

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024



Teachers' Retirement System
of the State of Illinois

FISCAL YEAR 2024 HIGHLIGHTS

Active contributing members	171,754
Inactive noncontributing members	151,445
Benefit recipients*	132,902
Total membership	456,101
Investment return	
Total fund investment return, net of fees	8.8%
Actuarial information	
Actuarial accrued liability (AAL)	\$154,325,159,164
Less actuarial value of assets (AVA)	70,687,607,498
Unfunded actuarial accrued liability, AVA basis (UAAL)	\$83,637,551,666
Funded ratio (AVA/AAL)	45.8%
Less fair value of assets (FVA)	71,424,801,957
Unfunded actuarial accrued liability, FVA basis (UAAL)	\$82,900,357,207
Funded ratio (FVA/AAL)	46.3%
GASB Statement No. 67 disclosures	
Total pension liability (TPL)	\$157,290,420,223
Less fiduciary net position (FNP)	71,424,713,925
Net pension liability (NPL)	\$85,865,706,298
FNP as a percentage of TPL	45.4%
Additions	
Member contributions	\$1,184,132,090
Employer contributions	132,303,300
State of Illinois contributions	6,158,581,314
Total investment income	5,757,906,980
Participant fee income	157,139
Total additions	\$13,233,080,823
Deductions	
Benefits paid	\$8,191,376,700
Refunds paid	69,007,152
Administrative expenses	38,536,723
Contributions sent to third-party administrator	15,477,104
Total deductions	\$8,314,397,679

* Benefit recipients includes retiree, disability and survivor benefit recipients.

SERVING THOSE WHO SERVE

As we reflect on the past year, I want to express my gratitude for the incredible work TRS is doing to serve our members. Our steadfast mission — to provide expert pension service to Illinois public educators as they secure their promised retirement — is the driving force behind everything we do. We are dedicated to delivering the highest level of support to those who dedicate their lives to educating future generations.



*Executive Director and
Chief Investment Officer Stan Rupnik*

“At TRS, our mission is to serve those who serve. Our commitment to Illinois educators goes beyond pensions; it’s about honoring their vital role in shaping the future. We stand with them, so they can focus on what matters most — educating the next generation.”

Our vision of being the trusted retirement resource for generations of members reminds us of the profound impact our efforts have on the lives of over 456,000 educators and public school personnel. We recognize that every teacher, administrator and staff member plays a vital role in shaping the minds and hearts of students, and it is our privilege to support them in their important work and personal lives.

This report spotlights TRS members who visited our offices in Lisle and Springfield this summer for retirement counseling. We hope you enjoy reading about our members who are planning for their upcoming well-deserved retirements.

Over the past year, we have implemented key initiatives designed to enhance our services and resources, some of which are outlined in this report. Additionally, we have focused on breaking down each of the five goals of the Strategic Plan to provide a clear roadmap for staff, aimed at better serving our members, who dedicate their careers to serving others.

Our core values — integrity, accountability, service, teamwork, diversity, and continuous improvement — are foundational to our decision-making. We genuinely care for our members and each other, striving to create an inclusive environment that embraces our unique talents. We are working to foster innovation and growth while establishing stability within our organization and plan. By collaborating as One TRS, we will build a stronger, more effective organization that can better serve our membership.

As we look to the future, we are inspired by our members' dedication to education and unwavering commitment to creating a brighter future for all. Together, we are not merely administering and safeguarding retirement benefits; we are cultivating a culture of learning and support that empowers every educator and student to reach their full potential. This partnership is invaluable, and we are grateful for the trust members place in us to serve them and future generations.

PREFACE

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024



**Teachers' Retirement System
of the State of Illinois**
a component unit of the State of Illinois

2815 West Washington | P.O. Box 19253
Springfield, Illinois 62794-9253
<https://www.trsil.org>

**This report was prepared by the TRS Accounting,
Investments, Research and Communications Departments.**



Paula P.

Where do/did you teach? *Plum Grove Middle School*

What level(s) do/did you teach? *7th Grade Science*

What do you plan to do in retirement? *Relax and enjoy the pool.*

What will you miss about your profession after retirement?
The children and my colleagues.

What advice would you give to new teachers?
Enjoy every moment.

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Elisabethe A.

Where do/did you teach? *District #98
Berwyn North*

What level(s) do/did you teach? *5th Grade*

What did you "take away" from your counseling session today?

Retirement and planning for retirement in 2029.

What do you plan to do in retirement?

Travel, substitute teach to be with the kids.

What will you miss about your profession after retirement?

The kids!

What advice would you give to new teachers?

Stay positive, lean on your colleagues!

Ask questions!

Put kids first in all you do!

Karen S.

Where do/did you teach? *Prairie Oak School, North Berwyn and Catholic School*

What level(s) do/did you teach?

Kindergarten, 3rd and 4th Grades

What do you plan to do in retirement?

Travel and read. Also substitute teach to spend time with kids.

What will you miss about your profession after retirement?

The kids!

What advice would you give to new teachers?

Loving what you do is the best thing ever!



INTRODUCTION





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Teachers' Retirement System of the State of Illinois

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

**Recognition Award for Administration
2024**

Presented to

Teachers' Retirement System of the State of Illinois

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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R. Stanley Rupnik, Executive Director & Chief Investment Officer

LETTER OF TRANSMITTAL

December 17, 2024

To the TRS Board of Trustees and TRS Members:

We are pleased to present the Annual Comprehensive Financial Report for the Teachers' Retirement System of the State of Illinois (TRS) for the fiscal year ended June 30, 2024. This report provides critical details regarding the on-going efforts of the System's trustees and staff to fulfill the TRS mission of delivering expert pension service to Illinois public educators as they earn their promised retirement security.

MEMBER ASSETS REMAIN SECURE

TRS reported a notable increase in its funded status for the year ending June 30, 2024, marking the fourth consecutive year of improvement. The funded ratio, calculated using the actuarial value of assets, has risen to 45.8 percent, up from 44.8 percent the previous year. This one-percentage-point increase reflects a combination of strong investment returns and consistent funding contributions from both the State and participating employers.

The improvement in funded status is a positive indicator of TRS's financial health and stability, suggesting that the System is making meaningful progress toward securing the retirement benefits of its members. Strong investment performance, driven by a diversified portfolio and strategic asset allocation, has played a crucial role in this enhancement.

While we have seen significant improvement, the System's funded ratio remains low. To address this, the TRS Board of Trustees employs a conservative investment strategy to mitigate potential declines in the ratio should market conditions worsen. TRS trustees and investment staff have built a highly diversified portfolio aimed at maximizing asset growth during favorable economic periods while safeguarding assets during downturns. The current asset allocation plan prioritizes enhanced liquidity and protection in volatile markets, ensuring the security of member assets.

As TRS continues to implement strategies aimed at bolstering its financial standing, this upward trend in the funded ratio positions the System on a promising trajectory for the future. The dedication and expertise of TRS staff, along with the proactive governance of the Board of Trustees, and continued commitment to consistent funding from the State, are essential in ensuring the System can meet its long-term obligations and provide the retirement security that educators deserve. Looking ahead, TRS remains committed to maintaining this momentum through prudent investment decisions and strong leadership.

SYSTEM GOVERNANCE

TRS is governed by a Board of Trustees comprised of 15 members – seven appointed by the governor, five elected by active members, two elected by annuitants and the sitting state superintendent of schools. The TRS Board of Trustees ended FY24 with 14 of 15 members following the reappointment of three of its members: David Miller, Kevin Blackburn and Michael Goetz.

Three Board Members have terms expiring on July 14, 2025: Joseph Blomquist, Fred Peronto and Larry Pfeiffer. The next election will take place in FY25.

PROFILE OF TRS

TRS was established by the State of Illinois on July 1, 1939 to provide retirement, disability and death benefits to teachers employed by Illinois public elementary and secondary schools outside the city of Chicago. TRS is governed by a Board of Trustees comprised of 15 members. The president of the Board of Trustees, by law, is appointed by the governor from among the sitting trustees. The Board of Trustees elects its vice president from among its members. The Board of Trustees appoints an executive director who serves as the secretary of the Board of Trustees. The executive director is responsible for the daily operations at TRS.

Pursuant to Section 16-204 of the Illinois Pension Code, 40 ILCS 5/16-204, the TRS Board of Trustees established the TRS Supplemental Savings Plan (SSP), effective October 29, 2019. The SSP is an eligible deferred compensation plan (DCP) under Section 457(b) of the Internal Revenue Code and is a governmental plan within the meaning of Code Section 414(d) and Section 3(32) of the Employee Retirement Income Security Act of 1974.

The annual budget for TRS administrative expenses is prepared by staff and approved by the Board of Trustees. The TRS annual operating budget request is prepared in conjunction with a review of the long-range strategic plan.

FINANCIAL INFORMATION

TRS staff issues an Annual Comprehensive Financial Report within six months of the close of each fiscal year. The report contains financial statements presented in conformity with generally accepted accounting principles (GAAP) applied within guidelines established by the Governmental Accounting Standards Board (GASB).

A system of internal controls helps TRS monitor and safeguard assets and promote efficient operations. Each year TRS's financial statements are audited by a professional accounting firm that serves as a special assistant auditor employed by the Illinois Auditor General. In addition, a biennial compliance attestation examination is performed to review compliance with applicable statutes and codes. The Independent Auditor's Report on TRS's financial statements is included on pages 18 and 19 in the Financial Section of this report. TRS received an unmodified auditor opinion on the fair presentation of its financial statements.

TRS is required by law to publish an Annual Comprehensive Financial Report annually with information about the System's financial condition, investment methods, performance and actuarial conclusions that determine financial needs as well as statistical information about members, school districts, revenues and benefits. TRS management and staff are responsible for the accuracy of this report and for ensuring that all material disclosures have been made. TRS recognizes that the limitations of internal controls must be considered. These controls are designed to provide reasonable assurance regarding the safekeeping of assets, the reliability of financial records, the appropriate segregation of duties and the use of sound accounting and financial practices. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. The objective of internal controls at TRS is a reasonable, not absolute, assurance that the System's financial statements are free of material misstatements. Four internal auditors are employed to continually review and determine that all laws, rules, policies and procedures are followed.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis

(MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A, which can be found immediately following the Independent Auditor's Report.

ADDITIONS AND DEDUCTIONS

The three sources of TRS defined benefit funding are member contributions, investment income and employer contributions through state appropriations and payments by employers. TRS defined benefit deductions include payments of benefits, refunds and administrative expenses. Additions to deferred compensation include member and employer contributions. Deferred compensation deductions are comprised of contributions sent to the third-party administrator and administrative expenses. Negative amounts are shown in parentheses () throughout this report.

Additions (\$ millions)

Source	2024	2023	Increase/(Decrease)	
			Amount	% Change
Member contributions	\$1,184	\$1,116	\$68	6.1%
Employer contributions	132	125	7	6.0
State of Illinois contributions	6,159	6,009	150	2.5
Total investment income	5,758	4,427	1,331	30.1
Participant fee income	0.1	0.0	0.1	398.9
Total	<u>\$13,233</u>	<u>\$11,677</u>	<u>\$1,556</u>	13.3%

Deductions (\$ millions)

Source	2024	2023	Increase/(Decrease)	
			Amount	% Change
Benefits payments	\$8,191	\$7,899	\$292	3.7%
Refunds	69	68	1	1.2
Administrative expenses	39	33	6	15.5
Contributions sent to third-party administrator	15	7	8	133.2
Total	<u>\$8,314</u>	<u>\$8,007</u>	<u>\$307</u>	3.8%

Note: % change is based on financial statement values (not rounded).

The TRS Board of Trustees and staff remain vigilant in their efforts to improve the retirement system’s funded status for current and future members. TRS continues to invest prudently and in a disciplined manner for the benefit of TRS membership and for the long-term success of the retirement system. The TRS board and staff believe the overall investment strategy remains sound and aligns with their specific objectives and principles.

INVESTMENTS

The TRS investment portfolio returned 8.8 percent net of fees, for the fiscal year ended June 30, 2024. Total investment assets increased approximately \$4.9 billion during the year.

The TRS trust fund is invested under the authority of the Illinois Pension Code and follows the “prudent person rule,” which requires investments to be managed solely in the interest of fund participants and beneficiaries. The TRS Investment Policy guides TRS’s investments which include preserving the long-term principal of the trust fund, maximizing total return within prudent risk parameters and acting in the exclusive interest of TRS members.

The Investment Section of this report contains a summary of the portfolio and investment activities. Pages 70 to 81 provide specific details regarding fees and commissions and a list of investment professionals who provided services to TRS.

FUNDING

During the year ended June 30, 2024, the funded ratio based on the actuarial value of assets of the Teachers' Retirement System increased to 45.8 percent from its June 30, 2023, level of 44.8 percent. The actuarial value of assets at year end was \$70.7 billion and the actuarial accrued liability was \$154.3 billion. Under the smoothing methodology required by Public Act 96-0043, differences between actual and expected investment earnings are recognized prospectively over a five-year period.

The Actuarial Section of this report contains the actuary's letter and further information on funding.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Asset Growth Strategy

TRS continues to grow and diversify its investment portfolio, reaching record asset levels in 2024. To support this growth strategy, TRS has opened a satellite office in Chicago, which greatly enhances our investment team and strengthens our talent recruitment efforts. This new office expands on the foundation established in our Springfield headquarters, reinforcing our commitment to excellence. The Chicago office will be crucial in advancing our investment initiatives. Additionally, the increase in staffing within the Investment Department will benefit both the system and the members we serve by enhancing our ability to deliver strong financial returns.

TRS Strategic Plan

In 2023, the TRS Board of Trustees formally adopted a dynamic five-year strategic plan designed to guide our actions and operations, ensuring we fulfill our mission, vision and values. Developed through a collaborative and inclusive process that engaged our members, employer school districts, stakeholders, staff and trustees, this plan reflects our commitment to TRS's future.

We will leverage the Strategic Plan to help realize our long-term vision by focusing on five key strategic goals:

- 1. Funding:** Prioritize operational and governance practices that prudently manage funding risks while fostering collaboration with the Executive Branch and Legislature.
- 2. Customer Service:** Deliver exceptional customer service and retirement experiences that meet the evolving needs and preferences of members and employers, while aligning with industry best practices.
- 3. Organizational Culture:** Create an engaging and motivating work environment that harnesses the full potential of our team.
- 4. Talent:** Implement a talent management strategy that emphasizes professional development and training, cultivating the next generation of TRS leaders.
- 5. Information Technology:** Evolve our technology infrastructure to enhance operations, communication, and customer experiences.

The strategic plan serves as a foundational framework for the System's operations. As we enter its second year, our staff has developed a targeted business plan focusing on annual activities that support the milestones outlined in our five-year strategy. A crucial element of our execution involves expanding our team through a strategic recruitment initiative, alongside nurturing our current talent with programs like the new Professional Development Program. Together, these efforts will ensure we remain aligned with our mission and continue to serve our members effectively.

Supplemental Savings Plan — Optional Defined Contribution Benefit Plan

In March 2022, TRS launched the TRS Supplemental Savings Plan (SSP), a deferred compensation (DC) optional savings plan. Beginning January 1, 2023, in accordance with state law, TRS automatically enrolled new members into the SSP.

As of June 30, 2024, 5,683 members from 982 employers have enrolled, deferring a total of \$22.81 million into their accounts. Active TRS members in Tier 1 and Tier 2, including both full-time and part-time contractual employees, are eligible to participate. However, retired and inactive members are not eligible for the SSP.

The SSP complements the existing TRS defined benefit (DB) pension plan, providing participants with two sources of income in retirement: a guaranteed monthly pension and a DC retirement savings account. Importantly, the SSP does not replace the DB plan for participating members. TRS members cannot opt out of the DB plan and place their DB contributions into the new SSP. The 457(b) plan is offered through participants' employers and contributions are deducted from members' paychecks and deposited into their accounts at the Plan recordkeeper Voya Financial. Participants choose from an array of investment options developed by TRS and Voya. To help defray the cost of administration, SSP participants pay an annual fee.

The implementation of automatic enrollment for all new members has significantly enhanced the performance of the DC plan. This initiative has contributed to notable growth, with an increase from 1,451 members and \$6.6 million in contributions in the previous year.

Technology

The TRS five-year strategic plan emphasizes the evolution of our technology infrastructure to enhance operations, communication, and customer experiences. TRS is actively pursuing systematic improvements in our information technology systems, including a multiyear project to modernize our pension administration system.

Pension Administration System (PAS) Modernization Program

TRS is leading cross-divisional efforts to modernize our pension administration system (PAS) to better serve our members and fulfill our mission. Our strategic initiatives include the ongoing development of programs that support the goals and priorities of the Pension Administration System Steering Committee, particularly in the areas of Employer Services and Deferred Compensation. We have adopted Organizational Change Management (OCM) methodologies and are providing leadership training to ensure effective transitions throughout this process. Additionally, we have engaged consulting resources to help define requirements and prepare for the next phase of our PAS modernization project, which focuses on enhancing Member Services. By investing in these initiatives, we aim to uphold our mission of delivering expert pension service to Illinois public educators as they earn their promised retirement security.

Cybersecurity Enhancement

TRS is advancing its information technology and cybersecurity capabilities with a newly updated roadmap aimed at minimizing risk and enhancing system resilience. This initiative includes conducting assessments of our applications and infrastructure to identify gaps and improvement opportunities. To support these goals, we've strengthened our team with additional IT and cybersecurity staff.

To strengthen data security and recovery efforts, TRS has implemented advanced technologies to bolster data resilience and availability, while expanding our business continuity planning. In addition, TRS has implemented a Privilege Access Management solution across all devices to enhance our security protocols.

These strategic enhancements reflect TRS's commitment to building a secure and resilient technology environment, supporting our mission and enriching the experience for our members and stakeholders.

Accelerated Benefit Payment Programs

The two Accelerated Pension Benefit (APB) and Accelerated Automatic Increase (AAI) buyout programs were enacted by the General Assembly with the goal of reducing the System's long-term liability and the state's annual contribution to TRS.

In the short term, the effect of the programs decreased the FY24 state contribution to TRS by approximately \$80 million. Overall, more than \$1.1 billion in total pension liability has been removed from the total pension liability.

From fiscal years 2019 through 2024, TRS members who elected to participate in these programs received over \$1,050 million in buyout payments.

Retiring members electing to participate in the AAI program received over \$723 million. Over the entire program period, 5,048 members elected participation.

Inactive members electing to participate in APB received \$327 million. Overall, 2,574 members elected participation.

Both programs were originally scheduled to sunset in 2022 but were extended to 2024 and again to 2026. The newest sunset, in 2026, was approved with an additional \$1 billion in bond authorization to fund the programs.

These initiatives, which apply to TRS as well as the university and state employee retirement systems, are funded by bond proceeds rather than retirement trust assets. At the inception of the programs, \$1 billion in bond authorization was approved by the General Assembly. This authorization was exhausted in June 2022 with payouts by the systems to the members who elected participation.

State Funding Consistency and Commitment

The consistency and commitment to support our pension system remains a priority for **Governor JB Pritzker** and the General Assembly.

For two consecutive years, TRS received funding above the certified minimum requirements, reinforcing the State's commitment to fulfilling pension promises to retired teachers and other public employees. These additional contributions in FY22 and FY23 — \$172 million and \$230 million respectively — positioned TRS for greater financial stability, demonstrating strong support for our educators' retirement security.

While additional funding was not allocated this year, TRS will receive the certified funding amount, ensuring ongoing, reliable support for our pension system. TRS remains dedicated to working collaboratively with state leadership to uphold the long-term health and stability of the System.

Commitment to Diversity

TRS continues to strengthen its ongoing commitment to diversity in the management of its investment portfolio. The TRS Board of Trustees is focused on improving access to the investment program for qualified firms owned by minorities, women, and individuals with disabilities. Over the past five years, the assets managed by Minority and Women Business Enterprises (MWBE) within the TRS portfolio have grown significantly, rising from \$11.7 billion to \$21.2 billion.

As of the end of FY24, approximately 29.8 percent of invested and committed capital are managed by 41 MWBE firms, totaling \$21.2 billion. This growth is bolstered by the strong relationships fostered through the System's Emerging Manager Program, as well as the ongoing expansion of minority managers within the overall portfolio.

Notably, TRS has consistently exceeded the Illinois General Assembly's long-term goal of 20 percent utilization for the Plan over the past seven years, reflecting our commitment to fostering diversity and inclusion in our investment practices.

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TRS for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the 35th consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government or government entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This 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. We believe that the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Public Pension Coordinating Council (PPCC), Recognition Award for Administration

TRS received the Recognition Award for Administration in 2024 for meeting professional standards of plan administration as set forth in the Public Pension Standards of the PPCC. The award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR).

ACKNOWLEDGMENTS

The information in this report was compiled by TRS staff under the guidance of the TRS Board of Trustees and the executive director, and it remains the responsibility of TRS management. Our goal is to provide complete and reliable information that supports management decisions, demonstrates TRS's compliance with legal requirements, and ensures responsible stewardship of the assets contributed by members, their employers and the State of Illinois.

This report is available to members of the General Assembly, participating employers and other interested parties upon request. Participating TRS employers play a crucial role in connecting TRS with its members, and their cooperation significantly contributes to the System's success. Additionally, the report is accessible to the public at <https://www.trsil.org>.

We would like to take this opportunity to extend our gratitude to our dedicated staff, professional consultants and others who have worked tirelessly to ensure the successful operation of TRS. Their commitment and expertise have been invaluable in navigating the complexities of our mission. Everyone's efforts contribute not only to the integrity of our financial reporting but also to the overall effectiveness of our services. We recognize that their collaboration and hard work are essential in fostering a strong and resilient system that benefits all our members.



R. Stanley Rupnik
Executive Director & Chief Investment Officer



Deron Bertolo
Chief Financial Officer

TRS BOARD OF TRUSTEES

AS OF DECEMBER 1, 2024



Matthew Hunt
President
Appointed
Glen Ellyn



Andrew Hirshman
Vice President
Elected
Oak Park



Dr. Tony Sanders
Ex officio
Elected
Elgin



Beth Anderson
Elected
Kankakee



Kevin (Duffy) Blackburn
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Elected
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Michael Goetz
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Maria "Mia" Jazo-Harris
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Maureen Mena
Appointed
Bolingbrook



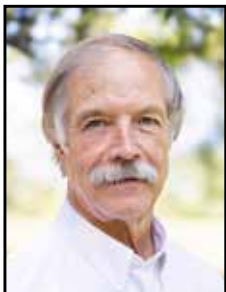
David Miller
Appointed
Lynwood



Fred Peronto
Elected
Elmhurst



Larry Pfeiffer
Elected
Carlinville



Doug Strand
Elected
East Moline

TRS ORGANIZATION EXECUTIVE CABINET

AS OF DECEMBER 1, 2024



Stan Rupnik, CFA
Executive Director
& Chief Investment
Officer



Sally Antonacci
Executive Officer



Deron Bertolo
Chief Financial
Officer



Lori Dour
Chief Benefits
Officer



Cynthia Fain
Senior Legal Counsel



John Gerding
Director of
Information
Technology



Janelle Gurnsey
Director of
Public Relations



Michelle Kissel
Director of
Human Resources



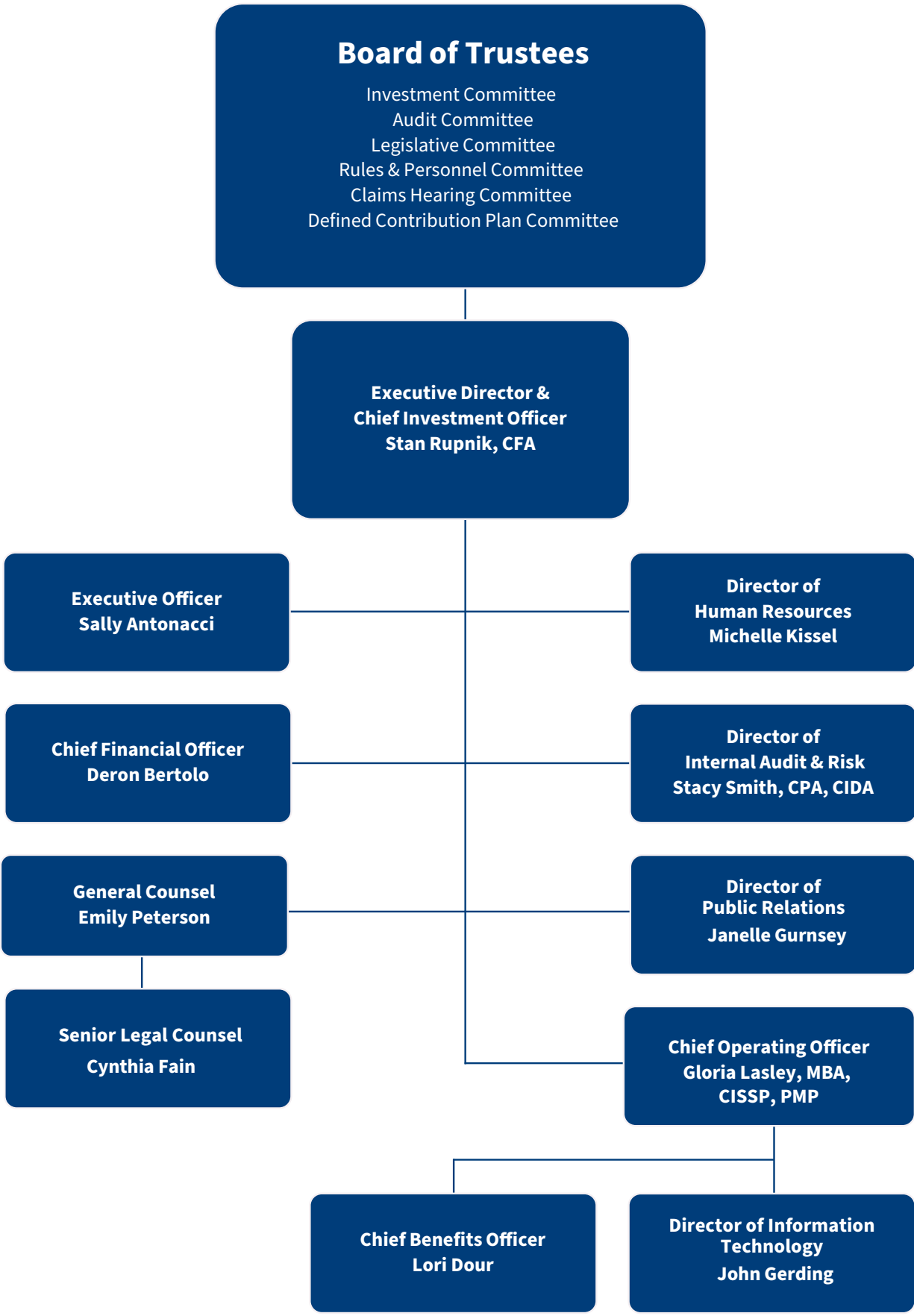
**Gloria Lasley, MBA,
CISSP, PMP**
Chief Operating Officer



Emily Peterson
General Counsel



Stacy Smith, CPA, CIDA
Director of Internal
Audit and Risk



CONSULTING AND PROFESSIONAL SERVICES

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Howard & Howard Attorneys, P.L.L.C.

Ice Miller L.L.P.

King & Spalding L.L.P.

Nixon Peabody L.L.P.

Ottosen DiNolfo Hasenbalg & Castaldo, Ltd.

Reinhart Boerner Van Deuren s.c.

State of Illinois, Office of the Attorney General

Veritext, L.L.C.

Whitt Law, L.L.C.

LEGISLATIVE CONSULTING

Leinenweber Baroni & Daffada Consulting, L.L.C.

INFORMATION TECHNOLOGY

Apex Systems

Capitol Strategies Consulting Inc.

CapTech Ventures Inc.

Dayagdag, Chris

Decker Innovations Inc.

Ellerman, Greg

HSO North America, L.L.C.

Precision Task Group Inc.

Presidio Networked Solutions Group, L.L.C.

Promet Solutions Corporation

Resultant L.L.C.

Sentinel Technologies, Inc.

INTERNAL AUDIT

Investment Training & Consulting Institute, Inc.

OPERATIONS

CEM Benchmarking, Inc.

Higher Logic, L.L.C.

Mosaic Governance Advisors L.L.C.

Navigate 360 L.L.C.

Prosci Inc.

SABA Software

MASTER TRUSTEE

State Street Bank and Trust Company

SECURITIES LENDING AGENT

Citibank, N.A. *(through 4/30/24)*

INVESTMENT CONSULTANTS

Aksia, L.L.C. *(Diversifying strategies and private debt)*

CapFinancial Partners, L.L.C. *(Deferred compensation)*

RVK, Inc. *(General investment)*

Stepstone Group, L.P. *(Private equity)*

Stepstone Group Real Estate, L.P. *(Real estate)*

INVESTMENT ADVISORS

Ernst & Young Private, Ltd. *(Tax advisory services)*

Evercore Group L.L.C. *(Secondary market advisor)*

Meketa Investment Group, Inc. *(Co-investment advisor)*

Stout Risius Ross, Inc. *(Co-investment advisor)*

FINANCIAL



Sarah M.

Where do/did you teach? *Quincy Public Schools*

What level(s) do/did you teach? *2nd Grade*

What do you plan to do in retirement?

Spend more time with my family.

What will you miss about your profession after retirement?

(I will miss) the hugs, smiles and pride seen in my students when they make great progress and achieve their goals.

What advice would you give to new teachers?

Keep balance in your life.

Independent Auditor's Report

The Honorable Frank J. Mautino
Auditor General
State of Illinois
and
The Board of Trustees
Teachers' Retirement System of Illinois

Opinion

As Special Assistant Auditors for the Auditor General, we have audited the Statement of Fiduciary Net Position of the Teachers' Retirement System of the State of Illinois (System), a component unit of the State of Illinois, as of June 30, 2024, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The actuarially determined net pension liability, calculated as required by GASB Statement No. 67, *Financial Reporting for Pension Plans*, is dependent on several assumptions including the assumption that future required contributions from all sources are made based on statutory requirements in existence as of the date of this report. These assumptions are discussed in Note A.6 of the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement and maintain professional skepticism throughout the audit, identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability, the schedule of net pension liability, the schedule of investment returns, the schedule of contributions from employers and other contributing entities, and notes to the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplementary information in the financial section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information in the financial section, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in the financial section, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction, investments, actuarial and statistical sections, as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

Decatur, Illinois
December 17, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion and analysis of the Teachers’ Retirement System of the State of Illinois provides an overview of financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the Letter of Transmittal in the Introduction Section on page 6 and the Financial Statements and related notes that follow this discussion.

FINANCIAL HIGHLIGHTS

- The fiduciary net position of TRS at June 30, 2024 was \$71.4 billion.
- During FY24, the fiduciary net position of TRS increased \$4.9 billion.
- Defined benefit contributions from members, employers and the State of Illinois were \$7.5 billion, an increase of \$216.1 million or 3.0 percent for FY24.
- Deferred compensation contributions from employers and members were \$15.5 million, an increase of \$8.8 million for FY24.
- Total net investment gain was \$5.8 billion, compared to a \$4.4 billion gain in FY23, an increase of 30.1 percent.
- Defined benefits and refunds paid to members and annuitants were \$8.3 billion, an increase of \$293.1 million or 3.7 percent.
- The actuarial accrued liability was \$154.3 billion at June 30, 2024.
- The unfunded actuarial accrued liability was \$83.6 billion at June 30, 2024. The funded ratio was 45.8 percent at June 30, 2024. The unfunded liability and funded ratio are calculated using a smoothed value of assets, as required under Public Act 96-0043.
- The total pension liability (TPL) was \$157.3 billion at June 30, 2024.
- The net pension liability (NPL) was \$85.9 billion at June 30, 2024. The plan fiduciary net posi-

tion, as a percentage of total pension liability, was 45.4 percent.

The Financial Statements contained in this section of the Annual Comprehensive Financial Report consist of:

Statement of Fiduciary Net Position. This statement reports the fiduciary net position which represents the difference between the financial statement elements comprised of assets and liabilities. It is the balance sheet for the pension system and reflects the June 30, 2024 net position (assets less liabilities) available for the payment of benefits and other fiduciary activities of the System.

Statement of Changes in Fiduciary Net Position. This statement details transactions that occurred during the fiscal year. It is the income statement of TRS and reflects the additions and deductions to fiduciary net position recorded throughout the fiscal year. This statement supports the change in the value of net position reported on the Statement of Fiduciary Net Position.

Notes to the Financial Statements. The notes are an integral part of the financial statements and include additional information not readily evident in the statements themselves.

Required Supplementary Information and Other Supplementary Information. The required supplementary information and other supplementary information following the notes to the financial statements provide historical and additional detailed information considered useful in evaluating the pension system’s financial condition.

Plan Changes. The financial statements and notes presented in the TRS FY24 ACFR will include two separately reported plans. The plans to be included are the TRS Defined Benefit Pension Plan as a fiduciary component unit of TRS and the Deferred Compensation Plan, not a component unit of TRS but a custodial fund reporting fiduciary activities.

The following are condensed comparative financial statements.

CONDENSED COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION AS OF JUNE 30

	2024	Percentage Change	2023
Cash	\$30,612,216	82.6%	\$16,768,742
Receivables and prepaid expenses	2,326,392,969	(2.3)	2,381,586,920
Investments	71,173,673,106	7.4	66,266,731,645
Invested securities lending collateral	47,886,000	(97.4)	1,874,005,888
Capital assets	<u>6,972,221</u>	(29.9)	<u>9,947,467</u>
Total assets	73,585,536,512	4.3	70,549,040,662
Total liabilities	<u>2,165,205,467</u>	(46.5)	<u>4,047,392,761</u>
Total fiduciary net position	<u>\$71,420,331,045</u>	7.4%	<u>\$66,501,647,901</u>

CONDENSED COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED JUNE 30

	2024	Percentage Change	2023
Contributions	\$7,475,016,704	3.1%	\$7,250,076,955
Net investment income	5,757,906,980	30.1	4,427,042,975
Participant fee income	<u>157,139</u>	398.9	<u>31,494</u>
Total additions	<u>13,233,080,823</u>	13.3	<u>11,677,151,424</u>
Benefits and refunds	8,260,383,852	3.7	7,967,329,515
Administrative expenses	38,536,723	15.5	33,371,327
Contributions sent to third-party administrator	<u>15,477,104</u>	133.2	<u>6,636,864</u>
Total deductions	<u>8,314,397,679</u>	3.8	<u>8,007,337,706</u>
Net increase/decrease in fiduciary net position	4,918,683,144	34.0	3,669,813,718
Total fiduciary net position - beginning of year	<u>66,501,647,901</u>	5.8	<u>62,831,834,183</u>
Total fiduciary net position - end of year	<u>\$71,420,331,045</u>	7.4%	<u>\$66,501,647,901</u>

FINANCIAL ANALYSIS

TRS was created to provide retirement, survivor and disability benefits to qualified members. Increases or decreases in the plan’s fiduciary net position serve as useful indicators of TRS’s financial position. The fiduciary net position was \$71.4 billion at June 30, 2024.

CONTRIBUTIONS

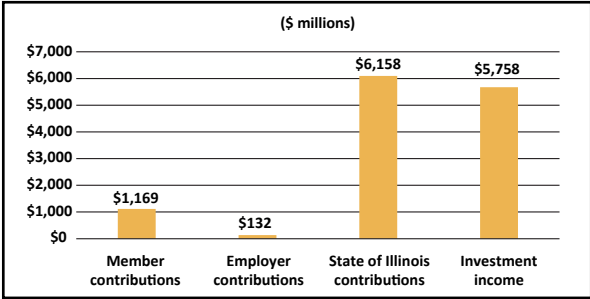
Defined benefit contributions increased \$216.1 million during FY24. Contributions from the State of Illinois increased \$149.4 million, member contributions increased \$59.2 million and employer contributions from school districts increased \$7.5 million.

TRS Deferred Compensation Plan contributions totaled \$15.5 million for FY24. This was an increase of \$8.8 million as member participation increased from the prior year.

Public Act 100-0023 requires that the impact on state contributions due to changes in actuarial assumptions be phased in over five years on a retroactive basis.

State funding law provides for a 50-year funding plan that includes a 15-year phase-in period and a goal of 90 percent funding in the year 2045.

