FOR THE YEARS ENDED DECEMBER 31, 2014, AND DECEMBER 31, 2013

2014

Comprehensive Annual Financial Report

IMRF™

Locally funded, financially sound.

Oak Brook, Illinois

For the years ended December 31, 2014, and December 31, 2013

Prepared By
The Finance Department of the
Illinois Municipal Retirement Fund

Oak Brook Office
2211 York Road, Suite 500
Oak Brook, IL 60523-2337

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Springfield, IL 62703

Contact IMRF
1-800-ASK-IMRF (1-800-275-4673)
www.imrf.org

Louis W. Kosiba
Executive Director

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.

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2015 BOARD OF TRUSTEES

IMRF ORGANIZATION CHART

Board of Trustees

Consultants

- Investment Consultants
- Investment Managers
- Master Trustee
- External Auditor
- Actuary
- Medical Consultants
- Fiduciary Counsel

Staff

- *Executive Director* Louis W. Kosiba
  - *Chief Security Officer* Glenn Engstrom
  - *Chief Audit Officer* Julia Davidyan
  - *Chief Financial Officer* Mark Nannini
    - *Comptroller* Janet Bianchetta
    - *Financial Relations Manager* Audrey Brown-Ryce
  - *Deputy Executive Director* Dan Duquette
    - *Benefits Manager* Larry Dixon
    - *Human Resources Manager* Cara Bannon
    - *Member & Field Services Manager* Connie Fox
    - *Office Services Manager* Denise Streit
    - *Performance Excellence Manager* Kathy Goerdt
  - *Chief Information Services Officer* Robert Woollen
    - *Program Management Office Manager* Keyla Vivas
    - *Manager Technology Infrastructure* Barry Mcgreer
  - *General Counsel* Kathleen O'Brien
    - *Associate General Counsel* Beth Janicki Clark
    - *Communications Manager* John Krupa
    - *Legislative Liaison* Bonnie Shadid
  - *Chief Investment Officer* Dhvani Shah
    - *Investment Officers* Edward Sambol, Karen Seplak, Rosalinda Vasquez, Susie Villarreal

Consultants – Investment Consultants are listed on page 47

Actuary	*External Auditors*	*Master Trustee*	*Independent Fiduciary Counsel*	*Medical Consultants*
Gabriel, Roeder, Smith & Company	KPMG LLP	The Northern Trust	Seyfarth Shaw Attorneys, LLP	Marianjoy Medical Group
Brian B. Murphy, F.S.A.	Kurt Gabouer	Kimberly Miller, Senior Vice President	Lawrence Moss	Wheaton, Illinois
Mark Buis, F.S.A.	Julie Barrientos	Chicago, Illinois	Chicago, Illinois	Northwest Psychiatric, S.C.
Southfield, Michigan	Chicago, Illinois			Buffalo Grove, Illinois

Government Finance Officers Association

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For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

2211 York Road, Suite 500 Oak Brook, IL 60523-2337 1-800-ASK-IMRF (275-4673)

www.imrf.org

June 23, 2015

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, 2014. 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 fairly present the fiduciary net position and changes in the fiduciary net position of IMRF.

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

IMRF's internal audit department is comprised of seven full-time employees, including one manager. The internal audit department uses a detailed internal audit program that encompasses examination of internal controls, employer compliance, and the Fund's financial transactions and records. IMRF engages an independent accounting firm annually to review and test internal controls over our information systems. In 2014, IMRF began preparing for a SOC-1 Type 2 attestation report for 2015 and beyond.

The internal audit function reports directly to the Executive Director and the Board of Trustees. The Board of Trustees has established an Audit Committee, comprised of three Board members. Annually, the Chief Audit Officer presents a report to the Audit Committee covering the results of internal audit procedures performed. The Chief Audit Officer may also meet with the committee on an as-needed basis. Again this year, the Chief Audit Officer 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 Fund by independent certified public accountants selected by the Board of Trustees and approved by the State Auditor General. IMRF satisfied this requirement and the independent auditors' unmodified report on IMRF's 2014 Financial Statements is included in this report. The independent auditors meet at least 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. IMRF 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 2,976 different employers, 173,968 participating members, and 112,762 benefit recipients. The Illinois Pension Code requires IMRF to provide its financial statements to participating employers and to any participating member who requests them. These financial statements also appear on IMRF's website, www.imrf.org.

ECONOMIC CONDITIONS

Summary of Financial Information

The following table summarizes additions and deductions to the Fund's fiduciary net position for 2014 and 2013.

	2014 (millions)	2013 (millions)	Dollar Change (millions)	Percent Change
Additions	$3,276	$6,853	$(3,577)	(52.2)%
Deductions	1,693	1,566	(127)	(8.1)%
Net Change	$1,583	$5,287	$(3,704)	(70.1)%

The decrease in additions between 2014 and 2013 is primarily due to a $3,582 million decrease in investment income. Total investment portfolio return was down due to uncertainty of markets and lower consumer and business spending. The increase in deductions is primarily due to increased benefit payments as the number of benefit recipients increased from 107,732 to 111,989. For a full understanding of IMRF's financial results, you are urged to review the "Financial" section of this report, which includes the Independent Auditor's Report, Management's Discussion and Analysis, financial statements and related notes, and other required supplemental information. The Management's Discussion and Analysis provides a narrative introduction, overview, and analysis of the financial statements and complements this transmittal letter.

Funding

IMRF's actuary uses a five-year smoothed market-related value with a 20 percent corridor to determine the actuarial value of assets. The smoothing is intended to prevent extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2014, valuation, the aggregate actuarial value of assets was $32.7 billion. The aggregate actuarial liability for all IMRF employers was $37.5 billion. The aggregate actuarial funding ratio is currently 87.3 percent (a decrease from the 2013 ratio of 87.6 percent). This takes into account a change in the mortality tables utilized by the actuary as well as the market impact on returns. If the market value of assets is used (i.e., no actuarial smoothing), the aggregate funding ratio is 93.1 percent as of December 31, 2014, a decrease from 96.7 percent as of December 31, 2013. The reason for the decrease in the net market funding ratio is the 5.8 percent investment return in 2014 and an increase in the liability based on the mortality table change. As of December 31, 2014, IMRF's market-based funding value change was greater than the actuarial funding value since there were $2,133 million of unrecognized investments gains, which will be reflected in the 2015 through 2019 period in keeping with the five-year smoothing technique discussed above. 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 of this report contains the actuary's letter and further information on IMRF's funding. The funding policy was last reviewed by the IMRF Board in December 2012 and new mortality tables were adopted by the IMRF Board in December 2014.

Investments

The investment portfolio is a major contributor to the Fund. Year 2014 investment results showed income of $2,001 million and represented 61.1 percent of Plan additions for the year. In the past five years—2010 through 2014—investment income represented the following percentage of total additions to fiduciary net position:

Year	Percentage of Additions
2014	61.1%
2013	81.5%
2012	73.7%
2011	(9.0)%
2010	73.1%

IMRF's primary 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. Currently, the public markets portfolio is managed by 49 professional investment management firms handling 62 mandates. 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 private markets portfolio is invested with 38 investment firms across 59 separate funds.

The Board employs an Investment Consultant to assist Staff in the development and evaluation of IMRF's strategic asset allocation, asset liability modeling study, and investment policy statements. The Investment Consultant also assists with the selection of investment management firms and in the monitoring and evaluation of investment manager performance.

The "Investments" section of this report contains a summary of IMRF's investment portfolio, 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

David Miller, Deputy Executive Director for the North Shore Water Reclamation District, was elected as an Executive Trustee. His two-year term began January 1, 2015.

Natalie Copper, who has served as a Trustee since 2010,was elected to her second term as Employee Trustee. Her new five-year term began January 1, 2015.

b. Legislative Activity Applicable to IMRF (Passed in 2014)

Five bills passed the Illinois General Assembly in 2014 that affect IMRF:

Public Act 98-0712 allows employees of IMRF-participating employers, who have concurrent participation in IMRF and a Taft-Hartley pension plan for the same service, to participate only in the Taft-Hartley plan. This bill applies only to new participants. Effective July 16, 2014.

Public Act 98-0729 changes the amounts required to be transferred from IMRF to a newly formed police pension fund to: member contributions, plus interest at 6 percent annually, plus an amount attributed as employer contributions, equal to the previous amount. Effective July 16, 2014.

Public Act 98-0932 made changes to the IMRF Article of the Illinois Pension Code. This removed references to closed transfer windows that temporarily allowed members to transfer service between IMRF and a downstate police or fire pension fund. It also removed the requirement for write-in candidates in trustee elections when there is only one certified eligible candidate on the ballot (allowing this candidate to be deemed the winner), and codified the Board's omitted service procedures from its rules. Effective August 15, 2014.

Public Act 98-1022 requires firms bidding for contracts with a pension fund to provide investment or consulting services or private market fund commitments to report on the use of minority-, women-, and disabled person-owned businesses (MWDOB) in their bid information and for that information to be included in the decision-making process by the fund, to the extent compatible with fiduciary duties. It also requires funds to determine goals for MWDOB firms for investment management and brokerage services. This applies to all of the reciprocal Illinois public pension systems. Effective January 1, 2015.

Public Act 98-1078 allows, in certain circumstances, an irrevocable election of a reversionary annuity before retirement. Effective January 1, 2015.

c. Systems Development

IMRF's major 2014 system development priorities focused on:

- Initiating the implementation phase of the Modernization initiative (Horizon), including the development of comprehensive project plans, confirmation of detailed requirements, and the beginning of solution construction.
- Preparing our core technology infrastructure to support the Horizon hardware and software.

IMRF's major 2015 system development priorities will focus on:

- Continuing the implementation phase 4a of Horizon, including the design, construction, and testing of the first release of the new system planned for 2015.
- Re-engineering business processes to achieve our Customer Service Goals, while also maintaining all internal control and efficiency objectives.
- Implementing the hardware and software to support Horizon.
- Introducing a new and improved IMRF website, www.imrf.org.

d. Investment Activities

IMRF's portfolio is a diversified and global portfolio having a total market value of approximately $34.7 billion as of December 31, 2014. The Board of Trustees, its consultant, and IMRF Staff review the investment asset allocation annually. In February 2015, the strategic targets for IMRF's asset classes, which were adopted in November 2013 and became effective January 1, 2014, were reconfirmed and are as follows:

ASSET CLASS	TARGET
US Equities	38%
Non-US Equities	17%
Fixed Income	27%
Real Estate	8%
Alternative Investments	9%
Short-term	1%

Major investment activities in 2014 through March 31, 2015, were as follows:

- Revised Statement of Investment Policy, Real Estate Statement of Investment Policy, and Investment Committee Charter.
- Committed to a follow-on fund of an existing real estate manager: CBRE Strategic Partners US Value Fund 7.
- Committed follow-on investments with three existing private equity managers across four funds: ABRY Advanced Securities Fund III; Vista Equity Partners Fund V; Lightspeed Venture Partners Fund X; and Lightspeed Select Fund.

- Completed MFPDOB Sector-Focused Middle Market Buyout Private Equity Manager Search and received Board approval for investments in five firms: AUA Private Equity Fund; Estancia Capital Partners; New Mainstream Capital Fund II; Valor Equity Partners III; and Vistria Fund, L.P.
- Completed Non-Core Fixed Income Manager Search and received Board approval for investments in three firms: Babson Capital Global Loan Fund; Crescent Capital Management High Income Fund; and Standish Emerging Markets Debt -Opportunistic Fund; an additional allocation to MacKay Shields HY Bond account; and termination of Pyramis HY Bond account.
- Completed Non-US (Europe/Latin America) Real Estate Manager Search and received Board approval for investments in three firms: Ares European Fund IV; Resolution Real Estate Fund IV; and GTIS Brazil Real Estate Fund III.
- Added new commitments to two existing real estate managers: Starwood Global Opportunity Fund X; and Almanac Realty Securities Fund VII, L.P.
- Completed Agriculture Manager Search and received Board approval to terminate Cozad Westchester (C/W), transfer the C/W account to Hancock Natural Resources Group, and make an additional allocation to Hancock.
- Added new commitments to existing private equity managers: ABRY Partners VIII, L.P.; and EnCap Energy Capital Fund X, L.P.
- Completed Non-US Focused Private Equity Manager Search and received Board approval for investments in two firms across three funds: Inflexion Buyout Fund IV, L.P.; Inflexion Partnership Capital Fund I, L.P.; and Doughty Hanson Fund VI, L.P.
- Completed Investment Consultant Search and received Board approval for the appointment of Callan Associates as IMRF's investment consultant, and for the appointment of Wilshire Associates to conduct the 2016 Asset Liability Modeling Study.
- Made additional allocations to two existing core real estate funds: AEW Core Property Trust (U.S.), Inc.; and Invesco Core Real Estate Fund (USA), LLC.
- Added new commitments to two existing real estate managers: Blackstone Real Estate Partners VIII, L.P.; and Torchlight Debt Opportunity Fund V, L.P.

e. Strategic Plan

IMRF's Strategic Plan provides the Fund with a road map for meeting the challenges and opportunities in achieving our vision to provide the highest quality retirement services to our members, their beneficiaries, and employers in a cost-effective manner. The plan guides our efforts to continuously improve our service to our employers and members.

The 2014-2016 IMRF Strategic Plan includes elements of the Baldrige Criteria for Performance Excellence to ensure we align our objectives, processes, and resources with our Vision. IMRF Staff embarked on the first year of our Strategic Plan in 2014 by implementing a series of action plans that support our five Strategic Objectives. Progress towards meeting our objectives is measured using the following five key results areas on our leadership scorecard:

- Financial Health and Sustainability
- Investment Returns
- Customer Service and Operational Excellence
- Workforce Engagement
- Modernization Program

Baldrige recipient organizations often set their overarching Strategic Objectives to achieve a top decile ranking in each key area of importance to their stakeholders. IMRF is following that same path, as our Strategic Objectives challenge us to achieve top 10 percent performance for most key result areas.

f. Illinois Performance Excellence Silver Award for "Progress Toward Excellence"

Illinois Performance Excellence (ILPEx) is a non-profit organization that seeks to help other organizations improve their performance by embracing the Baldrige Criteria for Performance Excellence and aligning their processes to become more efficient and sustainable. Organizations that pursue the Baldrige management framework can demonstrate through the ILPEx award application that they have adopted proven performance practices, principles, and strategies that nurture excellence in all aspects of their operations. This can range from customer relations to workforce development to specific operational and financial results. The comprehensive feedback report received from ILPEx provides additional guidance on how IMRF can further leverage our strengths and pursue opportunities for improvement. IMRF made an application in 2014 to further validate our progress and to receive valuable feedback from ILPEx examiners and judges. Once again, IMRF received a Silver Award denoting "Progress Toward Excellence" for 2014. The 2014 Silver Award shows the continued dedication of IMRF, as an organization, to strive for excellence in delivering customer service to its members, annuitants, and employers. IMRF is committed to continuing our journey to achieve and maintain excellence using the Baldrige Criteria for Performance Excellence.

g. Defined Benefit Administration Benchmarking Analysis

CEM Benchmarking Inc. conducts an annual Defined Benefit Administration Benchmarking Analysis 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's service level scores placed in the top decile, while our costs were below the median, as compared to our peer group of 39 public systems in the United States and Canada. IMRF will continue its participation in this benchmarking program, as it is an important part of our Continuous Process Improvement Program.

Reports to Membership

IMRF issued a variety of reports covering 2013 and 2014 activity. We provided Employer Statements every month. We began mailing Member Statements in February 2015. We will include a summary of this Annual Report for members and annuitants in Fundamentals, IMRF's member newsletter. We will advise Authorized Agents in June 2015 that this report, as well as our Popular Annual Financial Report, is available on our website, www.imrf.org.

ADDITIONAL AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to IMRF for its Comprehensive Annual Financial Report for the year ended December 31, 2013. 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 from the GFOA for the last 34 consecutive years (fiscal years 1980-2013). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we will submit 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, 2013.

IMRF embarked on the GFOA Distinguished Budget Award for its 2015 budget. As of the writing of this transmittal letter, the review by the GFOA is still pending.

In 2014, in recognition of meeting professional standards for plan administration and funding as set forth in the Public Pension Standards, IMRF was awarded for plan funding and administration by the Public Pension Coordinating Council, a confederation of the National Association of Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.

