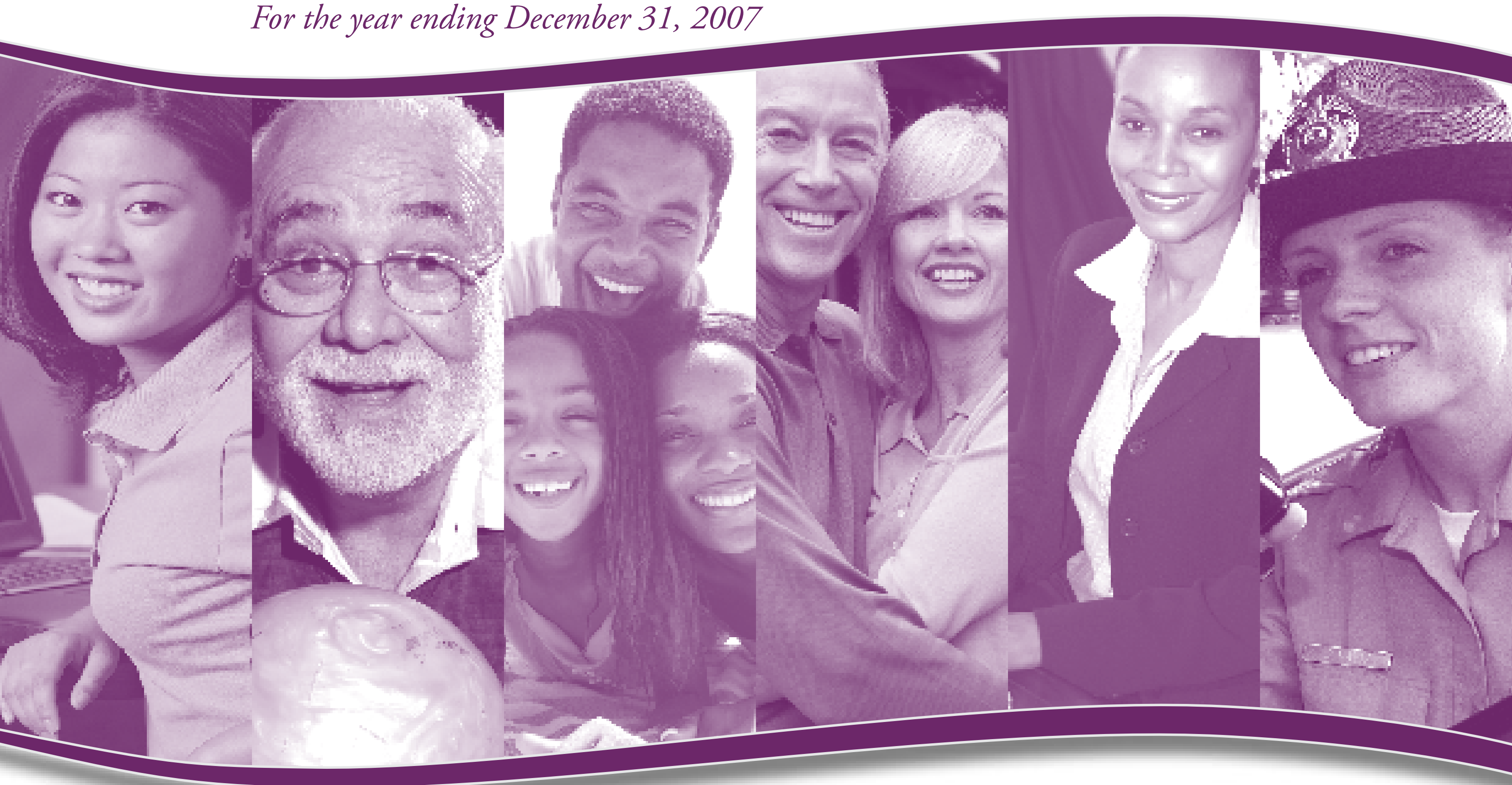
2007
Illinois Municipal Retirement Fund

Comprehensive Annual Financial Report

For the year ending December 31, 2007



For every phase of life,

IMRF is there.

2007

Illinois Municipal Retirement Fund

Comprehensive Annual Financial Report

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
2211 York Road Suite 500
Oak Brook, IL 60523-2337
www.imrf.org
1-800-ASK-IMRF

Louis W. Kosiba,
Executive Director

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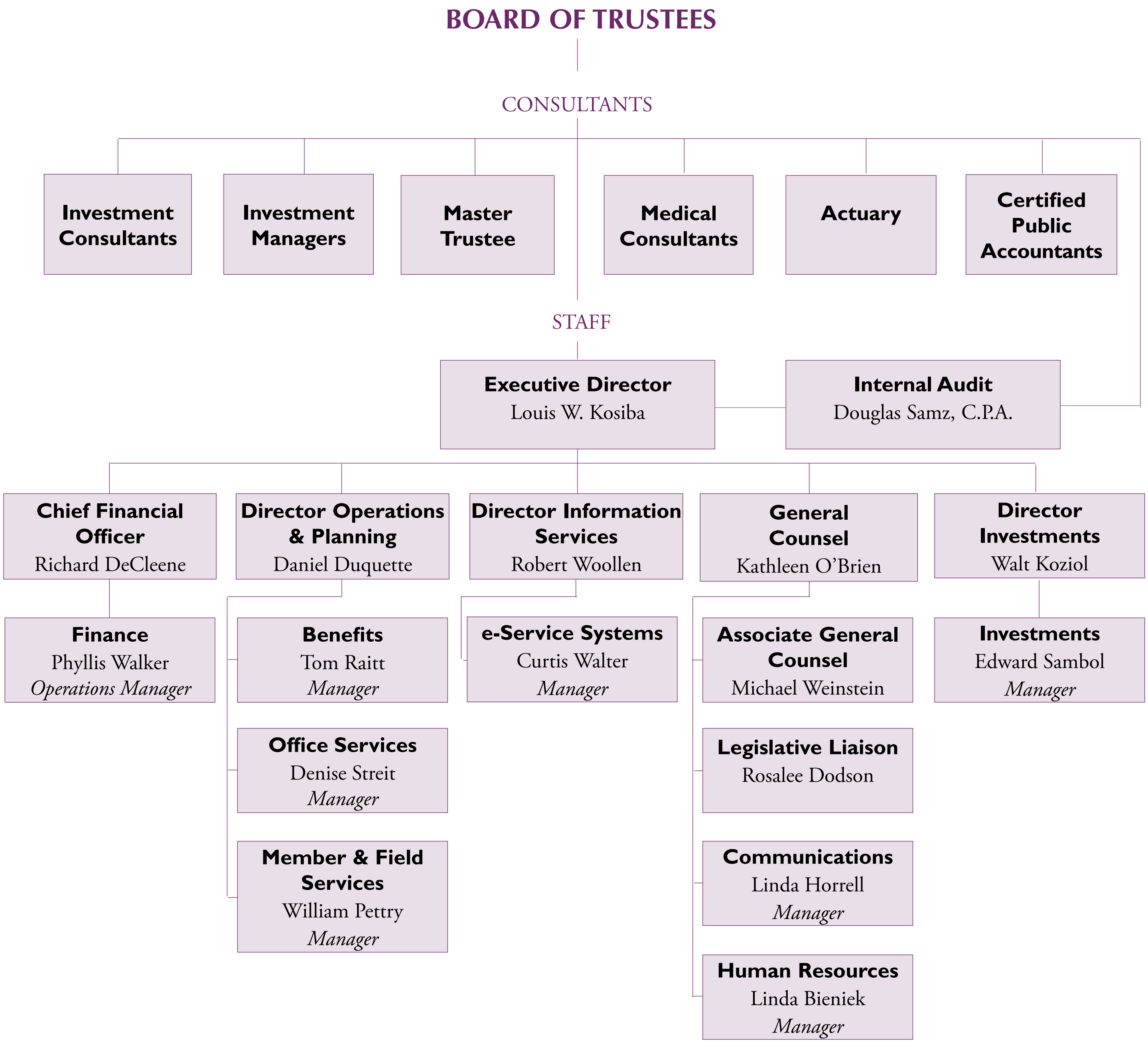
2008 Board of Trustees



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
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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

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Presented to

Illinois Municipal Retirement Fund

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2006

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

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May 13, 2008

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, 2007. 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.

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

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. The Internal Auditor meets at least twice a year with the Audit Committee—once to report on the planned scope of the annual internal audit plan and again to report on the results of the 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 2007 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 2,926 different employers, 177,783 participating members and 87,687 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 2007 and 2006.

	2007 (millions)	2006 (millions)	Dollar Change	Percent Change
Additions	$2,697	$3,552	$(855)	(24)%
Deductions	981	917	64	7
Net Change	$1,716	$2,635	$(919)	(35)%

The significant change in Additions between 2007 and 2006 is primarily due to an $868 million decrease in investment income. The financial markets in 2007 provided a total return of 8.5 percent versus a total return in 2006 of 13.9 percent. The increase in Deductions is primarily due to increased benefit payments caused by an increase in the number of benefit recipients from 84,704 to 87,687. 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 15% corridor to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2007 valuation, the actuarial value of assets was $23.3 billion. The aggregate actuarial liability for all IMRF employers was $24.2 billion. The actuarial funding ratio is currently 96.1 percent. This is an increase from the funding ratio of 95.3 percent for 2006. 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. 2007 investment earnings were $1,799 million and represented 66.7 percent of Plan Additions. In the five years—2007 through 2003—investment income represented the following percentage of Additions to plan net assets:

Year	Percentage of Plan Additions
2007	66.7%
2006	75.1%
2005	66.5%
2004	73.7%
2003	83.9%

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

Currently, 67 professional investment management firms, handling 81 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

Ruth E. Faklis, Library Director for Prairie Trails Public Library District, was elected as an executive trustee. Her five-year term began January 1, 2008.

b. Systems Development

IMRF's major system development efforts in 2007 focused on:

- Extending the successful Employer secure website to provide online member enrollment.
- Installing redundant (backup) web hardware and internet connectivity to ensure the highest levels of reliability and availability.
- Implementing a New Benefit Estimates System and standardizing member data calculations to improve both speed and accuracy.
- Adding over 1.5 million electronic documents to our document archive to reduce paper mailing and improve security.

IMRF's major 2008 system development priorities focus on:

- Redesigning the Annual Member Statement to better communicate the value of IMRF benefits.
- Implementing new telephone and call center systems to further enhance service to members and employers.
- Implementing a revised Member Access website to expand self-service options.
- Automating processing of the growing number of reciprocal claims to speed approval times.

c. Investment Activities

The Board of Trustees, its consultant and IMRF staff review the asset allocation annually. In 2007, the strategic targets for the asset classes used by IMRF were reaffirmed to be the following:

Asset Class	Target
US Equities	39%
Non-US Equities	15%
Fixed Income	36%
Real Estate	4%
Cash	1%
Alternative Investments	5%

These targets will be reviewed again in 2008 upon completion of an updated Asset Liability Study.

On August 28, 2007, Public Act 94-0079 the "Act to End Atrocities and Terrorism in the Sudan" was repealed by Public Act 95-0521 so that divestment from firms doing business in Sudan was no longer required of IMRF. The new Act did go on to require Illinois Finance Entities, with which IMRF does business, to certify they are in compliance with the Illinois High Risk Loan Act. All entities with which IMRF does business are in compliance.

