion. On an actuarial basis, the assets held currently fund 83.2 percent of this liability. This is a decrease from the funding ratio of 84.3 percent for 2008. Despite a 24.5 percent investment return in 2009, the 83.2 percent funding ratio is a slight drop from the 2008 actuarial funding ratio due to the 2008 investment losses that are being recognized over a five-year period for actuarial purposes. For actuarial purposes IMRF's 2009 return was only 5.9 percent due to the five-year smoothing as compared to the actuarial assumption of 7.5 percent. If the market value of assets is used (i.e., no actuarial smoothing), the funding ratio is 81.6 percent as of December 31, 2009, an increase from 70.4 percent as of December 31, 2008. The reason for the significant increase in the market funding ratio is the 24.5 percent investment return in 2009. As of December 31, 2009, IMRF's market-based funding value was less than the actuarial funding value since there were $473 million of unrecognized investment losses which will be reflected in the 2010 through 2013 period in keeping with the five-year smoothing discussed above.

Plan Net Assets

To begin the financial analysis, summarized comparisons of IMRF's Plan Net Assets for 2009 versus 2008 and 2008 versus 2007 are presented below.

Condensed Statements of Plan Net Assets

(In millions)

	2009	2008	Dollar Change	Percent Change
Cash and cash equivalents	$ 26	$ 27	$ (1)	(4)%
Receivables and prepaids	292	1,062	(770)	(73)
Investments	22,348	18,413	3,935	21
Invested securities lending cash collateral	2,092	1,353	739	55
Capital assets, net	3	2	1	50
Total assets	24,761	20,857	3,904	19
Liabilities	2,458	2,835	(377)	(13)
Total plan net assets	$ 22,303	$ 18,022	$ 4,281	24%

As the previous table shows, plan net assets increased by $4,281 million (24 percent) in 2009. This increase reflects the dramatic rebound in investment returns in 2009 which were aided by financial stimulus programs which were responding to the impact of the housing collapse, credit crisis and the down turn in the global economy which dramatically impacted 2008.

The following table presents the investment allocation as of year-end 2009 and 2008 as compared to IMRF's target allocation.

	2009	Target	2008
Fixed income	30.4%	29.0%	45.6%
Stocks	60.7	58.0	43.0
Real estate	1.8	6.0	2.8
Alternative	4.1	6.0	4.7
Short-term	3.0	1.0	3.9

The actual investment allocation targets at 2009 varies from the current target allocations because of the significant increase in equity securities in the latter portion of 2009. The variance in the real estate allocation is due to the fact that IMRF is in the process of recapitalizing its real estate portfolio and actual investments trail commitments. The current target allocations were reconfirmed in a September 2009 study. The actual asset allocations versus the target allocations for 2008 were impacted by two significant events. In September 2008, the strategic target for stocks was increased by 4 percent, the strategic target for fixed income was reduced by 7 percent, the strategic target for real estate was increased by 2 percent and the alternative strategic target was increased by 1 percent. These changes were the result of an asset liability study conducted in August 2008. At the time IMRF began to implement the changes needed to rebalance these asset classes closer to the new strategic targets, the global markets experienced a sudden and severe collapse which resulted in a steep decline in the value of equity securities which further exacerbated the divergence from the strategic allocation targets.

IMRF continuously monitors its actual investment allocations in relation to its targets and rebalances as appropriate.

The decrease in receivables and prepaids in 2009 is largely due to the decrease in the receivable from brokers for unsettled trades at year-end due to fewer trades outstanding at year end 2009 compared to 2008. The decrease in liabilities in 2009 is due primarily to the reduction in payables to brokers for unsettled trades at year end 2009. This significant reduction was partially offset by the increase in securities lending cash collateral in 2009 compared to 2008 due to an increase in the volume of securities lending transactions as compared to the prior year.

Condensed Statements of Plan Net Assets
(In millions)

	2008	2007	Dollar Change	Percent Change
Cash and cash equivalents	$ 27	$ 29	$ (2)	(7)%
Receivables and prepaids	1,062	929	133	14
Investments	18,413	24,707	(6,294)	(25)
Invested securities lending cash collateral	1,353	2,639	(1,286)	(49)
Capital assets, net	2	1	1	100
Total assets	20,857	28,305	(7,448)	(26)
Liabilities	2,835	4,082	(1,247)	(31)
Total plan net assets	$ 18,022	$ 24,223	$(6,201)	(26)%

As the previous table shows, plan net assets decreased by $6,201 million (26 percent) in 2008. This decrease reflects the dramatic decline in investment returns in 2008 due to the housing collapse, credit crisis and the down turn in the global economy.

The increase in receivables and prepaids in 2008 is largely due to the increase in the receivable from brokers for unsettled trades at year-end partially offset by a decrease in accrued investment income. The decrease in liabilities in 2008 is due primarily to the reduction in securities lending cash collateral due to a reduction in the volume of transactions as compared to the prior year.

Changes in Plan Net Assets

Summarized comparisons of IMRF's Changes in Plan Net Assets for 2009 versus 2008 and 2008 versus 2007 are presented below.

Condensed Statements of Changes in Plan Net Assets
(In millions)

	2009	2008	Dollar Change	Percent Change
Additions				
Member contributions	$ 324	$ 314	$ 10	3%
Employer contributions	660	631	29	5
Net investment gain (loss)	4,424	(6,096)	10,520	NM
Total additions	5,408	(5,151)	10,559	NM
Deductions				
Benefits	1,078	997	81	8
Refunds	27	32	(5)	(16)
Administrative expenses	22	21	1	5
Total deductions	1,127	1,050	77	7
Net increase (decrease) in plan net assets	$ 4,281	$(6,201)	$10,482	NM

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2009 totaled $984 million which was 4.1 percent more than 2008. The increase in member contributions is due to an increase in total member earnings to $6,462 million from $6,259 million in 2008. The member contribution rate remained at 4.5 percent of earnings for Regular members and 7.5 percent for Sheriff's Law Enforcement Personnel (SLEP) and the optional Elected County Officials (ECO) members. The increase in employer contributions is the net effect of several factors. Member earnings increased overall by 3.2 percent. This increase in member earnings caused employer contributions to increase. In addition, employers increased voluntary reserve contributions by $18 million over the prior year. On the other hand, the composite average employer rate for all plans decreased to 9.62 percent of payroll in 2009 from 10.08 percent in 2008. This decrease in the composite average employer rate is due to the improvement in the Fund's overall actuarial funded status as of year-end 2007 as compared to 2006. (There is a two year lag between the date that data is used to compute employer contribution rates and the effective date of those rates.) The impact of the growth in member earnings and additional reserve contributions more than offset the decrease in the average employer rate.

Investment gains for 2009 were 24.5 percent and contrasted sharply with the 2008 loss of 24.8 percent. The $4,424 million investment gain in 2009 represents a $10,520 million change from the $6,096 million loss in 2008. IMRF's 2009 total investment portfolio return reflected the sharp rebound from the impact of the housing decline, credit crisis and dramatic slow down in the global economy in 2008.

In 2009, IMRF had net appreciation in the value of investments of $3,998 million, a $10,632 million change from the $6,634 million of depreciation recorded in 2008. Interest, dividends and equity fund income totaled $468 million, a decrease from the $571 million in 2008. Securities lending income net of related expenses was $9.9 million for 2009, a decrease of $11.7 million from 2008. Direct investment expenses decreased to $52.5 million in 2009 from $54.9 million in 2008.

The total rate of return for the portfolio in 2009 was 24.5 percent compared to a negative 24.8 percent in 2008. IMRF's U.S. stock portfolio returned 31.4 percent compared to 28.6 percent for the Dow Jones Wilshire 5000 Index. The fixed income portfolio returned 15.3 percent compared to 5.9 percent for the Barclays Aggregate Bond Index. Our international stock portfolio returned 39.5 percent compared to 41.5 percent for the MSCI All-Country World Free ex-US Index. The real estate portfolio returned a negative 24.5 percent compared to a negative 16.9 percent for the NCREIF Property Index. The alternative investment portfolio returned a negative .8 percent versus a target return of 12 percent.

When comparing returns it is important to remember that as a pension fund, IMRF's investment program has a very long time horizon. Some of the longer-term results for the total fund for the period ending December 31, 2009 are:

Period	Annualized returns
Three years	.5% per year
Five years	4.7% per year
Ten years	4.2% per year

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2009 totaled $1,127 million, an increase of $77 million over 2008. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 93,298 in 2009 from 90,170 in 2008 as well as an increase in the amount of the average benefit.

Condensed Statements of Changes in Plan Net Assets
(In millions)

`	2008	2007	Dollar Change	Percent Change
Additions				
Member contributions	$ 314	$ 297	$ 17	6%
Employer contributions	631	601	30	5
Net investment (loss) gain	(6,096)	1,799	(7,895)	NM
Total additions	(5,151)	2,697	(7,848)	NM
Deductions				
Benefits	997	924	73	8
Refunds	32	36	(4)	(11)
Administrative expenses	21	21	---	---
Total deductions	1,050	981	69	7
Net (decrease) increase in plan net assets	$(6,201)	$1,716	$(7,917)	NM

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2008 totaled $945 million which was 5.2 percent more than 2007. The increase in member contributions is due to an increase in total member earnings to $6,259 million from $5,931 million in 2007. The member contribution rate remained at 4.5 percent of earnings for Regular members and 7.5 percent for Sheriff's Law Enforcement Personnel (SLEP) and the optional Elected County Officials (ECO) members. The increase in employer contributions is the net effect of several factors. Member earnings increased overall by 5.5 percent. This increase in member earnings caused employer contributions to increase. On the other hand, the composite average employer rate for all plans decreased to 10.08 percent of payroll in 2008 from 10.13 percent in 2007. This decrease in the composite average employer rate is due to the improvement in the Fund's overall actuarial funded status in 2006 as compared to 2005. The impact of the growth in member earnings more than offsets the decrease in the average employer rate.

Investment losses for 2008 were a negative 24.8 percent and contrasted sharply with the 2007 gain of 8.5 percent. The $6,096 million investment loss in 2008 represents a $7,895 million change from the $1,799 million gain in 2007. IMRF's 2008 total investment portfolio returns reflected the impact of the housing decline, credit crisis and dramatic slow down in the global economy in 2008.

In 2008, IMRF had net depreciation in the value of investments of $6,634 million, a $7,941 million change from the $1,307 million of appreciation recorded in 2007. Interest, dividends and equity fund income totaled $571 million, a slight increase from the $543 million in 2007. Securities lending income net of related expenses was $21.6 million for 2008, an increase of $9.1 million from 2007. Direct investment expenses decreased to $54.9 million in 2008 from $63.3 million in 2007.

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2008 totaled $1,050 million, an increase of $69 million over 2007. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 90,170 in 2008 from 87,687 in 2007 as well as an increase in the amount of the average benefit.

Statements of Plan Net Assets

	December 31	
	2009	**2008**
Assets		
Cash and cash equivalents	$26,192,073	$27,334,595
Receivables and prepaid expenses		
Contributions	68,876,545	60,555,505
Investment income	65,821,503	73,372,382
Receivables from brokers for unsettled trades	79,848,442	857,762,936
Prepaid expenses	76,878,718	69,980,454
Total receivables and prepaid expenses	291,425,208	1,061,671,277
Investments, at fair value		
Fixed income	6,796,987,189	8,401,839,126
Stocks	13,569,074,041	7,907,049,674
Short-term investments	662,322,453	724,355,284
Real estate	413,076,373	506,395,315
Alternative investments	906,194,138	873,111,194
Total investments	22,347,654,194	18,412,750,593
Invested securities lending cash collateral	2,092,218,260	1,353,275,896
Capital assets		
Equipment, at cost	7,157,943	6,029,279
Accumulated depreciation	(4,080,810)	(3,659,917)
Total capital assets, net	3,077,133	2,369,362
Total assets	24,760,566,868	20,857,401,723
Liabilities		
Accrued expenses and benefits payable	26,858,937	20,290,701
Securities lending cash collateral	2,092,218,260	1,353,275,896
Payables to brokers for unsettled trades	338,650,896	1,433,583,897
Securities lending payable	--	28,196,706
Total liabilities	2,457,728,093	2,835,347,200
Net assets held in trust for pension benefits	$22,302,838,775	$18,022,054,523

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Plan Net Assets

	Years Ended December 31	
	2009	**2008**
Additions		
Contributions		
Members for retirement coverage	$ 324,070,795	$ 314,019,939
Employers for benefit plan coverage	660,399,408	631,147,476
Total contributions	984,470,203	945,167,415
Investment Income		
From investing activities		
Interest	281,119,309	308,492,781
Dividends	149,306,299	207,891,280
Equity fund income, net	37,765,665	54,248,882
Net appreciation (depreciation) in fair value of investments	3,997,908,949	(6,633,777,003)
Investment activity gain (loss)	4,466,100,222	(6,063,144,060)
Less: Direct investment expense	(52,475,158)	(54,930,258)
Net investment activity gain (loss)	4,413,625,064	(6,118,074,318)
From security lending activity		
Securities lending income	10,847,349	67,277,132
Securities lending management fees	(896,226)	(2,324,415)
Securities lending borrower rebates	(25,446)	(43,359,132)
Net securities lending activity income	9,925,677	21,593,585
Total investment gain (loss)	4,423,550,741	(6,096,480,733)
Other	9,148	18,722
Total additions	5,408,030,092	(5,151,294,596)
Deductions		
Annuities	1,040,633,287	959,694,219
Disability benefits	10,860,146	11,309,206
Death benefits	26,359,020	26,488,716
Refunds	27,426,079	31,926,120
Administrative expenses	21,967,308	20,727,536
Total deductions	1,127,245,840	1,050,145,797
Net increase (decrease)	4,280,784,252	(6,201,440,393)
Net assets held in trust for pension benefits		
Beginning of year	18,022,054,523	24,223,494,916
End of year	$22,302,838,775	$18,022,054,523

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

December 31, 2009 and 2008

A. Plan Description

The Illinois Municipal Retirement Fund (IMRF or the "Fund") is the administrator of an agent multiple-employer public employee retirement system. The Illinois State Legislature established IMRF to provide employees of local governments and school districts a sound and efficient retirement system. Members, employers and annuitants elect eight trustees who govern IMRF. State law authorizes the Board to make investments, pay benefits, set employer contribution rates, hire staff and consultants and perform all necessary functions to carry out the provisions of the Illinois Pension Code. Benefit and contribution provisions are established by state law and may be amended only by the Illinois General Assembly. IMRF is administered in accordance with Illinois statutes. The statutes do not provide for termination of the plan under any circumstances.

IMRF is separate and apart from the Illinois state government and is not included in the state's financial statements. However, the Illinois Pension Code designates the State Treasurer ex-officio treasurer of IMRF and requires the Auditor General to approve appointment of independent public accountants.

1. Employers	**2009**	**2008**
Participating employers	2,950	2,940

The Illinois Pension Code specifies the units of government required to participate in IMRF and the units that may elect to join. Participation by the following units of government is mandatory:

- All counties except Cook,
- All school districts except Chicago and,
- All cities, villages and incorporated towns with a population over 5,000, other than Chicago, which do not provide Social Security or equivalent coverage for their employees before they reach a population of 5,000.

Other units of government with general taxing powers, such as townships and special districts, may elect to join. Participating instrumentalities, which include units of government without general taxing powers and not-for-profit organizations, associations, or cooperatives authorized by state statute, may participate. They must meet financial stability requirements. Units that elect to join the system may not under any circumstances terminate their participating employer status as long as they are in existence.

2. Members	**2009**	**2008**
Retirees and beneficiaries currently receiving benefits	93,298	90,170
Terminated members entitled to benefits but not yet receiving them	11,703	11,213
Terminated members—non-vested	100,445	105,343
Current members:		
Non-vested	92,556	96,150
Vested	88,824	85,528
Total current members	181,380	181,678
Grand Total	386,826	388,404

Employers must enroll employees in IMRF if the employees' positions meet the qualifications for IMRF membership. There are some exceptions. City hospital employees and elected officials have the option to participate. IMRF does not cover individuals in certificated teaching positions covered by the Illinois Teachers' Retirement System. Also, IMRF does not generally cover individuals performing police or fire protection duties for employers with local police and fire pension funds. Certain police chiefs may choose to participate as Sheriffs' Law Enforcement Personnel (SLEP) members.

3. Contributions

The member contribution rates—4.5 percent for regular members, 7.5 percent for SLEP members and Elected County Officials Plan (ECO) members—are set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Employer contributions for disability benefits, death benefits and the supplemental retirement benefits are pooled. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute. Costs of administering the plan are financed by investment income.

4. Benefit Provisions

Benefits are established by statute and may only be changed by the General Assembly. The benefit provisions in effect on the member's date of termination determine a member's benefit. The following is a summary of the IMRF benefit provisions as of December 31, 2009 and 2008. A more extensive description of the plan can be found in the Actuarial Section. The ECO plan was created by statute in 1997 and was revised in 2000.

Refunds

Members who terminate their IMRF participation may withdraw their contributions and forfeit future retirement benefits.

Retirement

Plan	Regular	SLEP	Original ECO	Revised ECO
Vesting	8 years	20 years	8 years	8 years in each elected position
Minimum age for unreduced benefit	35+ years of service: 55, otherwise 60	50	Sheriffs with 20 years of SLEP service: 50, otherwise 55	Sheriffs with 20 years of SLEP service: 50, otherwise 55
Final rate of earnings	Highest consecutive 48 months in the last 10 years	Highest consecutive 48 months in the last 10 years	Annual salary on the last day of ECO participation	Highest consecutive 48 months in the last 10 years for each elected position
Survivor benefits	Annuity for eligible spouse	Annuity for eligible spouse	Annuity for eligible spouse and unmarried children under 18	Annuity for eligible spouse and unmarried children under 18
Post-retirement increase	3% of original amount	3% of original amount	3% of original amount	3% of original amount
Early retirement	At age 55, discount based on age and service	None	None	None

IMRF employers may offer an early retirement incentive (ERI) for active members who have 20 or more years of service and are age 50 or older. The program is optional with employers and may not be offered until the liability for any previous ERI is paid.

