Retirement Plan For
CTA Employees

January 1, 2010 Actuarial Valuation

Prepared by PricewaterhouseCoopers LLP

September 2010

PRICEWATERHOUSECOOPERS

September 28, 2010

Board of Trustees and Executive Director
Retirement Plan for CTA Employees
10 S. LaSalle Suite 1100
Chicago, IL 60602

Re: Actuarial Valuation Report and Actuarial Certification as of January 1, 2010

This report presents the results of the annual valuation of the assets and liabilities of The Retirement Plan for Chicago Transit Authority Employees ("the Plan") as of January 1, 2010, prepared in accordance with 40 ILCS 5/22-101(e). In addition, it includes disclosure information as of December 31, 2009, as required under GASB Statements No. 25 and 27. The actuarial valuation of the Plan is performed annually.

Public Act 94-839, effective June 6, 2006, requires that the Plan's pension and retiree healthcare programs be separated into two distinct trusts by December 31, 2008. This January 1, 2010 valuation report for the Plan does not reflect the liabilities and assets that were spun off in the healthcare trust, however transfer payments to the healthcare trust that are expected to occur after the valuation date are reflected in the actuarial projections.

Public Act 95-708, effective January 18, 2008, allowed the Chicago Transit Authority to issue pension obligation bonds and deposit $1.1105 billion into the pension trust. Public Act 95-708 revised the level-percent-of-pay policy, to the contribution rates that produce no less than 60 percent funding for each year up to and including fiscal year 2039, and 90 percent funding by fiscal year end 2059.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8.75% per annum, compounded annually. Please see Section IV of this report for a description of the assumptions and methods used.

Actuarial Assumptions

The actuarial assumptions and methods comply with the parameters set forth in Governmental Accounting Standards No. 25. The demographic assumptions, including the withdrawal, active death, retirement, and retiree mortality rates reflect the past experience and the expected future experience of the System.

Assets and Membership Data

The Retirement Plan for CTA Employees reported to the actuary the individual data for Plan participants as of the valuation date. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared by the Retirement Plan for CTA Employees.

In preparing the results presented in this report, we have relied upon information provided to us regarding the benefit provisions, Plan participants, unaudited plan assets, and benefit payments. 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 but have not audited it. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

Actuarial Certification - Public Act 95-708

This actuarial valuation has been performed to satisfy the requirements of 40 ILCS 5/22-101(e), relating to the development of contribution rates for Plan members and the Chicago Transit Authority ("Authority"), for the plan year beginning January 1, 2011 and ending December 31, 2011. This valuation also includes disclosure information as required under GASB Statements No. 25 and 27.

Contribution rates were determined using the projected unit credit cost method, and provide for no less than 60 percent funding of total actuarial liabilities for each year on a projected basis through fiscal year end 2039, and 90 percent funding by fiscal year end 2059. Contribution rates reflect the issuance of bond or notes by the Authority, as defined in 70 ILCS 3605/12c. Authority contribution rates are adjusted by a debt service credit, for debt service paid in the prior year, of up to six percent of compensation per year from 2009 to 2040, as defined in 40 ILCS 5/22-101(e)(2).

Based on the preceding provisions, the sum of current assets, net bond proceeds, future contributions, and investment earnings, less benefit payments and expenses, is projected to be at least equal to 60 percent of actuarial liabilities through fiscal year end 2039, and 90 percent of actuarial liabilities by fiscal year end 2059, if the following contributions, expressed as a percentage of compensation, are made to the Plan and the Plan experiences no actuarial gains or losses in the future:

	Annual Contributions to the Plan (Percentage of Compensation)	
Fiscal Year	**Authority**	**Employees**
2010 to 2039	10.69%	8.35%
2040 to 2059	11.19%	5.60%

The undersigned actuaries are members of the Society of Actuaries and other professional actuarial organizations and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. There is no relationship between PricewaterhouseCoopers, the Retirement Plan for CTA Employees or Chicago Transit Authority that may impair our objectivity.

In our opinion, the assumptions and methods used for this valuation are individually reasonable and consistent in aggregate and conform with Actuarial Standards of Practice issued by the Actuarial Standards Board, and generally accepted actuarial principles and practices.

In our opinion, the calculations also comply with the requirements of Illinois state law and, where applicable, the Internal Revenue Code, ERISA and the Statements of the Governmental Accounting Standards Board. We certify that the information presented herein is accurate and fairly portrays the actuarial position of the Plan as of January 1, 2010.

Respectfully submitted,

PricewaterhouseCoopers LLP

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Our Services were performed and this Report was developed in accordance with our engagement letter dated July 9, 2010 and are subject to the terms and conditions included therein. Our Services were performed in accordance with Standards for Consulting Services. Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us. Our work was limited to the specific procedures and analysis described herein and was based only on the information made available through September 23, 2010. Accordingly, changes in circumstances after this date could affect the findings outlined in this Report. This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with Retirement Plan for Chicago Transit Authority Employees and its Board of Directors. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than Retirement Plan for Chicago Transit Authority Employees and its Board of Directors. This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement between PricewaterhouseCoopers LLP and its Client and is intended solely for the use and benefit of that Client and not for reliance by any other person.

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SECTION I - SUMMARY

Introduction

This report presents the results of the actuarial valuation as of January 1, 2010 for the Retirement Plan for CTA Employees (the "Plan").

The principal valuation results include:

- The funded status of the Plan as of January 1, 2010;
- The statutory contribution requirements for Plan year 2011, as defined by 40 ILCS 5/22-101(e)(2);
- Annual disclosure as of January 1, 2010 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was completed based upon membership and financial data submitted by the System.

Funded Status

The funded status of the Plan decreased from 75.8% as of January 1, 2009 to 74.8% as of January 1, 2010. The decrease is due to changes in the population, actuarial assumptions, payroll and investment return.