In 2007, the Board of Trustees approved a proposal to recapitalize the IMRF 4% real estate investment target. This multi-year plan projected that $200 million would be invested into core real estate; $245 million would be invested into value added real estate; and, $100 million would be invested into opportunistic real estate. In 2007, $100 million each was invested into core real estate assets with BlackRock Granite Property Fund and Morgan Stanley Prime Property Fund. Additional funds will be invested into value added and opportunistic real estate investments in 2008 and beyond.

Other major investment activities last year and through April 30, 2008 were as follows:

- Approved a new Real Estate Statement of Investment Policy.
- Retained Muller and Monroe Asset Management to manage a private equity fund-of-funds.
- Terminated the Boston Company international equity portfolio.
- Terminated the Jacob Levy Equity Management Inc. equity portfolio.
- Retained Arrowstreet Capital to manage an international equity portfolio.

d. e-Service Goals and Strategy

IMRF offers access to both member and employer specific data through secure areas on our website—imrf.org. Utilization of these areas continued to grow in 2007. Our e-service goals include improving customer service, reducing administrative costs, providing uncompromised privacy and security of information and instituting business process reengineering. As of December 31, 2007, approximately 95% of our employers (representing 99.7% of our members) reported their wages and contributions via our on-line web wage reporting system. A number of enhancements to our e-Service offerings are planned for wide rollout in 2008 including online enrollment of new members.

e. Strategic Plan

In conjunction with updating the IMRF Strategic Plan for 2008 – 2009, the Board adopted a new vision statement: "To provide the highest quality retirement services to our members, their beneficiaries and employers." In order to achieve both our mission and vision, the Board adopted 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 pursue a series of action plans to achieve these goals.

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 received the highest service level score of the 63 participating retirement systems. Though IMRF receives 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. Business Continuity Planning

IMRF expanded its disaster recovery and business continuity planning process during 2007. We presented the details of our plans to the staff through a series of meetings, and successfully tested the plans during the year. Our existing plans provide a high level of confidence that we could effectively and efficiently restore key data and operating systems at a "hot site" in the event a disaster prevents access to our current office space. Our goal is to have the capacity to provide service to our membership within 24 hours of any disaster event. We work to continuously improve our readiness. We will continue to refine and test our disaster recovery and business continuity plans in 2008.

Reports to Membership

IMRF issued a variety of reports covering 2006 and 2007 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, 2006. 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 27 consecutive years (fiscal years 1980-2006). 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, 2006.

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.

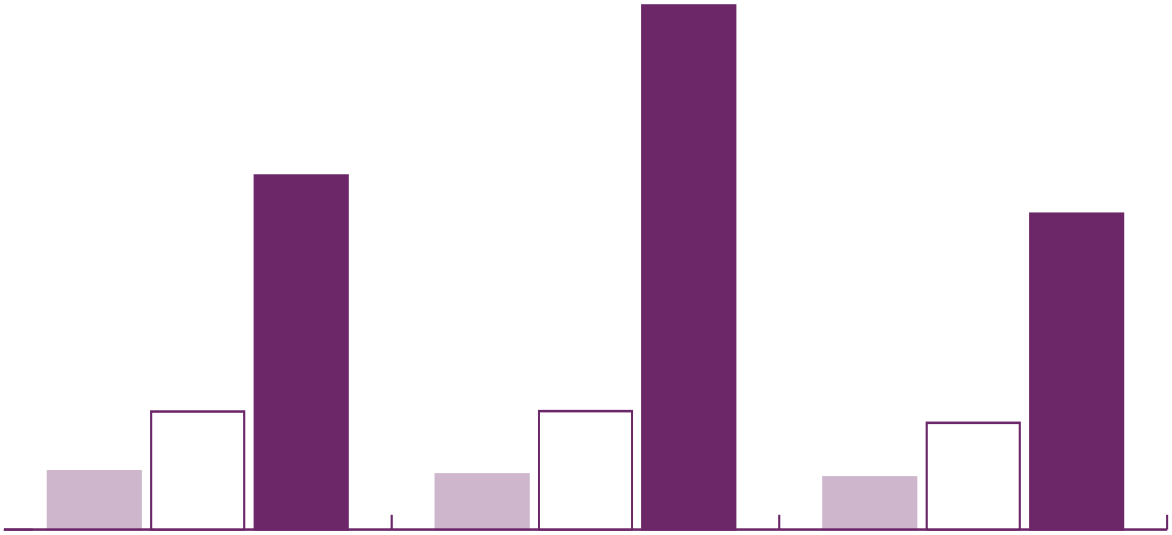
We send this report to the Authorized Agents for all participating units of government. They form the link between IMRF and its membership. Their cooperation, for which we are thankful, contributes significantly to the success of IMRF. We hope they will find this report both informative and helpful.

Respectfully submitted,

Louis W. Kosiba

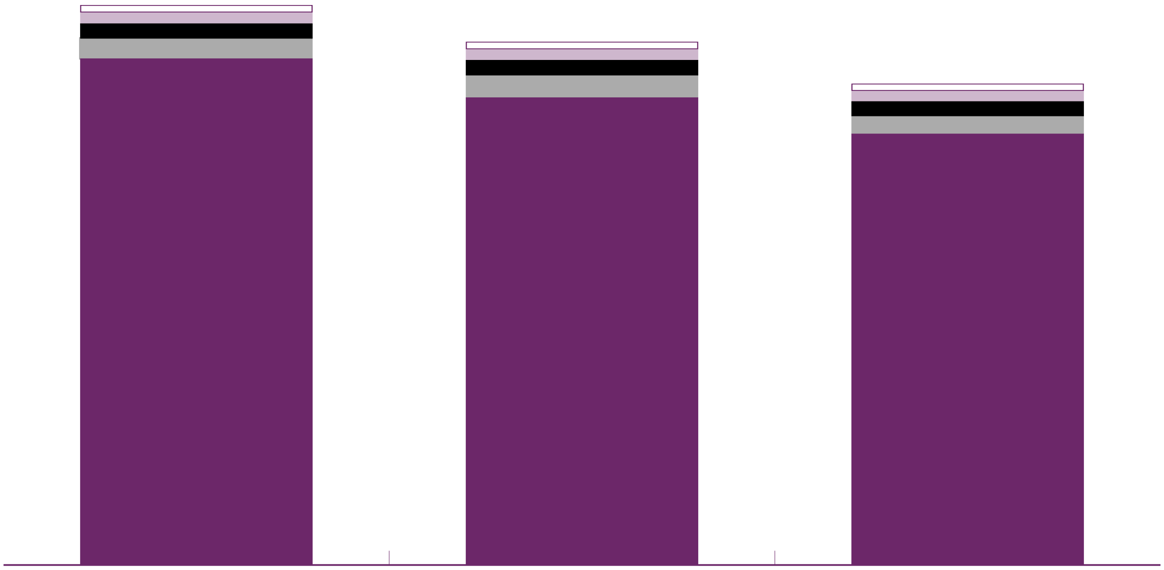
Richard J. DeCleene
Chief Financial Officer

Revenues by Source



	2007	2006	2005
Members	$296,690,070	$280,997,170	$265,568,534
Employers	600,822,135	602,775,795	543,263,475
Investments	1,799,397,454	2,667,706,893	1,607,738,595
	$2,696,909,659	$3,551,479,858	$2,416,570,604

Expenses by Type



	2007	2006	2005
Annuities	$887,279,625	$ 818,940,511	$755,367,768
Refunds	36,206,951	40,095,036	32,120,791
Death	25,133,776	25,612,734	24,666,238
Administrative	20,811,398	20,339,190	19,650,440
Disability	11,592,431	11,652,351	11,299,694
	$981,024,181	$916,639,822	$843,104,931

Financial

2007

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

Independent Auditors' Report

To the Board of Trustees
Illinois Municipal Retirement Fund
Oak Brook, Illinois

We have audited the accompanying statement of plan net assets of the Illinois Municipal Retirement Fund (Fund) as of December 31, 2007, and the related statement of changes in plan net assets for the year 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 audit. The financial statements of the Fund as of and for the year ended December 31, 2006 were audited by other auditors whose report thereon dated May 8, 2007 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audit provides 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, 2007, and the changes in its net assets for the year 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. 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 2007 supplementary information 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 for the year ended December 31, 2007. 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.

The report of the other auditors referred to above, dated May 8, 2007, stated that the supplementary information for the year ended December 31, 2006, on page 39, was subjected to auditing procedures applied in their audit of the 2006 basic financial statements and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2006, taken as a whole.

KPMG LLP

May 13, 2008

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, 2007 and 2006. 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 2007, contributions of $898 million and investment income of $1,799 million exceed deductions to net assets of $981 million by $1,716 million. This net increase brought the Plan's net asset base to $24.2 billion. For actuarial calculations, IMRF's actuary uses a five-year smoothed market-related value with a 15 percent corridor to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2007 valuation, the actuarial value of assets was $23.3 billion. The aggregate actuarial liability for all IMRF employers was $24.2 billion. On an actuarial basis, the assets held currently fund 96.1 percent of this liability. This is an increase from the funding ratio of 95.3 percent for 2006. If the market value of assets is used (i.e., no actuarial smoothing), the funding ratio is 100 percent as of December 31, 2007, a decrease from 100.1 percent as of December 31, 2006. The main reason for the increase in the actuarial funding ratio is the fact that the Fund earned an 8.9 percent actuarial investment return versus an actuarial investment return assumption of 7.5 percent. As of December 31, 2007, IMRF's market-based funding value was greater than the actuarial funding value since there were $937 million of unrecognized investments gains which will be reflected in the 2008 through 2011 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 2007 versus 2006 and 2006 versus 2005 are presented below.

Condensed Statements of Plan Net Assets

(In millions)

	2007	2006	Dollar Change	Percent Change
Cash and cash equivalents	$ 29	$ 22	$ 7	32%
Receivables and prepaids	929	1,040	(111)	(11)
Investments	24,707	23,003	1,704	7
Invested securities lending cash collateral	2,639	2,640	(1)	--
Capital assets, net	1	1	--	--
Total assets	28,305	26,706	1,599	6
Liabilities	4,082	4,199	(117)	(3)
Total plan net assets	$ 24,223	$ 22,507	$ 1,716	8%

As the previous table shows, plan net assets increased by $1,716 million (8 percent) in 2007. This increase reflects the investment gains in 2007 due to the continuing bull market that began in 2003.

The following table presents the investment allocation as of year-end 2007 and 2006 as compared to IMRF's target allocation.

	2007	2006	Target
Fixed income	34.9%	33.5%	36.0%
Stocks	55.6	57.8	54.0
Real estate	2.5	2.4	4.0
Alternative	3.8	3.8	5.0
Short-term	3.2	2.5	1.0

The decrease in receivables and prepaids in 2007 is largely due to the decrease in the receivable from brokers for unsettled trades at year-end as well as a decrease in accrued investment income. The decrease in liabilities in 2007 is due to a decrease in payables to brokers for unsettled trades at year-end.

Condensed Statements of Plan Net Assets

(In millions)

	2006	2005	Dollar Change	Percent Change
Cash and cash equivalents	$ 22	$ 21	$ 1	5%
Receivables and prepaids	1,040	751	289	38
Investments	23,003	20,130	2,873	14
Invested securities lending cash collateral	2,640	2,781	(141)	(5)
Capital assets, net	1	1	--	--
Total assets	26,706	23,684	3,022	13
Liabilities	4,199	3,812	387	10
Total plan net assets	$ 22,507	$ 19,872	$ 2,635	13 %

As the above table shows, plan net assets increased by $2,635 million (13 percent) in 2006. This increase reflects the strong investment gains in 2006 due to the continuing bull market that began in 2003.