Supplemental Retirement Benefit

Retirees and surviving spouses who have been receiving benefits for at least one year receive a supplemental retirement benefit in July. The total supplemental benefit pool in each year is equal to 0.62 percent of the participating payroll for the previous year. An individual receives a pro-rata share of the total pool based upon the ratio of his individual benefits to the total benefits paid to all IMRF recipients.

Death Benefits

An eligible spouse of a deceased retired member receives a one-time death benefit of $3,000 plus a monthly pension equal to one-half (66-2/3 percent for ECO retirees) of the member's pension. The beneficiaries of a participating member who had at least one year of service receive a lump sum death benefit equal to one year's earnings plus the member's contributions with interest. Death benefits paid upon the death of an inactive member vary depending on the member's age and service.

Disability

Members who have at least one year of service and meet the disability medical requirements will receive a benefit of up to 50 percent of the average monthly earnings in the 12 months preceding disability. Disabled ECO members receive a disability benefit equal to the benefit they would receive upon retirement. IMRF reduces the benefit by Social Security or Workers' Compensation awards. Members paid disability continue to receive pension service credit and death benefit protection.

5. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 83.2 percent funded on an actuarial basis. The actuarial accrued liability for benefits was $27.3 billion, and the actuarial value of assets was $22.7 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $4.6 billion. The covered payroll (annual payroll of active employees covered by the plan) was $6.5 billion, and the ratio of the UAAL to the covered payroll was 71 percent.

The schedule of funding progress, presented as required supplemental 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 actuarial accrued liability for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	Taxing bodies: open, 30 years Entities over 120 percent funded on a market basis: varies by funding status Non-taxing bodies: open, 10 years
Asset valuation method	Five-year smoothed market related with a 20 percent corridor

Actuarial assumptions:

Investment rate of return	7.5 percent
Projected salary increases	4.4 to 16.0 percent
Assumed wage inflation rate	4.0 percent
Group size growth rate	0.0 percent
Assumed payroll growth rate	4.0 percent
Post-retirement increase	3.0 percent—simple
Mortality table	For non-disabled lives, the 1994 Group Annuity Mortality Table for males multipled by 110 percent and the 1994 Group Annuity Mortality Table for females multiplied by 95 percent; for disabled lives, the 1994 Group Annuity Mortality Table for males multiplied by 110 percent and the 1994 Group Annuity Table for females multiplied by 95 percent and set forward 10 years.

6. ***IMRF as Employer***

IMRF as an employer provides pension, disability and death benefits for all of its full-time employees through the Fund.

Members	**2009**	**2008**
Retirees and beneficiaries currently receiving benefits	71	66
Terminated members entitled to benefits but not yet receiving them	33	68
Terminated members—non-vested	27	26
Current members:		
Non-vested	55	54
Vested	121	122
Total current members	176	176
Grand Total	307	336

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	$1,086,079	100%	$0
12/31/2008	1,031,822	100%	0
12/31/2007	1,038,011	100%	0

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2009	$27,969,730	$34,462,926	$ 6,493,196	81.2%	$12,341,803	52.61%
12/31/2008	27,093,229	32,273,711	5,180,482	83.9%	11,439,265	45.29%
12/31/2007	29,554,882	30,454,871	899,989	97.0%	11,007,539	8.18%

B. Summary of Significant Accounting Policies

1. ***Reporting Entity***

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

(1) Appointment of a voting majority of the component unit's board and that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

(2) Fiscal dependency on the primary government.

Based upon these criteria, IMRF has no component units and IMRF is not a component unit of any other entity.

2. ***Basis of Accounting***
   IMRF prepares its financial statements using the accrual basis of accounting. It recognizes member and employer contributions as revenues in the month member earnings are paid in accordance with the provisions of the Illinois Pension Code. Benefits and refunds are recognized as expenses when payable. Expenses are recorded when the corresponding liabilities are incurred regardless of when payment is made.

3. ***Use of Estimates***
   The preparation of IMRF's financial statements in conformity with generally accepted accounting principles requires management to make significant estimates and assumptions that effect the reported amounts and plan net assets at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in IMRF plan net assets during the reporting period and, when applicable, disclosures of the contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

4. ***Risks and Uncertainties***
   IMRF invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statement of Plan Net Assets.

5. ***Income Taxes***
   IMRF is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service under Code section 401(a).

6. ***Method Used to Value Investments***
   IMRF reports investments at fair value. Where appropriate, the fair value includes estimated disposition costs. Fair value for stocks is determined by using the closing price listed on the national securities exchanges as of December 31. Market value for fixed income securities are determined principally by using quoted market prices provided by independent pricing services. For commingled funds, the net asset value is determined and certified by the commingled fund manager as of December 31. Alternative investments, which include private equity and absolute return funds, are valued based on amounts established by fund managers which are subject to annual audit. Fair values for directly owned real estate investments are determined by appraisals.

7. ***Broker Commission Credits***
   IMRF has directed commission arrangements with several brokers. Under these arrangements, certain expenses related to the operation of IMRF, and exclusively for the benefit of IMRF, are paid using a percentage of commissions earned on investment transactions. At December 31, 2009 and 2008, IMRF has accumulated $14,285 and $127,517, respectively, for future expenditures, and these credits are included in plan net assets.

C. New Accounting Pronouncements

In June 2008 GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." While this statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by governmental entities, its impact on IMRF will be limited to disclosure since IMRF, as a public employee retirement system, already reports its derivative instruments at fair value as required by the statement. The provisions of this statement are effective for financial statements beginning after June 15, 2009. IMRF will adopt the provisions of this statement for its 2010 financial statements.

D. Deposits and Investment Risk Disclosures

1. *Deposits*

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, IMRF'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. The Illinois State Treasurer is ex-officio Treasurer of IMRF. Cash held in the investment related bank account is neither insured nor collateralized for amounts in excess of $250,000. These deposits are not required to be collateralized by statute and there is no related deposit policy for custodial risk. These assets are under the custody of the Northern Trust Company. The Northern Trust Company has a AA Long Term Deposit/ Debt rating by Standard & Poor and an Aa3 rating by Moody.

Carrying amounts at December 31:	**2009**	**2008**
Cash	$26,192,073	$27,334,595
Bank balances at December 31:		
Total	$16,655,249	$23,927,838
Amount exposed to custodial credit risk	$891,986	$569,279

2. *Investment Policies*

The Illinois Pension Code prescribes the "prudent man rule" as IMRF's investment authority, effective August 25, 1982. This rule requires IMRF to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the "prudent man" framework, the Board of Trustees adopts investment guidelines for IMRF investment managers which are included within their respective Investment Management agreements. The Investment Section contains a summary of these guidelines. By statute all investments are held in the name of the Illinois Municipal Retirement Fund or in the name of a nominee created for the express purpose of securities registration.

3. *Investment Summary*

The following table presents a summary of the Fund's investments by type at December 31, 2009, and 2008.

	2009	**2008**
U.S. government & agency fixed income	$1,950,292,566	$2,667,489,802
U.S. corporate fixed income	2,544,009,875	2,213,370,217
U.S. fixed income funds	1,676,360,401	3,255,269,607
Foreign fixed income securities	626,324,347	265,709,500
U.S. equities	5,826,449,555	4,381,836,628
U.S. stock funds	2,813,229,372	1,194,251,298
Foreign equities	2,617,053,935	1,758,964,474
Foreign stock funds	2,312,341,179	571,997,274
Foreign currency forward contracts	2,022,984	4,313,810
Pooled short-term investment funds	654,899,674	764,377,058
Real estate	413,076,373	506,395,315
Private equity	550,007,991	564,960,155
Absolute return funds	356,186,147	308,151,039
Swaps	10,558,622	(42,372,242)
Options	(6,538,827)	(1,963,342)
Margin cash	1,380,000	--
Total Investments at fair value	$22,347,654,194	$18,412,750,593

Short-term securities include commercial paper or notes having a maturity of less than 90 days. Pooled short-term investment funds are commingled funds managed by Northern Trust. Under the terms of the investment agreement for these funds, Northern Trust may invest in a variety of short-term investment securities. Alternative investments include commingled funds and separate accounts that invest in private equity and absolute return funds.

There are no individual investments held by IMRF that represent five percent or more of the Fund's net assets at year-end. As of December 31, 2009, IMRF had $1,680,768,340 invested in the NTGI QM Collective Daily Aggregate Bond Special Purpose Index Fund, $1,954,603,052 in the NTGI QM Collective Daily U.S. Stock Fund and $1,556,548,091 in the NTGI QM Collective Daily EAFE Stock Fund. As of December 31, 2008, IMRF had $3,254,199,479 invested in the NTGI QM Collective Daily Aggregate Bond Special Purpose Index Fund.

4. *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, IMRF will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of December 31, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Fund's name.

	2009	2008
Investments in foreign currency	$10,363,128	$5,317,408

5. *Concentration of Credit Risk Debt Securities*

The debt security portfolios are 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 total debt securities portfolio is managed using the following general guidelines adopted by the IMRF Board of Trustees:

A. Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities are permissible investments and may be held without restriction.

B. The average credit quality of the total portfolio must be investment grade.

C. Debt obligations of any single U.S. corporation shall generally be limited to a maximum of 5 percent of the total portfolio at market value.

D. Generally, no more than 30 percent of a manager's assets at market value may be invested in securities rated below investment grade at the time of purchase. Investment managers using high yield disciplines will not be subject to this restriction.

E. Debt obligations of any U.S. industry shall generally be limited to a maximum of 25 percent of the total portfolio at market value.

F. Bonds or other debt obligations of foreign countries and corporations payable in U.S. and in non-U.S. funds are authorized but, in general, will not exceed 15 percent of the portfolio.

Quality Rating	2009	2008
AAA	$ 909,085,754	$1,241,554,507
AA	313,835,369	102,051,645
A	619,463,696	499,112,164
BBB	594,809,018	433,077,989
BB	272,546,549	226,386,584
B	432,588,450	225,754,991
CCC	176,938,246	111,069,135
CC	31,463,810	11,615,430
C	12,431,909	18,219,032
D	29,144,303	11,832,859
Agencies	1,206,986,643	2,061,021,077
Not Rated	30,310,658	14,416,704
Other	680,112	543,189
Total Credit Risk Debt—Securities	4,630,284,517	4,956,655,306
U.S. Government	490,342,271	189,914,213
U.S. Fixed Income Fund	1,676,360,401	3,255,269,607
	$6,796,987,189	$8,401,839,126

The "agencies" caption in the above table does not have a specific credit quality rating since they were not covered by the rating vendors. Typically these securities are assumed to have an AAA credit quality rating.

6. Interest Rate Risk

The Illinois Municipal Retirement Fund manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio at an effective duration range 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 full price. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. The Illinois Municipal Retirement Fund benchmarks its debt security portfolio to the Barclays Aggregate Bond Index. At December 31, 2009 and 2008, the effective duration of the Barclays Aggregate Bond Index was 4.57 and 3.71, respectively. At the same points in time, the effective duration of the Illinois Municipal Retirement Fund debt securities portfolio was 4.28 and 3.35, respectively.

Investment	2009 Fair Value	Effective Weighted Duration Rate	2008 Fair Value	Effective Weighted Duration Weight
U.S. Corporate	$2,544,009,875	4.03	$2,213,370,217	3.40
U.S. Government & Agencies	1,950,292,566	4.38	2,667,489,802	2.79
Fixed Income Fund	1,676,360,401	4.55	3,255,269,607	3.67
International	626,324,347	4.31	265,709,500	4.70
Total	$6,796,987,189	4.28	$8,401,839,126	3.35

7. ***Foreign Currency Risk***

The international portfolio is constructed on the principles of diversification, quality, growth and value. Country exposure is limited to 25 percent or two times the benchmark weighting at fair value. Risk of loss arises from changes in currency exchange rates. International managers may also engage in transactions to hedge currency at their discretion. Currency trading may not be used for speculative purposes

	2009	2008
Foreign Equities		
Australian dollar	$ 51,060,499	$ 40,503,507
Brazilian real	62,219,107	26,756,090
British pound sterling	447,456,880	292,013,483
Canadian dollar	70,143,865	49,794,188
Czech koruna	1,201,978	9,675,920
Danish krone	11,005,080	19,194,488
Egyptian pound	674,088	1,702,381
Euro	637,954,117	475,323,531
Hong Kong dollar	112,584,061	84,118,700
Indian rupee	50,299,490	11,895,484
Indonesian rupee	17,153,676	1,937,072
Japanese yen	405,430,653	358,138,608
Malaysian ringgit	6,047,442	2,257,296
Mexican peso	10,253,733	6,083,935
New Israeli shekel	3,800,738	2,668,081
New Taiwan dollar	39,121,477	8,505,887
New Zealand dollar	4,558,502	3,204,942
Norwegian krone	29,533,432	6,348,792
Pakistan rupee	--	768,501
Polish zloty	2,516,648	643,829
Singapore dollar	49,676,308	18,647,446
South African rand	31,933,823	3,635,412
South Korean won	44,006,125	13,405,307
Swedish krona	64,427,986	26,842,395
Swiss franc	128,098,579	119,722,679
Thai baht	1,848,805	240,690
Turkish lira	31,869,534	2,153,984
United Arab Emirates dirham	--	1,443,565
United States dollar	2,614,518,488	743,335,555
	4,929,395,114	2,330,961,748
Foreign Fixed Income		
Australian dollar	28,458,360	--
British pound sterling	--	1,239,143
Canadian dollar	6,239,085	457,828
Euro	8,378,987	5,458,778
Mexican peso	--	4,854,148
New Zealand dollar	1,945,122	--
Norwegian krone	1,622,256	--
United States dollar	579,680,537	253,699,603
	626,324,347	265,709,500
	$5,555,719,461	$2,596,671,248

E. Securities Lending Program

The IMRF securities lending program is authorized by the IMRF Board of Trustees. IMRF lends securities (both equity and fixed income) to securities firms on a temporary basis through its agent, Northern Trust. There are no restrictions on the amount of securities that may be lent. IMRF receives fees for all loans and retains the right to all interest and dividend payments while the securities are on loan. All securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued, subject to de minimus rules, at 102 percent of the market value of the securities plus any accrued interest (105 percent for non-U.S. securities). As the market value of the securities loaned changes, the borrower must adjust the collateral accordingly. IMRF or the borrower has the right to close the loan at any time. The average term of overall loans was 81 days as of December 31, 2009, and 79 days as of December 31, 2008. When the loan closes, the borrower returns the securities loaned to IMRF, and IMRF returns the associated collateral to the borrower. IMRF cannot pledge or sell the non-cash collateral unless the borrower fails to return the securities borrowed.

Northern Trust pools all collateral received from securities lending transactions and invests any cash collateral. IMRF holds a prorated share of the collateral provided by the borrowers of its securities. The cash collateral is shown on IMRF's financial statements. Cash collateral is invested in a short-term investment pool, which had an interest sensitivity of 41 days as of December 31, 2009, and which had an interest sensitivity of 17 days as of December 31, 2008. Cash collateral may also be invested separately in "term loans," in which case the investments match the term of the loan. These loans can be terminated on demand by either lender or borrower.

Indemnification pertains to the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. During 2009 and 2008, there were no violations of legal or contractual provisions and no borrower or lending agent default losses to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. IMRF had no credit risk as a result of its securities lending program as the collateral held exceeded the market value of the securities lent.

Securities lent are included in the Statements of Plan Net Assets. The market value of collateral received includes cash collateral of $2,092,218,260 and $1,353,275,896 at December 31, 2009 and 2008, respectively.

Loans outstanding as of	**December 31, 2009**	**December 31, 2008**
Market value of securities loaned	$2,041,072,546	$1,330,250,111
Market value of collateral received	$2,105,796,514	$1,358,335,323

F. Derivatives

IMRF's investment managers may enter into derivative transactions as permitted by their guidelines. A derivative financial instrument is an investment whose payoff depends upon the value of an underlying such as bond or stock prices, a market index, or commodity prices. Derivative financial instruments 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. IMRF's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. 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. Senior investment management approves these limits and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. IMRF does not purchase derivatives with borrowed funds.