Defined Benefit Revenues by Type for the Year Ended June 30, 2024



INVESTMENTS

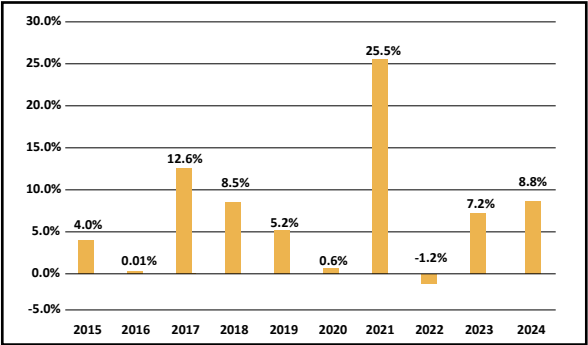
The TRS trust fund is invested according to law under the “prudent person rule” requiring investments to be managed solely in the interest of fund participants and beneficiaries. Principles guiding the investment of funds include preserving the

long-term principal of the trust fund and maximizing total return within prudent risk parameters.

The TRS investment portfolio earned 8.8 percent, net of fees, for the fiscal year ended June 30, 2024. In another year dominated by inflation concerns, market volatility and global geopolitical concerns, the investment strategy employed by TRS protected assets. TRS ended the fiscal year beating the assumed rate of return of 7.0 percent.

During the fiscal year, total TRS investment assets increased approximately \$4.9 billion, including a net investment gain of \$5.8 billion. The material increase in investment income contributed to the portfolio’s significantly positive return.

Annual Rate of Return (net of investment expenses)

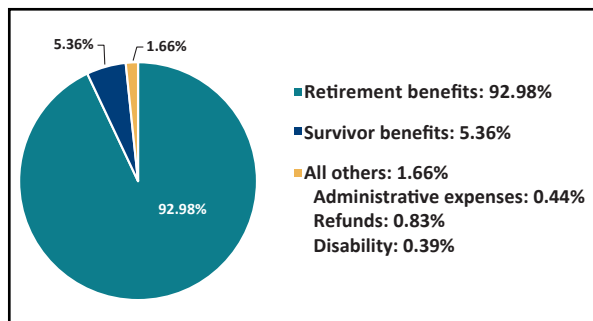


DEFINED BENEFITS AND REFUNDS

Retirement, survivor and disability benefit payments increased \$292.2 million during FY24. Benefit payments increased to \$8.2 billion with 132,902 recipients in FY24. The overall increase in benefit payments is due to an increase in retirement and survivor benefits as well as the number of retirees. Retirement benefits were higher as a result of annual increases in retirement benefits and an increase in the number of retirees from 116,991 as of June 30, 2023 to 118,637 as of June 30, 2024.

Refunds of contributions increased \$0.8 million in FY24. The increase during FY24 is the result of more member and retirement refunds.

Defined Benefit Deductions by Type for the Year Ended June 30, 2024



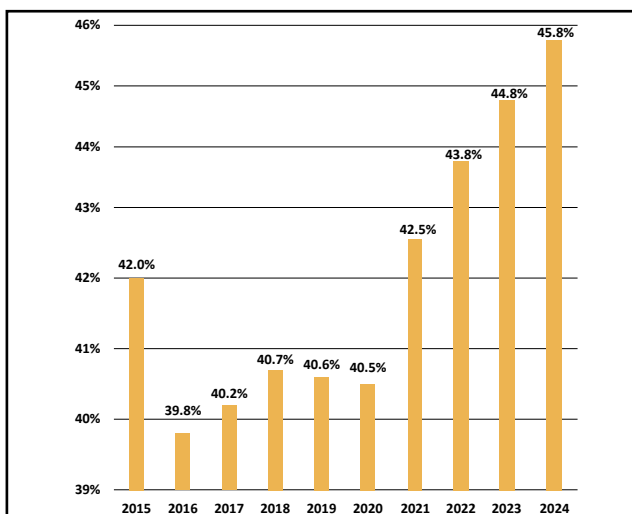
ACTUARIAL

For statutory funding and financial reporting, an actuarial valuation is performed annually and measures the total liability for all benefits earned to date. The actuarial accrued liability is a present value estimate of all benefits earned to date but not yet paid. The actuarial accrued liability based on statutory funding requirements increased \$5.9 billion in FY24 to \$154.3 billion at June 30, 2024. The actuarial unfunded liability is the present value of benefits allocated to service accrued-to-date that are not covered by the actuarial value of assets as of the valuation date. The actuarial unfunded liability based on the actuarial value of assets increased \$1.7 billion during FY24 to \$83.6 billion at June 30, 2024. The funded ratio reflects the percentage of the actuarial accrued liability covered by the actuarial value of assets. The funded ratio increased from 44.8 percent on June 30, 2023 to 45.8 percent on June 30, 2024.

The actuarial unfunded liability and funded ratio are based on the actuarial value of assets. Public Act 96-0043 requires the five state retirement systems to smooth actuarial gains and losses on investments over a five-year period.

When the funded ratio was based on the fair value of assets, the reported funded ratio was impacted immediately by changes in market conditions. State funding requirements based on fair value assets also were impacted immediately and therefore were more volatile. Using the actuarial value of assets results in more stable reported funded ratios and state funding requirements over time.

Funded Ratio Based on Actuarial Value of Assets



The funded ratio in this chart is the ratio of actuarial assets to the actuarial liability. An increase in this ratio indicates an improvement in TRS's ability to meet future benefit obligations.

During FY14, TRS implemented GASB Statement No. 67, "Financial Reporting for Pension Plans." As a result of implementing the new statement, TRS is required to disclose the net pension liability (NPL) and total pension liability (TPL) in the Financial Statement Notes and Required Supplementary Information in accordance with criteria which differs from criteria used to disclose the actuarial accrued liability and actuarial unfunded liability. The TPL is \$157.3 billion at June 30, 2024, while the NPL is \$85.9 billion at June 30, 2024.

LEGISLATIVE

Public Act 103-0588 Implementation Retiree Return to Teaching in Subject Shortage Area

Extends the "retiree return to teaching in subject shortage area" program for TRS annuitants from the end of FY24 to the end of FY27.

Pension Prepayments

Allows the Illinois Comptroller to pay more into state pensions earlier in the year when fund balances are stronger. The prior law prohibited the Comptroller from paying more than the preset monthly amount to the Illinois pension systems.

Dental and Vision Coverage

Beginning January 2025, Medicare eligible members and covered dependents enrolled in the TRAIL Medicare Advantage Prescription Drug Program (MAPD) will have dental and vision coverage. The remaining enrollees in the Teachers' Group Insurance Program will have dental and vision coverage as of July 1, 2025.

FINANCIAL STATEMENTS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Defined Benefit Pension Plan	Deferred Compensation Custodial Fund	Total
Assets			
Cash	\$30,417,154	\$195,062	\$30,612,216
Receivables and prepaid expenses:			
Member contributions	150,468,398	355,171	150,823,569
Participant DC fees	-	191,662	191,662
Employer contributions	24,016,585	713	24,017,298
State of Illinois	71,625	-	71,625
Investment income	185,018,228	-	185,018,228
Other receivables	4,657,836	-	4,657,836
Pending investment sales	1,961,612,751	-	1,961,612,751
Total receivables and prepaid expenses	<u>2,325,845,423</u>	<u>547,546</u>	<u>2,326,392,969</u>
Investments, at fair value:			
Fixed income	8,344,717,978	-	8,344,717,978
Public equities	24,731,814,611	-	24,731,814,611
Alternative investments	35,214,219,556	-	35,214,219,556
Derivatives	(6,928,245)	-	(6,928,245)
Short-term investments	2,830,476,398	-	2,830,476,398
Foreign currency	59,372,808	-	59,372,808
Total investments	<u>71,173,673,106</u>	<u>-</u>	<u>71,173,673,106</u>
Invested securities lending collateral:			
Securities lending collateral with the State Treasurer	47,886,000	-	47,886,000
Total invested securities lending collateral	<u>47,886,000</u>	<u>-</u>	<u>47,886,000</u>
Capital assets:			
Capital assets, net of accumulated depreciation	4,791,602	-	4,791,602
Right to use assets, net of amortization	2,180,619	-	2,180,619
Total capital assets, net	<u>6,972,221</u>	<u>-</u>	<u>6,972,221</u>
Total assets	<u>73,584,793,904</u>	<u>742,608</u>	<u>73,585,536,512</u>
Liabilities			
Administrative expenses payable	2,636,086	4,657,836	7,293,922
Benefits and refunds payable	7,715,709	-	7,715,709
Lease and subscription liabilities	2,172,188	-	2,172,188
Investment expenses payable	148,150,559	-	148,150,559
Pending investment purchases	1,951,519,437	-	1,951,519,437
Securities lending collateral	47,886,000	-	47,886,000
Third-party administrator payable	-	467,652	467,652
Total liabilities	<u>2,160,079,979</u>	<u>5,125,488</u>	<u>2,165,205,467</u>
Total fiduciary net position (deficit) restricted for pensions and other	<u>\$71,424,713,925</u>	<u>(\$4,382,880)</u>	<u>\$71,420,331,045</u>

See accompanying Notes to Financial Statements.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Defined Benefit Pension Plan	Deferred Compensation Custodial Fund	Total
Additions			
Contributions:			
Members	\$1,168,677,259	\$15,454,831	\$1,184,132,090
State of Illinois	6,158,581,314	-	6,158,581,314
Employers			
Federal funds	44,152,641	-	44,152,641
2.2 benefit formula	73,967,612	-	73,967,612
Excess employer costs	14,114,954	-	14,114,954
Employer SSP	-	68,093	68,093
Total contributions	<u>7,459,493,780</u>	<u>15,522,924</u>	<u>7,475,016,704</u>
Investment income:			
Net increase in fair value of investments	4,484,329,915	-	4,484,329,915
Alternatives income	1,333,479,037	-	1,333,479,037
Interest and dividends	992,669,934	-	992,669,934
Other investment income	15,097,510	-	15,097,510
Securities lending income	4,685,054	-	4,685,054
Less investment expenses:			
Alternatives expense	555,214,245	-	555,214,245
Direct investment expense	516,859,130	-	516,859,130
Securities lending management fees	281,095	-	281,095
Net investment income	<u>5,757,906,980</u>	<u>-</u>	<u>5,757,906,980</u>
Other income			
Participant fees and dividends	-	157,139	157,139
Total other income	<u>-</u>	<u>157,139</u>	<u>157,139</u>
Total additions	<u>13,217,400,760</u>	<u>15,680,063</u>	<u>13,233,080,823</u>
Deductions			
Retirement benefits	7,714,575,734	-	7,714,575,734
Survivor benefits	444,748,371	-	444,748,371
Disability benefits	32,052,595	-	32,052,595
Refunds	69,007,152	-	69,007,152
Contributions sent to third-party administrator	-	15,477,104	15,477,104
Administrative expenses	37,020,402	1,516,321	38,536,723
Total deductions	<u>8,297,404,254</u>	<u>16,993,425</u>	<u>8,314,397,679</u>
Net increase/(decrease) in net position	4,919,996,506	(1,313,362)	4,918,683,144
Total fiduciary net position			
Beginning of year (deficit)	<u>66,504,717,419</u>	<u>(3,069,518)</u>	<u>66,501,647,901</u>
End of year (deficit)	<u>\$71,424,713,925</u>	<u>(\$4,382,880)</u>	<u>\$71,420,331,045</u>

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTIONS

1. Reporting Entity

a. Defined Benefit Plan

The Teachers' Retirement System of the State of Illinois (TRS) is a public employee retirement system (PERS), that administers a cost-sharing, multiple-employer defined benefit pension plan. That pension plan is a fiduciary component unit of TRS. Membership is mandatory for all full-time, part-time and substitute public school personnel employed outside of Chicago in positions requiring licensure. Persons employed at certain state agencies and certain non-government entities also are members. Established by the State of Illinois, TRS is governed by the Illinois Pension Code (40 ILCS 5/16). TRS is a component unit of the State of Illinois and is included in the State's financial statements as a pension trust fund.

b. Deferred Compensation Plan

TRS also administers a deferred compensation plan. Pursuant to Section 16-204 of the Illinois Pension Code, the Board of Trustees of TRS established the TRS Supplemental Savings Plan (SSP). The SSP is an eligible deferred compensation plan (DCP) under Section 457(b) of the Internal Revenue Code. Membership is voluntary for eligible TRS members first employed in a TRS-covered position prior to Jan. 1, 2023. Eligible members first employed on or after Jan. 1, 2023 are automatically enrolled unless they opt out of the program. The assets of the SSP are maintained under a trust for the exclusive benefit of participants and beneficiaries. TRS uses a third-party administrator and acts as a pass-through entity for contributions received, thus assets in the trust are not controlled by TRS. Participating members, not TRS, direct the third-party administrator regarding use, exchange or employment of assets within their own accounts. The SSP is not a component unit of TRS. Funds held by TRS prior to being paid to the third-party administrator are reported in a custodial fund as a fiduciary activity.

The net position deficit is a result of start-up expenses and technology costs expended in order to develop and implement the SSP. The deficit will be eliminated in future years as SSP participants increase and participation fees begin to offset plan costs.

TRS uses criteria established by the Governmental Accounting Standards Board (GASB) to determine

whether other entities should be included within its financial reporting entity.

2. Employers

Members of TRS are employed by school districts, special districts, certain state agencies and certain non-governmental entities. Each employer remits member contributions to TRS.

Employers are responsible for employer contributions for:

- Teachers paid from federal funds.
- The 2.2 formula increase.
- Salary increases in excess of 6 percent. When a member retires, the employer is required to pay TRS contributions equal to the actuarial value of a pension benefit that results from any salary increase over 6 percent that is used in a retiring member's final average salary calculation. Several permanent exemptions are in effect for excess salary increases.
- Sick leave days received in excess of the normal annual allotment and applied to service credit for members in their final four years prior to retirement.
- Any portion of a member's salary that is greater than the governor's statutory salary.

In addition, the State of Illinois is a nonemployer contributing entity that provides employer contributions on behalf of the System's employers. For information about employer contributions made by the State of Illinois, see "Schedule of Contributions from Employers and Other Contributing Entities" within the Required Supplementary Information (RSI) section of this report.

The state's statutory contribution requirements are described in the Actuarial Section under "Actuarial Standards and Illinois State Pension Funding."

Number of Employers (as of June 30)

	2024
Local school districts	851
Special districts	135
State agencies	9
Total	<u>995</u>

3. Members

TRS Membership (as of June 30)

	2024
Active members	171,754
Inactive members	151,445
Retirees and beneficiaries	132,902
Total	456,101

4. Board of Trustees

TRS is governed by a 15-member Board of Trustees. Trustees include the state superintendent of education, seven trustees appointed by the governor, five trustees elected by contributing TRS members, and two trustees elected by TRS annuitants. The president of the Board of Trustees, by law, is appointed by the governor from among the sitting trustees. The Board of Trustees elects its vice president from among its members. The Board of Trustees appoints an executive director who also serves as the secretary of the Board of Trustees. The executive director is responsible for the daily operations at TRS.

5. Benefit Provisions

a. Defined Benefit Plan

Governed by the Illinois Pension Code (40 ILCS 5/16), which is subject to amendment by the Illinois General Assembly and approval by the governor, TRS provides retirement, death and disability benefits. Membership is mandatory for all full-time, part-time and substitute public school personnel who are licensed and employed in Illinois outside the city of Chicago.

Public Act 96-0889 (Act), which was signed into law in the spring of 2010, added a new section to the Pension Code that applies different benefits to anyone who first contributes to TRS on or after Jan. 1, 2011 and does not have any previous service credit with one of the reciprocal retirement systems in Illinois. Members who first participate on or after that date are members of Tier 2.

The Act does not apply to anyone who made contributions to TRS prior to Jan. 1, 2011. They remain participants of Tier 1.

Tier 3 was created in July 2017. It is a hybrid retirement plan with both defined benefit and defined contribution plan components.

Tier 1 Benefits

A member qualifies for an age retirement annuity after meeting one of the following requirements: age 62 with five years of service credit; age 60 with 10 years; or age 55 with 20 years. If a member retires between the ages of 55 and 60 with fewer than 35 years of service, the annuity will be reduced at the rate of 0.50 percent for each month the member is under age 60. A member with fewer than five years of creditable service and service on or after July 1, 1947, is entitled to a single-sum benefit payable at age 65.

A retirement benefit is determined by the average of the four highest consecutive annual salary rates within the last 10 years of creditable service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2021 and the 2020-21 school year is used in the member's final average salary. The final average salary will be based on the four highest years within the last 10 years of creditable service.

Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. The 2.2 percent formula became effective July 1, 1998 but service earned before that date can be upgraded to the 2.2 formula with a member contribution. The cost of the upgrade can be reduced if members upgrade and continue teaching after 1998. A graduated formula applies to service earned before 1998 and provides a maximum benefit of 75 percent of average salary with 38 years of service.

Tier 1 members who contributed to TRS before July 1, 2005 receive a money purchase (actuarial) benefit if it provides a higher benefit than the 2.2 or graduated formulas. The 75 percent cap does not apply to the money purchase benefit.

All Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning Jan. 1 following the attainment of age 61 or on Jan. 1 follow-

ing the member's first anniversary in retirement, whichever is later.

Disability and death benefits are provided.

If a member leaves covered employment, TRS will refund a member's retirement contributions upon request. The refund consists of actual contributions, excluding the 1 percent death benefit contribution.

Effective July 1, 2017, Tier 1 members contribute 9.0 percent of their creditable earnings to TRS and an additional contribution to a retiree health insurance program that is not administered by TRS.

Tier 2 Benefits

Differences with Tier 1 include raising the minimum eligibility to draw a retirement benefit to age 67 with 10 years of service. A discounted annuity can be paid at age 62 with 10 years of service. The Tier 2 law caps creditable earnings and contributions used for retirement purposes at a level that is lower than the Social Security wage base. Tier 2 annual increases will be the lesser of 3 percent or ½ percent of the rate of inflation of the original benefit beginning Jan. 1 following attainment of age 67 or on Jan. 1 following the member's first anniversary in retirement, whichever is later.

The 2.2 retirement formula also applies to Tier 2, but the final average salary is based on the member's highest average salary earned during eight consecutive years out of the last 10 years of service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2021 and the 2020-21 school year is used in the member's final average salary. The final average salary will be based on the eight highest years within the last 10 years of creditable service.

The single-sum benefit also is payable at age 65 to Tier 2 members with fewer than five years of service. The money purchase (actuarial) benefit is not available to Tier 2 members.

Disability and refund provisions for Tier 2 are identical to those that apply to Tier 1. Death benefits

are payable under a formula that is different from Tier 1.

Effective July 1, 2017, Tier 2 members contribute 9.0 percent of their creditable earnings to TRS and an additional contribution to a retiree health insurance program that is not administered by TRS.

Tier 3 Benefits

Enacted in July of 2017, the Tier 3 benefit is designed to be a hybrid retirement plan with two parts – a defined benefit (DB) pension and a defined contribution (DC) savings plan.

Under the law, Tier 3 members would make payroll contributions to their DB pensions that are based on the full cost of this part of the benefit, but no more than 6.2 percent of salary. In addition, Tier 3 members would contribute a minimum of 4 percent of their pay to the DC portion of the plan.

At retirement, TRS members would receive a pension and be able to access funds from their DC savings account as they see fit.

However, an implementation date for Tier 3 has not been set. As written, the current language of the Tier 3 statute inadvertently conflicts with other provisions of the Illinois Pension Code. Until these differences are corrected by the legislative and executive branches, Tier 3 cannot be implemented.

b. Deferred Compensation Plan

The Deferred Compensation Plan provides retirement benefits to participating members. All contributions are held in Trust for the exclusive benefit of participants and beneficiaries. Participants are always 100 percent vested in all contributions and investment earnings (including employer contributions and related investment earnings), regardless of years of service credit attained. Participant is not entitled to a distribution of his/her accounts under the Plan until the earlier of the Participant's severance from employment or the calendar year in which the Participant attains age 59 and one half (59 ½). Exceptions to distribution restrictions rules include death, disability and unforeseeable financial emergency.

6. Actuarial Measurements

The Schedule of Changes in the Net Pension Liability, Schedule of the Net Pension Liability and the Schedule of Contributions from Employers and Other Contributing Entities may be found in the Required Supplementary Information. Other schedules pertaining to the System's funded status are in the Actuarial section.

Member, employer and state contributions are statutorily defined by the Illinois Pension Code (40 ILCS 5/16), which is subject to amendment by the Illinois General Assembly with approval by the governor. Since July 1, 1995, state appropriations have been made through a continuing appropriation.

Member contributions are allocated as follows: 7.5 percent for retirement; 0.5 percent for post-retirement increases; and 1 percent for death benefits.

Employer contributions are made by or on behalf of employers from several sources. The State of Illinois provides the largest source of contributions through state appropriations from the Common School Fund. Employers also make contributions for the 2.2 benefit formula and for teachers who are paid from federal funds. Additionally, employers contribute their portion of any excess salary increase or sick leave costs due and the total employer normal cost on salaries exceeding the governor's salary.

State funding law provides for a 50-year funding plan that includes a 15-year phase-in period.

Public Act 96-0043, which was effective July 15, 2009, requires TRS to use a five-year smoothing method for asset valuation beginning on June 30, 2009. State contribution requirements were first affected by this change in FY11.

Public Act 100-0023, which was effective July 6, 2017, requires the impact on state contributions due to changes in actuarial assumptions to be phased in over five years. State contribution requirements were first affected by this change in FY18. The FY18 requirement was recertified in January 2018 due to the new law.

Administrative expenses are budgeted and approved by the TRS Board of Trustees. Funding for these expenses is included in the employer contribution, as determined by the annual actuarial valuation.

Pension Liability

The actuarial assumptions included in the June 30, 2024 actuarial valuation were used to calculate the June 30, 2024 total pension liability. These assumptions were based on the latest experience study conducted by TRS actuaries, as discussed later in this section.

As of June 30, 2024, the assumption for future investment returns was 7.0 percent, a rate unchanged from June 30, 2023. The components that make up the investment return assumption are the real rate of return, 4.50 percent, and inflation, 2.50 percent. The investment return assumption for the 2024 actuarial valuation is based on an asset allocation study conducted by the TRS investment consultant and additional analysis conducted by the actuary in 2024.

The TRS actuary used the following assumed rates of returns by asset class, excluding 2.50 percent for the assumed rate of inflation as well as investment expenses.

Expected Arithmetic Returns Over 10-20 Year Horizon

Asset Class	Return	Target Asset Allocation
Global Equity	7.55%	37.0%
Private Equity	10.28	15.0
Public Income	5.81	18.0
Private Credit	9.20	8.0
Real Assets	7.01	18.0
Diversifying Strategies	5.18	4.0
Total		100.0%

If the plan's fiduciary net position is not sufficient to cover all benefit payments to current plan members, GASB Statement No. 67 requires the discount rate to be different from the assumed rate of return. Instead, the discount rate would be a blended rate, which includes the long-term expected rate of return and a municipal bond rate (the Bond Buyer's 20-Bond GO Index) as of the end of the current fiscal year. Based on the following projections,

the System can use the long-term expected rate of return as the discount rate for the year ended June 30, 2024, as it did for the prior year.

TRS, with the assistance of the System's actuary, projected that the plan's fiduciary net position will provide for all benefit payments to current plan members. Projected contributions assume that all statutorily required contributions are made, including projected contributions from members, employers and the State of Illinois (nonemployer contributing entity). Projected state contributions reflect the changes enacted in Public Acts 100-0023, 100-0340, 100-0587, 101-0010 and 102-0718. However, the projections do not include any assumptions about the utilization of Tier 3 under PA 100-0023.

Estimated contributions from employers and the State of Illinois, of which the majority of the contributions (approximately 99 percent) are provided by the State of Illinois, are projected to be \$6.2 billion in FY25 and grow to \$10.5 billion by FY45 based on present statutory requirements for current members. Tier 1's liability is partially funded by Tier 2 because the Tier 2 contributions are higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate.

The actuarial cost method required for financial reporting purposes is the entry age normal method. For TRS, TPL is developed and rolled forward to the valuation date based on member census data one year prior. TPL is projected to the June 30, 2024 measurement date based on census data as of June 30, 2023. Assets, included in plan fiduciary net position, are measured at fair value.

Net Pension Liability

	June 30, 2024
Total pension liability	\$157,290,420,223
Plan fiduciary net position	71,424,713,925
Net pension liability	<u>\$85,865,706,298</u>
Plan fiduciary net position as a percentage of the total pension liability	45.4%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current	1% Increase
Discount rate	6.0%	7.0%	8.0%
Net pension liability	\$106,046,525,045	\$85,865,706,298	\$69,136,669,991

Most of the actuarial assumptions used in the June 30, 2024 actuarial valuation are based on the actuarial experience analysis dated September 2024 that covered the period July 1, 2020 through June 30, 2023 and the economic experience review presented at the August 2024 Board meeting.

Actuarial Assumptions Used for Financial Reporting Disclosure

Actuarial Valuation Date	June 30, 2024
Census Date:	June 30, 2023 with total pension liability projected to June 30, 2024.
Actuarial Cost Method:	
For financial reporting purposes	Entry age normal
Asset Valuation Method:	
For financial reporting purposes	Fair value as of valuation date
Actuarial Assumptions:	
Investment rate of return	7.0% adopted effective June 30, 2022 and reaffirmed at the June 18, 2024 Board meeting.
Real rate of investment return	4.50%
Projected salary increases	8.50% with 1 year of service to 4.00% with 20 or more years of service. Includes inflation and real wage growth (productivity) assumptions.
Group size growth rate	0%
Assumed inflation rate	2.50%
Post-retirement increase	Tier 1: 3%, compounded; Tier 2: 1.25%, not compounded.
Mortality table:	PubT - 2010 adjusted for TRS experience with future mortality improvements on a fully generational basis using projection table MP-2021.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial transactions of TRS are recorded using the economic resources measurement focus and the accrual basis of accounting. Member and employer contributions are recognized as additions when due pursuant to statutory or contractual requirements. Benefits and refunds are recognized as deductions when they are due and payable in accordance with the terms of the plan.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of additions to and deductions from net position during the reporting period. Actual results could differ from these estimates. TRS uses an actuary to determine the total pension liability for the defined benefit plan and to determine the actuarially-required contribution.

3. Risks and Uncertainties

TRS investments are diversified and include various investment securities. Investment securities are exposed to a variety of risk including credit, market and interest rate risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that value changes will occur in the near-term and such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

4. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that may affect the reporting of future financial statements:

Adopted in 2024

GASB Statement No. 100: *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, is effective for fiscal years beginning after

June 15, 2023. The statement establishes clearer standards for disclosing the financial effects for changes to accounting principles, estimates and error corrections. The System has noted and implemented this guidance but there was no impact or change for the period ending June 30, 2024.

GASB Statement No. 101: *Compensated Absences*, is effective for fiscal years beginning after December 15, 2023. While the exact impact on our financial position is still under review, we anticipate moderate changes to liability recognition related to accrued compensated absences and associated disclosures.

Not Yet Effective

GASB Statement No. 102: *Certain Risk Disclosures*, is effective for fiscal years beginning after June 15, 2024. While the exact impact on our financial position is still under review, we anticipate minimal impact on future financial statements.

5. Method Used to Value Investments

TRS reports investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for publicly traded equities, foreign currency and exchange traded derivatives is determined by using the closing price listed on national securities exchanges as of June 30. Fair value for most of fixed income securities and over-the-counter derivatives is determined primarily by using quoted market prices provided by independent pricing services. Short-term investments are generally reported at amortized cost, which approximates fair value. Appraisals are used to determine fair value on directly owned real estate investments. Fair value for private equity investments, diversifying funds and partnership interests in real estate and real assets is determined by TRS staff and the general partners or investment managers in accordance with the provisions in the individual agreements. These agreements also require that an independent audit be performed on an annual basis.

6. Capital Assets, Including Lease and Subscription Assets

TRS categorizes capital assets as tangible capital assets and intangible right to use assets.

Tangible capital assets are stated on the basis of historical cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets (Building and building improvements: \$25,000, 10 - 40 years; Equipment and furniture \$5,000, 3 - 10 years; Computer software: \$25,000, 3 - 5 years).

Intangible right-to-use assets are measured at the present value of expected payments over the term of the contract. The capitalization threshold for lease assets and subscriptions is \$25,000 for a term greater than one year. Capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions/ Transfers In	Disposals/ Transfers Out	Ending Balance
Capital Assets, not depreciated:				
Land	\$235,534	\$ -	\$ -	\$235,534
Mineral lease Rights	2,643	-	-	2,643
	238,177	-	-	238,177
Capital Assets, depreciated or amortized:				
Office building	9,885,038	-	-	9,885,038
Site improvements	1,141,186	10,415	-	1,151,601
Equipment and furniture	3,355,719	363,548	61,135	3,658,132
Purchased Software	295,045	-	-	295,045
Internally Generated Software (IGS)	12,412,492	-	-	12,412,492
Right to Use Asset - Office Buildings	1,792,579	92,222	-	1,884,801
Right to Use Asset - Copiers	104,529	-	-	104,529
Right to Use Asset - Computer Software	2,116,797	328,135	53,231	2,391,701
	31,103,385	794,320	114,366	31,783,339
Less accumulated depreciation or amortization:				
Office building	8,430,938	255,381	-	8,686,319
Site improvements	1,062,777	10,128	-	1,072,905
Equipment and furniture	3,135,057	177,213	61,135	3,251,135
Purchased Software	295,045	-	-	295,045
Internally Generated Software (IGS)	7,528,433	2,015,047	-	9,543,480
Right to Use Asset - Office Buildings	218,928	266,991	-	485,919
Right to Use Asset - Copiers	34,843	34,843	-	69,686
Right to Use Asset - Computer Software	688,074	1,009,963	53,231	1,644,806
	21,394,095	3,769,566	114,366	25,049,295
Total Net Capital Assets	\$9,947,467	(\$2,975,246)	\$ -	\$6,972,221

7. Compensated Absences

When employment is terminated, TRS employees are entitled to receive compensation for all accrued unused vacation time and one-half of all unused sick leave earned through Dec. 31, 1997. (Lump-sum payments for sick leave earned prior to Jan. 1, 1984, are subject to a maximum of 60 days or 420 hours.) Sick time earned after Dec. 31, 1997 is not compensable at termination.

At June 30, 2024, the System had a liability of \$2,384,538 for compensated absences. The liability is included in administrative and investment expenses payable on the Statement of Fiduciary Net Position. For non-investment staff, the increase or decrease in liability is reflected in the financial statements as administrative expense. For investment staff, the increase or decrease is reflected as investment expense. Compensated absences payable for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences payable	\$2,322,170	\$1,593,163	\$1,530,795	\$2,384,538
The estimated amount due within one year is: \$24,572				

8. Receivables

Receivables consist primarily of 1) member and employer contributions owed and yet to be remitted by the employing districts, 2) interest, dividends, real estate and private equity income owed to TRS, 3) appropriations not yet received from the State of Illinois as of June 30 and 4) pending investment sales.

TRS assesses penalties for late payment of contributions and may collect any unpaid amounts from the employing districts by filing a claim with the appropriate regional superintendent of education or the Office of the Comptroller against future state aid payments to the employer. TRS considers these amounts to be fully collectible.

9. Risk Management

TRS, as a component unit of the State of Illinois, provides for risks of loss associated with workers' compensation and general liability through the State's self-insurance program. TRS obtains commercial insurance for fidelity, surety and property. TRS also procures insurance for fiduciary and cyber liability.

No material commercial insurance claims have been filed in the last three fiscal years.

C. CASH

Custodial credit risk for deposits is the risk that, in the event of a bank failure, TRS's deposits may not be returned. TRS has a formal policy addressing custodial credit risk. The policy is designed to minimize custodial credit risk through proper due diligence of custody financial institutions and investment advisors; segregate safekeeping of TRS assets; establish investment guidelines and work to have all investments held in custodial accounts through an agent, in the name of custodian's nominee, in a corporate depository or federal book entry account system. For those investment assets held outside of the custodian, TRS will follow the applicable regulatory rules.

The non-investment bank balance and carrying amount of TRS's deposits was \$30,417,154 at June 30, 2024. Of the bank balance, \$30,416,904 was on deposit with the State Treasurer at June 30, 2024. State Treasurer deposits are in an internal investment pool collateralized at a third-party custodial bank and are not subject to custodial credit risk.

Certain investments of TRS with maturities of 90 days or less consisting of bank-sponsored, short-term investment funds, commercial paper, and certificates of deposit are reported as short-term investments in the Statement of Fiduciary Net Position. Included in the reported balances is the State Street Global Advisors Short-Term Investment Fund (STIF) with a value of \$2,743,741,910 at June 30, 2024. The STIF fund has an average credit quality rating of A1P1 and a weighted average maturity of 34.0 days.

For the purposes of this disclosure, foreign currency held by investment managers is considered a deposit. However, for financial statement presentation and investment purposes, TRS considers foreign currency an investment asset. Uncollateralized foreign currency subject to custodial credit risk was \$59,372,808 at June 30, 2024.

D. INVESTMENTS

1. Investment Policies

Through the TRS Board of Trustees, as authorized in the Illinois Pension Code, TRS serves as fiduciary for the members' trust funds and is responsible for investment of those funds by authority of the "prudent person rule." This rule establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

Long-Term Asset Allocation

The TRS Board of Trustees has the responsibility of establishing and maintaining broad policies and objectives for all aspects of the System's operations, including the allocation of invested assets. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension plan. The following table summarizes the board-adopted, long-term allocation targets in effect as of June 30, 2024.

Long-term Asset Allocation Policy Mix	
Equity	52%
Real assets	18
Diversifying strategies	4
Income	26
Total	<u>100%</u>

2. Investment Risk

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a financial institution failure, TRS would not be able to recover the value of the investments in the possession of an outside party. The TRS investment policy adopted by the TRS

Board of Trustees includes a formal process to address custodial credit risk. This policy requires the custodian to provide safekeeping of the System's assets in segregated accounts and to have the assets registered in TRS's name, custodian's nominee name or in a corporate depository or federal book entry system.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in any one issuer. Investment parameters established in the Investment Management Agreements with external managers restrict holdings to no more than 5 percent of a single issuer within an account. The TRS portfolio has no investments in any one issuer that comprise 5 percent or more of the System's total investments or fiduciary net position.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to TRS. Credit risk exposure is dictated by each investment manager's agreement. Each portfolio is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual security quality rating tiers and/or the average credit quality of the overall portfolio. Most guidelines allow managers to hold bonds with a minimal quality S&P rating of B- or Moody's equivalent rating of B3. However, in circumstances where position downgrades occur, investment managers have been given permission to hold securities below this rating due to circumstances such as a higher peer group rating from another nationally-recognized statistical rating organization, the investment manager's internal ratings or other mitigating factors.

As of June 30, 2024, TRS held the following fixed income investments with respective Moody's quality ratings or equivalent rating. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Quality Rating	Corporate Debt Securities	Asset-Backed Securities	Foreign Debt Securities	U.S. Agency Obligations	U.S. Government Backed Mortgages	U.S. Municipals	Commingled Funds	Total
Aaa	\$86,175,778	\$260,898,102	\$28,175,374	\$67,094,936	\$280,506,071	\$ -	\$546,886,125	\$1,269,736,386
Aa1	4,325,578	8,115,416	-	-	-	-	232,307,036	244,748,030
Aa2	13,322,826	1,109,978	34,663,993	-	-	-	38,044,790	87,141,587
Aa3	63,989,325	1,480,306	17,528,284	-	-	584,373	768,602,108	852,184,396
A1	156,795,175	2,304,359	76,706,428	-	-	-	1,311,137,566	1,546,943,528
A2	106,065,230	-	78,684,203	-	-	-	-	184,749,433
A3	136,569,270	2,605,093	67,658,775	-	-	-	151,244,956	358,078,094
Baa1	116,657,637	6,847,341	150,729,452	-	-	-	-	274,234,430
Baa2	280,957,677	6,180,095	362,703,756	-	-	-	-	649,841,528
Baa3	277,024,699	542,277	221,768,132	-	-	236,299	-	499,571,407
Ba1	90,674,551	-	114,719,802	-	-	-	185,990,411	391,384,764
Ba2	17,870,408	1,387,896	275,966,441	-	-	-	-	295,224,745
Ba3	83,512,467	3,723,623	138,113,046	-	-	-	-	225,349,136
B1	45,590,295	-	71,574,822	-	-	-	967,950	118,133,067
B2	22,963,675	1,469,785	45,637,643	-	-	-	31,291,930	101,363,033
B3	24,364,075	-	146,793,154	-	-	-	-	171,157,229
Caa1	853,954	-	77,838,995	-	-	-	-	78,692,949
Caa2	-	-	33,625,310	-	-	-	-	33,625,310
Caa3	143,854	-	9,675,620	-	-	-	-	9,819,474
Ca	150,712	77,499	31,250,436	-	-	-	-	31,478,647
C	97,164	-	6,015,177	-	-	-	-	6,112,341
Not rated	27,840,301	2,358,644	32,538,267	-	-	-	-	62,737,212
Withdrawn	10,771,150	27,263	12,015,437	-	-	-	-	22,813,850
Total credit risk, bonds, corporate notes and government obligations	1,566,715,801	299,127,677	2,034,382,547	67,094,936	280,506,071	820,672	3,266,472,872	7,515,120,576
U.S. Treasuries								829,597,402
Total bonds, corporate notes & government obligations	\$1,566,715,801	\$299,127,677	\$2,034,382,547	\$67,094,936	\$280,506,071	\$820,672	\$3,266,472,872	\$8,344,717,978

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. TRS's fixed income investments are managed in accordance with operational guidelines that are specific as to the degree of interest rate risk that can be taken. TRS manages the interest rate risk within the portfolio using various methods including effective duration, option adjusted duration, average maturity and segmented time distribution, which reflect the total fair value of investments maturing during a given time period.