The increase in receivables and prepaids in 2006 is largely due to the increase in the receivable from brokers for unsettled trades at year-end as well as an increase in accrued investment income. The increase in liabilities in 2006 is due to an increase in payables to brokers for unsettled trades at year-end offset by a decrease in securities lending cash collateral held at year-end due to the fact that fewer securities were on loan at December 31, 2006 compared to the prior year.

Changes in Plan Net Assets

Summarized comparisons of IMRF's Changes in Plan Net Assets for 2007 versus 2006 and 2006 versus 2005 are presented below.

Condensed Statements of Changes in Plan Net Assets

(In millions)

	2007	2006	Dollar Change	Percent Change
Additions				
Member contributions	$ 297	$ 281	$ 16	6%
Employer contributions	601	603	(2)	--
Net investment gain	1,799	2,668	(869)	(33)
Total additions	2,697	3,552	(855)	(24)
Deductions				
Benefits	924	857	67	8
Refunds	36	40	(4)	(10)
Administrative expenses	21	20	1	5
Total deductions	981	917	64	7
Net increase in plan net assets	$ 1,716	$ 2,635	$ (919)	(35)%

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2007 totaled $898 million which was 2 percent more than 2006. The decrease in employer contributions was due to a decrease in the average employer rate in 2007 versus 2006 due to the improved actuarial funded status of the plan. Investment returns for 2007 at 8.5 percent exceeded our actuarial return assumption of 7.5 percent but were less than our 2006 returns of 13.9 percent. The $1,799 million investment gain in 2007 represents an $869 million decrease from the $2,668 million gain in 2006. IMRF's total investment portfolio returns reflected the slowing market performance as compared to 2006.

The increase in member contributions is due to an increase in total member earnings to $5,931 million from $5,631 million in 2006. The member contribution rate remained at 4.5 percent of earnings for Regular members and 7.5 percent for the optional Elected County Officials (ECO) members. The member contribution rate for Sheriff's Law Enforcement Personnel (SLEP) members was 7.5 percent for the entire year. In 2006 the SLEP contribution rate increased to 7.5 percent from 6.5 percent effective June 1, 2006.

The decrease in employer contributions is the net effect of several factors. Member earnings increased overall by 5.3 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 10.13 percent of payroll in 2007 from 10.71 percent in 2006. This decrease in the composite average employer rate is due to the improvement in the Fund's overall actuarial funded status. The decrease in the average employer rate more than offset the impact of the growth in member earnings.

In 2007, IMRF achieved net appreciation in the value of investments of $1,307 million, an $868 million decrease from the $2,175 million of appreciation recorded in 2006. Interest, dividends and equity fund income totaled $543 million, the same as 2006. Securities lending income net of related expenses was $12.5 million for 2007, an increase of $4.6 million from 2006. Direct investment expenses increased to $63.3 million in 2007 from $58.6 million in 2006.

The total rate of return for the portfolio in 2007 was 8.5 percent compared to 13.9 percent in 2006. IMRF's U.S. stock portfolio returned 7.1 percent compared to 5.6 percent for the Dow Jones Wilshire 5000 Index. The fixed income portfolio returned 5.7 percent compared to 7.0 percent for the Lehman Aggregate Bond Index. Our international stock portfolio returned 14.9 percent compared to 16.7 percent for the MSCI All-Country World Free ex-US Index. The real estate portfolio returned 9.3 percent compared to 15.8 percent for the NCREIF Property Index. The alternative investment portfolio returned 19.9 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, 2007 are:

Period	Annualized returns
Three years	10.3% per year
Five years	13.1% per year
Ten years	8.2% per year

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2007 totaled $981 million, an increase of $64 million over 2006. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 87,687 in 2007 from 84,704 in 2006 as well as an increase in the amount of the average benefit.

Condensed Statements of Changes in Plan Net Assets

(In millions)

	2006	2005	Dollar Change	Percent Change
Additions				
Member contributions	$ 281	$ 266	$ 15	6%
Employer contributions	603	543	60	11
Net investment gain	2,668	1,608	1,060	66
Total additions	3,552	2,417	1,135	47
Deductions				
Benefits	857	791	66	8
Refunds	40	32	8	25
Administrative expenses	20	20	--	--
Total deductions	917	843	74	9
Net increase in plan net assets	$2,635	$1,574	$ 1,061	67%

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2006 totaled $884 million which was 9 percent more than 2005. Investment returns for 2006 were quite strong and surpassed those of 2005. The $2,668 million investment gain in 2006 represents a $1,060 million increase from the $1,608 gain in 2005. IMRF's total investment portfolio, reflecting the improved market performance from 2005, returned 13.9 percent in 2006 compared to 8.7 percent in 2005.

The increase in member contributions is due to an increase in total member earnings to $5,631 million from $5,375 million in 2005. The member contribution rate remained at 4.5 percent of earnings for Regular members and 7.5 percent for the optional Elected County Officials (ECO) members. The member contribution rate for Sheriff's Law Enforcement Personnel members increased to 7.5 percent from 6.5 percent effective June 1, 2006.

The increase in employer contributions is the net effect of several factors. Member earnings increased overall by 4.8 percent. This increase in member earnings caused employer contributions to increase. In addition, the average Regular Plan, SLEP Plan and ECO Plan employer rates increased to 10.04 percent from 9.25 percent, to 18.25 percent from 17.15 percent and to 44.90 percent from 42.66 percent, respectively. These employer rate increases are primarily due to the negative investment return in 2002.

In 2006, IMRF achieved net appreciation in the value of investments of $2,175 million, a $948 million increase from the $1,227 million of appreciation recorded in 2005. Interest, dividends and equity fund income totaled $543 million, an increase of $117 million from 2005. Securities lending income net of related expenses was $7.9 million for 2006, an increase of $.7 million from 2005. Direct investment expenses increased to $58.6 million in 2006 from $52.0 million in 2005.

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2006 totaled $917 million, an increase of $74 million over 2005. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 84,704 in 2006 from 82,108 in 2005 as well as an increase in the amount of the average benefit.

Economic Factors Impacting 2008

The Fund's estimated investment return for the four months ended April 30, 2008, has been approximately a negative 2.4 percent, a negative 7.2 percent on an annualized basis. IMRF's total investments as of April 30, 2008, are approximately $23.9 billion, a decrease of approximately $800 million since year-end.

Statements of Plan Net Assets

	December 31 2007	December 31 2006
Assets		
Cash and cash equivalents	$29,306,201	$22,390,221
Receivables and prepaid expenses		
Contributions	56,521,267	65,592,044
Investment income	85,519,333	115,342,085
Receivables from brokers for unsettled trades	723,121,423	801,275,828
Prepaid expenses	63,746,563	58,136,711
Total receivables and prepaid expenses	928,908,586	1,040,346,668
Investments, at fair value		
Fixed income	8,615,554,503	7,713,129,550
Stocks	13,738,124,803	13,300,645,015
Short term investments	788,482,379	577,937,893
Real estate	624,272,907	546,008,202
Alternative investments	940,821,377	865,118,554
Total investments	24,707,255,969	23,002,839,214
Invested securities lending cash collateral	2,639,357,921	2,639,794,666
Capital assets		
Equipment, at cost	4,704,505	4,654,286
Accumulated depreciation	(4,186,283)	(3,998,291)
Total capital assets	518,222	655,995
Total assets	28,305,346,899	26,706,026,764
Liabilities		
Accrued expenses and benefits payable	23,678,887	22,179,849
Securities lending cash collateral	2,639,357,921	2,639,794,666
Payables to brokers for unsettled trades	1,418,815,175	1,536,442,811
Total liabilities	4,081,851,983	4,198,417,326
Net assets held in trust for pension benefits	$24,223,494,916	$22,507,609,438

(A schedule of funding progress is presented on page 38.)

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

Statements of Changes in Plan Net Assets

	Years Ended December 31	
	2007	2006
Additions		
Contributions		
Members for retirement coverage	$296,690,070	$280,997,170
Employers for benefit plan coverage	600,822,135	602,775,795
Total contributions	897,512,205	883,772,965
Investment Income		
From investing activities		
Interest	291,930,193	286,545,278
Dividends	179,054,116	160,146,627
Equity fund income, net	72,008,896	96,362,399
Net appreciation in fair value of investments	1,307,170,149	2,175,316,837
Investment activity gain	1,850,163,354	2,718,371,141
Less: Direct investment expense	(63,270,337)	(58,589,935)
Net investment activity gain	1,786,893,017	2,659,781,206
From security lending activity		
Securities lending income	162,682,833	146,165,074
Securities lending management fees	(2,205,451)	(1,396,463)
Securities lending borrower rebates	(147,978,994)	(136,849,239)
Net security lending activity income	12,498,388	7,919,372
Total investment gain	1,799,391,405	2,667,700,578
Other	6,049	6,315
Total additions	2,696,909,659	3,551,479,858
Deductions		
Annuities	887,279,625	818,940,511
Disability benefits	11,592,431	11,652,351
Death benefits	25,133,776	25,612,734
Refunds	36,206,951	40,095,036
Administrative expenses	20,811,398	20,339,190
Total deductions	981,024,181	916,639,822
Net increase	1,715,885,478	2,634,840,036
Net assets held in trust for pension benefits		
Beginning of year	22,507,609,438	19,872,769,402
End of year	$24,223,494,916	$22,507,609,438

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

Notes to Financial Statements

December 31, 2007

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*	2007	2006
Participating employers	2,926	2,909

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*	2007	2006
Retirees and beneficiaries currently receiving benefits	87,687	84,704
Terminated members entitled to benefits but not yet receiving them	11,000	10,541
Terminated members—non-vested	101,588	98,216
Current members:		
Non-vested	95,981	95,535
Vested	81,802	78,473
Total current members	177,783	174,008
Grand Total	378,058	367,469

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. See the Required Supplementary Information and the Actuarial Section for data on the funding status. 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, 2007 and 2006. 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 or her individual benefit 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, 2007, the most recent actuarial valuation date, the plan was 96.1 percent funded on an actuarial basis. The actuarial accrued liability for benefits was $24.2 billion, and the actuarial value of assets was $23.3 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $.9 billion. The covered payroll (annual payroll of active employees covered by the plan) was $5.9 billion, and the ratio of the UAAL to the covered payroll was 16 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, present multi-year 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, 2007
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	Taxing bodies: closed, 23 years Overfunding taxing bodies: varies by funding status Non-taxing bodies: generally 5 years
Asset valuation method	Five year smoothed market related with a 15% corridor

Actuarial assumptions:

Investment rate of return	7.5 percent
Projected salary increases	4.4 to 14.0 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% and the 1994 Group Annuity Mortality Table for females multiplied by 87%; for disabled lives, the 1994 Group Annuity Mortality Table for males multiplied by 110% and the 1994 Group Annuity Table for females multiplied by 87% and set forward ten 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	2007	2006
Retirees and beneficiaries currently receiving benefits	63	59
Terminated members entitled to benefits but not yet receiving them	57	56
Terminated members—non-vested	27	22
Current members:		
Non-vested	64	66
Vested	114	109
Total current members	178	175
Grand Total	325	312

Trend Information

Actuarial Valuation Date	Annual Pension Cost (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/2007	$1,038,011	100%	$0
12/31/2006	1,047,079	100%	0
12/31/2005	943,494	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)
12/31/2007	$29,554,882	$30,454,871	$ 899,989	97.0%	$11,007,539	8.18%
12/31/2006	26,373,541	27,621,782	1,248,241	95.5%	10,608,707	11.77%
12/31/2005	23,420,031	25,214,021	1,793,990	92.9%	10,166,962	17.65%

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. *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).