Statutory Minimum Contribution Rates

In accordance with Public Act 95-708, the statutory minimum contribution rates applicable for plan year 2011 are 10.33% for the Authority and 8.165% for CTA employees. Based on the actuarial assumptions and methods described in Section IV of this report, this rate is expected to keep the projected funded ratio of the Plan above 60% in all years through 2039. For years 2040 through 2059, it is expected that contribution rates of 10.30% for the Authority and 5.15% for CTA employees will be required to bring the funded ratio to 90% by plan year end 2059. These contribution rates take into account the repayment of the pension obligation bond through 2040.

Adopted Contribution Rates

On Septemner 23, 2010, the Board of Trustees adopted 2011 contribution rates unchanged from the 2010 contribution rates (derived from the January 1, 2009 actuarial valuation for the Plan), based upon PwC's findings and results. The adopted rates for plan year 2011 are 10.69% for the Authority and 8.345% for CTA employees. These rates are slightly higher than the Statutory Minimum Contribution Rates for 2011. The adoption of slightly higher rates by the Board will improve the funding of the Plan and reduce the fluctuation of the contribution rate in the future should the Plan incur actuarial losses.

Changes Since Last Year

Legislative and Administrative Changes

There were no legislative or administrative changes that affected the funding of the Plan. Section V of this report outlines the benefit and contribution provisions of the Plan.

Actuarial Assumptions and Methods

The headcount growth assumption was changed from 0% in 2009 to a 5% decrease in 2010 and then 0% thereafter. Wage inflation changed to 2.75% in 2010-2011, 1.5% in 2012-2014, and 4% post 2014. Year-to-year salary increases changed to 2.75% in 2010-2011, 1.5% in 2012-2014, and a service-graded table ranging from 15% down to 5% annually post 2014. These changes were made to reflect the current economic environment, current furlough and salary programs in place, and the pay increases embedded into the current Collective Bargaining Agreements. All other actuarial assumptions and methods are unchanged from the prior year. Section IV of the report outlines the assumptions and methods used by the System.

Effective December 31, 2008, a healthcare trust was established to pay for postretirement healthcare benefits for CTA employees. The health care assets and liabilities are reported separately in accordance with GASB 45, and are not reflected in this report. However, transfer payments to the healthcare trust expected to occur after the valuation date are reflected in the actuarial projections.

Summary of Principal Results

The table below summarizes the principal financial results based upon the actuarial valuation as of January 1, 2010. Comparable results from the January 1, 2009 valuation are also shown.

	January 1, 2009	January 1, 2010
1. Membership Data		
a. Active Employees		
Number	9,689	9,865
Annualized Salaries (in thousands)	$ 575,685	$ 567,173
Average Pay	$ 59,801	$ 57,493
b. Terminated Participants with Vested Benefits		
Number	47	51
Total Monthly Accrued Benefit	$ 62,569	$ 67,474
Average Monthly Accrued Benefit	$ 1,331	$ 1,323
c. Retirees and Beneficiaries		
Number	8,411	8,362
Total Monthly Pension	$ 15,977,932	$ 16,223,447
Average Monthly Pension	$ 1,900	$ 1,940
d. Disabled Recipients		
Number	945	913
Total Monthly Pension	$ 1,053,645	$ 1,043,412
Average Monthly Pension	$ 1,115	$ 1,143
2. Statutory Minimum Contribution Rates (as a Percentage of Payroll) [1]		
a. Employer Contribution Rate:		
Gross Employer Rate	16.690 %	16.330 %
Credit for debt repayment	(6.000) %	(6.000) %
Net Employer Rate	10.690 %	10.330 %
b. Employee Contribution Rate:	8.345 %	8.165 %
3. Adopted Contribution Rates (as a percentage of Payroll) [1]		
a. Net Employer Contribution Rate:	10.690 %	10.690 %
b. Employee Contribution Rate:	8.345 %	8.345 %
3. Actuarial Funded Status ($ in thousands) [2]		
a. Investment Return Assumption	8.75 %	8.75 %
b. Actuarial Accrued Liability	$ 2,632,356	$ 2,588,462
c. Actuarial Value of Assets (AVA)	1,995,953	1,936,849
d. Unfunded Accrued Liability	$ 636,403	$ 651,613
e. Funded Ratio	75.8 %	74.8 %
f. Market Value of Assets (MVA)	1,743,457	$ 1,716,370
g. Return on MVA (prior year)	(17.9) %	6.6 %
h. Return on AVA (prior year)	4.3 %	4.1 %