During the year, IMRF's derivative investments included foreign currency forward contracts, financial futures, options and swaps. Foreign currency forward contracts are used to hedge against the currency risk in IMRF's foreign stock and fixed income security portfolios. The remaining derivative financial instruments are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

Foreign currency forward contracts are agreements to buy or sell a specific amount of a specific currency at a specified delivery or maturity date for an agreed upon price. As the fair value of the underlying currency varies from the original contract price, IMRF records an unrealized gain or loss. The fair value of forward currency contracts outstanding at December 31, 2009 and 2008 are as follows:

Fair Value as of	December 31, 2009	December 31, 2008
Pending Foreign Exchange Purchases		
Australian dollar	$ 19,729,213	$ 6,537,736
British pound sterling	7,272,096	6,887,750
Canadian dollar	28,198,113	5,412,715
Danish krone	4,543	1,598,191
Euro	29,434,377	29,679,757
Hong Kong dollar	2,113,082	786,067
Indonesian rupiah	384,425	--
Japanese yen	27,181,959	41,548,249
New Zealand dollar	13,501	--
Norwegian krone	2,916,929	962,163
Singapore dollar	2,256,210	718,554
South Korean won	483,350	--
Swedish krona	12,679,942	15,070
Swiss franc	31,981,040	11,236,401
Turkish lira	95,693	--
United States dollar	277,467,814	118,009,050
Total purchases	$ 442,212,287	$ 223,391,703
Pending Foreign Exchange Sales		
Australian dollar	$ (3,398,083)	$ (6,100,107)
British pound sterling	(50,161,843)	(27,876,911)
Canadian dollar	(22,652,661)	(6,669,428)
Czech koruna	(382,218)	(808,658)
Danish krone	(4,334)	(71,287)
Euro	(66,947,857)	(19,980,026)
Hong Kong dollar	(23,498,139)	(876,765)
Japanese yen	(37,797,360)	(41,066,948)
Malaysian ringgit	--	(35,663)
Mexican peso	(316,458)	(4,742,405)
New Zealand dollar	(1,865,575)	(386,015)
Norwegian krone	(1,870,753)	(1,905,494)
Singapore dollar	(7,995,279)	(1,272,391)
Swedish krona	(13,601,324)	(5,365,555)
Swiss franc	(42,706,943)	(293,317)
United States dollar	(166,990,476)	(101,626,923)
Total Sales	$(440,189,303)	$(219,077,893)
Net Realized Gain	$ 2,022,984	$ 4,313,810

Financial futures are similar to forward contracts, except futures contracts are standardized and traded on organized exchanges. As the market value of the underlying hedging assets vary from the original contract price, a gain or loss is recognized and is settled through the clearinghouse. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. The contractual amounts of future contracts outstanding at December 31, 2009 and 2008 are as follows:

Contractual Amount as of	December 31, 2009	December 31, 2008
Fixed income futures sold	$478,126,833	$270,475,892
Fixed income futures purchased	$478,126,833	$270,475,892
Equity futures purchased	$ 23,546,840	$ 12,331,370
Equity futures sold	$ 23,546,840	$ 12,331,370
Cash and cash equivalent futures sold	$ 10,960,950	$220,102,342
Cash and cash equivalent futures purchased	$ 10,960,950	$220,102,342

Contractual amounts, which represent the market value of the underlying assets of the derivative contracts, are often used to express the volume of these positions. Such amounts do not reflect the extent to which positions may offset one another or the potential risk, which is generally a lesser amount.

Financial 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 specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, IMRF receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the assets underlying the option. Gains and losses on options are determined based on market values and are recorded in the Statement of Changes in Plan Net Assets. The market value of financial options outstanding at year-end is as follows:

Market Value as of	December 31, 2009	December 31, 2008
Financial options, (loss)	$ (6,538,827)	$ (1,963,342)

Interest rate swaps are agreements between two or more parties to exchange sets of cash flows over a period of time. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate. In addition to interest rate swaps, one of IMRF's investment managers utilizes credit default swaps which, in addition to the exchange of interest payment streams as in a common interest rate swap, add liquidity to individual credits and protect specific positions. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Plan Net Assets. The market value of swaps outstanding at year-end is as follows:

Market Value as of	December 31, 2009	December 31, 2008
Swaps, gain (loss)	$ 10,558,622	$(42,372,242)

G. Future Investment Commitments

At December 31, 2009 and 2008, IMRF had future commitments for additional contributions to real estate and alternative investment managers totaling $615,313,619 and $723,670,755 respectively

H. IMRF as Employer - Postemployment Benefits Other Than Pensions

1. *Plan Description*

IMRF, as an employer, administers a single-employer defined benefit healthcare plan ("Retiree Health Plan") under the provisions of ILCS Chapter 215, Article 5, Section 367j. As required by the statutes, the Retiree Health Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through IMRF's group health insurance plan, which covers both active and retired members. Currently 13 retirees are in the plan and 176 active employees could be eligible at retirement. Benefit subsidy provisions have been established by IMRF's Board of Trustees that cover a percentage of the retiree's insurance premiums from the date of retirement to the date the retiree becomes eligible for Medicare. The amount of the subsidy varies based upon the retiree's years of service with IMRF. These benefit subsidy provisions can be modified or terminated at the sole discretion of the IMRF Board. Except for any eligible subsidy, retirees must pay the entire blended insurance premium for their coverage.

2. *Funding Policy*

The contribution requirements of plan members and IMRF are established by IMRF's Board of Trustees within the provisions of the Illinois statutes. The required contribution is based on projected pay-as-you-go financing requirements. For 2009 and 2008, IMRF contributed $1,683,910 and $1,515,913, respectively, to the plan for current premiums, including a $21,861 subsidy in 2009 and a $23,596 subsidy in 2008 for retiree health and dental care premiums (79.1 percent and 79.5 percent of total premiums for each year). Plan members receiving benefits contributed $444,492 in 2009 and $391,027 in 2008, or 20.9 percent and 20.5 percent of the total premiums for each year, through their required contributions of between $51 and $432 per month based upon their coverage.

3. *Annual OPEB Cost and Net OPEB Obligation*

IMRF's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of IMRF's annual OPEB cost, the amount actually contributed to the plan, and changes in IMRF's net OPEB obligation to the Retiree Health Plan:

	2009	2008
Annual required contribution	$ 196,269	$ 175,188
Interest on net OPEB obligation	27,751	20,492
Adjustment to annual required contribution	(19,837)	(14,648)
Annual OPEB expense	204,183	181,032
Contributions made	(76,133)	(84,242)
Increase in net OPEB obligation	128,050	96,790
Net OPEB obligation - beginning of year	370,016	273,226
Net OPEB obligation - end of year	$ 498,066	$ 370,016

In 2009, 2008 and 2007, IMRF contributed 39 percent, 48 percent and 52 percent, respectively, of the annual required OPEB contribution to the plan.

4. *Actuarial Valuation Information*

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Covered Annual Payroll (b)	AAL as a Percentage of Covered Payroll (a/b)
12/31/2009	1,868,954	11,895,017	15.7
12/31/2008	1,921,156	10,682,143	18.0
12/31/2007	1,813,650	9,882,923	18.4

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Since IMRF does not intend to fund the plan, no schedule of funding progress is presented.

5. *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return which is based upon the employer's assumed return on its assets and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4 percent after nine years. Both rates include a 4 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over an open 30 year period.

I. Reserves

IMRF maintains several reserves as required by the Illinois Pension Code and Board policy. All reserves are fully funded with the exception of some individual employer retirement reserves. These reserves do not equal the present value of expected retirement benefits for all employers. In 2009, the present value of expected retirement benefits exceeded the retirement reserves for all employers combined by $5,042,274,441. In 2008, the retirement reserves for all employers combined exceeded the present value of expected retirement benefits by $7,589,144,826.

1. Member Contribution Reserve	**2009**	**2008**
Balance at December 31	$ 4,893,092,254	$ 4,573,734,290

2. Annuity Reserve	**2009**	**2008**
Balance at December 31	$10,900,784,421	$10,025,529,108

3. Employer Reserves	**2009**	**2008**
Balance at December 31		
Retirement contribution reserve	$ 6,472,115,162	$ 3,256,721,282
Earnings and experience reserve	4,846,624	136,553,762
Supplemental retirement benefit	2,199,431	2,530,205
Pooled death benefit reserve	13,816,077	12,432,734
Pooled disability benefit reserve	15,984,806	14,553,142
	$ 6,508,962,100	$ 3,422,791,125

J. Other Notes

1. Prepaid Expenses	**2009**	**2008**
Balance at December 31		
Prepaid administrative expenses	$ 937,985	$ 899,611
January 1 benefits charged to bank account in December	75,940,733	69,080,843
	$ 76,878,718	$ 69,980,454

2. Capital Assets

Capital assets are recorded at their cost at the time of acquisition. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the related asset. The estimated useful lives are 1) furniture: ten years, 2) equipment: five to eight years 3) internally developed software: six years and 4) automobiles: four years.

Year ended December 31	**2009**	**2008**
Equipment, furniture, automobiles and internally developed software		
Beginning balance in service	$ 5,419,047	$ 4,704,505
Additions	1,404,729	1,561,523
Deletions	(226,305)	(846,981)
Ending balance in service	6,597,471	5,419,047
Software under development	560,472	610,232
Total ending balance	7,157,943	6,029,279
Accumulated depreciation and amortization		
Beginning balance	3,659,917	4,186,283
Additions	533,347	312,761
Deletions	(112,454)	(839,127)
Ending balance	4,080,810	3,659,917
Capital assets, net	$ 3,077,133	$ 2,369,362

3. Compensated Absences

Annual vacation leave is earned by all employees. Upon termination, employees are eligible to receive compensation for their accrued annual leave balances. At December 31, 2009, a liability existed for accumulated annual leave calculated at the employee's December 31, 2009, pay rate in the amount of $668,706. Employees who have been continuously employed by IMRF for at least five years prior to the date of their retirement, resignation or death will receive payment for their accumulated sick leave balance with such payment not to exceed the sum of ninety days of the employee's annual compensation. For employees who have not been employed for five continuous years, an accrued liability is calculated assuming the likelihood that they will meet the five-year threshold in the future. At December 31, 2009, a liability existed for accumulated and accrued sick leave, calculated at the employee's December 31, 2009, pay rate in the amount of $2,314,981. The total leave liability of $2,983,687 and $2,818,495 as of December 31, 2009, and 2008, respectively, is reflected on the Statement of Plan Net Assets in accrued expenses and benefits payable.

4. Lease Agreements

The Fund leases its headquarters facilities at the Drake Oak Brook Plaza under an agreement with the building's management. In 2005 the Fund entered into a new agreement covering the period January 1, 2006, through May 31, 2011. The base rent was abated until May 31, 2006. The Fund is amortizing the abated rent over the period covered by the agreement. Total rental expense for 2009 and 2008 was $814,069 and $788,725 respectively.

The Fund also leases office space in Springfield for its Regional Counseling Center. In 2006 the Fund entered into a new agreement covering the period November 1, 2006, through October 31, 2011. Total rental expense for 2009 and 2008 was $32,446 and $31,769, respectively.

The minimum commitments for the remainder of these leases are as follows:

2010	$924,276
2011	410,640

5. Risk Management

IMRF carries commercial, business and automobile liability insurance coverage provided by private insurance carriers. These policies limit the risk of loss from torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. There have been no material insurance claims filed or paid during the last three years. The Fund is also exposed to investment risk. This risk is limited by diversification of the portfolio, establishment and monitoring of investment policies and guidelines and monitoring of investment performance. In addition, investment consultants and fiduciary counsel monitor the Fund's activities and advise the Board of Trustees.

6. Contingencies

IMRF is a defendant in a number of lawsuits that, in management's opinion, will not have a material effect on the financial statements.

K. Ten-Year Historical Trend Information

Ten-year historical trend information designed to provide information about IMRF's progress made in accumulating sufficient assets to pay benefits when due is presented as required supplementary information following the footnotes.

Required Supplementary Information
Schedule of Funding Progress
Last ten years

	Aggregate Actuarial Liabilities (AAL)			Unfunded Actuarial Liabilities (UAL)		
Actuarial Valuation Date December 31	Total AAL Entry Age (a)	Actuarial Assets (b)	Actuarial Assets as a % of AAL (b/a)	Total UAL (a-b)	Member Payroll (c)	UAL as a % of Member Payroll [(a-b)/c]
2000	$ 14,153,055,774	$ 15,169,369,263	107.2%	$ (1,016,313,489)	$ 4,184,702,169	-24.3%
2001	15,318,517,575	16,305,022,254	106.4%	(986,504,679)	4,503,092,615	-21.9%
2002*	16,559,907,302	16,800,195,504	101.5%	(240,288,202)	4,755,103,888	-5.1%
2003	17,966,103,451	17,529,890,818	97.6%	436,212,633	4,944,767,495	8.8%
2004	19,424,667,016	18,315,987,910	94.3%	1,108,679,106	5,161,127,432	21.5%
2005*#	20,815,060,842	19,698,401,285	94.6%	1,116,659,557	5,374,585,943	20.8%
2006	22,488,185,031	21,427,139,356	95.3%	1,061,045,675	5,630,683,054	18.8%
2007	24,221,543,716	23,274,361,198	96.1%	947,182,518	5,931,443,117	16.0%
2008*	25,611,199,349	21,601,053,512	84.3%	4,010,145,837	6,259,283,197	64.1%
2009	27,345,113,216	22,754,803,784	83.2%	4,590,309,432	6,461,696,602	71.0%

* After assumption change.
# After benefit change.
This data was provided by the actuary.

Schedule of Employer Contributions
Last ten years

Year Ended December 31	Normal Contributions	Amortization of Unfunded Actuarial Liability	Death & Disability Benefit Contributions	Supplemental Retirement Benefit Contributions	Total Contributions	Percentage Contributed
2000	$ 289,815,409	$ 25,817,059	$ 14,498,307	$ 26,022,673	$ 356,153,448	100%
2001	244,301,259	24,361,513	16,427,003	27,917,864	313,007,639	100%
2002	232,765,220	14,951,535	17,488,736	29,729,931	294,935,422	100%
2003	257,835,660	15,136,077	16,916,553	31,161,549	321,049,839	100%
2004	367,704,509	36,473,252	19,617,440	32,402,897	456,198,098	100%
2005	448,921,946	40,296,343	20,407,466	33,637,720	543,263,475	100%
2006	512,880,073	29,573,773	25,166,224	35,155,725	602,775,795	100%
2007	502,158,409	35,017,006	26,551,837	37,094,883	600,822,135	100%
2008	541,101,665	28,998,369	21,844,517	39,202,925	631,147,476	100%
2009	551,758,116	46,393,455	21,417,551	40,830,286	660,399,408	100%

Supplementary Information

Schedule of Administrative Expenses

	2009	2008
Personal services	$15,158,260	$14,277,667
Supplies	341,677	405,569
Professional services	932,353	917,515
Occupancy and utilities	1,775,092	1,664,984
Postage and delivery	994,498	935,280
Equipment service and rental	936,718	993,901
Expendable equipment	85,075	86,931
Miscellaneous	1,210,289	1,132,928
Depreciation	533,346	312,761
Total	$21,967,308	$20,727,536

Schedule of Payments to Consultants

	2009	2008
External auditor	$ 114,000	$ 123,400
Internal auditor	173,770	111,105
Other auditing/consulting	53,972	68,465
Medical consultant	76,937	80,763
Legal services	16,531	35,831
Tax consultant	14,536	25,954
Actuary	251,186	289,917
Compensation and benefit consultants	25,499	23,534
Legislative and lobbying consultant	62,234	60,559
Public relations consultant	87,328	87,844
IT consultants	45,000	1,900
Other	11,360	8,243
Total	$ 932,353	$ 917,515

Schedule of Investment Expenses

	2009	2008
Investment manager fees	$51,053,850	$53,397,060
Master trustee fees	252,500	258,750
Investment consultants	1,086,422	1,174,984
Investment legal fees	35,238	20,410
Miscellaneous	47,148	79,054
Total	$52,475,158	$54,930,258

A schedule of investment related fees can be found in the Investment Section.

Investments

2009

Commitment to Excellence...

In 2009, IMRF was given awards for meeting professional standards for plan funding and administration by the Public Pension Coordination Council.

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ennisknupp

April 21, 2010

The Board of Trustees
The Executive Director
Illinois Municipal Retirement Fund
2211 York Road, Suite 500
Oak Brook, IL 60523

Dear Trustees and Executive Director:

Ennis Knupp + Associates is pleased to report the results of the Illinois Municipal Retirement Fund (IMRF) investment program for the calendar year 2009.

The 2009 calendar year saw a dramatic recovery in the world equity markets and the return of liquidity to the fixed income markets. The U.S. equity market as measured by the Dow Jones U.S. Total Stock Market Index returned 28.6%. The non-U.S. equity markets as measured by the MSCI All Country World ex-U.S. Index returned 41.4%. The U.S. fixed income market rose 5.9% as measured by the Barclays Capital Aggregate Bond Index. Only the U.S. government bond sector had a negative return in 2009.

The Illinois Municipal Retirement Fund reported total net assets held in trust for pension benefits of $22.3 billion at year end. This represented an increase of approximately $4.3 billion from December 31, 2008.

The Total Fund returned 24.3% net of fees during 2009, which outperformed the Total Fund Benchmark by 4.5%. The Total Fund Benchmark is composed of the individual asset class benchmarks in the same proportion as the target asset class allocations[1]. The Total Fund ranked in the 15th percentile of the BNY Mellon Performance and Risk Analytics Public Fund Universe for the one-year period, and in the top quintile for each of the trailing one-, three-, and five-year periods. (Note that plan sponsor type universes may include funds that have widely differing asset allocation structures making comparisons inconclusive and should only be used as a point of interest rather than for an evaluation of results.) The performance of the Total Fund can be attributed to the outperformance in the fixed income asset class, the recovery in the equity markets, and a disciplined approach to rebalancing to the target asset class allocations.

---

[1] As of December 31, 2009, the Total Fund Benchmark consisted of 38% of the DJ U.S. Total Stock Market Index, 29% of the Barclays Capital Aggregate Bond Index, 20% of the MSCI AC World ex-U.S. Index, 6% of the Real Estate Index, 6% of the Alternatives Custom Benchmark, and 1% of the Citigroup 90-Day T-Bill Index.

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STRENGTH FROM KNOWING™

The U.S. equity portfolio, which has a current target allocation of 38%, increased by 31.1% net of fees for the year ending December 31, 2009, outperforming the Dow Jones U.S. Total Stock Market Index by 2.5%. Each of the sub-portfolios grew in absolute terms. With the lone exception of Active Core, six of the seven sub-asset class components outperformed their respective benchmarks. Relative performance for the U.S. equity portfolio has been favorable over all trailing periods.

The non-U.S. equity portfolio increased by 39.1% net of fees over the trailing one-year period and underperformed the MSCI All-Country World ex-U.S. Index by 2.3%. The non-U.S. equity portfolio, which has a current target allocation of 20%, is broadly invested and includes a dedicated allocation to international small cap stocks and emerging markets. Only the passive and emerging markets portfolio components outperformed their respective benchmarks during a period in which the return of the Index ranked in the top quintile of the BNY Mellon Performance and Risk Analytics Public Fund International Equity Component Universe. Performance for the non-U.S. equity portfolio compared to its index over the trailing ten-year period has been favorable.