5. *Method Used to Value Investments*
IMRF reports securities 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.

6. *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, 2007 and 2006, IMRF has accumulated $895,697 and $1,724,341, respectively, for future expenditures, and these credits are included in plan net assets.

C. New Accounting Pronouncements

Effective for its 2007 financial statements, IMRF adopted Statement No. 50, Pension Disclosures. GASB 50 amends Statements 25 and 27 and more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits. In 2008 IMRF will adopt the provisions of Statement No. 51, Accounting and Financial Reporting for Intangible Assets. GASB 51 will require IMRF to prospectively capitalize the cost of its internally generated computer software.

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 $100,000. 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:	2007	2006
Cash	$29,306,201	$22,390,221
Bank balances at December 31:		
Total	$27,140,671	$16,469,930
Amount exposed to custodial credit risk	$513,713	$954,710

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, 2007, and 2006.

	2007	2006
U.S. government & agency fixed income	$2,536,491,443	$2,469,926,166
U.S. corporate fixed income	2,561,874,703	2,704,085,216
U.S. fixed income funds	3,134,299,982	2,166,377,882
Foreign fixed income securities	382,888,375	372,740,286
U.S. equities	7,336,806,542	7,019,031,550
U.S. stock funds	1,926,764,789	2,334,720,987
Foreign equities	2,948,660,310	3,010,979,473
Foreign stock funds	1,525,893,162	935,913,005
Foreign currency forward contracts	370,783	147,067
Pooled short-term investment funds	777,020,884	568,144,438
Real estate	624,272,907	546,008,202
Private equity	552,548,446	520,671,653
Absolute return funds	388,272,931	344,446,901
Commercial paper	95,906	510,000
Swaps	33,181	6,998,561
Options	6,361,625	2,137,827
Margin cash	4,600,000	---
Total Investments at fair value	$24,707,255,969	$23,002,839,214

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, 2007, IMRF had $3,134,299,982 invested in the NTGI QM Collective Daily Aggregate Bond Special Purpose Index Fund. As of December 31, 2006, IMRF had $2,166,377,882 invested in the NTGI QM Collective Daily Aggregate Bond Special Purpose Index Fund and $1,524,013,005 invested in the NTGI QM Collective Daily Marketcap Equity 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.

	2007	2006
Investments in foreign currency	$4,046,309	$6,296,452

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	2007	2006
AAA	$2,297,026,608	$1,747,651,923
AA+	28,303,265	33,214,215
AA	93,470,909	95,833,249
AA-	141,060,123	76,788,148
A+	136,956,027	104,802,234
A	167,773,548	85,637,186
A-	84,982,810	68,739,960
BBB+	181,360,491	114,885,099
BBB	84,645,020	112,645,401
BBB-	130,066,185	53,906,316
BB+	40,617,749	108,721,435
BB	107,806,268	77,155,282
BB-	69,532,919	94,627,842
B+	145,518,255	157,734,098
B	157,894,174	182,628,334
B-	131,355,100	112,011,940
CCC+	107,064,493	56,869,893
CCC	25,111,361	22,192,857
CCC-	6,117,778	5,435,867
CC	1,065,057	1,832,800
C	--	7,648,749
D	6,008,466	11,461,705
Agencies	918,135,928	1,557,306,487
Not Rated	25,092,566	28,386,726
Other	28,701,969	13,643,805
Total Credit Risk Debt—Securities	5,115,667,069	4,931,761,551
U.S. Government	365,587,452	614,990,117
U.S. Fixed Income Fund	3,134,299,982	2,166,377,882
	$8,615,554,503	$7,713,129,550

The "agencies" caption in the above table does not have a specific credit quality rating since none were provided 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 Lehman Aggregate Bond Index. At December 31, 2007 and 2006, the effective duration of the Lehman Aggregate Bond Index was 4.41 and 4.46, respectively. At the same points in time, the effective duration of the Illinois Municipal Retirement Fund debt securities portfolio was 4.11 and 4.27, respectively.

Investment	2007 Fair Value	Effective Weighted Duration Rate	2006 Fair Value	Effective Weighted Duration Weight
U.S. Corporate	$2,561,874,703	4.00	$2,704,085,216	3.26
U.S. Government & Agencies	2,536,491,443	3.68	2,469,926,166	5.24
Fixed Income Fund	3,134,299,982	4.40	2,166,377,882	4.41
International	382,888,375	5.37	372,740,286	4.43
Total	$8,615,554,503	4.11	$7,713,129,550	4.27

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 market 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.

	2007	2006
Foreign Equities		
Australian dollar	$113,013,161	$71,990,300
Bermuda dollar	--	218,890
Brazilian real	34,815,479	25,719,376
British pound sterling	491,226,109	536,440,406
Canadian dollar	101,090,042	102,480,893
Chilean peso	--	203,579
Czech koruna	9,387,453	4,904,100
Danish krone	11,469,108	13,321,742
Egyptian pound	10,377,874	--
Euro	815,314,945	999,998,379
Hong Kong dollar	115,859,051	91,131,958
Hungarian forint	--	2,808,736
Indian rupee	31,396,718	35,072,511
Indonesian rupee	3,591,357	8,945,845
Japanese yen	494,091,754	493,378,774
Malaysian ringgit	11,317,514	5,165,497
Mexican peso	13,287,386	27,765,028
New Taiwan dollar	24,106,591	24,807,821
New Zealand dollar	6,686,847	7,497,045
Norwegian krone	12,566,430	23,080,763
Polish zloty	--	2,902,924
Singapore dollar	36,420,201	39,350,499
South African rand	22,630,874	13,735,085
South Korean won	58,632,196	70,425,787
Swedish krona	29,657,838	45,235,635
Swiss franc	166,315,526	168,761,023
Turkish lira	5,822,763	2,086,995
United States dollar	1,855,476,255	1,129,462,887
	4,474,553,472	3,946,892,478
Foreign Fixed Income		
Argentine peso	--	1,731,595
Australian dollar	19,395,019	579,740
British pound sterling	15,202,479	3,637,377
Canadian dollar	1,268,662	2,877,216
Euro	23,844,379	22,198,453
Japanese yen	1,117,496	612,822
New Zealand dollar	751,114	722,419
Norwegian krone	--	286,454
Swedish krona	--	1,276,625
United States dollar	321,309,226	338,817,585
	382,888,375	372,740,286
	$4,857,441,847	$4,319,632,764

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 103 days as of December 31, 2007, and 112 days as of December 31, 2006. 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 27 days as of December 31, 2007, and which had an interest sensitivity of 42 days as of December 31, 2006. 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 2007 and 2006, 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 $2,639,357,921 and $2,639,794,666 at December 31, 2007 and 2006, respectively.

Loans outstanding as of	December 31, 2007	December 31, 2006
Market value of securities loaned	$2,723,543,289	$2,684,116,598
Market value of collateral received	$2,800,772,413	$2,767,581,580

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 market value of the underlying currency varies from the original contract price, IMRF records an unrealized gain or loss. The market value of forward currency contracts outstanding at December 31, 2007 and 2006 are as follows:

Market Value as of	December 31, 2007	December 31, 2006
Forward currency purchases	$ 74,124,150	$ 63,441,029
Forward currency sales	73,753,367	63,293,962
Unrealized, gain	$ 370,783	$ 147,067

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, 2007 and 2006 are as follows:

Contractual Amount as of	December 31, 2007	December 31, 2006
Fixed income futures sold	$436,797,348	$ 53,501,219
Fixed income futures purchased	$436,797,348	$ 53,501,219
Equity futures purchased	$ 29,691,720	$ 16,478,475
Equity futures sold	$ 29,691,720	$ 16,478,475
Cash and cash equivalent futures sold	$334,875,747	$103,646,250
Cash and cash equivalent futures purchased	$334,875,747	$103,646,250

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, 2007	December 31, 2006
Financial options, gain	$ 6,361,625	$ 2,137,827

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, 2007	December 31, 2006
Swaps, gain	$ 33,181	$ 6,998,561

G. Future Investment Commitments

At December 31, 2007 and 2006, IMRF had future commitments for additional contributions to real estate and alternative investment managers totaling $372,803,131 and $299,876,340 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 20 retirees are in the plan and 166 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. IMRF adopted Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB Statement 45) in 2005.

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 2007 and 2006, IMRF contributed $1,403,920 and $1,448,316, respectively, to the plan for current premiums, including a $34,594 subsidy in 2007 and a $29,010 subsidy in 2006 for retiree health and dental care premiums (78.9 percent and 79.6 percent of total premiums for each year). Plan members receiving benefits contributed $375,597 in 2007 and $371,304 in 2006, or 21.1 percent and 20.4 percent of the total premiums for each year, through their required contributions of between $41 and $340 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:

	2007	2006
Annual required contribution	$ 175,917	$ 179,675
Interest on net OPEB obligation	13,986	6,311
Adjustment to annual required contribution	(6,216)	(2,805)
Annual OPEB expense	183,687	183,181
Contributions made	(91,420)	(80,851)
Increase in net OPEB obligation	92,267	102,330
Net OPEB obligation - beginning of year	186,483	84,153
Net OPEB obligation - end of year	$ 278,750	$ 186,483

In 2007, 2006 and 2005, IMRF contributed 52 percent, 45 percent and 44 percent, respectively, of the annual required OPEB contribution to the plan.

4. *Actuarial Valuation Information*

Actuarial Valuation Date	Accrued Liability (AAL) (a)	Actuarial Covered Annual Payroll (b)	AAL as a Percentage of Covered Payroll (a/b)
12/31/2007	1,813,650	9,882,923	18.4
12/31/2006	1,810,853	9,872,250	18.3
12/31/2005	1,926,352	9,222,369	20.9

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, 2007 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 9.5 percent initially, reduced by decrements to an ultimate rate of 4 percent after eight 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 2007, the retirement reserves for all employers combined exceeded the present value of expected retirement benefits by $1,951,200. In 2006, the retirement reserves for all employers combined exceeded the present value of expected retirement benefits by $19,424,407.

1. *Member Contribution Reserve*	2007	2006
Balance at December 31	$4,248,213,009	$3,960,727,585

2. *Annuity Reserve*	2007	2006
Balance at December 31	$9,401,114,391	$8,650,635,472

3. *Employer Reserves*	2007	2006
Balance at December 31		
Retirement contribution reserve	$10,525,656,429	$9,858,318,319
Earnings and experience reserve	20,238,511	17,335,558
Supplemental retirement benefit	2,264,101	1,947,786
Pooled death benefit reserve	12,614,401	8,175,295
Pooled disability benefit reserve	13,394,074	10,469,423
	$10,574,167,516	$9,896,246,381

J. Other Notes

1. *Prepaid Expenses*	2007	2006
Balance at December 31		
Prepaid administrative expenses	$ 1,094,181	$ 580,695
January 1 benefits charged to bank account in December	62,652,382	57,556,016
	$ 63,746,563	$ 58,136,711

2. *Capital Assets*
Capital assets are recorded at their cost at the time of acquisition. Depreciation is 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 and 3) automobiles: four years.