The segmented time distribution of the various investment types of TRS debt securities as of June 30, 2024 is as follows:

Type	2024 Fair Value	Maturity in Years				
		Less Than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	More Than 20 years
U.S. treasuries/agencies	\$896,692,338	\$445,261,012	\$341,348,302	\$71,762,065	\$18,723,083	\$19,597,876
U.S. government-backed mortgages	280,506,071	-	39,300,334	34,313,495	30,674,123	176,218,119
Municipals	820,672	-	236,299	-	-	584,373
Asset-backed securities	299,127,677	-	276,746,556	13,484,762	601,540	8,294,819
Commingled funds (U.S. & international)*	3,266,472,872	88,358,018	933,735,684	1,947,678,891	155,036,261	141,664,018
Corporate debt securities	1,566,715,801	154,606,712	895,654,213	297,521,910	79,480,904	139,452,062
Foreign debt/corporate obligations	2,034,382,547	58,616,284	788,865,684	675,663,113	291,051,028	220,186,438
Total bonds, corporate notes and government obligations	8,344,717,978	746,842,026	3,275,887,072	3,040,424,236	575,566,939	705,997,705
Derivatives	(6,928,245)	464,163	(6,748,975)	(828,395)	184,962	-
Total bonds, corporate notes, government obligations, securities lending collateral and derivatives	<u>\$8,337,789,733</u>	<u>\$747,306,189</u>	<u>\$3,269,138,097</u>	<u>\$3,039,595,841</u>	<u>\$575,751,901</u>	<u>\$705,997,705</u>

* Weighted average maturity figures were used if available to plot the commingled funds within the schedule.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. TRS's currency risk exposure, or exchange rate risk, is primarily derived from its holdings in foreign currency-denominated equity, fixed income and derivative investments as well as foreign currency. According to TRS's Investment Policy and investment manager agreements, international equity and global fixed income managers, at their discretion, may or may not hedge the portfolio's foreign currency exposures with currency forward contracts or options, depending upon their views on a specific country or foreign currency relative to the U.S. dollar.

TRS's exposure to foreign currency risk in U.S. dollars as of June 30, 2024 is as follows:

Currency	Foreign Currency	Equities	Fixed Income	Derivatives	Total
Australian Dollar	\$1,445,902	\$219,839,079	\$ -	\$ -	\$221,284,981
Brazilian Real	1,754,553	104,618,299	75,827,885	181,764	182,382,501
British Pound	4,130,896	1,040,810,073	-	-	1,044,940,969
Canadian Dollar	1,810,776	414,367,494	-	-	416,178,270
Chilean Peso	535,810	8,531,253	5,761,276	(83,875)	14,744,464
Chinese Yuan	189,421,439	-	-	-	189,421,439
Chinese Yuan Renminbi	(188,834,454)	376,940,959	5,876,984	364,218	194,347,707
Colombia Peso	462,885	1,750,897	65,768,912	(1,118,665)	66,864,029
Czech Koruna	11,390	1,259,226	14,808,554	(99,424)	15,979,746
Danish Krone	1,042,746	269,841,903	-	-	270,884,649
Dominican Peso	-	-	13,447,716	-	13,447,716
Egyptian Pound	406,559	2,506,024	22,495,877	6,678,908	32,087,368
Emirati Dirham	144,317	37,466,443	-	-	37,610,760
Euro	9,647,017	2,206,245,763	43,857,932	(2,127,868)	2,257,622,844
Hong Kong Dollar	4,208,913	472,499,203	-	(170,689)	476,537,427
Hungarian Forint	497,495	14,646,337	38,204,352	(421,239)	52,926,945
Indian Rupee	1,218,926	555,905,613	41,934,922	-	599,059,461
Indonesian Rupiah	1,281,814	77,327,335	59,046,980	-	137,656,129
Israeli Shekel	412,989	22,439,214	-	(35,812)	22,816,391
Japanese Yen	14,937,227	1,456,239,845	-	-	1,471,177,072
Kuwaiti Dinar	56,179	470,014	-	-	526,193
Malaysian Ringgit	1,003,174	35,297,008	20,682,882	5,982	56,989,046
Mexican Peso	470,819	58,355,897	36,092,522	(585,763)	94,333,475
New Taiwan Dollar	575,557	684,387,534	-	232,671	685,195,762
New Zealand Dollar	12,209	379,192	-	-	391,401
Nigerian Naira	-	-	4,476,176	4,303,613	8,779,789
Norwegian Krone	153,933	44,724,220	-	-	44,878,153
Pakistani Rupee	22,065	366,189	-	-	388,254
Peruvian Sol	(224)	-	54,702,324	-	54,702,100
Philippine Peso	46,063	9,206,441	-	-	9,252,504
Polish Zloty	(696,395)	46,816,323	34,836,598	(308,249)	80,648,277
Qatari Riyal	167,179	10,259,141	-	-	10,426,320
Romanian Leu	23,525	-	4,068,541	-	4,092,066
Russian Ruble	2,467,109	-	-	-	2,467,109
Saudi Riyal	170,405	37,746,696	-	-	37,917,101
Singapore Dollar	1,097,054	73,308,458	-	(123,947)	74,281,565
South African Rand	1,037,748	63,321,633	75,424,783	(364,042)	139,420,122
South Korean Won	1,001,105	413,741,709	-	1,081,438	415,824,252
Swedish Krona	434,951	182,202,280	-	-	182,637,231
Swiss Franc	4,508,659	522,597,883	-	-	527,106,542
Thailand Baht	573,939	45,512,266	31,490,005	32,606	77,608,816
Turkish Lira	1,344,223	77,243,433	22,342,830	-	100,930,486
Ukraine Hryvnia	173,120	-	-	-	173,120
Uruguayan Peso	-	-	4,507,348	-	4,507,348
Vietnam Dong	193,211	12,085,362	-	-	12,278,573
Uzbekistani Som	-	-	1,255,080	-	1,255,080
Total subject to foreign currency risk	59,372,808	9,601,256,639	676,910,479	7,441,627	10,344,981,553
Investments in international securities payable in U.S. dollars	-	1,047,226,048	1,367,885,264	(620,843)	2,414,490,469
Total international investment securities (including domestic securities payable in foreign currency)	59,372,808	10,648,482,687	2,044,795,743	6,820,784	12,759,472,022
Domestic investments (excluding securities payable in foreign currency)	-	14,083,331,924	6,299,922,235	(13,749,029)	20,369,505,130
Total fair value	\$59,372,808	\$24,731,814,611	\$8,344,717,978	(\$6,928,245)	\$33,128,977,152

In addition to the previous table, the fair value of TRS's investments in foreign currency denominated real asset, private credit and private equity funds was \$481,022,911, \$42,155,822 and \$707,584,396 at June 30, 2024, respectively. Currencies included Euro, British pound, Canadian dollar, and South Korean won.

3. Securities Lending Program

The TRS Board of Trustees' policies permit TRS to use investments to enter into securities lending transactions, which are loans of securities to broker-dealers or other approved entities. The borrower of a security must post collateral in excess of the fair value of the security. TRS receives both cash and non-cash (i.e., securities) collateral.

Eligible forms of collateral include cash consisting of U.S. dollar, euro, sterling and yen, U.S. treasuries, government agency securities, certificates of deposit, letters of credit issued by approved banks and specific types of corporate debt obligations and common stock. Initial collateral received from the borrower must be at least 102 percent of the fair value of all loaned securities except non-U.S. securities, which require 105 percent. Securities on loan are marked to market daily and collateral for the loan is required not to fall below minimum levels established by TRS and its lending agent. Agreements are in place allowing TRS, upon demand, to return the collateral in exchange for the original securities. TRS does not have the authority to pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in TRS's financial statements in accordance with GASB Statement No. 28, "Accounting and Financial Reporting for Securities Lending Transactions."

As of June 30, 2024, TRS was not active in securities lending. TRS participated in securities lending for 10 months in FY24 but was not active during the months of May and June 2024. Citibank, N.A. was

the securities lending agent through April 2024 and TRS is currently transitioning the securities lending program to the master trustee, State Street Bank and Trust Company. Securities lending will ramp back up during the first quarter of FY25.

Citibank, N.A. was the securities lending agent through April 2024. Citibank, N.A. served as the third-party securities lending agent for the fixed income, domestic equity, international equity and global equity lending programs. In this capacity, TRS reduces credit risk by allowing Citibank to lend securities to a diverse group of dealers on behalf of TRS. At fiscal year end, TRS had no credit risk exposure to borrowers as all loans had been recalled, collateral returned, and securities lending activity had ended.

Cash collateral received during the fiscal year was invested in a separate account managed by the lending agent. There were no significant violations of legal or contractual provisions, and there were no borrower or lending agent default losses known to the securities lending agent.

Income earned and costs related to securities lending activities are reported on the Statement of Changes in Fiduciary Net Position. For FY24, the System earned net income of \$4,403,959 from securities lending. TRS also reports securities lending collateral with the Office of the Illinois State Treasurer on the Statement of Fiduciary Net Position. Further detail on this amount can be obtained by calling the Office of the Illinois State Treasurer at (217) 558-1250 or by visiting www.illinoistreasurer.gov. Additional detail regarding securities lending activity is included within the Investments section.

4. Derivatives

TRS, through its investment managers, invests in derivative securities as a fundamental part of the overall investment process. All TRS derivatives are considered investments, and the fair value is reported in the Statement of Fiduciary Net Position. TRS does not directly invest in derivatives but allows certain external managers to utilize these instruments within the investment portfolio for a variety of purposes. TRS managers may hold derivatives to hedge investment transactions accounted for at fair value. The term “hedge” in this context denotes the broad economic activity of entering into contracts intended to offset risks associated with certain transactions, such as the changes in interest rates on investments in debt securities, commodities or instruments denominated in a foreign currency. Assets and liabilities that are measured at fair value, such as investments, do not qualify as hedgeable items and do not meet the requirements for hedge accounting.

A derivative security is an investment whose return depends upon the value of another financial instrument or security such as stocks, bonds, commodities or a market index. The derivative investments in TRS’s portfolio are used primarily to enhance performance and reduce volatility. TRS’s investments in derivatives are not leveraged through borrowing. In the case of an obligation to purchase (long a financial future or call option), the full value of the obligation is primarily held in cash or cash equivalents. For obligations to sell (short a financial future or put option), the reference security is held in the portfolio.

To varying degrees, derivative transactions involve credit risk, sometimes known as default or counterparty 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 the established contract terms. To eliminate credit risk, derivative securities can be acquired through a

clearinghouse that guarantees delivery and accepts the risk of default by either party. The Commodity Futures Trading Commission (CFTC) mandates that any entity that trades or is counterparty to OTC (over-the-counter) derivatives must have a Global Market Entity Identifier (GMEI). TRS is registered and maintains a legal entity identifier.

Market risk is the possibility that a change in interest, currency or other pertinent market rates will cause the value of a financial instrument to decrease or become more costly to settle. Imposing limits on the types, amounts and degree of risk that investment managers may undertake restricts the market risk associated with the constantly fluctuating prices of derivatives. These limits and derivative positions of the investment managers are reviewed on a regular basis to monitor compliance.

As of June 30, 2024, derivative investments in the TRS investment portfolio included currency forward contracts, rights, warrants, futures, options, swaps and swaptions. Within the financial statements, currency forward contracts are reflected as investment payables/receivables, rights and warrants are reflected as equities, and all futures, options, swaps and swaptions are classified as derivatives. The change in fair value of derivative investments is included in investment income on the Statement of Changes in Fiduciary Net Position.

The following tables summarize the derivatives held within the TRS investment portfolio including fair value amounts, change in fair value of derivative investments (realized and unrealized) and notional amounts of derivative instruments. Investments in limited partnerships and commingled funds may include derivatives that are not covered in the following disclosure.

As of June 30, 2024, the TRS investment portfolio held the following derivatives.

Investment Derivatives	Classification	Fair Value at June 30, 2024	Change in Fair Value	Notional Value*
Credit default swaps bought	Swaps	(\$5,324,989)	\$2,740,349	\$213,432,957
Credit default swaps written	Swaps	470,150	(3,968,508)	57,234,281
Fixed income futures long	Futures	-	(14,937,400)	252,000,000
Fixed income futures short	Futures	-	2,887,739	(47,088,804)
Fixed income options bought	Options	-	(253,998)	-
Fixed income options written	Options	-	179,950	-
Foreign currency options bought	Options	111,762	(1,245,947)	92,147,525
Foreign currency options written	Options	(991,110)	3,759,572	(72,327,525)
FX forwards	Long-term Instruments	(2,210,529)	(9,560,951)	-
Index futures long	Futures	-	6,477,478	49,499,383
Index futures short	Futures	-	(1,524,186)	(189,950)
Index options bought	Options	-	(647,766)	-
Index options written	Options	-	306,326	-
Pay fixed interest rate swaps	Swaps	(799,864)	(2,932,034)	158,133,136
Receive fixed interest rate swaps	Swaps	(2,223,167)	1,012,893	294,713,667
Rights	Common Stock	732	177,262	5,107
Total return swaps bond	Swaps	(303,323)	781,838	65,301,403
Total return swaps equity	Swaps	2,132,296	3,140,167	(87,752,366)
Warrants	Common Stock	683,210	939,807	16,814
Grand total		<u>(\$8,454,832)</u>	<u>(\$12,667,409)</u>	<u>\$975,125,628</u>

* Notional may be a dollar amount or size of underlying for futures, rights, warrants and options. Negative values (in brackets) refer to short positions.

Currency Forward Contracts (FX Forwards)

Objective: Currency forward contracts are agreements to exchange one currency for another at an agreed upon price and settlement date. TRS's investment managers use these contracts primarily to hedge the currency exposure of its investments.

Terms: Currency forward contracts are two-sided contracts in the form of either forward purchases or forward sales. Forward purchases obligate TRS to purchase specific currency at an agreed upon price. Forward sales obligate TRS to sell specific currency at an agreed upon price. As of June 30, 2024, TRS had currency forward purchase or sale contracts for 34 different currencies with various settlement dates.

Fair Value: As of June 30, 2024, TRS's open currency forward contracts had a net fair value (unrealized loss) of \$2,210,529.

Financial Futures (Fixed Income and Index)

Objective: Financial futures are agreements to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. These derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, protect against changes in interest rates or replicate an index.

Terms: Futures contracts are standardized and traded on organized exchanges, thereby minimizing TRS's credit risk. As the daily fair value of the futures contract varies from the original contract price, a

gain or loss is recognized and paid to, or received from, the clearinghouse. As of June 30, 2024, TRS had outstanding futures contracts with a notional value, or exposure, of \$254,220,629. Notional values do not represent the actual values in the Statement of Fiduciary Net Position. The contracts have various expiration dates through September 2024.

Fair Value: Gains and losses on futures contracts are settled daily based on the change of the index or commodity price for the underlying notional value. Because of daily settlement, the futures contracts have no fair value. TRS's realized loss on futures contracts was \$10,406,291 during FY24.

Financial Options (Foreign Currency)

Objective: 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. The owner (buyer) of an option has all the rights, while the seller (writer) of an option has the obligations of the agreement. As a writer of financial options, TRS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums received are recorded as a liability when the financial option is written. The Options Clearing Corporation (OCC) performs much the same function for options markets as the clearinghouse does for futures markets.

Terms: As of June 30, 2024, the TRS investment portfolio held currency forward options with notional value of \$19,820,000. Contractual principal/notional values do not represent the actual values in the Statement of Fiduciary Net Position. The contracts have various expiration dates through February 2025.

Fair Value: Fluctuations in the fair value of financial options are recognized in TRS's financial statements as incurred rather than at the time the options are exercised or expire. As of June 30, 2024, the fair value of all option contracts, gross of premiums received, was (\$879,348). The fair value represents

the amount needed to close all positions as of that date.

Credit Default Swaps

Objective: Credit default swaps are financial instruments used to replicate the effect of investing in debt obligations of corporate bond issuers as a means to manage bond exposure, effectively buying or selling insurance protection in case of default. Credit default swaps may be specific to an individual security or to a specific market sector (index swaps). The risk of the credit default/index swap is comparable to the credit risk of the underlying debt obligations of issuers that comprise the credit default/index swap, with the primary risk being counterparty risk. The owner/buyer of protection (long the swap) pays an agreed upon premium to the seller of protection (short the swap) for the right to sell the debt at a previously agreed upon value in the event of a default by the bond issuer. The premium is paid periodically over the term of the swap or until a credit event of the bond issuer occurs. In the event of a default, the swap is called, and the seller of protection makes a payment to the buyer, which is usually based on a fixed percentage of total par.

Purchased credit default swaps decrease credit exposure (buying protection), providing the right to sell debt to the counterparty in the event of a default. A buyer of credit protection against a basket of securities pays an upfront or periodic payment until either maturity or default. In the event of a default, the buyer receives a lump-sum payment. If no default occurs, the buyer loses only the premium paid.

Written credit default swaps increase credit exposure (selling protection), obligating the portfolio to buy debt from counterparties in the event of a default. A seller of credit protection against a basket of securities receives an upfront or periodic payment to compensate against potential default events. If a default event occurs, the seller must pay the buyer the full notional value of the obligation in exchange for the obligation. If no default occurs, the seller will have earned the premium paid.

Terms: As of June 30, 2024, TRS had credit default swaps in its portfolio with various maturity dates through June 2029. The notional values as of June 30, 2024, included purchased credit default swaps (buying protection) of \$213,432,957 and written credit default swaps (selling protection) of \$57,234,281.

Fair Value: The fair value of credit default swaps held by TRS was (\$4,854,839) as of June 30, 2024. This represents the amount due to or (from) TRS under the terms of the counterparty agreements.

Interest Rate Swaps

Objective: Interest rate swaps are agreements between parties to exchange a set of cash flow streams 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. Long positions (receive fixed) increase exposure to long-term interest rates; short positions (pay fixed) decrease interest rate/risk exposure. Inflation-linked swaps are agreements

where a fixed payment is exchanged for a variable payment linked to an inflation index. These swaps can protect against unfavorable changes in inflation expectations and are used to transfer inflation risk from one counterparty to another.

Terms: As of June 30, 2024, TRS held interest rate swaps in various currencies with various expiration/ maturity dates ranging from 2024 to 2053. Swap agreements typically are settled on a net basis, with a party receiving or paying only the net amount of the fixed/floating payments. Payments may be made at the conclusion of a swap agreement or periodically during its term.

Fair Value: The table at right presents the fair value of TRS's interest rate swap exposure as of June 30, 2024.

As of June 30, 2024	
Receive floating/pay fixed	(\$799,864)
Receive fixed/pay floating	(2,223,167)

Derivative Interest Rate Risk

TRS is exposed to interest rate risk on various derivative instruments, including swaptions and options. The following table summarizes, as of June 30, 2024, a segmented time schedule of derivative instruments that are highly sensitive to interest rate changes.

Type	Fair Value	Investment Maturity (in Years)			
		Less Than 1 year	1 to 5 years	6 to 10 years	More than 10
Credit Default Swaps Bought	(\$5,324,989)	\$ -	(\$5,324,989)	\$ -	\$ -
Credit Default Swaps Written	470,150	-	470,150	-	-
Pay Fixed Interest Rate Swaps	(799,864)	57,161	(1,197,906)	340,881	-
Receive Fixed Interest Rate Swaps	(2,223,167)	(542,623)	(696,230)	(1,169,276)	184,962
Total Return Swaps Bond	(303,323)	(303,323)	-	-	-
Total Return Swaps Equity	2,132,296	2,132,296	-	-	-
Total	<u>(\$6,048,897)</u>	<u>\$1,343,511</u>	<u>(\$6,748,975)</u>	<u>(\$828,395)</u>	<u>\$184,962</u>

TRS had the following interest rate swaps at June 30, 2024.

Asset Description	TRS Receives	TRS Pays	Notional	Fair Value 6/30/24
Pay Fixed Interest Rate/Inflation Swaps:				
Interest Rate Swap BRL	3 month Brazilian CDI	10.96%	\$1,711,906	\$87,750
Interest Rate Swap CLP	6 month Chile Interbank Rate	3.17	2,756,575	111,040
Interest Rate Swap CLP	6 month Chile Interbank Rate	5.55	7,500,098	(34,083)
Interest Rate Swap COP	3 month IBRCO	6.85	1,169,280	40,805
Interest Rate Swap COP	3 month IBRCO	10.13	1,460,743	(82,209)
Interest Rate Swap COP	3 month IBRCO	10.19	4,485,730	(260,691)
Interest Rate Swap COP	3 month IBRCO	10.96	2,726,740	(220,905)
Interest Rate Swap COP	3 month IBRCO	11.97	2,236,475	(247,836)
Interest Rate Swap COP	3 month IBRCO	11.30	1,870,497	(163,941)
Interest Rate Swap COP	3 month IBRCO	7.44	2,840,665	72,258
Interest Rate Swap COP	3 month IBRCO	9.70	5,553,122	(73,651)
Interest Rate Swap COP	3 month IBRCO	7.97	5,044,105	24,747
Interest Rate Swap CZK	6 month PRIBOR	4.50	8,443,951	(32,663)
Interest Rate Swap CZK	6 month PRIBOR	4.25	10,817,629	(60,469)
Interest Rate Swap EUR	12 month ESTR	2.08	1,366,482	53,452
Interest Rate Swap HUF	6 month BUBOR	6.25	5,346,198	14,734
Interest Rate Swap HUF	6 month BUBOR	6.20	5,516,466	34,497
Interest Rate Swap HUF	6 month BUBOR	6.88	4,477,482	(41,272)
Interest Rate Swap KRW	91 day CD-KSDA	3.10	4,168,421	10,291
Interest Rate Swap KRW	91 day CD-KSDA	3.16	22,811,478	(14,337)
Interest Rate Swap MXN	28 day Mexican TIIE	8.54	142,627	4,989
Interest Rate Swap MXN	28 day Mexican TIIE	8.66	198,299	6,629
Interest Rate Swap MXN	28 day Mexican TIIE	8.57	3,085,177	115,552
Interest Rate Swap MXN	28 day Mexican TIIE	9.36	1,933,554	13,975
Interest Rate Swap MXN	28 day Mexican TIIE	9.73	390,583	(2,927)
Interest Rate Swap MXN	28 day Mexican TIIE	9.57	2,214,323	(2,321)
Interest Rate Swap MXN	28 day Mexican TIIE	10.10	13,118,427	(12,470)
Interest Rate Swap PLN	6 month WIBOR	4.30	7,795,923	74,808
Interest Rate Swap PLN	6 month WIBOR	6.41	1,096,293	(95,533)
Interest Rate Swap PLN	6 month WIBOR	7.90	3,633,288	(302,314)
Interest Rate Swap PLN	6 month WIBOR	6.02	3,905,189	(6,973)
Interest Rate Swap ZAR	3 month JIBAR	7.42	3,322,015	219,937
Interest Rate Swap ZAR	3 month JIBAR	7.49	2,468,236	163,025
Interest Rate Swap ZAR	3 month JIBAR	8.25	5,291,895	(10,674)
Interest Rate Swap ZAR	3 month JIBAR	8.46	737,644	(11,248)

(continued)

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Asset Description	TRS Receives	TRS Pays	Notional	Fair Value 6/30/24
Interest Rate Swap ZAR	3 month JIBAR	9.09%	\$1,267,306	(\$47,233)
Interest Rate Swap ZAR	3 month JIBAR	8.74	4,304,984	(96,486)
Interest Rate Swap ZAR	3 month JIBAR	8.93	923,330	(28,117)
Total Pay Fixed Interest Rate/ Inflation Swaps:			\$158,133,136	(\$799,864)
Receive Fixed Interest Rate/ Inflation Swaps:				
Interest Rate Swap BRL	5.76%	3 month Brazilian CDI	\$1,135,507	(\$210,050)
Interest Rate Swap BRL	6.78	3 month Brazilian CDI	1,074,184	(420,288)
Interest Rate Swap BRL	10.60	3 month Brazilian CDI	1,059,527	(93,462)
Interest Rate Swap BRL	10.75	3 month Brazilian CDI	1,317,777	(42,778)
Interest Rate Swap BRL	10.96	3 month Brazilian CDI	1,354,003	(69,405)
Interest Rate Swap BRL	11.12	3 month Brazilian CDI	110,724	(3,322)
Interest Rate Swap BRL	11.19	3 month Brazilian CDI	3,162,953	(107,823)
Interest Rate Swap BRL	11.53	3 month Brazilian CDI	11,561,447	(90,528)
Interest Rate Swap BRL	11.80	3 month Brazilian CDI	1,875,548	(13,319)
Interest Rate Swap CLP	1.66	6 month Chile Interbank Rate	1,919,644	(60,046)
Interest Rate Swap CLP	3.51	6 month Chile Interbank Rate	2,473,290	(85,824)
Interest Rate Swap CLP	5.07	6 month Chile Interbank Rate	2,230,552	(17,680)
Interest Rate Swap CLP	5.10	6 month Chile Interbank Rate	198,957	(3,147)
Interest Rate Swap CLP	5.38	6 month Chile Interbank Rate	1,660,725	5,865
Interest Rate Swap CNY	2.16	3 Month CNRR	10,570,943	112,247
Interest Rate Swap CNY	2.26	3 Month CNRR	10,170,588	147,950
Interest Rate Swap CNY	2.31	3 Month CNRR	7,112,530	104,020
Interest Rate Swap COP	3.67	3 Month COOVIBR	3,341,011	(153,963)
Interest Rate Swap COP	6.65	3 Month COOVIBR	647,522	(53,279)
Interest Rate Swap CZK	1.52	6 month PRIBOR	1,508,208	(176,944)
Interest Rate Swap CZK	3.92	6 month PRIBOR	4,112,749	20,112
Interest Rate Swap CZK	3.96	6 month PRIBOR	4,899,695	33,499
Interest Rate Swap CZK	4.23	6 month PRIBOR	2,046,532	49,205
Interest Rate Swap CZK	4.29	6 month PRIBOR	2,248,083	67,836
Interest Rate Swap HUF	1.96	6 month BUBOR	2,546,961	(426,804)
Interest Rate Swap HUF	6.20	6 month BUBOR	2,506,906	(2,394)
Interest Rate Swap KRW	3.16	91 day CD-KSDA	22,811,478	14,337
Interest Rate Swap KRW	3.17	91 day CD-KSDA	22,520,886	54,354

(continued)

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Asset Description	TRS Receives	TRS Pays	Notional	Fair Value 6/30/24
Interest Rate Swap KRW	3.83%	91 day CD-KSDA	\$4,674,518	\$132,834
Interest Rate Swap MXN	8.11	28 day Mexican TIIE	955,675	(48,042)
Interest Rate Swap MXN	8.43	28 day Mexican TIIE	1,421,892	(84,068)
Interest Rate Swap MXN	8.51	28 day Mexican TIIE	3,531,213	(142,234)
Interest Rate Swap MXN	8.65	28 day Mexican TIIE	607,312	(21,182)
Interest Rate Swap MXN	8.66	28 day Mexican TIIE	4,218,096	(142,907)
Interest Rate Swap MXN	8.69	28 day Mexican TIIE	3,573,323	(118,174)
Interest Rate Swap MXN	9.05	28 day Mexican TIIE	4,194,034	(60,843)
Interest Rate Swap MXN	9.06	28 day Mexican TIIE	1,510,486	(21,499)
Interest Rate Swap MXN	9.19	28 day Mexican TIIE	5,080,747	(46,850)
Interest Rate Swap MXN	9.71	28 day Mexican TIIE	4,847,010	118,857
Interest Rate Swap MXN	9.77	28 day Mexican TIIE	10,664,187	(107,534)
Interest Rate Swap MXN	10.22	28 day Mexican TIIE	37,297,312	(44,193)
Interest Rate Swap MXN	10.22	28 day Mexican TIIE	20,890,870	(24,753)
Interest Rate Swap MXN	10.44	28 day Mexican TIIE	21,106,341	33,118
Interest Rate Swap MYR	3.62	3 month KLIBOR	6,931,638	5,982
Interest Rate Swap PLN	1.80	6 month WIBOR	3,930,299	(10,741)
Interest Rate Swap PLN	4.09	6 month WIBOR	3,793,416	(137,662)
Interest Rate Swap PLN	4.81	6 month WIBOR	2,802,950	(22,153)
Interest Rate Swap PLN	6.83	6 month WIBOR	2,323,603	117,246
Interest Rate Swap PLN	6.85	6 month WIBOR	4,627,306	252,608
Interest Rate Swap THB	2.91	12 month THOR	1,888,412	32,606
Interest Rate Swap USD	2.92	SOFR	1,350,000	(88,135)
Interest Rate Swap USD	3.21	SOFR	9,490,000	(506,409)
Interest Rate Swap ZAR	8.93	3 month JIBAR	4,067,087	123,435
Interest Rate Swap ZAR	9.16	3 month JIBAR	757,010	9,157
Total Receive Fixed Interest Rate/Inflation Swaps:			\$294,713,667	(\$2,223,167)

BUBOR - Budapest Interbank Offered Rate, **CDI** - Cetip Interbank Deposit (interbank lending rate), **CD-KSDA** - Certificates of Deposit, Korean Securities Dealer Assoc., **CNRR** - China Fixing Repo Rates, **ESTR** - Euro Short-Term Rate, **IBRCO** - Colombia Interbank Rate, **JIBAR** - Johannesburg Interbank Average Rate, **KLIBOR** - Kuala Lumpur Interbank Offered Rate, **PRIBOR** - Prague Interbank Offered Rate, **SOFR** - Secured Interbank, **THOR** - Tokyo Term Risk-Free, **TIIE** - Mexico Interbank, **WIBOR** - Warsaw Interbank

Derivative Credit Risk

Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the established terms. In order to eliminate credit risk, derivative securities are traded through a clearing house which guarantees delivery and accepts the risk of default by either party. Derivatives which are exchange traded are not subject to credit risk and are evaluated within the investment risk disclosure.

Non-exchange traded derivative instruments may expose TRS to credit/counterparty risk. TRS investment managers reduce credit risk by evaluating the credit quality and operational capabilities of the counterparties. Because the counterparty risk of a security will fluctuate with market movements, all TRS managers using non-exchange traded derivatives operate a collateral call process ensuring full collateralization of these derivatives. TRS does not have a policy regarding master netting arrangements.

As of June 30, 2024, the aggregate fair value of non-exchange traded derivative instruments in asset positions was \$21,145,258. All applicable futures, options and swaps are in compliance with Dodd-Frank requirements and cleared through the appropriate futures and swaps exchanges. The counterparty risk exposure below is primarily unsettled currency forward contracts. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Counterparty Ratings for Non-Exchange Traded Derivatives

Quality Rating	Fair Value at June 30, 2024
Aa1	\$592,055
Aa2	1,094,697
Aa3	8,258,194
A1	8,434,789
A2	1,692,683
A3	1,072,840
Total subject to credit risk	<u>\$21,145,258</u>

Although the derivative instruments held within the TRS investment portfolio are executed with various counterparties, approximately 98 percent of the fair value exposure to credit risk is for non-exchange traded derivative contracts held with 10 counterparties.

5. Investment Commitments

Investments in certain limited partnerships commit TRS to possible future capital contributions. As of June 30, 2024, TRS had remaining unfunded commitments of \$14,185,538,324 within the real estate, other real assets, private equity, diversifying strategies and global income asset classes.

6. Schedule of Investment Returns

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of investment expense, was 8.7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts invested.

7. Fair Value Measurement

TRS categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets and liabilities.

Level 2 Significant other observable inputs, which may include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are

observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the investment.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Investments measured at fair value using net asset value (NAV) per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Debt and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets, to the extent these securities are actively traded.

Short-term investments consisting of money market funds, certificates of deposit and highly liquid cash equivalents are generally reported at amortized cost which approximates fair value. These investments are not categorized in the fair value hierarchy.

Debt and investment derivatives classified in Level 2 of the fair value hierarchy are normally valued based

on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices. Exchange traded and over-the-counter investment derivatives valued by independent pricing service providers, where the value is derived from underlying asset prices, reference rates, indices or other observable inputs are also included in Level 2.

Debt securities classified as Level 3 include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data and securities valued with last trade date due to limited trading volume. Real assets classified as Level 3 include direct investments in real estate. Valuations for real estate investments are performed quarterly by investment managers. An appraisal by an independent third-party member of the Appraisal Institute is obtained once every three years for each property and is used to establish fair value.

The following table summarizes the valuation of TRS investments by the fair value hierarchy levels as of June 30, 2024.

Investments and Derivative Instruments Measured at Fair Value (\$ thousands)

Investments by fair value level	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt securities				
Asset-backed securities	\$299,128	\$ -	\$299,128	\$ -
Commercial/collateralized mortgages & loans	186,789	-	186,789	-
Domestic corporate obligations	1,379,927	-	1,379,927	-
Fixed income mutual funds	2,615,261	-	45,485	2,569,776
Foreign debt/corporate obligations	2,034,382	51	2,034,331	-
Municipals	821	-	821	-
U.S. agencies obligations	67,095	-	67,095	-
U.S. government-backed mortgages	280,506	-	280,506	-
U.S. treasuries	829,597	-	829,597	-
Total debt securities	7,693,506	51	5,123,679	2,569,776
Equity investments				
International common and preferred stock	10,647,489	10,638,877	8,612	-
U.S. common and preferred stock	14,084,326	14,052,300	32,026	-
Total equity investments	24,731,815	24,691,177	40,638	-
Real assets				
Real estate	4,524,057	-	-	4,524,057
Total real assets	4,524,057	-	-	4,524,057
Total investments by fair value level	\$36,949,378	\$24,691,228	\$5,164,317	\$7,093,833
Investments measured at the net asset value (NAV)				
Commingled fixed income funds	\$651,212			
Diversifying strategies	1,689,036			
Private debt partnerships	8,879,091			
Private equity partnerships	12,303,948			
Private real estate partnerships	5,729,723			
Real asset partnerships	2,088,364			
Total investments measured at the NAV	31,341,374			
Total investments measured at fair value	\$68,290,752			
Investment derivative instruments				
Credit default swaps	(\$4,855)	\$ -	(\$4,855)	\$ -
Index and variance swaps	1,829	-	1,829	-
Interest rate and inflation swaps	(3,023)	-	(3,023)	-
Options/swaptions	(879)	-	(879)	-
Total investment derivative instruments	(\$6,928)	\$ -	(\$6,928)	\$ -

Investments measured at NAV for fair value are not subject to level classification. The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

Investments Measured at the Net Asset Value (NAV) (\$ thousands)

	Fair Value June 30, 2024	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled fixed income funds ¹	\$651,212	\$ -	Monthly, quarterly	30-60 days
Diversifying funds - liquid	1,624,307	-	Daily, weekly, monthly, quarterly	1-90 days
Diversifying funds - illiquid	64,729	70,523	Not eligible	N/A
Total diversifying strategies²	1,689,036	70,523		
Custom private debt partnerships	3,987,908	943,357	Monthly, quarterly, not eligible	60-90 days; N/A
Private debt partnerships	4,891,183	2,694,781	Not eligible	N/A
Total private debt partnerships³	8,879,091	3,638,138		
Private equity partnerships ⁴	12,303,948	6,438,263	Not eligible	N/A
Private real estate partnerships ⁴	5,729,723	3,296,392	Not eligible	N/A
Real assets partnerships ⁵	2,088,364	742,222	Not eligible	N/A
Total investments measured at the NAV	<u>\$31,341,374</u>	<u>\$14,185,538</u>		

- 1) Commingled fixed income funds:** The investment strategies for the five fixed income funds include ESG, high yield, defensive bond arbitrage, global liquidity relative value and emerging market debt. The fair value of the investments has been determined using the NAV per share (or its equivalent) of the investments. Liquidity is available monthly or quarterly upon notice of redemption.
- 2) Diversifying funds:** The diversifying strategies asset class applies various strategies that provide diversification to the total investment portfolio. Investments focus on reducing equity-like risk characteristics encompassed in the overall TRS portfolio by enhancing exposures to strategies that show little to no correlation to growth factors while adding positive skew and active risk management characteristics. Two factor portfolio direct investments include trend/momentum exposures. The systematic and discretionary macro strategies include direct investments in two funds diversifying through regional and product expertise, speed of algorithms and style of trading. Opportunistic funds, including three direct investments, one diversified fund of funds and two co-investment specific funds, use idiosyncratic alpha capture through liquidity and security selection. The fair value of these investments has been determined using the NAV per share of the investments (or its equivalent). The most significant element of NAV is the fair value of the underlying investment holdings which are valued on either a monthly or quarterly basis by the general partner and are audited annually. Most strategies maintain a liquidity profile of less than one year, ranging from daily to quarterly and require advance notice prior to redemption. TRS is currently liquidating four opportunistic investments as part of strategic asset allocation repositioning.
- 3) Private debt partnerships:** Private debt funds consist of 80 funds investing across strategies such as stressed debt/credit, direct and specialty lending, real estate and real asset credit and global multi-credit strategies. Eight of these funds are custom partnerships investing in opportunistic investments. The private debt funds provide additional exposure to niche and/or specific non-traditional point-in-time opportunities that are not normally targeted by traditional fixed income managers. Funds are valued using the NAV per share (or its equivalent) and are audited annually. Redemption restrictions are in place over the life of the

partnership. The average life of these funds span three to 12 years and distributions are received throughout the life of the fund. Most custom partnerships allow TRS to liquidate upon giving advanced notice. TRS has no plans to liquidate as of June 30, 2024, and TRS did not sell any funds on the secondary market during the fiscal year. As of June 30, 2024, it is probable that all investments in this type will be sold at an amount different from the current NAV of the Plan's ownership interest.

