IMRF

2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2015, AND DECEMBER 31, 2014

PROUD LEGACY
BRIGHT FUTURE

75

1941 - 2016

FOR THE YEARS ENDED
DECEMBER 31, 2015, AND DECEMBER 31, 2014

PREPARED BY

The Finance Department of the
Illinois Municipal Retirement Fund

OAK BROOK OFFICE

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

SPRINGFIELD REGIONAL COUNSELING CENTER

3000 Professional Drive, Suite 101, Springfield, IL 62703

CONTACT IMRF

1-800-ASK-IMRF (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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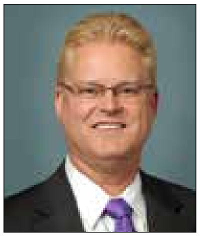
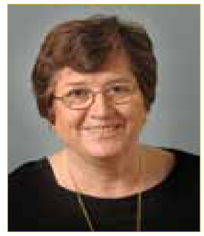
BOARD OF TRUSTEES



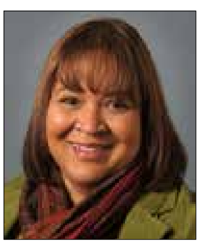
TOM KUEHNE
Executive Trustee
Village of Arlington Heights
Jan. 1, 2013-Dec. 31, 2017
2016 Board President



GWEN HENRY
Executive Trustee
DuPage County Treasurer
Jan. 1, 2016-Dec. 31, 2020

SUE STANISH
Executive Trustee
Naperville Park District
Jan. 1, 2014-Dec. 31, 2018
2016 Board Vice President

DAVID MILLER
Executive Trustee
North Shore Water
Reclamation District
Jan. 1, 2015-Dec. 31, 2016



NATALIE COPPER
Employee Trustee
Evanston School District 65
Jan. 1, 2015-Dec. 31, 2019
2016 Board Secretary

JOHN PIECHOCINSKI
Employee Trustee
Plainfield Community
Consolidated School District
Jan. 1, 2016-Dec. 31, 2020

SHARON U. THOMPSON
Annuitant Trustee
Lee County (formerly)
Jan. 1, 2016-Dec. 31, 2020

TRUDY WILLIAMS
Employee Trustee
Fulton County State's
Attorney's Office
Jan. 1, 2016-Dec. 31, 2020

IMRF SENIOR LEADERS *(from left)*

CARA BANNON
Human Resources Manager

DAN DUQUETTE
Deputy Executive Director

KATHY GOERDT
Performance Excellence Manager

ROBERT WOOLLEN
Chief Information Services Officer

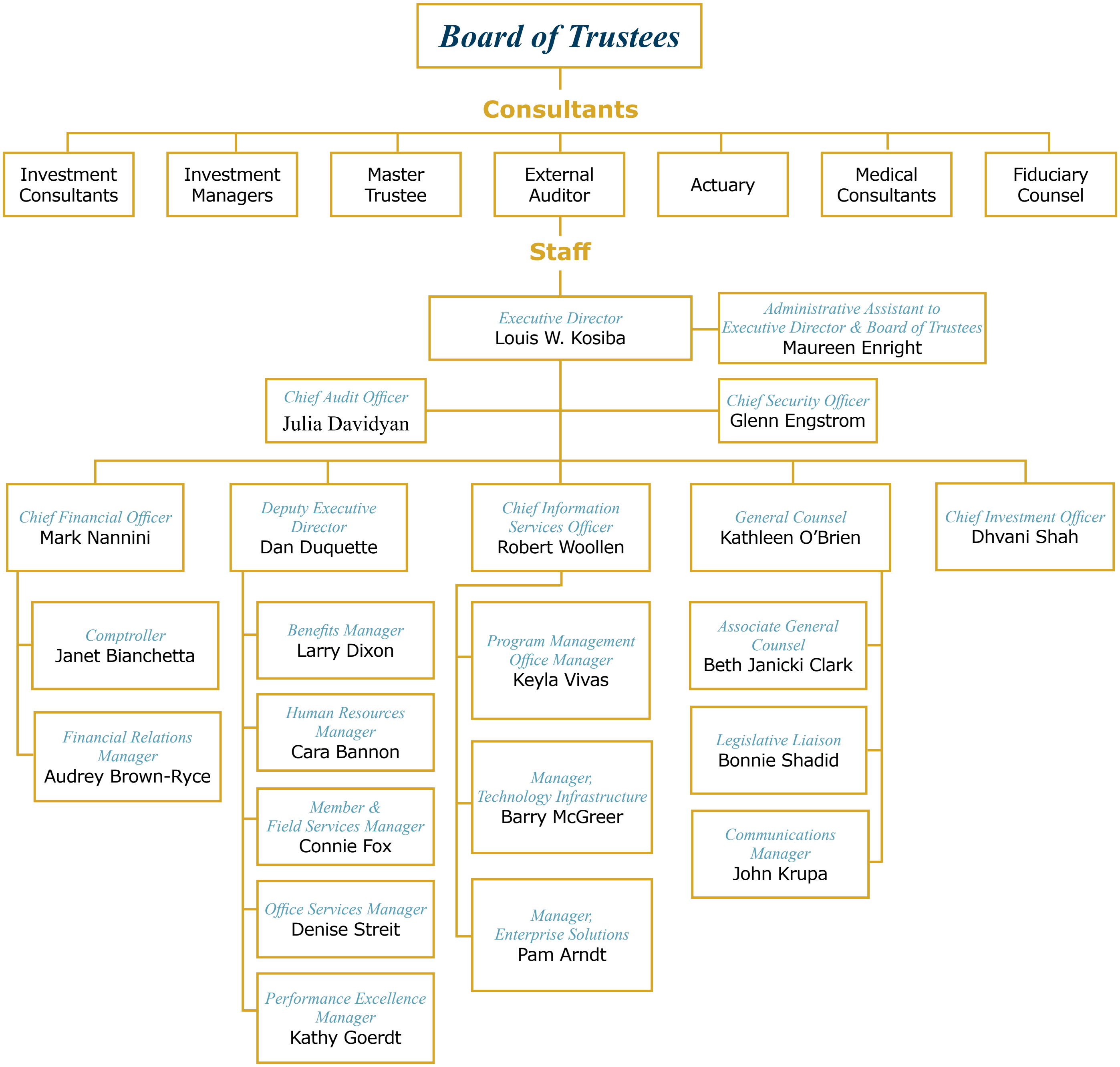
DHVANI SHAH
Chief Investment Officer

KATHLEEN O'BRIEN
General Counsel

MARK NANNINI
Chief Financial Officer

LOUIS W. KOSIBA
Executive Director

ORGANIZATION CHART



Consultants – Investment Consultants are listed on page 49

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

External Auditors
RSM US LLP
Joseph Evans
William Sarb
Schaumburg, Illinois

Master Trustee
The Northern Trust
Kimberly Miller,
Senior Vice President
Chicago, Illinois

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

Medical Consultants
Marianjoy Medical Group
Wheaton, Illinois
Northwest
Psychiatric, S.C.
Buffalo Grove, Illinois

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Illinois Municipal Retirement Fund

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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

www.imrf.org

June 3, 2016

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, 2015. 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 Chief Audit Officer. 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.

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 accountants' unmodified report on IMRF's 2015 Financial Statements is included in this report. The independent accountants 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 2,972 different employers, 174,098 participating members, and 118,038 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 2015 and 2014.

	2015 (millions)	2014 (millions)	Dollar Change (millions)	Percent Change
Additions	$1,470	$3,276	$(1,806)	(55.1)%
Deductions	1,824	1,693	131	7.7%
Net Change	$ (354)	$1,583	$(1,937)	(122.4)%

The decrease in Additions between 2015 and 2014 is primarily due to a $(1,810) million decrease in investment income. Decreasing oil prices in the 2015 financial markets resulted in mass cutbacks in the oil industry, increased Fed rates for overnight borrowing, and a flattening of consumer spending. This also reflected the strain on global markets in the East, specifically China. The increase in Deductions is primarily due to increased benefit payments due to the increased benefit recipients from 112,762 to 118,038. For a full understanding of IMRF's financial results, review the "Financial" section of this report which includes the Independent Auditor's Report, Management's Discussion and Analysis, Financial Statements, and other supplementary information. Management's Discussion and Analysis provides a narrative introduction, overview, and analysis of the financial statements and complements this transmittal letter.

Funding

IMRF's actuary uses a five-year smoothed market-related value with a 20 percent corridor to determine the actuarial value of assets. The smoothing is intended to prevent extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2015, valuation, the aggregate actuarial value of assets was $34.9 billion. The aggregate actuarial liability for all IMRF employers was $39.5 billion. The aggregate actuarial funding ratio is currently 88.4 percent (an increase from the 2014 ratio of 87.3 percent). This takes into account the 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 87.4 percent as of December 31, 2015, a decrease from 93.1 percent as of December 31, 2014. The reason for the decrease in the net market funding ratio is due to flat investment returns in 2015. As of December 31, 2015, IMRF's market-based funding value change was lower than the actuarial funding value since there were $454 million of unrecognized investment losses. This will be reflected in the 2016 through 2020 period, in keeping with the five-year smoothing technique.

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 2015 investment results showed gains of $200.1 million and represented 13.7 percent of Plan Additions for the year. In the past five years–2011 through 2015–investment income represented the following percentage of Additions to the fiduciary net position:

Year	Percentage of Additions
2015	13.7%
2014	61.1%
2013	81.5%
2012	73.7%
2011	(9.0)%

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 in the total portfolio. Currently, the public markets portfolio is managed by 48 professional investment management firms handling 63 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 39 investment firms across 65 separate funds. These firms make investment decisions under the "Prudent Man Rule," authorized by Article 1 of the Illinois Pension Code, and by investment policy guidelines adopted by the Board of Trustees.

The Board employs an Investment Consultant to 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

Trudy Williams, from the Fulton County State's Attorney's Office, was elected as an Employee Trustee for a five-year term which began January 1, 2016.

Gwen Henry, who has served as an Executive Trustee since 2008, was elected to a second five-year term which began January 1, 2016.

John Piechocinski, who has served as a Trustee since 2011, was elected to his second term as an Employee Trustee. His second five-year term began January 1, 2016.

Annuitant Trustee Sharon U. Thompson of Dixon (formerly Lee County), Illinois, was re-elected by IMRF retirees to serve a third five-year term. Her third five-year term began January 1, 2016.

b. Legislative Activity Applicable to IMRF (Passed in 2015)

Four bills that affect IMRF passed the General Assembly in 2015:

Public Act 99-0462 sets an aspirational goal for Illinois public pension systems to utilize at least 20 percent minority firms in investments and contracts awarded. Effective August 25, 2015.

Public Act 99-0239 reduces the time required before IMRF can begin the delinquent employer offset process with the State Comptroller and/or County Treasurer from 90 days delinquent to 60 days delinquent. Effective August 3, 2015.

Public Act 99-0382 updates obsolete language in the Pension Code to reflect current member contribution rates when purchasing service credit under an IMRF Early Retirement Incentive program. Effective on August 17, 2015.

Public Act 99-0008 removes the State Treasurer as the IMRF *ex officio* Treasurer. It also makes explicit that most local pension systems (including IMRF) can offset monies from the State Comptroller to pay delinquent employer contributions. Effective July 9, 2015.

c. Systems Development

IMRF's major 2015 system development priorities focused on:

- Implementing the first phase of the Modernization initiative (Horizon), including new Content Management, Customer Relationship Management, and Business Analytics functionality.
- Implementing the hardware and software infrastructure to support the Horizon system.
- Introducing a new and improved IMRF website, www.imrf.org, in concert with an overall branding initiative.
- Transitioning to Microsoft GP for general ledger software.