Acknowledgements

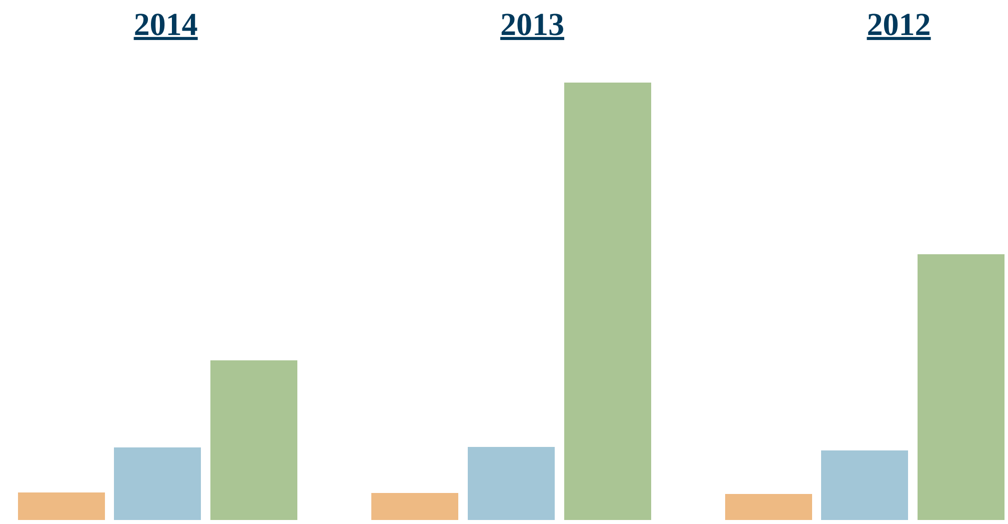
The production of this report reflects the combined effort of the IMRF Staff under the leadership of the Board of Trustees and the Executive Director, Louis W. Kosiba. The Finance Department, under the direction of Mark Nannini, compiled the report. We believe this report provides complete and reliable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

We make this report available to the Authorized Agents for all participating units of government. The Authorized Agents 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,

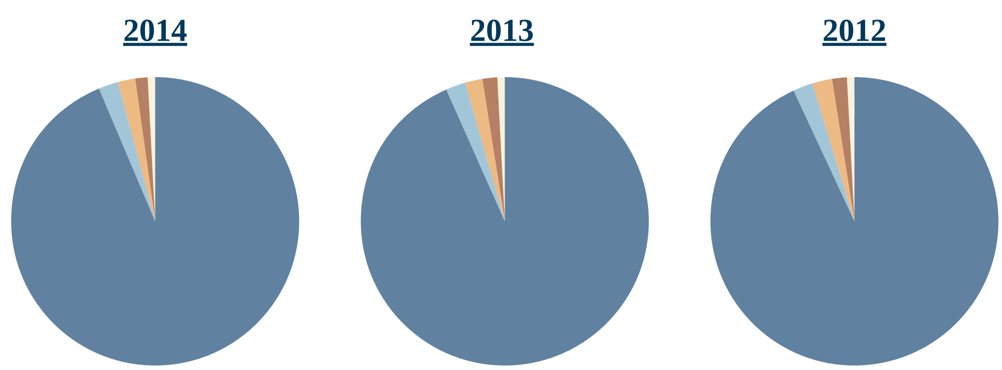
Louis W. Kosiba	Mark F. Nannini
Executive Director	*Chief Financial Officer*

REVENUES BY SOURCE



	2014	2013	2012
Members	$ 351,089,445	$ 338,934,421	$ 330,814,542
Employers	923,382,825	930,969,056	883,216,281
Investments and Other	2,001,440,028	5,583,128,460	3,393,701,110
	$ 3,275,912,298	**$ 6,853,031,937**	**$ 4,607,731,933**

EXPENSES BY TYPE



	2014	2013	2012
Annuities	$ 1,587,334,029	$ 1,463,102,775	$ 1,349,091,550
Disability Benefits	10,902,507	11,214,500	10,890,086
Death Benefits	28,584,714	29,056,873	29,833,835
Refunds	39,191,090	36,944,214	34,142,193
Administrative Expenses	26,431,652	25,463,299	24,508,053
	$ 1,692,443,992	**$ 1,565,781,661**	**$ 1,448,465,717**

93.1%

As of December 31, 2014, IMRF was 93.1% funded on a market value basis.

FINANCIAL

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Trustees
Illinois Municipal Retirement Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of Illinois Municipal Retirement Fund (the Fund), which comprise the statements of fiduciary net position as of December 31, 2014 and 2013, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Illinois Municipal Retirement Fund as of December 31, 2014 and 2013, and the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedule of investment returns on pages 18–21 and 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of administrative expenses, the schedule of payments for professional services, the schedule of investment expenses, the introduction section, the investments section, the actuarial section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of administrative expenses, the schedule of payments for professional services, and the schedule of investment expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenses, the schedule of payments for professional services, and the schedule of investment expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introduction section, the investments section, the 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 do not express an opinion or provide any assurance on them.

KPMG LLP

Chicago, Illinois
June 23, 2015

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, 2014, and 2013. 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 7-13), and the Financial Statements and related notes, required supplementary information, and supplementary information included in this section.

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 Fiduciary Net Position 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 position restricted for pensions are accounted for in the Statement of Changes in Fiduciary Net Position. This statement measures IMRF's success over the past year in increasing the fiduciary net position restricted for pension benefits.

Financial Analysis of IMRF

In 2014, contributions of $1,274 million and investment income of $2,001 million exceeded deductions to fiduciary net position of $1,692 million by $1,583 million. This net increase brought the Plan's fiduciary net position to $34.9 billion.

Fiduciary Net Position

To begin the financial analysis, summarized comparisons of IMRF's Fiduciary Net Position for 2014 versus 2013 and 2013 versus 2012 are presented below.

CONDENSED SUMMARY OF FIDUCIARY NET POSITION

(In millions)

	2014	2013	Dollar Change	Percent Change
Cash and cash equivalents	$ 15	$ 23	$ (8)	(35)%
Receivables and prepaids	627	411	216	53
Investments	34,690	33,248	1,442	4
Invested securities lending cash collateral	3,076	2,731	345	13
Capital assets, net	17	12	5	42
Total assets	**38,425**	**36,425**	**2,000**	**5**
Liabilities	3,558	3,141	417	13
Fiduciary net position	**$ 34,867**	**$ 33,284**	**$ 1,583**	**5%**

As the above table shows, fiduciary net position increased by $1,583 million (5 percent) in 2014. This increase is attributable to positive investment returns in 2014.

The following table presents the investment allocation as of year-end 2014 and 2013 as compared to IMRF's current target allocation.

	2014	Target	2013
Domestic equity	44.1%	38.0%	45.0%
International equity	19.1	17.0	19.6
Fixed income	26.1	27.0	26.0
Real estate	4.3	8.0	3.3
Alternative	4.5	9.0	3.7
Short-term	1.9	1.0	2.4

The variance in the real estate allocation is due to the fact that IMRF is in the process of recapitalizing its real estate portfolio and actual investments trail commitments. IMRF is also looking to increase its allocation to alternative investment strategies. The current target allocations were reconfirmed throughout various Investment Committee meetings in 2014. IMRF continuously monitors its actual investment allocations in relation to its targets and rebalances as appropriate.

The increase in receivables and prepaids in 2014 is largely due to the increase in the receivable from brokers for unsettled trades at year-end due to a larger number of trades outstanding at year-end 2014 compared to 2013. The increase in liabilities in 2014 is due primarily to the increase in payables to brokers for unsettled trades at year-end 2014.

CONDENSED SUMMARY OF FIDUCIARY NET POSITION

(In millions)

	2013	2012	Dollar Change	Percent Change
Cash and cash equivalents	$ 23	$ 36	$ (13)	(36)%
Receivables and prepaids	411	635	(224)	(35)
Investments	33,248	28,075	5,173	18
Invested securities lending cash collateral	2,731	2,685	46	2
Capital assets, net	12	5	7	140
Total assets	**36,425**	**31,436**	**4,989**	**16**
Liabilities	**3,141**	**3,440**	**(299)**	**(9)**
Fiduciary net position	**$ 33,284**	**$ 27,996**	**$ 5,288**	**19%**

As the above table shows, fiduciary net position increased by $5,288 million (19 percent) in 2013. This increase reflects the positive investment returns in 2013.

The decrease in receivables and prepaids in 2013 is largely due to brokers for trades settled by year-end versus 2012 that had a large volume unsettled. The decrease in liabilities in 2013 is due primarily to the decrease in payables to brokers for unsettled trades at year-end 2013.

Changes in Fiduciary Net Position

Summarized comparisons of IMRF's Changes in Fiduciary Net Position for 2014 versus 2013 and 2013 versus 2012 are presented below.

CONDENSED SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

(In millions)

	2014	2013	Dollar Change	Percent Change
Additions				
Member contributions	$ 351	$ 339	$ 12	4%
Employer contributions	924	931	(7)	(1)%
Net investment income	2,001	5,583	(3,582)	(64)
Total additions	**3,276**	**6,853**	**(3,577)**	**(52)**
Deductions				
Benefits	1,627	1,503	124	8
Refunds	39	37	2	5
Administrative expenses	27	26	1	4
Total deductions	**1,693**	**1,566**	**127**	**8**
Net increase in fiduciary net position	**$ 1,583**	**$ 5,287**	**$ (3,704)**	**(70)%**

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2014 totaled $1,275 million which was .4 percent more than 2013. The increase in member contributions is due to a 1.5 percent increase in total employer payrolls as well as a .1 percent increase in active members at IMRF-sponsoring employers. The member contribution rate remained at 4.5 percent of earnings for Regular members and 7.5 percent for Sheriff's Law Enforcement Personnel (SLEP) and the optional Elected County Officials (ECO) members. Employer contributions decreased by 1 percent, due to a slight decrease in employer contribution rates. For rate-setting purposes there is a two-year lag between the date that data is used to compute employer contribution rates and the effective date of those rates.

Investment returns for 2014 were 5.8 percent, significantly less than the 20.0 percent return in 2013. The $2,001 million investment income in 2014 represents a $3,582 million change from the $5,583 million income in 2013. IMRF's 2014 total investment portfolio return was down largely due to an uncertainty of the markets and lower consumer and business spending in the United States.

In 2014, IMRF had net appreciation in the value of investments of $1,476 million, a $3,654 million change from the $5,130 million of appreciation recorded in 2013. Interest, dividends, and equity fund income totaled $618 million, an increase from the $528 million in 2013. Securities lending income net of related expenses was $16.8 million for 2014, an increase of $2.0 million from 2013. Direct investment expenses increased to $109 million in 2014 from $89.5 million in 2013, and reflect the increase in the number of money managers and an increase in the amount of the investment portfolio managed by active managers.

The total rate of return for the portfolio in 2014 was 5.8 percent compared to 20.0 percent in 2013. IMRF's US stock portfolio returned 9.5 percent compared to 12.5 percent for the Dow Jones Total Stock Market Index. The fixed income portfolio returned 5.8 percent compared to 6.0 percent for the Barclays Aggregate Bond Index. Our international stock portfolio returned a negative 3.1 percent compared to a negative 3.9 percent for the MSCI All-Country World Free ex-US Index. The real estate portfolio returned 12.7 percent compared to 11.5 percent for the Open-End Diversified Core (ODCE) Index. The alternative investment portfolio returned 8.5 percent.

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2014 totaled $1,693 million, an increase of $127 million over 2013. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 111,989 in 2014 from 106,997 in 2013 as well as an increase in the amount of the average benefit.

When comparing returns, it is important to remember that as a pension fund, IMRF's investment program has a very long time horizon. See the "Investments" section of this report for details of some of the longer term results.

IMRF's money-weighted rate of return for the periods ended:

Period	Return
December 31, 2014	6.08%
December 31, 2013	20.15%
December 31, 2012	13.81%

CONDENSED SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

(In millions)

	2013	2012	Dollar Change	Percent Change
Additions				
Member contributions	$ 339	$ 331	$ 8	2%
Employer contributions	931	883	48	5
Net investment gain	5,583	3,394	2,189	64
Total additions	**6,853**	**4,608**	**2,245**	**49**
Deductions				
Benefits	1,503	1,390	113	8
Refunds	37	34	3	9
Administrative expenses	26	25	1	4
Total deductions	**1,566**	**1,449**	**117**	**8**
Net increase in fiduciary net position	**$ 5,287**	**$ 3,159**	**$ 2,128**	**67%**

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2013 totaled $1,270 million which was 5 percent more than 2012. The increase in member contributions is due to a 2.3 percent increase in total employer payrolls which more than offset a .5 percent decrease in active members due to reductions in employees at IMRF-sponsoring employers. The member contribution rate remained at 4.5 percent of earnings for Regular members and 7.5 percent for Sheriff's Law Enforcement Personnel (SLEP) and the optional Elected County Officials (ECO) members. Employer contributions increased 5.4 percent. This increase was driven primarily by the increase in the composite average employer contribution rate from 13.6 percent in 2012 to 14.1 percent in 2013. For rate-setting purposes there is a two-year lag between the date that data is used to compute employer contribution rates and the effective date of those rates.

In 2013, IMRF had net appreciation in the value of investments of $5,130 million, a $2,302 million change from the $2,828 million of appreciation recorded in 2012. Interest, dividends, and equity fund income totaled $528 million, a decrease from the $629 million in 2012. Securities lending income net of related expenses was $14.8 million for 2013, an increase of $1.1 million from 2012. Direct investment expenses increased to $89.5 million in 2013 from $76.6 million in 2012 and reflect the increase in the number of money managers and an increase in the amount of the investment portfolio managed by active managers.

The total rate of return for the portfolio in 2013 was 20.0 percent compared to 13.5 percent in 2012. IMRF's US stock portfolio returned 37.3 percent compared to 33.5 percent for the Dow Jones Total Stock Market Index. The fixed income portfolio returned a negative 0.8 percent compared to a negative 2.0 percent for the Barclays Aggregate Bond Index. Our international stock portfolio returned 19.9 percent compared to 15.3 percent for the MSCI All-Country World Free ex-US Index. The real estate portfolio returned 10.6 percent compared to 11 percent for the NCREIF Property Index. The alternative investment portfolio returned 13.3 percent.

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2013 totaled $1,566 million, an increase of $117 million over 2012. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 106,997 in 2013 from 103,929 in 2012 as well as an increase in the amount of the average benefit.

STATEMENTS OF FIDUCIARY NET POSITION

	December 31	
	2014	**2013**
Assets		
Cash and cash equivalents	**$ 15,545,672**	**$ 23,113,600**
Receivables and prepaid expenses		
Contributions	114,527,954	78,803,130
Investment income	72,367,257	45,780,338
Receivables from brokers for unsettled trades	320,042,161	175,589,245
Prepaid expenses	120,379,100	110,911,489
Total receivables and prepaid expenses	**627,316,472**	**411,084,202**
Investments, at fair value		
Fixed income	9,069,388,290	8,642,608,260
Stocks	21,901,131,255	21,473,593,888
Short term investments	655,106,542	789,695,320
Real estate	1,500,024,702	1,081,881,308
Alternative investments	1,564,587,627	1,260,215,917
Total investments	**34,690,238,416**	**33,247,994,693**
Invested securities lending cash collateral	**3,075,704,343**	**2,730,710,325**
Capital assets		
Equipment, at cost	25,235,735	18,989,597
Accumulated depreciation	(8,592,158)	(7,072,823)
Total capital assets	**16,643,577**	**11,916,774**
Total assets	**38,425,448,480**	**36,424,819,594**
Liabilities		
Accrued expenses and benefits payable	34,443,574	35,201,484
Securities lending cash collateral	3,075,704,343	2,730,710,325
Payables to brokers for unsettled trades	448,254,718	375,330,246
Total liabilities	**3,558,402,635**	**3,141,242,055**
Net position restricted for pensions	**$ 34,867,045,845**	**$ 33,283,577,539**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Years Ended December 31	
	2014	**2013**
Additions		
Contributions		
Members for retirement coverage	$ 351,089,445	$ 338,934,421
Employers for benefit plan coverage	923,382,825	930,969,056
Total contributions	**1,274,472,270**	**1,269,903,477**
Investment Income		
From investing activities		
Interest	244,552,096	260,804,013
Dividends	262,094,911	228,514,937
Equity fund income, net	111,106,665	38,606,826
Net appreciation in fair value of investments	1,475,879,816	5,129,840,983
Investment activity gain	**2,093,633,488**	**5,657,766,759**
Less: Direct investment expense	(109,024,556)	(89,474,716)
Net investment activity gain	**1,984,608,932**	**5,568,292,043**
From security lending activity		
Securities lending income	18,435,876	16,474,446
Securities lending management fees and borrower rebates	(1,623,937)	(1,646,484)
Net security lending activity income	**16,811,939**	**14,827,962**
Total investment gain	**2,001,420,871**	**5,583,120,005**
Other	**19,157**	**8,455**
Total additions	**3,275,912,298**	**6,853,031,937**
Deductions		
Annuities	1,587,334,029	1,463,102,775
Disability benefits	10,902,507	11,214,500
Death benefits	28,584,714	29,056,873
Refunds	39,191,090	36,944,214
Administrative expenses	26,431,652	25,463,299
Total deductions	**1,692,443,992**	**1,565,781,661**
Net increase	**1,583,468,306**	**5,287,250,276**
Net position restricted for pensions		
Beginning of year	**33,283,577,539**	**27,996,327,263**
End of year	**$ 34,867,045,845**	**$ 33,283,577,539**

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

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. Four Executive Trustees are elected by employers, three Employee Trustees are elected by members, and one Annuitant Trustee is elected by annuitants. Any IMRF member who has eight years of service credit as of December 31 of the election year is eligible to be nominated to serve as a trustee. 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

	2014	2013
Participating employers	**2,976**	**2,977**

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

Inactive members	2014	2013
Retirees and beneficiaries currently receiving benefits	112,762	107,732
Terminated members entitled to benefits but not yet receiving them	12,682	12,717
Terminated members—non-vested	105,758	105,317
Total inactive members	**231,202**	**225,766**
Active members		
Non-vested	82,105	82,380
Vested	91,863	91,446
Total active members	**173,968**	**173,826**
Grand Total	**405,170**	**399,592**

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 Sheriff's Law Enforcement Personnel (SLEP) members.

3. Contributions

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

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 participation determine a member's minimum benefit while the benefit provisions in effect on the member's date of termination determine a member's maximum benefit. The following is a summary of the IMRF benefit provisions as of December 31, 2014 and 2013. The ECO plan was created by statute in 1997 and was revised in 2000. In 2010 the General Assembly passed legislation which became Public Acts 96-0889 and 96-1495. These acts created a second tier within the regular, SLEP and ECO plans for members joining IMRF after December 31, 2010 with no prior qualifying service. On August 8, 2011, Public Act 97-0273 closed the ECO plan to new participants. A more extensive description of the plan can be found in the Actuarial Section (updated December 31, 2014).

Plan	Regular Tier 1	Regular Tier 2	SLEP Tier 1	SLEP Tier 2	Original ECO	Revised ECO Tier 1	Revised ECO Tier 2
Vesting	8 years	10 years	20 years	10 years	8 years	8 years in each elected position	8 years in each elected position; 10 years in total
Minimum Age For Unreduced Benefit	35+ years of service: 55, otherwise 60	35+ years of service: 62, otherwise 67	50 with 20+ years of service	55 with 10+ years of service	Sheriffs with 20 years of SLEP service: 50, otherwise 55	Sheriffs with 20 years of SLEP service: 50, otherwise 55	Sheriffs with 10 years of SLEP service: 62, otherwise 67
Final Rate Of Earnings	Highest consecutive 48 months in the last 10 years	Highest consecutive 96 months in the last 10 years; pensionable earnings initially capped at $110,631 increasing annually by 3% or 1/2 of CPI, whichever is less	Highest consecutive 48 months in the last 10 years	Highest consecutive 96 months in the last 10 years; pensionable earnings initially capped at $110,631 increasing annually by 3% or 1/2 of CPI, whichever is less	Annual salary on the last day of ECO participation	Highest consecutive 48 months in the last 10 years for each elected position	Highest consecutive 96 months in the last 10 years; pensionable earnings initially capped at $110,631 increasing annually by 3% or 1/2 of CPI, whichever is less
Survivor Benefits	Annuity for eligible spouse	Annuity for eligible spouse	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	Annuity for eligible spouse and unmarried children under 18
Post-Retirement Increase	3% of original amount	3% or 1/2 of CPI, whichever is less of original amount	3% of original amount	3% or 1/2 of CPI, whichever is less of original amount	3% of original amount	3% of original amount	3% or 1/2 of CPI, whichever is less of original amount
Early Retirement	At age 55, discount based on age and service	At age 62, discount based on age and service	None	At age 50, discount based on age and service	None	None	At age 62, discount based on age and service

Refunds

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

Early Retirement

IMRF employers may offer an early retirement incentive (ERI) for active members who have 20 or more years of service and are age 50 (57 for Tier 2 members) or older. The program is optional with employers and may not be offered until the liability for any previous ERI is paid. An employer may not adopt an ERI more frequently than once every five years after the close of a prior ERI.