The Total Fund's fixed income portfolio return of 15.2% net of fees exceeded that of the Barclays Capital Aggregate Bond Index by 9.3%. The fixed income portfolio has a current target allocation of 29%. The fixed income portfolio was well-diversified including dedicated investments in high yield securities and core plus type strategies. While outperforming on a relative and absolute basis, all five of the sub-asset class components of the portfolio were ahead of their respective benchmarks in 2009. The fixed income portfolio's performance relative to peers over the trailing five-year period was favorable, ranking in the top quintile of the BNY Mellon Performance and Risk Analytics Public Fund Fixed Income Component Universe.

Investment measurements and comparisons have been made using standard performance evaluation methods, and results are presented in a manner consistent with the investment industry in general and public pension funds in particular. Rates of return were determined using a modified time-weighted return calculation.

Sincerely,

Kristine L. Ford, CFA
Principal

2

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60603
(312) 630-6000

Northern Trust

February 16, 2010

Board of Trustees and Executive Director
Illinois Municipal Retirement Fund
2211 York Road
Oak Brook, IL 60521-2374

To the Board of Trustees and the Executive Director

The Northern Trust Company as Master Trustee has provided detailed financial reports of all investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Fund for the period January 1, 2009, through December 31, 2009. Also, a statement of assets together with their fair market value was provided, showing the properties held as of December 31, 2009. The Northern Trust Company certifies that the statements contained therein are fairly presented and are true and accurate.

In addition to the custody of the assets, The Northern Trust Company provided and will continue to provide the following services as Master Trustee:

1. Receive and hold all amounts paid to the Trust Fund by the Board of Trustees.
2. Accept and deliver securities in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons.
5. Securities Lending.
6. Invest cash balances held from time to time in the individual investment management accounts in short term, cash equivalent securities.
7. Exercise rights of ownership in accordance with pre-described jurisdiction of stock subscriptions and conversion rights.
8. Hold securities in the name of the Master Trust or nominee form.
9. Employ agents with the consent of the Board of Trustees.
10. Provide disbursement and security fail float income.
11. Checking Accounts.
12. On-line Trust and Banking reporting.

THE NORTHERN TRUST COMPANY

By: Richard L. Deeter
Richard L. Deeter
Vice President

Investments

Investment Consultants

Master Trustee

The Northern Trust Company
Richard L. Deeter, Vice President
Chicago, Illinois

Performance Evaluation

Ennis Knupp & Associates
Kristine L. Ford, Principal
Chicago, Illinois

Callan Associates, Inc. ***(effective January 13, 2010)***
Janet Becker-Wold, Principal
Denver, Colorado

Investment Consultant

Ennis Knupp & Associates
Kristine L. Ford, Principal
Chicago, Illinois

Callan Associates, Inc. ***(effective January 13, 2010)***
Janet Becker-Wold, Principal
Denver, Colorado

Trust Custody and Security Lending Consultant

Callan Associates, Inc.
Virgilio Abesamis III, Principal
San Francisco, California

Investment Managers

Abbott Capital Management, LLC
New York, New York

Adams Street Partners, LLC
Chicago, Illinois

Alliance Capital Management, L.P.
Chicago, Illinois

Ambassador Capital Management
Detroit, Michigan

Apex Capital Management, Inc.
Dayton, Ohio

Arrowstreet Capital, L.P.
Cambridge, Massachusetts

Atlanta Life Investment Advisors
Atlanta, Georgia

Aurora Investment Management
Chicago, Illinois

AXA Rosenberg Investment Management, LLC
Orinda, California

BlackRock Financial Management, Inc.
New York, New York

BlackRock Real Estate
Florham Park, New Jersey

Black Knight Asset Management, LLC
Washington, D.C.

Brandes Investment Partners, L.P.
San Diego, California

Brown Capital Management, Inc.
Baltimore, Maryland

Buford, Dickson, Harper & Sparrow, Inc.
St. Louis, Missouri

Channing Capital Management, LLC
Chicago, Illinois

Copper Rock Capital Partners
Boston, Massachusetts

Cozad/Westchester Agricultural Asset Management
Champaign, Illinois

Credo Capital Management, LLC
Baltimore, Maryland

Cypress Asset Management
Carmel, California

Davis Hamilton Jackson & Associates, L.P.
Houston, Texas

Denali Advisors, LLC
San Diego, California

Dimensional Fund Advisors
Santa Monica, California

Dodge & Cox Investment Managers
San Francisco, California

Dune Capital Management, L.P.
New York, New York

EARNEST Partners, LLC
Atlanta, Georgia

EH Williams Capital Management, LLC
New York, New York

Forest Investment Associates
Atlanta, Georgia

Fortaleza Asset Management, Inc.
Chicago, Illinois

Franklin Templeton Real Estate Advisors
New York, New York

Frontier Capital Management Co.
Boston, Massachusetts

Genesis Asset Managers International, Ltd.
London, England

GlobeFlex Capital, L.P.
San Diego, California

Grosvenor Capital Management, L.P.
Chicago, Illinois

GW Capital, Inc.
Bellevue, Washington

Harris Investment Management, Inc.
Chicago, Illinois

High Pointe Capital Management, LLC
Chicago, Illinois

Holland Capital Management
Chicago, Illinois

Investment Counselors of Maryland, LLC
Baltimore, Maryland

Lazard Frères Real Estate Investors, LLC
New York, New York

LM Capital Group, LLC
San Diego, California

Lombardia Capital Partners, LLC
Pasadena, California

LSV Asset Management
Chicago, Illinois

Lynmar Capital Group, Inc.
Marlton, New Jersey

MacKay Shields, LLC
New York, New York

McKinley Capital Management, Inc.
Anchorage, Alaska

Mesirow Advanced Strategies, Inc.
Chicago, Illinois

Morgan Stanley
New York, New York

Muller & Monroe Asset Management, LLC
Chicago, Illinois

New Century Advisors
Bethesda, Maryland

Northern Trust Investments, N.A.
Chicago, Illinois

Olympus Real Estate Corporation
Dallas, Texas

Palisades Investment Partners, LLC
Santa Monica, California

Pantheon Ventures, Inc.
San Francisco, California

Paradigm Asset Management Co., LLC
New York, New York

Permira Advisors, Ltd.
London, England

Piedmont Investment Advisors, LLC
Durham, North Carolina

Profit Investment Management
Silver Spring, Maryland

Progress Investment Management Company
San Francisco, California

Pugh Capital Management
Seattle, Washington

Pyramis Global Advisors
Boston, Massachusetts

Rockwood Capital, LLC
White Plains, New York

Rothschild Realty Managers, LLC
New York, New York

RREEF Alternative Investments
New York, New York

Sands Capital Management, LLC
Arlington, Virginia

Security Capital Markets Group, Inc.
Santa Fe, New Mexico

Sentinel Real Estate Corporation
New York, New York

TA Associates Realty
Boston, Massachusetts

Taplin, Canida & Habacht
Miami, Florida

Wall Street Associates
La Jolla, California

Western Asset Management Company
Pasadena, California

William Blair & Company
Chicago, Illinois

Investments

Investment Policies

The Board of Trustees, operating within the prudent man framework, has adopted the following investment objectives and guidelines. The objectives and guidelines presented here are intended to be summarizations. Specific contractual objectives and guidelines are in effect for individual investment managers.

A. Investment Objectives

1. To diversify the investment portfolio so as to optimize investment returns.

2. To set investment and actuarial policies that assure the adequate accumulation of assets and maintain a reasonable funded status.

3. To achieve rates of return greater than the current actuarial investment assumption of 7.5 percent.

4. To achieve rates of return consistent with expectations for each asset class used, without significantly changing the expected risk profile of the asset class or the investment portfolio.

5. To achieve in U.S. equities a total return that exceeds the total return of the Dow Jones U.S. Total Stock Market Index. In addition, the Board expects to earn a minimum of 5 percent in excess of inflation over moving five-year periods.

6. To achieve in international equities a total return that exceeds the total return of the Morgan Stanley Capital International, All Country World Index Ex-US (MSCI ACWI-Ex U.S.). In addition, the Board expects to earn a minimum of 5 percent in excess of inflation over moving five-year periods.

7. To achieve in fixed income securities a total return that exceeds the total return of the Barclays Aggregate Bond Index. In addition, the Board expects to earn a minimum of 2 percent in excess of inflation over moving five-year periods.

8. To achieve in equity real estate investments a return that exceeds the National Council of Real Estate Investment Fiduciaries Property Index (NPI) by 1 percent over moving three-year periods.

9. To achieve in alternative investments a return equal to 150 percent of the expected equity return over moving five-year periods.

10. To achieve in internally managed short-term securities relative performance better than 30-day U.S. Treasury Bills.

B. Proxy Voting Guidelines

The Board of Trustees of the Illinois Municipal Retirement Fund (IMRF) recognizes its fiduciary responsibility to prudently manage the assets of the Fund. The assets include common stock in many different companies and, as a shareowner, the Board also owns proxy voting rights. The Board acknowledges that it not only has a right to vote proxies, but also a duty to vote them. Proxies have economic value and, therefore, the Board has the duty to prudently oversee the management of them as it does all other Fund assets.

The Board shall vote proxies in accordance with the exclusive benefit rule which requires the Board to act solely in the economic interest of the Fund's members and beneficiaries.

Generally, proxies related to corporate governance shall be voted in favor of shareholder-sponsored proposals requiring corporate boards to act in the best interests of shareholders. Proxies related to director, executive, and employee compensation shall be voted in favor of compensation plans that motivate directors, executives, and employees to achieve high performance for the long-term benefits of all shareowners. Proxies related to takeover defenses shall be voted in favor of proposals allowing shareholders to vote on poison pills and golden parachutes. Proxies related to capital structure issues shall be voted in favor of proposals requiring shareowner approval for reasonable share increases needed for business purposes. Proxies related to mergers, acquisitions, and corporate restructuring will be voted on a case-by-case basis. Proxies related to routine management issues shall generally be voted in accordance with management's view on such issues. In keeping with the Board's fiduciary duty to act solely in the economic interest of the Fund, and because empirical evidence is inconclusive about whether all social and political proposals enhance shareowner value, IMRF will abstain from voting on such proposals.

C. Domestic Equity Investment Guidelines

1. The domestic equity portfolio as a whole shall be constructed on four fundamental principles: diversification, quality, growth and value.

2. Generally, no individual security shall comprise more than 5 percent of the total portfolio at market value.

3. The total portfolio shall generally not hold more than 5 percent of the outstanding shares of any one company.

4. Holdings of any one issuer, at the time of purchase, shall generally be limited to not more than 15 percent of a manager's portfolio market value.

5. Sector exposure in the total portfolio shall generally not differ by more than 5 percentage points from the sector exposure of the Dow Jones U.S. Total Stock Market Index.

6. Domestic equity managers must invest in equity securities that are listed on principal U.S. exchanges or traded over the counter. ADRs of foreign companies are permissible.

D. International Equity Investment Guidelines

1. The international equity portfolio as a whole shall be constructed on four fundamental principles: diversification, quality, growth and value.

2. Generally, no individual security shall comprise more than 6 percent of the total portfolio at market value.

3. The total portfolio shall generally not hold more than 5 percent of the outstanding shares of any one company.

4. Holdings of any one issuer, at the time of purchase, shall generally be limited to a maximum of 8 percent of a manager's portfolio market value.

5. Sector exposure in the portfolio shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.

6. Country exposure in the portfolio shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.

7. International equity managers shall generally invest in equity securities of companies domiciled outside of the U.S.

8. International equity managers may engage in various transactions to hedge currency. Forward contracts, futures and options may be used for currency hedging purposes. Currency trading may not be used for speculative purposes.

E. Fixed Income Investment Guidelines

1. Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities, are permissible investments and may be used without restrictions.

2. The average credit quality of the total portfolio will be investment grade.

3. Debt obligations of any single U.S. corporation shall generally be limited to a maximum of 5 percent of the total portfolio market value.

4. Generally, no more than 30 percent of an investment manager's assets at market value may be invested in securities rated below investment grade at the time of purchase. High yield bond managers are not subject to this restriction.

5. Debt obligations of any U.S. industry shall generally be limited to no more than 25 percent of the total portfolio at market value.

6. Bonds or other debt obligations of foreign countries and corporations payable in U.S. and in non-U.S. funds are authorized, but in general will not exceed, 15 percent of total portfolio.

7. The total portfolio shall have an effective duration range between 80-120 percent of the benchmark index.

8. Private placements are authorized by the Board on an individual manager basis.

9. The use of swaps, exchange-traded financial futures, exchange-traded options on financial futures, and over-the-counter options are subject to individual manager guidelines. Leverage is not allowed except as permitted for rolling mortgage pass-through securities.

10. No assets shall be committed to short sale contracts.

F. Equity Real Estate Investment Guidelines

The real estate asset class investments will consist of equity ownership of privately held commercial real estate. Non-equity investments should not exceed 15 percent. Investments in publicly traded real estate securities will not exceed 20 percent. Investments will not be made in vehicles who invest solely in single family residential real estate or in real estate debt. The portfolio will be diversified by:

1. Property type: the majority of the investments will be allocated to the primary sectors of the NPI Index.

2. Geography: within the U.S., the allowable range of total real estate allocation to the West, East, Midwest, and South regions is the NPI exposure ± 50 percent.

3. Life cycle: 60 to 80 percent of the assets will be invested in core properties (at least 80 percent leased/occupied and less than 20 percent in development or restructuring).

4. Individual investment: no individual property, as measured by gross asset value, shall exceed 10 percent of the real estate portfolio for core properties and 5 percent for non-core properties.

5. Leverage: total asset class leverage will be kept below 50 percent loan to value. Individual account limits will be kept below 80 percent.

6. Liquidity: at least 20 percent of the portfolio will be kept outside of closed end funds.

G. Alternative Investment Guidelines

The Alternative Investment Portfolio will consist of venture capital, buyout, mezzanine, special situation, timber, agriculture, and absolute return investments. The investments will be made for long-term returns, generally through the use of limited partnership vehicles, separate account vehicles and commingled funds. Investments will be diversified in a manner that will broaden the portfolio exposure to a wide range of opportunities and provide a means of controlling the inherent risks of new and different investment areas.

H. Short-Term Investment Guidelines

Permissible short-term investments are U.S. Treasury Bills and Notes, high-grade commercial paper, repurchase agreements, banker's acceptances, and certificates of deposit. Commercial paper investments shall be made in instruments rated "A-2" or "P-2" or better as defined by a recognized rating service. Comparable ratings are required for banker's acceptances and certificates of deposit. No more than $20 million of current market value shall be invested in the securities of any one issuer, with the exception of the U.S. government and its agencies.

Investments

Returns by Asset Class

Periods ending December 31

	2009	2008	2007	2006	2005	Annualized 3 Yrs	Annualized 5 Yrs	Annualized 10 Yrs
Total Fund								
Time-Weighted Returns								
IMRF - Gross of Fees	24.52%	-24.81%	8.52%	13.87%	8.71%	0.53%	4.70%	4.23%
IMRF - Net of Fees	24.28%	-24.97%	8.28%	13.60%	8.49%	0.32%	4.47%	--
CPI (Inflation)	2.72%	0.09%	4.08%	2.54%	3.42%	2.28%	2.56%	2.53%
Equities - U.S.								
IMRF - Gross of Fees	31.39%	-38.62%	7.13%	13.91%	8.94%	-4.76%	1.40%	0.92%
IMRF - Net of Fees	31.12%	-38.79%	6.86%	13.66%	8.70%	-4.99%	1.16%	--
Dow Jones U.S. Total Stock Market Index	28.58%	-37.23%	5.62%	15.77%	6.39%	-5.19%	0.98%	-0.24%
Russell 2000	27.17%	-33.79%	-1.57%	18.35%	4.55%	-6.07%	0.51%	3.51%
S&P 500	26.46%	-37.00%	5.50%	15.80%	4.91%	-5.63%	0.42%	-0.95%
Equities - International								
IMRF - Gross of Fees	39.51%	-46.35%	14.85%	27.67%	18.00%	-4.92%	5.33%	4.54%
IMRF - Net of Fees	39.07%	-46.55%	14.48%	27.17%	17.63%	-5.24%	4.95%	--
MSCI ACWI Ex-U.S.	41.45%	-45.53%	16.66%	26.65%	16.62%	-3.49%	5.83%	2.72%
MSCI EAFE	31.78%	-43.38%	11.17%	26.34%	13.54%	-6.04%	3.54%	1.17%
Fixed Income								
IMRF - Gross of Fees	15.34%	-1.89%	5.67%	5.60%	2.70%	6.14%	5.33%	6.30%
IMRF - Net of Fees	15.21%	-1.99%	5.53%	5.47%	2.61%	6.02%	5.22%	--
Barclays Aggregate	5.93%	5.24%	6.97%	4.33%	2.43%	6.04%	4.97%	6.33%
Barclays Government/Credit	4.52%	5.70%	7.23%	3.78%	2.37%	5.81%	4.71%	6.34%
Merrill Lynch High Yield	56.28%	-26.21%	2.17%	11.64%	2.83%	5.62%	6.23%	6.77%
Real Estate								
IMRF - Net of Fees	-24.52%	-3.75%	9.27%	24.88%	10.46%	-7.41%	1.83%	5.67%
NCREIF Property	-16.90%	-6.46%	15.84%	16.59%	20.06%	-3.40%	4.70%	7.30%
Alternative Investments								
IMRF - Gross of Fees	-0.81%	-8.82%	19.87%	14.43%	19.00%	2.73%	8.11%	6.37%
IMRF - Net of Fees	-1.24%	-8.93%	19.42%	14.11%	18.40%	2.41%	7.73%	--
Cash & Cash Equivalents								
IMRF	-7.27%	-19.17%	10.84%	9.83%	7.69%	-5.98%	-0.34%	3.18%
U.S. Treasury Bills	0.10%	1.20%	4.00%	3.90%	3.00%	1.70%	2.30%	2.40%

These investment results are calculated and presented using standard performance evaluation methods in a manner consistent with the investment industry in general and public pension funds in particular. Rates of return were determined using a modified time-weighted return calculation.