IMRF's major 2016 system development priorities will focus on:

- Developing the internal expertise and deploying the technology to both support and enhance the functionality of the first phase of the Horizon system.
- Continuing the development of the final phase of the Horizon initiative, which will include the replacement of the current Pension Administration functionality.
- Re-engineering business processes to achieve our Customer Service Goals, while also maintaining all internal control and efficiency objectives.

d. Investment Activities

The Board of Trustees, its consultant, and IMRF Staff review the investment asset allocation annually. In February 2016, 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 2015 through March 31, 2016, were as follows:

- Revised Statement of Investment Policy, Real Estate Statement of Investment Policy, and Investment Committee Charter.
- 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 follow-on funds of two existing managers: Blackstone Real Estate Partners VIII, L.P., and Torchlight Debt Opportunity Fund V, L.P.
- Added new commitment to a follow-on fund of an existing private equity manager: EnCap Energy Fund X, L.P.
- Terminated one small cap growth equity mandate (Fortaleza) and one large cap growth equity mandate (BlackRock) and made an allocation to a direct core fixed income mandate with a minority-owned firm (Garcia Hamilton).
- Completed a transition manager search and created a pool of transition management service providers consisting of Northern Trust Investments, BlackRock, Loop, Penserra, Russell and State Street.
- Completed Value-added Real Estate Manager Search and added commitment to a new firm, Crow Holdings Realty Partners VII, L.P.; also made additional commitments to follow-on funds of two existing real estate managers — Rockwood Capital Real Estate Partners Fund X, L.P., and Oak Street Real Estate Capital Fund III, L.P.
- Completed domestic equity and fixed income structure review and withdrew funds from Holland Capital, Wall Street, Frontier, and ICOM; and allocated these funds to Garcia Hamilton Core Fixed Income, Babson Global Loan Fund, Progress Fixed Income, NTI S&P Value Equity Index, and IMRF's Cash Account.
- Made an additional allocation to an existing private equity manager, The Vistria Fund, L.P.
- Completed Minority Real Estate Manager-of-Managers Search and made a commitment to a new minority-owned firm, Artemis Real Estate Partners, LLC.
- Approved a new commitment to a follow-on fund of an existing real estate manager, Ares European Property Enhancement Partners II, L.P.
- Added new commitments to follow-on funds of two existing real estate managers: Blackstone Real Estate Debt Strategies III, L.P., and LaSalle Income & Growth Fund VII, L.P.
- Evaluated new mandate with an existing manager and added an allocation to Brandes Core Plus Fixed Income using funds withdrawn from Western Core Plus Fixed Income strategy.
- Committed to seven follow-on funds with three existing private equity managers: Mayfield XV and Mayfield Select; Lightspeed XI and Lightspeed Select II: Vista Fund VI; Vista Foundation Fund III and Vista Credit Opportunities Fund II.
- Initiated a full redemption of IMRF's separate account, Hedge Fund-of-Funds mandate, SM Aurora, L.P.
- Received Board approval to initiate a prudent liquidation of Wall Street Microcap portfolio, if deemed necessary by the Chief Investment Officer, over a period of up to 12 months.

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 its members, their beneficiaries, and employers in a cost-effective manner. The Plan guides IMRF's efforts to continuously improve customer service to its employers and members.

The 2014-2016 IMRF Strategic Plan includes elements of the Baldrige Criteria for Performance Excellence to ensure IMRF aligns its objectives, processes, and resources with its Vision. During 2015, IMRF Staff implemented a series of action plans that support the five Strategic Objectives. The following five key result areas on IMRF's leadership scorecard are included to measure the Fund's progress towards meeting these objectives:

- 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 its Strategic Objectives serves as a challenge to achieve top 10% performance for most key result areas. IMRF will conduct its triennial strategic planning process in 2016 as the 2017-2019 Strategic Plan is developed. Stakeholders, IMRF Staff, and the Board of Trustees will provide input to inform the development of the new Strategic Objectives.

f. Illinois Performance Excellence \ Baldrige Criteria for Performance Excellence

Illinois Performance Excellence (ILPEx) is a non-profit organization that seeks to help organizations improve their performance by utilizing 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 engagement to specific operational and financial results. The comprehensive feedback report received from ILPEx provides additional guidance on how IMRF can further leverage its strengths and pursue opportunities for improvement. IMRF received a Silver Award denoting "Progress toward Excellence" in 2012, and again in 2014. These awards demonstrate IMRF's continued dedication to delivering excellent customer service to its members, annuitants, and employers. IMRF is committed to continuing its journey to 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 total service score placed in the top 15%, while the Fund's costs were below the median, as compared to IMRF's peer group of 44 public systems in the United States and Canada. IMRF will continue to participate in this benchmarking program, as it is an important part of the Continuous Process Improvement Program.

Reports to Membership

IMRF issued a variety of reports covering 2014 and 2015 activity. Employer Statements were provided every month. Annuitants Statements were issued in November 2015; Inactive Member Statements were sent in March 2016, and annual Member Statements began mailing in February 2016. IMRF will include a summary of this Annual Report for members and annuitants in *Fundamentals*, IMRF's member newsletter. IMRF will advise Authorized Agents in June 2016 that this report, as well as the Popular Annual Financial Report, is available on its website, www.imrf.org.

ADDITIONAL AWARDS AND ACKNOWLEDGMENTS

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, 2014. IMRF has received a Certificate of Achievement from the GFOA for the last 35 consecutive years (fiscal years 1980-2014).

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 believes its current report continues to conform to the Certificate of Achievement program requirements, and will submit it to the GFOA. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

IMRF also received a Certificate of Achievement for Excellence in Financial Reporting for its Popular Annual Financial Report for the year ended December 31, 2014.

IMRF embarked on the GFOA Distinguished Budget Award for its 2015 Budget Document. The GFOA awarded the Distinguished Budget Presentation Award for the first time to IMRF. The award is for a one year period. IMRF will apply its 2016 Budget Document for this prestigious award.

In 2015, 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.

In 2016, PLANSPONSOR, a national publication dedicated to retirement and benefit programs, named IMRF a “Standout” as part of its 2016 “Awards for Excellence” program. This is IMRF’s second consecutive nomination for a PLANSPONSOR award.

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,

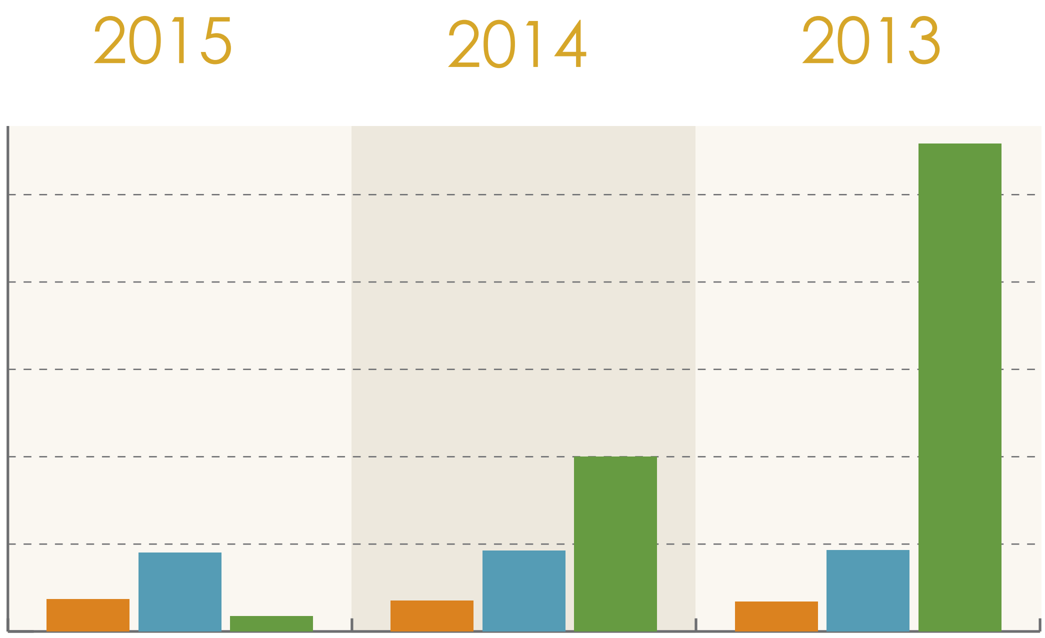
Louis W. Kosiba
Executive Director

Mark F. Nannini
Chief Financial Officer

$1.82 BILLION IN EXPENDITURES

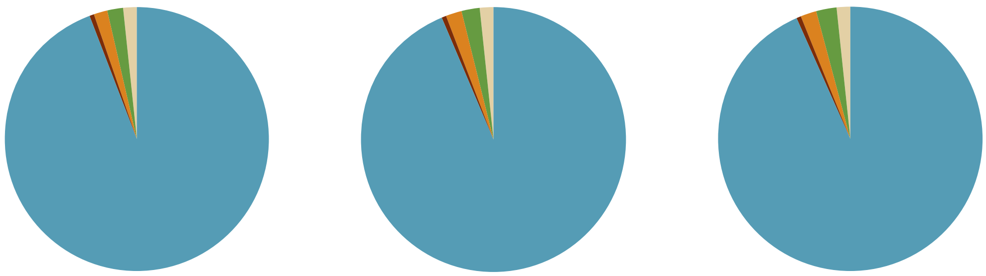
$1.72	$10	$28	$37	$29
BILLION IN ANNUITIES	MILLION IN DISABILITY BENEFITS	MILLION IN DEATH BENEFITS	MILLION IN REFUNDS	MILLION IN ADMINISTRATIVE EXPENSES

REVENUES BY SOURCE



	2015	2014	2013
Members	$ 368,005,271	$ 351,089,445	$ 338,934,421
Employers	900,476,884	923,382,825	930,969,056
Investments & Other	201,191,259	2,001,440,028	5,583,128,460
TOTAL	$ 1,469,673,414	$ 3,275,912,298	$ 6,853,031,937

EXPENSES BY TYPE



	2015	2014	2013
Annuities	$ 1,720,618,375	$ 1,587,334,029	$ 1,463,102,775
Disability Benefits	9,794,297	10,902,507	11,214,500
Death Benefits	27,771,686	28,584,714	29,056,873
Refunds	36,748,509	39,191,090	36,944,214
Administrative Expenses	28,707,981	26,431,652	25,463,299
TOTAL	$ 1,823,640,848	$ 1,692,443,992	$ 1,565,781,661

FINANCIAL

** The Notes are an integral part of the Basic Financial Statements.*

RSM US LLP

Independent Auditor's Report

The Board of Trustees
Illinois Municipal Retirement Fund

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Illinois Municipal Retirement Fund (the Fund), as of and for the year ended December 31, 2015, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 fiduciary net position of the Illinois Municipal Retirement Fund as of December 31, 2015, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Fund, as of and for the year ended December 31, 2014, were audited by other auditors whose report dated June 23, 2015 expressed an unmodified opinion on those statements.

Required Supplementary Information:
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20 through 23 and the schedules of money-weighted rate of returns on page 43 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Other Information:
Our audit for the year ended December 31, 2015 was conducted for the purpose of forming an opinion on the Fund's financial statements. The other supplementary information consisting of Supporting Schedules in the financial section, and the accompanying introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information for the year ended December 31, 2015 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements for the year ended December 31, 2015 and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole for the year ended December 31, 2015. The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The Fund's basic financial statements for the year ended December 31, 2014 (not presented herein), were audited by other auditors whose report dated June 23, 2015 expressed an unmodified opinion on the basic financial statements. The report of the other auditors dated June 23, 2015, stated that the Schedule of Administrative Expenses, Schedule of Payments for Professional Services, and Schedule of Investment Expenses for the year ended December 31, 2014 was subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2014.