1. Contribution rate applicable for the plan year following the year of valuation.
2. Excludes health care assets.

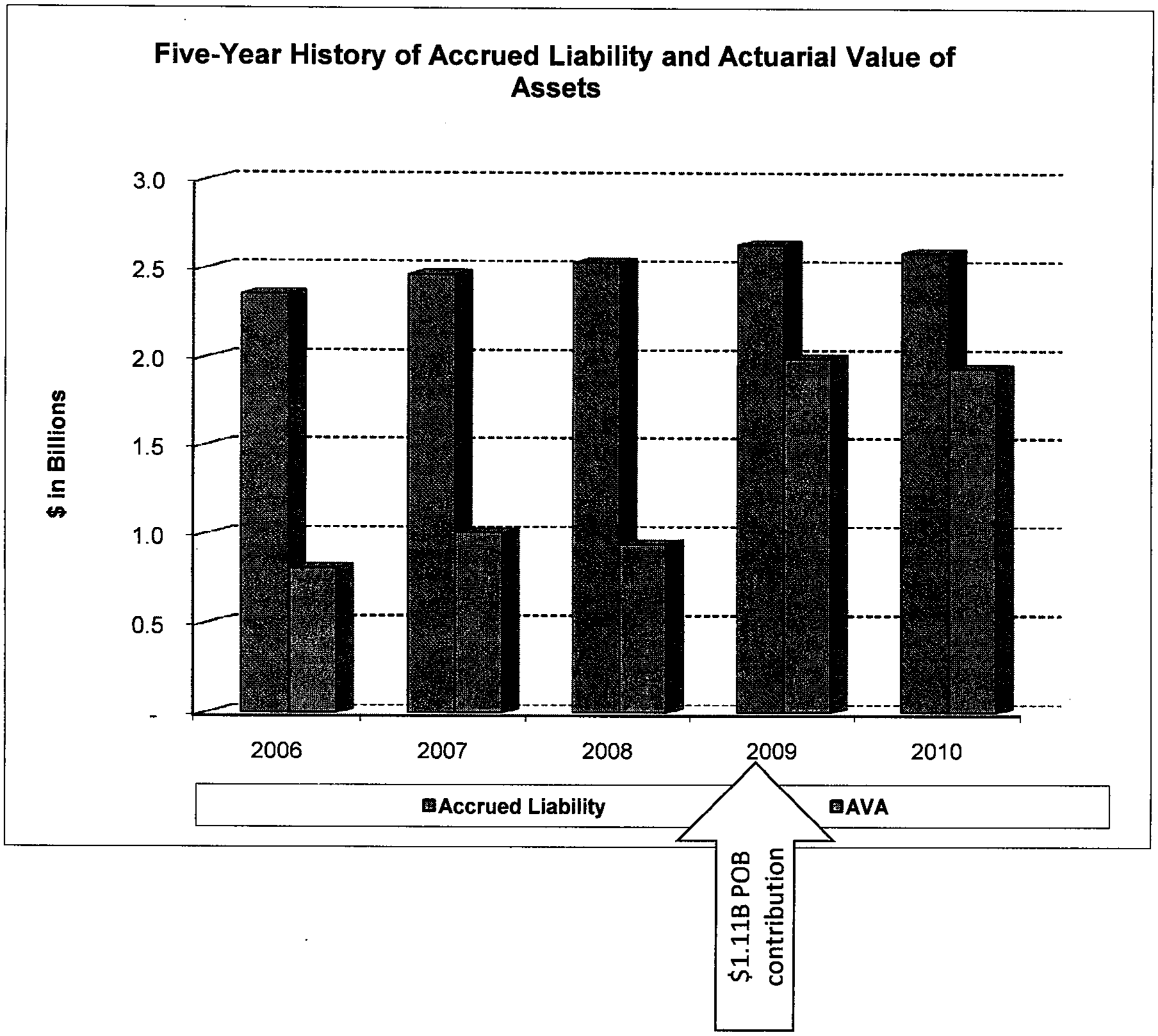
Funded Ratio

The Plan's funded status is measured by comparing the actuarial value of assets with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the Plan's funding method and reflects future pay increases for active employees.