With the exception of real estate, asset class net of fee returns for periods longer than five years ending December 31, 2009 are not available.

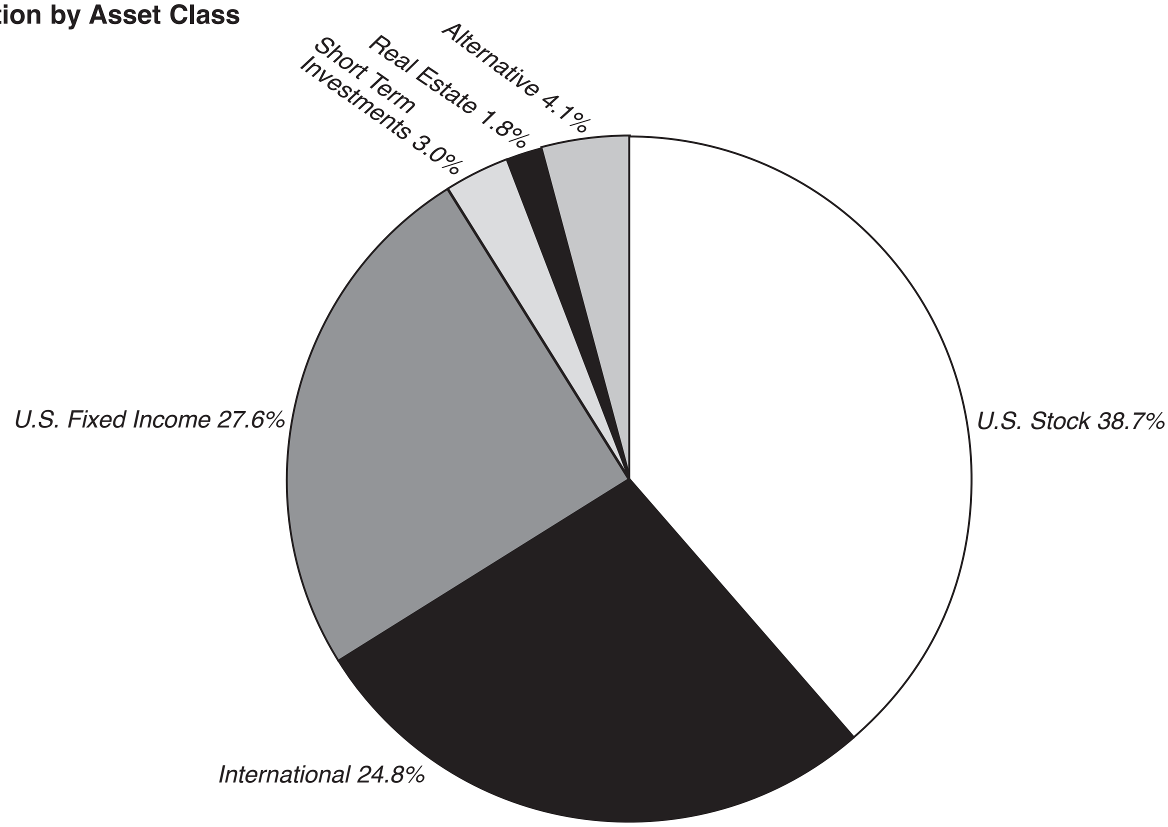
Schedule I
Investment Portfolio Summary
In Millions of Dollars

	December 31, 2009		December 31, 2008	
	Fair Value	Percent of Total Fair Value	Fair Value	Percent of Total Fair Value
Fixed Income:				
Government & Agencies	$ 1,950.3	8.7%	$ 2,667.5	14.5%
Corporate	2,544.0	11.4%	2,213.3	12.0%
Index Funds	1,676.4	7.5%	3,255.3	17.7%
Foreign	626.3	2.8%	265.7	1.4%
	6,797.0	30.4%	8,401.8	45.6%
Stocks:				
U.S. Common & Preferred	5,826.5	26.1%	4,381.8	23.8%
U.S. Stock Funds	2,813.2	12.6%	1,194.3	6.5%
Foreign Common & Preferred	2,617.1	11.7%	1,759.0	9.6%
Foreign Stock Funds	2,312.3	10.3%	572.0	3.1%
	13,569.1	60.7%	7,907.1	43.0%
Real Estate:				
Commingled Funds	244.5	1.1%	318.4	1.8%
Directly Owned	168.6	0.7%	188.0	1.0%
	413.1	1.8%	506.4	2.8%
Alternative Investments				
Commingled Funds	772.7	3.5%	741.2	4.0%
Timber and Agricultural	133.5	0.6%	131.9	0.7%
	906.2	4.1%	873.1	4.7%
Short-Term Investments	662.3	3.0%	724.4	3.9%
Total Portfolio	$22,347.7	100.0%	$18,412.8	100.0%

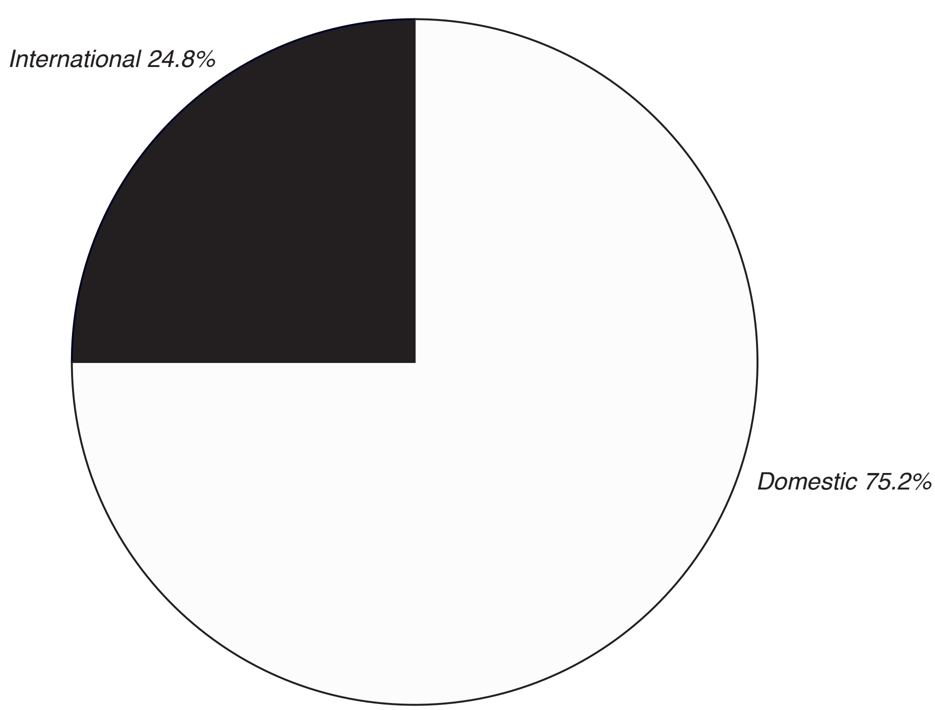
Investments

Investment Portfolio as of December 31, 2009

Allocation by Asset Class



Total Investments by Region



Schedule II
Asset Allocation
Last Five Years

	Fair Value as a Percent of Portfolio				
	2009	**2008**	**2007**	**2006**	**2005**
Fixed Income					
U.S. Government & Agencies	8.7%	14.5%	10.3%	10.7%	11.8%
Corporate	11.4%	12.0%	10.4%	11.8%	9.2%
Index Fund	7.5%	17.7%	12.7%	9.4%	9.3%
Foreign	2.8%	1.4%	1.5%	1.6%	1.6%
	30.4%	45.6%	34.9%	33.5%	31.9%
Stocks					
U.S. Common & Preferred	26.1%	23.8%	29.7%	30.5%	29.9%
U.S. Stock Funds	12.6%	6.5%	7.8%	10.1%	10.8%
Foreign Common & Preferred	11.7%	9.6%	11.9%	13.1%	13.7%
Foreign Stock Funds	10.3%	3.1%	6.2%	4.1%	4.5%
	60.7%	43.0%	55.6%	57.8%	58.9%
Real Estate					
Commingled Funds	1.1%	1.8%	1.7%	1.4%	1.6%
Directly Owned	0.7%	1.0%	0.8%	1.0%	1.1%
	1.8%	2.8%	2.5%	2.4%	2.7%
Alternative Investments					
Commingled Funds	3.5%	4.0%	3.3%	3.2%	3.1%
Timber and Agricultural	0.6%	0.7%	0.5%	0.6%	0.8%
	4.1%	4.7%	3.8%	3.8%	3.9%
Short-Term Investments	3.0%	3.9%	3.2%	2.5%	2.6%
Total Portfolio	100.0%	100.0%	100.0%	100.0%	100.0%

Investments

Ten Largest Fixed Income Investment Holdings

Excludes Commingled Funds and Short-Term Investments

	Market Value	Percent of Total Invested Market
FNMA 5.00% Due 1/13/2040	$110,069,103	0.49%
FHLMC 5.50% Due 4/01/2038	53,433,082	0.24%
U.S. Treasury Bond 4.50% Due 8/15/2039	46,096,430	0.21%
U.S. Treasury Note 3.125% Due 10/31/2016	34,905,368	0.16%
U.S. Treasury Note 3.375% Due 11/15/2019	32,872,249	0.15%
U.S. Treasury Note 4.375% Due 11/15/2039	30,644,374	0.14%
FNMA 5.375% Due 6/12/2017	30,307,955	0.14%
Queensland Treasury Bonds 6.00% Due 8/14/2013	28,572,651	0.13%
U.S. Treasury Notes 4.00% 2/15/2015	23,381,864	0.10%
U.S. Treasury Notes 0.875% 2/28/2011	21,050,862	0.09%
	$411,333,938	1.85%

Ten Largest Equity Investment Holdings

Excludes Commingled Funds

	Market Value	Percent of Total Invested Market
Apple	$128,537,515	0.57%
Google	108,693,034	0.48%
Exxon Mobil	106,811,520	0.48%
JP Morgan Chase	87,958,244	0.39%
Microsoft	78,001,134	0.35%
Chevron	72,005,359	0.32%
Goldman Sachs Group	67,591,717	0.30%
AT&T	64,948,621	0.29%
Pfizer	62,912,189	0.28%
Schlumberger	61,667,633	0.27%
	$839,126,966	3.73%

A complete listing of investments is available upon request.

Schedule of 2009 Domestic Brokerage Commissions

In order of commissions received

Broker Name	Shares	Commissions	Per Share
Loop Capital Markets	12,728,573	$ 408,148	$0.032
Lynch Jones & Ryan*	5,287,589	222,293	0.042
Goldman Sachs & Company	8,204,848	211,814	0.026
CL King & Associates	3,892,490	165,446	0.043
Credit Suisse First Boston Corporation	9,688,026	156,164	0.016
Instinet	3,820,833	153,178	0.040
Cabrera Capital Markets, Inc.	3,464,345	136,913	0.040
Merrill Lynch Pierce Fenner & Smith	5,851,605	116,695	0.020
Barclays Capital	3,347,043	112,652	0.034
Morgan Stanley & Co.	6,905,817	106,776	0.015
BNY ESI Securities Co.	2,853,204	103,692	0.036
Investment Technology Group, Inc.	6,310,363	95,821	0.015
Cantor Fitzgerald & Co.	2,540,266	88,609	0.035
UBS Warburg LLC	4,353,818	86,901	0.020
M Ramsey King Securities	2,901,210	86,797	0.030
J. P. Morgan Securities, Inc.	2,809,508	86,101	0.031
Liquidnet, Inc.	3,835,014	78,610	0.020
Jefferies & Company	2,218,380	77,013	0.035
MR Beal and Company	2,100,977	75,052	0.036
Williams Capital Group LP	2,567,343	70,048	0.027
William Blair & Co.	1,872,969	69,292	0.037
Pacific American Securities LLC	1,641,341	67,317	0.041
Citigroup Global Markets	38,228,566	66,911	0.002
Deutsche Bank Securities, Inc.	2,126,834	64,247	0.030
Sanford Bernstein & Co.	1,891,000	61,494	0.033
Thinkequity Partners LLC	1,401,277	57,554	0.041
Broadcort Capital Corp	1,342,405	53,696	0.040
Citation Group	2,963,885	53,405	0.018
Multitrade Securities LLC	1,583,139	49,764	0.031
Suntrust Robinson Humphrey	1,213,542	48,924	0.040
Other Brokers	102,933,761	1,519,345	0.015
Total	252,879,971	$4,750,672	$0.019

**Commission recapture broker*

Commitment to Excellence

Schedule of 2009 International Brokerage Commissions

In order of commissions received

Broker Name	Shares	Commissions	Per Share
Pershing LLC	40,906,986	$ 504,646	$0.012
Cabrera Capital Markets	20,535,328	305,422	0.015
Credit Suisse First Boston	46,528,651	241,830	0.005
J. P. Morgan Securities	40,471,855	224,450	0.006
Morgan Stanley & Co. Inc.	26,604,041	212,307	0.008
Cheuvreux De Virieu	13,163,118	174,312	0.013
Merrill Lynch & Co. Inc.	17,934,663	164,206	0.009
Jefferies & Co. Inc.	14,717,094	163,056	0.011
Normura Securities	24,548,742	162,774	0.007
Bear Stearns Securities Corp.	25,201,728	149,783	0.006
Goldman Sachs & Co.	20,176,219	126,715	0.006
Macquarie Securities	16,953,755	119,665	0.007
Citigroup Global Markets, Inc.	43,949,762	118,326	0.003
Union Bank of Switzerland	26,273,914	103,216	0.004
Societe Generale	46,649,431	101,567	0.002
Investment Technology Group	26,120,970	99,901	0.004
Deutsche Bank Securities, Inc.	13,535,287	87,300	0.006
Instinet LLC	19,836,202	64,571	0.003
Credit Lyonnais	7,207,408	48,677	0.007
Cantor Fitzgerald and Co.	12,047,938	46,761	0.004
Cazenove & Co.	5,403,244	45,703	0.008
Barclays Capital	7,026,858	41,016	0.006
Brockhouse & Cooper	8,158,642	40,339	0.005
DSP Merrill Lynch, Ltd.	530,924	38,767	0.073
CI Nordic Securities	696,928	31,400	0.045
Redburn Partners LLP	906,876	27,803	0.031
Ridge Clearing & Outsourcing	786,241	27,189	0.035
BNP Paribas Securities	5,242,918	25,349	0.005
Kepler Equities	471,230	22,009	0.047
Nesbitt Burns	1,522,783	21,514	0.014
Other Brokers	53,667,722	443,920	0.008
Total	587,777,458	$3,984,494	$0.007

Commissions in U.S. dollar terms

Schedule of Investment Fees

	2009 Fees	2009 Assets under management at year end (in thousands)*	Basis Points	2008 Fees	2008 Assets under management at year end (in thousands)*	Basis Points
Investment manager fees						
Fixed income managers	$ 7,691,957	$ 6,293,906	12	$ 6,801,367	$ 7,572,270	9
Stock managers	18,300,690	8,851,462	21	18,052,684	5,688,869	32
International managers	13,072,823	5,747,959	23	15,409,067	3,307,298	47
Real estate managers	6,106,254	414,145	147	6,860,558	507,104	135
Alternative investment managers	5,882,126	925,816	64	6,273,384	891,474	70
	51,053,850	$22,233,288		53,397,060	$17,967,015	
Other investment fees						
Master trustee fees	252,500			258,750		
Investment consulting fees	1,086,422			1,174,984		
Total investment fees	52,392,772			54,830,794		
Non-fee investment expenses	82,386			99,464		
Total direct investment expenses	$52,475,158			$ 54,930,258		
Securities lending fees						
Rebated earnings	$ 25,446			$ 43,359,132		
Bank fees and commissions	896,226			2,324,415		
	$ 921,672			$ 45,683,547		

**Assets under management include accrued investment income and unsettled trades.*

Commitment to Excellence

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Actuarial

2009

Anniversary
1939 - 2009

Commitment to Excellence...

IMRF was again ranked among the top in the CEM Benchmarking, Inc. annual Defined Benefit Administration Benchmarking Study for Public Pension Systems. Out of 66 participating pension systems, IMRF received a high service level score and ranked near the top in our peer groups.

GRS

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April 26, 2010

Board of Trustees
Illinois Municipal Retirement Fund
2211 York Road, Suite 500
Oak Brook, Illinois 60523-2337

Dear Board Members:

The basic financial objective of the Illinois Municipal Retirement Fund (IMRF) is to establish and receive contributions which:

- when expressed in terms of percents of active member payroll will remain approximately level from generation to generation, and
- when combined with present assets and future investment returns will be sufficient to meet the financial obligations of IMRF employers to present and future retirees and beneficiaries.

Actuarial valuations are performed annually to assess the plan's progress toward meeting its financial objective. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The most recent valuations were completed based upon population data, asset data, and plan provisions as of December 31, 2009.

The plan administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer-term trends. The Plan's external auditor also audits the actuarial data annually. The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report:

Schedule of Funding Progress

Solvency Test

Actuarial Balance Sheet

Analysis of Unfunded Liability

Gain and Loss Analysis

Assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed five-year period.

Board of Trustees
April 26, 2010
Page 2

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2009 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2005-2007 period. The next experience study will cover the period from January 1, 2008 to December 31, 2010.

Although investment performance for 2009 was very favorable, contribution rates increased for many employers as a result of this valuation due mostly to delayed recognition of losses from 2008. Almost all of those losses have now been recognized, leaving only a small portion for the future.