Year ended December 31	2007	2006
Equipment, furniture and automobiles		
Beginning balance	$4,654,286	$4,386,444
Additions	120,968	341,722
Deletions	(70,749)	(73,880)
Ending balance	4,704,505	4,654,286
Accumulated depreciation		
Beginning balance	3,998,291	3,755,312
Additions	249,906	316,859
Deletions	(61,914)	(73,880)
Ending balance	4,186,283	3,998,291
Capital assets, net	$ 518,222	$ 655,995

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, 2007, a liability existed for accumulated annual leave calculated at the employee's December 31, 2007 pay rate in the amount of $588,622. 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, 2007, a liability existed for accumulated and accrued sick leave, calculated at the employee's December 31, 2007 pay rate in the amount of $1,988,545. The total leave liability of $2,577,167 and $2,423,606 as of December 31, 2007, and 2006, 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 2007 and 2006 was $764,437 and $741,477 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 2007 and 2006 was $31,206 and $30,554, respectively.

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

2008	$871,776
2009	897,756
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)
1998	$ 11,860,879,198	$ 11,636,495,534	98.1%	$ 224,383,664	$ 3,696,074,942	6.1%
1999*	13,005,023,293	13,520,192,111	104.0%	(515,168,818)	3,952,129,535	-13.0%
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%

* 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
1998	$ 274,024,269	$ 50,551,829	$ 16,661,873	$ 22,958,697	$ 364,196,668	100%
1999	293,310,795	47,851,978	13,647,855	24,384,264	379,194,892	100%
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%

Supplementary Information

Schedule of Administrative Expenses

	2007	2006
Personal services	$14,682,988	$14,593,648
Supplies	386,244	360,867
Professional services	860,400	980,861
Occupancy and utilities	1,670,853	1,373,243
Postage and delivery	859,969	811,277
Equipment service and rental	803,559	690,027
Expendable equipment	208,714	196,802
Miscellaneous	1,088,765	1,015,606
Depreciation	249,906	316,859
Total	$20,811,398	$20,339,190

Schedule of Payments to Consultants

	2007	2006
External auditor	$ 95,000	$ 111,000
Internal auditor	90,166	55,845
Other auditing/consulting	67,863	36,000
Medical consultant	74,850	70,025
Legal services	36,606	9,785
Tax consultant	12,759	10,863
Actuary	244,435	264,476
Compensation and benefit consultants	41,208	66,183
Legislative and lobbying consultant	57,750	55,861
Public relations consultant	74,222	150,145
IT consultants	58,894	150,678
Telecommunications	6,647	--
Total	$ 860,400	$ 980,861

Schedule of Investment Expenses

	2007	2006
Investment manager fees	$62,107,437	$57,529,977
Master trustee fees	277,500	275,625
Investment consultants	788,667	697,275
Investment legal fees	25,002	10,221
Miscellaneous	71,731	76,837
Total	$63,270,337	$58,589,935

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

Investments
2007

ENNISKNUPP

April 25, 2008

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 2007.

All major capital markets ended the year in positive territory. U.S. equity markets returned 5.6%, as measured by the Dow Jones Wilshire 5000 Index, non-U.S. equity markets returned 16.7%, as measured by the MSCI All Country World ex-U.S. Index, and fixed income markets returned 7.0%, as measured by the Lehman Brothers Aggregate Bond Index.

The Illinois Municipal Retirement Fund reported total net assets held in trust for pension benefits of $24.2 billion at year end. This represented an increase of approximately $1.7 billion from December 31, 2006.

The Total Fund returned 8.5% during 2007, which trailed the Total Fund Benchmark by 10 basis points. 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 just above the median of the Mellon Analytical Services (MAS) Public Fund Universe for the one-year period. (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.) All asset classes advanced in absolute terms over the one-year period. The performance of the Total Fund can be attributed to the Fund's broad and well diversified structure.

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[1] As of December 31, 2007, the Total Fund Benchmark consisted of 39% of the DJ Wilshire 5000 Index, 36% of the LB Aggregate Bond Index, 15% of the MSCI AC World ex-U.S. Index, 4% of the NCREIF + 1% Index, 5% of the Alternatives Custom Benchmark, and 1% of the Citigroup 90-Day T-Bill Index.

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The U.S. equity portfolio, which has a policy target allocation of 39%, advanced 7.1% for the year ending December 31, 2007, outperforming the Dow Jones Wilshire 5000 Index by 1.5 percentage points. Each of the component's aggregated sub-portfolios advanced in absolute terms with the exception of the small cap value portfolio. However, while the Fund's large cap value, active core, small cap growth and small cap value portfolios outperformed their respective benchmarks, the Fund's large cap growth and micro cap equity portfolios underperformed their respective benchmarks. Relative performance for the U.S. equity portfolio over the trailing three-, five-, and ten-year periods has been favorable.

The non-U.S. equity portfolio gained 14.9% over the one-year period and underperformed the MSCI All-Country World ex-U.S. Index by 1.8 percentage points. The non-U.S. equity portfolio, which has a policy target allocation of 15%, is broadly invested and includes a dedicated allocation to international small cap stocks and emerging markets. While the strong performance from the non-U.S. equity portfolio's emerging market component added value, trailing performance was primarily the result of the large cap and small cap components trailing their respective benchmarks. Relative performance for the non-U.S. equity portfolio over the trailing three-, five-, and ten-year periods has been favorable.

Advancing 5.7%, the Total Fund's fixed income portfolio lagged the return of the Lehman Aggregate Bond Index by 1.3 percentage points. The fixed income portfolio has a policy target allocation of 36%. All of the fixed income component's sub-portfolios posted gains in terms of absolute performance, though only the high yield component slightly outperformed its respective benchmark. The fixed income portfolio is well-diversified including dedicated investments in high yield securities and core plus type strategies, which detracted from performance over the trailing one-year period as government bonds prevailed in 2007. Despite trailing the Index over the trailing ten-year period, the fixed income portfolio's relative performance over the three- and five-year periods has been favorable.

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,

Ennis Knupp + Associates

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

Northern Trust

February 26, 2008

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, 2007, through December 31, 2007. Also, a statement of assets together with their fair market value was provided, showing the properties held as of December 31, 2007. 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

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

Investment Consultant

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

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

AXA Rosenberg Investment Management, LLC
Orinda, California

BlackRock Financial Management, Inc.
New York, New York

BlackRock Real Estate
Florham Park, New Jersey

Blue Creek Investment Partners
Huntsville, Alabama

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

Cordillera Asset Management
Denver, Colorado

Cozad/Westchester Agricultural Asset Management
Champaign, Illinois

Cypress Asset Management
Carmel, California

Denali Advisors, LLC
San Diego, California

Dimensional Fund Advisors
Santa Monica, California

Dodge & Cox Investment Managers
San Francisco, California

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

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 Alternatives LLC
Chicago, Illinois

Harris Investment Management, Inc.
Chicago, Illinois

High Pointe Capital Management, LLC
Buffalo Grove, 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

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

Prudential Investment Management
Parsippany, New Jersey

Pugh Capital Management
Seattle, Washington

Pyramis Global Advisors
Boston, Massachusetts

Rutland Dickson Asset Management
Dallas, Texas

Sands Capital Management, LLC
Arlington, Virginia

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

Sentinel Real Estate Corporation
New York, New York

Taplin, Canida & Habacht
Miami, Florida

Wall Street Associates
La Jolla, California

Western Asset Management Company
Pasadena, California

William Blair & Company
Chicago, Illinois

Winslow Capital Management, Inc.
Minneapolis, Minnesota

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 Wilshire 5000 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 Lehman 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 a three-year period.

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 Wilshire 5000.

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 weighing at market value.

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

8. Investments in emerging market securities will not exceed 25 percent of the total portfolio at market value.

9. 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 that 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., no more than 20 percent of the asset class will reside within one metropolitan statistical area.

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, 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.

Returns by Asset Class

Periods ending December 31

	2007	2006	2005	2004	2003	Annualized 3 Yrs	5 Yrs	10 Yrs
Total Fund								
Time-Weighted Returns								
IMRF	8.52%	13.87%	8.71%	12.38%	22.56%	10.34%	13.09%	8.21%
CPI (Inflation)	4.08%	2.54%	3.42%	3.26%	1.88%	3.34%	3.03%	2.68%
Equities - U.S.								
IMRF	7.13%	13.91%	8.94%	14.44%	32.65%	9.95%	15.07%	7.88%
Dow Jones Wilshire 5000	5.62%	15.77%	6.39%	12.62%	31.65%	9.17%	14.01%	6.32%
Russell 2000	-1.57%	18.35%	4.55%	18.33%	47.25%	6.80%	16.24%	7.08%
S&P 500	5.50%	15.80%	4.91%	10.88%	28.71%	8.62%	12.83%	5.91%
Equities - International								
IMRF	14.85%	27.67%	18.00%	22.24%	44.03%	20.06%	24.97%	12.23%
MSCI ACWI Ex-U.S.	16.66%	26.65%	16.62%	21.36%	41.40%	19.88%	24.02%	9.72%
MSCI EAFE	11.17%	26.34%	13.54%	20.69%	39.17%	16.84%	21.59%	8.65%
Fixed Income								
IMRF	5.67%	5.60%	2.70%	5.51%	8.04%	4.65%	5.49%	5.81%
Lehman Aggregate	6.97%	4.33%	2.43%	4.34%	4.10%	4.56%	4.42%	5.97%
Lehman Government/Credit	7.23%	3.78%	2.37%	4.21%	4.67%	4.44%	4.44%	6.02%
Merrill Lynch High Yield	2.17%	11.64%	2.83%	10.76%	27.23%	5.46%	10.57%	5.80%
Real Estate								
IMRF	9.27%	24.88%	10.46%	10.09%	5.35%	14.66%	11.82%	9.35%
NCREIF Property	15.84%	16.59%	20.06%	14.49%	9.00%	17.48%	15.13%	12.94%
Alternative Investments								
IMRF	19.87%	14.43%	19.00%	11.10%	8.23%	17.74%	14.44%	12.50%
Cash & Cash Equivalents								
IMRF	10.84%	9.83%	7.69%	6.00%	5.71%	9.44%	7.99%	7.75%
U.S. Treasury Bills	4.00%	3.90%	3.00%	1.30%	1.04%	3.50%	2.50%	3.20%

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.