Five-Year History of Funded Ratio
($ amounts in thousands)

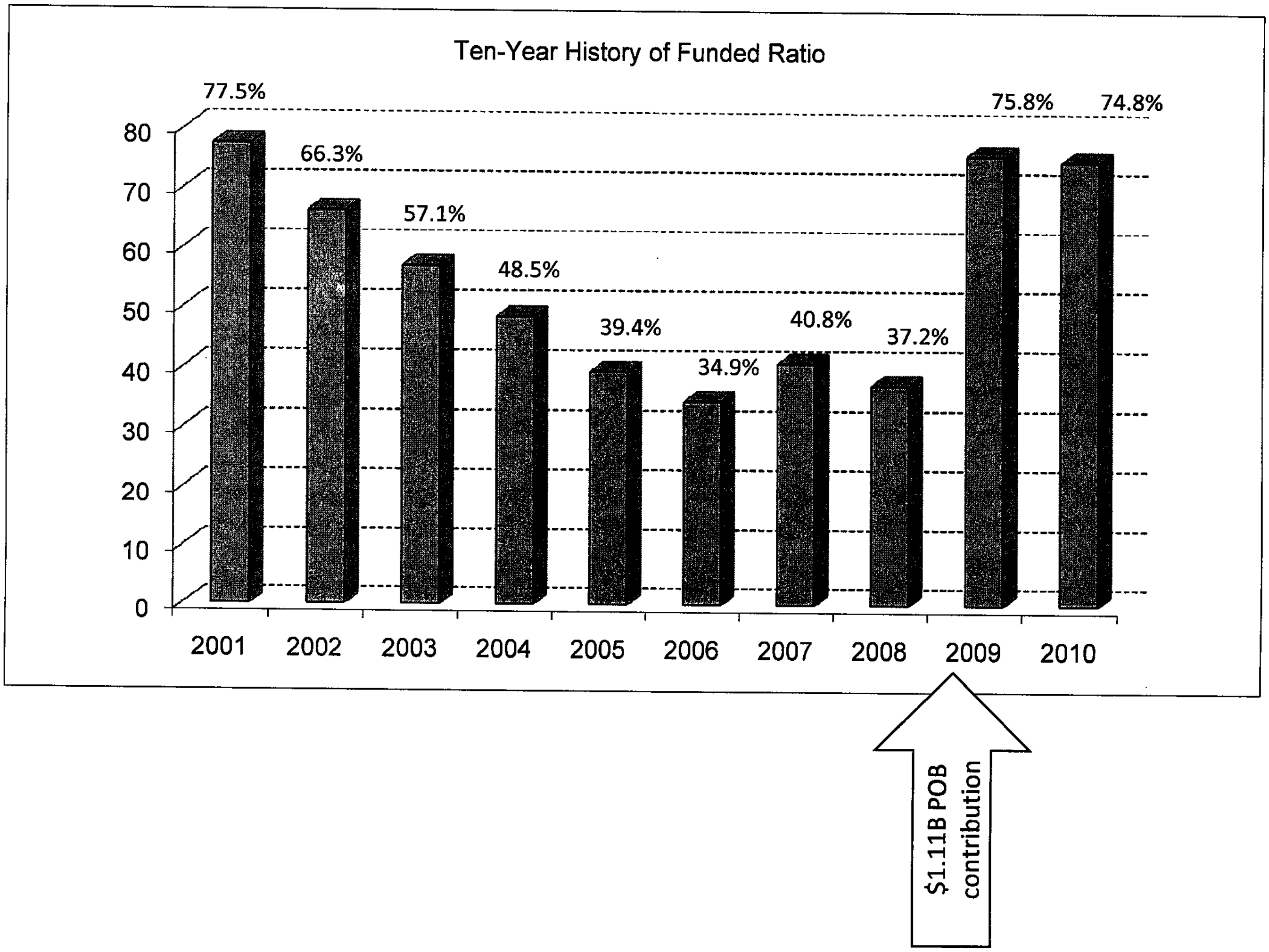
Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2010	2,588,462	1,936,849	651,613	74.8%
2009	2,632,356	1,995,953	636,403	75.8%
2008	2,531,440	941,864	1,589,576	37.2%
2007	2,466,106	1,007,305	1,458,801	40.8%
2006	2,354,125	810,336	1,543,789	34.4%