Supplemental Retirement Benefit

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

Death Benefits

An eligible spouse of a deceased retired member receives a one-time death benefit of $3,000 plus a monthly pension equal to one-half (66-2/3 percent for ECO retirees and Tier 2 members) 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 (limited to the pensionable earnings cap for Tier 2 members) 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. IMRF as Employer

IMRF as an employer provides pension, disability and death benefits for all of its full-time employees through the Fund. These expenses, along with all administrative expenses, are financed through investment returns.

Inactive members	2014	2013
Retirees and beneficiaries currently receiving benefits	135	123
Terminated members entitled to benefits but not yet receiving them	21	21
Terminated members—non-vested	31	28
Total inactive members	**187**	**172**
Active members		
Non-vested	82	74
Vested	101	108
Total active members	**183**	**182**
Grand Total	**370**	**354**

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	$ 1,521,726	100%	$ 0
12/31/2013	1,511,513	100	0
12/31/2012	1,359,252	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]
12/31/2014	$29,657,308	$37,394,275	$7,736,967	79.3%	$12,659,952	61.1%
12/31/2013	30,154,067	36,739,504	6,585,437	82.1	12,471,233	52.8
12/31/2012	26,576,041	34,609,171	8,033,130	76.8	11,860,837	67.7

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) The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

(2) The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens 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 U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts and fiduciary net position 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 fiduciary net position during the reporting period and, when applicable, disclosures of the contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

4. Risks and Uncertainties

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

5. Income Taxes

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

6. Method Used to Value Investments

IMRF reports investments at fair value. Fair value for stocks is determined by using the closing price listed on the national securities exchanges as of December 31. Fair value for fixed income securities is 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. Fair value for the majority of derivative instruments is determined principally by using quoted market prices provided by independent pricing services. Remaining derivative instruments are priced by The Northern Trust Company by obtaining prices from a variety of internal and external sources.

7. Deferred Inflows/Outflows of Resources

The statement of fiduciary net position, in addition to assets, will on occasion report a separate section for the deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and as such, will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of fiduciary net position will on occasion report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. IMRF has not reported either item this year.

C. New Accounting Pronouncements

In June 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans — an amendment of GASB Statement No. 25." The object of this statement is to improve the usefulness of pension information included in the general purpose external financial reports of governmental pension plans for making decisions and assessing accountability. IMRF had adopted GASB Statement No. 67 for its December 31, 2013, financial statements. The implementation resulted in the elimination of certain actuarial disclosures related to IMRF's funding status as a whole, and the addition of disclosures related to the composition of the Board of Trustees, IMRF's reserves, and the money-weighted rate of return on IMRF's investments.

In June 2012, GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." The objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose financial reports of governments whose employees, both active and inactive, are provided with pensions. IMRF will implement GASB Statement No. 68 in Fiscal Year 2015.

In January 2013, GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This statement applies to all state and local governmental agencies. GASB Statement No. 69 does not apply to IMRF for the December 31, 2014, financial statements.

In April 2013, GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specific conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligations can be a legally separate entity or individual, including a blended or discretely presented component unit. GASB Statement No. 70 does not apply to IMRF for the December 31, 2014, financial statements.

D. Deposits and Investment Risk Disclosures

1. Deposits

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, IMRF's deposits may not be returned. All non-investment related bank balances at year-end are insured or collateralized with securities held by the Illinois State Treasurer or agents in the name of the State Treasurer. The Illinois State Treasurer is ex-officio Treasurer of IMRF. Cash held in the investment related bank account is neither insured nor collateralized for amounts in excess of $250,000. These deposits are not required to be collateralized by statute and there is no related deposit policy for custodial risk.

These assets are under the custody of The Northern Trust Company. The Northern Trust Company has an AA Long Term Deposit/Debt rating by Standard & Poor and an A1 rating by Moody.

Carrying amounts at December 31	2014	2013
Cash and cash equivalents	$ 15,545,672	$ 23,113,600
Bank balances at December 31		
Bank balances	$ 58,976,782	$ 15,442,788
Amount exposed to custodial credit risk	**$ 505,582**	**$ 675,633**

2. Investment Policies, Asset Allocation and Money Weighted Rate of Return

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.

IMRF's policy in regard to the allocation of invested assets is established and may be amended by the Board. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation as of December 31, 2014.

Asset Class	Target
U.S. equities	38.0%
Foreign equities	17.0
Fixed income	27.0
Alternative	9.0
Real estate	8.0
Short-term	1.0

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.08 percent. For the year ended December 31, 2013 it was 20.15 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2014, and 2013.

	2014	2013
U.S. government & agency fixed income	$ 2,948,775,562	$ 2,545,232,131
U.S. corporate fixed income	2,411,587,478	2,858,082,449
U.S. fixed income funds	2,809,398,033	2,645,901,812
Foreign fixed income	899,627,217	593,391,868
U.S. equities	10,680,117,720	10,447,276,594
U.S. stock funds	4,613,516,094	4,508,900,134
Foreign equities	3,704,053,730	3,552,997,589
Foreign stock funds	2,903,443,711	2,964,419,571
Foreign currency forward contracts	3,594,668	2,182,680
Pooled short-term investment funds	651,123,337	785,672,131
Real estate	1,500,024,702	1,081,881,308
Private equity	1,027,814,948	757,458,243
Absolute return funds	536,772,679	502,757,674
Swaps	(598,621)	(383,053)
Options	(618,892)	2,633,414
Other	1,606,050	(409,852)
Total investments at fair value	**$ 34,690,238,416**	**$ 33,247,994,693**

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 The Northern Trust. Under the terms of the investment agreement for these funds, The 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 total investments at year-end. As of December 31, 2014, IMRF had $1,461,623,026 invested in the MFB NT Collective Aggregate Bond Index Fund, $1,347,755,007 in the BlackRock US Debt Index Fund, $2,768,837,174 in the NT Collective U.S. Marketcap Equity Index Fund and $2,214,904,268 in the NT Collective EAFE Index Fund. As of December 31, 2013, IMRF had $1,377,271,202 invested in the MFB NT Collective Aggregate Bond Index Fund, $1,268,630,610 in the BlackRock US Debt Index Fund, $2,762,584,902 in the NT Collective U.S. Marketcap Equity Index Fund and $2,440,962,809 in the NT Collective EAFE Index Fund.

4. Custodial Credit Risk for Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, IMRF will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of December 31, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Fund's name.

	2014	2013
Investments in foreign currency	$ 23,369,174	$ 48,743,297

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

Corporate and International	2014	2013
AAA	$ 196,770,411	$ 194,266,270
AA	277,240,214	242,657,622
A	625,532,315	658,912,006
BBB	932,176,663	992,970,493
BB	656,447,156	653,267,555
B	310,622,480	434,468,459
CCC	67,670,997	133,349,650
CC	3,232,795	4,349,930
C	2	5,668,429
D	4,287,593	8,462,385
Not Rated and Other	63,745,179	19,675,022
Government and Agencies		
AAA	179,604,513	874,325,716
AA	1,550,344,514	984,166,134
A	27,700,527	17,147,898
BBB	20,548,500	139,509
B	-	2,486,185
Not Rated and Other	1,170,577,508	770,393,185
Fixed Income Funds	**2,982,886,923**	**2,645,901,812**
	$ 9,069,388,290	**$ 8,642,608,260**

The U.S. Fixed Income Fund had an average credit quality rating of AA for 2014 and AA for 2013. The International Fixed Income Fund had an average quality rating of BBB for 2014. There were no International Fixed Income Funds for 2013.

6. Interest Rate Risk

IMRF 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. IMRF benchmarks its debt security portfolio to the Barclays Aggregate Bond Index. At December 31, 2014 and 2013, the effective duration of the Barclays Aggregate Bond Index was 5.17 and 5.15, respectively. At the same points in time, the effective duration of IMRF debt securities portfolio was 4.62 and 4.69, respectively.

Investment	2014 Fair Value	Effective Weighted Duration Rate	2013 Fair Value	Effective Weighted Duration Rate
U.S. Corporate	$ 2,411,587,478	4.69	$ 2,858,082,449	4.06
U.S. Government & Agencies	2,948,775,562	4.46	2,545,232,131	5.20
U.S. Fixed Income Fund	2,809,398,033	5.12	2,645,901,812	5.10
International	726,138,327	4.15	593,391,868	3.69
International Fixed Income Fund	173,488,890	0.33	--	--
Total	**$ 9,069,388,290**	**4.62**	**$ 8,642,608,260**	**4.69**

7. Foreign Currency Risk

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

	2014	2013
Foreign Equities		
Australian dollar	$ 57,066,295	$ 70,967,993
Brazilian real	39,312,639	36,621,779
British pound sterling	534,400,403	601,363,226
Canadian dollar	118,963,692	121,025,157
Chilean peso	17,353,934	9,961,354
Columbian peso	168,792	958,706
Croatian kuna	323,610	-
Czech koruna	5,797,804	5,753,076
Danish krone	52,037,360	25,153,403
Euro	862,090,571	919,680,002
Hong Kong dollar	209,381,333	221,334,542
Hungarian forint	278,267	-
Indian rupee	87,933,153	60,928,548
Indonesian rupiah	17,621,915	11,457,590
Japanese yen	690,111,391	632,743,857
Kenyan shilling	-	795,546
Malaysian ringgit	7,947,561	4,259,391
Mexican peso	19,531,972	8,766,033
New Israeli shekel	17,911,789	8,738,880
New Taiwan dollar	73,220,818	33,564,051
New Zealand dollar	9,034,186	10,524,059
Nigerian naira	-	936,138
Norwegian krone	66,505,834	60,236,534
Philippine peso	6,899,647	3,658,406
Polish zloty	10,329,426	5,212,428
Qatari rial	1,736,480	-
Singapore dollar	40,729,055	34,095,670
South African rand	50,468,344	35,802,931
South Korean won	92,151,451	114,827,241
Swedish krona	101,679,692	98,256,062
Swiss franc	238,355,570	188,537,862
Thai baht	14,144,988	10,754,365
Turkish lira	27,365,204	33,863,384
United Arab Emirates dirham	6,569,710	1,334,581
United States dollar	3,130,074,555	3,145,304,365
Total Foreign Equities	**6,607,497,441**	**6,517,417,160**

	2014	2013
Foreign Fixed Income		
Brazilian real	19,725,693	8,237,191
Colombian peso	9,958,589	--
Euro	614,975	5,854,623
Hungarian forint	1,653,680	--
Indonesian rupiah	7,623,820	--
Malaysian ringgit	9,885,080	--
Mexican peso	35,918,307	20,708,022
New Zealand dollar	3,790,082	--
Polish zloty	8,603,967	--
Russian ruble	3,640,880	--
South African rand	7,982,549	--
Thai baht	3,279,792	--
Turkish lira	6,430,351	--
United States dollar	780,519,452	558,592,032
Total Foreign Fixed Income	**899,627,217**	**593,391,868**
Total	**$ 7,507,124,658**	**$ 7,110,809,028**

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, The 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 142 days as of December 31, 2014, and 125 days as of December 31, 2013. 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.

The 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 39 days as of December 31, 2014, and 39 days as of December 31, 2013. 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 The Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. The 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 2014 and 2013, 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 Fiduciary Net Position. The market value of collateral received is comprised of cash collateral of $3,075,704,343 and $2,730,710,325 at December 31, 2014 and 2013, respectively.

Loans outstanding as of	December 31, 2014	December 31, 2013
Market value of securities loaned	$ 3,083,519,660	$ 2,683,849,172
Market value of collateral received	$ 3,166,294,569	$ 2,747,365,631

F. Derivatives

IMRF's investment managers may enter into derivative transactions as permitted by their guidelines. A derivative financial instrument is an investment whose payoff depends upon the value of an underlying such as bond or stock prices, a market index, or commodity prices. Derivative financial instruments involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. IMRF's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. Senior investment management approves these limits and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. IMRF does not purchase derivatives with borrowed funds.

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

Foreign currency forward contracts are agreements to buy or sell a specific amount of a specific currency at a specified delivery or maturity date for an agreed upon price. As the fair value of the underlying currency varies from the original contract price, IMRF records an unrealized gain or loss. The counterparties to the foreign currency forward contracts are banks which are rated A or above by rating agencies. The fair value of forward currency contracts outstanding at December 31, 2014 and 2013 is as follows:

Fair Value as of	December 31, 2014	December 31, 2013
Pending Foreign Exchange Purchases		
Australian dollar	$ 23,293,163	$ 9,760,950
Brazilian real	2,354,537	-
British pound sterling	64,342,947	52,423,536
Canadian dollar	78,385,247	32,509,622
Colombian peso	343,919	-
Danish krone	26,851,327	43,635,043
Euro	28,552,785	16,361,206
Hong Kong dollar	249,204	229,333
Hungarian forint	227,476	-
Indian rupee	5,488,644	-
Indonesian rupiah	48,642	-
Japanese yen	103,379	7,696,404
Mexican peso	329,161	-
New Israeli shekel	241,751	981,790
New Zealand dollar	24,462,574	35,807,952
Norwegian krone	49,666	1,422,147
Polish zloty	194,004	-

Fair Value, continued

Russian ruble	86,157	-
Singapore dollar	-	456,458
South African rand	721,735	-
Swedish krona	961,384	433,109
Swiss franc	11,815,415	20,538,955
United States dollar	320,850,069	286,543,986
Total purchases	**589,953,186**	**508,800,491**

Pending Foreign Exchange Sales		
Australian dollar	$ (4,686,807)	$ (23,089,778)
British Pound sterling	(15,161,156)	(1,512,671)
Canadian dollar	(4,058,481)	(4,513,778)
Colombian peso	(4,062,339)	-
Danish krone	(12,344,823)	(50,354)
Euro	(115,609,549)	(134,302,707)
Hong Kong dollar	(2,460,632)	(10,182,871)
Hungarian forint	(227,476)	-
Indian rupee	(387,184)	-
Indonesian rupiah	(360,860)	-
Japanese yen	(54,296,674)	(67,557,689)
Malaysian ringgit	(902,889)	-
Mexican peso	(7,257,885)	-
New Israeli shekel	(10,595,986)	(4,167,730)
New Romanian leu	(1,411,101)	-
New Zealand dollar	-	(2,149,875)
Norwegian krone	(4,605,577)	(4,319,611)
Peruvian Nuevo sol	(1,110,842)	-
Polish zloty	(194,004)	-
Philippine peso	-	(5,244)
Singapore dollar	(1,998,451)	(1,010,419)
South African rand	(5,574,715)	-
Swedish krona	(27,844,585)	(28,511,626)
Swiss franc	(47,407,148)	(3,515,917)
Thai baht	(2,010)	(186,896)
Turkish lira	(237,962)	(361,141)
United States dollar	(263,559,382)	(221,179,504)
Total sales	**(586,358,518)**	**(506,617,811)**
Net Unrealized Gain	**$ 3,594,668**	**$ 2,182,680**

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, 2014 and 2013 are as follows:

Contractual Amount as of	December 31, 2014		December 31, 2013	
	Amount	Number of Contracts	Amount	Number of Contracts
Fixed income derivatives futures sold	$ 152,192,388	1,061	$ 29,524,000	148
Fixed income derivatives futures purchased	157,892,758	1,244	212,836,594	1,697
Fixed income futures sold	157,892,758	1,244	212,836,594	1,697
Fixed income futures purchased	152,192,388	1,061	29,524,000	148
Equity derivatives futures purchased	$ 24,423,560	238	$ 11,046,600	120
Equity derivatives offsets futures sold	24,423,560	-	11,046,600	120
Cash and cash equivalent derivatives futures sold	$ 319,416,002	1,362	-	-
Cash and cash equivalent futures purchased	319,416,002	1,362	-	-
Cash and cash equivalent derivatives futures purchased	225,031,075	914	-	-
Cash and cash equivalent derivatives offsets futures sold	225,031,075	914	-	-

Contractual amounts, which represent the fair 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 fair values and are recorded in the Statement of Changes in Fiduciary Net position. The fair value (liability) of financial options outstanding at year-end December 31, 2014 and 2013 is as follows:

Fair Value as of	December 31, 2014		December 31, 2013	
	Amount	Notional Value	Amount	Notional Value
Financial put options	$ 487,739	$ 141,182,362	$ 2,068,392	$119,700,123
Financial call options	(1,106,631)	34,401,159	565,022	52,650,000

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 add liquidity to individual credits and protect specific positions. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net position. The fair value (liability) of swaps outstanding at December 31, 2014 and 2013 is as follows:

Fair Value as of	December 31, 2014	December 31, 2013
Swaps, (loss)	$ (598,621)	$ (383,053)

As of December 31, 2014			
Type of Swap	Notional Value	Fair Value	Counterparty Credit Rating
Credit Default Swap	$ 36,070,437	$ 610,866	A
Credit Default Swap	11,232,000	(691,895)	A
Credit Default Swap	3,900,000	0	BBB
Credit Default Swap	3,900,000	(151,042)	NR*
Interest Rate Swap	22,900,000	0	A
Interest Rate Swap	22,900,000	(366,550)	A
Total	**$ 100,902,437**	**$ (598,621)**	

Swaps, continued

As of December 31, 2013			
Type of Swap	**Notional Value**	**Fair Value**	**Counterparty Credit Rating**
Credit Default Swap	$ 18,826,797	$ 647,503	A
Credit Default Swap	1,755,000	(3,370)	A
Credit Default Swap	23,075,000	(930,527)	NR*
Interest Rate Swap	476,080,000	1,472,355	NR*
Interest Rate Swap	216,680,000	(1,569,014)	NR*
Total	**$ 736,416,797**	**$ (383,053)**	NR – Not rated

**NR = Not rated*

G. Future Investment Commitments

At December 31, 2014 and 2013, IMRF had future commitments for additional contributions to real estate and alternative investment managers totaling $1,171,957,914 and $1,067,183,369, respectively.