Schedule I

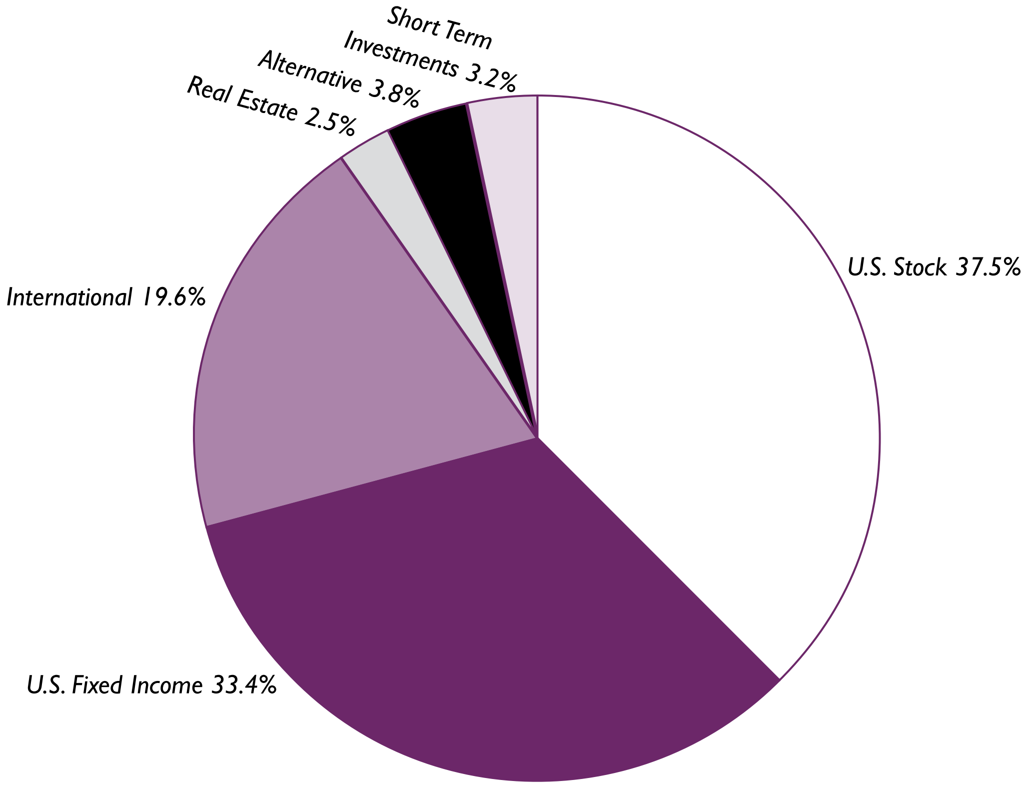
Investment Portfolio Summary

In Millions of Dollars

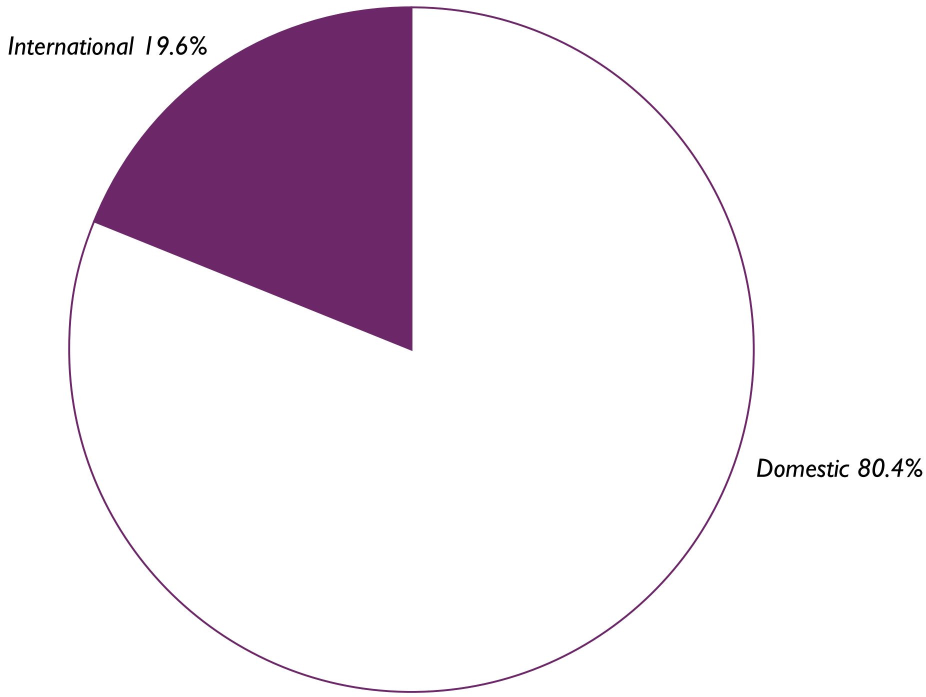
	December 31, 2007		December 31, 2006	
	Fair Value	Percent of Total Fair Value	Fair Value	Percent of Total Fair Value
Fixed Income:				
Government & Agencies	$2,536.5	10.3%	$2,469.9	10.7%
Corporate	2,561.9	10.4%	2,704.1	11.8%
Index Funds	3,134.3	12.7%	2,166.4	9.4%
Foreign	382.9	1.5%	372.7	1.6%
	8,615.6	34.9%	7,713.1	33.5%
Stocks:				
U.S. Common & Preferred	7,336.8	29.7%	7,019.0	30.5%
U.S. Stock Funds	1,926.8	7.8%	2,334.7	10.1%
Foreign Common & Preferred	2,948.6	11.9%	3,011.0	13.1%
Foreign Stock Funds	1,525.9	6.2%	935.9	4.1%
	13,738.1	55.6%	13,300.6	57.8%
Real Estate:				
Commingled Funds	417.0	1.7%	318.5	1.4%
Directly Owned	207.3	0.8%	227.5	1.0%
	624.3	2.5%	546.0	2.4%
Alternative Investments				
Commingled Funds	822.7	3.3%	735.0	3.2%
Timber and Agricultural	118.1	0.5%	130.2	0.6%
	940.8	3.8%	865.2	3.8%
Short-Term Investments	788.5	3.2%	577.9	2.5%
Total Portfolio	$24,707.3	100.0%	$23,002.8	100.0%

Investment Portfolio as of December 31, 2007

Allocation by Asset Class



Total Investments by Region



Schedule II

Asset Allocation

Last Five Years

	Fair Value as a Percent of Portfolio				
	2007	2006	2005	2004	2003
Fixed Income					
U.S. Government & Agencies	10.3%	10.7%	11.8%	11.7%	12.7%
Corporate	10.4%	11.8%	9.2%	8.5%	8.2%
Index Fund	12.7%	9.4%	9.3%	9.9%	10.0%
Foreign	1.5%	1.6%	1.6%	1.9%	2.0%
	34.9%	33.5%	31.9%	32.0%	32.9%
Stocks					
U.S. Common & Preferred	29.7%	30.5%	29.9%	31.2%	30.5%
U.S. Stock Funds	7.8%	10.1%	10.8%	11.2%	10.6%
Foreign Common & Preferred	11.9%	13.1%	13.7%	12.3%	11.3%
Foreign Stock Funds	6.2%	4.1%	4.5%	4.8%	4.1%
	55.6%	57.8%	58.9%	59.5%	56.5%
Real Estate					
Commingled Funds	1.7%	1.4%	1.6%	1.7%	1.7%
Directly Owned	0.8%	1.0%	1.1%	1.0%	1.0%
	2.5%	2.4%	2.7%	2.7%	2.7%
Alternative Investments					
Commingled Funds	3.3%	3.2%	3.1%	3.1%	3.1%
Timber and Agricultural	0.5%	0.6%	0.8%	0.7%	0.8%
	3.8%	3.8%	3.9%	3.8%	3.9%
Short-Term Investments	3.2%	2.5%	2.6%	2.0%	4.0%
Total Portfolio	100.0%	100.0%	100.0%	100.0%	100.0%

Ten Largest Fixed Income Investment Holdings

Excludes Commingled Funds and Short-Term Investments

	Market Value	Percent of Total Invested Market
FNMA 5.00% Due 1/01/2038	$325,595,331	1.32%
FNMA 6.50% Due 1/01/2038	159,783,654	0.65%
FHLMC 5.50% Due 1/01/2038	73,039,838	0.30%
GNMA I 6.50% Due 1/01/2038	67,876,550	0.27%
U.S. Treasury Notes 3.875% Due 10/31/2012	59,545,166	0.24%
GNMA II 6.00% Due 1/01/2038	55,878,875	0.23%
FNMA Pool #745275 5.00% Due 2/01/2036	46,464,847	0.19%
U.S. Treasury Notes 4.00% Due 2/15/2015	37,624,631	0.15%
FNMA Pool #888637 6.00% Due 9/01/2037	28,754,335	0.12%
U.S. Treasury Notes 4.75% Due 1/31/2012	27,373,990	0.11%
	$881,937,217	3.58%

Ten Largest Equity Investment Holdings

Excludes Commingled Funds

	Market Value	Percent of Total Invested Market
Exxon Mobil	$181,258,483	0.73%
Apple	133,853,947	0.54%
Google	132,504,855	0.54%
AT&T	109,312,816	0.44%
Microsoft	98,915,454	0.40%
General Electric	97,090,037	0.39%
Chevron	95,381,207	0.39%
Hewlett Packard	89,482,160	0.36%
Cisco Systems	84,523,151	0.34%
Schlumberger	81,538,598	0.33%
	$1,103,860,708	4.46%

A complete listing of investments is available upon request.

Schedule of 2007 Domestic Brokerage Commissions

In order of commissions received

Broker Name	Shares	Commissions	Per Share
Investment Technology Group Inc.	33,378,907	$ 321,971	$0.010
Merrill Lynch Pierce Fenner & Smith*	8,634,641	297,086	0.034
Loop Capital Markets/Broadcort Capital	10,083,921	268,164	0.027
Lynch Jones & Ryan*	4,979,704	233,818	0.047
Bear Stearns	6,163,361	206,309	0.033
Pacific American Securities LLC	5,370,394	188,919	0.035
Lehman Brothers Inc.*	5,575,305	185,266	0.033
Credit Suisse First Boston	5,600,281	141,979	0.025
UBS/Warburg Securities LLC	4,828,550	139,724	0.029
Citigroup Global Markets Inc./Smith Barney	5,722,648	133,445	0.023
Cantor Fitzgerald & Co.	3,643,208	127,623	0.035
Goldman Sachs & Company	4,290,808	125,710	0.029
Liquidnet Inc.	6,156,169	124,503	0.020
Cap Institutional Services Inc.	3,403,913	110,948	0.033
J. P. Morgan Securities Inc.	3,789,459	106,897	0.028
Morgan Stanley & Co. Inc.	3,334,991	105,639	0.032
Williams Capital Group	3,309,123	100,601	0.030
Banc America Securities Montgomery Division	2,761,482	99,468	0.036
Carera Capital Markets Inc.	2,481,314	98,699	0.040
CL King & Associates	2,049,573	94,347	0.046
William Blair & Co.	2,066,677	90,039	0.044
Deutsche Bank Securities Inc.	3,054,100	86,707	0.028
Knight Securities L.P.	2,229,981	78,020	0.035
Instinet	2,537,633	71,513	0.028
M Ramsey King Securities	1,641,658	68,976	0.042
Jefferies & Company	1,547,870	68,674	0.044
Thomas Weisel Partners	1,464,656	65,108	0.044
Melvin Securities	2,209,028	62,263	0.028
BNY ESI Securities Co.	2,223,225	58,607	0.026
Sanford Bernstein	1,422,981	58,287	0.041
Other Brokers	41,742,729	1,543,110	0.037
Total	187,698,290	$5,462,420	$0.029

*Commission recapture broker

Schedule of 2007 International Brokerage Commissions

In order of commissions received

Broker Name	Shares	Commissions	Per Share
Pershing LLC	38,483,159	$ 1,049,668	$0.027
Goldman Sachs & Co.	70,847,001	783,404	0.011
Merrill Lynch & Co. Inc.*	27,166,036	522,303	0.019
Morgan Stanley & Co. Inc.	12,990,913	353,199	0.027
Credit Suisse First Boston	17,746,227	225,349	0.013
Citigroup Global Markets Inc.	14,846,464	213,918	0.014
Lehman Brothers Inc.*	11,554,071	205,423	0.018
J. P. Morgan	19,359,500	199,099	0.010
Union Bank of Switzerland	13,925,587	180,840	0.013
Macquarie Securities Ltd.	16,150,749	180,702	0.011
Instinet	13,933,736	176,195	0.013
Bear Stearns	7,989,742	146,351	0.018
Investment Technology Group	13,456,416	130,402	0.010
Deutsche Bank Securities Inc.	10,205,656	109,997	0.011
ABN Amro	5,090,024	104,799	0.021
Nomura Securities	6,914,003	92,078	0.013
Societe Generale	1,891,106	89,651	0.047
Credit Lyonnais	5,806,077	85,467	0.015
Cheuvreux de Virieu	2,225,768	70,088	0.031
Cazenove & Co.	5,558,224	56,814	0.010
Daiwa Securities America	2,967,790	52,280	0.018
Nesbitt Burns	2,570,141	49,048	0.019
Dresdner Kleinwort Wasserstein Securities	3,908,991	48,674	0.012
Kepler Equities	471,865	41,635	0.088
Donaldson Lufkin and Jenrette Securities	935,599	34,717	0.037
Execution Ltd.	1,886,236	34,661	0.018
NCB Stockbrokers	1,127,000	33,482	0.030
Kotak Securities Bombay	731,066	32,818	0.045
Cantor Fitzgerald	9,140,198	31,070	0.003
Hong Kong & Shanghai Bank	6,450,743	29,469	0.005
Other Brokers	31,270,013	619,363	0.020
Total	377,600,101	$5,982,964	$0.016