The following chart shows a five-year history of the accrued liability and the valuation assets:



Funded Ratio

The following chart shows a 10-year history of the funded ratio:



Projection of Funded Status

A. Statutory Minimum Contribution Rates

Year (a)	Actuarial Accrued Liability (b)	Actuarial Value of Assets (c)	Funded Ratio (d) =(c)/(b)	Normal Cost (e)	Benefit Payments (f)	Payroll (g)	Active Members (h)	Employee Contribution Percent (i)	Employer Contribution Percent (j)	Total Percent (k) =(i)+(j)	Employee Contributions (l) =(g)*(i)	Employer Contributions (m) =(g)*(j)	Total Contributions (n) =(l)+(m)	Debt Service (paid in prior year) (o)	Percent of Pay (p) =(o)/(g)
2010	2,588,462,151	1,936,848,577	74.83%	46,886,509	214,304,335	567,173,247	9,865	8.35%	10.69%	19.04%	47,330,607	60,630,820	107,961,428	87,981,000	15.5%
2011	2,641,563,280	1,911,011,643	72.34%	47,743,569	219,451,607	551,772,254	9,372	8.17%	10.33%	18.50%	45,052,205	56,998,074	102,050,278	87,981,000	15.9%
2012	2,694,842,288	1,870,042,344	69.39%	49,821,967	223,751,263	549,331,362	9,372	8.17%	10.33%	18.50%	44,852,906	56,745,930	101,598,835	87,981,000	16.0%
2013	2,750,537,271	1,822,562,155	66.26%	52,092,823	227,915,345	546,596,933	9,372	8.17%	10.33%	18.50%	44,629,640	56,463,463	101,093,103	94,691,000	17.3%
2014	2,809,209,056	1,841,946,334	65.57%	54,548,811	231,712,543	544,131,491	9,372	8.17%	10.33%	18.50%	44,428,336	56,208,783	100,637,119	104,862,000	19.3%
2015	2,871,704,538	1,866,306,664	64.99%	56,866,897	236,160,576	565,309,226	9,372	8.17%	10.33%	18.50%	46,157,498	58,396,443	104,553,941	104,866,000	18.6%
2016	2,937,541,940	1,892,244,072	64.42%	58,970,919	241,078,003	588,918,910	9,372	8.17%	10.33%	18.50%	48,085,229	60,835,323	108,920,552	104,865,000	17.8%
2017	3,006,284,470	1,919,876,090	63.86%	60,803,862	246,645,944	614,086,787	9,372	8.17%	10.33%	18.50%	50,140,186	63,435,165	113,575,351	104,862,000	17.1%
2018	3,077,219,751	1,948,972,816	63.34%	62,385,763	253,171,162	639,313,876	9,372	8.17%	10.33%	18.50%	52,199,978	66,041,123	118,241,101	104,863,000	16.4%
2019	3,149,262,347	1,978,674,687	62.83%	63,923,135	259,966,827	667,357,658	9,372	8.17%	10.33%	18.50%	54,489,753	68,938,046	123,427,799	104,863,000	15.7%
2020	3,222,173,221	2,009,296,111	62.36%	65,477,684	267,349,343	696,087,339	9,372	8.17%	10.33%	18.50%	56,835,531	71,905,822	128,741,353	104,861,000	15.1%
2021	3,295,445,277	2,040,437,432	61.92%	67,123,992	275,670,150	727,309,338	9,372	8.17%	10.33%	18.50%	59,384,807	75,131,055	134,515,862	104,863,000	14.4%
2022	3,368,224,297	2,071,645,919	61.51%	68,638,615	284,094,803	759,269,676	9,372	8.17%	10.33%	18.50%	61,994,369	78,432,558	140,426,927	104,862,000	13.8%
2023	3,440,199,554	2,102,961,591	61.13%	70,284,756	292,199,024	793,750,483	9,372	8.17%	10.33%	18.50%	64,809,727	81,994,425	146,804,152	104,863,000	13.2%
2024	3,511,769,676	2,135,214,833	60.80%	72,045,410	300,174,296	828,991,519	9,372	8.17%	10.33%	18.50%	67,687,158	85,634,824	153,321,981	104,866,000	12.6%
2025	3,583,174,133	2,168,769,027	60.53%	74,130,230	308,421,304	865,948,825	9,372	8.17%	10.33%	18.50%	70,704,722	89,452,514	160,157,235	104,864,000	12.1%
2026	3,654,460,167	2,203,785,695	60.30%	76,444,250	316,735,266	904,377,000	9,372	8.17%	10.33%	18.50%	73,842,382	93,422,144	167,264,526	104,861,000	11.6%
2027	3,725,799,099	2,240,606,859	60.14%	78,527,069	325,620,051	943,670,601	9,372	8.17%	10.33%	18.50%	77,050,705	97,481,173	174,531,878	104,864,000	11.1%
2028	3,796,354,861	2,278,961,678	60.03%	80,432,930	334,634,499	985,694,546	9,372	8.17%	10.33%	18.50%	80,481,960	101,822,247	182,304,206	104,864,000	10.6%
2029	3,865,708,842	2,319,376,082	60.00%	82,726,496	342,501,653	1,031,073,890	9,372	8.17%	10.33%	18.50%	84,187,183	106,509,933	190,697,116	104,861,000	10.2%
2030	3,935,371,259	2,363,875,503	60.07%	85,670,175	349,330,810	1,078,941,458	9,372	8.17%	10.33%	18.50%	88,095,570	111,454,653	199,550,223	104,862,000	9.7%
2031	4,007,174,919	2,414,381,122	60.25%	89,088,607	354,914,476	1,130,440,081	9,372	8.17%	10.33%	18.50%	92,300,433	116,774,460	209,074,893	104,863,000	9.3%
2032	4,083,115,622	2,473,419,405	60.58%	92,974,120	358,967,869	1,185,022,496	9,372	8.17%	10.33%	18.50%	96,757,087	122,412,824	219,169,911	104,865,000	8.8%
2033	4,165,667,965	2,543,929,484	61.07%	97,100,453	362,360,642	1,240,498,829	9,372	8.17%	10.33%	18.50%	101,286,729	128,143,529	229,430,258	104,862,000	8.5%
2034	4,256,392,109	2,627,777,226	61.74%	101,681,258	365,201,646	1,299,884,763	9,372	8.17%	10.33%	18.50%	106,135,591	134,278,096	240,413,687	104,864,000	8.1%
2035	4,357,049,099	2,727,460,301	62.60%	106,971,081	366,653,131	1,362,385,180	9,372	8.17%	10.33%	18.50%	111,238,750	140,734,389	251,973,139	104,861,000	7.7%
2036	4,470,739,714	2,846,415,836	63.67%	113,128,264	366,821,366	1,430,024,673	9,372	8.17%	10.33%	18.50%	116,761,515	147,721,549	264,483,063	104,861,000	7.3%
2037	4,600,887,999	2,988,661,618	64.96%	120,185,682	365,663,534	1,500,721,304	9,372	8.17%	10.33%	18.50%	122,533,894	155,024,511	277,558,405	104,863,000	7.0%
2038	4,751,307,767	3,158,209,781	66.47%	128,218,492	362,851,740	1,574,598,268	9,372	8.17%	10.33%	18.50%	128,565,949	162,656,001	291,221,950	104,866,000	6.7%
2039	4,926,570,482	3,359,789,544	68.20%	136,928,047	359,293,955	1,650,913,232	9,372	8.17%	10.33%	18.50%	134,797,065	170,539,337	305,336,402	104,861,000	6.4%