All of the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Based upon the results of the December 31, 2009 valuations, we are pleased to report to the Board that the Illinois Municipal Retirement System is meeting its basic financial objective and continues to operate in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Brian B. Murphy

Brian B. Murphy, FSA, EA, MAAA

Mark Buis

Mark Buis, FSA, EA, MAAA

Gabriel Roeder Smith & Company

Illinois Municipal Retirement Fund
Brief Summary of Actuarial Assumptions Used in 2009 Valuations
(Adopted as of December 31, 2007, except as noted below)

Investment Return	7.5% per annum, compounded annually, net of expenses (effective December 31, 1991), including a wage inflation component of 4.0% and a real return component of 3.5%.
Payroll Growth	4.00% per annum, compounded annually. Membership is assumed to remain constant.
Retirement Rates	Rates varying by age and sex. See table below for sample values.
Mortality for Actives and Annuitants	1994 Group Annuity Mortality Table multiplied by 110% for males and 1994 Group Annuity Mortality Table multiplied by 95% for females. The active tables were further modified to reflect IMRF experience. Among the active members, 80% of males and 70% of females were assumed to be married.
Disability	Graduated rates by age. See table below for sample values.
Separation and Salary Increases	Graduated rates by age and service. See table below for sample values.
Asset Valuation Method	Market Related Value that reflects five-year averaging of investment gains and losses.
Liability Valuation Method	The Entry Age Actuarial Cost Method is applied on an aggregate basis to determine plan liabilities. Gains and Losses become part of unfunded liabilities.

	Sample Probabilities				
	Active Mortality		Disability		Pay Increase Next Year
Age	Male	Female	Male	Female	(6+ Yrs. Of Service)
20	0.03%	0.01%	0.01%	0.00%	6.0%
30	0.04%	0.02%	0.01%	0.01%	5.7%
40	0.05%	0.04%	0.04%	0.02%	4.9%
50	0.13%	0.07%	0.09%	0.04%	4.6%
60	0.40%	0.22%	0.19%	0.12%	4.4%
65	0.73%	0.43%	0.20%	0.14%	4.4%

	Separation			Retirement					
	Regular (8+ Yrs. Serv.)		SLEP	Reduced Early		Normal Unreduced		SLEP Service	
Age	Male	Female	(7+ Yrs.)	Male	Female	Male	Female	(< 32 Yrs.)	(32+ Yrs.)
30	4.7%	6.5%	3.7%	- %	-%	- %	- %	- %	-%
35	3.8%	5.3%	2.2%	-	-	-	-	-	-
40	3.0%	4.2%	1.8%	-	-	-	-	-	-
45	2.5%	3.7%	1.8%	-	-	-	-	-	-
50	2.3%	3.2%	1.8%	-	-	-	-	23.0%	55.0%
55	-	-	-	7.5%	6.5%	35.0%	30.0%	23.0%	55.0%
60	-	-	-	-	-	12.0%	10.0%	8.0%	55.0%
65	-	-	-	-	-	30.0%	25.0%	23.0%	55.0%
70	-	-	-	-	-	20.0%	18.0%	100.0%	100.0%

Gabriel Roeder Smith & Company

Solvency Test

Last ten years

	Aggregate Actuarial Liabilities For				Portion of Actuarial Liabilities Covered by Assets		
	(1)	(2)	(3)				
Calendar Year	Active Member Contributions	Annuitants	Active Members (Employer Financed Portion)	Actuarial Assets	(1)	(2)	(3)
2000	$ 2,473,646,891	$ 5,284,275,174	$ 6,395,133,709	$ 15,169,369,271	100.0%	100.0%	115.9%
2001	2,708,833,984	5,613,708,283	6,995,975,308	16,305,022,254	100.0%	100.0%	114.1%
2002	2,950,041,671	6,050,882,416	7,558,983,215	16,800,195,504	100.0%	100.0%	103.2%
2003	3,186,234,066	6,674,490,186	8,105,379,199	17,529,890,818	100.0%	100.0%	94.6%
2004	3,423,785,725	7,332,542,340	8,668,338,951	18,315,987,910	100.0%	100.0%	87.2%
2005	3,688,148,208	7,966,135,229	9,160,777,415	19,698,401,285	100.0%	100.0%	87.8%
2006	3,960,880,175	8,652,328,762	9,874,976,094	21,427,139,356	100.0%	100.0%	89.3%
2007	4,248,399,825	9,400,832,984	10,572,310,907	23,274,361,198	100.0%	100.0%	91.0%
2008	4,573,736,116	10,025,599,295	11,011,863,938	21,601,053,512	100.0%	100.0%	63.6%
2009	4,893,022,745	10,903,323,478	11,548,766,993	22,754,803,784	100.0%	100.0%	60.3%

Total obligation and actuarial value of assets calculated by the actuary.

Table I

Participating Member Statistics

Last ten years

Calendar Year	Total Salaries	Percent Increase in Total Salaries	Average Annual Salary	Percent Increase in Average Salary	Number of Participating Members	Average Attained Age	Average Years of Service
2000	$ 4,184,702,169	5.9%	$ 26,514	3.3%	159,810	44.6	8.2
2001	4,503,092,615	7.6%	27,477	3.6%	164,845	44.9	8.3
2002	4,755,103,888	5.6%	28,582	4.0%	167,776	45.3	8.5
2003	4,944,767,495	4.0%	29,709	3.9%	167,952	45.7	8.8
2004	5,161,127,432	4.4%	30,899	4.0%	168,536	46.0	9.0
2005	5,374,585,943	4.1%	31,640	2.4%	170,928	46.3	9.1
2006	5,630,683,054	4.8%	32,535	2.8%	174,008	46.5	9.1
2007	5,931,443,117	5.3%	33,607	3.3%	177,783	46.6	9.5
2008	6,259,283,197	5.5%	34,655	3.1%	181,678	46.8	9.6
2009	6,461,696,602	3.2%	35,771	3.2%	181,380	47.1	9.8

Source for salaries, average annual salary, attained age and average years of service is actuary report.

Table II
Schedule of Adds and Removals from Rolls
Last ten years

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls			% Change in
Calendar Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	Average Benefit
2000	4,406	$ 45,664,981	2,875	$ 14,034,136	69,862	$ 483,042,410	$ 6,914	4.7%
2001	4,576	50,181,969	3,006	15,106,461	71,432	518,117,918	7,253	4.9%
2002	4,896	59,379,384	2,968	16,313,114	73,360	561,184,188	7,650	5.5%
2003	5,378	73,056,745	2,963	17,193,231	75,775	617,047,702	8,143	6.4%
2004	5,542	77,466,919	3,075	18,886,006	78,242	675,628,615	8,635	6.0%
2005	5,768	76,887,679	3,291	20,705,563	80,719	731,810,731	9,066	5.0%
2006	5,885	85,515,147	3,219	21,441,076	83,385	795,884,802	9,545	5.3%
2007	6,218	91,831,041	3,241	22,262,632	86,362	865,453,211	10,021	5.0%
2008	6,000	94,526,796	3,408	23,956,030	88,954	936,023,977	10,523	5.0%
2009	6,422	106,361,549	3,318	26,218,141	92,058	1,016,167,385	11,038	4.9%

Schedule of Disabilitants Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls			% Change in
Calendar Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	Average Benefit
2000	1,810	$ 18,164,312	1,777	$ 17,238,156	1,417	$ 9,067,056	$ 6,399	8.8%
2001	1,989	20,029,507	2,006	19,466,956	1,400	9,629,607	6,878	7.5%
2002	2,261	24,251,986	2,353	24,145,825	1,308	9,735,768	7,443	8.2%
2003	2,491	26,343,203	2,459	25,773,165	1,340	10,305,806	7,691	3.3%
2004	2,533	27,551,323	2,487	27,084,088	1,386	10,773,041	7,773	1.1%
2005	2,474	28,100,189	2,471	27,180,978	1,389	11,692,252	8,418	8.3%
2006	2,339	27,529,685	2,409	28,024,170	1,319	11,197,767	8,490	0.9%
2007	2,354	27,188,433	2,348	27,006,030	1,325	11,380,170	8,589	1.2%
2008	2,313	28,754,216	2,422	29,343,494	1,216	10,790,892	8,874	3.3%
2009	2,349	28,136,992	2,325	28,024,488	1,240	10,903,396	8,793	-0.9%

Table III
Average Employer Contribution Rates
Latest five years

Calendar Year	Normal Cost	Prior Service Cost	Disability and Death	Supplemental Retirement Benefit	Total
Regular members					
2007*	7.43%	1.23%	0.44%	0.62%	9.72%
2008	7.42%	1.09%	0.34%	0.62%	9.47%
2009	7.42%	0.90%	0.33%	0.62%	9.27%
2010*+	7.58%	2.24%	0.32%	0.62%	10.76%
2011^	7.58%	3.66%	0.28%	0.62%	12.14%
Sheriff's Law Enforcement Personnel members (SLEP)					
2007*#	11.66%	5.69%	0.45%	0.62%	18.42%
2008	11.63%	6.73%	0.35%	0.62%	19.33%
2009	11.63%	6.07%	0.33%	0.62%	18.65%
2010*+	11.97%	7.70%	0.32%	0.62%	20.61%
2011^	11.97%	8.88%	0.29%	0.62%	21.76%
Elected County Officials (ECO) members					
2007*	17.52%	22.72%	0.44%	0.62%	41.30%
2008	16.96%	23.88%	0.34%	0.62%	41.80%
2009	17.08%	24.75%	0.32%	0.62%	42.77%
2010*+	17.24%	23.25%	0.32%	0.62%	41.43%
2011^	17.20%	24.61%	0.29%	0.62%	42.72%

* *Assumptions changed due to experience study.*
# *Benefit change.*
+ *Includes impact of optional phase-in plan.*
^ *Prior to impact of optional phase-in plan.*

Table IV
Participating Member Contribution Rates
Last ten years

Calendar	Regular IMRF			Sheriff's Law Enforcement Personnel				Elected County Officials			
Year	Normal	Survivor	Total	Normal	Survivor	SLEP	Total	Normal	Survivor	ECO	Total
2000	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2001	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2002	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2003	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2004	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2005	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2006	3.75%	0.75%	4.50%	3.75%	0.75%	3.00%*	7.50%	3.75%	0.75%	3.00%	7.50%
2007	3.75%	0.75%	4.50%	3.75%	0.75%	3.00%	7.50%	3.75%	0.75%	3.00%	7.50%
2008	3.75%	0.75%	4.50%	3.75%	0.75%	3.00%	7.50%	3.75%	0.75%	3.00%	7.50%
2009	3.75%	0.75%	4.50%	3.75%	0.75%	3.00%	7.50%	3.75%	0.75%	3.00%	7.50%

* *The SLEP enhancement percentage changed from 2.00% to 3.00% on June 1, 2006.*

Actuarial Balance Sheet

	Amount at December 31	
	2009	2008
Sources of Funds		
Actuarial value of assets	$ 22,754,803,784	$ 21,601,053,512
Actuarial present value of future contributions:		
Member	2,581,381,206	2,513,789,585
Employer Normal Costs	4,319,910,747	4,209,064,824
Under Funded Actuarial Accrued Liability	4,590,309,432	4,010,145,837
Total Sources	$ 34,246,405,169	$ 32,334,053,758
Uses of Funds		
Retired members and beneficiaries	$ 10,903,323,478	$ 10,025,599,295
Inactive members	2,557,792,210	2,407,885,516
Active members	20,755,890,884	19,873,583,071
Death and disability benefits	29,398,597	26,985,876
Total Uses	$ 34,246,405,169	$ 32,334,053,758

Analysis of Under Funded Actuarial Liability

	Amount at December 31	
	2009	2008
Under funded liability beginning of year	$ 4,010,145,837	$ 947,182,518
Assumed net (payments) during year	(67,250,395)	(76,633,210)
Assumed interest (7.5 percent)	298,269,443	68,199,579
Expected under (over) funded liability	$ 4,241,164,885	$ 938,748,887
Decrease due to experience study	----	(310,603,307)
Change due to investment performance	343,164,857	3,331,548,206
Change due to other sources	5,979,690	50,452,051
Under funded liability end of year	$ 4,590,309,432	$ 4,010,145,837

Derivation of Experience (Loss)

Type of Risk Area	2009	2008
	(in millions)	
Risks Related to Assumptions		
Economic Risk Areas		
Investment Return	$ (343.2)	$ (3,331.5)
Pay Increases	70.2	8.2
Demographic Risk Areas		
Service Retirements	11.6	2.4
Early Retirements	(0.5)	(2.1)
Vested Deferred Retirements	(38.3)	(40.8)
Death and Survivor Benefits	3.5	1.8
Disability Benefits	12.9	11.4
Terminated with Refund	(11.8)	9.1
Impact of Triennial Experience Study	--	310.6
Risks Not Related to Assumptions (1)	(53.5)	(40.5)
Total Gain (or Loss) During Year	$ (349.1)	$ (3,071.4)

Regular actuarial valuations give information about the composite change in unfunded actuarial accrued liabilities—whether or not the liabilities are increasing or decreasing and by how much. The objective of a gain and loss analysis is to determine the portion of the change in actuarial condition (unfunded actuarial accrued liabilities) attributable to each risk area. The fact that actual experience differs from assumed experience is to be expected—the future cannot be predicted with 100 percent precision. The economic risk areas (particularly investment return and pay increases) are volatile. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common.

(1) This is primarily due to rehires of former employees and actual reserve transfers for retirees being higher than the estimated reserve transfers. The remaining difference is due to data adjustments, new members joining IMRF, and retiree mortality.

Summary of Benefits

This is a brief plan description of IMRF benefits. Additional conditions and restrictions may apply. A complete description is found in Article 7 of the Illinois Pension Code.

General

IMRF serves 2,950 employers including cities, villages, counties, school districts, townships and various special districts, such as parks, forest preserves and sanitary districts. Each employer contributes to separate accounts to provide future retirement benefits for its own employees.

Employees of these employers are required to participate if they work in an IMRF qualified position. An IMRF qualified position is one that is expected to equal or exceed the employer's annual hourly standard; the standard is either 600 or 1,000 hours a year.

IMRF has three benefit plans. The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs and selected police chiefs. Forest preserve districts may adopt the SLEP plan for their law enforcement personnel. Counties may adopt the Elected County Official (ECO) plan for their elected officials. After a county has adopted the ECO plan, participation is optional for the elected officials of that county. A county may opt out of the ECO plan. All remaining employees belong to the Regular plan.

Both the employee (member) and the employer contribute toward retirement benefits. Members contribute a percentage of their salary as established by the Pension Code. The percentage depends on the plan in which the member participates. Regular members contribute 4.5 percent. SLEP and ECO members contribute 7.5 percent. Members also have the option of making voluntary after-tax contributions up to 10% of their salary. Employer contribution rates are actuarially calculated annually for each employer. (Beginning in 2010, employers were given the option to select a contribution rate less than the actuarial required contribution rate if the 2010 actuarial required contribution rate was more than 10 percent higher than the 2009 rate.) Employers pay most of the cost for member and survivor pensions and all of the cost for supplemental retirement, death and disability benefits.

Vesting

Members are vested for pension benefits when they have at least eight years of qualifying service credit. SLEP members are vested for a SLEP pension when they have at least 20 years of SLEP service credit. SLEP members with more than eight years of service but less than 20 years of SLEP service will receive a Regular pension. Revised ECO members (those who join the ECO plan after January 25, 2000) are vested with eight or more years of ECO service credit in the same elected county position. Revised ECO members with eight years of service but less than eight years in the same elected county office will receive a Regular pension.

Refunds

Non-vested members who stop working for an IMRF employer can receive a lump sum refund of their IMRF member contributions. Vested members can receive a lump sum refund of their IMRF member contributions if they stop working for an IMRF employer prior to age 55. Vested members age 55 or older may receive separation refunds if the member rolls over the refund into another defined benefit retirement plan for the purpose of purchasing service credit.

Members who retire without an eligible spouse (married to the member at least one year before the member terminates IMRF participation) may receive a refund of their surviving spouse contributions with interest or an annuity.

If, upon a member's death, all of the member contributions with interest were not paid as a refund or pension, the beneficiary will receive any balance in the member's account.

Pension Calculations

A Regular IMRF pension is:

- 1-2/3 percent of the final rate of earnings for each of the first 15 years of service credit, plus
- 2 percent for each year of service credit in excess of 15 years.

The maximum pension at retirement cannot exceed 75 percent of the final rate of earnings.

A SLEP pension is:

- 2-1/2 percent of the final rate of earnings for each year of service.

The maximum pension at retirement cannot exceed 80 percent of the final rate of earnings.

An ECO pension is:

- 3 percent of the final rate of earnings for each of the first eight years of service, plus
- 4 percent for each year of service between eight and 12 years of service, plus
- 5 percent for years of service credit over 12.

The maximum pension at retirement cannot exceed 80 percent of the final rate of earnings.

A money purchase minimum pension is provided if it exceeds the normal formula amount. The money purchase minimum is the amount that may be purchased by 2.4 times the member's applicable accumulated contributions, including interest thereon.

A reversionary pension option is provided to members at retirement. This option permits the member to revert a portion of his pension to one other person. This election is irrevocable.

An IMRF pension is paid for life and is increased by three percent of the original amount on January 1 of each year after the member retires. The increase for the first year is pro-rated for the number of months the member was retired.

The final rate of earnings for Regular and SLEP members is the highest total earnings during any 48 consecutive months within the last 10 years of IMRF service divided by 48. The final rate of earnings for ECO members is the annual salary of the ECO member on the day he or she retires. For new ECO members who join the plan after January 25, 2000, the final rate of earnings is a four-year average calculated for each office held.

Retirement Eligibility

Normal retirement for an unreduced pension is:

- Age 60 with eight or more years of service or 35 or more years of service at age 55,
- Age 50 with 20 or more years of SLEP service for members with SLEP service,
- Age 55 with eight or more years of service for members with ECO service, or
- Age 55 with eight or more years of service in the same elected county office for members with Revised ECO service.

Regular members may retire as early as age 55 with a reduced pension. The reduction is the lesser of:

- one-fourth percent for each month the member is under age 60, or
- one-fourth percent for each month of service less than 35 years.

Service Credit

Service credit is the total time under IMRF, stated in years and fractions. Service is credited monthly while the member is working, receiving IMRF disability benefits or on IMRF's Benefit Protection Leave. For revised ECO members, the ECO benefit formula is limited to service in an elected office.