*Commission recapture broker

Commissions in U.S. dollar terms

Schedule of Investment Fees

	2007 Fees	2007 Assets under management at year end (in thousands)*	Basis Points	2006 Fees	2006 Assets under management at year end (in thousands)*	Basis Points
Investment manager fees						
Fixed income managers	$ 7,414,985	$ 7,574,297	10	$ 6,443,064	$ 6,425,751	10
Stock managers	24,972,585	9,506,399	26	20,847,323	9,443,541	22
International managers	16,548,292	5,488,714	30	14,713,633	5,099,965	29
Real estate managers	4,779,507	635,871	75	4,561,106	589,231	77
Alternative Investment managers	8,392,068	959,576	87	10,964,851	884,279	124
	62,107,437	$24,164,857		57,529,977	$22,442,767	
Other investment fees						
Master trustee fees	277,500			275,625		
Investment consulting fees	788,667			697,275		
Total investment fees	63,173,604			58,502,877		
Non-fee investment expenses	96,733			87,058		
Total direct investment expenses	$63,270,337			$58,589,935		
Securities lending fees						
Rebated earnings	$147,978,994			$136,849,239		
Bank fees and commissions	2,205,451			1,396,463		
	$150,184,445			$138,245,702		

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

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Actuarial
2007

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May 5, 2008

Board of Trustees
Illinois Municipal Retirement Fund
2211 York Road, Suite 500
Oak Brook, Illinois 60521-2374

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, 2007.

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
May 5, 2008
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, 2007 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2002-2004 period. The next experience study will cover the period from January 1, 2005 to December 31, 2007.

Combined experience was favorable during 2007, producing a decrease in contribution rates for many employers. This was primarily attributable to favorable investment performance.

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, 2007 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

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Illinois Municipal Retirement Fund
Brief Summary of Actuarial Assumptions Used in 2007 Valuations
(Adopted as of December 31, 2004, 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 87% 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%	0.01%	6.0%
30	0.04%	0.02%	0.02%	0.01%	5.7%
40	0.05%	0.04%	0.05%	0.03%	4.9%
50	0.13%	0.07%	0.13%	0.06%	4.6%
60	0.40%	0.22%	0.26%	0.17%	4.4%
65	0.73%	0.43%	0.28%	0.20%	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	5.5%	6.5%	3.4%	- %	-%	- %	- %	- %	-%
35	4.4%	5.8%	2.5%	-	-	-	-	-	-
40	3.4%	4.8%	2.1%	-	-	-	-	-	-
45	2.8%	4.3%	1.8%	-	-	-	-	-	-
50	2.5%	3.7%	1.8%	-	-	-	-	20.0%	75.0%
55	-	-	-	6.5%	6.5%	35.0%	35.0%	20.0%	75.0%
60	-	-	-	-	-	10.0%	10.0%	5.0%	75.0%
65	-	-	-	-	-	35.0%	25.0%	20.0%	75.0%
70	-	-	-	-	-	18.0%	18.0%	100.0%	100.0%

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)
1998	$ 2,086,679,470	$ 4,485,651,306	$ 5,288,548,422	$ 11,636,495,534	100.0%	100.0%	95.8%
1999	2,258,628,401	4,915,467,275	5,830,927,617	13,520,192,111	100.0%	100.0%	108.8%
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%

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
1998	$ 3,696,047,942	7.0%	$ 24,871	3.7%	150,428	44.3	8.2
1999	3,952,129,535	6.9%	25,678	3.2%	155,517	44.4	8.6
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

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 nine years

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls			% Increase in
Calendar Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	Average Benefit
1999	4,854	$53,330,772	2,795	$13,682,958	68,331	$451,411,565	6,606	6.3%
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%

Schedule of Disabilitants Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls			% Increase in
Calendar Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	Average Benefit
1999	1,805	$15,943,227	1,905	$16,439,192	1,384	$8,140,900	5,882	1.1%
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%

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					
2005	7.61%	0.64%	0.38%	0.62%	9.25%
2006	7.64%	1.34%	0.44%	0.62%	10.04%
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%
Sheriff's Law Enforcement Personnel members (SLEP)					
2005	12.48%	3.67%	0.38%	0.62%	17.15%
2006	12.56%	4.62%	0.45%	0.62%	18.25%
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%
Elected County Officials (ECO) members					
2005	18.07%	23.55%	0.42%	0.62%	42.66%
2006	18.01%	25.84%	0.43%	0.62%	44.90%
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%

* Assumptions changed due to experience study.
\# Benefit change

Table IV

Participating Member Contribution Rates

Last ten years

Calendar Year	Regular IMRF			Sheriff's Law Enforcement Personnel				Elected County Officials			
	Normal	Survivor	Total	Normal	Survivor	SLEP	Total	Normal	Survivor	ECO	Total
1998	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
1999	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
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%

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

Actuarial Balance Sheet

	Amount at December 31	
	2007	2006
Sources of Funds		
Actuarial value of assets	$23,274,361,198	$21,427,139,356
Actuarial present value of future contributions:		
Member	2,388,796,062	2,293,928,263
Employer Normal Costs	3,915,555,556	3,773,011,381
Under Funded Actuarial Accrued Liability	947,182,518	1,061,045,675
Total Sources	$30,525,895,334	$28,555,124,675
Uses of Funds		
Retired members and beneficiaries	$ 9,400,832,984	$ 8,652,328,762
Inactive members	2,290,663,386	2,080,710,728
Active members	18,808,851,495	17,803,245,151
Death and disability benefits	25,547,469	18,840,034
	$30,525,895,334	$28,555,124,675

Analysis of Under Funded Actuarial Liability

	Amount at December 31	
	2007	2006
Under funded liability beginning of year	$1,061,045,675	$1,116,659,557
Assumed net (payments) during year	(79,428,524)	(84,330,016)
Assumed interest (7.5 percent)	76,635,755	80,625,205
Expected under (over) funded liability	1,058,252,906	1,112,954,746
Increase due to benefit change	----	20,926,312
Change due to investment performance	(305,773,221)	(262,216,466)
Change due to other sources	194,702,833	189,381,083
Under funded liability end of year	$947,182,518	$1,061,045,675

Derivation of Experience Gain

Type of Risk Area	2007	2006
	(in millions)	
Risks Related to Assumptions		
Economic Risk Areas		
Investment Return	$ 305.8	$ 262.2
Pay Increases	(15.4)	23.5
Demographic Risk Areas		
Service Retirements	(8.4)	(8.6)
Early Retirements	(2.6)	(3.4)
Vested Deferred Retirements	(35.3)	(32.7)
Death and Survivor Benefits	4.1	2.1
Disability Benefits	10.2	9.4
Terminated with Refund	23.2	11.1
Risks Not Related to Assumptions	(170.5) <1>	(211.7) <2>
Total Gain During Year	$ 111.1	$ 51.9

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 fluctations are common.

<1> This includes approximately $40 million in unfunded liability attributable to changes in final average compensation or service for deferred members, $50 million due to former employees who were rehired and $30 million due to actual reserve transfers for retirees being higher than the estimated reserve transfers.

<2> This includes approximately $68 million in unfunded liability attributable to reciprocal service being added to the data and $46 million due to actual reserve transfers for retirees being higher than the estimated reserve transfers.

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 2,926 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 percent of their salary. Employer contribution rates are actuarially calculated annually for each employer. 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 upon the member's death. 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. 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.

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Statistical 2007

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
1998	1,416,152,349	364,196,668	9.85%	190,259,213	66,938	1,970,675,168
1999	2,689,086,076	379,194,892	9.59%	192,356,900	6,957	3,260,644,825
2000	283,134,582	356,153,448	8.51%	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	6.20%	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

Deductions

Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions	Change in Plan Net Assets
1998	451,496,766	27,121,071	16,527,175	495,145,012	1,475,530,156
1999	496,363,836	28,126,601	16,190,583	540,681,020	2,719,963,805
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

Table VI

Benefit Expense by Type

Last ten years

Calendar Year	DEATH Supplemental	DEATH Refund	DEATH Burial	DEATH Residual	DISABILITY Permanent	DISABILITY Temporary
1998	$ 7,534,697	$ 5,912,822	$ 5,585,751	$ 516,511	$ 3,093,157	$ 5,130,272
1999	7,107,276	5,440,949	6,234,757	155,382	3,150,728	5,286,122
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

Calendar Year	ANNUITIES Retirement	ANNUITIES Surviving Spouse	ANNUITIES Beneficiary	ANNUITIES Supplemental	REFUNDS Separation	REFUNDS Other	Total
1998	$ 374,124,084	$ 26,334,572	$ 635,074	$ 22,629,826	$ 26,589,126	$ 531,945	$ 478,617,837
1999	414,515,394	29,272,679	697,985	24,502,564	27,998,118	128,483	524,490,437
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

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
1998	$ 364,196,668	$ 190,259,213	$ 554,455,881	$ 478,617,837	$ 75,838,044
1999	379,194,892	192,356,900	571,551,792	524,490,437	47,061,355
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)