RSM US LLP

Schaumburg, Illinois
June 3, 2016

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, 2015 and 2014. 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), the financial statements, required supplementary information, and supplementary information.

Required Financial Statements

IMRF, an agent multiple-employer public employee retirement system, prepares its financial statements on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Statements 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 assets held in trust for pension benefits are accounted for in the Statements of Changes in Fiduciary Net Position. These statements measure IMRF's success over the past year in increasing the fiduciary net position available for pension benefits.

Financial Analysis of IMRF

In 2015, contributions of $1,269 million and investment income of $201 million were less than the deductions to fiduciary net position of $1,824 million by $354 million. This net decrease brought the Plan's fiduciary net position to $34.5 billion.

Fiduciary Net Position

To begin the financial analysis, summarized comparisons of IMRF's Fiduciary Net Position for 2015 versus 2014 and 2014 versus 2013 follows.

CONDENSED STATEMENTS OF FIDUCIARY NET POSITION *(In millions)*

	2015	2014	Dollar Change	Percent Change
Cash and cash equivalents	$ 2	$ 15	$ (13)	(87)%
Receivables and prepaids	426	627	(201)	(32)
Investments	34,350	34,690	(340)	(1)
Invested securities lending cash collateral	948	3,076	(2,128)	(69)
Capital assets, net	22	17	5	29
Total assets	**35,748**	**38,425**	**(2,677)**	**(7)**
Liabilities	**1,235**	**3,558**	**(2,323)**	**(65)**
Fiduciary net position	**$ 34,513**	**$ 34,867**	**$ (354)**	**(1)%**

As the table shows, fiduciary net position decreased by $354 million (1 percent) in 2015. This decrease reflects lower investment returns in 2015.

The decrease in receivables and prepaids in 2015 is largely due to the decrease in the receivable from brokers for unsettled trades at year-end due to a fewer number of trades outstanding at year-end 2015 compared to 2014. The decrease in invested securities lending collateral is based on the amount of securities on loan at a point in time and fluctuates year to year. The decrease in liabilities in 2015 is due primarily to the decrease in the payables to brokers for unsettled trades at year-end 2014.

The following table presents the investment allocation as of year-end 2015 and 2014, as compared to IMRF's target allocation.

	2015	Target	2014
Domestic equity	41.7%	38.0%	44.1%
International equity	19.7	17.0	19.1
Fixed income	28.3	27.0	26.1
Real estate	5.2	8.0	4.3
Alternative	4.5	9.0	4.5
Short-term	0.6	1.0	1.9

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 working to increase its allocation to alternative investment strategies. The current target allocations were reconfirmed through various Investment Committee meetings in 2015. IMRF continuously monitors its actual investment allocations in relation to its targets and rebalances, as appropriate.

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 table shows, fiduciary net position increased by $1,583 million (5 percent) in 2014. This increase reflects the positive investment return in 2014.

The increase in receivables and prepaids in 2014 is largely due to brokers for trades settled by year-end versus 2013 that had a large volume unsettled. The increase in liabilities in 2014 is due primarily to the increase in payables to brokers for unsettled trades at year-end 2014.

Changes in Fiduciary Net Position

Summarized comparisons of IMRF's Changes in Fiduciary Net Position for 2015 versus 2014 are presented below.

CONDENSED SUMMARY OF CHANGES IN FIDUCIARY NET POSITION *(In millions)*

	2015	2014	Dollar Change	Percent Change
Additions				
Member contributions	$ 368	$ 351	$ 17	5%
Employer contributions	901	924	(23)	(3)
Net investment income	201	2,001	(1,800)	(90)
Total additions	**1,470**	**3,276**	**(1,806)**	**(55)**
Deductions				
Benefits	1,758	1,627	131	8
Refunds	37	39	(2)	(5)
Administrative expenses	29	27	2	7
Total deductions	**1,824**	**1,693**	**131**	**8**
Net increase in fiduciary net position	**$ (354)**	**$ 1,583**	**$ (1,937)**	**(122)%**

Additions

Additions needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions for 2015 totaled $1,269 million which was 0.4 percent less than 2014. The decrease reflects a reduction in employer contribution rates. 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. 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 2015 were 0.2 percent, significantly less than the 5.8 percent return in 2014. The $201 million investment gain in 2015 represents a $1,800 million change from the $2,001 million gain in 2014. IMRF's 2015 total investment portfolio return was down largely due to an uncertainty of the markets based on international events, which led to the sell-off of equities, a negative euro market, and lower spending in the United States.

In 2015, IMRF had net depreciation in the value of investments of $(334) million, a $1,810 million change from the $1,476 million of appreciation recorded in 2014. Interest, dividends, and equity fund income totaled $640 million, an increase from the $618 million in 2014. Securities lending income net of related expenses was $12.6 million for 2015, a decrease of $4.2 million from 2014. Direct investment expenses increased to $117.8 million in 2015 from $109.0 million in 2014, 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 2015 was 0.2 percent compared to 5.8 percent in 2014. IMRF's U.S. stock portfolio returned (0.2) percent compared to 0.5 percent for the Russell 3000 index. The fixed income portfolio returned (0) percent compared to 0.6 percent for the Barclays Aggregate Bond Index. Our international stock portfolio returned (2.2) percent compared to (5.7) percent for the MSCI All-Country World Free ex-US Index. The real estate portfolio returned 12.0 percent compared to 14.0 percent for the NCREIF Property Index. The alternative investment portfolio returned 6.0 percent.

Deductions

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2015 totaled $1,824 million, an increase of $131 million over 2014. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 118,038 in 2015 from 112,762 in 2014 as well as an increase in the amount of the average benefit.

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 gain (loss)	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 0.4 percent more than 2013. The increase in member contributions is due to a 1.5 percent increase in total employer payrolls which more than offset a 0.1 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 decreased 1.0 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 in 2013. The $2,001 million investment income in 2014 represents a $3,582 million change from the $5,583 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 reflects 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 U.S. 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 112,762 in 2014 from 107,732 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 for details of some of the longer term results.

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

Period	Return
December 31, 2015	0.58%
December 31, 2014	6.08%
December 31, 2013	20.15%

STATEMENTS OF FIDUCIARY NET POSITION

	Years Ended December 31	
	2015	**2014**
Assets		
Cash and cash equivalents	**$ 1,644,295**	**$ 15,545,672**
Receivables and prepaid expenses		
Contributions	83,001,451	114,527,954
Investment income	75,851,921	72,367,257
Receivables from brokers for unsettled trades	136,324,397	320,042,161
Prepaid expenses	130,917,173	120,379,100
Total receivables and prepaid expenses	**426,094,942**	**627,316,472**
Investments, at fair value		
Fixed income	9,500,502,975	9,069,388,290
Stocks	20,722,640,379	21,901,131,255
Short-term investments	662,109,291	655,106,542
Real estate	1,804,876,706	1,500,024,702
Alternative investments	1,659,780,748	1,564,587,627
Total investments	**34,349,910,099**	**34,690,238,416**
Invested securities lending cash collateral	**948,235,763**	**3,075,704,343**
Capital assets		
Equipment, at cost	32,062,828	25,235,735
Accumulated depreciation	(10,151,464)	(8,592,158)
Total capital assets	**21,911,364**	**16,643,577**
Total assets	**35,747,796,463**	**38,425,448,480**
Liabilities		
Accrued expenses and benefits payable	28,798,886	34,443,574
Securities lending cash collateral	948,235,763	3,075,704,343
Payables to brokers for unsettled trades	257,683,403	448,254,718
Total liabilities	**1,234,718,052**	**3,558,402,635**
Net position restricted for pensions	**$ 34,513,078,411**	**$ 34,867,045,845**

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Years Ended December 31	
	2015	**2014**
Additions		
Contributions		
Members for retirement coverage	$ 368,005,271	$ 351,089,445
Employers for benefit plan coverage	900,476,884	923,382,825
Total contributions	**1,268,482,155**	**1,274,472,270**
Investment Income		
From investing activities		
Interest	250,272,745	244,552,096
Dividends	261,530,797	262,094,911
Equity fund income, net	128,479,109	111,106,665
Net (depreciation)/appreciation in fair value of investments	(334,282,004)	1,475,879,816
Investment activity gain	**306,000,647**	**2,093,633,488**
Less: Direct investment expense	(117,835,491)	(109,024,556)
Net investment activity gain	**188,165,156**	**1,984,608,932**
From security lending activity		
Securities lending income	13,742,603	18,435,876
Securities lending management fees and borrower rebates	(1,180,550)	(1,623,937)
Net security lending activity income	**12,562,053**	**16,811,939**
Total investment gain	**200,727,209**	**2,001,420,871**
Other	**464,050**	**19,157**
Total additions	**1,469,673,414**	**3,275,912,298**
Deductions		
Annuities	1,720,618,375	1,587,334,029
Disability benefits	9,794,297	10,902,507
Death benefits	27,771,686	28,584,714
Refunds	36,748,509	39,191,090
Administrative expenses	28,707,981	26,431,652
Total deductions	**1,823,640,848**	**1,692,443,992**
Net (decrease)/increase	**(353,967,434)**	**1,583,468,306**
Net position restricted for pensions		
Beginning of year	**34,867,045,845**	**33,283,577,539**
End of year	**$ 34,513,078,411**	**$ 34,867,045,845**

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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 requires the Auditor General to approve appointment of independent public accountants as the external auditors.

1. Employers

	2015	2014
Participating employers	**2,972**	**2,976**

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	2015	2014
Retirees and beneficiaries currently receiving benefits	118,038	112,762
Terminated members entitled to benefits but not yet receiving them	13,054	12,682
Terminated members—non-vested	108,610	105,758
Total inactive members	**239,702**	**231,202**
Active members		
Non-vested	81,928	82,105
Vested	92,170	91,863
Total active members	**174,098**	**173,968**
Grand Total	**413,800**	**405,170**

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 (ECO) plan 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 Illinois 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, 2015 and 2014. The ECO plan was created by statute in 1997 and was revised in 2000. In 2010 the Illinois 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, 2015).

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 or her 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.

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 (a) it is able to impose its will on that organization or (b) 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 February 2015, GASB issued Statement No. 72, "Fair Value Measurement and Application." This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. IMRF will adopt GASB Statement No. 72 for its December 31, 2016, financial statements.

In June 2015, GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68." The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. IMRF does not fall within the scope of Statement No. 73; therefore there is no impact to its financial statements.

In June 2015, GASB issued Statement No. 74, "Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans." The objective of this Statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. IMRF, as a plan, does not provide Post-employment Benefits other than pensions to its annuitants; therefore there is no impact on its financial statements.

In June 2015, GASB issued Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefit Other Than Pension Plans." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. IMRF will adopt GASB Statement No. 75 for its December 31, 2018, financial statements.

In June 2015, GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. IMRF will adopt GASB Statement No. 76 for its December 31, 2016, financial statements.

In August 2015, GASB issued Statement No. 77, "Tax Abatement Disclosures." Financial statements prepared by state and local governments in conformity with generally accepted accounting principles (GAAP) provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. IMRF does not fall within the scope of Statement No. 77; therefore there is no impact to its financial statements.

In December 2015, GASB issued Statement No. 78, "Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans." The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, "Accounting and Financial Reporting for Pensions." This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. IMRF does not fall within the scope of Statement No. 78; therefore there is no impact to its financial statements.