H. 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 24 retirees are in the plan and 186 active employees could be eligible at retirement. Benefit subsidy provisions have been established by IMRF's Board of Trustees that cover a percentage of the retiree's insurance premiums from the date of retirement to the date the retiree becomes eligible for Medicare. The amount of the subsidy varies based upon the retiree's years of service with IMRF. These benefit subsidy provisions can be modified or terminated at the sole discretion of the IMRF Board. Except for any eligible subsidy, retirees must pay the entire blended insurance premium for their coverage.

2. Funding Policy

The contribution requirements of plan members and IMRF are established by IMRF's Board of Trustees within the provisions of the Illinois statutes. The required contribution is based on projected pay-as-you-go financing requirements. For 2014 and 2013, IMRF contributed $2,027,557 and $1,906,930, respectively, to the plan for current premiums, including a $53,313 subsidy in 2014 and a $51,959 subsidy in 2013 for retiree health and dental care premiums (77.9 percent and 78.6 percent of total premiums for each year). Plan members receiving benefits contributed $574,497 in 2014 and $519,774 in 2013, or 22.1 percent and 21.4 percent of the total premiums for each year, through their required contributions of between $111 and $385 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:

	2014	2013	2012
Annual required contribution	$ 169,667	$ 170,011	$ 173,526
Interest on net OPEB obligation	63,365	59,283	54,344
Adjustment to annual required contribution	(45,294)	(42,376)	(38,846)
Annual OPEB expense	**187,738**	**186,918**	**189,024**
Contributions made	(122,410)	(132,485)	(123,181)
Increase in net OPEB obligation	**65,328**	**54,433**	**65,843**
Net OPEB obligation - beginning of year	**844,869**	**790,436**	**724,593**
Net OPEB obligation - end of year	**$ 910,197**	**$ 844,869**	**$ 790,436**

In 2014, 2013 and 2012, IMRF contributed 72 percent, 78 percent, and 71 percent, respectively, of the annual required OPEB contribution to the plan.

4. Actuarial Valuation Information

Actuarial Valuation December 31	Actuarial Accrued Liability (AAL)	Actuarial Assets	Actuarial Assets as a Percentage of AAL	Total Unfunded Actuarial Liability (UAAL) (a)	Actuarial Covered Payroll (b)	UAAL as a Percentage of Covered Payroll (a/b)
2014	$1,756,356	$0	0%	$1,756,356	$13,561,831	13.0%
2013	1,760,380	0	0	1,760,380	13,465,676	13.1
2012	1,770,498	0	0	1,770,498	12,319,670	14.4

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. IMRF does not intend to fund the plan.

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, 2014 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return which is based upon the employer's assumed return on its assets and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 3.5 percent after nine years. Both rates include a 4 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over an open 30 year period.

I. Reserves

IMRF maintains several reserves as required by the Illinois Pension Code and Board policy. All reserves are fully funded with the exception of some individual employer retirement reserves. These reserves do not equal the present value of expected retirement benefits for all employers. In 2014 the present value of expected retirement benefits exceeded the retirement reserves for all employers combined by $2,598,101,767. In 2013 the present value of expected retirement benefits exceeded the retirement reserves for all employers combined by $1,072,997,934. These reserves are explained in the Illinois Pension Code, Section 7; 202 through 208.

	2014	2013
Member Contribution Reserve		
Balance at December 31	$ 6,273,796,065	$ 6,039,015,031
Annuity Reserve		
Balance at December 31	$ 17,883,947,884	$ 15,751,643,026
Employer Reserves		
Balance at December 31		
Retirement contribution reserve	11,691,832,831	11,410,645,919
Earnings and experience reserve	(1,011,469,043)	52,413,109
Supplemental retirement benefit	1,144,179	1,356,688
Pooled death benefit reserve	16,681,185	15,073,934
Pooled disability benefit reserve	11,112,744	13,429,831
Total Employer Reserves	**$ 10,709,301,896**	**$ 11,492,919,481**

J. Other Notes

1. Prepaid Expenses

Balance at December 31	2014	2013
Prepaid administrative expenses	$ 1,330,184	$ 1,590,717
January 1 benefits charged to bank account in December	119,048,916	109,320,772
Total	**$ 120,379,100**	**$ 110,911,489**

2. Capital Assets

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

Year ended December 31	2014	2013
Equipment, furniture, automobiles and internally developed software		
Beginning balance in service	$ 11,050,182	$ 10,536,681
Additions	910,568	584,190
Deletions	(41,824)	(70,689)
Ending balance in service	**11,918,926**	**11,050,182**
Software under development	13,316,809	7,939,415
Total ending balance	**25,235,735**	**18,989,597**
Accumulated depreciation and amortization		
Beginning balance	7,072,823	5,665,849
Additions	1,561,159	1,477,663
Deletions	(41,824)	(70,689)
Ending balance	**8,592,158**	**7,072,823**
Capital assets, net	**$ 16,643,577**	**$ 11,916,774**

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, 2014, a liability existed for accumulated annual leave calculated at the employee's December 31, 2014 pay rate in the amount of $864,894. 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, 2014, a liability existed for accumulated and accrued sick leave, calculated at the employee's December 31, 2014 pay rate in the amount of $2,356,994. The total leave liability of $3,221,888 and $3,220,816 as of December 31, 2014, and 2013, respectively, is reflected on the Statement of Fiduciary Net Position 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 2010 the Fund entered into a new agreement covering the period June 1, 2011, through October 31, 2016. The lease contains an abatement clause. The Fund will amortize the abated rent, operating expenses, and real estate taxes over the period covered by the agreement. Total rental expense for 2014 and 2013 was $1,085,399 and $979,874, respectively. In 2012 the Fund entered into a new agreement with the building's management to lease additional space at the Drake Oak Brook Plaza covering the period January 15, 2013 through October 31, 2016. This lease also contains an abatement clause. The Fund will amortize the abated rent, operating expenses, and real estate taxes over the period covered by the agreement.

` The Fund also leases office space in Springfield for its Regional Counseling Center. In 2011 the Fund entered into a new agreement covering the period November 1, 2011, through October 31, 2016. Total rental expense for 2014 and 2013 was $33,660 and $33,110, respectively.

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

2015	$ 1,217,436
2016	$ 1,042,274

5. Risk Management

IMRF carries commercial, business, fiduciary liability 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.

REQUIRED SUPPLEMENTARY INFORMATION*

Schedule of Money Weighted Rate of Returns

The money-weighted rate of return is presented to provide information regarding IMRF's investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

	2014	2013	2012
Annual money-weighted rate of return, net of investment expenses	6.08%	20.15%	13.81%

(Ten year tend not available)

** Unaudited; see accompanying Independent Auditor's Report*

SUPPLEMENTARY INFORMATION

Schedule of Administrative Expenses	2014	2013
Personal services	$ 16,636,543	$ 16,358,405
Supplies	424,915	434,872
Professional services	1,586,106	1,435,949
Occupancy and utilities	2,081,716	1,924,027
Postage and delivery	1,168,392	1,052,761
Equipment service and rental	1,160,726	1,053,833
Expendable equipment	233,512	256,728
Miscellaneous	1,578,583	1,469,061
Depreciation	1,561,159	1,477,663
Total	**$ 26,431,652**	**$ 25,463,299**

Schedule of Payments for Professional Services		
Modernization consulting	$ 118,380	$ 60,384
Actuary	465,791	358,285
Internal auditing	99,141	262,526
External auditor	196,715	129,265
Medical consultant	143,975	125,025
Public relations consultant	96,996	82,309
IT consultants	329,331	264,854
Legislative lobbying consultant	68,796	68,160
Compensation and benefit consultants	22,977	15,000
Legal services	37,822	28,094
Other consulting	3,300	11,850
Tax consultant	2,882	30,197
Total	**$ 1,586,106**	**$ 1,435,949**

Schedule of Investment Expenses		
Investment manager fees	$ 107,310,060	$ 87,837,029
Master trustee fees	268,750	255,000
Investment consultants	863,834	982,886
Investment legal fees	471,541	324,929
Miscellaneous	110,371	74,872
Total	**$ 109,024,556**	**$ 89,474,716**

A schedule of investment related fees can be found in the Investment Section; see Independent Auditors' Report

INVESTMENTS

$34.7 BILLION

In 2014, IMRF achieved a 5.8% Annual Rate of Return, earning $2.0 billion in investment income, with assets totaling $34.7 billion.

Callan
FORTY YEARS

Callan Associates Inc.
120 North LaSalle Street
Suite 2400
Chicago, IL 60602

Main 312.346.3536
Fax 312.346.1356

www.callan.com

March 19, 2015

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:

Callan Associates is pleased to report the results of the Illinois Municipal Retirement Fund (IMRF) investment program for calendar year 2014.

An improving outlook for the U.S. economy helped buoy domestic equity markets, which posted double digit returns for the third consecutive year. The U.S. equity market, as measured by the Dow Jones U.S. Total Stock Market Index, advanced 12.5%. International equity markets, as measured by the MSCI All Country World ex-U.S. Index, significantly trailed those in the U.S. falling -3.9%. Treasury yields fell during the year leading to strong performance for the Barclays Capital Aggregate Index which returned 6.0% during 2014.

The Illinois Municipal Retirement Fund reported assets of $34.6 billion as of December 31, 2014. This represented an increase of approximately $1.4 billion from December 31, 2013.

The Total Fund returned 5.8% net of fees in 2014, underperforming the Total Fund Benchmark by 1.6%. The Total Fund Benchmark is composed of the individual asset class benchmarks weighted in the same proportion as the target asset class allocations[1]. On a gross of fee basis, the Total Fund ranked in the 59th percentile of Callan's Large Public Fund Sponsor Database for the one-year period, and in the 27th and 10th percentile for the trailing five and ten year periods, respectively. A surprisingly strong domestic equity market was the biggest contributor to the Fund's 2014 returns. However, active management within domestic equities was challenged and was the biggest detractor from relative returns versus the Total Fund Benchmark.

The domestic equity portfolio, with a current target allocation of 38%, returned 9.5% net of fees for the year ended December 31, 2014. This return trailed the Dow Jones U.S. Total Stock Market Index by 2.7%. IMRF's Domestic Equity portfolio, gross of fees, ranked 84th percentile compared to other public fund domestic equity portfolios.

Outside the U.S., European and Japanese economies continued to struggle to ignite growth. U.S. dollar based investors faced the added headwind of declining foreign currency values. Equity markets outside of the United States, represented by the All Country World ex-U.S. Index, fell -3.4%. International small cap did slightly worse, declining -4.0%. Emerging market equities posted negative returns for the year but led developed markets. The MSCI Emerging Markets Index returned -1.8%.

The IMRF international equity portfolio fell -3.1% net of fees over the one-year period outperforming the MSCI All-Country World ex-U.S. Index by 0.8%. The gross of fee return of -2.8% ranked in the 36th percentile compared to Public Fund International Equity peers. This asset class, which has a current target allocation of 17%, is broadly invested and includes a dedicated allocation to small cap and emerging markets stocks.

[1] As of December 31, 2014, the Total Fund Benchmark consisted of 38% DJ U.S. Total Stock Market Index, 27% Barclays Capital Aggregate Bond Index, 17% MSCI AC World ex-U.S. Index, 8% NFI-ODCE +1%, 9% of the Alternatives Custom Benchmark of 9%, and 1% of the Citigroup 90-Day T-Bill Index.

Callan
FORTY YEARS

In a declining interest rate environment, the Fund's fixed income portfolio gained 5.8% net of fees. This return trailed the Barclays Capital Aggregate Bond Index by 0.2%. The gross of fee return of 5.9% ranked in the 43rd percentile compared to peers. The fixed income portfolio has a current target allocation of 27% and was well diversified including dedicated investments in non-core fixed income strategies.

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

Sincerely,

Ryan Ball

R. Ryan Ball, CFA
Senior Vice President

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60675
(312) 630-6000

Northern Trust

March 17, 2015

Board of Trustees and Executive Director
Illinois Municipal Retirement Fund
2211 York Road
Oak Brook, IL 60523-2374

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, 2014, through December 31, 2014. Also, a statement of assets together with their fair market value was provided, showing the properties held as of December 31, 2014. 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: Patricia Somerville-Koulouris

Patricia Somerville-Koulouris
Senior Vice President

NTAC:2SE-18

INVESTMENT CONSULTANTS

Master Trustee

The Northern Trust Company
Patricia Somerville-Koulouris,
Senior Vice President
Chicago, Illinois

Performance Evaluation

Callan Associates Inc.
Janet Becker-Wold, Principal
Denver, Colorado

Investment Consultant

Callan Associates Inc.
Janet Becker-Wold, Principal
Denver, Colorado

Investment Managers

Abbott Capital Management, LLC
New York, New York

ABRY Partners
Boston, Massachusetts

AEW Capital Management, L.P.
Boston, Massachusetts

Almanac Realty Investors
New York, New York

Ares Management, LLC
London, England

Arga Investment Management, LP
Stamford, Connecticut

Ariel Investments, LLC
Chicago, Illinois

Arrowstreet Capital, L.P.
Cambridge, Massachusetts

Ativo Capital Management LLC
Chicago, Illinois

AUA Private Equity Partners
New York, New York

Aurora Investment Management
Chicago, Illinois

Babson Capital Management, LLC
Charlotte, North Carolina

Beecken Petty O'Keefe & Company, LLC
Chicago, Illinois

BlackRock Financial Management, Inc.
New York, New York

The Blackstone Group LP
New York, New York

BMO Asset Management U.S.
Chicago, Illinois

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

Brown Capital Management, Inc.
Baltimore, Maryland

CBRE Global Investors
Los Angeles, California

Channing Capital Management, LLC
Chicago, Illinois

Concerto Asset Management, LLC
Charlotte, North Carolina

Cornerstone Real Estate Advisers LLC
Hartford, Connecticut

Cozad/Westchester Agricultural Asset Management
Champaign, Illinois

Crescent Capital Group
Los Angeles, California

Dimensional Fund Advisors
Santa Monica, California

Dodge & Cox Investment Managers
San Francisco, California

Dune Capital Management LP
New York, New York

EARNEST Partners, LLC
Atlanta, Georgia

EnCap Investments, L.P.
Houston, Texas

Estancia Capital Partners, L.P.
Scottsdale, Arizona

Forest Investment Associates
Atlanta, Georgia

Fortaleza Asset Management, Inc.
Chicago, Illinois

Franklin Templeton Real Estate Advisors
New York, New York

Frontier Capital Management Co.
Boston, Massachusetts

Garcia Hamilton & Associates, L.P.
Houston, Texas

Genesis Asset Managers International, Ltd.
London, England

GIA Partners, LLC
New York, New York

GlobeFlex Capital, L.P.
San Diego, California

Glovista Investments, LLC
Jersey City, New Jersey

GTIS Partners
New York, New York

Hancock Natural Resource Group, Inc.
Boston, Massachusetts

Holland Capital Management
Chicago, Illinois

ICV Partners
New York, New York

Inflexion Private Equity Partners, LLP
London, England

INVESTMENT CONSULTANTS *(continued)*

Invesco Real Estate
Dallas, Texas

Investment Counselors of Maryland, LLC
Baltimore, Maryland

LaSalle Investment Management
Chicago, Illinois

Lazard Asset Management
New York, New York

Lightspeed Venture Partners
Menlo Park, California

LM Capital Group, LLC
San Diego, California

Lombardia Capital Partners, LLC
Pasadena, California

Longfellow Investment Management Co.
Boston, Massachusetts

LSV Asset Management
Chicago, Illinois

MacKay Shields, LLC
New York, New York

Mayfield Fund
Menlo Park, California

Metis Global Partners
San Diego, California

Mondrian Investment Partners Limited
London, England

Muller & Monroe Asset Management, LLC
Chicago, Illinois

New Century Advisors, LLC
Bethesda, Maryland

New Mainstream Capital
New York, New York

Northern Trust Investments, Inc.
Chicago, Illinois

Pantheon Ventures, Inc.
San Francisco, California

Piedmont Investment Advisors, LLC
Durham, North Carolina

Progress Investment Management Company
San Francisco, California

Pugh Capital Management
Seattle, Washington

Pyramis Global Advisors
Boston, Massachusetts

Ramirez Asset Management, Inc.
New York, New York

Resolution Real Estate Advisors, LLP
London, England

Rockwood Capital, LLC
White Plains, New York

Sands Capital Management, LLC
Arlington, Virginia

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

Standish Mellon Asset Management Company, LLC
Boston, Massachusetts

Starwood Capital Group
Greenwich, Connecticut

Strategic Global Advisors, LLC
Newport Beach, CA

TA Associates Realty
Boston, Massachusetts

Taplin, Canida & Habacht
Miami, Florida

Templeton Investment Counsel, LLC
Fort Lauderdale, Florida

The Vistria Group
Chicago, Illinois

Torchlight Investors
New York, New York

Versant Venture Management LLC
Menlo Park, California

Vision Capital Management, Inc.
Portland, Oregon

Vista Equity Partners, LLC
Austin, Texas

Wall Street Associates
La Jolla, California

Western Asset Management Company
Pasadena, California

William Blair & Company
Chicago, Illinois

INVESTMENT POLICIES

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

A. Investment Objectives

1. To diversify the investment portfolio so as to optimize investment returns.
2. To set investment and actuarial policies that assure the adequate accumulation of assets and maintain a reasonable funded status.
3. To achieve rates of return greater than the current actuarial investment assumption of 7.5 percent.
4. To achieve rates of return consistent with expectations for each asset class used, without significantly changing the expected risk profile of the asset class or the investment portfolio.
5. To achieve in U.S. equities a total return that exceeds the total return of the Dow Jones U.S. Total Stock Market Index.
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.).
7. To achieve in fixed income securities a total return that exceeds the total return of the Barclays Aggregate Bond Index.
8. To achieve in equity real estate investments a return that exceeds the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Diversified Core gross of fees (ODCE) Index over a rolling three year period.
9. To achieve in alternative investments an annualized return of 9 percent.
10. To achieve in internally managed short-term securities relative performance better than 3-month 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. Generally, no individual security shall comprise more than 5 percent of the total portfolio at market value.
2. The total portfolio shall generally not hold more than 5 percent of the outstanding shares of any one company.
3. 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.