Projection of Funded Status

A. Statutory Minimum Contribution Rates

Year (a)	Actuarial Accrued Liability (b)	Actuarial Value of Assets (c)	Funded Ratio (d) =(c)/(b)	Normal Cost (e)	Benefit Payments (f)	Payroll (g)	Active Members (h)	Employee Contribution Percent (i)	Employer Contribution Percent (j)	Total Percent (k) =(i)+(j)	Employee Contributions (l) =(g)*(i)	Employer Contributions (m) =(g)*(j)	Total Contributions (n) =(l)+(m)	Debt Service (paid in prior year) (o)	Percent of Pay (p) =(o)/(g)
2040	5,130,383,986	3,597,452,933	70.12%	143,181,684	356,811,062	1,727,517,010	9,372	5.15%	4.30%	9.46%	89,001,676	74,352,332	163,354,008	104,863,000	6.1%
2041	5,361,469,526	3,710,309,265	69.20%	152,311,430	356,250,100	1,805,702,469	9,372	5.15%	4.50%	9.65%	93,029,791	81,196,582	174,226,374	104,863,000	5.8%
2042	5,623,307,596	3,844,974,061	68.38%	161,519,105	358,969,198	1,884,318,464	9,372	5.15%	10.30%	15.46%	97,080,087	194,160,175	291,240,262	0	0
2043	5,915,257,099	4,110,717,215	69.49%	170,160,944	369,163,016	1,960,297,248	9,372	5.15%	10.30%	15.46%	100,994,514	201,989,028	302,983,543	0	0
2044	6,231,564,098	4,401,330,146	70.63%	177,899,983	385,043,032	2,038,643,607	9,372	5.15%	10.30%	15.46%	105,030,919	210,061,837	315,092,756	0	0
2045	6,567,365,877	4,713,435,933	71.77%	185,004,051	404,524,927	2,118,564,534	9,372	5.15%	10.30%	15.46%	109,148,445	218,296,890	327,445,334	0	0
2046	6,919,908,408	5,045,409,752	72.91%	191,977,058	427,116,068	2,200,816,171	9,372	5.15%	10.30%	15.46%	113,386,049	226,772,098	340,158,147	0	0
2047	7,287,249,800	5,396,120,776	74.05%	198,910,308	452,760,590	2,285,272,236	9,372	5.15%	10.30%	15.46%	117,737,226	235,474,451	353,211,677	0	0
2048	7,667,450,257	5,764,377,165	75.18%	205,874,916	482,331,616	2,370,920,240	9,372	5.15%	10.30%	15.46%	122,149,811	244,299,622	366,449,432	0	0
2049	8,057,543,124	6,147,808,138	76.30%	212,918,178	514,213,008	2,461,119,050	9,372	5.15%	10.30%	15.46%	126,796,853	253,593,707	380,390,560	0	0
2050	8,456,064,569	6,546,064,170	77.41%	219,923,977	548,700,685	2,554,134,064	9,372	5.15%	10.30%	15.46%	131,588,987	263,177,974	394,766,961	0	0
2051	8,860,980,405	6,958,176,461	78.53%	226,999,674	584,619,829	2,651,448,213	9,372	5.15%	10.30%	15.46%	136,602,612	273,205,224	409,807,836	0	0
2052	9,271,413,050	7,384,556,883	79.65%	234,185,437	622,395,084	2,752,353,208	9,372	5.15%	10.30%	15.46%	141,801,237	283,602,475	425,403,712	0	0
2053	9,686,029,229	7,825,095,866	80.79%	241,474,911	661,606,399	2,857,700,638	9,372	5.15%	10.30%	15.46%	147,228,737	294,457,474	441,686,211	0	0
2054	10,103,790,211	8,280,250,057	81.95%	248,967,056	701,679,412	2,967,565,769	9,372	5.15%	10.30%	15.46%	152,888,988	305,777,977	458,666,965	0	0
2055	10,524,285,953	8,751,127,696	83.15%	256,813,858	742,360,103	3,082,285,167	9,372	5.15%	10.30%	15.46%	158,799,332	317,598,664	476,397,995	0	0
2056	10,947,497,339	9,239,253,420	84.40%	264,978,735	783,831,766	3,201,708,993	9,372	5.15%	10.30%	15.46%	164,952,047	329,904,095	494,856,142	0	0
2057	11,373,188,809	9,746,069,786	85.69%	273,424,075	826,421,612	3,325,735,359	9,372	5.15%	10.30%	15.46%	171,341,886	342,683,771	514,025,657	0	0
2058	11,800,700,844	10,272,787,615	87.05%	282,212,964	869,443,342	3,455,508,806	9,372	5.15%	10.30%	15.46%	178,027,814	356,055,627	534,083,441	0	0
2059	12,230,109,560	10,821,624,634	88.48%	291,341,695	912,979,148	3,590,710,246	9,372	5.15%	10.30%	15.46%	184,993,392	369,986,784	554,980,176	0	0
2060	12,661,412,441	11,394,855,362	90.00%	300,946,830	956,139,142	3,732,808,194	9,372	5.15%	10.30%	15.46%	192,314,278	384,628,556	576,942,834	0	0

Projection Assumptions

1. Results shown as of the beginning of the fiscal year for pension benefits only.
2. Benefit payments are for pension only.
3. Employer contributions are net of debt service credit of 6.0 percent of compensation for fiscal years 2010 through 2040. Contribution rate requirements, in excess of the statutory minimum of 6.0 percent for employees and 12.0 percent for the employer (before the debt service credit), are allocated one-third to employees and two-thirds to the employer.