In December 2015, GASB issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Currently, IMRF does not invest in external investment pools; therefore there is no impact on its financial statements.

In January 2016, GASB issued Statement No. 80, "Blending Requirements for Certain Component Units." The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. IMRF does not have any component units; therefore there is no impact on its financial statements.

In March 2016, GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements." The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. IMRF does not fall within the scope of Statement No. 81; therefore there is no impact to its financial statements.

In March 2016, GASB issued Statement No. 82, "Pension Issues." The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, "Financial Reporting for Pension Plans," No. 68, "Accounting and Financial Reporting for Pensions," and No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. IMRF will adopt GASB Statement No. 82 for its December 31, 2016, 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. On July 9, 2015, legislation passed removing the Illinois State Treasurer as the *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. Cash is swept daily into an investment account. Withdrawals are made daily to fund necessary business expenses. The timing of the withdrawals may create a negative cash balance.

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	2015	2014
Cash and cash equivalents	$ 1,644,295	$ 15,545,672
Bank balances at December 31		
Bank balances	$ 126,674	$ 58,976,782
Amount exposed to custodial credit risk		
Cash balance held with investment manager exposed to custodial credit risk	$ 845,107	$ 505,582

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, 2015.

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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.50 percent. For the year ended December 31, 2014, it was 6.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The "Investments" 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, 2015 and 2014.

	2015	2014
U.S. government & agency fixed income	$ 3,058,217,861	$ 2,948,775,562
U.S. corporate fixed income	2,604,807,700	2,411,587,478
U.S. fixed income funds	2,878,562,109	2,809,398,033
Foreign fixed income	958,915,305	899,627,217
U.S. equities	9,916,630,799	10,680,117,720
U.S. equity funds	4,500,564,550	4,613,516,094
Foreign equities	3,584,187,301	3,704,053,730
Foreign equity funds	2,721,257,729	2,903,443,711
Foreign currency forward contracts	17,124	3,594,668
Pooled short-term investment funds	656,985,100	651,123,337
Real estate	1,804,876,706	1,500,024,702
Private equity	1,171,536,786	1,027,814,948
Absolute return funds	488,243,962	536,772,679
Swaps	92,572	(598,621)
Options	(684,261)	(618,892)
Other	5,698,756	1,606,050
Total investments at fair value	**$ 34,349,910,099**	**$ 34,690,238,416**

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 fiduciary net position or the investment portfolio at year-end. As of December 31, 2015, IMRF had $1,470,119,311 invested in the MFB NT Collective Aggregate Bond Index Fund, $1,356,293,905 in the BlackRock US Debt Index Fund, $2,611,063,592 in the NT Collective U.S. Marketcap Equity Index Fund, and $2,136,756,667 in the NT Collective EAFE Index Fund. 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.

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.

	2015	2014
Investments in foreign currency	**$ 4,717,141**	**$ 23,369,174**

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	2015	2014
AAA	$ 248,935,637	$ 196,770,411
AA	270,740,212	277,240,214
A	572,425,906	625,532,315
BBB	1,124,625,857	932,176,663
BB	591,892,908	656,447,156
B	304,186,833	310,622,480
CCC	62,061,525	67,670,997
CC	2,656,249	3,232,795
C	55,099	2
D	7,193,556	4,287,593
Not Rated and Other	52,920,374	63,745,179
Government and Agencies		
AAA	390,185,360	179,604,513
AA	1,133,790,422	1,550,344,514
A	12,586,977	27,700,527
BBB	1,445,874	20,548,500
BB	81,058	-
Not Rated and Other	1,553,962,232	1,170,577,508
Fixed Income Funds	**3,170,756,896**	**2,982,886,923**
	$ 9,500,502,975	**$ 9,069,388,290**

The "agencies" caption in the above table does not have a specific credit quality rating since they were not covered by the rating vendors. Typically these securities have at least an AA credit quality rating. The U.S. Fixed Income Fund had an average credit quality rating of AA for 2015 and AA for 2014.

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, 2015 and 2014, the effective duration of the Barclays Aggregate Bond Index was 5.29 and 5.20, respectively. At the same points in time, the effective duration of IMRF debt securities portfolio was 5.26 and 4.69, respectively.

Investment	2015 Fair Value	Effective Weighted Duration Rate	2014 Fair Value	Effective Weighted Duration Rate
U.S. Corporate	$ 2,604,807,700	5.22	$ 2,411,587,478	4.69
U.S. Government & Agencies	3,058,217,861	5.72	2,948,775,562	4.46
U.S. Fixed Income Funds	2,878,562,109	5.33	2,809,398,033	5.12
International	666,720,518	5.10	726,138,327	4.15
International Fixed Income Fund	292,194,787	0.32	173,488,890	0.33
Total	**$ 9,500,502,975**	**5.26**	**$ 9,069,388,290**	**4.62**

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.

	2015	2014
Foreign Equities		
Australian dollar	$ 65,182,896	$ 57,066,295
Brazilian real	44,456,799	39,312,639
British pound sterling	569,131,674	534,400,403
Canadian dollar	83,627,738	118,963,692
Chilean peso	13,433,253	17,353,934
Colombian peso	172,727	168,792
Croatian kuna	103,097	323,610
Czech koruna	5,143,958	5,797,804
Danish krone	59,515,287	52,037,360
Egyptian pound	244,484	-
Euro	950,689,381	862,090,571
Hong Kong dollar	193,088,091	209,381,333
Hungarian forint	2,125,359	278,267
Indian rupee	55,584,310	87,933,153
Indonesian rupiah	9,385,309	17,621,915
Japanese yen	681,434,737	690,111,391
Malaysian ringgit	6,501,553	7,947,561
Mexican peso	19,209,776	19,531,972
New Israeli shekel	11,203,401	17,911,789
New Taiwan dollar	62,584,900	73,220,818
New Zealand dollar	1,735,958	9,034,186
Norwegian krone	30,501,996	66,505,834
Philippine peso	5,379,458	6,899,647
Polish zloty	6,444,798	10,329,426
Qatari rial	1,685,137	1,736,480
Singapore dollar	48,261,878	40,729,055
South African rand	34,204,427	50,468,344
South Korean won	105,565,018	92,151,451
Swedish krona	89,497,628	101,679,692
Swiss franc	247,564,013	238,355,570
Thai baht	8,137,376	14,144,988
Turkish lira	18,532,422	27,365,204
United Arab Emirates dirham	2,793,311	6,569,710
United States dollar	2,872,322,880	3,130,074,555
Total Foreign Equities	**6,305,445,030**	**6,607,497,441**

	2015	2014
Foreign Fixed Income		
Argentine peso	$ 341,407	$ -
Brazilian real	13,275,363	19,725,693
Colombian peso	6,647,571	9,958,589
Euro	-	614,975
Hungarian forint	2,036,839	1,653,680
Indonesian rupiah	7,856,997	7,623,820
Malaysian ringgit	5,574,432	9,885,080
Mexican peso	29,727,921	35,918,307
New Zealand dollar	-	3,790,082
Peruvian nuevo sol	346	-
Polish zloty	9,943,570	8,603,967
Russian ruble	3,950,711	3,640,880
South African rand	2,089,709	7,982,549
Thai baht	2,936,930	3,279,792
Turkish lira	6,505,701	6,430,351
United States dollar	868,027,808	780,519,452
Total Foreign Fixed Income	**958,915,305**	**899,627,217**
Total	**$7,264,360,335**	**$7,507,124,658**

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 54 days as of December 31, 2015, and 142 days as of December 31, 2014. 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 29 days as of December 31, 2015, and 39 days as of December 31, 2014. 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 2015 and 2014, 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 includes cash collateral of $948,235,763 and $3,075,704,343 at December 31, 2015 and 2014, respectively.

Loans outstanding as of	December 31, 2015	December 31, 2014
Market value of securities loaned	**$ 1,446,093,436**	**$ 3,083,519,660**
Market value of collateral received	**$ 1,484,317,392**	**$ 3,166,294,569**

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 asset 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, 2015 and 2014 is as follows:

Fair Value as of	December 31, 2015	December 31, 2014
Pending Foreign Exchange Purchases		
Australian dollar	$ 48,230,319	$ 23,293,163
Brazilian real	15,140	2,354,537
British pound sterling	23,661,981	64,342,947
Canadian dollar	25,906,259	78,385,247
Colombian peso	423,443	343,919
Danish krone	23,250,623	26,851,327
Euro	31,459,822	28,552,785
Hong Kong dollar	118,302	249,204
Hungarian forint	-	227,476
Indian rupee	-	5,488,644
Indonesian rupiah	1,521,455	48,642
Japanese yen	2,629,546	103,379
Mexican peso	11,482,776	329,161
New Israeli shekel	50,327	241,751
New Zealand dollar	9,141,092	24,462,574
Norwegian krone	152,055	49,666
Polish zloty	301,177	194,004
Russian ruble	980,729	86,157
Singapore dollar	233,866	-
South African rand	3,521,550	721,735
South Korean won	54,610	-
Swedish krona	3,591,346	961,384
Swiss franc	456,188	11,815,415
Thai baht	246,606	-
United States dollar	244,636,992	320,850,069
Total Purchases	**$ 432,066,204**	**$ 589,953,186**

Fair Value as of	December 31, 2015	December 31, 2014
Pending Foreign Exchange Sales		
Australian dollar	$ -	$ (4,686,807)
Brazilian real	(5,718,288)	-
British pound sterling	(63,807)	(15,161,156)
Canadian dollar	(3,807,243)	(4,058,481)
Chinese Yuan renminbi	(16,974,978)	-
Colombian peso	(2,128,430)	(4,062,339)
Danish krone	(866,992)	(12,344,823)
Euro	(113,671,495)	(115,609,549)
Hong Kong dollar	(3,008,515)	(2,460,632)
Hungarian forint	-	(227,476)
Indian rupee	-	(387,184)
Indonesian rupiah	(1,683,399)	(360,860)
Japanese yen	(32,628,717)	(54,296,674)
Malaysian ringgit	-	(902,889)
Mexican peso	(6,801,319)	(7,257,885)
New Israeli shekel	(3,111,520)	(10,595,986)
New Romanian leu	(879,403)	(1,411,101)
New Taiwan dollar	(3,329,750)	-
Norwegian krone	(1,179,997)	(4,605,577)
Peruvian nuevo sol	(446,587)	(1,110,842)
Polish zloty	(1,810,861)	(194,004)
Russian ruble	(749,985)	-
Singapore dollar	(105,641)	(1,998,451)
South African rand	(2,032,498)	(5,574,715)
Swedish krona	(23,751,326)	(27,844,585)
Swiss franc	(17,035,683)	(47,407,148)
Thai baht	-	(2,010)
Turkish lira	(1,163,293)	(237,962)
United States dollar	(189,099,353)	(263,559,382)
Total Sales	**(432,049,080)**	**(586,358,518)**
Net Unrealized Gain	**$ 17,124**	**$ 3,594,668**

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, 2015 and 2014 are as follows:

Fair Value as of	December 31, 2015		December 31, 2014		Change
	Amount	Number of Contracts	Amount	Number of Contracts	Amount
Fixed income derivative futures sold	$ 146,046,160	1,053	$ 152,192,388	1,061	$ (6,146,228)
Fixed income derivatives futures purchased	257,204,242	1,597	157,892,758	1,244	99,311,484
Fixed income futures sold	257,204,242	1,597	157,892,758	1,244	99,311,484
Fixed income futures purchased	146,046,160	1,053	152,192,388	1,061	(6,146,228)
Equity derivatives futures purchased	$ 32,057,550	315	$ 24,423,560	238	$ 7,633,990
Equity derivatives offsets futures sold	32,057,550	-	24,423,560	-	7,633,990
Cash and cash equivalent derivatives futures sold	$ 406,566,650	1,657	$ 319,416,002	1,362	$ 87,150,648
Cash and cash equivalent futures purchased	406,566,650	1,657	319,416,002	1,362	87,150,648
Cash and cash equivalent derivatives futures purchased	44,379,000	180	225,031,075	914	(180,652,075)
Cash and cash equivalent derivatives offsets futures sold	44,379,000	180	225,031,075	914	(180,652,075)