INVESTMENT POLICIES *(continued)*

4. Sector exposure in the total portfolio shall generally not differ by more than 5 percentage points from the sector exposure of the Dow Jones U.S. Total Stock Market Index.
5. 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. Generally, no individual security shall comprise more than 6 percent of the total portfolio at market value.
2. The total portfolio shall generally not hold more than 5 percent of the outstanding shares of any one company.
3. 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.
4. Sector exposure in the portfolio shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.
5. Country exposure in the portfolio shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.
6. International equity managers shall generally invest in equity securities of companies domiciled outside of the U.S. They may be allowed to invest in U.S. domiciled companies that operate primarily outside the U.S.
7. International equity managers may engage in various transactions to manage currency. Forward contracts, futures and options may be used for currency management purposes. Currency trading may not be used for speculative purposes unless otherwise specified in individual manager guidelines.

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 may be held without restriction.
2. The average credit quality of the total fixed income portfolio must 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 fixed income portfolio at 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. Investment managers outside of core and core plus mandates are not subject to this restriction.
5. 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 fixed income portfolio.
6. Individual manager portfolios shall have an effective duration between 80-120 percent of the index for mandates benchmarked against the Barclays Capital Aggregate Index or the Merrill Lynch High Yield Cash Pay Index.
7. 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. Managers are not permitted to utilize these transactions for speculative purposes. Leverage is not allowed except as permitted for rolling mortgage pass-through securities.
8. No assets shall be committed to short sale contracts.

F. Equity Real Estate Investment Guidelines

The primary role of the global real estate program is to provide diversification benefits to the total Fund through low correlations with other portfolio asset classes. The secondary role is to generate income and provide protection against inflation.

1. The maximum commitment to any private real estate manager shall be 40 percent of the total real estate portfolio value plus unfunded commitments at the time of due diligence.

2. IMRF will seek property type diversification at the total private real estate portfolio level and any single private real estate investment may not be fully diversified. Investments may include office, retail, industrial, multi-family, and other non-traditional categories such as hotels, self-storage, data centers, student housing, land, and other property types.
3. IMRF will seek geographic and economic diversification at the total private real estate portfolio level. Any given investment may not be diversified on a stand-alone basis. Although IMRF may invest in strategies where investments are located outside of the U.S., exposure to these dedicated strategies is limited to 20 percent of the total real estate portfolio value plus unfunded commitments at the time of due diligence.
4. IMRF's long-term strategic target to core real estate investments is 60 percent with a minimum of 50 percent.
5. Modest amounts of leverage may be used as a means of enhancing the overall risk adjusted returns. Leverage at the total real estate portfolio level will be kept below 50 percent loan to value.
6. Publicly traded real estate securities will not exceed 20 percent of the total real estate portfolio plus unfunded commitments at the time of due diligence.
7. The majority of real estate investments will consist of equity ownership in commercial real estate. Managers whose sole strategy is to invest in non-equity or debt strategies will not exceed 25 percent of the total real estate portfolio plus unfunded commitments at the time of due diligence.

G. Alternative Investment Guidelines

The Alternative Investment Portfolio will consist of venture capital, buyout, mezzanine, special situation, timber, agriculture, and absolute return investments. The investments will be made to generate long-term returns in a diversified manner. The investments will generally be made through limited partnership structures in which IMRF commits a fixed amount that the General Partner will invest over several years. The partnership structure may cover periods of 10 years or more. IMRF understands and recognizes that the alternative asset class will not be structured in a way to provide short term cash flow needs for the Fund.

Exposure to dedicated non-U.S. strategies will be limited to 30 percent of the total alternative investments portfolio value plus unfunded commitments at the time of due diligence.

The maximum commitment to any direct alternative manager shall be 40 percent of the total alternative investments portfolio value plus unfunded commitments at the time of due diligence.

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 $50 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. Idle cash balances swept by the custodian bank shall be invested in a constant $1 Net Asset Value vehicle. The objective is to generate current income that is consistent with preservation of capital and maintenance of liquidity.

RETURNS BY ASSET CLASS

Periods ending December 31st

	Annualized							
	2014	2013	2012	2011	2010	3 Yrs	5 Yrs	10 Yrs
Total Fund Time- Weighted Returns								
IMRF - Gross of Fees	6.01%	20.26%	13.77%	(0.29)%	13.60%	13.20%	10.44%	7.53%
IMRF - Net of Fees	5.76%	19.99%	13.51%	(0.50)%	13.36%	12.94%	10.20%	7.30%
CPI (Inflation)	0.76%	1.50%	1.74%	2.96%	1.50%	1.33%	1.69%	2.12%
Equities - U.S.								
IMRF - Gross of Fees	9.81%	37.64%	17.39%	(0.74)%	18.92%	21.06%	15.94%	8.42%
IMRF - Net of Fees	9.54%	37.33%	17.09%	(0.99)%	18.63%	20.77%	15.65%	8.16%
Dow Jones U.S. Total Stock Market Index	12.48%	33.46%	16.38%	1.08%	17.51%	20.44%	15.72%	8.09%
Russell 2000	4.89%	38.82%	16.35%	(4.18)%	26.85%	19.21%	15.55%	7.77%
Equities - International								
IMRF - Gross of Fees	(2.79)%	20.24%	19.11%	(12.27)%	12.98%	11.66%	6.65%	5.99%
IMRF - Net of Fees	(3.10)%	19.86%	18.70%	(12.50)%	12.68%	11.30%	6.33%	5.64%
MSCI ACWI Ex-U.S.	(3.87)%	15.29%	16.83%	(13.71)%	11.15%	8.99%	4.43%	5.13%
MSCI EAFE	(4.90)%	22.78%	17.32%	(12.14)%	7.75%	11.06%	5.33%	4.43%
Fixed Income								
IMRF - Gross of Fees	5.93%	(0.59)%	7.41%	7.60%	8.59%	4.19%	5.74%	5.53%
IMRF - Net of Fees	5.78%	(0.75)%	7.22%	7.44%	8.43%	4.03%	5.58%	5.40%
Barclays Aggregate	5.97%	(2.02)%	4.21%	7.84%	6.54%	2.66%	4.45%	4.71%
Barclays Government/ Credit	6.01%	(2.35)%	4.82%	8.74%	6.59%	2.76%	4.69%	4.70%
Merrill Lynch High Yield	2.45%	7.38%	15.43%	4.50%	15.24%	8.29%	8.87%	7.54%
Real Estate								
IMRF - Net of Fees	12.66%	10.60%	12.28%	12.29%	6.03%	12.11%	11.01%	6.32%
Real Estate Benchmark	11.46%	14.96%	11.54%	15.26%	14.11%	11.97%	13.05%	7.18%
Alternative Investments								
IMRF - Gross of Fees	9.04%	13.61%	4.74%	5.05%	9.76%	9.10%	8.41%	8.26%
IMRF - Net of Fees	8.47%	13.33%	4.44%	4.84%	9.50%	8.75%	8.10%	7.92%
Cash & Cash Equivalents								
IMRF	0.17%	0.11%	0.23%	0.24%	0.26%	0.17%	0.20%	(0.07)%
U.S. Treasury Bills	0.03%	0.07%	0.11%	0.10%	0.13%	0.07%	0.09%	1.55%

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

	As of December 31, 2014		As of December 31, 2013	
	Fair Value	Percent of Total Fair Value	Fair Value	Percent of Total Fair Value
Fixed Income				
Government & Agencies	$ 2,948.8	8.5%	$ 2,545.2	7.6%
Corporate	2,411.6	6.9%	2,858.1	8.6%
Index Funds	2,809.4	8.1%	2,645.9	8.0%
Foreign	899.6	2.6%	593.4	1.8%
Total Fixed Income	**9,069.4**	**26.1%**	**8,642.6**	**26.0%**
Stocks				
U.S. Common & Preferred	10,680.1	30.8%	10,447.3	31.4%
U.S. Stock Funds	4,613.5	13.3%	4,508.9	13.6%
Foreign Common & Preferred	3,704.1	10.7%	3,553.0	10.7%
Foreign Stock Funds	2,903.4	8.4%	2,964.4	8.9%
Total Stocks	**21,901.1**	**63.2%**	**21,473.6**	**64.6%**
Real Estate				
Commingled Funds	1,212.5	3.5%	821.6	2.5%
Directly Owned	287.5	0.8%	260.3	0.8%
Total Real Estate	**1,500.0**	**4.3%**	**1,081.9**	**3.3%**
Alternative Investments				
Commingled Funds	1,332.5	3.8%	1,036.7	3.0%
Timber and Agricultural	232.1	0.7%	223.5	0.7%
Total Alternative Investments	**1,564.6**	**4.5%**	**1,260.2**	**3.7%**
Short-Term Investments	655.1	1.9%	789.7	2.4%
Total Portfolio	**$ 34,690.2**	**100.0%**	**$ 33,248.0**	**100.0%**

SCHEDULE II
ASSET ALLOCATION

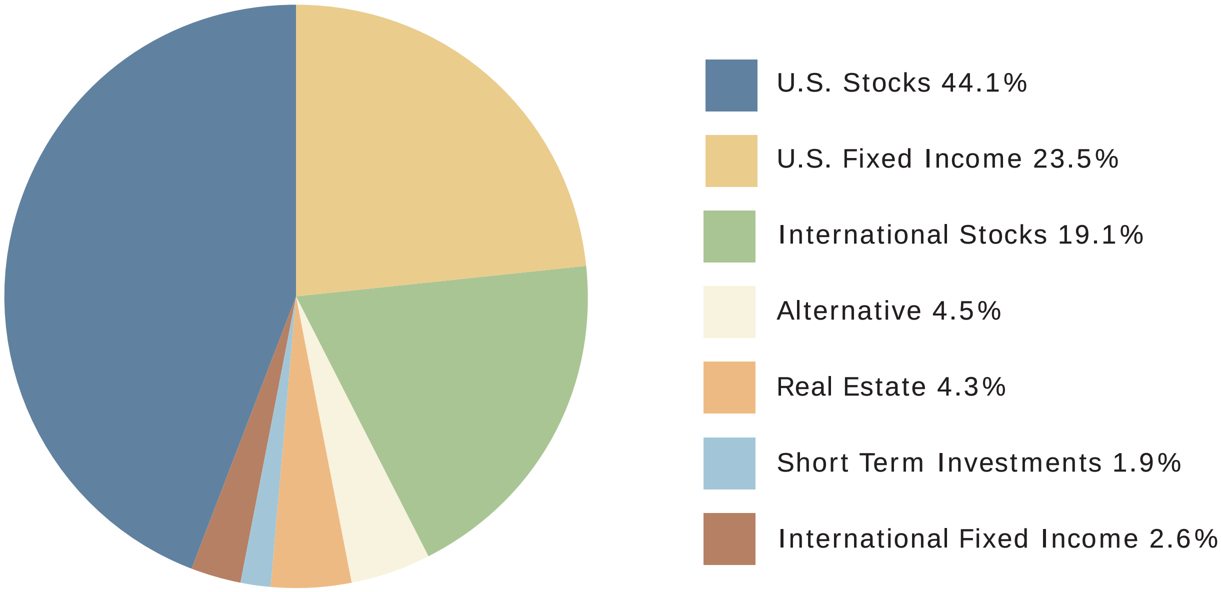
Last Five Years

	Fair Value as a Percent of Portfolio				
	2014	2013	2012	2011	2010
Fixed Income					
U.S. Government & Agencies	8.5%	7.6%	12.3%	12.7%	10.4%
Corporate	6.9%	8.6%	10.3%	10.3%	10.5%
Index Fund	8.1%	8.0%	5.0%	5.4%	6.8%
Foreign	2.6%	1.8%	2.5%	2.5%	2.4%
	26.1%	**26.0%**	**30.1%**	**30.9%**	**30.1%**
Stocks					
U.S. Common & Preferred	30.8%	31.4%	28.2%	27.8%	26.5%
U.S. Stock Funds	13.3%	13.6%	11.9%	11.6%	13.6%
Foreign Common & Preferred	10.7%	10.7%	11.5%	11.5%	12.1%
Foreign Stock Funds	8.4%	8.9%	8.7%	7.9%	9.7%
	63.2%	**64.6%**	**60.3%**	**58.8%**	**61.9%**
Real Estate					
Commingled Funds	3.5%	2.5%	2.0%	2.0%	1.0%
Directly Owned	0.8%	0.8%	0.8%	0.9%	0.8%
	4.3%	**3.3%**	**2.8%**	**2.9%**	**1.8%**
Alternative Investments					
Commingled Funds	3.8%	3.0%	3.8%	3.3%	3.2%
Timber and Agricultural	0.7%	0.7%	0.7%	0.7%	0.6%
	4.5%	**3.7%**	**4.5%**	**4.0%**	**3.8%**
Short-Term Investments	**1.9%**	**2.4%**	**2.3%**	**3.4%**	**2.4%**
Total Portfolio	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

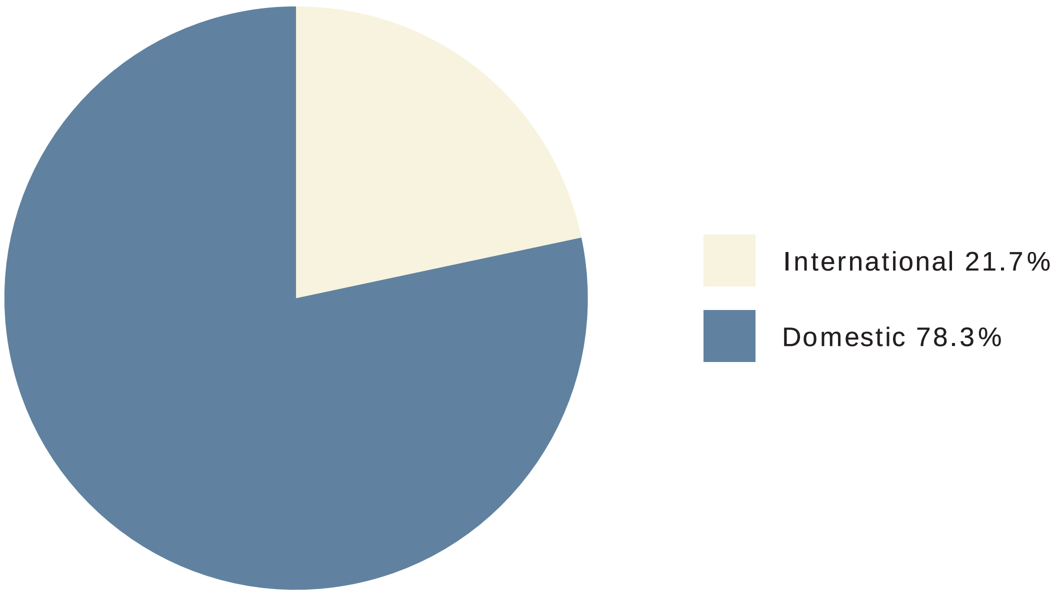
INVESTMENT PORTFOLIO

As of December 31, 2014

ALLOCATION BY ASSET CLASS



TOTAL INVESTMENTS BY REGION



TEN LARGEST FIXED INCOME INVESTMENT HOLDINGS AS OF 12/31/14

Excludes Commingled Funds and Short-term Investments

	Market Value	Percent of Total Invested Market
U.S. Treasury Bonds 3.125% Due 8/15/2044	$ 67,620,159	0.19%
U.S. Treasury Notes 2.0% Due 2/15/2023	62,938,533	0.18
U.S. Treasury Notes 0.5% Due 11/30/2016	54,373,671	0.16
U.S. Treasury Notes 2.25% Due 11/15/2024	47,714,861	0.14
U.S. Treasury Notes 1.5% Due 11/30/2019	43,293,451	0.12
U.S. Treasury Notes 0.875% Due 6/15/2017	35,330,112	0.10
U.S. Treasury Notes 2.0% Due 11/15/2021	34,515,016	0.10
GNMA 4.0% Due 10/20/2044	33,967,368	0.10
U.S. Treasury Notes 2.375% Due 12/31/2020	33,845,404	0.10
U.S. Treasury Notes 1.75% Due 10/31/2018	29,759,566	0.09
	$ 443,358,141	**1.28%**

TEN LARGEST EQUITY INVESTMENT HOLDINGS

Excludes Commingled Funds

	Market Value	Percent of Total Invested Market
Visa, Inc.	$ 183,929,629	0.53%
Google, Inc.	174,029,047	0.50
Apple, Inc.	154,221,501	0.44
Wells Fargo & Co.	151,054,427	0.44
Cisco Systems, Inc.	112,861,643	0.33
Facebook, Inc.	111,008,104	0.32
Microsoft Corp.	105,253,703	0.30
Twenty First Century Fox	103,954,270	0.30
Exxon Mobil Corp	98,758,141	0.28
Pfizer, Inc.	98,013,849	0.28
	$ 1,293,084,314	**3.72%**

SCHEDULE OF 2014 DOMESTIC BROKERAGE COMMISSIONS

In order of commission received

Broker Name	Total Shares	Commission	Per Share
Merrill Lynch Pierce Fenner & Smith	15,289,459	$ 259,535	$ 0.02
Cheevers and Company Inc.	10,242,392	224,952	0.02
Loop Capital Markets	7,309,396	217,013	0.03
Jonestrading Inst. Serv.	6,471,006	180,570	0.03
Instinet	5,317,219	172,460	0.03
CL King & Associates	15,183,910	147,704	0.01
Goldman Executing & Clearing	6,418,381	145,083	0.02
BNY ESI Securities Co.	3,996,610	140,646	0.04
Investment Technology Group Inc.	7,658,639	138,818	0.02
Blaylock and Company Inc.	5,038,744	130,993	0.03
Stifel Nicolaus and Company	22,474,425	128,892	0.01
Credit Suisse First Boston Corporation	126,427,084	127,568	0.00
Jefferies & Company	24,399,168	114,639	0.00
Goldman Sachs & Company	85,569,794	113,006	0.00
Drexel Hamilton LLC	8,904,006	107,204	0.01
Stephens Inc.	11,818,342	102,557	0.01
Cowen LLC	3,910,737	101,031	0.03
M Ramsey King Securities	2,661,468	100,885	0.04
Liquidnet Inc.	3,921,787	98,296	0.03
Cabrera Capital Markets, Inc.	72,336,641	95,819	0.00
Montrose Securities Equities	3,295,361	94,299	0.03
Williams Capital Group LP	41,869,453	93,558	0.00
Cantor Fitzgerald & Co.	3,234,316	92,827	0.03
Raymond James	2,742,493	86,270	0.03
J.P. Morgan Securities LLC 57079	19,610,007	83,537	0.00
Vandham Securities Corp.	2,057,627	82,305	0.04
Robert W. Baird & Company, Inc., Milwaukee, USA	6,653,092	80,074	0.01
Other Brokers	158,874,317,716	2,000,178	0.00
TOTAL	**159,399,129,273**	**$ 5,460,719**	**$ 0.00**