Net Cash Flow

Last ten years

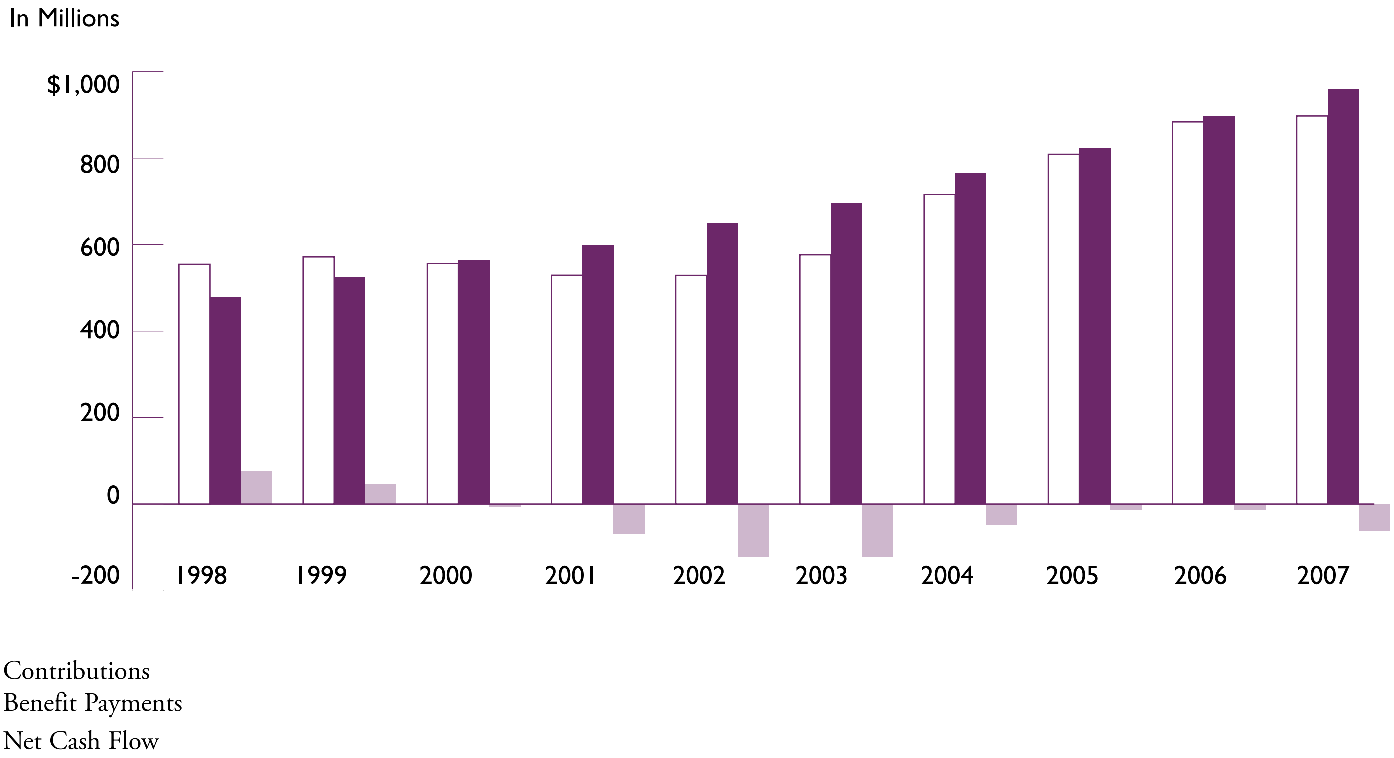

Table VIII

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)
1998	$ 1,966	$ 32,627	$ 12,059	$ 10,415
1999	2,027	30,645	12,355	10,102
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

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

Average Benefit Payment Amounts

In Millions

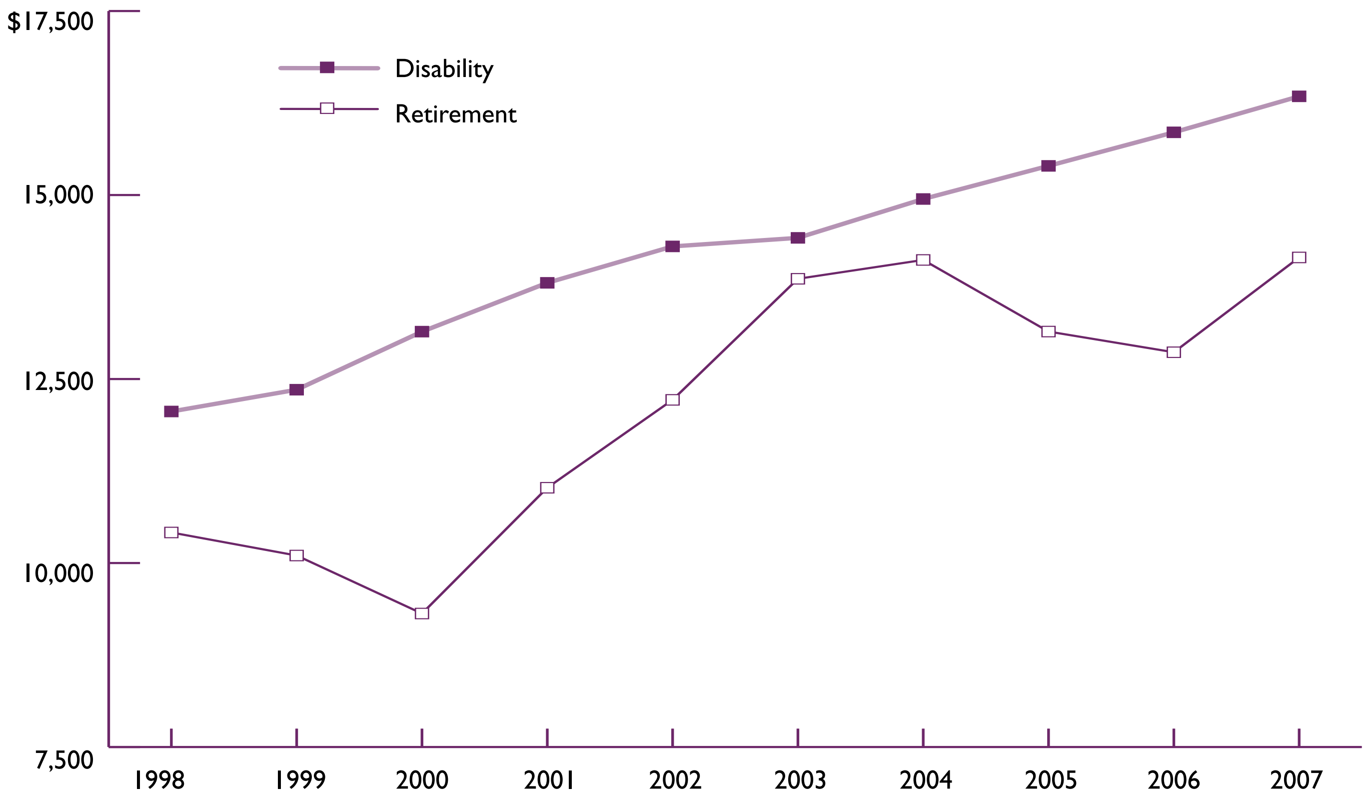

Table IX
Operating Statistics - Number of Initial Benefit Payments
Last ten years

Calendar Year	Annuity	Disability	Death	Refund	Total
1998	4,025	1,953	2,367	13,373	21,718
1999	3,892	2,004	2,517	13,542	21,955
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

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
1998	4	4	41	9	4	3	21	23	40	27	176
1999	4	4	41	10	4	4	22	24	40	26	179
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

Table XI
Number of Actively Participating Employers
Last ten years

Calendar Year End	Cities	Villages	Counties	School Districts	Townships	Other	Total
1998	247	356	101	894	417	729	2,744
1999	247	363	101	893	425	739	2,768
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

Table XII
Principal Participating Employers
Current year and nine years ago

	2007			1998		
Employer	Active Members	Rank	Percentage of Total Active Members	Active Members	Rank	Percentage of Total Active Members
DuPage County	3,024	1	1.70%	3,041	1	2.02%
Lake County	3,000	2	1.69%	2,620	2	1.74%
Will County	2,250	3	1.27%	1,704	4	1.13%
Union School District 46	2,134	4	1.20%	1,517	6	1.01%
Winnebago County	2,003	5	1.13%	1,563	5	1.04%
Rockford School District 205	1,648	6	0.93%	1,855	3	1.23%
Kane County	1,409	7	0.79%	1,253	8	0.83%
Plainfield School District 202	1,390	8	0.78%			
City of Springfield	1,324	9	0.74%	1,363	7	0.91%
Peoria School District 150	1,291	10	0.73%	1,193	9	0.79%
Peoria County				1,102	10	0.73%
	19,473		10.95%	17,211		11.44%

Table XIII

Number of Actively Participating Members

Last ten years

Calendar Year End	Male Participants	Female Participants	Total
1998	57,181	93,247	150,428
1999	58,419	97,098	155,517
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

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)
1998	150,428	21,503	65,472	35,343	28,110	42.2%
1999	155,517	22,831	68,007	35,498	29,181	41.6%
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%

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	922	4,618	698	1,292	1,620	5,910
$100 to under $250	2,029	10,095	1,002	3,029	3,031	13,124
$250 to under $500	4,073	12,065	696	2,805	4,769	14,870
$500 to under $750	3,361	7,337	235	1,237	3,596	8,574
$750 to under $1,000	2,656	4,805	90	591	2,746	5,396
$1,000 to under $2,000	5,867	7,659	51	682	5,918	8,341
$2,000 to under $3,000	2,958	1,754	3	78	2,961	1,832
$3,000 to under $4,000	1,539	433	--	11	1,539	444
$4,000 and over	1,486	198	--	7	1,486	205
Total	24,891	48,964	2,775	9,732	27,666	58,696

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
1998								
Avg Monthly Annuity	$236	$365	$601	$833	$1,309	$1,677	$2,637	$894
Avg Monthly FRE	$1,667	$1,860	$2,074	$2,182	$2,695	$2,898	$3,767	$2,286
Number of Retirees	444	696	638	523	535	324	231	3,391
1999								
Avg Monthly Annuity	$235	$368	$623	$853	$1,334	$1,845	$2,810	$864
Avg Monthly FRE	$1,647	$1,853	$2,176	$2,247	$2,755	$3,184	$4,036	$2,302
Number of Retirees	409	774	591	588	453	294	148	3,257
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

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
1998					
Avg Monthly Annuity	$1,615	$2,212	$2,905	$4,219	$2,230
Avg Monthly FRE	$3,192	$3,803	$4,444	$5,625	$3,795
Number of Retirees	30	22	22	2	76
1999					
Avg Monthly Annuity	$1,752	$2,820	$3,531		$2,609
Avg Monthly FRE	$3,306	$4,450	$5,279		$4,278
Number of Retirees	25	23	18		66
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

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
1998								
Avg Monthly Annuity	$604	$1,207	$2,011	$2,438	$2,422			$1,564
Avg Monthly FRE	$2,599	$2,882	$2,317	$3,047	$3,028			$2,882
Number of Retirees	4	9	6	4	1			24
1999								
Avg Monthly Annuity		$1,158	$2,402	$670				$1,344
Avg Monthly FRE		$2,887	$2,895	$837				$2,434
Number of Retirees		4	3	2				9
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

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

Ages	Retirees			Surviving Spouses			Beneficiaries		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 55	397	88	485	11	117	128	54	101	155
55 to 59	2,957	4,145	7,102	25	185	210	3	33	36
60 to 64	3,930	8,100	12,030	90	436	526	14	46	60
65 to 69	4,635	9,697	14,332	174	718	892	8	32	40
70 to 74	4,292	8,475	12,767	356	1,127	1,483	10	31	41
75 to 79	3,729	7,353	11,082	543	1,761	2,304	4	24	28
80 to 84	2,858	5,725	8,583	678	2,021	2,699	5	27	32
85 to 89	1,504	3,556	5,060	520	1,824	2,344	3	21	24
90 to 94	491	1,454	1,945	221	910	1,131	1	9	10
95 to 100	94	338	432	52	271	323	1	2	3
101 and over	4	33	37	2	34	36	--	2	2
Total	24,891	48,964	73,855	2,672	9,404	12,076	103	328	431

Table XX
Active Members by Age

Ages	All Plans			Sheriff's Law Enforcement Personnel			Elected County Officials		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 20	225	338	563	1	--	1	--	--	--
20 to 29	8,042	10,999	19,041	596	102	698	2	1	3
30 to 39	12,081	17,519	29,600	1,323	210	1,533	18	7	25
40 to 49	17,731	35,565	53,296	1,147	217	1,364	92	43	135
50 to 54	10,371	20,318	30,689	420	61	481	102	45	147
55 to 59	8,298	15,335	23,633	219	40	259	74	36	110
60 to 69	7,208	11,120	18,328	112	13	125	79	32	111
70 and Over	1,399	1,234	2,633	5	3	8	36	13	49
Total	65,355	112,428	177,783	3,823	646	4,469	403	177	580

Illinois Municipal Retirement Fund

Member Services Representatives
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