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 Statements of Changes in Fiduciary Net position. The fair value (liability) of financial options outstanding at year-end December 31, 2015 and 2014 is as follows:

Fair Value as of	December 31, 2015		December 31, 2014		Change
	Amount	Notional Value	Amount	Notional Value	Amount
Financial put options	$(126,717)	$63,692,996	$487,739	$141,182,362	$ (77,489,366)
Financial call options	(557,544)	77,901,563	(1,106,631)	34,401,159	43,500,404

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 Statements of Changes in Fiduciary Net position. The fair value (liability) of swaps outstanding at December 31, 2015 and 2014 is as follows:

Fair Value as of	December 31, 2015	December 31, 2014	Change
Swaps, (loss)	$ 92,572	$ (598,621)	$ 691,193

As of December 31, 2015				Change in Fair Value
Type of Swap	Notional Value	Fair Value	Counterparty Credit Rating	Amount
Credit Default Swap	$ 14,498,189	$ 243,780	A	$ (367,086)
Credit Default Swap	11,835,000	(147,096)	A	544,799
Credit Default Swap	-	-	BBB	-
Credit Default Swap	-	-	NR*	151,042
Interest Rate Swap	134,226,000	428,246	A	-
Interest Rate Swap	29,232,000	(432,358)	A	366,550
Total	**$189,791,189**	**$ 92,572**		**$ 695,305**

NR = Not rated.*

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	(691,865)	A
Credit Default Swap	3,900,000	-	BBB
Credit Default Swap	3,900,000	(151,042)	NR*
Interest Rate Swap	22,900,000	-	A
Interest Rate Swap	22,900,000	(366,550)	A
Total	**$100,902,437**	**$ (598,621)**	

NR = Not rated.*

G. Future Investment Commitments

At December 31, 2015 and 2014, IMRF had future commitments for additional contributions to real estate and alternative investment managers totaling $1,482,903,571 and $1,171,957,914, respectively.

H. Post-employment Benefits Other Than Pensions

1. Plan Description

IMRF, as an employer, administers a single-employer defined benefit healthcare plan ("Retiree Health Plan") under the provisions of ILCS Chapter 215, Article 5, Section 367j. As required by the statutes, the Retiree Health Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through IMRF's group health insurance plan, which covers both active and retired members. Currently 20 retirees are in the plan and 192 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 2015 and 2014, IMRF contributed $2,160,990 and $2,027,557, respectively, to the plan for current premiums, including a $44,828 subsidy in 2015 and a $53,313 subsidy in 2014 for retiree health and dental care premiums (78.9 percent and 77.9 percent of total premiums for each year). Plan members receiving benefits contributed $577,094 in 2015 and $574,497 in 2014, or 21.1 percent and 22.1 percent of the total premiums for each year, through their required contributions of between $108 and $385 per month based upon their coverage.

3. Annual OPEB Cost and Net OPEB Obligation

IMRF's annual other post-employment 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 30 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:

	2015	2014	2013
Annual required contribution	$ 166,811	$ 169,667	$ 170,011
Interest on net OPEB obligation	68,265	63,365	59,283
Adjustment to annual required contribution	(48,796)	(45,294)	(42,376)
Annual OPEB expense	**186,280**	**187,738**	**186,918**
Contributions made	(117,607)	(122,410)	(132,485)
Increase in net OPEB obligation	**68,673**	**65,328**	**54,433**
Net OPEB obligation - beginning of year	**910,197**	**844,869**	**790,436**
Net OPEB obligation - end of year	**$ 978,870**	**$ 910,197**	**$ 844,869**

In 2015, 2014, and 2013, IMRF contributed 71 percent, 72 percent, and 78 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 Accrued Liability (UAAL) (a)	Actuarial Covered Payroll (b)	UAAL as a Percentage of Covered Payroll (a/b)
2015	$1,861,671	$0	0%	$1,861,671	$14,532,459	12.8%
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

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. The Retiree Health Plan was established as a pay-as-you-go plan and IMRF does not intend to pre-fund the plan at this time.

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, 2015, 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 3.5 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 2015 the present value of expected retirement benefits exceeded the retirement reserves for all employers combined by $4,999,683,822. In 2014 the present value of expected retirement benefits exceeded the retirement reserves for all employers combined by $2,598,101,767. These reserves are explained in the Illinois Pension Code, Section 7; 202 through 209.

	2015	2014
Member Contribution Reserve		
Balance at December 31	$ 6,485,672,750	$ 6,273,796,065
Annuity Reserve		
Balance at December 31	$ 19,506,345,352	$ 17,883,947,884
Employer Reserves		
Balance at December 31		
Retirement contribution reserve	$ 8,517,964,349	$ 11,691,832,831
Earnings and experience reserve	(28,878,503)	(1,011,469,043)
Supplemental retirement benefit	1,512,180	1,144,179
Pooled death benefit reserve	20,033,794	16,681,185
Pooled disability benefit reserve	10,428,489	11,112,744
Total Employer Reserves	**$ 8,521,060,309**	**$ 10,709,301,896**

J. Other Notes

1. Prepaid Expenses

Balance at December 31	2015	2014
Prepaid administrative expenses	$ 1,317,816	$ 1,330,184
January 1 benefits charged to bank account in December	129,599,357	119,048,916
Total	**$ 130,917,173**	**$ 120,379,100**

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	2015	2014
Equipment, furniture, automobiles and internally developed software		
Beginning balance in service	$ 11,918,926	$ 11,050,182
Additions	1,116,333	910,568
Deletions	(35,394)	(41,824)
Ending balance in service	**12,999,865**	**11,918,926**
Software under development	19,062,963	13,316,809
Total ending balance	**32,062,828**	**25,235,735**
Accumulated depreciation and amortization		
Beginning balance	8,592,158	7,072,823
Additions	1,576,511	1,561,159
Deletions	(17,205)	(41,824)
Ending balance	**10,151,464**	**8,592,158**
Capital assets, net	**$ 21,911,364**	**$ 16,643,577**

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, 2015, a liability existed for accumulated annual leave calculated at the employee's December 31, 2015, pay rate in the amount of $910,543. 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, 2015, a liability existed for accumulated and accrued sick leave, calculated at the employee's December 31, 2015, pay rate in the amount of $2,516,475. The total leave liability of $3,427,018 and $3,221,888 as of December 31, 2015 and 2014, respectively, is reflected in the Statements 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 2015 and 2014 was $935,113 and $1,085,399, 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. In 2015, the Fund entered into a new agreement with the building's management to extend the lease until October 31, 2023. 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 2015 and 2014 was $33,660 and $33,660, respectively.

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

2016	$ 738,796
2017	814,748
2018	1,009,508
2019	1,039,794
2020	1,070,987
2021	1,103,117
2022	1,136,210
2023	972,851

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.

	2015	2014	2013	2012
Annual Money-weighted Rate of Return, net of investment expenses	0.58%	6.08%	20.15%	13.81%

(Ten year trend not available)
** Unaudited; see accompanying Independent Auditor's Report*

SUPPLEMENTARY INFORMATION

Schedule of Administrative Expenses	2015	2014
Personal services	$ 18,141,219	$ 16,636,543
Supplies	571,529	424,915
Professional services	2,431,116	1,586,106
Occupancy and utilities	1,962,841	2,081,716
Postage and delivery	1,160,413	1,168,392
Equipment service and rental	927,704	1,160,726
Expendable equipment	138,992	233,512
Miscellaneous	1,797,656	1,578,583
Depreciation	1,576,511	1,561,159
Total	**$ 28,707,981**	**$ 26,431,652**

Schedule of Payments for Professional Services		
Modernization consulting	$ 153,401	$ 118,380
Actuary	914,103	465,791
Internal auditing	87,357	99,141
External auditor	439,484	196,715
Medical consultant	146,770	143,975
Public relations consultant	90,123	96,996
IT consultants	344,142	329,331
Legislative lobbying consultant	69,492	68,796
Compensation and benefit consultants	102,496	22,977
Legal services	73,646	37,822
Other consulting	9,750	3,300
Tax consultant	352	2,882
Total	**$ 2,431,116**	**$ 1,586,106**

Schedule of Investment Expenses		
Investment manager fees	$ 116,375,118	$ 107,310,060
Master trustee fees	280,000	268,750
Investment consultants	910,060	863,834
Investment legal fees	171,992	471,541
Miscellaneous	98,321	110,371
Total	**$ 117,835,491**	**$ 109,024,556**

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

INVESTMENTS

Callan
FORTY YEARS

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February 12, 2016

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 2015.

The global economy seemed to improve as 2015 unfolded but market sentiment turned negative in the latter half of the year. The U.S. equity market, as measured by the Russell 3000 Index, advanced 0.5%. International equity markets, as measured by the MSCI All Country World ex-U.S. Index, significantly trailed those in the U.S. falling -5.7%. Modestly higher yields were a headwind for the Barclays Capital Aggregate Index which returned 0.6% during 2015.

The Illinois Municipal Retirement Fund reported assets of $34.3 billion as of December 31, 2015. This represented a decrease of approximately $300 million from December 31, 2014.

The Total Fund returned 0.2% net of fees in 2015, underperforming the Total Fund Benchmark by 1.2%. 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 53rd percentile of Callan's Large Public Fund Sponsor Database for the one-year period, and in the 30th and 5th percentile for the trailing five and ten year periods, respectively. The Fund's agriculture (+20.2%), real estate (+12.1%) and private equity (+7.4) posted the strongest absolute returns during 2015.

The domestic equity portfolio, with a current target allocation of 38%, returned -0.2% net of fees for the year ended December 31, 2015. This return trailed the Russell 3000 Index by 0.7%. IMRF's Domestic Equity portfolio, gross of fees, ranked at the 67th percentile compared to other public fund domestic equity portfolios.

Outside the U.S., developed markets performed well but U.S. dollar based investors experienced negative returns due to declining foreign currency values. Equity markets outside of the United States, represented by the All Country World ex-U.S. Index, fell -5.7%. Emerging market equities posted negative returns for the year and trailed developed markets with the MSCI Emerging Markets Index falling 14.9%.

The IMRF international equity portfolio lost 2.2% net of fees over the one-year period outperforming the MSCI All-Country World ex-U.S. Index by 3.5%. The gross of fee return of -1.9% ranked in the 26th 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 non-US small cap and emerging markets stocks.

In a modestly rising interest rate environment, the Fund's fixed income portfolio returned 0.0% net of fees, trailing the Barclays Aggregate Bond Index by 0.6%. The gross of fee return of 0.1% ranked in the 61st

[1] As of December 31, 2015, the Total Fund Benchmark consisted of 38% Russell 3000 Index, 27% Barclays Capital Aggregate Bond Index, 17% MSCI AC World ex-U.S. Index, 8% NFI-ODCE Value Weight Net, 9% of the Alternatives Custom Benchmark of 9%, and 1% of the Citigroup 90-Day T-Bill Index.