SCHEDULE OF 2014 INTERNATIONAL BROKERAGE COMMISSIONS

In order of commission received

Broker Name	Total Shares	Commission	Per Share
G-Trade Services LLC	33,143,505	$ 436,918	$ 0.01
UBS	73,609,725	433,969	0.01
Goldman, Sachs and Co.	46,457,822	388,777	0.01
Instinet, LLC	61,055,515	275,042	0.00
J.P. Morgan Chase	39,174,863	221,207	0.01
Jefferies LLC	10,579,909	189,647	0.02
North South Capital LLC	9,392,543	187,786	0.02
Merrill Lynch and Co.	42,448,333	175,049	0.00
Citi	27,227,010	141,038	0.01
Credit Suisse	19,617,015	140,659	0.01
CLSA	25,734,251	123,461	0.00
Deutsche Bank	17,700,262	117,551	0.01
Cabrera Capital Markets LLC	4,534,505	113,346	0.02
Morgan Stanley	8,658,955	105,227	0.01
HSBC Bank	27,161,098	105,024	0.00
Investment Technology Group	15,167,790	89,954	0.01
Barclays Capital	6,590,921	73,445	0.01
Sanford C. Bernstein	14,985,735	68,200	0.00
Macquarie Bank Limited	13,351,789	61,744	0.00
Daiwa Capital Markets	4,996,181	57,968	0.01
Pershing LLC	6,169,494	45,984	0.01
BNP Paribas	5,656,572	40,635	0.01
Societe Generale	5,241,120	39,857	0.01
M Ramsey King Securities	4,585,198	35,909	0.01
SG Securities	7,136,739	35,794	0.01
Parel	1,264,249	33,097	0.03
Mizuho Securities USA Inc.	2,264,613	27,917	0.01
Nomura International PLC	1,282,277	26,003	0.02
Motilal Oswal Securities Limited	3,247,166	24,077	0.01
ITG Inc.	10,549,802	23,462	0.00
Other Brokers	80,270,619	552,415	0.01
TOTAL	**629,255,576**	**$ 4,391,162**	**$ 0.01**

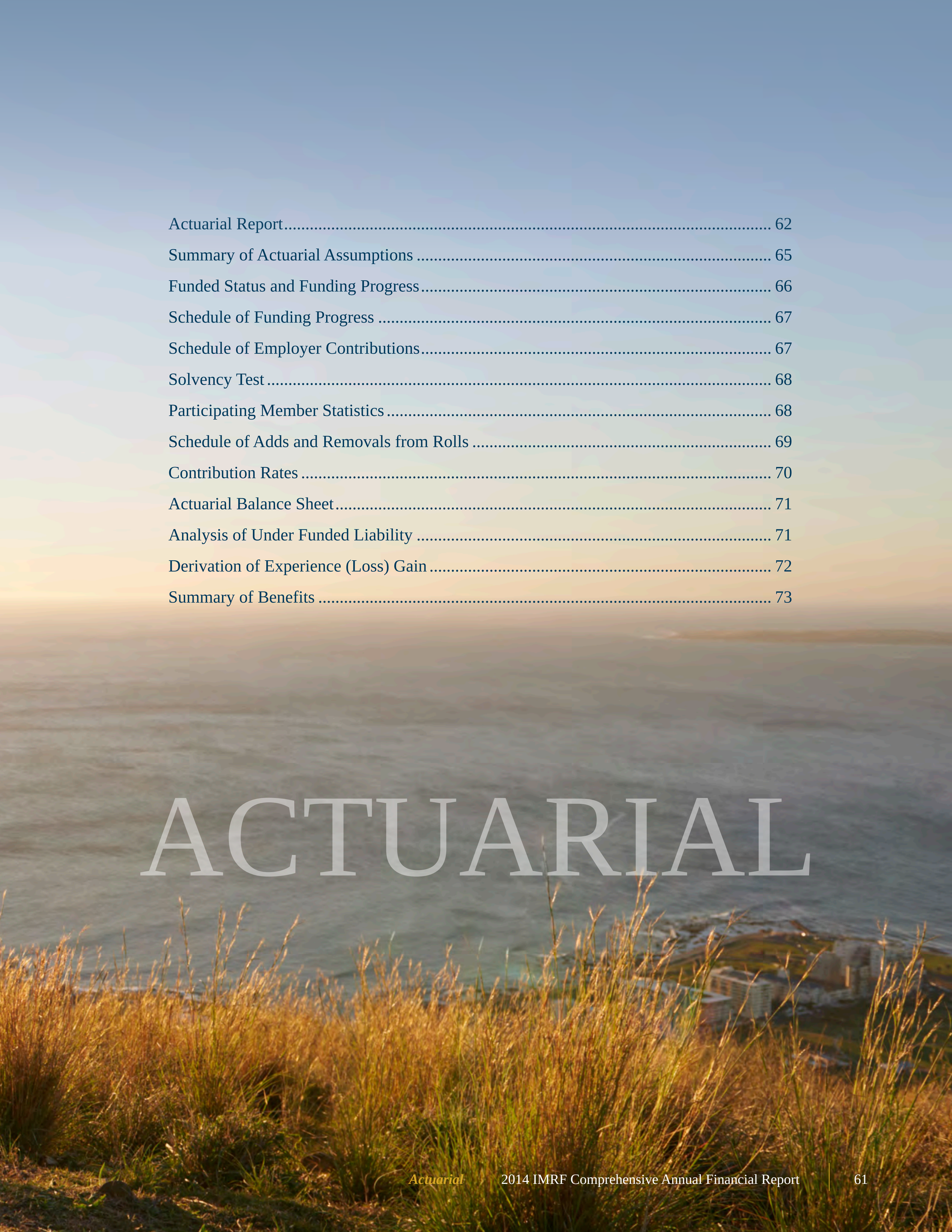
SCHEDULE OF INVESTMENT FEES

	2014 Fees	2014 Assets under management at year end (in thousands)*	Basis Points	2013 Fees	2013 Assets under management at year end (in thousands)*	Basis Points
Investment manager fees						
Fixed income managers	$ 11,324,827	$ 8,265,916	14	$ 11,204,295	$ 7,892,565	14
Stock managers	38,961,348	15,249,755	26	34,588,816	14,870,975	23
International managers	25,067,354	8,142,616	31	21,834,648	7,995,109	27
Real estate managers	17,838,931	1,516,766	118	11,710,153	1,083,440	108
Alternative investment managers	14,117,600	1,459,846	97	8,499,117	1,252,621	68
	$ 107,310,060	$ 34,634,899		$ 87,837,029	$ 33,094,710	
Other investment fees						
Master trustee fees	$ 268,750			$ 255,000		
Investment consulting fees	863,833			982,886		
Total investment fees	**108,442,643**			**89,074,915**		
Non-fee investment expenses	581,913			399,801		
Total direct investment expenses	**$ 109,024,556**			**$ 89,474,716**		
Securities lending fees						
Management fees and borrower rebates	$ 1,623,937			$ 1,646,484		

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

405,170

IMRF serves 405,170 Active Members, Inactive Members, and Retirees; and 2,976 local units of government.



ACTUARIAL

GRS

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May 28, 2015

Board of Trustees
Illinois Municipal Retirement Fund
2211 York Road, Suite 500
Oak Brook, Illinois 60523-2374

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 to present and future retirees and beneficiaries.

The financial objective is addressed within the annual actuarial valuation of the IMRF.

The purposes of the valuation are to: 1) Measure the financial position of IMRF and 2) Develop 2016 employer contribution rates that are sufficient to fund each participating employer's normal 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. The valuations cannot be relied upon for any other purpose.

The most recent funding valuation was completed based upon population data, asset data, and plan provisions as of December 31, 2014. The individual member statistical data required for the valuations was furnished by your Executive Director and Staff, together with pertinent data on financial operations. Their cooperation in furnishing these materials is acknowledged with appreciation. We checked the information provided for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the data. A report containing the results of the funding valuation is produced annually.

The following schedules in the Actuarial Section and Financial Section of the CAFR were prepared based upon certain information presented in the previously mentioned funding and financial reporting valuation reports. The actuary provided the Brief Summary of Assumptions directly. In the case of the other schedules, staff excerpted information from various schedules in the actuarial reports and tabulated it to produce the appropriate CAFR Schedule.

The Retirement Board
May 28, 2015
Page 2

Actuarial Section

- Brief Summary of assumptions
- Schedules of Funding Progress
- Schedule of Employer Contributions
- Solvency Test
- Participating Member Statistics
- Actuarial Balance Sheet
- Analysis of Unfunded Liability
- Derivation of Experience Gain (loss)

Financial Section

- Schedules of Funding Status
- Schedule of Funding Progress
- Average Employer Contribution rates

The December 31, 2014 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2011-2013 period. A brief summary of the assumptions and methods are attached.

All assumption and methods comply with relevant actuarial standards of practice. The funding valuation complies with the Board's funding policy.

In the aggregate, IMRF is 87.3% funded based upon the smoothed value of assets and 93.0% funded based upon market value. Each participating employer, however, has a separate funding percent, some of which will be above the aggregate result, and others of which will be below it. Based upon the results of the December 31, 2014 valuations, we are pleased to report to the Board that the Illinois Municipal Retirement Fund is meeting its basic financial objective and continues to operate in accordance with the actuarial principles of level percent of payroll financing.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Readers desiring a more complete understanding of the actuarial condition of IMRF are encouraged to obtain and read the complete valuation reports. The material in the Actuarial Section and Financial Section of this CAFR contains some, but not all of, the information in the valuation reports.

Gabriel Roeder Smith & Company

The Retirement Board
May 28, 2015
Page 3

Brian B. Murphy, Mark Buis, and Francois Pieterse are Members of the American Academy of Actuaries (MAAA), are independent of the plan sponsor and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

Brian B. Murphy, FSA, MAAA

Mark Buis, FSA, MAAA

Francois Pieterse, ASA, MAAA

BBM/MB:sc

Illinois Municipal Retirement Fund
Brief Summary of Actuarial Assumptions Used in 2014 Valuations
(Adopted as of December 31, 2013, 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 3.5%.
Payroll Growth	3.50% per annum, compounded annually. Membership is assumed to remain constant.
Retirement Rates	Rates vary by age and sex. See table below for sample values.
Mortality for Actives and Annuitants	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current 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, subject to a 20% corridor.
Liability Valuation Method	For the purposes of determining contribution rates, the Entry Age Actuarial Cost Method is applied on an aggregate basis. Gains and Losses become part of unfunded liabilities.

Sample Probabilities					
	Active Mortality		Disability		Pay Increase Next Year
Age	Male	Female	Male	Female	(5+ Yrs. of Service)
20	0.03%	0.01%	0.00%	0.00%	5.5%
30	0.04%	0.02%	0.01%	0.00%	5.2%
40	0.05%	0.03%	0.02%	0.01%	4.4%
50	0.14%	0.09%	0.05%	0.03%	4.0%
60	0.41%	0.20%	0.10%	0.07%	3.8%
65	0.71%	0.29%	0.11%	0.08%	3.8%

Illinois Municipal Retirement Fund
Brief Summary of Actuarial Assumptions Used in 2014 Valuations
(Adopted as of December 31, 2013, except as noted below)

	Separation			Retirement (Tier 1)					
	Regular (8+ Yrs. Serv.)		SLEP	Reduced Early		Normal Unreduced		SLEP Service	
Age	Male	Female	(7+ Yrs.)	Male	Female	Male	Female	(< 32 Yrs.)	(32+ Yrs.)
30	4.1%	6.1%	2.2%	- %	-%	- %	- %	- %	-%
35	3.2%	5.1%	1.7%	-	-	-	-	-	-
40	2.6%	3.9%	1.5%	-	-	-	-	-	-
45	2.2%	3.3%	1.5%	-	-	-	-	-	-
50	1.9%	2.8%	1.5%	-	-	-	-	23.0%	35.0%
55	-	-	-	7.25%	5.75%	33.0%	27.0%	23.0%	35.0%
60	-	-	-	-	-	12.0%	10.0%	8.0%	35.0%
65	-	-	-	-	-	25.0%	25.0%	23.0%	35.0%
70	-	-	-	-	-	20.0%	20.0%	100.0%	100.0%

FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2014, the most recent actuarial valuation date, the plan on an aggregate basis was 87.3 percent funded on an actuarial basis. The actuarial accrued liability for benefits was $37.5 billion, and the actuarial value of assets was $32.7 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $4.8 billion. The covered payroll (annual payroll of active employees covered by the plan) was $6.7 billion, and the ratio of the UAAL to the covered payroll was 70.8 percent.

The schedule of funding progress presents 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, 2014

Actuarial cost method .... Entry age normal

Amortization method.......... Level percent of payroll for Regular and SLEP; level dollars for ECO

Amortization period.......... Taxing bodies: closed, 27 years
Entities over 120 percent funded on a market basis: varies by funding status
Non-taxing bodies: open, 10 years

Asset valuation method .... Five-year smoothed market related with a 20 percent corridor

Actuarial assumptions:

Investment rate of return .... 7.5 percent

Projected salary increases.......... 3.8 to 14.5 percent

Assumed wage inflation rate .... 3.5 percent

Group size growth rate .... 0.0 percent

Assumed payroll growth rate .... 3.5 percent

Post-retirement increase.......... Tier 1 - 3.0 percent—simple;
Tier 2 - 3.0 percent—simple or 1/2 increase in CPI, whichever is less

Mortality table .... For non-disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF projection experience. For disabled retirees, an IMRF specific mortality table was used with fully generational scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

TABLE I
SCHEDULE OF AGGREGATE 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 percent of AAL (b/a)	Total UAL (a-b)	Member Payroll (c)	UAL as a percent of Member Payroll (a-b)/c
2005*#	$ 20,815,060,842	$ 19,698,401,285	94.6%	$ 1,116,659,557	$ 5,374,585,943	20.8%
2006	22,488,185,031	21,427,139,356	95.3	1,061,045,675	5,630,683,054	18.8
2007	24,221,543,716	23,274,361,198	96.1	947,182,518	5,931,443,117	16.0
2008*	25,611,199,349	21,601,053,512	84.3	4,010,145,837	6,259,283,197	64.1
2009	27,345,113,216	22,754,803,784	83.2	4,590,309,432	6,461,696,602	71.0
2010	29,129,228,239	24,251,136,889	83.3	4,878,091,350	6,391,164,701	76.3
2011*	30,962,815,428	25,711,287,584	83.0	5,251,527,844	6,431,296,235	81.7
2012	32,603,244,099	27,491,809,785	84.3	5,111,434,314	6,496,076,569	78.7
2013	34,356,575,473	30,083,042,548	87.6	4,273,532,925	6,602,479,436	64.7
2014	37,465,147,612	32,700,208,537	87.3	4,764,939,075	6,732,500,876	70.8

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

TABLE II
SCHEDULE OF AGGREGATE 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 of Actuarial Required Contribution Contributed
2005	$ 408,644,037	$ 80,574,252	$ 20,407,466	$ 33,637,720	$ 543,263,475	100%
2006	429,460,710	112,993,136	25,166,224	35,155,725	602,775,795	100
2007	440,054,100	97,121,315	26,551,837	37,094,883	600,822,135	100
2008	463,833,388	106,266,646	21,844,517	39,202,925	631,147,476	100
2009	478,760,517	119,391,054	21,417,551	40,830,286	660,399,408	100
2010	483,792,012	225,268,536	20,582,277	40,499,453	770,142,278	91
2011	486,731,753	254,898,222	18,654,559	40,519,719	800,804,253	95
2012	503,108,449	317,890,978	21,340,072	40,876,782	883,216,281	98
2013	512,289,897	356,734,526	20,344,350	41,600,283	930,969,056	99
2014	513,293,254	348,081,564	19,531,784	42,476,223	923,382,825	100

TABLE III
SOLVENCY TEST

Last ten years

	Aggregate Actuarial Liabilities (AAL)				Portion of Actuarial Liabilities Covered by Assets		
Calendar Year	(1) Active Member Contributions	(2) Annuitants	(3) Active Members (Employer Financed Portion)	Actuarial Assets	(1)	(2)	(3)
2005	$ 3,688,148,208	$ 7,966,135,229	$ 9,160,777,415	$ 19,698,401,285	100.00%	100.00%	87.8%
2006	3,960,880,175	8,652,328,762	9,874,976,094	21,427,139,356	100.00	100.00	89.3
2007	4,248,399,825	9,400,832,984	10,572,310,907	23,274,361,198	100.00	100.00	91.0
2008	4,573,736,116	10,025,599,295	11,011,863,938	21,601,053,512	100.00	100.00	63.6
2009	4,893,022,745	10,903,323,478	11,548,766,993	22,754,803,784	100.00	100.00	60.3
2010	5,153,902,881	12,121,959,266	11,853,366,092	24,251,136,889	100.00	100.00	58.8
2011	5,417,822,062	13,388,018,799	12,156,974,567	25,711,287,584	100.00	100.00	56.8
2012	5,705,336,025	14,482,560,758	12,415,347,316	27,491,809,785	100.00	100.00	58.8
2013	5,957,217,332	15,753,071,341	12,646,286,800	30,083,042,548	100.00	100.00	66.2
2014	6,262,110,058	17,885,026,667	13,318,010,887	32,700,208,537	100.00	100.00	64.2

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

TABLE IV
PARTICIPATING MEMBER STATISTICS

Last ten years

Calendar Year	Total Salaries	Percent Increase (Decrease) in Total Salaries	Average Annual Salary	Percent Increase in Average Salary	Number of Participating Members	Average Attained Age	Average Years of Service
2005	$ 5,374,585,943	4.1%	$ 31,640	2.4%	170,928	46.3	9.1
2006	5,630,683,054	4.8	32,535	2.8	174,008	46.5	9.1
2007	5,931,443,117	5.3	33,607	3.3	177,783	46.6	9.5
2008	6,259,283,197	5.5	34,655	3.1	181,678	46.8	9.6
2009	6,461,696,602	3.2	35,771	3.2	181,380	47.1	9.8
2010	6,391,164,701	(1.1)	36,277	1.4	176,703	47.5	10.3
2011	6,431,296,235	0.6	36,701	1.2	175,844	47.7	10.4
2012	6,496,076,569	1.0	37,252	1.5	174,771	47.8	10.6
2013	6,602,479,436	1.6	38,059	2.2	173,481	47.9	10.7
2014	6,732,500,876	2.0	38,786	1.9	173,579	47.9	10.6

Source for salaries, average annual salary, attained age, and service is from the Actuary Report.