- 4) **Private equity and real estate partnerships:** TRS has 267 private equity partnerships which include investments in privately held equity, such as buyouts, co-investments, venture capital and growth equity, as well privately held debt. The 66 real estate limited partnerships invest in various property types across multiple geographic regions. Investments in limited partnerships are normally long-term with an approximate life of 10 to 15 years and considered illiquid. Investors are subject to redemption restrictions which limit and restrict the ability of limited partners to exit prior to dissolution. Partnership interests are valued using their respective NAV calculated by the general partner's fair valuation policy and are generally audited annually. The most significant element of NAV is the fair value of the investment holdings which are typically valued on a quarterly basis by the general partners. Distributions are received as the funds sell underlying portfolio company investments. TRS has no plans on liquidating the portfolio; however, will opportunistically sell funds in the secondary market to reposition the portfolio and optimize returns. TRS did not sell any private equity or real estate partnerships on the secondary market during the fiscal year. As of June 30, 2024, it is probable that all investments in this type will be sold at an amount different from the current NAV of the Plan's ownership interest.
- 5) **Real assets partnerships:** Real assets strategies include 15 limited partnerships investing in global infrastructure, direct energy, renewables, and non-U.S. agriculture. These partnerships are not eligible for redemption, considered illiquid and have an approximate life of six to 20 years. Distributions are received during the life of the fund as underlying investments are liquidated. Partnership interests are valued by the general partner using their respective NAV per share (or equivalent), with the most significant element of NAV being the fair value of the investment holdings. TRS has no plans to liquidate these funds. As of June 30, 2024, it is probable that all investments in this type will be sold at an amount different from the current NAV of the Plan's ownership interest.

E. RESERVES

TRS maintains statutory reserve accounts in accordance with the provisions of 40 ILCS 5/16-101 et seq. In 1997, the Illinois General Assembly passed legislation that allowed the crediting of additions at fair value, as opposed to book value, to the Benefit Trust Reserve.

1. Benefit Trust

2024	
Balances at June 30	\$71,411,729,143

This reserve serves as a clearing account for TRS additions and deductions. The reserve is credited with contributions from the State of Illinois that are not specifically allocated to the Minimum Retirement Annuity Reserve, member and employer contributions, income from TRS invested assets and contributions from annuitants who qualify for automatic annual increases in annuity.

The reserve accumulates, with 6 percent interest, the contributions by members prior to retirement. Contributions have been 7.5 percent of salary since July 1, 1998. Contributions are fully refundable upon withdrawal from TRS, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death of those retiring or dying during the year and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member's balance in the reserve at the beginning of the fiscal year.

This reserve is charged for transfers to the Minimum Retirement Annuity Reserve and all

- refunds to withdrawing members,
- retirement annuity payments (except as provided by the Minimum Retirement Annuity Reserve),
- benefits that are paid to disabled members,
- death benefits paid and
- refunds to annuitants for survivor benefit contributions.

The expected benefit payments do not equal the present value of the reserve. The additional amount needed (the unfunded actuarial accrued liability) as calculated by the actuary was \$83.6 billion in FY24 based on the actuarial value of assets.

2. Minimum Retirement Annuity

2024	
Balances at June 30	\$12,984,782

The minimum annuity is set by law at \$25 per month for each year of creditable service to a maximum of \$750 per month after 30 or more years of creditable service. To qualify, annuitants are required to make a one-time contribution that is credited to the reserve. Interest at 6 percent is credited to the reserve annually based upon the average reserve balance. The State of Illinois also appropriated funds necessary to pay the minimum benefits. All benefits paid under this program are charged to the reserve. This reserve is fully funded.

F. OTHER POST EMPLOYMENT BENEFITS FOR TRS EMPLOYEES

The state provides health, dental, vision and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services (CMS). Substantially all state employees become eligible for post employment benefits if they eventually become annuitants of one of the state-sponsored pension plans.

Health, dental and vision benefits include basic benefits for annuitants and dependents under the state's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental and vision benefits with an amount based on factors such as date of retirement, years of credited service with the State of Illinois, whether the annuitant is covered by Medicare and whether the annuitant has chosen a managed health care plan. Employees of the System who retired before Jan. 1, 1998 and are vested in either SERS or TRS do not contribute towards health and vision benefits. A premium is required

for dental. For annuitants who retired on or after Jan. 1, 1998, the annuitant's contribution amount is reduced 5 percent for each year of credited service with the state allowing those annuitants with 20 or more years of credited service to not have to contribute towards health and vision benefits. A premium is required for dental. Annuitants also receive life insurance coverage equal to the annual salary of their last day of employment until age 60, at which time the benefit becomes \$5,000.

The State of Illinois pays the TRS portion of employer costs for the benefits provided. The total cost of the state's portion of health, dental, vision and life insurance benefits of all members, including post employment health, dental, vision and life insurance benefits, is recognized as an expenditure by the state in the Illinois Annual Comprehensive Financial Report. The System adopted GASB 75 but

has chosen not to record the other post employment liability because it is deemed insignificant to the financial statements. The footnote and required supplementary information also required by GASB 75 have been excluded, as well, due to the insignificance of the liability.

A summary of post employment benefit provisions, changes in benefit provisions and employee eligibility requirements, including eligibility for vesting and the authority under which benefit provisions are established, are included as an integral part of the financial statements for CMS. A copy of the financial statements may be obtained by contacting their office, Department of Central Management Services, 704 Stratton Office Building, Springfield, IL 62706.



Lori G.

Where do/did you teach? *Mattoon, Lift*

What level(s) do/did you teach?
*Kindergarten, now teach 11th and 12
Grades*

**What did you "take away" from your
counseling session today?**
Learning about retirement.

What do you plan to do in retirement?
*Give back to the community and
family time.*

**What will you miss about your profes-
sion after retirement?**
Students and the relationships.

**What advice would you give to
new teachers?**
*Be open minded. Consider all sides of
the story. Not everyone comes from the
same place.*



Ryan G.

Where do/did you teach? *Mattoon, CUSD #2*

What level(s) do/did you teach? *10th and 11th Grades*

What did you "take away" from your counseling session today?
When I will be able to retire and my future benefits.

What do you plan to do in retirement?
Golf, fish, and hunt.

What will you miss about your profession after retirement?
Working to help students learn.

What advice would you give to new teachers?
Enjoy your time. It will go quickly.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability for Fiscal Years:

	2024	2023	2022	2021
Total pension liability				
Service cost	\$2,309,476,634	\$2,229,200,487	\$2,097,274,410	\$2,032,149,463
Interest	10,476,520,526	10,144,364,716	9,834,039,952	9,580,886,840
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	76,540,137	405,098,326	(260,304,587)	(370,469,646)
Change of assumptions	1,202,972,544	-	448,727,943	(162,359,084)
Benefit payments, including refund of member contributions	(8,260,383,852)	(7,967,329,515)	(7,669,576,246)	(7,388,142,712)
Net change in total pension liability	5,805,125,989	4,811,334,014	4,450,161,472	3,692,064,861
Total pension liability - beginning	151,485,294,234	146,673,960,220	142,223,798,748	138,531,733,887
Total pension liability - ending (a)	157,290,420,223	151,485,294,234	146,673,960,220	142,223,798,748
Plan fiduciary net position				
Contributions - employer	132,235,207	124,748,100	120,876,570	97,594,081
Contributions - nonemployer contributing entity	6,158,581,314	6,009,158,073	5,866,799,836	5,140,648,356
Contributions - member	1,168,677,259	1,109,497,833	1,072,639,330	1,023,531,951
Net investment income (loss)	5,757,906,980	4,427,042,975	(743,042,373)	13,046,153,685
Benefit payments, including refund of member contributions	(8,260,383,852)	(7,967,329,515)	(7,669,576,246)	(7,388,142,712)
Administrative expense	(37,020,402)	(32,026,386)	(26,575,798)	(23,758,112)
Net change in plan fiduciary net position	4,919,996,506	3,671,091,080	(1,378,878,681)	11,896,027,249
Plan fiduciary net position - beginning	66,504,717,419	62,833,626,339	64,212,505,020	52,316,477,771
Plan fiduciary net position - ending (b)	71,424,713,925	66,504,717,419	62,833,626,339	64,212,505,020
Employers' net pension liability - ending (a) - (b)	\$85,865,706,298	\$84,980,576,815	\$83,840,333,881	\$78,011,293,728

Schedule of the Net Pension Liability for Fiscal Years:

	2024	2023	2022	2021
Total pension liability	\$157,290,420,223	\$151,485,294,234	\$146,673,960,220	\$142,223,798,748
Plan fiduciary net position	71,424,713,925	66,504,717,419	62,833,626,339	64,212,505,020
Net pension liability	\$85,865,706,298	\$84,980,576,815	\$83,840,333,881	\$78,011,293,728
Plan fiduciary net position as a percentage of the total pension liability	45.4%	43.9%	42.8%	45.1%
Covered payroll	\$12,721,190,256	\$12,382,202,189	\$11,647,247,711	\$11,120,776,122
Net pension liability as a percentage of covered payroll	675.0%	686.3%	719.8%	701.5%

2020	2019	2018	2017	2016	2015
\$1,991,622,987	\$1,947,627,286	\$1,838,002,948	\$1,877,570,053	\$1,681,242,232	\$1,948,079,771
9,296,897,060	8,991,684,121	8,703,519,454	8,390,352,464	8,264,257,311	7,864,916,421
-	-	(374,603,419)	-	-	-
(28,215,833)	258,778,925	1,191,346,970	482,486,212	701,827,169	(90,079,446)
-	77,241,572	(666,054,719)	(2,725,599,755)	7,553,894,504	1,136,454,886
<u>(7,099,524,955)</u>	<u>(6,818,760,572)</u>	<u>(6,551,634,376)</u>	<u>(6,438,005,920)</u>	<u>(5,931,207,177)</u>	<u>(5,625,037,173)</u>
4,160,779,259	4,456,571,332	4,140,576,858	1,586,803,054	12,270,014,039	5,234,334,459
134,370,954,628	129,914,383,296	125,773,806,438	124,187,003,384	111,916,989,345	106,682,654,886
138,531,733,887	134,370,954,628	129,914,383,296	125,773,806,438	124,187,003,384	111,916,989,345
92,658,238	88,514,781	84,633,117	149,495,577	148,040,767	145,591,585
4,813,451,679	4,466,020,692	4,095,125,358	3,986,363,699	3,742,469,245	3,377,664,945
994,400,416	963,972,120	938,037,245	929,130,165	951,809,398	935,451,049
275,669,398	2,617,831,332	4,049,271,728	5,520,453,001	(44,103,178)	1,770,549,533
(7,099,524,955)	(6,818,760,572)	(6,551,634,376)	(6,438,005,920)	(5,931,207,177)	(5,625,037,173)
<u>(22,966,372)</u>	<u>(24,335,680)</u>	<u>(21,550,896)</u>	<u>(22,728,735)</u>	<u>(22,967,917)</u>	<u>(21,686,860)</u>
(946,311,596)	1,293,242,673	2,593,882,176	4,124,707,787	(1,155,958,862)	582,533,079
53,262,789,367	51,969,546,694	49,375,664,518	45,250,956,731	46,406,915,593	45,824,382,514
52,316,477,771	53,262,789,367	51,969,546,694	49,375,664,518	45,250,956,731	46,406,915,593
<u>\$86,215,256,116</u>	<u>\$81,108,165,261</u>	<u>\$77,944,836,602</u>	<u>\$76,398,141,920</u>	<u>\$78,936,046,653</u>	<u>\$65,510,073,752</u>

2020	2019	2018	2017	2016	2015
\$138,531,733,887	\$134,370,954,628	\$129,914,383,296	\$125,773,806,438	\$124,187,003,384	\$111,916,989,345
<u>52,316,477,771</u>	<u>53,262,789,367</u>	<u>51,969,546,694</u>	<u>49,375,664,518</u>	<u>45,250,956,731</u>	<u>46,406,915,593</u>
<u>\$86,215,256,116</u>	<u>\$81,108,165,261</u>	<u>\$77,944,836,602</u>	<u>\$76,398,141,920</u>	<u>\$78,936,046,653</u>	<u>\$65,510,073,752</u>
37.8%	39.6%	40.0%	39.3%	36.4%	41.5%
\$10,827,438,800	\$10,450,452,444	\$10,163,980,000	\$9,965,569,893	\$9,811,614,284	\$9,641,170,627
796.3%	776.1%	766.9%	766.6%	804.5%	679.5%

Schedule of Investment Returns for Fiscal Years:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	8.7%	7.2%	(1.2%)	25.4%	0.6%	5.1%	8.5%	12.5%	(0.1%)	4.0%

Schedule of Contributions from Employers and Other Contributing Entities, Last 10 Fiscal Years (\$ thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined contribution (ADC)	\$9,694,780	\$9,201,648	\$8,947,919	\$8,441,258	\$7,988,612	\$7,429,037	\$7,080,756	\$6,248,879	\$4,582,530	\$4,119,526
Contributions in relation to the actuarially-determined contribution:*										
State	6,158,370	6,008,948	5,866,530	5,140,337	4,813,078	4,465,578	4,094,616	3,985,783	3,741,802	3,376,878
Federal & Employer Contributions	130,977	123,194	120,441	97,082	92,038	87,707	84,034	148,749	147,408	144,780
Total contributions	6,289,347	6,132,142	5,986,971	5,237,419	4,905,116	4,553,285	4,178,650	4,134,532	3,889,210	3,521,658
Contribution deficiency	3,405,433	3,069,506	\$2,960,948	\$3,203,839	\$3,083,496	\$2,875,752	\$2,902,106	\$2,114,347	\$693,320	\$597,868
Covered payroll	\$12,721,190	\$12,382,202	\$11,647,248	\$11,120,776	\$10,827,439	\$10,450,452	\$10,163,980	\$9,965,570	\$9,811,614	\$9,641,171
Contributions as a percentage of covered payroll	49.4%	49.5%	51.4%	47.1%	45.3%	43.6%	41.1%	41.5%	39.6%	36.5%

* Contributions for minimum benefits from the state and for excess sick from employers do not count towards actuarial funding requirements. Beginning in FY18, employer contributions on salaries exceeding the statutory salary of the governor are included and the projected excess salary contribution is included in the ADC. In all years, employer contributions for excess salary increases are included. However, employer contributions for excess sick leave are not included because there is no assumption for excess sick leave, and it is not included in the funding requirements. Before FY17, the actuarially determined contribution was based on GASB Statement No. 25. Beginning in FY17, a different basis for determining the actuarially-determined contribution is used, as described in the following table. For FY22, the state contribution amount includes an additional one-time contribution of \$173 million appropriated for TRS per Public Act 102-0696. For FY23, the state contribution amount includes an additional one-time contribution of \$115 million appropriated for TRS per Public Act 102-0698. An additional \$115,215,500 was appropriated in a FY23 supplemental bill, Public Act 103-000, however, it was not received by TRS until FY24.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in Net Pension Liability and the Schedule of Net Pension Liability are affected by various factors. In FY24, the total pension liability increased by \$5.8 billion.

The Schedule of Contributions from Employers and Other Contributing Entities compares actual and actuarially-determined contributions. There is a difference between these amounts because actual contributions are based on state statute under a methodology that does not conform to that used to determine the actuarially-determined contribution.

The following assumptions were used to determine the statutory and actuarially-determined contributions for FY24.

	For Funding per State Statute	For Determining the Actuarially-determined Contribution
Valuation Used to Determine Funding Amount:	June 30, 2022	June 30, 2022
Actuarial Cost Method:	Projected unit credit	Entry age normal
Amortization Method:	15-year phase-in to a level percent of payroll reached in FY10; then level percent of payroll until a 90 percent funding level is achieved in FY45	Level percent of payroll. Amortization payments increase at the rate of future state revenue growth, assumed to be 2%.
Remaining Amortization:	21 years, closed	20 years, closed beginning with 2015 actuarial valuation; subsequent increases in the UL amortized over subsequent 20-year periods.
Asset Valuation Method:	Actuarial value of assets with five-year smoothing of investment gains and losses	Actuarial value of assets with five-year smoothing of investment gains and losses.

SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30

	2024	2023
Personnel services		
Salaries	\$16,728,490	\$14,142,121
Retirement contributions	1,672,377	1,541,483
Insurance and payroll taxes	5,344,849	4,969,463
	<u>23,745,716</u>	<u>20,653,067</u>
Professional services		
Actuarial services	299,669	166,000
External auditors	253,942	227,483
Legal services	314,261	374,144
Legislative consulting	90,000	87,000
Information systems consulting	5,577,099	4,795,053
Operations consulting	270,614	218,973
Other	25,783	21,063
	<u>6,831,368</u>	<u>5,889,716</u>
Communications		
Postage	224,558	173,794
Printing and copying	50,115	57,634
Telephone	172,300	171,544
	<u>446,973</u>	<u>402,972</u>
Other services		
Administrative services	583,049	303,435
Building operations and maintenance	276,176	399,768
EDP supplies and equipment	562,230	249,155
Equipment repairs, rental and maintenance	223,411	143,914
Insurance	737,265	677,540
Memberships and subscriptions	226,791	283,934
Office equipment and furniture	15,540	40,469
Office supplies	22,215	20,094
Software licenses and maintenance	809,630	731,639
Travel, conferences, education	286,793	160,172
	<u>3,743,100</u>	<u>3,010,120</u>
Depreciation expense	<u>3,769,566</u>	<u>3,415,452</u>
Total administrative expenses	<u>\$38,536,723</u>	<u>\$33,371,327</u>

Note: Above amounts do not include investment administrative expenses, which are deducted from investment income and shown in a separate schedule on the following page.

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEARS ENDED JUNE 30

	2024	2023
Investment manager fees*	<u>\$497,490,153</u>	<u>\$474,328,976</u>
Master custodian fees*		
State Street Bank and Trust Company	<u>4,005,525</u>	<u>4,071,150</u>
Investment consultants		
Aksia, L.L.C.	828,678	700,000
RVK, Inc.	545,000	465,000
Stepstone Group, L.P.	1,053,662	1,022,973
Stepstone Group Real Estate, L.P.	<u>349,372</u>	<u>339,197</u>
	<u>2,776,712</u>	<u>2,527,170</u>
Investment advisors		
Ernst & Young Private, Ltd.	242,524	160,589
Evercore Group L.L.C.	1,982,048	-
Meketa Investment Group, Inc.	300,000	480,000
Stout Risius Ross, Inc.	<u>180,000</u>	<u>277,500</u>
	<u>2,704,572</u>	<u>918,089</u>
Legal services		
DLA Piper, L.L.P.	<u>712,058</u>	<u>1,031,864</u>
Other investment expense		
Auditing costs	147,163	145,250
Communication services	28,843	28,620
Education, meetings and travel	124,970	75,404
Investment activity expenses	1,685,007	1,929,009
Investment analytical systems	1,204,371	1,132,249
Personnel costs	5,610,239	5,344,295
Research, subscriptions and memberships	82,063	64,275
Other costs	<u>287,454</u>	<u>140,306</u>
	<u>9,170,110</u>	<u>8,859,408</u>
Total investment expenses	<u>\$516,859,130</u>	<u>\$491,736,657</u>

* Investment manager and custodian fee details are shown on pages 71 to 75.

SCHEDULE OF PROFESSIONAL SERVICES FOR THE YEARS ENDED JUNE 30

	2024	2023
Actuarial services		
Gabriel, Roeder, Smith & Company	\$75,000	\$ -
The Segal Company Midwest, Inc.	224,669	166,000
	<u>299,669</u>	<u>166,000</u>
External auditors		
Office of the Auditor General (Forvis Mazars, L.L.P.)	253,942	227,483
Legal services		
Elrod Friedman L.L.P.	11,675	16,838
Holland & Knight, L.L.P.	56,434	144,057
Howard & Howard Attorneys, P.L.L.C.	11,628	23,987
Ice Miller L.L.P.	65,647	93,965
King & Spalding L.L.P.	81,913	-
Nixon Peabody L.L.P.	400	17,568
State of Illinois, Office of the Attorney General	3,192	-
Ottosen DiNolfo Hasenbalg & Castaldo, Ltd.	2,530	-
Reinhart Boerner Van Deuren s.c.	78,647	76,079
Veritext, L.L.C.	1,945	-
Whitt Law, L.L.C.	250	1,650
	<u>314,261</u>	<u>374,144</u>
Legislative consulting		
Leinenweber Baroni & Daffada Consulting, L.L.C.	90,000	87,000
Information systems consulting		
AT & T Corp.	-	6,971
Apex Systems	608,504	694,756
Capitol Strategies Consultants Inc.	1,528,910	1,249,501
CapTech Ventures Inc.	1,279,130	1,293,120
CDW L.L.C.	-	9,900
Compulink Management Center Inc.	-	89,460
Dayagdag, Chris	177,305	157,575
Decker Innovations Inc.	636,756	608,238
Ellerman, Greg	174,037	169,583
HSO North America, L.L.C.	28,625	50,000
McDonald Hopkins L.L.C.	-	4,020
Precision Task Group Inc.	631,824	-
Presidio Networked Solutions Group, L.L.C.	27,961	-
Promet Solutions Corporation	35,094	41,281
Resultant L.L.C.	49,901	-
Sentinel Technologies, Inc.	399,052	383,398
Telos Corporation	-	14,500
VPMA Global Services L.L.C.	-	22,750
	<u>5,577,099</u>	<u>4,795,053</u>
Operations consulting		
CapFinancial Partners L.L.C.	62,500	60,000
CEM Benchmarking, Inc.	55,000	50,000
Higher Logic, L.L.C.	11,136	10,812
Jasculca Terman Strategic Communications	-	35,000
Mosaic Governance Advisors L.L.C.	105,339	33,135
Navigate 360 L.L.C.	6,821	28,244
Prosci Inc.	27,893	-
SABA Software	1,925	1,782
	<u>270,614</u>	<u>218,973</u>
Other	25,783	21,063
Total professional services	<u>\$6,831,368</u>	<u>\$5,889,716</u>

INVESTMENTS



Koula L.

Where do/did you teach? *Orland School District 135*

What level(s) do/did you teach? *Early Childhood/Special Education*

What do you plan to do in retirement?

Spend time with my children, future grandchildren, family and friends.

What will you miss about your profession after retirement?

The collaboration between professionals and the families I work with.

What advice would you give to new teachers?

Remember you are part of a team. Lean on your peers and support your peers.

Take care of yourself.

INTRODUCTION

The Investment section of the TRS Annual Comprehensive Financial Report discloses the characteristics, structure and performance of the Teachers' Retirement System of the State of Illinois (TRS) trust fund for the fiscal year ended June 30, 2024. Included in the following section is the Defined Benefit Plan, a fiduciary component unit of TRS.

State Street Bank and Trust, as master trustee, has provided TRS a statement of detailed assets, along with their fair value as of June 30, 2024. State Street has also provided detailed financial reports of all investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the fund for FY24. TRS investment consultants have also contributed key investment portfolio data and analysis during the fiscal year and throughout the investment process.

Investment performance calculations use time-weighted rate of return methodology. State Street calculates returns using industry best practices. Additionally, State Street calculates performance rates of return by portfolio, composite, and for all respective indices used throughout this section. The

TRS investment staff, in collaboration with the staff of its custodian, prepared the Investments section.

A complete listing of investment holdings is available upon request.

Summary Data as of June 30, 2024	
Total fund fair value	\$71.2 billion
1-year return (net of fees)	8.8%
3-year return (net of fees)	4.9%
5-year return (net of fees)	7.8%
10-year return (net of fees)	6.9%
20-year return (net of fees)	7.1%
30-year return (net of fees)	7.9%
Percent externally managed	100.0%
Number of external managers	187
Master Trustee and Custodian	State Street Bank and Trust Company
General consultant	RVK, Inc.

TRS is the 34th largest pension system in the United States according to Pensions & Investments magazine. Rankings are based on the fair value of total assets as of Sept. 30, 2023.

INVESTMENT SUMMARY

The Teachers' Retirement System of the State of Illinois ("TRS," "System") trust fund is invested by authority of the Illinois Pension Code under the "prudent person rule," requiring investments to be managed solely in the interest of fund participants and beneficiaries. The TRS Board of Trustees ("Board") has a fiduciary responsibility to the members and beneficiaries of the System. The Board, in carrying out its fiduciary duties, has adopted a clearly defined investment policy including principles, objective and strategy.

INVESTMENT POLICY

The TRS Investment Policy, approved by the Board, guides TRS's investments. The policy specifically outlines the investment philosophy and practices of TRS and has been developed to serve as a reference point for the management of System assets. In order to assist System participants in achieving their financial security objectives, the Board shall adopt a long-term plan by which the assets of the System will be maintained and enhanced through prudent investments. In developing the Investment Policy, the Board and staff understand and accept their fiduciary obligations to the members of the System. These obligations are legal in nature and are outlined in the Illinois Pension Code [40 ILCS 5].

INVESTMENT PRINCIPLES

Provisions within the Illinois Pension Code specifically referring to the definitions, duties and responsibilities of a fiduciary are the foundation for the principles guiding TRS investment activity. Investment principles include preserving the long-term principal of the trust fund, maximizing total return within prudent risk parameters and acting in the exclusive interest of TRS members.

INVESTMENT OBJECTIVE

The investment objective is to achieve long-term investment returns from a well-diversified and prudently invested portfolio, that meet or exceed the System's assumed rate of return, net of all management fees.

INVESTMENT STRATEGY

The System's asset allocation policy is intended to reflect, and be consistent with, the return objective and risk tolerance expressed in the Investment Policy. It is designed to provide the highest probability of meeting or exceeding the System's objectives at a controlled level of risk that is acceptable to the Board. In establishing its risk tolerance, the Board considers its ability to withstand short- and intermediate-term volatility in investment performance and fluctuations in financial condition of the plan.

The Board has approved a broad, four asset class structure focused on the underlying risk profiles of the investment universe. The four classes (equity, income, real assets and diversifying strategies) are then further allocated based on the underlying characteristics (*e.g.*, public equity vs. private equity). The TRS portfolio remains fully diversified across asset classes. Within each asset class, TRS utilizes a number of investment managers with various investment styles to ensure appropriate diversification, allowing the portfolio to achieve broad exposure to the market while minimizing overall risk. This broad diversification serves as the best defense against the uncertainty of volatile global markets. Descriptions of the four asset classes follow.

Equity

TRS's equity asset class broadly includes investments in global public equity securities and private equity investments and is intended to capture return relative to economic growth risk factors.

TRS invests in public equities, or common stock, representing shares or units of ownership in specific corporations offering the opportunity to participate in the success of the global economy. Stockholders share in the growth of a company through an increase in stock price, as well as through the distribution of corporate profits in the form of dividends. TRS's public equity managers are able to participate in the strength of individual markets by seeking out superior companies that are particularly

strong in their own markets or industries, as not all economies move in tandem.

Private equity includes investments that are placed and traded outside of the stock exchanges and other public markets. Over the long term, their return profile represents an attractive investment for pension funds, endowments, insurance companies and other sophisticated investors. The investment class benefits the economy by providing needed capital to start-up companies and for continued growth in privately held companies and firms that are restructuring to better compete. Investing in private equity carries additional risk, but with skillful selection of managers, returns can be significantly higher than public equity investments. TRS is widely diversified across all subsectors within private equity, including buyout, growth equity, venture capital and distressed debt.

Real Assets

The real assets asset class offers competitive returns derived from inflation risk factors, as well as provides diversification benefits relative to the growth risk factors inherent of portfolios of stocks and bonds. Investments in real assets are intended to increase the TRS total portfolio long-term rate of return and reduce year-to-year volatility. Additionally, real assets provide a strong income component to pay TRS benefits. Real estate investments currently represent a significant portion of the asset class and are defined as direct investments or ownership in land and buildings including apartments, offices, warehouses, shopping centers and hotels. Further, TRS holds partnership interests

in entities that purchase and manage property and pass rent and sale income back to TRS.

Income

The income asset class intends to provide modest returns to the long-term portfolio through economic growth exposure, as well as serve as a liquidity source for overall portfolio rebalancing. It is comprised of investments in the financial obligations of entities including, but not limited to, U.S. and foreign corporations, governments, agencies or municipalities and short-term investments. These investments may be publicly-traded instruments or private debt or credit investments. The majority of income assets promise to pay a specified sum of money at a future date, while paying specified interest during the term of the issue. Income generative assets and other debt-related investments can reduce volatility, offer low or negative correlation to other asset classes and provide income streams, or coupons.

Diversifying Strategies

Diversifying strategies includes mandates designed to provide attractive return and risk attributes while exhibiting low correlation to traditional public equity and fixed income investments, providing protection to the asset allocation's growth risk factors. This segment of the portfolio includes systematic macro, discretionary macro, opportunistic, risk parity and factor strategies. Investments in diversifying strategies are administered via both direct investment manager relationships and diversified fund of funds.

ASSET ALLOCATION/PORTFOLIO SUMMARY

A pension fund's most important investment policy decision is the selection of its asset allocation. The TRS Board of Trustees adopts long-term strategic allocation targets to be implemented over several years. Recognizing the prudence of making measured movement toward long-term targets, the board also sets interim targets for shorter periods.

In determining the appropriate strategic allocation among the asset classes, the Board, with assistance from staff and the consultant, examine the historical and projected risk and return of the approved asset classes as well as the correlation among these asset classes. The Board also considers the expected impact of investment performance on the liabilities of the System for a range of reasonable investment policies. Based on its determination of the appropriate risk tolerance for the System, and its long-term return expectations, the Board authorizes the strategic and interim asset allocation targets.

TRS periodically compares the asset mix to policy targets to determine when rebalancing of the fund or changes to the interim policy targets are necessary. The Strategic Investment Listing table shows the asset allocation targets, as adopted by the Board of Trustees, compared to the total assets assigned to each particular asset class at June 30, 2024.

Strategic Investment Listing Allocation Targets vs. Total Assets

Asset Class	As of June 30, 2024				As of June 30, 2023	
	Total Fund \$ (Million)	Actual Percent	Interim Target	Long-term Target	Actual Percent	Long-term Target
Public equity	\$25,029.7	35.1%	37.0%	37.0%	34.7%	37.0%
Private equity	12,307.9	17.2	15.0	15.0	17.0	15.0
Total Equity	37,337.6	52.3	52.0	52.0	51.7	52.0
Real estate	10,253.9	14.4	16.0	16.0	15.9	16.0
Other real assets	2,088.4	2.9	2.0	2.0	2.7	2.0
Total Real Assets	12,342.3	17.3	18.0	18.0	18.6	18.0
Total Diversifying Strategies	1,713.6	2.4	5.0	4.0	5.1	4.0
Global income	16,789.1	23.5	23.0	26.0	22.1	26.0
Short-term	3,183.0	4.5	2.0	-	2.5	-
Total Income	19,972.1	28.0	25.0	26.0	24.6	26.0
Pending settlements/expenses*	(191.9)	N/A	N/A	N/A	N/A	N/A
Total TRS Fund	<u>\$71,173.7</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Sources: State Street Bank and Trust and TRS

* This amount is included within the receivable and liability sections of the Statement of Fiduciary Net Position.

The Portfolio Securities Summary table contains a detailed list of security types. The amounts in this table differ from the allocation percentages shown in the previous Strategic Investment Listing table. The Strategic Investment Listing represents assets assigned to managers within each asset class, whereas the Portfolio Securities Summary represents specific types of financial instruments; thus, the types of investments a manager holds explain the principal difference. For example, cash and currency held within a manager's portfolio are categorized according to the manager's primary assignment on the Strategic Investment Listing.

However, in the Portfolio Securities Summary, these investments are categorized as cash and/or foreign currency.

Portfolio Securities Summary for the Years Ended June 30

	2024		2023	
	Fair Value	% of Total	Fair Value	% of Total
U.S. treasuries & agencies	\$896,692,338	1.3%	\$1,053,694,706	1.6%
U.S. government-backed mortgages	280,506,071	0.4	145,698,126	0.2
Municipals	820,672	-	1,446,204	-
Asset-backed securities	299,127,677	0.4	80,063,147	0.1
Commercial/collateralized mortgages & loans	186,788,773	0.2	210,123,770	0.3
Commingled funds (U.S. & international)	3,266,472,872	4.6	2,959,430,934	4.5
Domestic corporate obligations	1,379,927,028	1.9	1,438,808,517	2.2
Foreign debt/corporate obligations	2,034,382,547	2.9	1,858,682,503	2.8
Total fixed income	8,344,717,978	11.7	7,747,947,907	11.7
U.S. equities	14,084,326,237	19.8	12,444,978,762	18.8
International equities	10,647,488,374	14.9	10,280,980,255	15.5
Total public equities	24,731,814,611	34.7	22,725,959,017	34.3
Diversifying strategies	1,689,035,572	2.4	3,399,529,897	5.1
Private debt	8,879,091,360	12.5	7,399,862,153	11.2
Private equity	12,303,948,263	17.3	11,270,891,337	17.0
Real estate	10,253,780,214	14.4	10,575,855,486	16.0
Other real assets	2,088,364,147	2.9	1,748,432,082	2.6
Total alternative investments	35,214,219,556	49.5	34,394,570,955	51.9
Derivatives	(6,928,245)	-	(6,255,095)	-
Short-term investments	2,830,476,398	4.0	1,307,235,638	2.0
Foreign currency	59,372,808	0.1	97,273,223	0.1
TRS total portfolio	<u>\$71,173,673,106</u>	<u>100.0%</u>	<u>\$66,266,731,645</u>	<u>100.0%</u>

Sources: State Street Bank and Trust and TRS

Historically, TRS has adopted various asset allocation strategies. The Securities Holdings table shows the actual asset allocation based on asset types for the last five-year period.