Projection of Funded Status

B. Adopted Contribution Rates for 2011

Year (a)	Actuarial Accrued Liability (b)	Actuarial Value of Assets (c)	Funded Ratio (d) =(c)/(b)	Normal Cost (e)	Benefit Payments (f)	Payroll (g)	Active Members (h)	Employee Contribution Percent (i)	Employer Contribution Percent (j)	Total Percent (k) =(i)+(j)	Employee Contributions (l) =(g)*(i)	Employer Contributions (m) =(g)*(j)	Total Contributions (n) =(l)+(m)	Debt Service (paid in prior year) (o)	Percent of Pay (p) =(o)/(g)
2010	2,588,462,151	1,936,848,577	74.83%	46,886,509	214,304,335	567,173,247	9,865	8.35%	10.69%	19.04%	47,330,607	60,630,820	107,961,428	87,981,000	15.5%
2011	2,641,563,280	1,911,011,643	72.34%	47,743,569	219,451,607	551,772,254	9,372	8.35%	10.69%	19.04%	46,045,395	58,984,454	105,029,849	87,981,000	15.9%
2012	2,694,842,288	1,873,152,270	69.51%	49,821,967	223,751,263	549,331,362	9,372	8.35%	10.69%	19.04%	45,841,702	58,723,523	104,565,225	87,981,000	16.0%
2013	2,750,537,271	1,829,040,369	66.50%	52,092,823	227,915,345	546,596,933	9,372	8.35%	10.69%	19.04%	45,613,514	58,431,212	104,044,726	94,691,000	17.3%
2014	2,809,209,056	1,852,072,148	65.93%	54,548,811	231,712,543	544,131,491	9,372	8.35%	10.69%	19.04%	45,407,773	58,167,656	103,575,429	104,862,000	19.3%
2015	2,871,704,538	1,880,385,349	65.48%	56,866,897	236,160,576	565,309,226	9,372	8.35%	10.69%	19.04%	47,175,055	60,431,556	107,606,611	104,866,000	18.6%
2016	2,937,541,940	1,910,740,866	65.05%	58,970,919	241,078,003	588,918,910	9,372	8.35%	10.69%	19.04%	49,145,283	62,955,431	112,100,715	104,865,000	17.8%
2017	3,006,284,470	1,943,310,647	64.64%	60,803,862	246,645,944	614,086,787	9,372	8.35%	10.69%	19.04%	51,245,542	65,645,878	116,891,420	104,862,000	17.1%
2018	3,077,219,751	1,977,919,044	64.28%	62,385,763	253,171,162	639,313,876	9,372	8.35%	10.69%	19.04%	53,350,743	68,342,653	121,693,396	104,863,000	16.4%
2019	3,149,262,347	2,013,757,042	63.94%	63,923,135	259,966,827	667,357,658	9,372	8.35%	10.69%	19.04%	55,690,997	71,340,534	127,031,530	104,863,000	15.7%
2020	3,222,173,221	2,051,209,567	63.66%	65,477,684	267,349,343	696,087,339	9,372	8.35%	10.69%	19.04%	58,088,488	74,411,737	132,500,225	104,861,000	15.1%
2021	3,295,445,277	2,089,941,637	63.42%	67,123,992	275,670,150	727,309,338	9,372	8.35%	10.69%	19.04%	60,693,964	77,749,368	138,443,332	104,863,000	14.4%
2022	3,368,224,297	2,129,581,040	63.23%	68,638,615	284,094,803	759,269,676	9,372	8.35%	10.69%	19.04%	63,361,054	81,165,928	144,526,983	104,862,000	13.8%
2023	3,440,199,554	2,170,245,469	63.08%	70,284,756	292,199,024	793,750,483	9,372	8.35%	10.69%	19.04%	66,238,478	84,851,927	151,090,404	104,863,000	13.2%
2024	3,511,769,676	2,212,859,825	63.01%	72,045,410	300,174,296	828,991,519	9,372	8.35%	10.69%	19.04%	69,179,342	88,619,193	157,798,536	104,866,000	12.6%
2025	3,583,174,133	2,257,880,360	63.01%	74,130,230	308,421,304	865,948,825	9,372	8.35%	10.69%	19.04%	72,263,429	92,569,929	164,833,359	104,864,000	12.1%
2026	3,654,460,167	2,305,574,974	63.09%	76,444,250	316,735,266	904,377,000	9,372	8.35%	10.69%	19.04%	75,470,261	96,677,901	172,148,162	104,861,000	11.6%
2027	3,725,799,099	2,356,399,994	63.25%	78,527,069	325,620,051	943,670,601	9,372	8.35%	10.69%	19.04%	78,749,312	100,878,387	179,627,699	104,864,000	11.1%
2028	3,796,354,861	2,410,205,476	63.49%	80,432,930	334,634,499	985,694,546	9,372	8.35%	10.69%	19.04%	82,256,210	105,370,747	187,626,957	104,864,000	10.6%
2029	3,865,708,842	2,467,659,334	63.83%	82,726,496	342,501,653	1,031,073,890	9,372	8.35%	10.69%	19.04%	86,043,116	110,221,799	196,264,915	104,861,000	10.2%
2030	3,935,371,259	2,530,944,930	64.31%	85,670,175	349,330,810	1,078,941,458	9,372	8.35%	10.69%	19.04%	90,037,665	115,338,842	205,376,507	104,862,000	9.7%
2031	4,007,174,919	2,602,150,307	64.94%	89,088,607	354,914,476	1,130,440,081	9,372	8.35%	10.69%	19.04%	94,335,225	120,844,045	215,179,269	104,863,000	9.3%
2032	4,083,115,622	2,683,989,837	65.73%	92,974,120	358,967,869	1,185,022,496	9,372	8.35%	10.69%	19.04%	98,890,127	126,678,905	225,569,032	104,865,000	8.8%
2033	4,165,667,965	2,779,603,912	66.73%	97,100,453	362,360,642	1,240,498,829	9,372	8.35%	10.69%	19.04%	103,519,627	132,609,325	236,128,952	104,862,000	8.5%
2034	4,256,392,109	2,891,064,928	67.92%	101,681,258	365,201,646	1,299,884,763	9,372	8.35%	10.69%	19.04%	108,475,383	138,957,681	247,433,065	104,864,000	8.1%
2035	4,357,049,099	3,021,112,152	69.34%	106,971,081	366,653,131	1,362,385,180	9,372	8.35%	10.69%	19.04%	113,691,043	145,638,976	259,330,019	104,861,000	7.7%
2036	4,470,739,714	3,173,440,967	70.98%	113,128,264	366,821,366	1,430,024,673	9,372	8.35%	10.69%	19.04%	119,335,559	152,869,638	272,205,197	104,861,000	7.3%
2037	4,600,887,999	3,352,361,425	72.86%	120,185,682	365,663,534	1,500,721,304	9,372	8.35%	10.69%	19.04%	125,235,193	160,427,107	285,662,300	104,863,000	7.0%
2038	4,751,307,767	3,562,191,762	74.97%	128,218,492	362,851,740	1,574,598,268	9,372	8.35%	10.69%	19.04%	131,400,225	168,324,555	299,724,780	104,866,000	6.7%
2039	4,926,570,482	3,807,994,777	77.30%	136,928,047	359,293,955	1,650,913,232	9,372	8.35%	10.69%	19.04%	137,768,709	176,482,625	314,251,334	104,861,000	6.4%