TABLE V
SCHEDULE OF ADDS AND REMOVALS FROM ROLLS

Last ten years

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls			
Calendar Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	Percent Change in Average Benefit
2005	5,768	$ 76,887,679	3,291	$ 20,705,563	80,719	$ 731,810,731	$ 9,066	5.0%
2006	5,885	85,515,147	3,219	21,441,076	83,385	795,884,802	9,545	5.3
2007	6,218	91,831,041	3,241	22,262,632	86,362	865,453,211	10,021	5.0
2008	6,000	94,526,796	3,408	23,956,030	88,954	936,023,977	10,523	5.0
2009	6,422	106,361,549	3,318	26,218,141	92,058	1,016,167,385	11,038	4.9
2010	7,518	131,651,729	3,509	28,512,198	96,067	1,119,306,916	11,651	5.6
2011	7,733	130,378,649	5,200	35,101,362	98,600	1,214,584,203	12,318	5.7
2012	7,912	137,928,914	3,736	37,015,540	102,776	1,315,497,577	12,800	3.9
2013	8,855	154,660,608	3,899	39,647,440	107,732	1,430,511,045	13,278	3.7
2014	9,099	142,621,088	4,076	16,601,950	112,755	1,556,530,183	13,805	4.0

Schedule of Disabilitants Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls			
Calendar Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	Percent Change in Average Benefit
2005	2,474	$ 28,100,189	2,471	$ 27,180,978	1,389	$ 11,692,252	$ 8,418	8.3%
2006	2,339	27,529,685	2,409	28,024,170	1,319	11,197,767	8,490	0.9
2007	2,354	27,188,433	2,348	27,006,030	1,325	11,380,170	8,589	1.2
2008	2,313	28,754,216	2,422	29,343,494	1,216	10,790,892	8,874	3.3
2009	2,349	28,136,992	2,325	28,024,488	1,240	10,903,396	8,793	(0.9)
2010	2,407	29,913,347	2,433	29,158,561	1,214	11,658,182	9,603	9.2
2011	2,338	27,038,672	2,468	28,452,864	1,084	10,243,990	9,450	(1.6)
2012	2,207	25,996,458	2,138	25,600,824	1,153	10,639,624	9,228	(2.3)
2013	2,166	26,589,417	2,237	26,682,159	1,082	10,546,882	9,748	5.6
2014	2,123	26,688,760	2,115	26,126,923	1,090	11,108,719	10,191	4.5

TABLE VI
AVERAGE EMPLOYER CONTRIBUTION RATES

Latest five years

Calendar Year	Normal Cost	Prior Service Cost	Disability and Death	Supplemental Retirement Benefit	Total
Regular members					
2012+	7.58%	3.57%	0.32%	0.62%	12.09%
2013*+	7.77	3.99	0.30	0.62	12.68
2014^	7.64	4.04	0.28	0.62	12.58
2015	7.51	3.28	0.28	0.62	11.69
2016*	6.84	3.98	0.29	0.62	11.73
Sheriff's Law Enforcement Personnel members (SLEP)					
2012+	12.01%	9.35%	0.33%	0.62%	22.31%
2013*+	12.74	9.64	0.31	0.62	23.31
2014^	12.61	9.68	0.29	0.62	23.20
2015	12.42	9.00	0.29	0.62	22.33
2016*	11.95	9.85	0.29	0.62	22.71
Elected County Official members (ECO)					
2012+	17.22%	26.44%	0.33%	0.62%	44.61%
2013*+	17.63	26.81	0.31	0.62	45.37
2014^	17.59	56.02	0.29	0.62	74.52
2015	17.73	51.73	0.29	0.62	70.37
2016*	16.49	68.67	0.29	0.62	86.07

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

TABLE VII
PARTICIPATING MEMBER CONTRIBUTION RATES

Last ten years

	Regular IMRF			Sheriff's Law Enforcement Personnel				Elected County Official			
Year	**Normal**	**Survivor**	**Total**	**Normal**	**Survivor**	**SLEP**	**Total**	**Normal**	**Survivor**	**ECO**	**Total**
2005	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2006	3.75	0.75	4.50	3.75	0.75	3.00*	7.50	3.75	0.75	3.00	7.50
2007	3.75	0.75	4.50	3.75	0.75	3.00	7.50	3.75	0.75	3.00	7.50
2008	3.75	0.75	4.50	3.75	0.75	3.00	7.50	3.75	0.75	3.00	7.50
2009	3.75	0.75	4.50	3.75	0.75	3.00	7.50	3.75	0.75	3.00	7.50
2010	3.75	0.75	4.50	3.75	0.75	3.00	7.50	3.75	0.75	3.00	7.50
2011	3.75	0.75	4.50	3.75	0.75	3.00	7.50	3.75	0.75	3.00	7.50
2012	3.75	0.75	4.50	3.75	0.75	3.00	7.50	3.75	0.75	3.00	7.50
2013	3.75	0.75	4.50	3.75	0.75	3.00	7.50	3.75	0.75	3.00	7.50
2014	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

	December 31	
	2014	2013
Sources of Funds		
Actuarial value of assets	$ 32,700,208,537	$ 30,083,042,548
Actuarial present value of future contributions:		
Member	2,538,328,361	2,669,361,421
Employer Normal Costs	3,841,615,526	4,407,254,852
Under Funded Actuarial Accrued Liability	4,764,939,075	4,273,532,925
Total Sources	**$ 43,845,091,499**	**$ 41,433,191,746**
Uses of Funds		
Retired members and beneficiaries	$ 17,885,026,667	$ 15,753,071,341
Inactive members	3,245,849,543	3,090,442,090
Active members	22,687,349,507	22,559,665,017
Death and disability benefits	26,865,782	30,013,298
Total Uses	**$ 43,845,091,499**	**$ 41,433,191,746**

ANALYSIS OF UNDER FUNDED LIABILITY

	December 31	
	2014	2013
Under funded liability beginning of year	$ 4,273,532,925	$ 5,111,434,314
Assumed net (payments) during year	(253,703,224)	(304,110,359)
Assumed interest (7.5 percent)	311,115,763	372,090,882
Expected under funded liability	**$ 4,330,945,464**	**$ 5,179,414,837**
Increase due to experience study	1,309,736,106	-
Decrease due to investment performance	(767,567,271)	(811,460,409)
Decrease due to other sources	(108,175,224)	(94,421,503)
Under funded liability end of year	**$ 4,764,939,075**	**$ 4,273,532,925**

DERIVATION OF EXPERIENCE (LOSS) GAIN

Type of Risk Area	2014	2013
Risks Related to Assumptions		
Economic Risk Areas		
Investment Return	$ 767.6	$ 811.5
Pay Increases	64.2	141.5
Demographic Risk Areas		
Service Retirements	(19.3)	(11.6)
Early Retirements	(4.9)	(2.8)
Vested Deferred Retirements	(19.7)	(22.7)
Death and Survivor Benefits	(2.2)	3.2
Disability Benefits	17.2	15.7
Terminated with Refund	37.9	45.1
Changes due to Experience Study (1)	(1,309.7)	0.0
Risks Not Related to Assumptions (2)	34.9	(74.0)
Total (Loss) Gain During Year	**($ 434.0)**	**$ 905.9**

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 fluctuations are common.

(1) Reflects the impact of the triennial experience study. The most significant adjustment to the actuarial assumptions was a change in the mortality table.

(2) This is primarily due to rehires of former employees and actual reserve transfers for retirees being higher than the estimated reserve transfers.

SUMMARY OF BENEFITS

This is a brief 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 2,976 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 vast majority of IMRF members participate in the Regular Plan (RP). 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 could adopt the Elected County Official (ECO) plan for their elected officials prior to August 8, 2011. The ECO plan was closed to new participants after that date. After a county adopted the ECO plan, participation was optional for the elected officials of that county.

All three IMRF benefit plans have two tiers. Tier 2 benefits are lower than Tier 1, and cost about 40 percent less to provide. All IMRF members initially hired on or after January 1, 2011, are in Tier 2.

Both the 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. (Beginning in 2010, employers were given the option to select a contribution rate less than the actuarial required contribution rate if the current year's actuarial required contribution rate was more than 10 percent higher than the prior year's rate.) Employers pay most of the cost for member and survivor pensions and all of the cost for supplemental retirement, death, and disability benefits. All contributions are pooled for investment purposes. Since 1982, investment returns account for 63 percent IMRF revenue.

Vesting

Tier 1

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 joined 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.

Tier 2

Members are vested for pension benefits when they have at least ten years of qualifying service credit. SLEP members are vested for a SLEP pension when they have at least ten years of SLEP service credit. ECO members (those who joined the ECO plan after January 1, 2011, and before August 8, 2011) are vested with ten or more years of total service credit with at least eight years in the same elected county position. ECO members with at least ten years of total service credit, but less than eight years of service 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, or 62 for Tier 2 members. Vested members age 55 or older (62 or older for Tier 2 Members) 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 or in a civil union with 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 to either the member or his or her spouse, 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 (75 percent for Tier 2) of the final rate of earnings.

An ECO pension is:

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

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

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

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

An IMRF pension is paid for life.

Final Rate of Earnings

Tier 1

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, or the total lifetime earnings divided by the total lifetime number of months of service, whichever is higher. The final rate of earnings for ECO members is the annual salary of the ECO member on the day he or she retires. For Revised ECO members, the final rate of earnings is the highest total earnings during any 48 consecutive months within the last 10 years of IMRF service, divided by 48, for each office held.

Tier 2

The final rate of earnings for Regular and SLEP members is the highest total earnings during any 96 consecutive months within the last 10 years of IMRF service, divided by 96, or the total lifetime earnings divided by the total lifetime number of months of service, whichever is higher. For ECO members who joined the plan after January 1, 2011, and before August 8, 2011, the final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of IMRF service, divided by 96, for each office held. Pensionable earnings are initially capped at $106,800, which will increase annually beginning in 2012 by three percent or one-half of the increase of the Consumer Price Index, whichever is less. The pensionable earnings cap for 2014 was $110,631.26 and for 2015 will be $111,571.63. For Tier 2 SLEP members, overtime compensation is excluded from pensionable earnings.

Retirement Eligibility

Tier 1
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.

Tier 2
Normal retirement for an unreduced pension is:

- Age 67 with ten or more years of service, or 35 or more years of service at age 62,
- Age 55 with ten or more years of SLEP service for members with SLEP service, or
- Age 67 with eight or more years of service in the same elected county office for members with ECO service (ten years total service).

Regular members may retire as early as age 62 with a reduced pension. The reduction is the lesser of:

- One-half percent for each month the member is under age 67, or
- One-half percent for each month of service less than 35 years.

SLEP members may retire as early as age 50 with a reduced pension. The reduction is one-half percent for each month the member is under age 55.

Service Credit

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

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

IMRF is a participating plan under the Reciprocal Act, as are all other Illinois public pension systems, except local police and fire pension plans. Under the Reciprocal Act, service credit from multiple pension systems 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.

Post-retirement Increases

Tier 1
Members in all plans receive an annual three percent increase based upon the original amount of the pension. The increase for the first year is prorated for the number of months the member was retired.

Tier 2
Members in all plans receive an annual increase based upon the original amount of the pension of three percent or one-half of the increase in the Consumer Price Index, whichever is less. For Regular and ECO members, the annual increases do not begin until the retiree reaches the age of 67 or after 12 months of retirement, whichever is later. For SLEP members the increases begin at age 60 or after 12 months of retirement, whichever is later.

Early Retirement Incentive (ERI)

IMRF employers may offer an Early Retirement Incentive (ERI) program to their employees who are over 50 (57 for Tier 2 Regular and ECO members) 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 only after the liability for the previous ERI program is paid. An employer may only offer an ERI program once every five years.

Supplemental Retirement Benefits

Each July, IMRF provides a supplemental benefit payment, or "13th 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 number of persons eligible. The supplemental benefit payment amount is decreasing annually because the number of retirees is increasing while the pool of available money is decreasing.

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.

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 (limited to pensionable earnings cap for Tier 2 members) 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 (66-2/3 percent for Tier 2) 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. The increase is based on the original amount of the pension. The increase for the first year is prorated for the number of months the surviving spouse or the member received a pension. For Tier 1, the annual increase is three percent. For Tier 2, the annual increase is three percent or one-half the increase in the Consumer Price Index, whichever is less.

$1,439

The average monthly annuity for Regular Plan retirees in 2014.

Financial Tables

Operating and Demographic Tables

Benefit Payment Tables

STATISTICAL

TABLE VIII
CHANGES IN FIDUCIARY NET POSITION

Last ten years

Additions						
		Employer Contributions				
Calendar Year	Investment Earnings Net of Direct Investment Expense	Dollars	Percent of Annual Covered Payroll	Member Contributions	Other	Total Additions
2005	1,607,733,405	543,263,475	10.11%	265,568,534	5,190	2,416,570,604
2006	2,667,700,578	602,775,795	10.71%	280,997,170	6,315	3,551,479,858
2007	1,799,391,405	600,822,135	10.13%	296,690,070	6,049	2,696,909,659
2008	-6,096,480,733	631,147,476	10.08%	314,019,939	18,722	-5,151,294,596
2009	4,423,550,741	660,399,408	10.22%	324,070,795	9,148	5,408,030,092
2010	2,976,549,317	770,142,278	12.05%	324,901,985	7,032	4,071,600,612
2011	-92,930,304	800,804,253	12.45%	327,680,889	9,852	1,035,564,690
2012	3,393,689,073	883,216,281	13.60%	330,814,542	12,037	4,607,731,933
2013	5,583,120,005	930,969,056	14.10%	338,934,421	8,455	6,853,031,937
2014	2,001,420,871	923,382,825	13.72%	351,089,445	19,157	3,275,912,298

Deductions						
Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions	Other	Net Increase (Decrease)
2005	791,333,700	32,120,791	19,650,440	843,104,931		1,573,465,673
2006	856,205,596	40,095,036	20,339,190	916,639,822		2,634,840,036
2007	924,005,832	36,206,951	20,811,398	981,024,181		1,715,885,478
2008	997,492,141	31,926,120	20,727,536	1,050,145,797		(6,201,440,393)
2009	1,077,852,453	27,426,079	21,967,308	1,127,245,840		4,280,784,252
2010	1,178,030,534	32,201,577	22,318,493	1,232,550,604		2,839,050,008
2011	1,284,405,609	32,900,105	23,086,712	1,340,392,426		-304,827,736
2012	1,389,815,471	34,142,193	24,508,053	1,448,465,717		3,159,266,216
2013	1,503,374,148	36,944,214	25,463,299	1,565,781,661		5,287,250,276
2014	1,626,821,250	39,191,090	26,431,652	1,692,443,992		1,583,468,306

TABLE IX
BENEFIT EXPENSE BY TYPE

Last ten years

Calendar Year	Death				Disability	
	Supplemental	Refund	Burial	Residual	Permanent	Temporary
2005	9,389,674	7,096,253	7,182,437	997,874	3,746,535	7,553,159
2006	9,874,057	7,565,398	7,464,813	708,466	3,857,144	7,795,207
2007	8,428,232	8,757,533	7,255,736	692,275	3,887,168	7,705,263
2008	10,416,827	7,971,900	7,334,749	765,241	4,113,550	7,195,656
2009	8,486,871	9,096,938	7,813,566	961,645	4,211,002	6,649,144
2010	10,313,306	8,547,634	7,726,161	1,439,264	4,286,549	7,205,576
2011	9,664,027	9,184,487	8,435,071	1,328,589	4,157,671	7,471,493
2012	10,377,472	9,641,181	8,103,523	1,711,659	3,878,005	7,012,081
2013	9,681,776	9,155,295	8,369,090	1,850,712	3,949,374	7,265,126
2014	8,159,700	9,697,949	8,941,815	1,785,250	3,688,052	7,214,455

Calendar Year	Annuities				Refunds		Total
	Retirement	Surviving Spouse	Beneficiary	Supplemental	Separation	Other	
2005	673,325,914	47,245,463	1,206,562	33,589,829	30,952,680	1,168,111	823,454,491
2006	732,090,146	50,788,527	1,325,633	34,736,205	32,707,901	7,387,135	896,300,632
2007	794,767,293	54,255,986	1,477,778	36,778,568	34,110,636	2,096,315	960,212,783
2008	861,528,538	57,647,849	1,581,010	38,936,821	28,287,188	3,638,932	1,029,418,261
2009	936,104,649	61,615,626	1,751,952	41,161,060	25,974,794	1,451,285	1,105,278,532
2010	1,027,761,178	66,174,661	1,962,756	42,613,449	30,440,247	1,761,330	1,210,232,111
2011	1,130,473,927	71,188,507	2,208,709	40,293,128	31,515,077	1,385,028	1,317,305,714
2012	1,229,614,161	76,545,359	2,455,082	40,476,948	31,482,985	2,659,208	1,423,957,664
2013	1,337,638,438	81,839,499	2,669,383	40,955,455	33,987,457	2,956,757	1,540,318,362
2014	1,453,666,782	88,033,643	2,944,872	42,688,732	35,250,093	3,940,997	1,666,012,340