Securities Holdings for the Years Ended June 30

Asset Type	2024	2023	2022	2021	2020
Fixed income	11.7%	11.7%	13.9%	16.0%	19.2%
Public equities	34.7	34.3	32.1	35.1	32.6
Diversifying strategies	2.4	5.1	7.1	8.7	10.8
Private debt	12.5	11.2	9.1	6.4	5.7
Private equity	17.3	17.0	16.3	15.9	12.6
Real estate	14.4	16.0	17.9	13.9	15.0
Other real assets	2.9	2.6	1.9	1.1	0.7
Short-term/currency/derivatives	4.1	2.1	1.7	2.9	3.4
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

INVESTMENT RESULTS

As of June 30, 2024, the fair value of TRS’s investments as reported on the Statement of Fiduciary Net Position was \$71.2 billion, an increase of \$4.9 billion from prior year. TRS had a total fund annualized return of 9.5 percent, gross of fees, and 8.8 percent, net of fees, for the one-year period ended June 30, 2024.

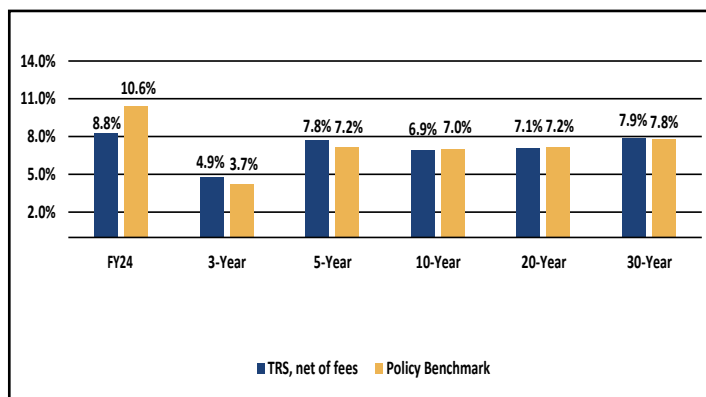
Global financial markets’ results were mixed for the year ending June 30, 2024. The investment strategy employed by TRS continued to protect member assets and generated a favorable return in FY24 of 8.8 percent, net of fees. TRS’s conservative strategy performed as intended during a period of economic and geopolitical instability as market volatility, inflation and interest rate concerns continued throughout the year.

Due to the under-funded status of TRS, the System’s primary objective is to protect member assets against large market downturns caused by economic unpredictability, as experienced within the year. A prudent investment strategy consists of a diversified portfolio that seeks to participate in the upside of the market but also is positioned to better protect assets in times of high market volatility. The investment strategy deployed by the System during the fiscal year continued to protect member assets while contributing to long-term results. Because TRS has relationships with members for several decades, the System focuses its attention on its long-term investment rate of return. At the end of FY24, the 30-year rate of return, net of fee, was 7.9 percent, which bests the System’s estimated long-term investment rate of 7.0 percent.

The Performance Summary chart and table summarize total fund and asset class performance versus comparative benchmarks. As illustrated, the TRS total fund underperformed the policy index by 180 basis points for the year ended June 30, 2024. The TRS policy index represents a weighted average of each asset class benchmark, based on the total fund’s interim target asset allocation. The fund’s total return outperformed the 7.0 percent actuarial return assumption and surpassed the real rate of return expectation, which is to exceed the rate of inflation, as measured by the Consumer Price Index, by 4.5 percentage points.

Total Fund Performance Summary (net of fees)

TRS Total Fund vs. Policy Benchmark



Sources: State Street Bank and Trust and TRS

Asset Class Performance Summary (net of fees)

Asset Class/Index	Years ended June 30					Annualized at 6/30/24		
	2024	2023	2022	2021	2020	3 Years	5 Years	10 Years
TRS total fund	8.8%	7.2%	(1.2%)	25.5%	0.6%	4.9%	7.8%	6.9%
TRS weighted policy index*	10.6	8.6	(7.1)	20.3	5.5	3.7	7.2	7.0
Equity	14.6	13.4	(8.5)	45.8	(0.1)	5.9	11.6	9.4
TRS equity composite benchmark ¹	20.8	18.0	(15.1)	42.8	3.4	6.5	12.3	10.1
Real assets	(4.7)	(5.9)	25.8	13.5	(0.2)	4.1	5.0	6.3
TRS real asset composite benchmark ²	(5.9)	(5.4)	22.6	8.1	3.4	3.0	4.0	6.2
Diversifying strategies	4.8	1.9	7.5	8.6	1.2	4.7	4.8	3.4
TRS diversifying composite benchmark ³	9.6	7.7	4.2	4.1	5.7	7.1	6.2	5.8
Income	8.0	6.6	(5.4)	6.6	1.7	2.9	3.4	3.8
TRS income composite benchmark ⁴	2.9	(0.6)	(9.6)	(0.3)	8.2	(2.6)	(0.0)	1.4

* Policy index and TRS benchmarks represent weighted average of asset class benchmarks and interim target allocations.

Note: Performance calculations provided by State Street Bank and Trust use net-of-fee time-weighted rates of return.

Sources: State Street Bank and Trust and TRS

- Equity composite includes the following asset classes and corresponding benchmarks:

Sub Asset Class	Benchmark
Public equity	MSCI ACWI Investable Market Index
Private equity	Russell 3000 index + 3.0%

- Real Assets composite includes the following asset classes and corresponding benchmarks:

Sub Asset Class	Benchmark
Real estate	Custom Blend: NCREIF ODCE (7.0%), Burgiss Opportunistic (4.4%), Burgiss Value Add (2.6%) Indices
Other real assets	CPI (inflation) + 5.0%

- Diversifying strategies composite includes the following asset classes and corresponding benchmarks:

Sub Asset Class	Benchmark
Diversifying Strategies	ICE BofAML 3 Month U.S. Treasury Bill Index + 4.0%

- Income composite includes the following asset classes and corresponding benchmarks:

Sub Asset Class	Benchmark
Global fixed income	Bloomberg Aggregate Index (Hedged)
Short-term investments	ICE BofAML 91-day U.S. Treasury Bill Index

SECURITIES LENDING

Citibank, N.A. served as the third-party securities lending agent for the fixed income, domestic equity and international equity lending programs through April 2024. TRS was not active in securities lending as of June 30, 2024, and TRS is currently transitioning the securities lending program to the master trustee, State Street Bank and Trust Company. The lending agent is responsible for making loans, acquiring collateral, marking loans and collateral to market on a daily basis and investing cash collateral based on lending agreement terms. The Board of Trustees’ policies permit TRS to use investments to enter into securities lending transactions, which are loans of securities to broker-dealers or other entities. Additional information regarding securities lending activity is included in the Notes to Financial Statements under “Note D. Investments.”

TRS earns income from fees paid by the borrowers and interest earned from investing the cash collateral. For the year ended June 30, 2024, TRS earned net income of \$4.4 million through its securities lending program active through April 2024. The following table summarizes fiscal year net income from securities lending activity and the fiscal year averages regarding securities available to loan.

Lending Income for FY24	
Securities lending income	\$72,695,608
Borrower rebates	(68,010,554)
Lending agent fees	(281,095)
Securities lending net income	\$4,403,959
Loan Averages During FY24	
Available to loan	\$16,075,440,719
Securities on loan	1,216,606,724
Percentage on loan	7.6%

Sources: State Street Bank and Trust and Citibank, N.A.

BROKERAGE ACTIVITY

The following table shows the top 50 brokers used by TRS external equity managers for the year ended June 30, 2024. TRS also manages a commission recapture program as part of its trading strategies. For the year ended June 30, 2024, TRS recaptured \$0.03 million in cash that was reinvested in the fund. In addition, TRS uses commission recapture refunds to pay for Investment Department expenses. During FY24, TRS used \$0.04 million of recaptured funds to offset expenses.

Top 50 Brokers Used by TRS Managers

Broker	Shares Traded	FY24 Commission	Commission per Share
Citigroup, Inc. and all Subsidiaries (Worldwide)	352,159,647	\$641,976	\$0.002
Instinet, L.L.C. (Worldwide)	437,677,911	607,320	0.001
Merrill Lynch & Co., Inc. and all Subsidiaries (Worldwide)	260,435,352	591,023	0.002
Goldman Sachs & Co. (Worldwide)	253,699,430	498,430	0.002
UBS AG	285,678,329	478,073	0.002
J.P. Morgan Securities, Inc. (Worldwide)	174,599,259	407,387	0.002
CLSA Securities	624,180,180	391,740	0.001
Morgan Stanley & Co., Inc. and Subsidiaries (Worldwide)	129,314,218	339,648	0.003
Jefferies & Company, Inc.	61,184,051	298,025	0.005
HSBC Bank PLC	164,061,621	236,966	0.001
Macquarie Bank & Securities, Ltd. (Worldwide)	149,151,350	224,717	0.002
Barclays (Worldwide)	16,958,339	195,767	0.012
Pershing, L.L.C.	27,179,407	142,674	0.005
Royal Bank of Canada (Worldwide)	9,615,715	116,563	0.012
Loop Capital Markets, L.L.C.	12,022,398	113,595	0.009
BNP Paribas Securities Services S.C.A.	22,228,252	97,202	0.004
Williams Capital Group, L.P.	10,869,459	67,070	0.006
Societe Generale S.A. and all Subsidiaries	28,186,998	63,951	0.002
Daiwa Securities Group, Inc.	10,446,777	62,577	0.006
KCG Americas L.L.C.	7,771,909	46,439	0.006
Penserra Securities, L.L.C.	9,182,838	44,631	0.005
Credit Lyonnais Securities	18,216,353	41,996	0.002
EFG Hermes Holding S.A.E.	13,935,562	41,662	0.003
XP Investimentos S.A.	12,412,864	38,777	0.003

(continued)

Broker	Shares Traded	FY24 Commission	Commission per Share
AllianceBernstein Holding L.P.	9,751,693	\$37,113	\$0.004
Sanford Bernstein (Worldwide)	5,577,593	36,257	0.007
ICICI Brokerage Services, Ltd.	15,153,202	35,729	0.002
Bank of Montreal	3,537,585	34,521	0.010
Piper Jaffray Companies	3,934,053	27,429	0.007
Cowen, Inc.	3,078,717	26,211	0.009
Mizuho Corporate Bank, Ltd. And all Subsidiaries	1,352,810	23,569	0.017
Kotak Securities, Ltd.	1,398,418	21,832	0.016
Carnegie Holding AB	5,016,531	21,527	0.004
Nuvama Wealth Management Ltd.	1,310,044	20,724	0.016
KB Financial Group Inc.	291,420	20,650	0.071
Banco BTG Pactual S.A.	5,491,891	20,352	0.004
Guzman & Company	4,014,549	20,258	0.005
Mischler Financial Group	681,659	19,550	0.029
Cantor Fitzgerald, L.P.	2,242,537	19,175	0.009
Ambit Holdings Pvt., Ltd.	806,688	18,904	0.023
Sturdivant & Co., Inc.	627,915	18,837	0.030
Cabrera Capital Markets, Inc.	1,448,315	17,855	0.012
Itaú Unibanco Holding S.A.	3,832,996	17,787	0.005
Liquidnet, Inc.	2,983,390	16,986	0.006
Joh. Berenberg, Gossler & Co.	1,954,228	16,667	0.009
Investec Group	1,599,799	14,315	0.009
Nomura Securities Co., LTD	889,773	14,209	0.016
Banco Bradesco, S.A.	2,149,974	14,083	0.007
Craigs Investment Partners, Ltd.	1,412,682	12,225	0.009
BTIG, L.L.C.	1,163,673	12,060	0.010
(All Others - 115 Brokers)	33,304,056	288,385	0.009
Total	3,206,174,410	\$6,635,420	\$0.002

Sources: State Street Bank and Trust and TRS

INVESTMENT MANAGER AND CUSTODIAN FEES

For the year ended June 30, 2024, fee payments to external investment managers and the master custodian totaled \$501.5 million.

Schedule of Fees

Investment Manager/Account	FY24
3 Boomerang Capital I, L.P.	\$178,412
A&M Capital Partners III, L.P.	2,197,874
A&M Capital Strategic Investments, L.P.	225,000
Acadian Asset Management, L.L.C.	8,718,370
Advent International GPE VI Limited Partnership	68,423
Advent International GPE VII-C Limited Partnership	302,246
Advent International GPE VIII-B-2 Limited Partnership	768,196
Advent International GPE X, L.P.	1,868,767
Alkemi Venture Partners II	146,946
AllianceBernstein, L.P.	2,116,973
Alphadyne Global Rates Fund II, Ltd.	10,886,056
Altaris Health Partners V, L.P.	399,447
Apollo Asset-Backed Finance Fund, L.P.	434,870
Apollo Investment Fund IX, L.P.	1,395,562
Apollo Investment Fund VIII, L.P.	250,498
Apollo Investment Fund X, L.P.	6,015,514
Apollo Lincoln Fixed Income Fund, L.P.	11,468,259
Apollo Lincoln Private Credit Fund, L.P.	817
AQR Capital Management, L.L.C.	3,170,228
Arbour Lane Credit Opportunity Fund III (A), L.P.	930,799
Ares Multi-Credit Fund (IL), L.P.	1,466,788
ARGA Investment Management, L.P.	36,975
Arlington Capital Partners VI, L.P.	1,391,979
Arlington V, L.P.	876,359
Arrowstreet Capital, L.P.	24,593,241
ASP ILSTRS Asia SMA 1, L.P.	525,000
ASP ILSTRS Europe SMA 1, L.P.	525,000
Aurora Equity Partners VI, L.P.	1,162,026
Avance Investment Partners, L.P.	430,396
Axiom International Investors, L.L.C.	108,080
Baring Asia Private Equity Fund VIII, L.P.	1,384,889
Barings, L.L.C.	3,962,009
Barings, L.L.C. (Transition)	796,984
Battery Ventures XI-A Side Fund, L.P.	79,698
Battery Ventures XI-A, L.P.	159,494
Beach Point Sangamon, L.P.	17,937,682
	(continued)

Investment Manager/Account	FY24
Bertram Capital V (GP), L.P.	\$264,768
Bertram Growth Capital IV, L.P.	(4,751)
Bessemer Venture Partners XII Institutional L.P.	324,519
BIF IV Renewable Sidecar-B, L.P.	1,132,568
BIG Real Estate Fund I, L.P.	428,928
BIG Real Estate Fund II, L.P.	938,792
BioPharma Credit Investments V, L.P.	871,077
Black River Agriculture Fund 2, L.P.	647,806
Blackstone Infrastructure Partners, L.P.	2,888,923
Blackstone Real Estate Partners Asia II, L.P.	1,121,703
Blackstone Real Estate Partners Asia III, L.P.	1,500,000
Blackstone Real Estate Partners Asia, L.P.	326,842
Blackstone Real Estate Partners IX, L.P.	3,128,081
Blackstone Real Estate Partners VIII.TE.2, L.P.	1,898,643
Blackstone Real Estate Partners X, L.P.	3,975,000
Blantyre Special Situations Fund II, L.P.	546,698
Brasa Real Estate Fund II, L.P.	810,564
Bregal Sagemount III-B, L.P.	1,080,209
Bregal Sagemount IV-B, L.P.	1,999,401
Bregal Unternehmerkaptal III-A SCSp	931,159
Brevan Howard Alpha Strategies Fund, L.P.	3,492,994
Brevan Howard Systematic Trading Fund, L.P.	1,256,435
Bridgewater All Weather China, Ltd.	428,285
Brookfield Infrastructure Debt Fund III L.P.	537,501
Brookfield Infrastructure Fund IV, L.P.	1,613,828
Brookfield Infrastructure Fund V, L.P.	3,109,276
BVP Forge Institutional, L.P.	300,000
CapitalSpring Investment Partners VI, L.P.	1,230,152
Capstone Vol (US), L.P.	17,187,497
Carlyle Europe Real Estate Partners III, L.P.	1,129
Carlyle Realty Partners IX, L.P.	2,553,512
Carlyle Realty Partners VII, L.P.	232,020
Carlyle Realty Partners VIII, L.P.	1,052,950
Causeway Capital Management	770,701
Cerberus 2112 Loan Opportunities Fund, L.L.C.	10,752,667
Cerberus Real Estate Debt Fund II, L.P.	407,458
	(continued)

Investment Manager/Account	FY24
Cerberus Real Estate Debt Fund, L.P.	\$1,028,799
Charlesbank Equity Fund X, L.P.	1,168,634
Clayton, Dubilier & Rice Fund XII, L.P.	2,193,102
Clearlake Capital Partners III, L.P.	14,617
Clearlake Capital Partners IV, L.P.	369,362
Clearlake Capital Partners V, L.P.	479,196
Clearlake Capital Partners VI, L.P.	769,364
Clearlake Capital Partners VII, L.P.	1,762,014
Clearlake Opportunities Partners (P), L.P.	454,806
Columbia Capital Equity Partners VIII-A, L.P.	1,200,000
Crabel Fund, L.P.	552,255
Craft Ventures Growth II, L.P.	360,000
Craft Ventures IV, L.P.	600,000
DCP Asia Credit Fund III, L.P.	637,031
DCP China Credit Fund II, L.P.	49,807
Dolan McEniry Capital Management, L.L.C.	1,034,942
DoubleLine Mortgage Opportunities, L.P.	383,351
Driehaus Capital Management L.L.C.	848,916
EIF United States Power Fund IV, L.P.	290,186
Eighth Cinven Fund (No.1)	2,451,379
EISAF II, L.P.	225,238
Elephant Partners V, L.P.	236,607
Elion Industrial Fund II, L.P.	675,930
Emerald Advisers, Inc.	859,463
EQT IX (No. 2) USD SCSp	2,496,442
EQT Midmarket Europe, L.P.	802,284
EQT VII, L.P.	671,256
EQT VIII, L.P.	1,116,659
EQT X (No.2) USD SCSp	3,650,000
European Property Investors Special Opportunities 5 SCSp-SIF	1,360,350
European Property Investors Special Opportunities 6 SCSp	1,306,604
Exeter Europe Industrial Core Fund S.C.Sp.	1,341,982
Exeter Industrial Core Fund III, L.P.	649,478
Exeter Industrial Value Fund V, L.P.	1,113,498
Exeter Industrial Value Fund VI, L.P.	4,116,667
Exeter Value Fund IV, L.P.	22,184
FinTech Collective Fund III, L.P.	800,000
FinTech Collective Fund IV, L.P.	581,250
FinTech Collective Opportunity Fund I, L.P.	78,296
Fortress Japan Opportunity Fund III (Dollar A), L.P.	97,005

(continued)

Investment Manager/Account	FY24
Fortress Japan Opportunity Fund IV (Dollar A), L.P.	\$112,204
Fortress Japan Opportunity Fund V (Dollar A), L.P.	(134,339)
Fortress Real Estate Opportunities Fund IV (A) L.P.	307,692
Foundation Capital Management Co. XI, L.L.C.	130,556
Francisco Partners VII, L.P.	1,365,102
Fundamental Partners IV, L.P.	993,222
Fundamental Solar Finance L.P.	186,003
Fvlcrum Fund, L.P.	500,000
Garcia Hamilton & Associates, L.P.	756,822
Gateway Real Estate Fund IV, L.P.	20,703
Gateway Real Estate Fund VII, L.P.	1,502,066
Global Transport Income Fund Master Partnership SCSp	858,763
Graham Global Investment Fund I SPC Ltd.	3,777,108
Grain Communications Opportunity Fund II, L.P.	834,504
Grain Communications Opportunity Fund III, L.P.	736,671
Grain Communications Opportunity Fund, L.P.	595,646
Grandeur Peak Global Advisors	1,741,477
Greenbriar Equity Fund VI, L.P.	1,497,321
Greenspring IL Master 2.0, L.P.	1,082,590
Greenspring IL Master, L.P.	2,074,165
Grosvenor Monarch Fund, L.L.C.	830,725
Harvest Partners Structured Capital Fund II, L.P.	494,559
Hayfin Chief, L.P.	4,170,890
Heitman Capital Management, L.L.C.	5,437,886
ICG Santo SCSp	5,664,037
ICV Partners III, L.P.	27,755
ICV Partners IV, L.P.	171,031
IFM USIDF (Offshore) B, L.P.	1,175,348
IL Asia Investors, L.P.	701,060
Inflexion Buyout Fund VI L.P.	1,432,792
Inflexion Buyout Partnership V, L.P.	702,305
Inflexion Enterprise Fund V (No. 1), L.P.	195,232
Inflexion Supplemental Fund V (No. 1), L.P.	355,592
Insight Partners Opportunities Fund I, L.P.	636,836
Insight Partners Opportunities Fund II, L.P.	291,169
Insight Partners XII, L.P.	1,660,037
Institutional Venture Partners XV, L.P.	497,076
Institutional Venture Partners XVI, L.P.	1,551,822
Invesco Institutional (N.A.), Inc.	913,098
ISAF III (USD), L.P.	303,697

(continued)

Investment Manager/Account	FY24
JP Morgan Investment Management, Inc.	\$1,775,289
Kirkoswald Global Macro Fund, L.P.	2,951,084
KKR Diversified Core Infrastructure USD Feeder Fund L.P.	1,496,633
KKR Real Estate Partners Americas III, SCSp	2,505,161
L2 Point Opportunities I, L.P.	473,524
LaSalle Asia Opportunity Fund IV, L.P.	32,733
LaSalle Asia Opportunity VI, L.P.	2,062,838
LCM Partners CO IIIa, L.P.	355,640
LCM Partners COPS 4, L.P.	1,256,159
LCM Partners SOLO III, L.P.	970,200
Leeds Illuminate I, L.P.	700,000
Lightspeed Opportunity Fund II, L.P.	115,625
Lightspeed Venture Partners IX, L.P.	386,016
Lightspeed Venture Partners Select II, L.P.	328,328
Lightspeed Venture Partners Select V, L.P.	500,000
Lightspeed Venture Partners Select, L.P.	279,958
Lightspeed Venture Partners X, L.P.	230,732
Lightspeed Venture Partners XI, L.P.	234,509
Lightspeed Venture Partners XIV, L.P.	500,000
Lion Industrial Trust	10,115,666
LiveOak Venture Partners I, L.P.	241,526
LiveOak Venture Partners III, L.P.	750,000
Locust Point Private Credit Fund III, L.P.	1,300,000
Locust Point Senior Housing Debt II, L.P.	742,230
Locust Point Senior Mortgage Fund, L.P.	922,874
Lone Star Real Estate Fund IV (U.S.), L.P.	286,475
Lone Star Real Estate Fund V (U.S.), L.P.	207,226
Lone Star Real Estate Fund VI, L.P.	1,123,237
Longitude Venture Partners II, L.P.	124,427
Longitude Venture Partners III, L.P.	703,706
Longitude Venture Partners V, L.P.	278,183
LPC Realty Advisors I, Ltd.	3,604,972
LPC Realty Advisors I, Ltd. (Transition)	277,288
LSV Asset Management	7,047,285
MaC Venture Capital II, L.P.	242,205
MaC Venture Capital III, L.P.	113,942
MacKay Shields, L.L.C.	1,071,017
Macquarie European Infrastructure Fund 6 SCSp	1,775,912
Macquarie Global Infrastructure Fund SCSp	856,574
Macquarie Infrastructure Partners V, L.P.	2,172,445
	(continued)

Investment Manager/Account	FY24
Macquarie Infrastructure Partners VI, L.P.	\$833,533
Madison International Real Estate Liquidity Fund VI (TE), L.P.	846,721
Magnetar Constellation Fund IV, L.L.C.	108,831
Magnetar Constellation Fund V, L.L.C.	905,367
Maranon Senior Credit Fund II-B, L.P.	19,393
MBK Partners Fund IV, L.P.	1,226,430
MBK Partners Fund V, L.P.	1,014,739
MBK Special Situations II, L.P.	1,652,273
MED Platform II, S.L.P.	1,059,757
Mill Point Capital Partners II, L.P.	636,367
Monroe Capital Private Credit Fund II, L.P.	94,763
Morgan Creek Partners Asia, L.P.	447,340
New Enterprise Associates 15, L.P.	421,108
New Enterprise Associates 16, L.P.	571,922
New Mountain Partners IV, L.P.	103,690
New Mountain Partners V, L.P.	520,867
New Mountain Partners VI, L.P.	1,693,933
NGP Natural Resources X, L.P.	118,477
NGP Natural Resources XI, L.P.	820,753
NGP Natural Resources XII, L.P.	1,199,900
NGP Natural Resources XIII, L.P.	2,060,970
NMS Fund IV, L.P.	336,530
Northern Shipping Fund III, L.P.	(21,823)
Northern Shipping Fund IV, L.P.	1,633,422
Northern Trust Investments, Inc.	957,871
NXT Capital Senior Loan Fund IV, L.P.	(2,071,180)
NXT Capital Senior Loan Fund V, L.P.	487,664
Oak Street Real Estate Capital Fund IV, L.P.	607,839
Oak Street Real Estate Capital Fund V, L.P.	1,553,666
Oak Street Real Estate Capital Net Lease Property Fund, L.P.	3,026,637
Oaktree Opportunities Fund IX, L.P.	573,584
Oaktree Opportunities Fund Xb, L.P.	1,184,042
Oaktree Real Estate Debt Fund II, L.P.	326,859
Oaktree Real Estate Debt Fund III, L.P.	502,285
Oaktree Route 66 Multi-Strategy Fund, L.P.	1,779,917
OceanSound Partners Fund II, L.P.	387,031
Pacific Investment Management Company, L.L.C.	17,556,305
Palladium Equity Partners IV, L.P.	52,936
Pamlico Capital V, L.P.	762,900
	(continued)

Investment Manager/Account	FY24
Parthenon Investors VI, L.P.	\$181,800
Parthenon Investors VII, L.P.	2,469,738
Payden & Rygel	1,431,807
Pemberton Debt Fund Delaware I, L.P.	417,487
Pemberton Debt Fund Delaware II, L.P.	826,206
PGIM Fixed Income Alternatives Fund II, L.P.	1,188,360
PGIM Fixed Income Global Liquidity Relative Value Fund I (Cayman), Ltd.	3,349,296
PGIM QIF Emerging Market Debt Opportunities Fund	770,702
PGIM, Inc.	3,094,680
PIMCO BRAVO Fund III Onshore Feeder, L.P.	1,106,870
PIMCO BRAVO Fund IV Onshore Feeder, L.P.	1,419,983
PIMCO BRAVO Fund Onshore Feeder II, L.P.	(184)
PIMCO Commercial Real Estate Debt Fund II, L.P.	499,191
PIMCO Commercial Real Estate Debt Fund, L.P.	648,900
PIMCO Corporate Opportunities Fund III, L.P.	1,868,599
PIMCO Corporate Opportunities Fund IV Onshore Feeder, L.P.	243,142
Pretium Residential Credit Fund II, L.P.	2,065,340
Principal Global Investors, L.L.C.	1,647,095
Principal Real Estate Investors LLC (Transition)	644,175
Principal Real Estate Investors, L.L.C.	2,955,173
Proterra Credit Fund 2, L.P.	463,285
Proterra Credit Fund, L.P.	206,430
Providence Equity Partners VII, L.P.	511,893
PSG Europe II L.P.	3,285,260
PSG V L.P.	875,726
RCP SBO Fund II, L.P.	610,922
RCP SBO Fund III, L.P.	569,127
RCP SBO Fund, L.P.	893,988
Rhone Partners V, L.P.	525,412
RhumbLine Advisers, L.P.	901,323
Ridgemont Equity Partners III, L.P.	584,357
Ridgemont Equity Partners IV, L.P.	704,323
Riverstone Credit Partners II, L.P.	605,530
Riverstone Credit Partners, L.P.	287,177
Riverstone Global Energy and Power Fund V, L.P.	539,818
Riverstone Global Energy and Power Fund VI, L.P.	786,821
Riverstone Nolan Continuation Fund, L.P.	79,311
Rockpoint Real Estate Fund V, L.P.	763,283
Rockpoint Real Estate Fund VI, L.P.	1,801,030
Rockpoint Real Estate Fund VII, L.P.	1,737,997
	(continued)

Investment Manager/Account	FY24
RRJ Capital Master Fund III, L.P.	\$431,034
RWC Asset Advisors (US) L.L.C.	277,669
Scale Venture Partners V, L.P.	457,980
Scale Venture Partners VII, L.P.	900,000
Scale Venture Partners VIII, L.P.	249,000
Schroder Investment Management North America, Inc.	2,461,573
SCP Private Corporate Lending Fund, L.P.	1,602,947
Sheridan Production Partners III-B, L.P.	226,780
Silver Lake Alpine II, L.P.	332,975
Silver Lake Alpine, L.P.	452,324
Silver Lake Partners III, L.P.	40,885
Silver Lake Partners IV, L.P.	836,249
Silver Lake Partners V, L.P.	1,210,626
Silver Lake Partners VI, L.P.	1,203,615
Silver Lake Partners VII, L.P.	2,421,429
Siris Partners III, L.P.	267,213
Siris Partners IV, L.P.	635,318
Sixth Street Growth Partners II (A), L.P.	1,610,416
Sixth Street Mid-Stage Growth Partners (A), L.P.	135,270
Sixth Street TAO Partners (B), L.P.	1,521,286
SK Capital Catalyst Fund I, L.P.	273,586
SKCP Catalyst Fund II-A, L.P.	800,188
Sky9 Capital Fund V, L.P.	544,911
Sky9 Capital MVP Fund II, L.P.	40,154
SLR 1818 L.P.	1,204,951
SLR HC Onshore Fund L.P.	559,555
Sofinnova Venture Partners IX, L.P.	778,693
Sofinnova Venture Partners X, L.P.	969,044
Starwood Distressed Opportunity Fund IX Global, L.P.	246,095
Starwood Distressed Opportunity Fund XII, L.P.	3,469,471
Starwood Opportunity Fund X Global, L.P.	1,177,381
Starwood Opportunity Fund XI Global, L.P.	2,252,963
Starwood Value Add Fund II, L.P.	152,803
Starwood Value Add Fund, L.P.	38,346
State Street Bank and Trust Company (Custody)	4,005,525
Stellex Capital Partners II, L.P.	743,339
Stepstone VC Wabash Fund L.P.	761,404
Stonepeak Infrastructure Fund IV, L.P.	1,690,205
Strategic Global Advisors, L.L.C.	1,144,941
Strategic Partners Infrastructure III, L.P.	1,800,000
	(continued)

Investment Manager/Account	FY24
Sunstone Partners I, L.P.	\$271,466
Sunstone Partners II, L.P.	500,000
Sunstone Partners III-Main, L.P.	1,351,909
T. Rowe Price Associates, Inc.	3,487,322
TA XII-A, L.P.	950,149
TA XIII, L.P.	1,407,007
TA XIV-A, L.P.	1,977,273
Taconic European Credit Dislocation Fund III, L.P.	1,658,034
Taplin, Canida & Habacht, L.L.C.	788,090
Taurus Mining Finance Fund II L.L.C.	1,562,500
Taurus Mining Royalty Fund, L.P.	1,280,556
TDR Capital IV 'A', L.P.	470,506
TDR Capital V 'A', L.P.	3,517,697
TerraCotta Credit Fund, L.P.	1,361,407
The Baring Asia Private Equity Fund V, L.P.	61,258
The Baring Asia Private Equity Fund VI, L.P.1	677,540
The Varde Private Debt Opportunities Fund (Onshore), L.P.	472,660
Thomas H. Lee Equity Fund IX, L.P.	1,469,341
Tilden Park Investment Fund, L.P.	2,169,378
TPG Asia VIII (A), L.P.	1,698,466
Trend Macro Onshore, L.P.	701,727
Trident IX, L.P.	2,250,000
Trident V, L.P.	115,093
Trident VII, L.P.	224,057

(continued)

Investment Manager/Account	FY24
Trident VIII, L.P.	\$223,854
TRS Coriolis, L.P.	152,474
True Ventures VIII, L.P.	1,406,250
TSG8, L.P.	1,869,341
TSG9, L.P.	2,689,556
Varadero International, Ltd.	5,249,234
Varadero Special Opportunities International, L.P.	207,304
Veritas Capital Fund VIII, L.P.	3,288,880
Vista Equity Partners Fund V, L.P.	995,493
Vista Equity Partners Fund VI, L.P.	1,395,107
Vista Equity Partners Fund VIII, L.P.	2,161,524
Vista Foundation Fund III, L.P.	598,570
Vista Foundation Fund IV, L.P.	1,000,000
Walton Street Real Estate Core-Plus Fund, L.P.	1,143,990
Walton Street Real Estate Fund VI, L.P.	67,588
Walton Street Real Estate Fund VII, L.P.	395,732
Wasatch Advisors, Inc.	1,690,190
Westbrook Real Estate Fund X, L.P.	441,559
Westbrook Real Estate Fund XI, L.P.	2,098,010
William Blair Investment Management	1,685,466
Total fees paid by TRS	<u>\$501,495,678</u>

INVESTMENT ASSETS UNDER MANAGEMENT

	Assets
Public Equity	
Acadian Asset Management, L.L.C.	\$1,566,213,600
AQR Capital Management, L.L.C.	360,809,474
ARGA Investment Management, L.P.	58,006,055
Arrowstreet Capital, L.P.	2,769,024,564
Causeway Capital Management, L.L.C.	831,748,010
Driehaus Capital Management, L.L.C.	254,910,468
Emerald Advisors, Inc.	273,118,168
Grandeur Peak Global Advisors, L.L.C.	285,257,299
J.P. Morgan Investment Management, Inc.	282,662,194

(continued)

	Assets
LSV Asset Management	\$1,478,934,279
Northern Trust Investments, Inc.	1,029,771,954
RhumbLine Advisors, L.P.	11,979,077,464
RWC Asset Advisors (US), L.L.C.	97,626,351
Schroder Investment Management, Inc.	1,003,299,572
Strategic Global Advisors	374,128,549
T. Rowe Price Associates, Inc.	1,151,333,058
Wasatch Advisors	362,502,318
William Blair Investment Management, L.L.C.	866,772,876

(continued)

	Assets
Private Equity	
3 Boomerang Capital I	\$ 0
A&M Capital Annex A	39,674,710
A&M Capital Partners II, L.P.	76,879,218
A&M Capital Partners III, L.P.	39,509,739
A&M Capital Strategic Investments, LP	15,812,551
Advent International GPE VI Limited Partnership	4,664,026
Advent International GPE VII-C Limited Partnership	9,544,488
Advent International GPE VIII-B-2 Limited Partnership	74,470,231
Advent International GPE X, L.P.	57,250,759
Alkemi Venture Fund II, L.P.	490,677
Altaris Constellation Partners IV, L.P.	20,812,028
Altaris Health Partners IV, L.P.	57,301,418
Altaris Health Partners V, L.P.	80,497,505
Altaris V-4041, L.P.	22,352,645
Apollo Fund IX Annex A	5,504,548
Apollo Fund IX Annex B	46,372,634
Apollo Investment Fund IX, L.P.	243,616,438
Apollo Investment Fund VI, L.P.	2,547,839
Apollo Investment Fund VIII Annex A	20,600,877
Apollo Investment Fund VIII, L.P.	73,383,323
Apollo Investment Fund X, L.P.	38,491,372
Arlington Capital Partners VI, L.P.	80,289,026
Arlington V, L.P.	113,142,521
Arlington VI Annex A	26,172,712
ASP ILSTRS Asia SMA 1, L.P.	44,864,711
ASP ILSTRS Europe SMA 1, L.P.	33,822,621
Aurora Equity Partners VI, L.P.	69,387,455
Avance Investment Partners, L.P.	16,541,478
Bain Capital Annex A	67,500,000
Baring Asia Private Equity Fund VIII, L.P.	23,149,089
Baring Asia VII Annex A	30,377,665
Battery Ventures XI-A Side Fund, L.P.	12,402,501
Battery Ventures XI-A, L.P.	19,628,000
Bertram Capital V (GP), L.P.	11,455,560
Bertram Growth Capital IV, L.P.	97,187,370
Bessemer Venture Partners XII Institutional, L.P.	3,628,579
Blackstone Capital Partners VI Annex A	19
Bregal Sagemount III-B, L.P.	72,510,501
	<i>(continued)</i>