Callan
FORTY YEARS

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

NORTHERN TRUST

February 23, 2016

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, 2015, through December 31, 2015. Also, a statement of assets together with their fair market value was provided, showing the properties held as of December 31, 2015. 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: KG A Miller

Kimberly A. Miller
Senior Vice President

The Northern Trust Company

50 South La Salle Street
Chicago, Illinois 60603
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INVESTMENT CONSULTANTS

Master Trustee

The Northern Trust Company
Kim Miller, 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

Advent Capital Management, LLC
New York, New York

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

Crescent Capital Group
Los Angeles, California

Crow Holdings Capital
Dallas, Texas

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

Fidelity Institutional Asset Management
Boston, Massachusetts

Forest Investment Associates
Atlanta, Georgia

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

Oak Street Real Estate Partners
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, California

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

Valor Equity Partners
Chicago, Illinois

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 Russell 3000 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 3-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 Russell 3000 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, and/or generate revenues 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. dollars and foreign currency 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		
	2015	2014	2013	2012	2011	3 Yrs	5 Yrs	10 Yrs
Total Fund Time - Weighted Returns								
IMRF - Gross of Fees	0.44%	6.01%	20.26%	13.77%	(0.29)%	8.61%	7.78%	6.69%
IMRF - Net of Fees	0.20%	5.76%	19.99%	13.51%	(0.50)%	8.37%	7.54%	6.46%
CPI (Inflation)	0.73%	0.76%	1.50%	1.74%	2.96%	1.00%	1.53%	1.86%
Equities - U.S.								
IMRF - Gross of Fees	0.02%	9.81%	37.64%	17.39%	(0.74)%	14.77%	11.99%	7.50%
IMRF - Net of Fees	(0.24)%	9.54%	37.33%	17.09%	(0.99)%	14.49%	11.71%	7.24%
Dow Jones U.S. Total Stock Market Index	0.48%	12.48%	33.46%	16.38%	1.08%	14.74%	12.18%	7.35%
Russell 2000	(4.41)%	4.89%	38.82%	16.35%	(4.18)%	11.65%	9.19%	6.80%
Equities - International								
IMRF - Gross of Fees	(1.90)%	(2.79)%	20.24%	19.11%	(12.27)%	4.66%	3.68%	4.04%
IMRF - Net of Fees	(2.21)%	(3.10)%	19.86%	18.70%	(12.50)%	4.34%	3.36%	3.70%
MSCI ACWI Ex-U.S.	(5.66)%	(3.87)%	15.29%	16.83%	(13.71)%	1.50%	1.06%	2.92%
MSCI EAFE	(0.81)%	(4.90)%	22.78%	17.32%	(12.14)%	5.01%	3.60%	3.03%
Fixed Income								
IMRF - Gross of Fees	0.09%	5.93%	(0.59)%	7.41%	7.60%	1.77%	4.03%	5.26%
IMRF - Net of Fees	(0.04)%	5.78%	(0.75)%	7.22%	7.44%	1.63%	3.88%	5.12%
Barclays Aggregate	0.55%	5.97%	(2.02)%	4.21%	7.84%	1.44%	3.25%	4.51%
Barclays Government/Credit	0.15%	6.01%	(2.35)%	4.82%	8.74%	1.21%	3.39%	4.47%
Merrill Lynch High Yield	(4.55)%	2.45%	7.38%	15.43%	4.50%	1.64%	4.84%	6.74%
Real Estate								
IMRF - Net of Fees	11.99%	12.66%	10.60%	12.28%	12.29%	11.94%	12.19%	6.50%
Real Estate Benchmark	13.95%	11.46%	14.96%	11.54%	15.26%	12.77%	13.02%	7.71%
Alternative Investments								
IMRF - Gross of Fees	6.34%	9.04%	13.61%	4.74%	5.05%	9.93%	8.19%	7.28%
IMRF - Net of Fees	5.95%	8.47%	13.33%	4.44%	4.84%	9.56%	7.89%	6.97%
Cash & Cash Equivalents								
IMRF	0.29%	0.17%	0.11%	0.23%	0.24%	0.19%	0.21%	(0.78)%
U.S. Treasury Bills	0.05%	0.03%	0.07%	0.11%	0.10%	0.05%	0.07%	1.24%

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.

Source: Callan Associates Portfolio Evaluation Program.

SCHEDULE I
INVESTMENT PORTFOLIO SUMMARY *(In Millions of Dollars)*

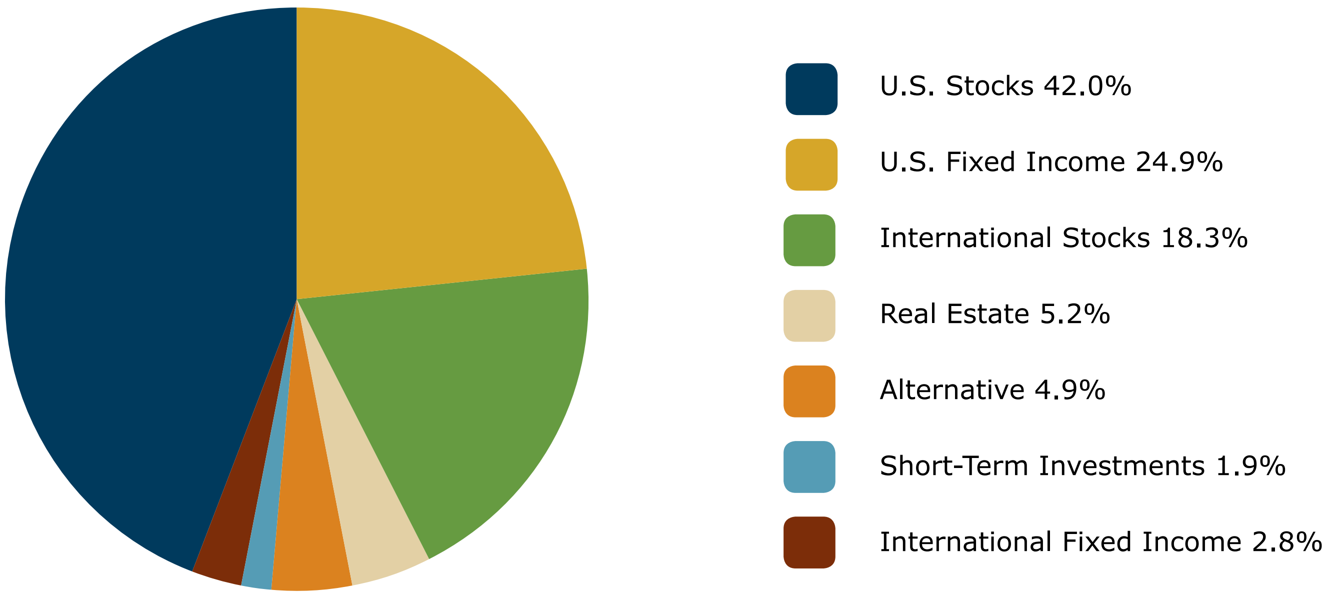
	As of December 31, 2015		As of December 31, 2014	
	Fair Value	**Percent of Total Fair Value**	**Fair Value**	**Percent of Total Fair Value**
Fixed Income				
Government & Agencies	$ 3,058.2	8.9%	$ 2,948.8	8.5%
Corporate	2,604.8	7.6%	2,411.6	6.9%
Index Funds	2,878.6	8.4%	2,809.4	8.1%
Foreign	958.9	2.8%	899.6	2.6%
Total Fixed Income	**9,500.5**	**27.7%**	**9,069.4**	**26.1%**
Stocks				
U.S. Common & Preferred	9,916.6	28.9%	10,680.1	30.8%
U.S. Stock Funds	4,500.6	13.1%	4,613.5	13.3%
Foreign Common & Preferred	3,584.2	10.4%	3,704.1	10.7%
Foreign Stock Funds	2,721.2	7.9%	2,903.4	8.4%
Total Stocks	**20,722.6**	**60.3%**	**21,901.1**	**63.2%**
Real Estate				
Commingled Funds	1,465.4	4.2%	1,212.5	3.5%
Directly Owned	339.5	1.0%	287.5	0.8%
Total Real Estate	**1,804.9**	**5.2%**	**1,500.0**	**4.3%**
Alternative Investments				
Commingled Funds	1,397.1	4.1%	1,332.5	3.8%
Timber & Agricultural	262.7	0.8%	232.1	0.7%
Total Alternative Investments	**1,659.8**	**4.9%**	**1,564.6**	**4.5%**
Short-Term Investments	662.1	1.9%	655.1	1.9%
Total Portfolio	**$ 34,349.9**	**100.0%**	**$ 34,690.2**	**100.0%**

SCHEDULE II
ASSET ALLOCATION *(Last Five Years)*

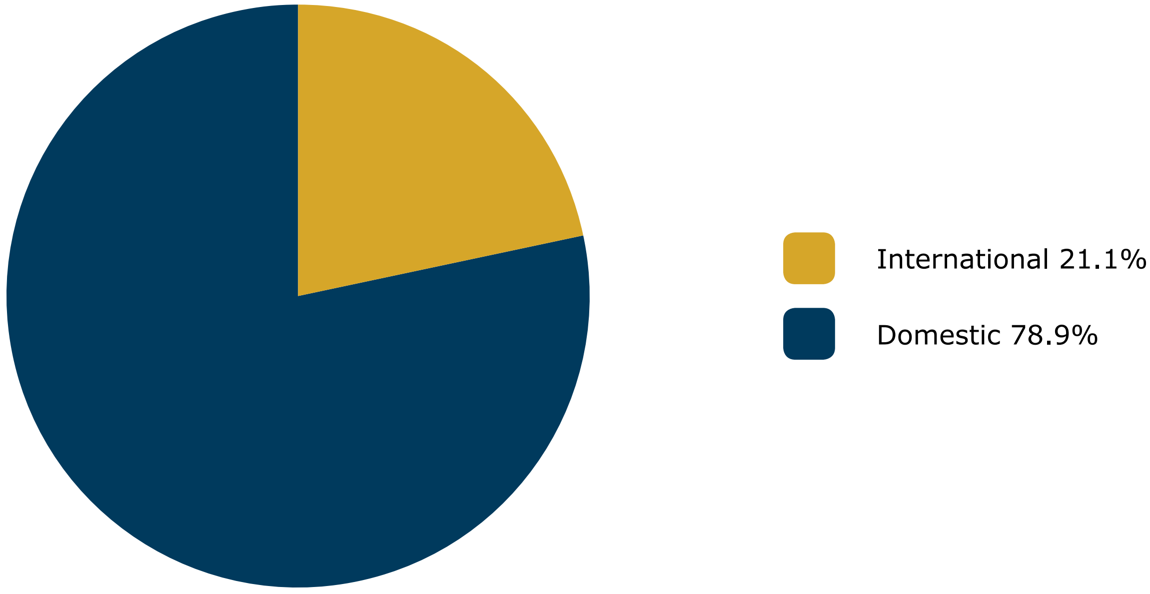
	Fair Value as a Percent of Portfolio				
	2015	**2014**	**2013**	**2012**	**2011**
Fixed Income					
U.S. Government & Agencies	8.9%	8.5%	7.6%	12.3%	12.7%
Corporate	7.6%	6.9%	8.6%	10.3%	10.3%
Index Fund	8.4%	8.1%	8.0%	5.0%	5.4%
Foreign	2.8%	2.6%	1.8%	2.5%	2.5%
	27.7%	**26.1%**	**26.0%**	**30.1%**	**30.9%**
Stocks					
U.S. Common & Preferred	28.9%	30.8%	31.4%	28.2%	27.8%
U.S. Stock Funds	13.1%	13.3%	13.6%	11.9%	11.6%
Foreign Common & Preferred	10.4%	10.7%	10.7%	11.5%	11.5%
Foreign Stock Funds	7.9%	8.4%	8.9%	8.7%	7.9%
	60.3%	**63.2%**	**64.6%**	**60.3%**	**58.8%**
Real Estate					
Commingled Funds	4.2%	3.5%	2.5%	2.0%	2.0%
Directly Owned	1.0%	0.8%	0.8%	0.8%	0.9%
	5.2%	**4.3%**	**3.3%**	**2.8%**	**2.9%**
Alternative Investments					
Commingled Funds	4.1%	3.8%	3.0%	3.8%	3.3%
Timber & Agricultural	0.8%	0.7%	0.7%	0.7%	0.7%
	4.9%	**4.5%**	**3.7%**	**4.5%**	**4.0%**
Short-Term Investments	**1.9%**	**1.9%**	**2.4%**	**2.3%**	**3.4%**
Total Portfolio	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