TABLE X
NET CASH FLOW FROM CONTRIBUTIONS AFTER BENEFITS
Last ten years

Year	Employer Contributions	Member Contributions	Total Contributions	Total Benefit Payments	Net Cash Flow
2005	$ 543,263,475	$ 265,568,534	$ 808,832,009	$ 823,454,491	$ (14,622,482)
2006	602,775,795	280,997,170	883,772,965	896,300,632	(12,527,667)
2007	600,822,135	296,690,070	897,512,205	960,212,783	(62,700,578)
2008	631,147,476	314,019,939	945,167,415	1,029,418,261	(84,250,846)
2009	660,399,408	324,070,795	984,470,203	1,105,278,532	(120,808,329)
2010	770,142,278	324,901,985	1,095,044,263	1,210,232,111	(115,187,848)
2011	800,804,253	327,680,889	1,128,485,142	1,317,305,714	(188,820,572)
2012	883,216,281	330,814,542	1,214,030,823	1,423,957,664	(209,926,841)
2013	930,969,056	338,934,421	1,269,903,477	1,540,318,362	(270,414,885)
2014	923,382,825	351,089,445	1,274,472,270	1,626,821,250	(352,348,980)

TABLE XI
OPERATING STATISTICS - NUMBER OF INITIAL BENEFIT PAYMENTS
Last ten years

Calendar Year	Annuity	Disability	Death	Refund	Total
2005	4,868	2,474	2,971	11,677	21,990
2006	4,887	2,339	3,029	11,639	21,894
2007	5,283	2,354	2,975	12,487	23,099
2008	5,081	2,313	3,033	10,469	20,896
2009	5,467	2,349	3,149	10,593	21,558
2010	6,541	2,407	3,141	10,219	22,308
2011	6,751	2,338	3,308	10,001	22,398
2012	6,845	2,207	3,288	9,864	22,204
2013	7,791	2,166	3,228	10,530	23,715
2014	7,959	2,123	3,413	11,139	24,634

TABLE XII
NUMBER OF EMPLOYEES
Last ten years

Calendar Year	Administration	Internal Audit	Human Resources	Finance	Investments	Legal	Communications	Member Services	Benefits	Information Services	Program Management	Office Services	Total
2005	3	1	4	32	10	4	5	24	25	44		24	176
2006	3	1	4	30	11	3	5	23	27	43		26	176
2007	3	1	4	31	11	4	6	24	27	43		26	180
2008	4	1	4	30	11	4	6	25	27	42		22	176
2009	4	1	4	31	11	4	6	26	26	41		22	176
2010	4	1	4	30	11	4	6	26	27	39		22	174
2011	4	4	4	27	10	4	7	26	28	34	6	22	176
2012	4	4	4	28	9	4	7	28	28	34	4	22	176
2013	4	7	3	29	10	4	6	30	28	35	5	21	182
2014	4	7	4	27	13	5	7	33	28	33	5	19	185

TABLE XIII
NUMBER OF ACTIVELY PARTICIPATING EMPLOYERS
Last ten years

Calendar Year End	Cities	Villages	Counties	School Districts	Townships	Other	Total
2005	253	395	101	871	463	813	2,896
2006	255	398	101	870	467	818	2,909
2007	255	403	101	867	472	828	2,926
2008	256	406	101	864	474	839	2,940
2009	256	407	101	865	477	844	2,950
2010	257	410	101	864	477	854	2,963
2011	257	411	101	862	479	854	2,964
2012	258	411	101	859	479	861	2,969
2013	258	413	101	858	480	867	2,977
2014	258	414	101	855	478	870	2,976

TABLE XIV
PRINCIPAL PARTICIPATING EMPLOYERS

Current year and ten years ago

	2014			2005		
Employer	Active Members	Rank	Percentage of Total Active Members	Active Members	Rank	Percentage of Total Active Members
DuPage County	3,043	1	1.75%	3,576	1	2.09%
Lake County	2,553	2	1.47%	2,890	2	1.69%
Will County	2,388	3	1.37%	2,130	3	1.25%
Union School District 46	2,014	4	1.16%	1,998	4	1.17%
Winnebago County	1,747	6	1.01%	1,696	5	0.99%
Rockford School District 205	1,746	5	1.00%	1,633	6	0.96%
Kane County	1,366	8	0.79%	1,377	7	0.81%
McHenry County	1,343	7	0.77%	1,186	10	0.69%
Peoria School District 150	1,283	9	0.74%	1,326	9	0.78%
Palatine School District 211	1,269	10	0.73%	N/A*	N/A*	N/A*
City of Springfield	N/A**	N/A**	N/A**	1,356	8	0.79%
	18,752		10.80%	19,168		11.22%

** In 2004, this entity did not rank in the top ten.*
*** In 2014, this entity did not rank in the top ten.*

TABLE XV
NUMBER OF ACTIVELY PARTICIPATING MEMBERS

Last ten years

Calendar Year End	Male Participants	Female Participants	Total
2005	63,323	107,605	170,928
2006	64,136	109,872	174,008
2007	65,355	112,428	177,783
2008	66,802	114,876	181,678
2009	66,640	114,740	181,380
2010	65,543	111,160	176,703
2011	65,332	110,512	175,844
2012	64,918	109,853	174,771
2013	64,889	108,937	173,826
2014	65,029	108,939	173,968

TABLE XVI
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
2004	168,536	17,225	78,499	35,765	37,047	43.2%
2005	170,928	18,723	76,768	36,735	38,702	44.1%
2006	174,008	19,245	76,290	38,781	39,692	45.1%
2007	177,783	20,670	75,311	41,889	39,913	46.0%
2008	181,678	19,543	76,607	44,487	41,041	47.1%
2009	181,380	14,950	77,606	46,749	42,075	49.0%
2010	176,703	12,928	73,980	46,906	42,889	50.8%
2011	175,844	15,158	70,518	46,459	43,709	51.3%
2012	174,771	15,994	67,735	45,777	45,265	52.1%
2013	173,825	16,990	65,389	45,062	46,384	52.6%
2014	173,968	18,391	63,714	44,256	47,607	52.8%

TABLE XVII
ACTIVE MEMBERS BY AGE

	All Plans			Sheriff's Law Enforcement Personnel			Elected County Officials		
Ages	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Under 20	212	234	446	--	--	--	--	--	--
20 to 29	7,855	9,954	17,809	427	66	493	1	--	1
30 to 39	12,407	16,178	28,585	1,139	197	1,336	11	2	13
40 to 49	14,595	27,033	41,628	1,363	202	1,565	27	13	40
50 to 54	9,847	19,598	29,445	354	84	438	32	14	46
55 to 59	9,232	18,816	28,048	199	34	233	40	22	62
60 to 69	9,261	15,622	24,883	138	19	157	50	15	65
70 and Over	1,620	1,504	3,124	4	1	5	13	6	19
Total	**65,029**	**108,939**	**173,968**	**3,624**	**603**	**4,227**	**174**	**72**	**246**

TABLE XVIII
ANNUITANTS BY AGE

	Retirees			Surviving Spouses			Beneficiaries		
Ages	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 55	269	77	346	20	117	137	80	157	237
55 to 59	3,593	5,175	8,768	33	250	283	21	54	75
60 to 64	6,424	11,753	18,177	115	436	551	19	48	67
65 to 69	7,376	15,242	22,618	267	753	1,020	21	60	81
70 to 74	5,703	12,169	17,872	438	1,152	1,590	10	46	56
75 to 79	4,201	8,836	13,037	617	1,497	2,114	9	40	49
80 to 84	2,897	6,371	9,268	720	1,765	2,485	5	21	26
85 to 89	1,813	4,345	6,158	661	1,648	2,309	4	17	21
90 to 94	659	2,153	2,812	340	1,057	1,397	1	15	16
95 to 99	119	544	663	79	310	389	0	1	1
100 and over	13	61	74	12	53	65	0	0	0
Total	**33,067**	**66,726**	**99,793**	**3,302**	**9,038**	**12,340**	**170**	**459**	**629**

TABLE XIX
AVERAGE INITIAL 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)
2005	2,656	26,524	15,396	13,145
2006	2,814	35,014	15,860	12,864
2007	2,704	28,926	16,341	14,152
2008	2,758	29,352	17,238	15,219
2009	2,459	28,763	17,359	16,200
2010	2,987	30,817	17,830	17,014
2011(3)	3,154	30,592	17,958	16,490
2012(3)	3,218	34,500	18,475	15,718
2013(3)	3,229	34,853	18,898	15,781
2014(3)	3,164	35,795	20,048	16,877

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

TABLE XX
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
2005								
Avg Monthly Annuity	$ 289	$ 452	$ 728	$1,104	$1,545	$2,158	$3,000	$1,063
Avg Monthly FRE	$2,074	$2,293	$2,537	$2,913	$3,225	$3,747	$4,308	$2,807
Number of Retirees	473	781	748	590	544	348	221	3,705
2006								
Avg Monthly Annuity	$ 293	$ 477	$ 768	$1,212	$1,523	$2,393	$3,605	$1,137
Avg Monthly FRE	$2,094	$2,407	$2,676	$3,218	$3,209	$4,135	$5,165	$2,984
Number of Retirees	500	764	754	608	537	308	229	3,700
2007								
Avg Monthly Annuity	$ 312	$ 484	$ 781	$1,170	$1,657	$2,526	$3,469	$1,154
Avg Monthly FRE	$2,224	$2,457	$2,721	$3,086	$3,447	$4,382	$4,978	$3,039
Number of Retirees	578	787	816	659	518	359	240	3 ,957
2008								
Avg Monthly Annuity	$ 312	$ 494	$ 852	$1,230	$1,730	$2,671	$3,730	$1,248
Avg Monthly FRE	$2,229	$2,498	$2,974	$3,229	$3,597	$4,645	$5,358	$3,212
Number of Retirees	538	790	685	657	472	318	283	3,743
2009								
Avg Monthly Annuity	$ 317	$ 509	$ 891	$1,364	$1,951	$2,549	$3,712	$1,389
Avg Monthly FRE	$2,253	$2,565	$3,052	$3,553	$4,049	$4,419	$5,305	$3,413
Number of Retirees	551	804	682	717	497	444	371	4,066
2010								
Avg Monthly Annuity	$ 340	$ 513	$ 895	$1,410	$1,935	$2,598	$3,703	$1,421
Avg Monthly FRE	$2,401	$2,583	$3,100	$3,686	$4,022	$4,514	$5,295	$3,486
Number of Retirees	601	1029	767	826	645	524	459	4,851
2011								
Avg Monthly Annuity	$ 339	$ 543	$ 906	$1,352	$1,929	$2,731	$3,879	$1,437
Avg Monthly FRE	$2,401	$2,764	$3,163	$3,499	$4,044	$4,711	$5,529	$3,542
Number of Retirees	578	1056	792	834	641	553	426	4,880
2012								
Avg Monthly Annuity	$ 345	$ 539	$ 848	$1,407	$1,961	$2,807	$3,780	$1,391
Avg Monthly FRE	$2,473	$2,758	$2,946	$3,670	$4,083	$4,808	$5,436	$3,503
Number of Retirees	576	1096	895	774	636	493	398	4,868
2013								
Avg Monthly Annuity	$ 345	$ 560	$ 886	$1,425	$1,968	$2,812	$3,875	$1,378
Avg Monthly FRE	$2,445	$2,798	$3,087	$3,673	$4,109	$4,836	$5,555	$3,518
Number of Retirees	723	1312	1080	943	770	491	461	5,780
2014								
Avg Monthly Annuity	$ 361	$ 562	$ 931	$1,374	$2,020	$2,876	$3,960	$1,439
Avg Monthly FRE	$2,559	$2,784	$3,246	$3,573	$4,196	$4,947	$5,679	$3,609
Number of Retirees	687	1250	1205	984	808	455	551	5,940

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 XXI
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
2005					
Avg Monthly Annuity	$2,295	$4,150	$3,613	$5,336	$3,439
Avg Monthly FRE	$4,517	$6,214	$4,975	$6,823	$5,452
Number of Retirees	25	23	5	6	59
2006					
Avg Monthly Annuity	$2,689	$3,948	$4,738	$5,165	$3,817
Avg Monthly FRE	$5,046	$5,835	$6,099	$6,768	$5,692
Number of Retirees	27	36	25	2	90
2007					
Avg Monthly Annuity	$2,907	$4,105	$3,927	$6,707	$3,607
Avg Monthly FRE	$5,846	$6,068	$5,403	$8,383	$5,901
Number of Retirees	36	36	13	1	86
2008					
Avg Monthly Annuity	$3,093	$5,144	$4,950	$4,283	$4,239
Avg Monthly FRE	$5,988	$7,495	$6,326	$5,354	$6,516
Number of Retirees	25	19	16	2	62
2009					
Avg Monthly Annuity	$3,358	$4,419	$5,503	$4,967	$4,454
Avg Monthly FRE	$6,613	$6,569	$7,286	$6,209	$6,837
Number of Retirees	21	17	22	1	61
2010					
Avg Monthly Annuity	$2,974	$4,598	$5,500	$4,455	$4,347
Avg Monthly FRE	$5,620	$6,996	$7,348	$5,750	$6,636
Number of Retirees	30	43	26	4	103
2011					
Avg Monthly Annuity	$3,682	$4,624	$5,479	$5,015	$4,465
Avg Monthly FRE	$6,833	$6,868	$7,070	$6,269	$6,887
Number of Retirees	36	36	21	2	95
2012					
Avg Monthly Annuity	$3,085	$4,382	$4,844	$3,809	$3,752
Avg Monthly FRE	$6,024	$7,000	$6,363	$5,312	$6,340
Number of Retirees	38	21	11	2	72
2013					
Avg Monthly Annuity	$3,372	$4,639	$4,418	$5,497	$4,130
Avg Monthly FRE	$6,181	$7,101	$6,026	$6,871	$6,547
Number of Retirees	31	27	10	5	73
2014					
Avg Monthly Annuity	$3,439	$5,142	$5,220	$5,868	$4,547
Avg Monthly FRE	$6,430	$7,631	$6,706	$7,448	$6,998
Number of Retirees	39	39	18	6	102

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 XXII
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
2005								
Avg Monthly Annuity		$1,787	$3,365	$5,144	$5,678			$4,319
Avg Monthly FRE		$3,612	$4,160	$6,439	$7,098			$5,704
Number of Retirees		2	1	4	2			9
2006								
Avg Monthly Annuity	$ 609	$1,296	$3,113	$3,357	$2,596	$4,523	$6,250	$2,399
Avg Monthly FRE	$2,437	$2,942	$4,434	$4,340	$3,717	$5,717	$7,812	$3,806
Number of Retirees	6	8	8	8	1	1	1	33
2007								
Avg Monthly Annuity	$ 254	$1,435	$2,940	$4,848				$2,630
Avg Monthly FRE	$1,033	$3,243	$4,013	$6,060				$3,917
Number of Retirees	2	5	6	4				17
2008								
Avg Monthly Annuity	$ 287	$1,550	$4,249	$4,341	$664			$2,506
Avg Monthly FRE	$1,184	$3,773	$6,094	$5,425	$830			$4,024
Number of Retirees	3	10	3	8	2			26
2009								
Avg Monthly Annuity	$1,489	$1,987	$2,804	$2,523				$2,241
Avg Monthly FRE	$5,958	$4,358	$4,511	$3,154				$4,247
Number of Retirees	1	7	3	3				14
2010								
Avg Monthly Annuity	$123	$1,871	$2,243	$4,672	$4,039	$4,992	$3,872	$2,751
Avg Monthly FRE	$497	$4,411	$3,472	$5,859	$5,172	$6,241	$4,841	$4,097
Number of Retirees	4	6	9	5	4	2	1	31
2011								
Avg Monthly Annuity	$141	$320	$2,787	$4,394	$4,722			$2,279
Avg Monthly FRE	$580	$754	$4,182	$5,493	$6,139			$3,234
Number of Retirees	2	2	3	2	1			10
2012								
Avg Monthly Annuity	$ 687	$ 845	$ 762	$4,046		$4,598		$1,990
Avg Monthly FRE	$2,312	$1,934	$1,186	$5,058		$5,748		$2,967
Number of Retirees	2	9	5	8		1		25
2013								
Avg Monthly Annuity	$ 992	$1,070		$3,590				$2,304
Avg Monthly FRE	$3,958	$2,144		$4,487				$3,920
Number of Retirees	4	2		6				12
2014								
Avg Monthly Annuity		$2,519	$3,872	$13,226	$4,453	$330	$7,753	$6,338
Avg Monthly FRE		$5,821	$5,454	$16,533	$5,678	$413	$9,691	$8,459
Number of Retirees		3	7	6	5	1	2	24

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 XXIII
DISTRIBUTION OF CURRENT ANNUITANTS BY PENSION AMOUNT

	Retirement Number of		Survivor Number of		All Annuities Number of	
Monthly Pension Amount	**Males**	**Females**	**Males**	**Females**	**Males**	**Females**
Under $100	875	4,538	563	746	1,438	5,284
$100 to under $250	2,062	10,369	1023	1,988	3,085	12,357
$250 to under $500	4,022	14,685	1019	2,534	5,041	17,219
$500 to under $750	3,729	9,991	467	1,504	4,196	11,495
$750 to under $1,000	2,961	6,886	200	921	3,161	7,807
$1,000 to under $2,000	7,688	13,492	184	1415	7,872	14,907
$2,000 to under $3,000	4,602	4,336	13	296	4,615	4,632
$3,000 to under $4,000	2,904	1520	4	69	2,908	1,589
$4,000 to under $5,000	1,819	550	0	13	1,819	563
$5.000 to under $6,000	1,073	194	0	6	1,073	200
$6,000 and over	1,331	162	0	8	1,331	170
Total	**33,066**	**66,723**	**3,473**	**9,500**	**36,539**	**76,223**

Note: Counts do not include disabilities.

10.20%

Five-year total fund return after fees.

$1.6 BILLION

Pensions paid in 2014

IMRF VALUES

Respect

Recognizing the worth, uniqueness and importance of ourselves, our coworkers, and our membership builds collaboration and cooperation.

Empathy

Being aware of the feelings of others and how our actions affect them enables us to be responsive to the needs of our membership.

Accountability

Accepting responsibility for our actions cultivates the trust of our coworkers, members, and employers.

Accuracy

Performing our duties in an accurate and timely manner ensures our members receive the service and benefits to which they are entitled.

Courage

Recognizing the need for innovation and being willing to change strengthens our ability to meet future challenges and opportunities.

Honesty

Acting in a truthful, ethical, and professional manner builds confidence with our membership and the public.

Locally funded, financially sound.