	Assets
Bregal Sagemount IV-B, L.P.	\$24,885,230
Bregal Unternehmerkapital III-A SCSp	54,741,006
BVP Forge Institutional, L.P.	8,003,282
Carlyle Partners VIII Annex A	36,785,286
Carlyle/Riverstone Global Energy and Power Fund III, L.P.	588,448
Charlesbank Equity Fund X, L.P.	48,453,427
Charlesbank Equity Overage Fund X, L.P.	58,994,484
Clayton, Dubilier & Rice Fund XII, L.P.	34,096,953
Clearlake Capital Partners III, L.P.	2,533,573
Clearlake Capital Partners IV, L.P.	60,624,444
Clearlake Capital Partners V, L.P.	80,357,417
Clearlake Capital Partners VI Annex A	18,478,913
Clearlake Capital Partners VI, L.P.	157,298,958
Clearlake Capital Partners VII, L.P.	96,565,040
Clearlake Flagship Plus Partners, L.P.	84,375,568
Clearlake Opportunities Partners (P), L.P.	46,312,047
Columbia Capital Equity Partners VIII-A, L.P.	16,014,020
Columbia Tract Partners I-A, L.P.	5,421,621
Craft Ventures Growth II, L.P.	8,109,761
Craft Ventures IV, L.P.	7,125,446
Edgewater Growth Capital Partners II, L.P.	1,483,001
Edgewater Growth Capital Partners III, L.P.	11,730,101
Edgewater Growth Capital Partners, L.P.	1,391,662
EIF United States Power Fund IV, L.P.	25,585,741
Eighth Cinvn Fund (No.1) Limited Partnership	5,121,568
Elephant Partners V, L.P.	1,718,972
EQT Healthcare Growth Co-Investment (B), SCSp	26,851,366
EQT IX (No. 2) USD SCSp	217,214,873
EQT Midmarket Europe, L.P.	36,406,963
EQT VII, L.P.	54,921,590
EQT VIII, L.P.	111,263,366
EQT X, L.P.	27,632,965
FinTech Collective Fund III, L.P.	38,903,941
FinTech Collective Fund IV, L.P.	2,741,465
FinTech Collective Opportunity Fund I, L.P.	11,847,145
Foundation Capital XI, L.P.	1,114,375
Fvlcrum Fund, L.P.	9,364,910
Grain Communications Opportunity Fund II, L.P.	82,446,809
Grain Communications Opportunity Fund III, L.P.	36,966,174
	<i>(continued)</i>

	Assets
Grain Communications Opportunity Fund, L.P.	\$100,511,928
Granite Ventures II, L.P.	11,860,148
Greenbriar Equity Fund VI, L.P.	28,905,063
Greenspring IL Master 2.0, L.P.	85,038,049
Greenspring IL Master, L.P.	308,714,240
Greenspring IL Special II, L.P.	74,822,212
Greenspring IL Special, L.P.	612,880,369
Harvest Partners Structured Capital Fund II, L.P.	65,282,417
ICV Partners III, L.P.	12,460,388
ICV Partners IV, L.P.	50,357,017
IL Asia Investors, L.P.	226,367,432
Inflexion Buyout Fund VI L.P.	39,278,074
Inflexion Buyout Partnership V, L.P.	74,129,271
Inflexion Enterprise Fund V (No. 1), L.P.	22,546,051
Inflexion Supplemental Fund V (No. 1), L.P.	43,626,843
Insight Opportunities Fund I Annex A	15,943,353
Insight Partners Opportunities Fund I, L.P.	62,333,697
Insight Partners Opportunities Fund II, L.P.	28,449,172
Insight Partners XII, L.P.	80,490,156
Insight Vision Capital II, L.P.	955,584
Institutional Venture Partners XV, L.P.	43,026,376
Institutional Venture Partners XVI, L.P.	80,571,509
IPEX Co-Invest, L.P.	22,008,736
Leeds Illuminate I, L.P.	31,225,904
Lightspeed Opportunity Fund II, L.P.	19,928,128
Lightspeed Venture Partners IX, L.P.	61,114,632
Lightspeed Venture Partners Select II, L.P.	21,244,471
Lightspeed Venture Partners Select V, L.P.	14,711,771
Lightspeed Venture Partners Select, L.P.	8,974,624
Lightspeed Venture Partners X, L.P.	31,843,434
Lightspeed Venture Partners XI, L.P.	25,199,243
Lightspeed Venture Partners XIV, L.P.	18,772,222
Littlejohn Fund IV, L.P.	16,401,500
LiveOak Venture Partners I, L.P.	14,581,442
LiveOak Venture Partners III, L.P.	6,918,422
Longitude Venture Partners II, L.P.	4,620,166
Longitude Venture Partners III, L.P.	33,678,727
Longitude Venture Partners V, L.P.	431,949
MaC Venture Capital II, L.P.	7,103,462
MaC Venture Capital III, L.P.	864,512
MBK Partners Fund III Annex B	16,596,726
	<i>(continued)</i>

	Assets
MBK Partners Fund III, L.P.	\$39,190,843
MBK Partners Fund IV, L.P.	131,617,829
MBK Partners Fund V, L.P.	184,108,991
MBK Partners Special Situations II, L.P.	70,466,186
MED Platform II, S.L.P.	11,152,386
Mill Point Capital Partners II, L.P.	46,821,167
Morgan Creek Partners Asia, L.P.	33,011,625
New Enterprise Associates 15, L.P.	23,931,331
New Enterprise Associates 16, L.P.	54,589,430
New Mountain Partners III, L.P.	3,914,941
New Mountain Partners IV, L.P.	22,259,694
New Mountain Partners V, L.P.	97,707,873
New Mountain Partners VI, L.P.	169,379,410
New Mountain VI Annex A	25,000,006
NGP Hibernia IV Co-Invest, L.P.	12,075,698
NGP Natural Resources X, L.P.	8,522,274
NGP Natural Resources XI, L.P.	49,091,086
NGP Natural Resources XII, L.P.	57,693,295
NGP Natural Resources XIII, L.P.	19,190,754
NM Continental Co-Invest, L.P.	30,000,601
NMS Fund IV, L.P.	45,232,087
Oaktree European Principal Fund III, L.P.	19,028,814
Oaktree Opportunities Fund IX, L.P.	63,481,747
Oaktree Opportunities Fund VIII, L.P.	266,281
Oaktree Opportunities Fund Xb, L.P.	109,642,037
OceanSound Partners Fund II, LP	18,149,675
OceanSound Partners Fund, L.P.	16,806,117
Palladium Equity Partners IV, L.P.	12,693,676
Pamlico Capital V, L.P.	39,080,369
Parthenon Investors IV Annex A	301,660,662
Parthenon Investors IV, L.P.	69,435,981
Parthenon Investors V, L.P.	258,875,894
Parthenon Investors VI, L.P.	121,427,849
Parthenon Investors VII, L.P.	9,742,607
PFG Co-Invest Aggregator, L.P.	9,873,181
Providence Equity Partners VI International, L.P.	469,667
Providence Equity Partners VII, L.P.	131,171,730
PSG Europe II, L.P.	14,440,718
PSG V L.P.	65,830,321
RCP Multi-Fund Feeder SBO 1.0, L.P.	79,816,843
	<i>(continued)</i>

	Assets
RCP SBO Fund II, L.P.	\$80,181,599
RCP SBO Fund III, L.P.	27,154,340
RCP SBO Fund, L.P.	201,366,626
RCP SBO Opportunities Fund, L.P.	53,091,992
Rhone Capital V Annex A	52,594,025
Rhone Partners IV, L.P.	15,179,862
Rhone Partners V, L.P.	103,842,992
Ridgemont Annex A	9,283,584
Ridgemont Equity Partners III, L.P.	66,295,459
Ridgemont Equity Partners IV, L.P.	33,306,028
Riverstone Global Energy and Power Fund V, L.P.	21,059,513
Riverstone Global Energy and Power Fund VI, L.P.	63,528,710
Riverstone Nolan Continuation Fund, L.P.	9,911,419
Riverstone/Carlyle Global Energy and Power Fund IV, L.P.	55,746
RRJ Capital Master Fund III, L.P.	15,321,243
Scale Venture Partners V, L.P.	80,321,938
Scale Venture Partners VII, L.P.	25,822,381
Scale Venture Partners VIII, L.P.	3,643,609
Searchlight Capital III SED Co-Invest Partners, L.P.	32,687,684
Silver Lake Alpine II, L.P.	39,600,282
Silver Lake Alpine, L.P.	51,050,219
Silver Lake Partners III, L.P.	23,693,827
Silver Lake Partners IV, L.P.	197,095,537
Silver Lake Partners V, L.P.	191,734,376
Silver Lake Partners VI, L.P.	260,403,295
Silver Lake Partners VII, L.P.	33,609,067
Silver Lake VI Annex A	26,522,097
Silver Lake VI Annex B	31,872,936
Siris Partners II, L.P.	279,306
Siris Partners III, L.P.	74,555,642
Siris Partners IV, L.P.	65,544,907
SK Capital Catalyst Fund I, L.P.	49,709,145
SK Capital Partners V-A, L.P.	72,863,286
SK Capital Partners VI-A, L.P.	76,274,784
SK Capital VI Annex A	58,280,450
SKCP Catalyst Fund II-A, L.P.	22,017,920
Sky9 Capital Fund V, L.P.	11,807,162
Sky9 Capital MVP Fund II, L.P.	2,584,639
SLP Valor Co-Invest, L.P.	6,290,715
	<i>(continued)</i>

	Assets
Sofinnova Venture Partners IX, L.P.	\$28,870,166
Sofinnova Venture Partners X, L.P.	20,892,140
Stellex Capital Partners II, L.P.	48,746,403
StepStone VC Wabash Fund, L.P.	17,866,765
Sunstone Partners I, L.P.	34,890,936
Sunstone Partners II, L.P.	22,338,674
Sunstone Partners III-Main, L.P.	10,776,816
TA Select Opportunities Fund-A II, L.P.	37,060,353
TA Select Opportunities Fund-A, L.P.	55,590,013
TA XII-A, L.P.	70,538,680
TA XIII, L.P.	129,305,636
TA XIV-A, L.P.	113,549,620
TDR Capital IV 'A', L.P.	53,792,776
TDR Capital V, L.P.	0
The Baring Asia Private Equity Fund V, L.P.	7,566,938
The Baring Asia Private Equity Fund VI, L.P.1	53,650,411
Thomas H. Lee Equity Fund IX, L.P.	59,152,162
Thomas H. Lee Fund IX Annex A	51,186,573
TPG Asia VIII (A), L.P.	16,231,031
Trident IX Annex A	20,688,318
Trident IX, L.P.	102,471,447
Trident V, L.P.	33,249,631
Trident VII, L.P.	34,136,640
Trident VIII, L.P.	25,932,678
True Ventures VIII, L.P.	13,852,025
Trustbridge Partners IV, L.P.	34,646,634
TSG 8, L.P.	79,402,775
TSG9, L.P.	33,100,050
VEPF VIII Co-Invest 3-A, L.P.	30,273,416
VEPF VIII Co-Invest 4-A, L.P.	19,934,929
Veritas Capital Fund IV, L.P.	398,320
Veritas Capital Fund V, L.P.	30,649,010
Veritas Capital Fund VI, L.P.	16,309,210
Veritas Capital Fund VIII, L.P.	153,495,582
Vista Equity Partners Fund V, L.P.	164,515,170
Vista Equity Partners Fund VI, L.P.	161,446,097
Vista Equity Partners Fund VIII, L.P.	47,307,311
Vista Equity VIII Annex A	39,335,114
Vista Foundation Fund III, L.P.	52,676,269
Vista Foundation Fund IV, L.P.	39,882,561
ZMC III, L.P.	39,442,292
	<i>(continued)</i>

	Assets
Real Assets	
Barings, L.L.C.	\$1,056,302,681
BIF IV Renewable Sidecar-B, L.P.	87,943,786
Black River Agriculture Fund 2, L.P.	57,965,695
Blackstone Infrastructure Partners (Supplemental Account), L.P.	166,165,840
Blackstone Infrastructure Partners, L.P.	323,220,356
Blackstone Real Estate Partners Asia II, L.P.	90,606,121
Blackstone Real Estate Partners Asia III, L.P.	15,828,573
Blackstone Real Estate Partners Asia, L.P.	30,590,914
Blackstone Real Estate Partners IX, L.P.	331,359,895
Blackstone Real Estate Partners VI, L.P.	36,105
Blackstone Real Estate Partners VII, L.P.	30,203,241
Blackstone Real Estate Partners VIII.TE.2, L.P.	208,515,458
Blackstone Real Estate Partners X, L.P.	75,443,970
Brasa Real Estate Fund II, L.P.	42,041,013
Brookfield Infrastructure Fund IV, L.P.	156,161,026
Brookfield Infrastructure Fund V, L.P.	102,205,045
Carlyle Europe Real Estate Partners III, L.P.	274,486
Carlyle Realty Partners IX, L.P.	92,450,031
Carlyle Realty Partners VII, L.P.	21,006,144
Carlyle Realty Partners VIII, L.P.	94,932,663
Dyal Capital III Annex A	108,594,506
Elion Industrial Fund II, L.P.	3,568,181
EQT Exeter Industrial Value Fund VI, L.P.	47,316,290
European Property Investors Special Opportunities 5 SCSp-SIF	70,576,382
European Property Investors Special Opportunities 6 SCSp	24,825,275
Exeter Europe Industrial Core Fund S.C.Sp.	131,941,013
Exeter Industrial Core Fund III, L.P.	62,675,554
Exeter Industrial Value Fund V, L.P.	147,552,697
Exeter Value Fund IV, L.P.	4,015,540
Fortress Japan Opportunity Fund III (Dollar A), L.P.	57,053,206
Fortress Japan Opportunity Fund IV (Dollar A), L.P.	75,602,008
Fortress Japan Opportunity Fund V (Dollar A), L.P.	13,318,047
Fortress Real Estate Opportunities Fund IV (A), L.P.	7,219,729
Gateway Real Estate Fund IV, L.P.	1,769,399
Gateway Real Estate Fund VII, L.P.	44,962,015
Heitman Capital Management, L.L.C.	1,643,519,937
	<i>(continued)</i>

	Assets
Invesco Commercial Mortgage Income Fund, L.P.	\$138,954,331
KKR Diversified Core Infrastructure USD Feeder Fund L.P.	210,380,148
KKR Real Estate Partners Americas III, SCSp	128,018,572
LaSalle Asia Opportunity Fund III, L.P.	373,563
LaSalle Asia Opportunity Fund IV, L.P.	4,434,433
LaSalle Asia Opportunity VI, L.P.	16,799,377
Lion Industrial Trust	1,284,715,095
Lone Star Real Estate Fund III (U.S.), L.P.	186,959
Lone Star Real Estate Fund IV (U.S.), L.P.	54,960,630
Lone Star Real Estate Fund V (U.S.), L.P.	30,185,827
Lone Star Real Estate Fund VI, L.P.	219,394,639
LPC Realty Advisors I, Ltd.	893,697,834
Macquarie European Infrastructure Fund 6 SCSp	253,365,945
Macquarie Global Infrastructure Fund SCSp	110,805,301
Macquarie Infrastructure Partners V, L.P.	222,925,004
Macquarie Infrastructure Partners VI, L.P.	52,849,673
Madison International Real Estate Liquidity Fund VI (TE), L.P.	64,589,720
Niam Nordic V, L.P.	39,810
Oak Street Real Estate Capital Fund III, L.P.	111,229
Oak Street Real Estate Capital Fund IV, L.P.	38,386,166
Oak Street Real Estate Capital Fund V, L.P.	141,203,844
Oak Street Real Estate Capital Net Lease Property Fund, L.P.	349,302,106
Principal Real Estate Investors, L.L.C.	930,536,537
Rockpoint Real Estate Fund V, L.P.	33,946,666
Rockpoint Real Estate Fund VI, L.P.	188,247,016
Rockpoint Real Estate Fund VII, L.P.	61,927,994
Sheridan Production Partners III-B, L.P.	18,423,000
Starwood Distressed Opportunity Fund IX Global, L.P.	15,482,093
Starwood Distressed Opportunity Fund XII, L.P.	172,965,834
Starwood IX Annex A	669,987
Starwood Opportunity Fund X Global, L.P.	41,699,064
Starwood Opportunity Fund XI Global, L.P.	255,636,759
Starwood Value Add Fund II, L.P.	51,040,996
Starwood Value Add Fund, L.P.	162,920,878
Starwood X Annex A	17,156
Starwood X Annex B	343,918
Stonepeak Infrastructure Fund IV, L.P.	173,194,292
	<i>(continued)</i>

	Assets
Strategic Partners Infrastructure III, L.P.	\$152,759,037
Walton Street Real Estate Core-Plus Fund, L.P.	226,734,450
Walton Street Real Estate Fund VI, L.P.	40,315,714
Walton Street Real Estate Fund VII, L.P.	12,438,051
Westbrook Real Estate Fund X, L.P.	25,849,914
Westbrook Real Estate Fund XI, L.P.	133,551,979
Income	
AllianceBernstein, L.P.	658,259,670
Apollo Asset Backed Finance Fund, L.P.	205,317,739
Apollo Lincoln Fixed Income Fund, L.P.	651,507,269
Arbour Lane Credit Opportunity Fund III (A), L.P.	114,584,611
Ares Multi-Credit FD (IL), LP	274,973,778
Beach Point Sangamon, L.P.	804,091,423
BIG Real Estate Fund I, L.P.	39,816,564
BIG Real Estate Fund II, L.P.	48,682,522
BioPharma Credit Investments V, L.P.	77,732,312
Blantyre Special Situations Fund II, L.P.	42,155,822
Brookfield Infrastructure Debt Fund III L.P.	67,630,783
CapitalSpring Investment Partners VI, L.P.	63,877,385
Cerberus 2112 Loan Opportunities Fund, L.L.C.	499,929,634
Cerberus Real Estate Debt Fund II, L.P.	77,694,997
Cerberus Real Estate Debt Fund, L.P.	106,562,219
DCP Asia Credit Fund III, L.P.	54,262,327
Dolan McEniry Capital Management, L.L.C.	695,085,202
DoubleLine Mortgage Opportunities, L.P.	39,019,858
EISAF II, L.P.	15,589,619
Facio Opportunities Fund L.L.C.	19,044,225
Fundamental Partners IV, L.P.	94,001,476
Fundamental Solar Finance Fund LP	76,626,956
Garcia Hamilton & Associates, L.P.	252,871,963
Garcia Hamilton Collective Investment Trust	2,285,000
Global Transport Income Fund Master Partnership SCSp	177,893,634
Hayfin Chief, L.P.	436,759,321
Hudson Northern Shipping Fund V, LP	22,871,385
ICG Santo SCSp	705,587,001
IFM USIDF (Offshore) B, L.P.	110,594,822
ISAF III (USD), L.P.	45,239,754
L2 Point Opportunities I, L.P.	18,416,794
LCM Partners CO IIIa, L.P.	127,161,916
LCM Partners COPS 4, L.P.	25,384,849
	<i>(continued)</i>

	Assets
LCM Partners SOLO III, L.P.	\$82,060,952
Locust Point Senior Housing Debt II, L.P.	45,742,697
Locust Point Senior Mortgage Fund, L.P.	159,805,622
MacKay Shields L.L.C.	484,252,575
Magnetar Constellation IV	6,501,516
Magnetar Constellation V	80,036,247
Maranon Senior Credit Fund II-B, L.P.	2,896,266
Monroe Capital Private Credit Fund II, L.P.	9,752,053
Northern Shipping Fund IV, L.P.	97,794,038
NXT Capital Senior Loan Fund II, L.P.	597,780
NXT Capital Senior Loan Fund V, L.P.	53,257,286
Oaktree Enhanced Income Fund II, L.P.	451,805
Oaktree Enhanced Income Fund III, L.P.	2,433,130
Oaktree Real Estate Debt Fund II, L.P.	36,191,216
Oaktree Real Estate Debt Fund III, L.P.	67,163,654
Oaktree Route 66 Multi-Strategy Fund, L.P.	301,635,850
Pacific Investment Management Company, L.L.C.	1,304,422,694
Payden & Rygel	449,520,288
Pemberton Debt Fund Delaware I, L.P.	27,616,437
Pemberton Debt Fund Delaware II, L.P.	81,134,296
PGIM Fixed Income Alternatives Fund II, L.P.	160,444,562
PGIM Fixed Income Global Liquidity Relative Value Fund I (Cayman), Ltd.	439,793,643
PGIM QIF Emerging Market Debt Opportunities Fund	176,873,074
PGIM, Inc.	484,184,317
PIMCO BRAVO Fund III Onshore Feeder, L.P.	96,921,083
PIMCO BRAVO Fund IV Onshore Feeder, L.P.	105,343,232
PIMCO BRAVO Fund Onshore Feeder II, L.P.	6,814,990
PIMCO Commercial Real Estate Debt Fund II, L.P.	72,268,997
PIMCO Commercial Real Estate Debt Fund, L.P.	48,849,115
PIMCO Corporate Opportunities Fund II, L.P.	79,215,741
PIMCO Corporate Opportunities Fund III, L.P.	166,100,861
PIMCO Corporate Opportunities Fund IV Onshore Feeder, L.P.	10,898,300
PIMCO Horseshoe Fund, L.P.	735,075,678
Pretium Residential Credit Fund II, L.P.	163,713,354
Principal Global Investors, L.L.C.	373,750,559
Proterra Credit Fund 2, L.P.	46,044,493
Proterra Credit Fund, L.P.	15,145,398
Prudential Trust Company Collective Trust	1,311,137,566
	<i>(continued)</i>

	Assets
Riverstone Credit Partners II, L.P.	\$32,316,999
Riverstone Credit Partners, L.P.	13,821,950
SCP Private Corporate Lending Fund, L.P.	148,737,510
Sixth Street Growth Partners II (A), L.P.	37,368,488
Sixth Street Mid-Stage Growth Partners (A), L.P.	10,331,210
Sixth Street TAO Partners (B), L.P.	78,447,341
SLR 1818, L.P.	136,675,618
SLR HC Onshore Fund L.P.	46,957,390
Taconic European Credit Dislocation Fund III, L.P.	206,220,314
Taplin, Canida & Habacht	1,277,162,431
Taurus Mining Finance Annex Fund L.L.C.	1,309,430
Taurus Mining Finance Fund II, L.P.	54,345,248
Taurus Mining Finance Fund L.L.C.	5,669,555
Taurus Mining Royalty Fund, L.P.	57,753,393
TerraCotta Credit Fund, L.P.	101,576,973
	<i>(continued)</i>

	Assets
The Varde Private Debt Opportunities Fund (Onshore), L.P.	\$45,895,691
TRS Coriolis, L.P.	78,278,033
Varadero Special Opportunities Fund	15,826,399
Diversifying Strategies	
Alphadyne Global Rates Fund II, Ltd.	342,819,381
Brevan Howard Alpha Strategies Fund, L.P.	274,481,992
Brevan Howard Kankakee SP	64,728,514
Brevan Howard Systematic Trading Fund, L.P.	147,497,770
Crabel Fund, L.P.	112,436,299
Graham Global Investment Fund I SPC Ltd.	234,647,517
Grosvenor Monarch Fund, L.L.C.	84,653,675
Tilden Park Investment Fund, L.P.	165,099,232
Varadero International, Ltd.	269,671,192

Note: The list does not include managers terminated prior to June 30, 2024 with residual assets in the account.

SUPPLEMENTARY SCHEDULES

Top 10 U.S. Equity Holdings at June 30, 2024

Firm	Sector	Fair Value (USD)
Microsoft Corp.	Technology	\$929,268,494
Apple, Inc.	Technology	865,999,725
NVIDIA Corp.	Technology	942,534,152
Amazon.com, Inc.	Consumer	447,602,751
Meta Platforms, Inc. - class A	Communication	371,853,174
Alphabet, Inc. - class A	Communication	252,016,911
Eli Lilly + Co.	Health Care	241,645,017
Alphabet, Inc. - class C	Communication	196,756,468
JPMorgan Chase + Co.	Financials	173,645,267
Berkshire Hathaway, Inc.	Financials	167,299,348
Total		<u>\$4,588,621,307</u>

Sources: State Street Bank and Trust and TRS

Top 10 International Equity Holdings at June 30, 2024

Firm	Country	Fair Value (USD)
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	\$188,733,499
Novo Nordisk A/S	Denmark	173,959,898
ASML Holding NV	Netherlands	121,854,317
Samsung Electronics Co. Ltd.	Korea	115,251,006
SAP SE	Germany	105,635,047
Roche Holding AG	Switzerland	86,595,603
Mediatek, Inc.	Taiwan	81,222,138
Novartis AG	Switzerland	71,767,799
Linde PLC	Ireland	69,372,789
Tencent Holdings Ltd.	Hong Kong	69,110,121
Total		<u>\$1,083,502,217</u>

Sources: State Street Bank and Trust and TRS

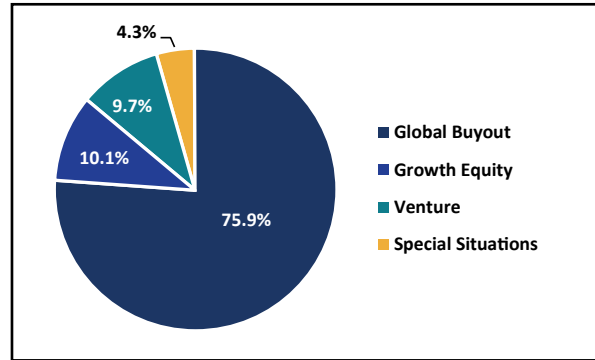
A complete list of investment holdings is available upon request.

Top 10 Income Holdings at June 30, 2024 (excludes commingled funds)

Security/position	Maturity Date	Interest Rate	Fair Value (USD)
United States Treasury Note/Bond	8/15/2026	4.38%	\$124,174,805
United States Treasury Note/Bond	10/31/2024	1.50	64,668,094
United States Treasury Note/Bond	11/30/2024	2.13	64,491,045
United States Treasury Note/Bond	9/30/2024	2.13	64,353,484
United States Treasury Note/Bond	5/15/2025	2.13	64,309,613
United States Treasury Note/Bond	3/15/2025	1.75	64,140,925
United States Treasury Note/Bond	1/31/2025	4.13	62,636,432
United States Treasury Floating Rate Note	1/31/2026	1.00	54,406,333
United States Treasury Note/Bond	1/15/2027	4.00	49,281,250
Federal Home Loan Pool	1/1/2028	2.50	33,569,532
Total			<u>\$646,031,513</u>

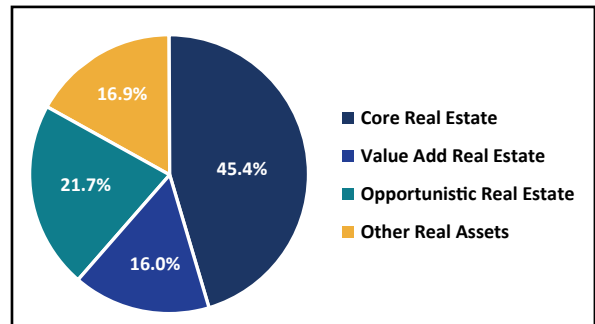
Sources: State Street Bank and Trust and TRS

Private Equity by Investment Type



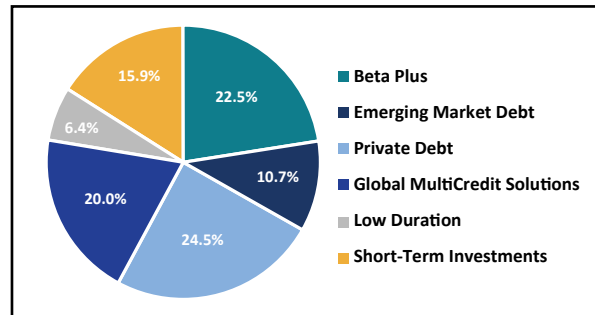
Sources: State Street Bank and Trust and TRS

Real Assets by Investment Type



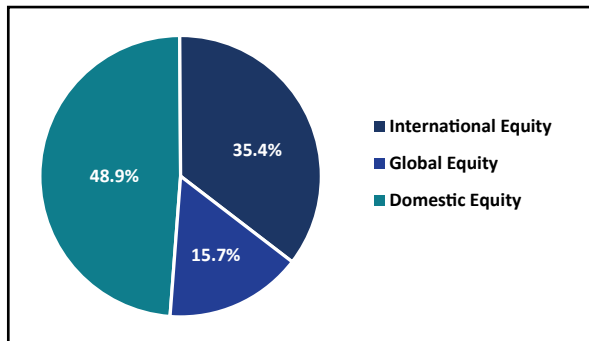
Sources: State Street Bank and Trust and TRS

Income by Investment Type



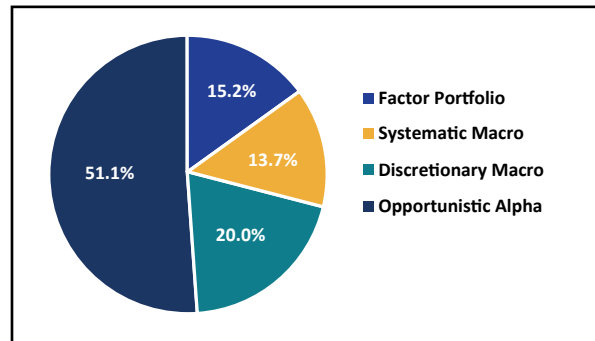
Sources: State Street Bank and Trust and TRS

Public Equity by Investment Type



Sources: State Street Bank and Trust and TRS

Diversifying by Investment Type



Sources: State Street Bank and Trust and TRS

ACTUARIAL



Ralph A.

Where do/did you teach? *Mt. Pulaski High School*

What level(s) do/did you teach? *9-12th Grades*

What did you "take away" from your counseling session today?
TRS people are very, very helpful and nice.

What do you plan to do in retirement?
Farm my farm in the daylight and serve my church more.

What will you miss about your profession after retirement?
I will definitely miss the outstanding students who I get to teach.

What advice would you give to new teachers?
*Go to your school and community and immerse yourself in the culture.
It's how you have a more rewarding and effective career.*



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November 11, 2024

Board of Trustees
Teachers' Retirement System of the State of Illinois
2815 West Washington Street
Springfield, Illinois 62702

ACTUARIAL CERTIFICATION

Dear Board Members:

This report presents the results of the annual valuation of the assets and liabilities of the Teachers' Retirement System of the State of Illinois (TRS or System) as of June 30, 2024, prepared in accordance with the funding policy specified under the Illinois Pension Code (40 ILCS 5/16). This valuation takes into account all of the pension benefits to which members are entitled.

Actuarial Assumptions and Methods

The valuation was based on the actuarial assumptions adopted by the Board of Trustees, reflecting the three-year demographic and economic experience review covering the period July 1, 2020, through June 30, 2023, presented at the August 16, 2024, Board meeting, and the economic experience review presented at the June 18, 2024, Board meeting. In our opinion, the actuarial assumptions as approved by the Board are reasonably related to the experience of and the expectations for the System and the combined effect of these assumptions is expected to have no significant bias. The actuarial assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice. The methods mandated by the Illinois Pension Code as described in the Funding Adequacy section are inadequate to appropriately fund TRS.

Assets and Membership Data

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results. TRS reported to the actuary the individual data for members of the System as of the prior valuation date. Valuation results are projected, based upon the actuarial assumptions, to account for the one-year difference between the date of the census data and the valuation date. The impact on the valuation due to the census data that lags one year behind the valuation date has been studied and deemed immaterial. The amount of assets in the trust fund as of the valuation date was based on statements prepared by TRS.

Funding Adequacy

The member and employer contribution rates are determined in accordance with the funding policy specified under the Illinois Pension Code (40 ILCS 5/16). The member contribution rate is 9.0%, which is comprised of 7.5% toward the cost of the retirement annuity, 0.5% toward the cost of the automatic annual increase in the retirement annuity, and 1.0% for survivor benefits. The employer contributions are determined such that, together with the member contributions, the plan is projected to achieve 90% funding by 2045. The 2045 funding objective of 90% was set in 1994 as a 50-year objective. TRS members have always contributed their share. **The State funding has been inadequate, resulting in TRS being among the worst funded public employee retirement systems in the United States. We strongly recommend an actuarial funding method that targets 100% funding. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the unfunded actuarial accrued liability, and the principal balance.** The funding policy adopted by the Board, referred to as the Board-Adopted Actuarial Funding Policy, meets this standard.

The valuation indicates that for the fiscal year ended June 30, 2024, the actuarial experience of TRS generated a net actuarial gain of \$151 million. This gain is the result of a \$397 million gain due to investment return experience (on an actuarial basis; TRS experienced an investment gain of \$1.13 billion on a fair value basis) and a loss of \$246 million (0.2% of the actuarial accrued liability) due to demographic experience for fiscal 2024.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are prepared to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuaries.

Actuarial Certification

In preparing the results presented in this report, we have relied upon information TRS staff provided to us regarding the benefit provisions, System members, benefit payments and unaudited plan assets. While the scope of our engagement did not call for us to perform an audit or independent verification of this information, we have reviewed this information for reasonableness. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

There is a schedule of Required Supplementary Information in the Financial Section of the System's Annual Comprehensive Financial Report. Segal has provided the Schedule of Changes in the Net Pension Liability, the Schedule of the Net Pension Liability, and the Schedule of Contributions from Employers and Other Contributing Entities. Segal reviewed this information in the Required Supplementary Information and the Notes to Required Supplementary Information to verify its consistency with the valuation report.

The Actuarial Section of the System's Annual Financial Report contains the following schedules, which were not prepared by Segal, but were reviewed by Segal for consistency with the valuation report: Actuarial Valuation, Reconciliation of Unfunded Liability, FY25 & FY26 State Contribution Requirements, and Unfunded Liability as a Percentage of Payroll Test. The Actuarial Section also contains the following schedules, which were prepared by Segal: Funded Ratio Test, Solvency Test, Schedule of Contributions from Employers and Other Contributing Entities, Employer Normal Cost by Tier, and Funded Ratio by Tier. Segal neither reviewed nor prepared any items beyond those specifically listed in this paragraph and the preceding paragraph.

In our opinion, the results presented comply with the Illinois Pension Code and, where applicable, the Internal Revenue Code, and the Statements of the Governmental Accounting Standards Board. While all calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board, this does not endorse the funding methodology required by the Illinois Pension Code.

The actuarial calculations were directed under the supervision of Matthew A. Strom and Tanya Dybal. The undersigned are independent actuaries. They are Fellows or Associates of the Society of Actuaries, Enrolled Actuaries, and Members of the American Academy of Actuaries, and are experienced in performing valuations for large public retirement systems. They meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

Segal



Matthew A. Strom, FSA, MAAA, EA
Senior Vice President and Actuary



Tanya Dybal, FSA, MAAA, EA
Vice President and Actuary



David K. Nickerson, ASA, MAAA, EA
Actuary



The Actuarial Section of this report discusses the System's funded status and measures changes in its financial condition over time. The actuarial accrued liability, actuarial value of assets and unfunded liability presented in this section are used to determine state funding requirements. The total pension liability, plan fiduciary net position and net pension liability are used for financial disclosure only and are required by GASB Statement No. 67. For the GASB disclosure, please see the Financial Section of this report: "Notes to Financial Statements, A. Plan Description, 6. Actuarial Measurements."

Pursuant to Public Act 97-0674, the Office of the Auditor General employs a state actuary, Cheiron, to review the five state systems' actuarial valuation reports. The reports are considered preliminary until the state actuary has reviewed them. In its review of the previous report prepared by Segal, Cheiron recommended that Segal provide additional information in the valuation report about the new entrant population used in its projection such as average age and service of the active population in each year of the projection.

A recommendation was also made to increase the full-time future service accrual rate assumption to 1.0 years of service and consider non-full-time member future service accrual rates that reflect recent experience on an individual basis.

With regularity, Cheiron recommends the TRS Board annually review the economic assumptions for use in the valuation. The TRS Board acts on this recommendation every year with review and adoption of the investment rate of return and inflation assumptions.

The preliminary June 30, 2024 actuarial valuation prepared by Segal has been submitted to the state actuary.

ACTUARIAL ASSUMPTIONS AND METHODS

Each year the actuary reconciles the differences between actuarial assumptions and experience to explain the change in TRS's unfunded liability. The unfunded liability is the difference between the accrued liability (the present value of benefits allocated to service accrued-to-date) and the assets that are available to cover the liability.

Most assumptions used in the FY24 valuation are based on the 2024 experience study analysis. At the recommendation of the state actuary, the economic assumptions, investment return and inflation are reviewed by the TRS Board of Trustees annually for use in the next valuation.

INVESTMENT RETURN

The investment return rate is 7.0 percent per annum, compounded annually and net of investment expenses, including inflation at 2.50 percent and real return at 4.50 percent. This is the expected rate of return on investments first adopted effective June 30, 2016 and is also used to discount benefit payments. These individual components were reaffirmed by the Board at the June 2024 meeting for the FY24 valuation.