INVESTMENT PORTFOLIO *(As of December 31, 2015)*

ALLOCATION BY ASSET CLASS



TOTAL INVESTMENTS BY REGION



TEN LARGEST FIXED INCOME INVESTMENT HOLDINGS AS OF DECEMBER 31, 2015

(Excludes Commingled Funds and Short-term Investments)

	Market Value	Percent of Total Invested Market
U.S. Treasury Bonds 2.75% Due 8/15/2042	$ 110,124,801	0.32%
U.S. Treasury Notes 2.25% Due 11/15/2024	68,914,973	0.20%
U.S. Treasury Notes 2.0% Due 02/15/2023	62,335,086	0.18%
U.S. Treasury Notes 2.0% Due 11/15/2021	42,624,525	0.12%
U.S. Treasury Notes 2.125% Due 08/31/2020	35,788,204	0.10%
U.S. Treasury Notes 2.0% Due 08/15/2025	34,677,262	0.10%
U.S. Treasury Notes 2.5% Due 02/15/2045	33,928,639	0.10%
U.S. Treasury Notes 0.875% Due 11/30/2017	33,423,094	0.10%
FNMA 4.0% Due 01/14/2045	32,394,878	0.09%
U.S. Treasury Notes 2.0% Due 11/30/2022	29,119,868	0.08%
	$ 483,331,330	**1.39%**

TEN LARGEST EQUITY INVESTMENT HOLDINGS

(Excludes Commingled Funds)

	Market Value	Percent of Total Invested Market
Visa, Inc.	$ 170,809,071	0.50%
Apple, Inc.	152,722,050	0.44%
Facebook, Inc.	139,698,075	0.41%
Wells Fargo & Co.	131,021,027	0.38%
Alphabet, Inc.	129,298,733	0.38%
Amazon, Inc.	127,686,435	0.37%
Johnson & Johnson, Inc.	127,297,095	0.37%
Microsoft Corp.	126,151,922	0.37%
Cisco Systems, Inc.	118,774,775	0.35%
Exxon Mobil Corp.	114,470,588	0.33%
	$ 1,337,929,771	**3.90%**

A complete listing of investments is available on IMRF's website, www.imrf.org.

SCHEDULE OF 2015 DOMESTIC BROKERAGE COMMISSIONS

(In order of commission received)

Broker Name	Total Shares	Commission	Per Share
Cheevers And Company Inc.	12,717,214.00	329,775.51	0.03
Loop Capital Markets	12,673,576.00	281,024.19	0.02
Stifel Nicolaus And Company	7,308,737.00	236,804.03	0.03
Jonestrading Institutional Services	7,584,273.00	222,291.62	0.03
Knight Equity Markets LP	6,281,833.00	182,664.79	0.03
M Ramsey King Securities	5,429,858.00	174,661.93	0.03
Drexel Hamilton LLC	6,342,183.00	172,502.99	0.03
CL King & Associates	4,156,418.00	158,009.75	0.04
Instinet	5,877,304.00	152,312.62	0.03
Raymond James	3,746,422.00	147,587.50	0.04
Stephens Inc.	3,986,840.00	142,525.58	0.04
J.P. Morgan Securities LLC 57079	6,265,480.00	131,057.62	0.02
Williams Capital Group LP	5,229,146.00	126,586.37	0.02
Blaylock And Company Inc.	4,033,977.00	121,019.31	0.03
Liquidnet Inc.	4,716,898.00	119,721.59	0.03
Merrill Lynch Pierce Fenner & Smith	25,720,857.00	115,762.51	0.00
Cantor Fitzgerald & Co.	5,243,701.00	115,432.82	0.02
Robert W. Baird & Company, Inc., Milwaukee, USA	2,684,816.00	104,856.60	0.04
Credit Suisse First Boston Corporation	6,432,355.00	103,485.28	0.02
RBC Dain Rauscher	4,011,921.00	103,244.33	0.03
Vandham Securities Corp.	2,657,701.00	102,915.40	0.04
Keybanc Capital Markets Inc.	2,674,920.00	102,065.99	0.04
Cowen LLC	3,177,921.00	101,484.22	0.03
Topeka Capital Markets Inc.	2,903,838.00	100,449.64	0.03
William Blair & Co.	2,366,405.00	88,148.90	0.04
Investment Technology Group Inc.	4,536,003.00	87,293.45	0.02
Sturdivant and Co. Inc.	2,501,556.00	86,939.67	0.03
Piper Jaffray Inc.	2,029,438.00	73,247.12	0.04
Weeden & Co.	3,699,557.00	71,684.88	0.02
BNY ESI Securities Co.	2,193,112.00	70,500.92	0.03
Other Brokers	88,462,415.00	1,800,782.66	0.02
Total	**257,646,675.00**	**$ 5,926,839.79**	**$ 0.02**

SCHEDULE OF 2015 INTERNATIONAL BROKERAGE COMMISSIONS *(In order of commission received)*

Broker Name	Total Shares	Commission	Per Share
BNY Convergex Execution Solutions	41,106,230.00	379,506.16	0.01
CLSA Singapore Pte Ltd.	27,000,490.00	191,579.27	0.01
Instinet Europe Limited	21,603,905.00	183,859.87	0.01
Goldman, Sachs And Co.	17,466,034.00	162,638.40	0.01
North South Capital LLC	4,449,254.00	158,392.90	0.04
Pershing LLC	9,646,770.00	149,148.75	0.02
UBS Limited	12,637,856.00	146,862.37	0.01
Jefferies LLC	13,219,886.00	125,258.39	0.01
Merrill Lynch International Limited	29,359,679.00	113,102.53	0.00
Goldman Sachs International	12,382,578.00	105,237.68	0.01
Investment Technology Group Ltd.	13,199,761.00	93,192.66	0.01
UBS Securities Asia Limited	34,899,749.00	85,785.06	0.00
Morgan Stanley and Co., LLC	11,648,507.00	78,409.44	0.01
J.P. Morgan Securities Plc	9,990,821.00	70,216.72	0.01
Parel	2,620,466.00	67,424.04	0.03
Barclays Capital	5,678,091.00	65,925.90	0.01
Credit Suisse Securities (USA) LLC	22,133,335.00	59,374.04	0.00
Sanford C. Bernstein Ltd.	9,218,414.00	52,485.44	0.01
Deutsche Bank Securities	15,025,934.00	49,718.97	0.00
J.P. Morgan Clearing Corp.	6,265,246.00	47,390.68	0.01
Societe Generale London Branch	6,145,873.00	45,449.73	0.01
Credit Suisse Securities (Europe) Ltd.	3,360,550.00	42,981.70	0.01
Citigroup Global Markets Inc.	12,692,693.00	40,638.21	0.00
Joh. Berenberg, Gossler Und Co. KG	2,722,587.00	35,441.32	0.01
UBS Securities Canada Inc.	1,286,042.00	32,081.95	0.02
Credit Lyonnais Secs (Asia) Taiwan	12,079,881.00	31,480.29	0.00
HSBC Bank Plc	5,267,983.00	31,174.76	0.01
Instinet Pacific Limited	24,821,612.00	31,054.79	0.00
Citigroup Global Markets Limited	7,585,339.00	30,234.13	0.00
Sanford C. Bernstein and Co., LLC	12,983,798.00	30,223.84	0.00
Other Brokers	172,871,120.00	1,074,241.70	0.01
Total	**581,370,484.00**	**$ 3,810,511.69**	**0.01**

SCHEDULE OF INVESTMENT FEES

	2015 Fees	2015 Assets under management at year end (in thousands)*	Basis Points	2014 Fees	2014 Assets under management at year end (in thousands)*	Basis Points
Investment manager fees						
Fixed income managers	$ 12,209,337	$ 8,753,386	14	$ 11,324,827	$ 8,265,916	14
Stock managers	38,485,309	14,280,608	27	38,961,348	15,249,755	26
International managers	28,209,239	7,910,559	36	25,067,354	8,142,616	31
Real estate managers	21,822,520	1,807,389	121	17,838,931	1,516,766	118
Alternative investment managers	15,648,713	1,557,644	100	14,117,600	1,459,846	97
	$ 116,375,118	**$ 34,309,586**		**$ 107,310,060**	**$ 34,634,899**	
Other investment fees						
Master trustee fees	$ 280,000			$ 268,750		
Investment consulting fees	910,060			863,833		
Total investment fees	**117,565,178**			**108,442,643**		
Non-fee investment expenses	270,313			581,913		
Total direct investment expenses	**$ 117,835,491**			**$ 109,024,556**		
Securities lending fees						
Management fees and borrower rebates	$ 1,180,550			$ 1,623,937		

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

ACTUARIAL

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April 15, 2016

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 2017 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, 2015, and issued on April 1, 2016. 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 are not responsible for the accuracy or completeness of the data. We checked the information provided for internal and year-to-year consistency, but did not audit 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 valuation report. The actuary provided the Brief Summary of Assumptions directly. In the case of the other schedules, IMRF Staff excerpted information from various schedules in the actuarial reports and tabulated it to produce the appropriate CAFR Schedule.

Board of Trustees
April 15, 2016
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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, 2015 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 is attached.

All assumption and methods comply with relevant actuarial standards of practice. The funding valuation complies with the Board's funding policy. If the funding policy is followed and all assumptions are realized exactly, contributions to the plan will stay approximately level, and the plan will gradually approach 100% funding over a very long period of years.

As of the valuation date, in the aggregate, IMRF is 88.4% funded based upon the smoothed value of assets and 87.3% 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, 2015 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.