Members may qualify for a maximum of one year of additional service credit for unused, unpaid sick leave accumulated with the last employer. Members who retire from a school district may utilize unused sick leave from all school district employers. This additional service credit applies only for members leaving employment for retirement. The service credit is earned at the rate of one month for every 20 days of unused, unpaid sick leave or fraction thereof.

IMRF is a participating plan under the Reciprocal Act, as are all other Illinois public pension systems, except local police and fire pension plans. Under the Reciprocal Act, service credit of at least one year may be considered together at the date of retirement or death for the purpose of determining eligibility for and amount of benefits. However, for teacher aides who meet certain criteria, service credit of less than one year may be considered in determining benefits under the Reciprocal Act.

Early Retirement Incentive

IMRF employers may offer an early retirement incentive (ERI) program to their employees who are over 50 years of age and who have at least 20 years of service credit. Eligible members may purchase up to five years of service credit and age. Employers must pay off the additional ERI liability within 10 years. Subsequent ERI programs may be offered by an employer after the liability for the previous ERI program is paid.

Supplemental Retirement Benefits

Each July, IMRF provides a supplemental benefit payment to IMRF retirees and surviving spouses who have received IMRF pension payments for the preceding 12 months. The supplemental benefit payment amount will vary depending on the dollar amount to be distributed and the dollar amount of the benefits of persons eligible.

Disability Benefits

Regular and SLEP members are eligible for a maximum of 30 months of temporary disability benefits if they:

- Have at least 12 consecutive months of service credit since being enrolled in IMRF,
- Have at least nine months of service credit in the 12 months immediately prior to becoming disabled,
- Are unable to perform the duties of any position which might reasonably be assigned by the IMRF employer because of any illness, injury or other physical or mental condition and
- Are not receiving any earnings from any IMRF employer.

Regular and SLEP members are eligible for total and permanent disability benefits until they become eligible for full Social Security Old Age benefits if they:

- Have exhausted their temporary disability benefits,
- Have a medical condition which did not pre-exist their IMRF participation or they have five years of IMRF participation without being on temporary disability and
- Are unable to work in any gainful activity for any employer.

The monthly disability benefit payment is equal to 50 percent of the average monthly earnings based on the 12 months prior to the month the member became disabled.

ECO members are eligible for ECO disability benefits if they:

- Have at least 12 consecutive months of service credit since being enrolled in IMRF,
- Are in an elected county office at the time the disability occurred,
- Are making ECO contributions at the time the disability occurred,
- Are unable to reasonably perform the duties of their offices,
- Have resigned their offices and
- Have two licensed physicians approved by IMRF certify that the ECO member is permanently disabled.

The monthly ECO disability benefit is equal to the greater of:

- 50 percent of the annualized salary payable on the last day of ECO participation divided by 12 or,
- The retirement benefit earned to date up to a maximum of 66-2/3 percent.

Disability benefits under all plans are offset by Social Security or workers' compensation benefits. If disabled members receive Social Security disability and/or workers' compensation benefits, IMRF pays the difference between those benefits and 50 percent of the member's average monthly earnings. However, IMRF will always pay a minimum monthly benefit of $10. Members on disability earn pension service credit as if they were working.

Death Benefits

Beneficiaries of active members who have more than one year of service or whose deaths are job-related are entitled to lump sum IMRF death benefits. If the member was not vested or vested without an eligible spouse, the death benefit is equal to one year's earnings plus any balance in the member's account. Eligible spouses of deceased vested active members may choose the lump sum or a monthly surviving spouse pension.

Beneficiaries of inactive non-vested members receive a lump sum payment of any balance in the member's account including interest. If the beneficiary is an eligible spouse of an inactive vested member age 55 or older, the spouse may choose between the lump sum payment or a death benefit of $3,000 plus a monthly surviving spouse pension. Beneficiaries of retired members receive a $3,000 death benefit. Eligible spouses also receive a surviving spouse pension.

Surviving Spouse Pension

For Regular and SLEP members, a surviving spouse's monthly pension is one-half of the member's pension.

For ECO members, a surviving spouse's monthly pension is 66-2/3 percent of the member's pension. This pension is payable once the surviving spouse becomes 50 years old. If the spouse is caring for the member's minor, unmarried children, the spouse will receive (age 50 requirement does not apply):

- A monthly pension equal to 30 percent of the ECO member's salary at time of death plus
- 10 percent of the ECO member's salary at time of death for each minor, unmarried child. The maximum total monthly benefit payable to spouse and children cannot exceed 50 percent of the ECO member's salary at time of death, or
- A monthly pension equal to 66-2/3 percent of the pension the member had earned.

Surviving spouse pensions under all plans are increased each January 1 by three percent of the original amount. The increase for the first year is prorated for the number of months the surviving spouse or the member received a pension.

Changes in Plan Provisions

On April 14, 2010, Public Act 96-0889 was signed by the Governor of Illinois. This law, which will become effective January 1, 2011, creates a second tier for Regular and Elected County Official (ECO) plan members who are initially hired on or after that date. It does not impact current active members in any IMRF plans or future members of the Sheriffs' Law Enforcement Personnel (SLEP) plan.

The major changes from the existing benefit structure are as follows:

- Vesting is increased to 10 years.
- Normal retirement age to receive full benefits is increased to 67.
- The age to receive a reduced (early retirement) benefit is increased to 62.
- The reduction for early retirement is increased to one-half of one percent for each month a member's age is under 67.
- Increases in the number of months used to calculate the final rate of earnings to the highest 96 months over the last 120 months of service.
- Caps the final rate of earnings at $106,800, which will increase annually by three percent or one-half of the increase of the Consumer Price Index.
- Increases the surviving spouse pension to sixty-six and two-thirds percent of the pension of the deceased member.
- Limits the annual pension increase for retirees to three percent or one-half of the increase in the Consumer Price Index, whichever is lower based on the original amount of the pension.
- Annual pension increases do not begin until a retiree reaches the age of 67.

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Statistical
2009

70th Anniversary 1939 - 2009

Commitment to Excellence...

IMRF received the 2009 Lincoln Bronze Award for Commitment to Excellence. IMRF was one of only four Illinois organizations to receive a Lincoln Award, which is based on the Malcom Baldrige National Quality Program.

Table V

Changes in Plan Net Assets

Last ten years

Additions

Calendar Year	Investment Earnings Net of Direct Investment Expense	Employer Contributions Dollars	Employer Contributions Percent of Annual Covered Payroll	Member Contributions	Other	Total Additions
2000	$ 283,134,582	$ 356,153,448	8.48%	$ 200,209,408	$ 739	$ 839,498,177
2001	(1,010,875,498)	313,007,639	6.95%	216,150,677	4,050	(481,713,132)
2002	(1,325,374,842)	294,935,422	6.15%	233,935,559	5,200	(796,498,661)
2003	2,996,066,692	321,049,839	6.49%	255,498,279	5,050	3,572,619,860
2004	2,010,704,974	456,198,098	8.84%	259,505,532	5,494	2,726,414,098
2005	1,607,733,405	543,263,475	10.11%	265,568,534	5,190	2,416,570,604
2006	2,667,700,578	602,775,795	10.71%	280,997,170	6,315	3,551,479,858
2007	1,799,391,405	600,822,135	10.13%	296,690,070	6,049	2,696,909,659
2008	(6,096,480,733)	631,147,476	10.08%	314,019,939	18,722	(5,151,294,596)
2009	4,423,550,741	660,399,408	10.22%	324,070,795	9,148	5,408,030,092

Deductions

Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions	Change in Plan Net Assets
2000	$ 533,683,244	$ 29,791,950	$ 17,125,395	$ 580,600,589	$ 258,897,588
2001	570,548,544	27,507,628	18,470,776	616,526,948	(1,098,240,080)
2002	613,606,477	36,641,773	18,727,800	668,976,050	(1,465,474,711)
2003	668,534,229	29,186,749	18,785,811	716,506,789	2,856,113,071
2004	733,376,801	31,156,292	19,405,567	783,938,660	1,942,475,438
2005	791,333,700	32,120,791	19,650,440	843,104,931	1,573,465,673
2006	856,205,596	40,095,036	20,339,190	916,639,822	2,634,840,036
2007	924,005,832	36,206,951	20,811,398	981,024,181	1,715,885,478
2008	997,492,141	31,926,120	20,727,536	1,050,145,797	(6,201,440,393)
2009	1,077,852,453	27,426,079	21,967,308	1,127,245,840	4,280,784,252

Table VI
Benefit Expense by Type
Last ten years

Calendar Year	DEATH Supplemental	DEATH Refund	DEATH Burial	DEATH Residual	DISABILITY Permanent	DISABILITY Temporary
2000	$ 8,211,433	$ 5,864,391	$ 5,947,348	$ 405,080	$ 3,081,562	$ 6,022,246
2001	7,146,093	6,341,938	6,314,132	658,284	3,140,589	6,424,182
2002	8,609,843	5,836,970	6,539,959	502,963	3,255,522	6,585,585
2003	7,962,909	6,120,345	6,583,839	586,550	3,473,294	7,060,682
2004	9,929,302	7,319,032	6,881,926	515,537	3,440,867	7,377,055
2005	9,389,674	7,096,253	7,182,437	997,874	3,746,535	7,553,159
2006	9,874,057	7,565,398	7,464,813	708,466	3,857,144	7,795,207
2007	8,428,232	8,757,533	7,255,736	692,275	3,887,168	7,705,263
2008	10,416,827	7,971,900	7,334,749	765,241	4,113,550	7,195,656
2009	8,486,871	9,096,938	7,813,566	961,645	4,211,002	6,649,144

Calendar Year	ANNUITIES Retirement	ANNUITIES Surviving Spouse	ANNUITIES Beneficiary	ANNUITIES Supplemental	REFUNDS Separation	REFUNDS Other	Total
2000	$ 445,581,289	$ 32,129,182	$ 749,696	$ 25,691,017	$ 29,423,748	$ 368,202	$ 563,475,194
2001	477,490,779	34,622,766	785,027	27,624,754	27,039,539	468,089	598,056,172
2002	513,656,258	37,907,435	850,558	29,861,384	26,031,474	10,610,299	650,248,250
2003	563,294,375	41,009,876	953,238	31,489,121	28,286,009	900,740	697,720,978
2004	619,816,366	44,426,578	1,073,847	32,596,291	29,802,863	1,353,429	764,533,093
2005	673,325,914	47,245,463	1,206,562	33,589,829	30,952,680	1,168,111	823,454,491
2006	732,090,146	50,788,527	1,325,633	34,736,205	32,707,901	7,387,135	896,300,632
2007	794,767,293	54,255,986	1,477,778	36,778,568	34,110,636	2,096,315	960,212,783
2008	861,528,538	57,647,849	1,581,010	38,936,821	28,287,188	3,638,932	1,029,418,261
2009	936,104,649	61,615,626	1,751,952	41,161,060	25,974,794	1,451,285	1,105,278,532

Table VII

Net Cash Flow from Contributions and Benefits

Last ten years

Calendar Year	Employer Contributions	Member Contributions	Total Contributions	Total Benefit Payments	Net Cash Flow
2000	$356,153,448	$200,209,408	$556,362,856	$ 563,475,194	$ (7,112,338)
2001	313,007,639	216,150,677	529,158,316	598,056,172	(68,897,856)
2002	294,935,422	233,935,559	528,870,981	650,248,250	(121,377,269)
2003	321,049,839	255,498,279	576,548,118	697,720,978	(121,172,860)
2004	456,198,098	259,505,532	715,703,630	764,533,093	(48,829,463)
2005	543,263,475	265,568,534	808,832,009	823,454,491	(14,622,482)
2006	602,775,795	280,997,170	883,772,965	896,300,632	(12,527,667)
2007	600,822,135	296,690,070	897,512,205	960,212,783	(62,700,578)
2008	631,147,476	314,019,939	945,167,415	1,029,418,261	(84,250,846)
2009	660,399,408	324,070,795	984,470,203	1,105,278,532	(120,808,329)

Net Cash Flow

Last ten years

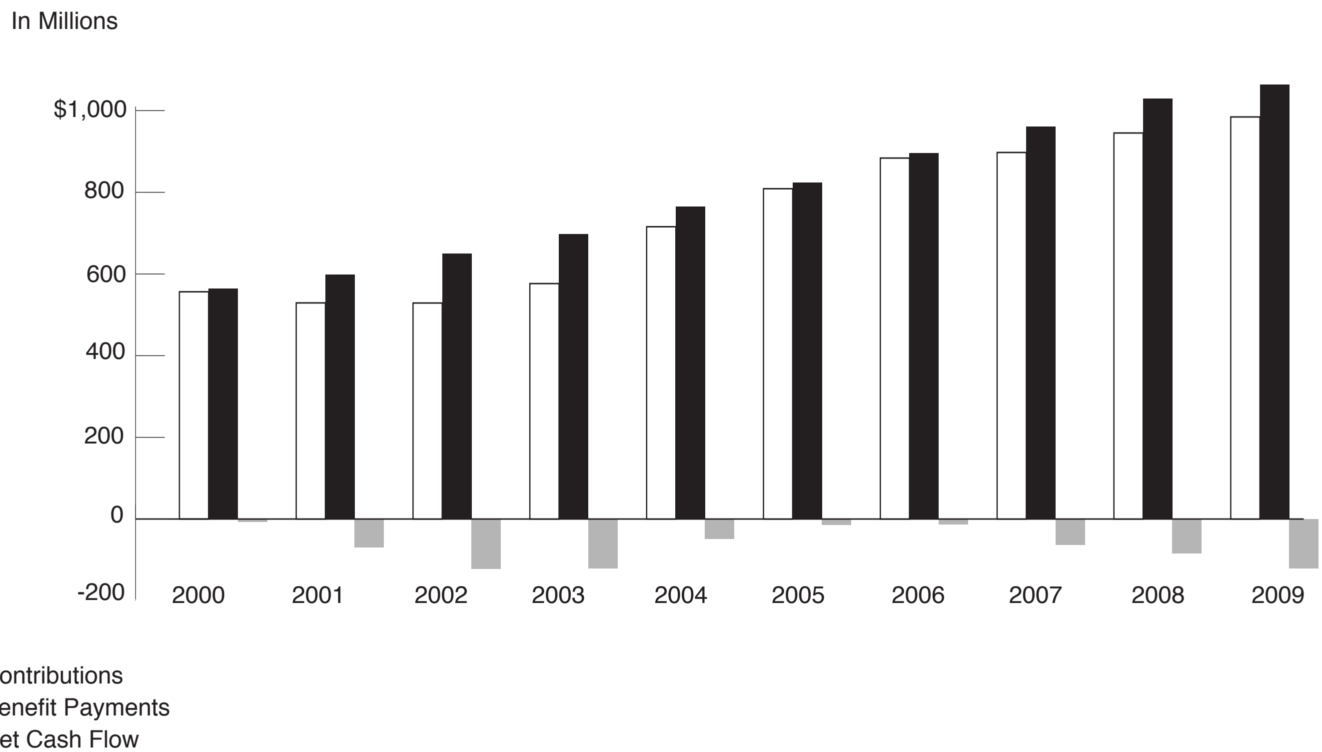

Table VIII
Average Benefit Payment Amounts
Last ten years

	Single Sum Payments		Recurring Payments	
Calendar Year	Separation Refunds	Lump Sum Death Benefit	Annual Disability (1)	Annual Retirement (2)
2000	$ 2,095	$ 31,999	$ 13,144	$ 9,314
2001	2,048	27,888	13,807	11,023
2002	2,044	28,668	14,302	12,217
2003	2,235	25,991	14,418	13,862
2004	2,445	29,022	14,946	14,118
2005	2,656	26,524	15,396	13,145
2006	2,814	35,014	15,860	12,864
2007	2,704	28,926	16,341	14,152
2008	2,758	29,352	17,238	15,219
2009	2,459	28,763	17,359	16,200

(1) Prior to Social Security and workers' compensation offsets.
(2) Includes voluntary additional benefits.