SALARY INCREASES

Components of the salary increase assumption include:

- inflation of 2.50 percent and
- real wage growth (productivity).

The sample annual percentage salary increases (including merit and components of increase listed previously) follow.

Salary Increase Assumptions

Service	Male and Female
1 year	8.50%
2 years	7.00
3 years	6.50
4 years	6.50
5 years	6.25
10 years	5.50
15 years	4.75
20 years and above	4.00

For a member who works 34 years, the assumed average salary increase over the member's career is 4.90 percent per year. The actual average salary increase for teachers who were in full-time or regular part-time status at both June 30, 2022 and June 30, 2023 is 5.28 percent.

INFLATION

Inflation is assumed to be 2.50 percent per annum and is implicit in investment and earnings progression assumptions. This rate was first adopted in the FY22 valuation.

RETIREMENT AGE

Graduated rates are based on age and service of active members at retirement.

Sample annual retirement rates follow. The Tier 1 rates were revised in 2024 and the Tier 2 rates were revised in 2012.

Tier 1 is composed of members who entered into service before Jan. 1, 2011:

Tier 1 Retirement Assumptions

Age	Years of Service			
	5-18	19-29	30-33	34+
54	-%	7%	24%	50%
55	-	7	24	50
60	23	35	59	44
65	28	41	45	41
70	100	100	36	32
75	100	100	100	100

Tier 2 is composed of those entering into service on or after Jan. 1, 2011:

Tier 2 Retirement Assumptions

Age	Years of Service				
	5-18	19-30	31	32-33	34+
62	13%	15%	20%	25%	25%
65	8	10	15	20	20
67	20	40	70	70	70
70	100	100	100	100	100

MORTALITY

The assumed mortality rates are based on the Society of Actuaries PubT-2010 mortality tables with adjustments as appropriate for TRS experience. The rates are projected generationally with the 2024 Adjusted Scale MP-2021.

For retirees, the PubT-2010 Retiree Mortality table is used with the following adjustments:

- female rates are multiplied by 91 percent for ages under 75 and 103 percent for ages 75 and older and
- male rates are multiplied by 103 percent for ages under 85 and 111 percent for 85 and older.

For disabled members, the PubNS-2010 Non-Safety Disabled Retiree Mortality table is used with no adjustments to male or female rates.

For beneficiaries, the Pub-2010 Contingent Survivor Mortality table is used with female rates multiplied by 94 percent for all ages and male rates multiplied by 106 percent for all ages.

For active and inactive members, the PubT-2010 Employee Mortality table is used with male and female rates multiplied by 94 percent for all ages.

DISABILITY

Here are the sample annual disability rates:

Disability Assumptions

Age	Male	Female
25	0.005%	0.015%
30	0.005	0.024
40	0.015	0.042
50	0.049	0.107
55	0.068	0.119
60	0.088	0.160

TERMINATION FROM ACTIVE SERVICE

Here are the sample annual termination rates (for reasons other than death, disability or retirement):

Termination Assumptions

Age	Under 5 Yrs of Service		5 or More Yrs of Service	
	Male	Female	Male	Female
25	6.50%	6.50%	3.75%	4.50%
30	7.25	7.45	3.00	4.25
40	8.70	7.25	1.50	1.25
50	11.10	8.55	0.75	1.25
55	12.00	10.60	2.00	2.25
60	16.30	14.00	3.00	2.25
65	29.25	27.50	3.00	2.25

SEVERANCE PAY

The percent of retirees from active service assumed to receive severance pay and the amount of such severance payments are assumed to be as follows and are not applicable to Tier 2.

Severance Pay Assumptions

Percent Retiring with Severance Pay	Severance Pay as a Percent of Other Pensionable Earnings in Last Year of Service
20%	10.0%

OPTIONAL SERVICE AT RETIREMENT

The accrued liability for retirement benefits for active members who have not previously purchased optional service is increased to cover the employer cost of optional service purchased in the last two years of service. The sample purchases at retirement follow.

Optional Service Assumptions

Years of Regular Service at Retirement	Maximum Service Purchased
10	0.073 years
15	0.233 years
20	0.440 years
25	0.580 years
30	0.538 years
34 or more	None

UNUSED AND UNCOMPENSATED SICK LEAVE

Unused and uncompensated sick leave varies by the amount of regular service at retirement.

The sample amounts of sick leave at retirement are:

Sick Leave Assumptions

Years of Service at Retirement	Sick Leave Service Credit
10	0.291 years
15	0.692 years
20	0.949 years
25	1.148 years
30	1.371 years
34	1.623 years
35 or more	None

POST-RETIREMENT INCREASES

Tier 1: 3%, compounded (statutory).

Tier 2: 1.25%, not compounded (adopted in FY22 valuation).

ACTUARIAL COST METHOD

The actuarial cost method required by the Illinois Pension Code is projected unit credit, which was adopted in the FY1989 valuation as required by Public Act 86-0273. The entry age normal cost method has been the basis of the TRS board's funding policy since FY15 and is used for financial reporting under GASB Statement No. 67.

ASSET VALUATION METHOD

The practice of five-year prospective asset smoothing was adopted in the FY09 valuation as required by Public Act 96-0043.

ACCELERATED BENEFIT PROGRAMS (BUYOUTS)

Under the programs established by Public Act 100-0587 and extended to June 30, 2026 by Public Act 102-0718:

- 10 percent of eligible Tier 1 and Tier 2 future inactive members are assumed to participate in the Accelerated Pension Benefit Program (adopted in the FY22 valuation). An additional 1 percent of current inactive vested members are assumed to elect the inactive vested buyout to reflect the repeated notification of eligible members back to program inception.
- 25 percent of eligible Tier 1 retirees are assumed to participate in the Accelerated Annual Increase Program.

The Accelerated Pension Benefit Program and Accelerated Annual Increase Program participation assumptions are based on the recent TRS actuarial experience review during the period of June 30, 2021 through June 30, 2023.

Of the \$2 billion bond authorization, TRS expended approximately \$923 million through FY24 from bond proceeds to fund the buyouts.

Buyouts are assumed to be paid through June 30, 2026 with additional funds being allocated

to TRS to pay for all assumed buyout payments, as needed.

ACTUARIAL EXPERIENCE ANALYSIS

In an actuarial experience analysis, a retirement system's assumptions about future events are compared to its experience to determine whether the assumptions should be revised. In 2024, TRS actuaries conducted an analysis for the three years ending June 30, 2023. Based on their study, the actuaries recommended changes in assumptions that were first adopted by the TRS Board of Trustees in the June 30, 2024 actuarial valuation.

The following changes in assumptions were adopted by the TRS Board of Trustees in August 2024:

- The rates of individual salary increase were adjusted based on plan experience.
- The percent of retirees assumed to receive severance pay and the average severance payment amount were increased.
- The healthy, disabled, and beneficiary post-retirement and pre-retirement mortality assumption were updated to reflect adjusted rate multipliers at various ages for males and females to better reflect plan experience.
- The mortality improvement scale was updated from Scale MP-2020 to the 2024 Adjusted Scale MP-2021.
- The retirement rates for active Tier 1 members were adjusted based on plan experience. The retirement rates for inactive Tier 1 and Tier 2 members were adjusted to add age-based rates for early retirement ages.
- The termination rates were adjusted based on plan experience.
- The disability rates were decreased based on plan experience.

- The sick leave service credit rates were adjusted based on plan experience.
- The optional service purchase rates were adjusted based on plan experience.
- The future service accrual rates were increased based on plan experience. For substitutes and part-time members, future service accrual rates are based on the member's actual service accrual in the prior year.
- The Automatic Annual Increase buyout participation rate was increased for eligible retiring Tier 1 members based on plan experience.
- The Inactive Vested buyout participation rate was updated to include current inactive vested members to reflect that buyout elections packages were reissued to all eligible members.
- The period in which buyouts, at that time of the experience study, were assumed to be paid was extended from FY22 to FY24. Since that time, the buyout programs were extended again from FY24 to FY26.

ANNUAL ACTUARIAL VALUATION

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date but not yet paid. The unfunded liability is the present value of future benefits payable that are not covered by the assets on the valuation date.

All actuarial assumptions used to prepare the actuarial valuation are reviewed every three years. The last review, called an actuarial experience analysis, was conducted in 2024. The major economic assumptions are reviewed every year. The state actuary recommended this more frequent review.

The funded ratio shows the percentage of the accrued liability covered by assets. The following

table shows the funded ratio based on the actuarial value of assets and the fair value of assets.

Actuarial Valuation (\$ thousands)

	Year Ended June 30, 2024
Based on actuarial value of assets	
Total actuarial accrued liability	\$154,325,159
Less actuarial value of assets*	70,687,607
Unfunded liability	<u>\$83,637,552</u>
Funded ratio*	45.8%
Based on fair value of assets	
Total actuarial accrued liability	\$154,325,159
Less assets at fair value	71,424,802
Unfunded liability	<u>\$82,900,357</u>
Funded ratio	46.3%

* Five-year prospective smoothing began in FY09.

ANALYSIS OF FINANCIAL EXPERIENCE: RECONCILIATION OF UNFUNDED LIABILITY

The \$1.7 billion net increase in the 2024 unfunded liability was caused by a combination of factors.

The first factor shown in the reconciliation table is the difference between actual employer/state contributions and the amount that would cover the employer/state's cost of benefits earned during the year and prevent the prior year's unfunded liability from growing. That shortfall was \$525 million.

Actuarial gains and losses occurred under the other assumptions. The most significant gain was on investment experience. Other actuarial gains occurred under the assumptions for disabilities, mortality and buyout experience meaning that experience was more favorable (less costly) than assumed.

Actuarial losses occurred under the assumptions for salary increases, retirements, terminations, new entrants and rehires (members coming back into

teaching service), meaning that experience was less favorable (more costly) than assumed. The loss of \$85 million in the "other" category is a balancing item.

The net effect of the actuarial gains and losses was an increase in the unfunded liability of \$1.3 billion.

In summary, the \$1.7 billion increase in the unfunded liability is the net effect of the \$0.5 billion employer cost in excess of contributions and the \$1.2 billion gain due to experience and changes in assumption.

Reconciliation of Unfunded Liability

Reconciliation of Unfunded Actuarial Accrued Liability	Year Ended June 30, 2024
Unfunded liability at beginning of year	\$81,896,009,108
Additions	
Employer cost in excess of contributions	524,955,378
Experience (gain)/loss from:	
Investment (gain)/loss on actuarial value of assets*	(397,306,665)
Salaries for continuing active members	164,767,372
Retirements other than expected	54,978,894
Disabilities other than expected	(18,188,416)
Terminations other than expected	74,025,535
Mortality other than expected	(28,528,638)
Rehires	46,506,966
New entrants	966,963
Buyout experience	(133,501,723)
Other	85,229,654
Net experience gain	(151,050,059)
Changes in actuarial assumptions	1,367,637,238
Net increase in unfunded liability	1,741,542,557
Unfunded liability at end of year	<u>\$83,637,551,666</u>

* Assets were expected to earn 7.0 percent during the year ended June 30, 2024. This item is the difference between the expected and the actual return on an actuarial basis.

ACTUARIAL STANDARDS AND ILLINOIS STATE PENSION FUNDING

In 2012, the TRS Board of Trustees resolved to begin certifying state funding amounts that were in accordance with generally accepted actuarial principles and standards. These amounts have been submitted to the legislative and executive branches in addition to the amounts calculated under Illinois law. The board's purpose is to illustrate the gap between sound funding policy and current practice.

Additional amounts certified by the board from 2012 through 2014 would have begun amortizing the unfunded liability over an open 30-year period or would have stabilized it by paying the accruing interest. Over time, however, actuarial standards have evolved and become more stringent.

In 2015, the board adopted the actuary's recommendation to shorten the amortization period under its alternative certification to 20 years. In this scenario, the amortization payments would increase by 2 percent per year, which is the estimate of the annual increase in Illinois revenue. Future increases in the unfunded liability would be amortized over subsequent 20-year periods (layered amortization). Additionally, the actuarial accrued liability and the employer's normal cost would be calculated under the entry age normal actuarial cost method, which is the most commonly used method in the public sector. Entry age would assign costs more evenly over an employee's normal career. It would replace the projected unit credit actuarial cost method that is required under Illinois law. The projected unit credit method has the effect of delaying the cost of a member's service and deferring contributions, thereby leading to higher costs in the long run.

STATE FUNDING

Public Act 88-0593 was enacted in 1994 and first affected state contributions in FY1996. The law established a 50-year funding plan that includes a 15-year phase-in period. By the end of the funding period in FY45, TRS will have a 90 percent funded ratio. A key feature of this act is the “continuing appropriation” language that requires state contributions to be made automatically to TRS, provided state funds are available.

Public Act 93-0002, the pension obligation bond legislation, was enacted in 2003 and first affected state contributions in FY05. The law requires a multi-step process that ensures that state contributions through FY33 do not exceed certain maximums. After FY33 when debt service on the bonds is repaid, contributions are higher than they would have been without the maximums.

Public Act 100-0023, enacted in 2017, made two changes that affected TRS funding and required TRS to recertify the FY18 state contribution. First, changes in actuarial assumptions made since the FY12 actuarial valuation are to be phased in over five-year periods to reduce volatility in the state contribution. Second, the act requires employers to contribute to TRS an amount that covers the employer normal cost on earnings that exceed the governor’s statutory salary.

State Funding Amounts

The FY25 certified state contributions are based on the June 30, 2023 actuarial valuation and the FY26 certifications are based on the June 30, 2024 actuarial valuation. The state actuary will review the proposed certifications for FY26 as well as the preliminary June 30, 2024 valuation. Final certifications for FY26 are due Jan. 15, 2025 pursuant to Public Act 97-0674.

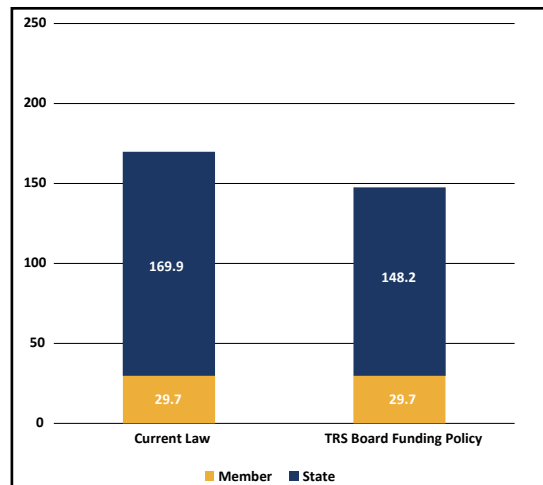
The following table shows funding requirements under the statutory funding plan and the TRS Board of Trustee's funding plan that was adopted in 2015.

FY25 & FY26 State Contribution Requirements

	FY25 Requirements	FY26 Requirements
Based on Statutory Funding Plan		
Benefit Trust Reserve	\$6,203,622,413	\$6,495,517,664
Minimum Annuity Reserve	300,000	200,000
Total State Contribution	\$6,203,922,413	\$6,495,717,664
Based on TRS Board Funding Policy		
Benefit Trust Reserve	\$10,105,574,758	\$10,734,162,004
Minimum Annuity Reserve	300,000	200,000
Total State Contribution	\$10,105,874,758	\$10,734,362,004
Employer Normal Cost Rate		
Tier 1	15.47%	16.10%
Tier 2	(0.94%)	(0.74%)
Combined	10.34%	10.34%

Under the TRS Board of Trustee’s funding policy, the state funding requirement is initially higher than under the statutory plan because it begins reducing the unfunded liability immediately. Over time, however, funding-based on this actuarial standard greatly reduces state contributions because it reduces the finance charges that occur under the statutory plan. Under the board's funding policy, total state contributions from FY26 through FY45 would be \$21.7 billion lower than under current law.

State and Member Required Contributions FY26-FY45 (\$ Billions)



TESTS OF FINANCIAL CONDITION

The funded ratio shows the percentage of the accrued liability covered by actuarial value of assets and the fair value of assets.

Funded Ratio Test (\$ thousands)

As of June 30	Actuarial Accrued Liability	Assets		Unfunded Liability Using Assets Based on		Funded Ratio Using Assets Based on	
		Actuarial Value	Fair Value	Actuarial Value	Fair Value	Actuarial Value	Fair Value
2015	\$108,121,825	\$45,435,193	\$46,406,916	\$62,686,632	\$61,714,909	42.0%	42.9%
2016	118,629,890	47,222,098	45,250,957	71,407,792	73,378,933	39.8	38.1
2017	122,904,034	49,467,525	49,375,665	73,436,509	73,528,369	40.2	40.2
2018	127,019,330	51,730,890	51,969,547	75,288,440	75,049,783	40.7	40.9
2019	131,456,969	53,391,193	53,262,789	78,065,776	78,194,180	40.6	40.5
2020	135,598,547	54,890,976	52,316,478	80,707,571	83,282,069	40.5	38.6
2021	138,914,275	58,979,923	64,212,505	79,934,352	74,701,770	42.5	46.2
2022	143,523,731	62,910,402	62,833,626	80,613,328	80,690,105	43.8	43.8
2023	148,398,296	66,502,287	66,504,717	81,896,009	81,893,579	44.8	44.8
2024	154,325,159	70,687,607	71,424,802	83,637,552	82,900,357	45.8	46.3

The unfunded liability as a percentage of payroll is a standard measure of the relative size of the unfunded liability. Increases in this percentage indicate deterioration in a system's financial position.

Unfunded Liability as a Percentage of Payroll Test Based on Actuarial Value of Assets (\$ thousands)

Year Ended June 30	Approximate Member Payroll*	Unfunded Liability	Percentage of Payroll
2015	\$9,641,171	\$62,686,632	650.2%
2016	9,811,614	71,407,792	727.8
2017	9,965,570	73,436,509	736.9
2018	10,163,980	75,288,440	740.7
2019	10,450,452	78,065,776	747.0
2020	10,827,439	80,707,571	745.4
2021	11,120,776	79,934,352	718.8
2022	11,647,248	80,613,329	692.1
2023	12,382,202	81,896,009	661.4
2024	12,721,190	83,637,552	657.5

* Payroll supplied by TRS

The solvency test measures TRS's ability to cover different types of obligations if the plan was terminated and is hypothetical. The columns are in the order that assets would be used to cover certain types of obligations. Employee contributions would be refunded first, amounts due for participants currently receiving benefits would be covered next and the employer's obligation for active members would be covered last. Columns (1) and (2) should be fully covered by assets. The portion of column (3) that is covered by assets should increase over time.

Solvency Test (\$ thousands)

Year Ended June 30	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Percentage of Benefits Covered by Net Assets		
	Active Member Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)		(1)	(2)	(3)
2015	\$9,281,893	\$70,545,782	\$28,294,150	\$45,435,193	100%	51%	-
2016	9,629,934	77,688,075	31,311,881	47,222,098	100	48	-
2017	9,683,095	80,882,353	32,338,586	49,467,525	100	49	-
2018	10,057,427	82,968,465	33,993,438	51,730,890	100	50	-
2019	10,474,097	85,788,806	35,194,066	53,391,193	100	50	-
2020	10,902,747	88,185,983	36,509,817	54,890,976	100	50	-
2021	11,320,352	88,788,971	38,804,952	58,979,923	100	54	-
2022	11,804,784	90,534,637	41,184,310	62,910,402	100	56	-
2023	12,276,856	92,515,847	43,605,593	66,502,287	100	59	-
2024	13,816,072	95,322,114	45,186,973	70,687,607	100	60	-

OTHER INFORMATION

Schedule of Contributions from Employers and Other Contributing Entities (\$ thousands)

Year Ended June 30	State Contributions ¹	Federal and Employer Contributions ²	Total	Actuarially Determined Contribution ³	Percentage Contributed	Annual Required Contribution per State Statute	Percentage Contributed ⁴
2015	\$3,376,878	\$144,780	\$3,521,658	\$4,119,526	85.5%	\$3,497,366	100.7%
2016	3,741,802	147,408	3,889,210	4,582,530	84.9	3,883,544	100.1
2017	3,985,783	148,749	4,134,532	6,248,879	66.2	4,124,119	100.3
2018	4,094,616	84,034	4,178,650	7,080,756	59.0	4,178,744	100.0
2019	4,465,578	87,707	4,553,285	7,429,037	61.3	4,554,862	100.0
2020	4,763,078	92,038	4,855,116	7,988,612	60.8	4,923,519	98.6
2021	5,140,337	97,082	5,237,419	8,441,258	62.0	5,237,798	100.0
2022	5,866,530 ⁵	120,441	5,986,971	8,947,919	66.9	5,791,571	103.4
2023	6,008,948 ⁵	123,194	6,132,142	9,201,648	66.6	5,994,047	102.3
2024	6,158,370	130,977	6,289,347	9,694,780	64.9	6,148,119	102.3

1. Actual state contribution amounts paid, reflecting recertifications which may not agree with original certifications in actuarial reports. Minimum benefit reimbursements are excluded.
2. Excess sick leave and penalty employer contributions are excluded. Beginning in FY18, the federal contribution rate for salaries paid from federal funds is the same as the total employer normal cost rate. Previously, it was the same as the state contribution rate. Reflects a temporary increase in federal funds payroll resulting from the Elementary and Secondary Emergency Relief Fund (ESSER).
3. Actuarially determined contribution (ADC) through FY16 was based on GASB Statement No. 25. Beginning in FY17, the ADC is based on the TRS Board of Trustees funding policy.
4. Actual contributions varied slightly from contributions that are required by statute mainly because of differences between estimated and actual federal contributions.
5. State contributions for year ended June 30, 2022 reflect a one-time contribution of \$172 million from the Pension Stabilization Fund per PA102-0696. State contributions for year ended June 30, 2023 reflect two contributions of \$115.2 million appropriated from the Pension Stabilization Fund per PA 102-0698. One of these contributions was received in FY24.

The previous Schedule of Contributions from Employers and Other Contributing Entities is similar to the Schedule of the Employers' Contributions shown in the Required Supplementary Information in the Financial Section. Through FY16, both tables are based on an Actuarially Determined Contribution (ADC). Until FY17, the ADC includes the employer's normal cost and amortizes the System's unfunded liability over a 30-year open period, with the amortization component based on a level percent of pay pursuant to GASB Statement No. 25. Beginning in FY17, a different comparison is used due to the board's adoption of a more stringent actuarial funding calculation for its alternative certification. The board's funding policy was described earlier in this section under "Actuarial Standards and Illinois State Pension Funding."

The schedule of Retirees and Beneficiaries Added and Removed from the Rolls shows the overall trends in the number of benefit recipients and the amounts they receive.

Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended June 30	Number at Beginning of Year	Number Added to Rolls	Number Removed from Rolls	Number at End of Year	End-of-Year Annual Allowances		Average Annual Allowance	
					Amount	Increase	Amount	Increase
2015	112,333	5,789	3,200	114,922	\$5,718,110,055	5.3%	\$49,756	2.9%
2016	114,922	5,723	2,995	117,650	6,024,825,507	5.4	51,210	2.9
2017	117,650	5,627	3,126	120,151	6,328,506,420	5	52,671	2.9
2018	120,151	5,672	3,400	122,423	6,629,605,138	4.8	54,153	2.8
2019	122,423	5,238	3,362	124,299	6,915,297,528	4.3	55,634	2.7
2020	124,299	5,151	3,523	125,927	7,183,690,664	3.9	57,046	2.5
2021	125,927	5,502	3,911	127,518	7,461,806,091	3.9	58,516	2.6
2022	127,518	5,729	3,781	129,466	7,750,208,525	3.9	59,863	2.3
2023	129,466	5,396	3,845	131,017	8,044,435,268	3.8	61,400	2.6
2024	131,017	5,848	3,963	132,902	8,371,072,099	4.1	62,987	2.6

Source: TRS

Year Ended June 30	Amount Added to Rolls		
	Annual Benefit Increases	New Benefit Recipients	Amount Removed from Rolls
2015	\$162,158,193	\$237,388,307	\$111,541,227
2016	168,459,973	250,009,083	111,753,604
2017	180,258,847	242,035,397	118,613,331
2018	187,737,960	249,984,285	136,623,527
2019	194,545,787	233,753,123	142,606,520
2020	203,914,182	217,817,526	153,338,573
2021	208,410,910	252,691,913	182,987,395
2022	217,281,781	259,338,852	188,218,199
2023	223,131,733	267,245,806	196,150,796
2024	228,831,807	312,022,212	214,214,188

Source: TRS

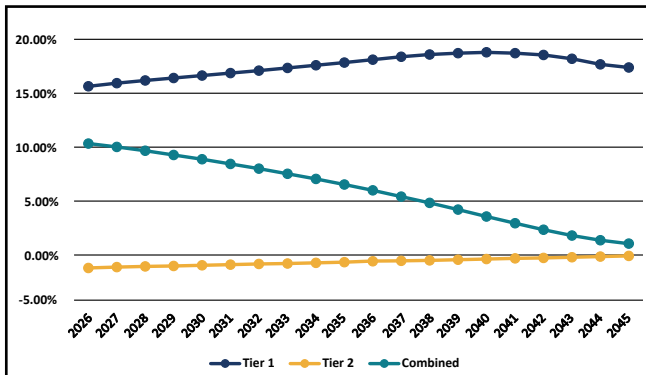
FUNDING ANALYSIS BY TIER

Public Act 96-0889 established a new tier of benefits for teachers who first contributed to TRS or another reciprocal pension system on or after Jan. 1, 2011. Tier 2 teachers have later retirement dates, longer vesting requirements, salary caps for pensions lower than the Social Security wage base and lower cost of living increases after retirement that are not compounded. On July 1, 2016, the member contribution rate for both tiers decreased from 9.4 percent to 9.0 percent.

The employer normal cost rate measures the employer’s cost of the benefits being earned by active teachers during the year. It does not include any contributions towards the unfunded liability. The following chart shows that while the combined employer normal cost of both tiers in 2026 is over 10 percent of pay, the cost of Tier 2 is negative and stays negative through 2045.

As more Tier 2 members enter TRS, the combined employer normal cost continues to fall. In the meantime, the cost of Tier 1, which is a closed group, continues to increase, until 2042, as Tier 1 members age and accrue more service. The increases in employer normal cost for both tiers is a function of the projected unit credit actuarial cost method required by the Illinois Pension Code.

Employer Normal Cost by Tier

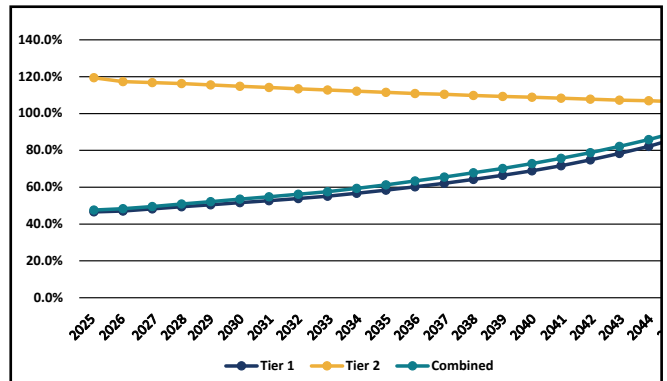


Note: Combined rate includes administrative expenses.
Source: 2024 valuation

Under the 50-year funding plan, TRS will attain a funded ratio of 90 percent by 2045. The following chart illustrates what the funded ratios would be if they were operated as separate retirement plans. Tier 2 would be overfunded because member contributions are higher than the cost of Tier 2 benefits. The surplus Tier 2 assets lower the employer/state contributions required for Tier 1. Tier 2 active members are projected to outnumber Tier 1 active members by 2028.

By 2045, Tier 1 would be 86 percent funded and Tier 2 would be 109 percent funded, with the combined plan attaining the 90 percent target funded ratio. In practice, the two tiers are combined for administrative and funding purposes and their assets are commingled.

Funded Ratio by Tier



Source: 2024 valuation

Average Annual Salary for Active Members (Excluding Substitutes) by Years of Service and Number of Employers

Years of Service		2024	2023	2022	2021
Under 5	Members	30,514	29,698	28,141	27,043
	Salary	\$59,314	\$55,106	\$53,146	\$53,591
5-9	Members	26,011	26,535	27,006	27,577
	Salary	\$70,633	\$66,437	\$64,545	\$63,366
10-14	Members	22,722	22,559	23,197	24,514
	Salary	\$81,185	\$77,583	\$75,681	\$74,888
15-19	Members	24,747	25,786	25,657	25,545
	Salary	\$94,777	\$90,645	\$88,801	\$87,256
20-24	Members	20,647	20,391	19,932	19,018
	Salary	\$106,645	\$103,305	\$100,358	\$97,906
25-29	Members	13,057	11,481	11,482	10,930
	Salary	\$115,709	\$111,466	\$108,662	\$105,660
30-34	Members	5,695	4,852	4,510	4,354
	Salary	\$121,242	\$117,589	\$115,454	\$112,524
35 +	Members	281	297	307	326
	Salary	\$121,813	\$121,419	\$121,506	\$119,173
Total Members		143,674	142,553	140,232	139,307
Salary		\$85,434	\$81,274	\$79,002	\$77,577
% Change salary		5.1%	2.9%	1.8%	2.0%
Total payroll full & part-time		\$12,274,572,916	\$11,585,640,489	\$11,078,509,648	\$10,807,084,561
Number of Employers		995	995	992	991

Source: TRS

Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted. Total payroll shown will be lower than payroll figures used elsewhere in this report.

2020	2019	2018	2017	2016	2015
26,499	26,111	25,959	26,486	26,767	26,698
\$51,260	\$51,835	\$50,568	\$49,935	\$49,464	\$47,796
27,309	26,264	25,831	26,436	27,845	29,798
\$61,110	\$60,626	\$59,615	\$59,150	\$59,276	\$58,935
25,861	28,322	29,465	29,617	29,395	29,214
\$73,590	\$73,266	\$72,008	\$71,412	\$71,140	\$70,589
25,186	24,459	24,304	23,936	22,894	21,421
\$85,800	\$85,131	\$84,065	\$82,745	\$81,868	\$80,737
17,618	16,209	15,590	14,728	14,120	13,877
\$95,974	\$94,599	\$93,379	\$92,035	\$90,942	\$89,591
10,520	10,038	8,786	8,254	8,087	7,908
\$103,541	\$101,340	\$99,102	\$97,624	\$96,157	\$94,510
4,193	3,950	3,976	3,979	3,936	3,970
\$109,478	\$106,097	\$105,266	\$104,652	\$102,896	\$100,785
356	353	379	453	592	731
\$116,714	\$112,963	\$111,104	\$110,576	\$107,826	\$105,372
137,542	135,706	134,290	133,889	133,636	133,617
\$76,027	\$74,518	\$73,028	\$71,773	\$70,868	\$69,538
2.0%	2.0%	1.7%	1.3%	1.9%	1.4%
\$10,456,942,174	\$10,112,568,797	\$9,806,930,120	\$9,609,615,197	\$9,470,516,048	\$9,291,458,946
990	990	990	989	992	1,006

Average Annual Salary and Age for Active Members by Years of Service as of June 30, 2024

Age		Years of Service				
		Subs	Under 5	5-9	10-14	15-19
20-24	Members	3,281	4,446	-	-	-
	Salary	\$ 6,162	\$51,201	-	-	-
25-29	Members	2,619	10,266	3,907	-	-
	Salary	\$9,233	\$56,845	\$63,444	-	-
30-34	Members	1,940	4,433	8,390	3,242	2
	Salary	\$ 7,979	\$61,341	\$69,454	\$77,516	\$89,244
35-39	Members	2,688	3,196	4,657	9,021	3,671
	Salary	\$6,938	\$62,500	\$72,603	\$81,180	\$91,720
40-44	Members	3,582	2,925	3,360	4,259	10,938
	Salary	\$7,290	\$63,515	\$73,992	\$83,372	\$95,489
45-49	Members	3,164	2,238	2,416	2,567	4,473
	Salary	\$7,807	\$63,937	\$73,332	\$81,334	\$97,293
50-54	Members	2,910	1,522	1,688	1,862	2,863
	Salary	\$7,979	\$66,370	\$74,676	\$82,853	\$94,530
55-59	Members	2,594	901	949	1,125	1,845
	Salary	\$7,759	\$66,228	\$73,352	\$80,776	\$92,699
60-64	Members	2,273	406	466	527	772
	Salary	\$7,822	\$64,456	\$73,540	\$81,258	\$91,824
65-69	Members	1,688	136	151	99	156
	Salary	\$7,643	\$64,307	\$72,436	\$78,545	\$89,116
70-74	Members	938	38	23	18	22
	Salary	\$7,704	\$56,861	\$71,288	\$75,401	\$92,285
Over 74	Members	403	7	4	2	5
	Salary	\$8,175	\$56,099	\$56,890	\$48,545	\$84,696
Total Members		28,080	30,514	26,011	22,722	24,747
Salary		\$7,617	\$59,314	\$70,633	\$81,185	\$94,777

Source: TRS

	Average Age	Average Years of Service	Members
Full and part-time members	43	14	143,674
Substitutes	45	2	28,080
All	43	11	171,754

Years of Service							Full & Part-time Member Totals
20-24	25-29	30-34	35-39	40-44	45-49	50+	
-	-	-	-	-	-	-	4,446
-	-	-	-	-	-	-	\$51,201
-	-	-	-	-	-	-	14,173
-	-	-	-	-	-	-	\$58,664
-	-	-	-	-	-	-	16,067
-	-	-	-	-	-	-	\$68,845
-	-	-	-	-	-	-	20,545
-	-	-	-	-	-	-	\$78,213
4,115	-	-	-	-	-	-	25,597
\$104,496	-	-	-	-	-	-	\$88,445
9,342	3,119	-	-	-	-	-	24,155
\$107,659	\$116,353	-	-	-	-	-	\$96,580
4,144	6,905	2,433	-	-	-	-	21,417
\$107,935	\$116,071	\$120,801	-	-	-	-	\$102,470
2,147	2,454	2,920	91	-	-	-	12,432
\$105,915	\$115,173	\$122,106	\$124,752	-	-	-	\$102,085
687	490	279	124	15	-	-	3,766
\$101,056	\$110,846	\$117,558	\$122,545	\$121,203	-	-	\$92,327
184	66	53	15	8	4	-	872
\$103,641	\$105,954	\$114,839	\$99,822	\$129,084	\$125,053	-	\$87,777
25	19	6	5	4	8	3	171
\$108,001	\$107,641	\$129,091	\$114,711	\$118,656	\$134,209	\$82,418	\$88,168
3	4	4	2	-	-	2	33
\$86,538	\$112,836	\$88,787	\$123,161	-	-	\$108,849	\$80,938
20,647	13,057	5,695	237	27	12	5	143,674
\$106,645	\$115,709	\$121,242	\$121,794	\$123,161	\$131,157	\$92,990	\$85,434

PLAN SUMMARY

ADMINISTRATION

TRS was created and is governed by Article 16 of the Illinois Pension Code, contained in the Illinois Compiled Statutes (ILCS). A 15-member board of trustees is authorized to carry out duties granted to it under the article.

MEMBERSHIP

Membership in TRS is mandatory for all full-time, part-time and substitute school personnel employed in Illinois outside the city of Chicago in positions requiring licensure. Persons employed at certain state agencies are also members.

BENEFITS

Public Act 96-0889 established a second, lower tier of benefits for teachers who first contributed to TRS or one of the Illinois reciprocal retirement systems on or after Jan. 1, 2011. Tier 1 benefits were not affected by PA 96-0889. See the table on pages 104-105 for a summary of Tier 1 and Tier 2 benefits.

See the Financial Section for a discussion of benefit programs recently enacted by the legislature. The accelerated benefit programs are discussed on page 89. Tier 3 is discussed in the Notes to the Financial Section under "A. Plan Description, 5. Benefits Provisions."

OTHER PROVISIONS

Employment-Related Felony Conviction

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits. However, the member may receive a refund of contributions.

Continuity of Credit Within Illinois

TRS is one of 13 public retirement systems that are included in the provisions of the Illinois Reciprocal Act. This act ensures continuous pension credit for public employment in Illinois.

Conflicts

Conditions involving a claim for benefits may require further clarification. If conflicts arise between the material in this summary and that of the law, the law takes precedence.



Tricia H.

Where do/did you teach? *Auburn Community Unit School District #10*

What level(s) do/did you teach? *4th Grade/7th Grade Grammar, Literature and Composition*

What did you "take away" from your counseling session today?

I now feel confident that I know exactly what to do and to do the necessary things to retire.