Board of Trustees
April 15, 2016
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

Brian B. Murphy, FSA, MAAA

Mark Buis

Mark Buis, FSA, MAAA

F. Pieterse

Francois Pieterse, ASA, MAAA

BBM/MB/FP:sc

Brief Summary of Actuarial Assumptions Used in 2015 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					Pay Increase Next Year (5+ Yrs. of Service)
	Active Mortality		Disability		
Age	Male	Female	Male	Female	
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	0.40%	0.19%	0.10%	0.07%	3.8%
65	0.70%	0.28%	0.11%	0.08%	3.8%

Illinois Municipal Retirement Fund
Brief Summary of Actuarial Assumptions Used in 2015 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, 2015, the most recent actuarial valuation date, the plan on an aggregate basis was 88.4 percent funded on an actuarial basis. The actuarial accrued liability for benefits was $39.5 billion, and the actuarial value of assets was $34.9 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $4.6 billion. The covered payroll (annual payroll of active employees covered by the plan) was $6.9 billion, and the ratio of the UAAL to the covered payroll was 66.1 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, 2015
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, 26 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 retirees, an IMRF-specific mortality table was used with two-dimensional, 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 two-dimensional, 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 adjustments that were applied for disabled lives. For active members, an IMRF-specific mortality table was used with two-dimensional, 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
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
2015	39,486,573,890	34,913,127,469	88.4	4,573,446,421	6,919,337,807	66.1

** After assumption 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
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
2015	519,959,516	317,936,978	19,973,953	43,606,437	900,476,884	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)
2006	$ 3,960,880,175	$ 8,652,328,762	$ 9,874,976,094	$ 21,427,139,356	100%	100%	89.3%
2007	4,248,399,825	9,400,832,984	10,572,310,907	23,274,361,198	100	100	91.0
2008	4,573,736,116	10,025,599,295	11,011,863,938	21,601,053,512	100	100	63.6
2009	4,893,022,745	10,903,323,478	11,548,766,993	22,754,803,784	100	100	60.3
2010	5,153,902,881	12,121,959,266	11,853,366,092	24,251,136,889	100	100	58.8
2011	5,417,822,062	13,388,018,799	12,156,974,567	25,711,287,584	100	100	56.8
2012	5,705,336,025	14,482,560,758	12,415,347,316	27,491,809,785	100	100	58.8
2013	5,957,217,332	15,753,071,341	12,646,286,800	30,083,042,548	100	100	66.2
2014	6,262,110,058	17,885,026,667	13,318,010,887	32,700,208,537	100	100	64.2
2015	6,488,892,894	19,506,345,352	13,491,335,644	34,913,127,469	100	100	66.1

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

TABLE IV
PARTICIPATING MEMBER CONTRIBUTION RATES *(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
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
2015	6,919,337,807	2.8	39,805	2.6	173,832	47.9	10.6

Source for salaries, average annual salary, attained age, and service is in the Actuarial 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
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
2015	9,553	154,096,739	4,276	17,348,199	118,032	1,693,278,723	14,346	3.9

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
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
2015	1,936	24,777,914	2,036	26,296,672	990	9,589,961	9,687	(4.9)

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					
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
2017	6.71	3.74	0.27	0.62	11.34
Sheriff's Law Enforcement Personnel (SLEP) members					
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
2017	11.77	9.73	0.27	0.62	22.39
Elected County Official (ECO) members					
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
2017	16.83	55.78	0.27	0.62	73.50

** 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
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
2015	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	
	2015	**2014**
Sources of Funds		
Actuarial value of assets	$ 34,913,127,469	$ 32,700,208,537
Actuarial present value of future contributions		
Member	2,607,372,968	2,538,328,361
Employer Normal Costs	3,858,381,884	3,841,615,526
Under Funded Actuarial Accrued Liability	4,573,446,421	4,764,939,075
Total Sources	**$ 45,952,328,742**	**$ 43,845,091,499**
Uses of Funds		
Retired members and beneficiaries	$ 19,506,345,352	$ 17,885,026,667
Inactive members	3,369,434,293	3,245,849,543
Active members	23,047,908,585	22,687,349,507
Death and disability benefits	28,640,512	26,865,782
Total Uses	**$ 45,952,328,742**	**$ 43,845,091,499**

ANALYSIS OF UNDER FUNDED LIABILITY

	December 31	
	2015	**2014**
Under funded liability beginning of year	$ 4,764,939,075	$ 4,273,532,925
Assumed net (payments) during year	(306,609,121)	(253,703,224)
Assumed interest (7.5 percent)	346,011,165	311,115,763
Expected under funded liability	**$ 4,804,341,119**	**$ 4,330,945,464**
Increase due to experience study	0	1,309,736,106
Decrease due to investment performance	(313,208,972)	(767,567,271)
Decrease due to other sources	82,314,274	(108,175,224)
Under funded liability end of year	**$ 4,573,446,421**	**$ 4,764,939,075**

DERIVATION OF EXPERIENCE GAIN (LOSS)

Type of Risk Area	2015	2014
Risks Related to Assumptions (in millions)		
Economic Risk Areas		
Investment Return	$ 313.2	$ 767.6
Pay Increases	22.9	64.2
Demographic Risk Areas		
Service Retirements	(28.5)	(19.3)
Early Retirements	(4.7)	(4.9)
Vested Deferred Retirements	(16.8)	(19.7)
Death and Survivor Benefits	(3.4)	(2.2)
Disability Benefits	15.8	17.2
Terminated with Refund	33.0	37.9
Changes due to Experience Study (1)	**0.0**	**(1,309.7)**
Risks Not Related to Assumptions (2)	**(100.6)**	**34.9**
Total Gain (Loss) During Year	**$ 230.9**	**($ 434.0)**

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 2,972 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 62 percent of IMRF's 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:

- 1-⅔ 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:

- 2-½ 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 have increased 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 2015 was $111,571.63 and for 2016 is $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 official 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, or 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 (66-⅔ percent for Tier 2) of the member's pension.

For ECO members, a surviving spouse's monthly pension is 66-⅔ 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 (the age 50 requirement does not apply):

- A monthly pension equal to 30 percent of the ECO member's salary at the time of death, plus
- 10 percent of the ECO member's salary at the 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 66-⅔ 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.

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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
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
2015	200,727,209	900,476,884	13.01%	368,005,271	464,050	1,469,673,414
Deductions						
Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions		Change in Fiduciary Net Position
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
2015	1,758,184,358	36,748,509	28,707,981	1,823,640,848		(353,967,434)

TABLE IX
BENEFIT EXPENSE BY TYPE *(Last ten years)*

	Death				Disability	
Calendar Year	Supplemental	Refund	Burial	Residual	Permanent	Temporary
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
2015	7,115,125	9,142,480	9,578,310	1,935,771	3,526,820	6,267,477

	Annuities				Refunds		
Calendar Year	Retirement	Surviving Spouse	Beneficiary	Supplemental	Separation	Other	Total
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
2015	1,580,258,463	93,884,986	3,233,682	43,243,914	32,618,840	4,126,999	1,794,932,867

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
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)
2015	900,476,884	368,005,271	1,268,482,155	1,794,932,867	(526,450,712)

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

Calendar Year	Annuity	Disability	Death	Refund	Total
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
2015	8,347	1,936	3,644	10,571	24,498

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
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
2015	4	7	4	27	13	5	9	35	31	34	6	19	194

TABLE XIII
NUMBER OF ACTIVELY PARTICIPATING EMPLOYERS *(Last ten years)*

Calendar Year End	Cities	Villages	Counties	School Districts	Townships	Other	Total
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
2015	259	415	101	850	478	869	2,972

TABLE XIV
PRINCIPAL PARTICIPATING EMPLOYERS *(Current year and ten years ago)*

	2015			2006		
Employer	**Active Members**	**Rank**	**Percentage of Total Active Members**	**Active Members**	**Rank**	**Percentage of Total Active Members**
DuPage County	3,025	1	1.74%	3,128	1	1.80%
Lake County	2,580	2	1.48%	2,867	2	1.65%
Will County	2,494	3	1.43%	2,195	3	1.26%
Union School District 46	2,137	4	1.23%	1,869	4	1.07%
Winnebago County	1,739	5	1.00%	1,804	5	1.04%
Rockford School District 205	1,734	6	1.00%	1,575	6	0.91%
Kane County	1,399	7	0.80%	1,377	7	0.79%
McHenry County	1,318	8	0.76%	1,208	10	0.69%
Palatine School District 211	1,289	9	0.74%	N/A*	N/A*	N/A*
Peoria School District 150	1,286	10	0.74%	1,239	9	0.71%
City of Springfield	N/A**	N/A**	N/A**	1,292	8	0.74%
	19,001		10.92%	18,554		10.66%

**In 2006, this entity did not rank in the Top Ten.*

*** In 2015, 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
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
2015	65,104	108,994	174,098

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
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	173,826	16,990	65,389	45,062	46,385	52.6%
2014	173,968	18,391	63,714	44,256	47,602	52.8%
2015	174,098	18,515	63,413	43,470	48,700	52.9%

TABLE XVII
ACTIVE MEMBERS BY AGE

	All Plans			Sheriff's Law Enforcement Personnel			Elected County Officials		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Under 20	210	214	424	1	--	1	--	--	--
20 to 29	7,953	10,041	17,994	425	61	486	1	--	1
30 to 39	12,665	16,532	29,197	1,175	194	1,369	10	1	11
40 to 49	14,440	26,553	40,993	1,342	209	1,551	28	8	36
50 to 54	9,466	18,975	28,441	342	81	423	31	19	50
55 to 59	9,296	19,006	28,302	191	34	225	33	19	52
60 to 69	9,472	16,147	25,619	133	18	151	50	19	69
70 and Over	1,602	1,526	3,128	6	0	6	14	6	20
Total	**65,104**	**108,994**	**174,098**	**3,615**	**597**	**4,212**	**167**	**72**	**239**

TABLE XVIII
ANNUITANTS BY AGE

	Retirees			Surviving Spouses			Beneficiaries		
Age	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 55	291	94	385	18	108	126	88	159	247
55 to 59	3,603	5,426	9,029	39	266	305	19	54	73
60 to 64	6,709	12,463	19,172	138	451	589	24	58	82
65 to 69	8,140	16,586	24,726	304	768	1,072	24	61	85
70 to 74	5,925	12,710	18,635	465	1,203	1,668	13	51	64
75 to 79	4,319	9,124	13,443	638	1,463	2,101	8	43	51
80 to 84	2,975	6,537	9,512	726	1,764	2,490	5	22	27
85 to 89	1,772	4,457	6,229	683	1,643	2,326	5	16	21
90 to 94	704	2,226	2,930	376	1,022	1,398	0	12	12
95 to 99	124	550	674	97	316	413	1	2	3
100 and over	10	72	82	12	56	68	0	0	0
Total	**34,572**	**70,245**	**104,817**	**3,496**	**9,060**	**12,556**	**187**	**478**	**665**

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)
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
2015(3)	3,126	35,141	19,696	17,301

(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
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
2015								
Avg Monthly Annuity	$ 391	$ 603	$ 985	$1,550	$2,331	$3,046	$4,036	$1,533
Avg Monthly FRE	$2,721	$2,963	$3,409	$3,892	$4,600	$5,140	$5,757	$3,807
Number of Retirees	923	1503	1346	1112	923	570	627	7,004

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 (SLEP) PLAN
(Last ten years)

	Years of Credited Service				
	20-24	25-29	30-34	35+	Total
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
2015					
Avg Monthly Annuity	$3,508	$5,179	$5,511	$7,123	$4,690
Avg Monthly FRE	$6,642	$7,685	$7,480	$8,904	$7,316
Number of Retirees	39	59	18	1	117

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 (ECO) PLAN
(Last ten years)

	Years of Credited Service							
	8-9	10-14	15-19	20-24	25-29	30-34	35+	Total
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
2015								
Avg Monthly Annuity		$1,204						$1,204
Avg Monthly FRE		$2,988						$2,988
Number of Retirees		2	0	0	0	0	0	2

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	866	4,566	558	708	1,424	5,274
$100 to under $250	2,055	10,454	1071	1,864	3,126	12,318
$250 to under $500	4,096	15,214	1063	2,487	5,159	17,701
$500 to under $750	3,805	10,478	527	1,526	4,332	12,004
$750 to under $1,000	3,026	7,247	228	930	3,254	8,177
$1,000 to under $2,000	7,991	14,555	213	1558	8,204	16,113
$2,000 to under $3,000	4,821	4,858	17	350	4,838	5,208
$3,000 to under $4,000	3,137	1,763	6	78	3,143	1,841
$4,000 to under $5,000	2,007	659	0	20	2,007	679
$5.000 to under $6,000	1,207	245	0	9	1,207	254
$6,000 and over	1,561	206	0	8	1,561	214
Total	**34,572**	**70,245**	**3,683**	**9,538**	**38,255**	**79,783**

Note: Counts do not include disabilities.

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