Average Benefit Payment Amounts
In Millions

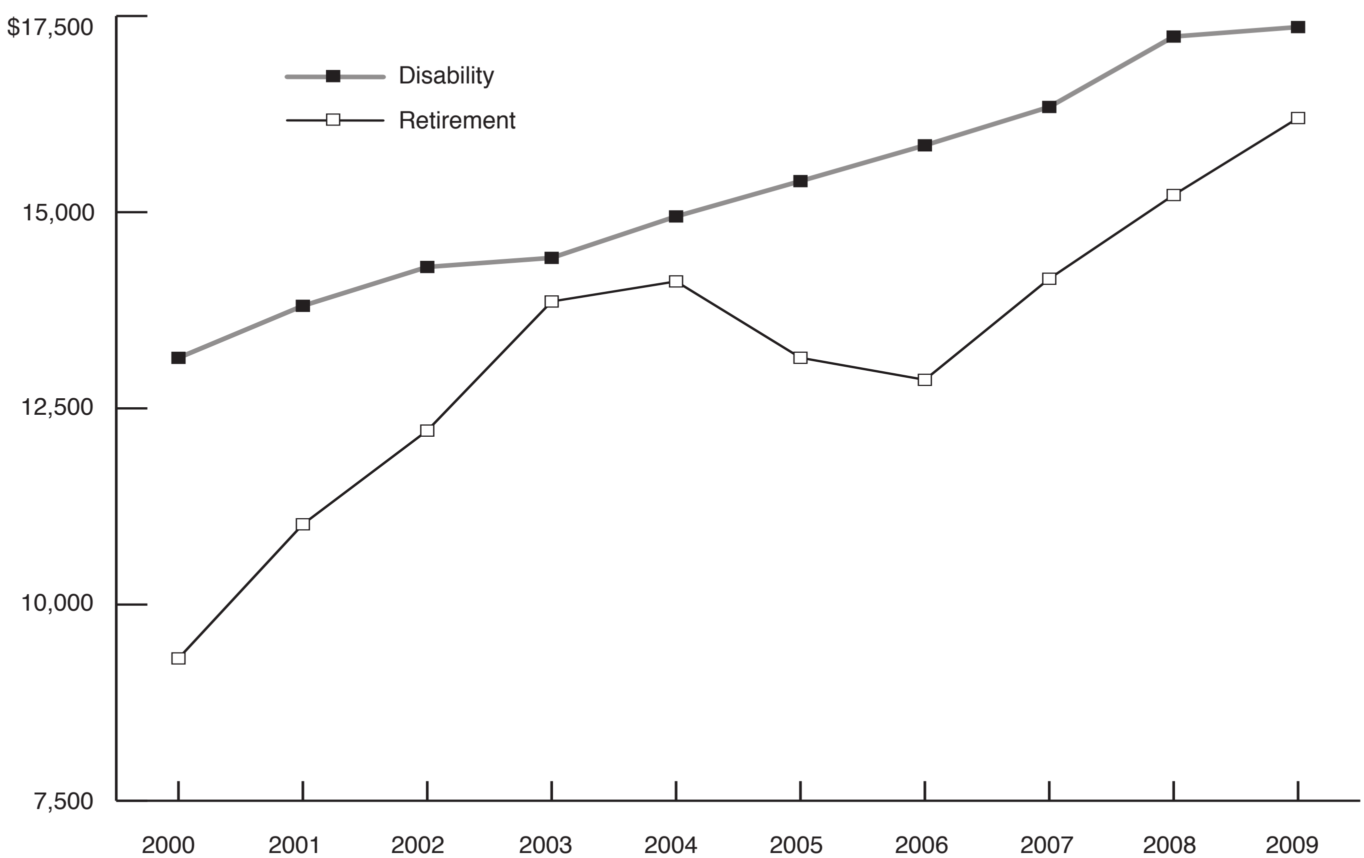

Table IX

Operating Statistics - Number of Initial Benefit Payments

Last ten years

Calendar Year	Annuity	Disability	Death	Refund	Total
2000	3,527	2,044	2,374	13,997	21,942
2001	3,647	1,989	2,646	13,162	21,444
2002	3,963	2,261	2,695	12,603	21,522
2003	4,442	2,491	2,699	12,507	22,139
2004	4,555	2,716	2,693	11,999	21,963
2005	4,868	2,474	2,971	11,677	21,990
2006	4,887	2,339	3,029	11,639	21,894
2007	5,283	2,354	2,975	12,487	23,099
2008	5,081	2,313	3,033	10,469	20,896
2009	5,467	2,349	3,149	10,593	21,558

Table X

Number of Employees

Last ten years

Calendar Year	Administration	Human Resources	Finance	Investments	Legal	Communications	Member Services	Benefits	Information Services	Office Services	Total
2000	4	4	41	9	4	5	20	24	43	25	179
2001	4	4	39	10	3	5	24	25	43	27	184
2002	4	4	38	10	4	5	24	25	45	27	186
2003	4	4	36	10	4	5	24	25	45	26	183
2004	4	4	33	10	4	5	24	25	43	25	177
2005	4	4	32	10	4	5	24	25	44	24	176
2006	4	4	30	11	3	5	23	27	43	26	176
2007	4	4	31	11	4	6	24	27	43	26	180
2008	5	4	30	11	4	6	25	27	42	22	176
2009	5	4	31	11	4	6	26	26	41	22	176

Table XI
Number of Actively Participating Employers
Last ten years

Calendar Year End	Cities	Villages	Counties	School Districts	Townships	Other	Total
2000	249	364	101	891	432	754	2,791
2001	251	373	101	890	444	767	2,826
2002	252	377	101	890	451	782	2,853
2003	252	383	101	885	458	792	2,871
2004	252	389	101	877	463	801	2,883
2005	253	395	101	871	463	813	2,896
2006	255	398	101	870	467	818	2,909
2007	255	403	101	867	472	828	2,926
2008	256	406	101	864	474	839	2,940
2009	256	407	101	865	477	844	2,950

Table XII
Principal Participating Employers
Current year and nine years ago

	2009			2000		
Employer	Active Members	Rank	Percentage of Total Active Members	Active Members	Rank	Percentage of Total Active Members
DuPage County	3,135	1	1.73%	3,266	1	2.04%
Lake County	2,907	2	1.60%	2,716	2	1.70%
Will County	2,354	3	1.30%	1,823	4	1.14%
Union School District 46	2,052	4	1.13%	1,808	5	1.13%
Winnebago County	1,891	5	1.04%	1,565	6	0.98%
Rockford School District 205	1,658	6	0.91%	2,102	3	1.32%
Plainfield School District 202	1,448	7	0.80%	--	-	--
Kane County	1,364	8	0.75%	1,258	8	0.79%
City of Springfield	1,329	9	0.73%	1,377	7	0.86%
McHenry County	1,322	10	0.73%	--	-	--
Peoria School District 150	--	-	--	1,248	9	0.78%
Springfield School District 186	--	-	--	1,101	10	0.69%
	19,460		10.72%	18,264		11.43%

Table XIII

Number of Actively Participating Members

Last ten years

Calendar Year End	Male Participants	Female Participants	Total
2000	59,728	100,082	159,810
2001	61,245	103,600	164,845
2002	62,216	105,560	167,776
2003	62,597	105,355	167,952
2004	62,611	105,925	168,536
2005	63,323	107,605	170,928
2006	64,136	109,872	174,008
2007	65,355	112,428	177,783
2008	66,802	114,876	181,678
2009	66,640	114,740	181,380

Table XIV

Participating Members' Length of Service

Last ten years

Calendar Year	Total Active Members	Under 1 Year	1 to 7 Years	8 to 14 Years	15 Years and Over	Percent Vested (8 or More Years of Service)
2000	159,810	22,461	72,144	34,473	30,732	40.8%
2001	164,845	22,286	76,006	34,261	32,292	40.4%
2002	167,776	18,566	80,607	34,920	33,683	40.9%
2003	167,952	16,678	80,610	35,468	35,196	42.1%
2004	168,536	17,225	78,499	35,765	37,047	43.2%
2005	170,928	18,723	76,768	36,735	38,702	44.1%
2006	174,008	19,245	76,290	38,781	39,692	45.1%
2007	177,783	20,670	75,311	41,889	39,913	46.0%
2008	181,678	19,543	76,607	44,487	41,041	47.1%
2009	181,380	14,950	77,606	46,749	42,075	49.0%

Table XV

Distribution of Current Annuitants by Pension Amount

Monthly Pension Amount	Retirement Number of Males	Retirement Number of Females	Survivor Number of Males	Survivor Number of Females	All Annuities Number of Males	All Annuities Number of Females
Under $100	918	4,554	684	1,163	1,602	5,717
$100 to under $250	1,990	10,014	1,047	2,761	3,037	12,775
$250 to under $500	3,978	12,622	791	2,830	4,769	15,452
$500 to under $750	3,390	7,840	302	1,354	3,692	9,194
$750 to under $1,000	2,761	5,251	128	691	2,889	5,942
$1,000 to under $2,000	6,398	8,952	74	901	6,472	9,853
$2,000 to under $3,000	3,306	2,309	2	112	3,308	2,421
$3,000 to under $4,000	1,878	622	2	29	1,880	651
$4,000 and over	2,085	309	--	10	2,085	319
Total	26,704	52,473	3,030	9,851	29,734	62,324

Note: Counts do not include disabilitants.

Table XVI

Analysis of Initial Retirement Benefits - Regular Plan

Last Ten Years

	Years of Credited Service							
	8-9	10-14	15-19	20-24	25-29	30-34	35+	Total
2000								
Avg Monthly Annuity	$250	$400	$656	$911	$1,270	$1,764	$2,499	$808
Avg Monthly FRE	$1,776	$2,005	$2,277	$2,392	$2,664	$3,065	$3,595	$2,315
Number of Retirees	383	705	558	574	375	205	94	2,894
2001								
Avg Monthly Annuity	$254	$385	$635	$903	$1,352	$2,007	$2,616	$845
Avg Monthly FRE	$1,821	$1,942	$2,233	$2,388	$2,822	$3,476	$3,757	$2,363
Number of Retirees	389	742	575	563	356	213	131	2,969
2002								
Avg Monthly Annuity	$265	$397	$693	$951	$1,449	$2,010	$2,756	$965
Avg Monthly FRE	$1,896	$2,005	$2,450	$2,504	$3,017	$3,490	$3,981	$2,558
Number of Retirees	387	667	594	520	483	298	152	3,101
2003								
Avg Monthly Annuity	$273	$448	$746	$1,084	$1,490	$2,151	$3,122	$1,119
Avg Monthly FRE	$1,947	$2,255	$2,609	$2,842	$3,091	$3,734	$4,496	$2,824
Number of Retirees	417	685	643	460	553	361	245	3,364
2004								
Avg Monthly Annuity	$293	$433	$719	$1,077	$1,567	$2,236	$3,251	$1,147
Avg Monthly FRE	$2,099	$2,185	$2,533	$2,816	$3,266	$3,841	$4,665	$2,866
Number of Retirees	410	715	676	461	559	367	261	3,449
2005								
Avg Monthly Annuity	$289	$452	$728	$1,104	$1,545	$2,158	$3,000	$1,063
Avg Monthly FRE	$2,074	$2,293	$2,537	$2,913	$3,225	$3,747	$4,308	$2,807
Number of Retirees	473	781	748	590	544	348	221	3,705
2006								
Avg Monthly Annuity	$293	$477	$768	$1,212	$1,523	$2,393	$3,605	$1,137
Avg Monthly FRE	$2,094	$2,407	$2,676	$3,218	$3,209	$4,135	$5,165	$2,984
Number of Retirees	500	764	754	608	537	308	229	3,700
2007								
Avg Monthly Annuity	$312	$484	$781	$1,170	$1,657	$2,526	$3,469	$1,154
Avg Monthly FRE	$2,224	$2,457	$2,721	$3,086	$3,447	$4,382	$4,978	$3,039
Number of Retirees	578	787	816	659	518	359	240	3,957
2008								
Avg Monthly Annuity	$312	$494	$852	$1,230	$1,730	$2,671	$3,730	$1,248
Avg Monthly FRE	$2,229	$2,498	$2,974	$3,229	$3,597	$4,645	$5,358	$3,212
Number of Retirees	538	790	685	657	472	318	283	3,743
2009								
Avg Monthly Annuity	$317	$509	$891	$1,364	$1,951	$2,549	$3,712	$1,389
Avg Monthly FRE	$2,253	$2,565	$3,052	$3,553	$4,049	$4,419	$5,305	$3,413
Number of Retirees	551	804	682	717	497	444	371	4,066

FRE = Final Rate of Earnings used to calculate retirement benefit.

Note: This schedule excludes members retiring with money purchase benefits, reciprocal benefits, or multiple plans.

Table XVII

Analysis of Initial Retirement Benefits - Sheriffs' Law Enforcement Personnel Plan (SLEP)

Last Ten Years

	Years of Credited Service				
	20-24	25-29	30-34	35+	Total
2000					
Avg Monthly Annuity	$1,698	$2,717	$3,303	$3,581	$2,379
Avg Monthly FRE	$3,360	$4,306	$4,668	$8,287	$4,053
Number of Retirees	16	15	5	1	37
2001					
Avg Monthly Annuity	$1,774	$3,394	$3,891	$849	$2,843
Avg Monthly FRE	$3,566	$5,588	$5,624	$1,132	$4,691
Number of Retirees	27	16	21	1	65
2002					
Avg Monthly Annuity	$2,079	$2,933	$3,976	$3,532	$3,131
Avg Monthly FRE	$3,947	$4,778	$5,669	$4,710	$4,917
Number of Retirees	13	27	22	1	63
2003					
Avg Monthly Annuity	$2,851	$3,479	$4,128	$3,732	$3,423
Avg Monthly FRE	$5,587	$5,465	$6,028	$4,977	$5,609
Number of Retirees	21	33	14	1	69
2004					
Avg Monthly Annuity	$2,555	$3,581	$3,773	$4,175	$3,332
Avg Monthly FRE	$4,925	$5,698	$5,329	$5,567	$5,370
Number of Retirees	24	33	18	3	78
2005					
Avg Monthly Annuity	$2,295	$4,150	$3,613	$5,336	$3,439
Avg Monthly FRE	$4,517	$6,214	$4,975	$6,823	$5,452
Number of Retirees	25	23	5	6	59
2006					
Avg Monthly Annuity	$2,689	$3,948	$4,738	$5,165	$3,817
Avg Monthly FRE	$5,046	$5,835	$6,099	$6,768	$5,692
Number of Retirees	27	36	25	2	90
2007					
Avg Monthly Annuity	$2,907	$4,105	$3,927	$6,707	$3,607
Avg Monthly FRE	$5,846	$6,068	$5,403	$8,383	$5,901
Number of Retirees	36	36	13	1	86
2008					
Avg Monthly Annuity	$3,093	$5,144	$4,950	$4,283	$4,239
Avg Monthly FRE	$5,988	$7,495	$6,326	$5,354	$6,516
Number of Retirees	25	19	16	2	62
2009					
Avg Monthly Annuity	$3,358	$4,419	$5,503	$4,967	$4,454
Avg Monthly FRE	$6,613	$6,569	$7,286	$6,209	$6,837
Number of Retirees	21	17	22	1	61

FRE = Final Rate of Earnings used to calculate retirement benefit.

Note: This schedule excludes members retiring with money purchase benefits, reciprocal benefits, or multiple plans.

Table XVIII

Analysis of Initial Retirement Benefits - Elected County Official Plan (ECO)

Last Ten Years

	Years of Credited Service							
	8-9	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
2000								
Avg Monthly Annuity		$1,086	$3,707	$1,664				$2,201
Avg Monthly FRE		$2,964	$5,600	$2,080				$3,474
Number of Retirees		3	4	5				12
2001								
Avg Monthly Annuity		$292	$452	$1,345	$1,824			$864
Avg Monthly FRE		$1,202	$1,282	$1,808	$2,280			$1,560
Number of Retirees		3	4	3	2			12
2002								
Avg Monthly Annuity	$619	$441	$1,892	$2,849				$1,462
Avg Monthly FRE	$2,330	$1,126	$2,907	$3,562				$2,389
Number of Retirees	4	10	9	7				30
2003								
Avg Monthly Annuity	$315	$454	$2,932	$3,790	$7,117			$2,633
Avg Monthly FRE	$1,312	$1,137	$4,321	$4,737	$8,896			$3,708
Number of Retirees	1	3	3	3	1			11
2004								
Avg Monthly Annuity		$1,215	$3,671	$3,874			$1,780	$2,840
Avg Monthly FRE		$2,779	$5,567	$4,843			$4,111	$4,294
Number of Retirees		7	5	8			1	21
2005								
Avg Monthly Annuity		$1,787	$3,365	$5,627	$6,926			$4,392
Avg Monthly FRE		$3,612	$4,160	$7,034	$8,658			$5,878
Number of Retirees		2	1	3	1			7
2006								
Avg Monthly Annuity	$609	$1,296	$3,113	$3,063				$2,046
Avg Monthly FRE	$2,437	$2,942	$4,434	$4,021				$3,491
Number of Retirees	6	8	8	6				28
2007								
Avg Monthly Annuity	$254	$1,435	$2,940	$4,848				$2,630
Avg Monthly FRE	$1,033	$3,243	$4,013	$6,060				$3,917
Number of Retirees	2	5	6	4				17
2008								
Avg Monthly Annuity	$287	$1,550	$4,249	$4,340	$ 664			$2,505
Avg Monthly FRE	$1,184	$3,773	$6,094	$5,425	$ 830			$4,025
Number of Retirees	3	10	3	8	2			26
2009								
Avg Monthly Annuity	$1,489	$1,987	$2,804	$2,523				$2,241
Avg Monthly FRE	$5,958	$4,358	$4,511	$3,154				$4,247
Number of Retirees	1	7	3	3				14

FRE = Final Rate of Earnings used to calculate retirement benefit.

Note: This schedule excludes members retiring with money purchase benefits, reciprocal benefits, or multiple plans.

Table XIX

Annuitants by Age

	Retirees			Surviving Spouses			Beneficiaries		
Ages	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Under 55	349	75	424	12	121	133	51	107	158
55 to 59	3,153	4,278	7,431	26	181	207	13	30	43
60 to 64	4,656	8,789	13,445	97	420	517	15	48	63
65 to 69	5,074	10,721	15,795	203	770	973	11	41	52
70 to 74	4,547	9,187	13,734	364	1,121	1,485	8	39	47
75 to 79	3,718	7,410	11,128	564	1,618	2,182	7	26	33
80 to 84	2,949	5,978	8,927	700	1,973	2,673	6	18	24
85 to 89	1,593	3,932	5,525	614	1,891	2,505	4	25	29
90 to 94	537	1,660	2,197	250	1,009	1,259	--	12	12
95 to 100	123	407	530	79	352	431	1	5	6
101 and over	5	36	41	5	42	47	--	2	2
Total	26,704	52,473	79,177	2,914	9,498	12,412	116	353	469

Table XX

Active Members by Age

	All Plans			Sheriff's Law Enforcement Personnel			Elected County Officials		
Ages	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Under 20	188	218	406	--	--	--	--	--	--
20 to 29	8,269	11,059	19,328	609	108	717	2	--	2
30 to 39	12,147	17,162	29,309	1,252	222	1,474	25	10	35
40 to 49	17,112	33,703	50,815	1,288	233	1,521	68	30	98
50 to 54	10,477	21,363	31,840	381	73	454	80	42	122
55 to 59	8,959	16,888	25,847	259	43	302	76	36	112
60 to 69	7,984	12,965	20,949	128	17	145	86	35	121
70 and Over	1,504	1,382	2,886	5	3	8	31	14	45
Total	66,640	114,740	181,380	3,922	699	4,621	368	167	535

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