What do you plan to do in retirement?

My husband and I will travel in our motorhome and visit our grandkids and kids.

What will you miss about your profession after retirement?

I will miss the kids. Therefore, I will substitute frequently to spend time with my former students.

What advice would you give to new teachers?

Your career as an educator flies by quickly. During that career, you will impact so many wonderful students. You have an important job... you are preparing our leaders. Cherish each day!

SUMMARY OF TIER 1 AND TIER 2 BENEFIT PROVISIONS

Tier 1	
Tier 1 Defined	Members who first contributed to TRS or one of the other Illinois reciprocal retirement systems before Jan. 1, 2011 are covered by Tier 1. Tier 1 membership is retained even if a member takes a refund and does not repay it.
Retirement Eligibility (Vesting)	<p>Tier 1 members who meet the following age and service requirements are eligible to retire:</p> <ul style="list-style-type: none"> • Age 55 with 20 years of service (reduced 6% for every year that the member's age at retirement is under 60) • Age 55 with 35 years of service (no reduction) • Age 60 and 10 years of service (no reduction) • Age 62 with 5 years of service (no reduction) <p>A member with fewer than five years of service can receive a single sum retirement benefit at age 65.</p>
Retirement Formula	<p>Retirement benefits for most Tier 1 members are based on a formula of 2.2% times years of creditable service times final average salary. The maximum benefit is 75% of final average salary.</p> <p>Some Tier 1 members with service before July 1, 1998 will have benefits based on the graduated formula that was in effect before that date. The maximum benefit is also 75% under the graduated formula.</p> <p>Public Act 90-0582 changed the benefit accrual rate beginning July 1, 1998. Members could upgrade their service under the graduated formula by making a contribution to TRS. The law provides that each three full years worked after the effective date reduces the number of years to be upgraded by one. Subsequently, Public Act 91-0017 reduced the 2.2 formula upgrade cost for members with more than 34 years of service.</p> <p>The final average salary is the average of the four highest consecutive annual salary rates within the last 10 years of creditable service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2021 and the 2020-21 school year is used in the member's final average salary. The final average salary will be based on the four highest years within the last 10 years of creditable service.</p> <p>Tier 1 members hired before July 1, 2005 may receive a money-purchase style "actuarial" benefit. By law, the higher of the formula benefit or the actuarial benefit is paid.</p>
Post-Retirement Increases	Annual increases are 3% of the current retiree benefit. The first increase is the later of the Jan. 1 following attainment of age 61 or the first anniversary of retirement.
Disability Benefits	<p>Nonoccupational disability benefits are payable as disability benefits or disability retirement benefits to members who have a minimum of three years of creditable service.</p> <p>No minimum service requirement applies to occupational benefits for duty-related accidents or illnesses. Members continue to accrue service credit while they are receiving disability benefits but not while receiving disability retirement benefits.</p> <p>Generally, nonoccupational disability benefits are 40% of pay; occupational disability benefits are 60% of pay, reduced by payments received under workers' compensation and disability retirement benefits are 35% of pay annually or a higher amount based on service credit and age.</p> <p>On the Jan. 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased by 7%. Thereafter, the benefit increases by 3% of the current benefit.</p> <p>Public Act 94-0539 allows individuals who have received disability benefits for at least one year to return to teaching on a limited basis if their conditions improve. Disability benefits can continue so long as the combined earnings from teaching and disability benefits do not exceed 100% of the salary rate upon which the disability is based.</p>
Survivor Benefits	<p>In most cases, survivor benefits for Tier 1 members' dependent beneficiaries are 50% of the retired member's benefit. The annual increase is 3% of the current survivor benefit.</p> <p>A dependent beneficiary can elect a lump-sum payment instead of a monthly annuity. Nondependent beneficiaries are only eligible for lump-sum payments. Refunds of member contributions not already received in retirement benefits are also payable as death benefits.</p>
Post-Retirement Employment	Until June 30, 2026, Tier 1 retirees can teach up to 120 days or 600 hours per year without having their retirement benefits suspended.
Contributions to TRS	<p>During FY24, Tier 1 members contributed 9.0% of pay. Of this rate, 7.5% is for retirement benefits, 1.0% is for survivor benefits and 0.5% is for the annual increase.</p> <p>TRS members do not contribute to Social Security or Medicare for TRS-covered employment. However, members who were hired or changed employers after March 31, 1986 and who elected to participate in Medicare during a 2004 referendum do contribute to Medicare.</p>
Contributions for Retiree Health Insurance	During FY24, members contributed 0.90% of pay to the Teachers' Health Insurance Security Fund.
Refunds	After a four-month waiting period from the date last taught, a member ceasing TRS-covered employment may withdraw all contributions except for the 1% survivor benefit contribution. Credit can be re-established if the member returns to a TRS-covered position for one year or to a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.
Service Credit	A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the authority of the United States government; substitute or part-time teaching prior to July 1, 1990; leaves of absence or involuntary layoff; military service; and gaps in teaching due to pregnancy or adoption prior to July 1, 1983. Up to two years of unused, uncompensated sick leave that has been certified by former employers may also be added to service credit at retirement.

(continued)

Accelerated Benefit Programs (temporary)	<p>Until June 30, 2026, inactive members with five years of TRS service can take a lump-sum payment of 60% of the present value of their future benefit payments. Buyout payments are contingent upon sufficient bond proceeds being available.</p> <p>Until June 30, 2026, retiring members can elect to receive 70% of the present value of the difference between the current 3% compounded annual increase that starts no earlier than age 61 and a 1.5% noncompounded annual increase that starts no earlier than age 67. Buyout payments are contingent upon sufficient bond proceeds being available.</p>
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Tier 2	
Tier 2 Defined	Members who first contributed to TRS on or after Jan. 1, 2011 and do not have any previous service with one of the other Illinois reciprocal retirement systems are covered by Tier 2.
Retirement Eligibility (vesting)	<p>Tier 2 members who meet the following age and service requirements are eligible to retire:</p> <ul style="list-style-type: none"> • Age 67 with 10 years of service (no reduction) • Age 62 with 10 years of service (reduced 6% for every year the member's age at retirement is under age 67) <p>A member with fewer than five years of service can receive a single-sum retirement benefit at age 65.</p>
Retirement Formula	<p>Retirement benefits for Tier 2 members are based on a formula of 2.2% times years of creditable service times final average salary. The maximum benefit is 75% of final average salary.</p> <p>Tier 2 creditable earnings for pension purposes are limited by an amount that is tied to the 2010 Social Security Wage Base (SSWB). The Tier 2 limit increases by 3% or half the increase in the Consumer Price Index, whichever is less. The FY24 Tier 2 limit was \$125,773.73.</p> <p>The final average salary is based on the member's highest average salary earned during eight consecutive years out of the last 10 years of service with one exception. Public Act 102-0016 removes the consecutive years requirement for members who are retiring on or after June 1, 2022 and the 2021-22 school year is used in the member's final average salary. The final average salary will be based on the eight highest years within the last 10 years of creditable service.</p> <p>Tier 2 does not provide a money-purchase style "actuarial" benefit.</p>
Post-Retirement Increases	Annual increases will be the lesser of 3% or one-half of the increase in the Consumer Price Index times the original retiree benefit. The first increase is the later of the Jan. 1 following attainment of age 67 or the first anniversary of retirement.
Disability Benefits	Same as Tier 1, including increases.
Survivor Benefits	<p>In most cases, survivor benefits for Tier 2 members' dependent beneficiaries will be 66 2/3% of the retired member's benefit. The annual increase is the lesser of 3% or one-half of the increase in the Consumer Price Index times the original survivor benefit.</p> <p>A dependent beneficiary can elect a lump-sum payment instead of a monthly annuity. Nondependent beneficiaries are only eligible for lump-sum payments. Refunds of member contributions not already received in retirement benefits are also payable as death benefits.</p>
Post-Retirement Employment	The law suspends a Tier 2 member's retirement benefits if the member accepts full-time employment in a position covered by one of the Illinois reciprocal retirement systems.
Contributions to TRS	<p>During FY24, Tier 2 members also contributed 9.0% of pay, with components designated for the same to TRS purposes.</p> <p>Tier 2 members do not contribute to Social Security for their TRS-covered employment but do contribute to Medicare.</p>
Contributions for Retiree Health Insurance	Same as Tier 1.
Refunds	Same as Tier 1.
Service Credit	Same as Tier 1. The purchase of optional service earned before Jan. 1, 2011 does not change a Tier 2 member's status to Tier 1.
Accelerated Benefit Program (temporary)	Until June 30, 2026, inactive members with 10 years of TRS service can take a lump-sum payment of 60% of the present value of their future benefit payments. Buyout payments are contingent upon sufficient bond proceeds being available.



Craig L.

Where do/did you teach? *Galesburg*

What level(s) do/did you teach? *5th Grade*

What do you plan to do in retirement?

Travel

What will you miss about your profession after retirement?

Students and teachers

STATISTICAL



Joli L.

Where do/did you teach? *Knoxville*

What level(s) do/did you teach? *1st Grade*

What did you "take away" from your counseling session today?
Retirement information

What do you plan to do in retirement?
Travel

What will you miss about your profession after retirement?
The kids



Lucy W.

Where do/did you teach? *Oblong Elementary School*

What level(s) do/did you teach? *6-8th Grades (Junior High Science)*

What do you plan to do in retirement? *Travel*

What will you miss about your profession after retirement?
(I will miss) working with kids and staff.

What advice would you give to new teachers?
Be flexible.

STATISTICAL SECTION

The tables in this section present detailed information on benefit payments and recipients, member and employer contributions, employer contribution rates and the largest TRS employers.

SECTION CONTENTS

10-Year Financial Trends – Pages 110-111

These two schedules contain information that allows the reader to view the change in net position and benefit and refund deductions from net position over a 10-year period. Both schedules help the reader understand the financial changes that have occurred over time.

Employee and Employer Contribution Rates – Page 112

This schedule offers information on the contribution rates for employees, the state and employers to the System over a 10-year period.

Active Members by Tier – Page 112

This schedule shows the number of members by tier since Tier 2 began in FY11.

Retired Members by Years of Service and Years in Retirement – Page 113

This schedule shows the number of retirees by their years of service and years in retirement in five-year increments. It also shows their average current monthly benefits and average benefits when they first retired. A column on the right shows the average age of retirees in each “years retired” increment.

Demographics of Benefit Recipients and Active Members – Pages 114-115

These schedules help the reader understand characteristics of the specific groups of benefit recipients and active members of TRS.

Benefit Recipients by Type and Summary Statistics, All Benefit Recipients – Page 116

This schedule shows counts by benefit type and range. Additional tables show averages by benefit type and retirements by subtype.

Average Benefit Payments For New Retirees – Page 117

This schedule contains information regarding the average benefits paid to new retirees over a 10-year period. The schedule also allows the reader to view those payments by increments of years of service.

Medians for Retirees – Page 117

This schedule shows the median age, median monthly amount, median service credit and retiree count for all and new retirees.

Participating Employers – Page 118

This schedule allows the reader to view the 10 largest participating employers of TRS. The reader can also view the percentages of total membership covered by the largest employers in the current year and nine years ago.

Changes in Net Position Restricted for Pensions, Last 10 Fiscal Years (\$ thousands)

	2024	2023	2022	2021
Additions				
Member contributions*	\$1,168,677	\$1,109,498	\$1,072,639	\$1,023,532
State of Illinois	6,158,581	6,009,158	5,866,800	5,140,648
Employer contributions**	132,236	124,748	120,876	97,594
Investment income (loss) net of expenses	5,757,907	4,427,043	(743,042)	13,046,154
Total additions to/reductions from plan net position	13,217,401	11,670,447	6,317,273	19,307,928
Deductions				
Benefit payments	8,191,377	7,899,143	7,607,019	7,323,949
Refunds	69,007	68,187	62,557	64,194
Administrative expenses	37,020	32,026	26,576	23,758
Total deductions from plan net position	8,297,404	7,999,356	7,696,152	7,411,901
Changes in net position restricted for pensions				
Beginning of year	66,504,717	62,833,626	64,212,505	52,316,478
Net increase (decrease)	4,919,997	3,671,091	(1,378,879)	11,896,027
End of year	\$71,424,714	\$66,504,717	\$62,833,626	\$64,212,505

* Member contributions include contributions for purchases of optional service, early retirement and upgrades to the 2.2 formula.

** Employer contributions include contributions from federal funds and for early retirement, the 2.2 formula, salary increases in excess of 6 percent used in final average salary calculations and excess sick leave used for service credit. Beginning in 2018, contributions on earnings exceeding the governor's statutory salary are also included.

Benefit and Refund Deductions from Net Position by Type, Last 10 Fiscal Years (\$ thousands)

	2024	2023	2022	2021
Type of benefit				
Retirement	\$7,714,576	\$7,450,998	\$7,188,188	\$6,935,054
Survivor	444,748	416,260	386,985	357,078
Disability	32,053	31,885	31,847	31,817
Total benefits	\$8,191,377	\$7,899,143	\$7,607,020	\$7,323,949
Type of refund				
Withdrawals	23,356	21,537	18,367	16,927
Death benefits and excess contribution refunds paid to survivors	25,331	23,849	21,568	21,769
2.2 and optional service	7,242	8,954	9,264	10,587
Survivor contributions refunded to retirees	9,434	9,538	9,190	9,498
Early Retirement Option and other	3,644	4,309	4,168	5,413
Total refunds	\$69,007	\$68,187	\$62,557	\$64,194

2020	2019	2018	2017	2016	2015
\$994,400	\$963,972	\$938,037	\$929,130	\$951,809	\$935,451
4,813,452	4,466,021	4,095,125	3,986,364	3,742,469	3,377,665
92,658	88,514	84,633	149,495	148,041	145,591
275,669	2,617,831	4,049,272	5,520,453	(44,103)	1,770,550
6,176,179	8,136,338	9,167,067	10,585,442	4,798,216	6,229,257
7,035,307	6,745,544	6,458,710	6,152,868	5,848,180	5,536,399
64,217	73,216	92,925	285,138	83,027	88,638
22,966	24,336	21,550	22,729	22,968	21,687
7,122,490	6,843,096	6,573,185	6,460,735	5,954,175	5,646,724
53,262,789	51,969,547	49,375,665	45,250,957	46,406,916	45,824,382
(946,311)	1,293,242	2,593,882	4,124,708	(1,155,959)	582,534
\$52,316,478	\$53,262,789	\$51,969,547	\$49,375,665	\$45,250,957	\$46,406,916

2020	2019	2018	2017	2016	2015
\$6,672,267	\$6,405,908	\$6,140,877	\$5,857,968	\$5,575,130	\$5,281,221
329,872	306,503	285,068	263,430	242,578	224,779
33,168	33,133	32,765	31,470	30,472	30,399
\$7,035,307	\$6,745,544	\$6,458,710	\$6,152,868	\$5,848,180	\$5,536,399
19,150	23,358	27,356	30,487	26,797	29,789
18,372	21,172	20,263	19,135	17,094	17,881
11,082	11,132	13,247	14,185	15,074	17,855
8,791	8,225	8,839	9,410	10,458	10,197
6,822	9,329	23,220	211,921	13,604	12,916
\$64,217	\$73,216	\$92,925	\$285,138	\$83,027	\$88,638

Employee and Employer Contribution Rates, Last 10 Fiscal Years

Fiscal Year	Employee Rate (%) ¹	Employer Rate (%)			Total ⁴
		State ²	School Districts for 2.2 Formula	School Districts from Federal Sources ³	
2015	9.40%	32.42%	0.58%	0.58%	33.58%
2016	9.40	35.30	0.58	0.76	36.64
2017	9.00	37.81	0.58	0.73	39.12
2018	9.00	39.22	0.58	0.20	40.02
2019	9.00	41.93	0.58	0.27	42.77
2020	9.00	43.94	0.58	0.28	44.80
2021	9.00	45.84	0.58	0.29	46.71
2022	9.00	49.64	0.58	0.28	50.50
2023	9.00	50.45	0.58	0.28	60.31
2024	9.00	49.80	0.58	0.28	59.66

1. Employee rate decreased to 9.00 percent in FY17 because the ERO program was discontinued.
2. State contributions rates reflect recertifications and may not agree with original certifications in actuarial reports.
3. Beginning in FY18, the federal contribution rate for salaries paid from federal funds is the same as the total employer normal cost rate. Previously, it was the same as the state contribution rate.
4. Totals shown are rates certified by the TRS Board of Trustees based on estimated payrolls and may not total due to rounding. Actual amounts collected do not equal amounts estimated by actuaries due to differences between estimated and actual payroll.

Active Members by Tier

Fiscal Year	Tier 1		Tier 2		Total - Both Tiers	
	Number	% of Total	Number	% of Total	Number	% of Total
2015	133,147	83.4%	26,560	16.6%	159,707	100.0%
2016	128,107	80.2	31,628	19.8	159,735	100.0
2017	123,630	77.0	36,858	23.0	160,488	100.0
2018	119,333	74.2	41,526	25.8	160,859	100.0
2019	115,839	71.1	47,188	28.9	163,027	100.0
2020	112,004	68.7	51,111	31.3	163,115	100.0
2021	105,062	66.1	53,965	33.9	159,027	100.0
2022	103,163	62.3	62,403	37.7	165,566	100.0
2023	101,097	59.5	68,792	40.5	169,889	100.0
2024	97,427	56.7	74,327	43.3	171,754	100.0

Note: Tier 2 membership began Jan. 1, 2011.

Retired Members by Years of Service and Years in Retirement as of June 30, 2024*

Years Retired		Years of Service										Weighted Average	Avg. Age	
		Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49			50+
Under 1	Retirees	154	246	249	350	594	569	719	1,012	24	8	2	3,927	60
	Avg. current benefit	\$313	\$943	\$1,729	\$2,775	\$3,840	\$5,214	\$6,865	\$7,903	\$9,946	\$12,438	\$13,081	\$5,151	
	Avg. orig. benefit	\$313	\$942	\$1,725	\$2,771	\$3,834	\$5,200	\$6,863	\$7,903	\$9,946	\$12,438	\$13,081	\$5,147	
1 - 4	Retirees	873	1,373	1,256	1,602	2,402	2,230	2,689	3,268	118	29	13	15,853	63
	Avg. current benefit	\$280	\$858	\$1,606	\$2,633	\$3,705	\$4,956	\$6,405	\$7,233	\$8,586	\$11,702	\$14,507	\$4,416	
	Avg. orig. benefit	\$265	\$807	\$1,521	\$2,495	\$3,542	\$4,762	\$6,172	\$7,093	\$8,081	\$11,019	\$13,926	\$4,265	
5 - 9	Retirees	1,020	1,824	1,926	2,274	3,141	2,932	3,281	4,152	365	61	10	20,986	68
	Avg. current benefit	\$325	\$905	\$1,784	\$2,964	\$4,149	\$5,525	\$7,045	\$7,977	\$9,034	\$11,110	\$13,454	\$4,848	
	Avg. orig. benefit	\$265	\$738	\$1,461	\$2,435	\$3,413	\$4,557	\$5,813	\$6,643	\$7,396	\$9,117	\$11,059	\$4,006	
10 - 14	Retirees	1,062	2,124	2,013	1,960	3,155	3,034	4,203	6,180	542	87	9	24,369	72
	Avg. current benefit	\$396	\$1,022	\$1,923	\$3,115	\$4,348	\$5,901	\$7,626	\$8,400	\$9,412	\$10,629	\$16,272	\$5,512	
	Avg. orig. benefit	\$280	\$720	\$1,359	\$2,207	\$3,100	\$4,198	\$5,405	\$5,959	\$6,695	\$7,575	\$11,682	\$3,912	
15 - 19	Retirees	813	1,363	1,285	1,272	2,296	2,422	7,453	4,827	285	39	4	22,059	76
	Avg. current benefit	\$403	\$963	\$1,851	\$3,095	\$4,385	\$6,043	\$8,165	\$8,759	\$9,416	\$10,052	\$14,326	\$6,298	
	Avg. orig. benefit	\$246	\$590	\$1,130	\$1,896	\$2,685	\$3,679	\$4,930	\$5,390	\$5,723	\$6,114	\$9,121	\$3,836	
20 - 24	Retirees	635	709	713	651	1,673	1,940	8,130	3,134	169	22	-	17,776	80
	Avg. current benefit	\$381	\$947	\$1,784	\$2,962	\$4,185	\$5,898	\$8,188	\$8,912	\$8,823	\$9,267	-	\$6,680	
	Avg. orig. benefit	\$200	\$500	\$946	\$1,573	\$2,227	\$3,145	\$4,394	\$4,740	\$4,685	\$5,015	-	\$3,572	
25 - 29	Retirees	297	292	257	223	533	607	1,026	1,149	538	2	-	4,924	85
	Avg. current benefit	\$458	\$1,019	\$1,417	\$2,368	\$3,474	\$5,297	\$7,261	\$8,272	\$8,543	\$9,652	-	\$5,679	
	Avg. orig. benefit	\$212	\$464	\$647	\$1,094	\$1,622	\$2,486	\$3,456	\$3,813	\$3,669	\$4,672	-	\$2,618	
30 - 34	Retirees	96	125	172	165	462	740	1,159	1,850	2,675	1	-	7,445	87
	Avg. current benefit	\$305	\$875	\$1,518	\$2,067	\$2,829	\$3,569	\$4,841	\$6,120	\$7,158	\$6,716	-	\$5,477	
	Avg. orig. benefit	\$122	\$344	\$592	\$810	\$1,103	\$1,426	\$1,946	\$2,495	\$2,961	\$2,723	-	\$2,236	
35 - 39	Retirees	24	36	64	76	247	229	278	138	1	-	-	1,093	94
	Avg. current benefit	\$324	\$710	\$1,318	\$1,902	\$2,677	\$3,828	\$5,615	\$6,605	\$5,327	-	-	\$3,914	
	Avg. orig. benefit	\$110	\$235	\$451	\$657	\$924	\$1,325	\$1,951	\$2,283	\$1,807	-	-	\$1,355	
40 - 44	Retirees	5	2	12	12	57	34	42	23	2	-	-	189	98
	Avg. current benefit	\$157	\$507	\$1,008	\$1,804	\$2,164	\$3,104	\$4,146	\$5,412	\$5,905	-	-	\$3,041	
	Avg. orig. benefit	\$45	\$147	\$294	\$540	\$648	\$936	\$1,261	\$1,664	\$1,729	-	-	\$921	
45 - 49	Retirees	1	-	-	-	5	4	2	4	-	-	-	16	102
	Avg. current benefit	\$201	-	-	-	\$1,520	\$1,967	\$2,453	\$4,209	-	-	-	\$2,338	
	Avg. orig. benefit	\$55	-	-	-	\$380	\$499	\$677	\$1,167	-	-	-	\$623	
Total retirees		4,980	8,094	7,947	8,585	14,565	14,741	28,982	25,737	4,719	249	38	118,637	
Avg. current benefit		\$359	\$945	\$1,778	\$2,905	\$4,048	\$5,498	\$7,575	\$8,111	\$7,965	\$10,696	\$14,554	\$5,543	
Avg. orig. benefit		\$251	\$687	\$1,298	\$2,178	\$2,940	\$3,907	\$4,906	\$5,665	\$4,205	\$8,012	\$12,090	\$3,764	

* Represents monthly benefit

**Demographics of Benefit Recipients and Active Members as of June 30, 2024
(excludes inactive members)**

Age	Retirees			Disability Benefit Recipients			Survivors		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 20	-	-	-	-	-	-	46	-	46
20-24	-	-	-	-	-	-	-	12	12
25-30	-	-	-	-	1	1	-	-	-
30-34	-	-	-	-	3	3	-	2	2
35-39	-	-	-	2	6	8	6	10	16
40-44	-	-	-	4	41	45	11	32	43
45-49	-	-	-	8	67	75	22	61	83
50-54	8	17	25	29	105	134	55	81	136
55-59	1,338	3,413	4,751	18	147	165	72	123	195
60-64	2,898	10,517	13,415	23	83	106	172	264	436
65-69	3,917	15,821	19,738	13	89	102	255	503	758
70-74	6,260	22,442	28,702	16	96	112	589	1,186	1,775
75-79	7,807	18,606	26,413	14	61	75	880	1,932	2,812
80-84	4,778	9,855	14,633	7	26	33	800	2,110	2,910
85-89	2,350	4,692	7,042	3	15	18	542	1,761	2,303
90+	1,095	2,823	3,918	-	14	14	415	1,432	1,847
Total:	30,451	88,186	118,637	137	754	891	3,865	9,509	13,374

Actives			Total Retirees, Disabled, Survivors and Active Members			Percent Distribution of Retirees, Disabled, Survivors and Active Members		
Male	Female	Total	Male	Female	Total	Male	Female	Total
1	13	14	47	13	60	78%	22%	100%
1,513	6,200	7,713	1,513	6,212	7,725	20	80	100
3,587	13,205	16,792	3,587	13,206	16,793	21	79	100
3,958	14,049	18,007	3,958	14,054	18,012	22	78	100
5,261	17,972	23,233	5,269	17,988	23,257	23	77	100
6,542	22,637	29,179	6,557	22,710	29,267	22	78	100
6,245	21,074	27,319	6,275	21,202	27,477	23	77	100
5,727	18,600	24,327	5,819	18,803	24,622	24	76	100
3,408	11,618	15,026	4,836	15,301	20,137	24	76	100
1,404	4,635	6,039	4,497	15,499	19,996	22	78	100
748	1,812	2,560	4,933	18,225	23,158	21	79	100
435	674	1,109	7,300	24,398	31,698	23	77	100
174	177	351	8,875	20,776	29,651	30	70	100
40	37	77	5,625	12,028	17,653	32	68	100
5	2	7	2,900	6,470	9,370	31	69	100
-	1	1	1,510	4,270	5,780	26	74	100
39,048	132,706	171,754	73,501	231,155	304,656	24	76	100

Benefit Recipients by Type as of June 30, 2024

Monthly Benefit Range	Number of Recipients (all)	Type of Monthly Benefit					Subtypes of Age Retirement Benefit						
		Retirement	Disability Retirement	Non-occupational Disability	Occupational Disability	Survivor Monthly Benefits	Regular 2.2 Flat Formula	Graduated Formula	Actuarial Benefit Style	ERO (2.2 & Grad. Form.)	ERI (State or TRS) Other	Retirement Total	
Under \$500	6,527	5,669	3	-	-	855	1,227	1,604	2,837	-	-	1	5,669
\$500 - \$999	6,638	5,286	19	-	-	1,333	891	1,119	3,253	5	10	8	5,286
\$1,000 - \$1,499	6,097	4,741	37	2	-	1,317	822	1,169	2,675	22	38	15	4,741
\$1,500 - \$1,999	6,063	4,691	159	15	-	1,198	967	1,320	2,225	56	105	18	4,691
\$2,000 - \$2,499	6,450	4,802	192	43	-	1,413	1,341	1,248	1,833	200	159	21	4,802
\$2,500 - \$2,999	6,788	5,111	104	38	2	1,533	1,671	1,212	1,549	431	232	16	5,111
\$3,000 - \$3,499	7,066	5,474	61	29	-	1,502	2,213	977	1,312	647	311	14	5,474
\$3,500 - \$3,999	6,834	5,531	43	16	2	1,242	2,479	691	1,106	816	412	27	5,531
\$4,000 - \$4,499	6,838	5,897	24	16	3	898	2,971	542	910	984	460	30	5,897
\$4,500 - \$4,999	7,087	6,372	17	6	-	692	3,397	488	741	1,196	501	49	6,372
\$5,000 - \$5,499	7,422	6,879	7	-	-	536	3,799	436	650	1,413	523	58	6,879
\$5,500 - \$5,999	7,279	6,954	13	-	-	312	3,839	451	525	1,571	508	60	6,954
\$6,000 - \$6,499	7,098	6,874	9	-	-	215	3,809	451	460	1,604	471	79	6,874
\$6,500 - \$6,999	6,890	6,756	8	-	-	126	3,668	490	405	1,640	471	82	6,756
\$7,000 - \$7,499	6,275	6,196	9	-	2	68	3,370	435	276	1,677	346	92	6,196
\$7,500 - \$7,999	5,365	5,313	4	-	-	48	2,881	457	236	1,419	252	68	5,313
\$8,000 - \$8,499	4,432	4,399	2	-	-	31	2,404	398	196	1,084	240	77	4,399
\$8,500 - \$8,999	3,867	3,849	3	-	-	15	2,085	387	132	979	202	64	3,849
\$9,000 - \$9,499	3,453	3,438	1	-	-	14	1,852	331	130	878	197	50	3,438
\$9,500 - \$9,999	2,811	2,806	-	-	-	5	1,471	300	96	707	179	53	2,806
\$10,000 or more	11,622	11,599	2	-	-	21	5,685	1,418	328	3,478	449	241	11,599
Total benefit recipients:	132,902	118,637	717	165	9	13,374	52,842	15,924	21,875	20,807	6,066	1,123	118,637

Summary Statistics, all Benefit Recipients, as of June 30, 2024

	Age Retirement	Disability Benefits (3 types)	Survivor Benefits
Average Monthly Benefit	\$5,543	\$2,832	\$2,801
Average Age	73	62	79
Average Service Credit	27	16	-
Average Years Receiving Benefits	14	12	10

Percentage of Retirement Benefits by Subtype						
Regular 2.2 Flat Form.	Graduated Formula	Actuarial Benefit Style	ERO (2.2 & Grad. Form.)	ERI (State or TRS) Other	Retirement Total	
44.5%	13.4%	18.4%	17.5%	5.1%	0.9%	100%

Average Benefit Payments for New Retirees, Last 10 Fiscal Years

Retirement Effective Dates		Years of Service									All FY Retirees	Avg. Age all FY Retirees	Avg. Service all FY Retirees
		Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+			
Period July 1, 2023 through June 30, 2024	Average monthly benefit	\$313	\$942	\$1,726	\$2,771	\$3,836	\$5,198	\$6,863	\$7,902	\$10,717	\$5,147	age 60	26 years
	Average final average salary	\$62,777	\$44,533	\$59,764	\$79,075	\$95,195	\$106,994	\$119,440	\$125,583	\$139,277	\$101,425		
	Number of retired members	154	246	251	350	595	570	719	1,015	34	3,934		
Period July 1, 2022 through June 30, 2023	Average monthly benefit	\$266	\$872	\$1,635	\$2,563	\$3,739	\$5,056	\$6,589	\$7,538	\$10,716	\$4,859	age 60	25 years
	Average final average salary	\$57,445	\$42,016	\$55,785	\$74,545	\$92,873	\$103,914	\$113,931	\$119,913	\$136,022	\$96,313		
	Number of retired members	144	219	252	317	506	508	662	840	25	3,473		
Period July 1, 2021 through June 30, 2022	Average monthly benefit	\$267	\$886	\$1,587	\$2,622	\$3,606	\$4,799	\$6,158	\$7,149	\$9,967	\$4,433	age 61	25 years
	Average final average salary	\$56,321	\$44,191	\$57,073	\$77,623	\$89,926	\$98,485	\$106,793	\$113,712	\$128,801	\$91,094		
	Number of retired members	228	236	252	377	551	541	665	782	31	3,663		
Period July 1, 2020 through June 30, 2021	Average monthly benefit	\$215	\$883	\$1,572	\$2,509	\$3,503	\$4,684	\$6,186	\$7,032	\$9,001	\$4,520	age 60	25 years
	Average final average salary	\$47,792	\$42,699	\$57,856	\$75,814	\$87,364	\$96,406	\$106,899	\$111,860	\$112,396	\$90,729		
	Number of retired members	142	182	249	371	515	490	623	779	45	3,396		
Period July 1, 2019 through June 30, 2020	Average monthly benefit	\$299	\$798	\$1,438	\$2,422	\$3,423	\$4,510	\$5,775	\$6,645	\$7,722	\$4,107	age 61	25 years
	Average final average salary	\$60,000	\$37,357	\$53,528	\$72,714	\$85,210	\$92,968	\$99,237	\$105,866	\$103,561	\$84,533		
	Number of retired members	132	290	254	332	564	504	576	690	47	3,389		
Period July 1, 2018 through June 30, 2019	Average monthly benefit	\$222	\$806	\$1,480	\$2,528	\$3,484	\$4,708	\$5,976	\$6,941	\$8,106	\$4,366	age 61	25 years
	Average final average salary	\$50,646	\$40,502	\$54,277	\$76,259	\$86,859	\$95,751	\$103,192	\$110,647	\$114,482	\$88,551		
	Number of retired members	131	210	289	417	524	493	599	768	65	3,496		
Period July 1, 2017 through June 30, 2018	Average monthly benefit	\$257	\$735	\$1,529	\$2,558	\$3,405	\$4,633	\$6,048	\$6,954	\$8,000	\$4,316	age 61	25 years
	Average final average salary	\$52,883	\$41,137	\$58,671	\$77,377	\$84,015	\$95,035	\$104,219	\$111,051	\$118,480	\$88,392		
	Number of retired members	154	269	337	423	585	576	633	855	73	3,905		
Period July 1, 2016 through June 30, 2017	Average monthly benefit	\$272	\$787	\$1,482	\$2,497	\$3,457	\$4,589	\$5,770	\$6,581	\$7,733	\$4,162	age 61	25 years
	Average final average salary	\$59,017	\$44,909	\$56,887	\$74,590	\$85,524	\$93,583	\$99,597	\$104,930	\$111,419	\$86,183		
	Number of retired members	184	255	351	426	615	587	666	816	102	4,002		
Period July 1, 2015 through June 30, 2016	Average monthly benefit	\$287	\$715	\$1,461	\$2,407	\$3,453	\$4,595	\$5,710	\$6,496	\$7,728	\$4,130	age 61	25 years
	Average final average salary	\$63,114	\$37,543	\$55,895	\$70,973	\$84,277	\$91,799	\$97,075	\$103,177	\$110,395	\$84,256		
	Number of retired members	193	289	330	429	660	630	728	832	107	4,198		
Period July 1, 2014 through June 30, 2015	Average monthly benefit	\$262	\$744	\$1,499	\$2,338	\$3,342	\$4,331	\$5,641	\$6,237	\$7,003	\$3,977	age 61	25 years
	Average final average salary	\$55,476	\$39,421	\$56,937	\$69,664	\$81,069	\$87,776	\$95,675	\$99,309	\$100,159	\$81,522		
	Number of retired members	185	277	325	466	651	591	647	882	94	4,118		

Medians for Retirees as of June 30, 2024

	Median Age	Median Monthly Benefit	Median Service Credit	Retiree Count
All retirees	74	\$5,418	30	118,637
New retirees	60	\$4,883	28	3,934

Principal Participating Employers

Participating Employer	City	Year ended June 30, 2024			Year ended June 30, 2015		
		Rank	Covered Employees (including subs)	Percentage of Total TRS Membership	Rank	Covered Employees	Percentage of Total TRS Membership
School District U46	Elgin	1	3,367	2.0%	1	3,018	1.9%
Indian Prairie CUSD 204	Naperville	2	2,509	1.5	2	2,486	1.6
Plainfield SD 202	Plainfield	3	2,454	1.4	4	2,287	1.4
Rockford School District 205	Rockford	4	2,247	1.3	3	2,355	1.5
Naperville CUSD 203	Naperville	5	1,963	1.1	5	1,810	1.1
Schaumburg CCSD 54	Schaumburg	6	1,887	1.1	8	1,487	0.9
Community USD 300	Algonquin	7	1,855	1.1	6	1,740	1.1
Oswego CUSD 308	Oswego	8	1,845	1.1	10	1,451	0.9
Valley View CUSD 365	Romeoville	9	1,811	1.1	7	1,639	1.1
St. Charles CUSD 303	St. Charles	10	1,443	0.8	-	-	-
Waukegan CUSD 60	Waukegan	-	-	-	9	1,471	0.9
Total, largest 10 employers			21,381	12.4%		19,744	12.4%
All Other (985 employers in 2024*; 982 employers in 2015)			150,373	87.6%		139,963	87.6%
Grand total			171,754	100.0%		159,707	100.0%

*Other Employers by Type as of June 30, 2024	Number of Other Employers	Other Covered Employees
Local school districts	841	143,248
Special districts	135	6,290
State agencies	9	835
Total, all employers other than largest 10	985	150,373

Total Employers by Type as of June 30, 2024	Total Number of Employers	Total Covered Employees
Local school districts	851	164,629
Special districts	135	6,290
State agencies	9	835
Total, all employers	995	171,754



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