Projection of Funded Status

B. Adopted Contribution Rates for 2011

Year (a)	Actuarial Accrued Liability (b)	Actuarial Value of Assets (c)	Funded Ratio (d) =(c)/(b)	Normal Cost (e)	Benefit Payments (f)	Payroll (g)	Active Members (h)	Employee Contribution Percent (i)	Employer Contribution Percent (j)	Total Percent (k) =(i)+(j)	Employee Contributions (l) =(g)*(i)	Employer Contributions (m) =(g)*(j)	Total Contributions (n) =(l)+(m)	Debt Service (paid in prior year) (o)	Percent of Pay (p) =(o)/(g)
2040	5,130,383,986	4,094,181,084	79.80%	143,181,684	356,811,062	1,727,517,010	9,372	5.60%	5.19%	10.79%	96,654,577	89,658,133	186,312,710	104,863,000	6.1%
2041	5,361,469,526	4,274,464,273	79.73%	152,311,430	356,250,100	1,805,702,469	9,372	5.60%	5.38%	10.98%	101,029,053	97,195,106	198,224,159	104,863,000	5.8%
2042	5,623,307,596	4,483,540,322	79.73%	161,519,105	358,969,198	1,884,318,464	9,372	5.60%	11.19%	16.79%	105,427,618	210,855,236	316,282,854	0	0
2043	5,915,257,099	4,831,296,228	81.68%	170,160,944	369,163,016	1,960,297,248	9,372	5.60%	11.19%	16.79%	109,678,631	219,357,262	329,035,893	0	0
2044	6,231,564,098	5,212,151,964	83.64%	177,899,983	385,043,032	2,038,643,607	9,372	5.60%	11.19%	16.79%	114,062,110	228,124,220	342,186,329	0	0
2045	6,567,365,877	5,623,483,577	85.63%	185,004,051	404,524,927	2,118,564,534	9,372	5.60%	11.19%	16.79%	118,533,686	237,067,371	355,601,057	0	0
2046	6,919,908,408	6,064,474,101	87.64%	191,977,058	427,116,068	2,200,816,171	9,372	5.60%	11.19%	16.79%	123,135,665	246,271,330	369,406,994	0	0
2047	7,287,249,800	6,534,881,739	89.68%	198,910,308	452,760,590	2,285,272,236	9,372	5.60%	11.19%	16.79%	127,860,982	255,721,963	383,582,945	0	0
2048	7,667,450,257	7,034,479,724	91.74%	205,874,916	482,331,616	2,370,920,240	9,372	5.60%	11.19%	16.79%	132,652,987	265,305,975	397,958,962	0	0
2049	8,057,543,124	7,561,932,743	93.85%	212,918,178	514,213,008	2,461,119,050	9,372	5.60%	11.19%	16.79%	137,699,611	275,399,222	413,098,833	0	0
2050	8,456,064,569	8,118,063,937	96.00%	219,923,977	548,700,685	2,554,134,064	9,372	5.60%	11.19%	16.79%	142,903,801	285,807,602	428,711,403	0	0
2051	8,860,980,405	8,703,155,718	98.22%	226,999,674	584,619,829	2,651,448,213	9,372	5.60%	11.19%	16.79%	148,348,528	296,697,055	445,045,583	0	0
2052	9,271,413,050	9,319,001,224	100.51%	234,185,437	622,395,084	2,752,353,208	9,372	5.60%	11.19%	16.79%	153,994,162	307,988,324	461,982,486	0	0
2053	9,686,029,229	9,966,983,182	102.90%	241,474,911	661,606,399	2,857,700,638	9,372	5.60%	11.19%	16.79%	159,888,351	319,776,701	479,665,052	0	0
2054	10,103,790,211	10,649,192,929	105.40%	248,967,056	701,679,412	2,967,565,769	9,372	5.60%	11.19%	16.79%	166,035,305	332,070,610	498,105,914	0	0
2055	10,524,285,953	11,368,517,473	108.02%	256,813,858	742,360,103	3,082,285,167	9,372	5.60%	11.19%	16.79%	172,453,855	344,907,710	517,361,565	0	0
2056	10,947,497,339	12,128,420,528	110.79%	264,978,735	783,831,766	3,201,708,993	9,372	5.60%	11.19%	16.79%	179,135,618	358,271,236	537,406,854	0	0
2057	11,373,188,809	12,932,451,322	113.71%	273,424,075	826,421,612	3,325,735,359	9,372	5.60%	11.19%	16.79%	186,074,893	372,149,787	558,224,680	0	0
2058	11,800,700,844	13,784,110,265	116.81%	282,212,964	869,443,342	3,455,508,806	9,372	5.60%	11.19%	16.79%	193,335,718	386,671,435	580,007,153	0	0
2059	12,230,109,560	14,688,120,891	120.10%	291,341,695	912,979,148	3,590,710,246	9,372	5.60%	11.19%	16.79%	200,900,238	401,800,477	602,700,715	0	0
2060	12,661,412,441	15,649,478,355	123.60%	300,946,830	956,139,142	3,732,808,194	9,372	5.60%	11.19%	16.79%	208,850,618	417,701,237	626,551,855	0	0

Projection Assumptions

1. Results shown as of the beginning of the fiscal year for pension benefits only.
2. Benefit payments are for pension only.
3. Employer contributions are net of debt service credit of 6.0 percent of compensation for fiscal years 2010 through 2040. Contribution rate requirements, in excess of the statutory minimum of 6.0 percent for employees and 12.0 percent for the employer (before the debt service credit), are allocated one-third to employees and two-thirds to the employer.

A. Actuarial Valuation Summary as of January 1, 2010

Membership data	1/1/2009	1/1/2010
1. Active Employees		
a. Number of Employees	9,689	9,865
b. Average Age	46.0	46.2
c. Average Past Service	12.0	12.9
d. Total Expected Annual Pay	575,685,411	567,173,247
e. Average Expected Annual Pay	59,801	57,493
2. Terminated Vested		
a. Number of Employees	47	51
b. Average Age	54.7	53.6
c. Total Annual Accrued Benefit	750,827	809,682
d. Average Annual Accrued Benefit	15,975	15,876
3. Retirees and Beneficiaries		
a. Number of Retirees	8,411	8,362
b. Average Age	68.4	68.9
c. Total Annual Retirement Benefit	191,735,187	194,681,359
d. Average Annual Retirement Benefit	22,796	23,282
4. Disabled Retirees		
a. Number of Disabled Retirees	945	913
b. Average Age	62.0	62.8
c. Total Annual Disability Benefit	12,643,742	12,520,943
d. Average Annual Disability Benefit	13,380	13,714

A. Actuarial Valuation Summary as of January 1, 2010 (Continued)

Valuation results ($ in Thousands)	1/1/2009	1/1/2010
1. Return on Assets Assumption	8.75 %	8.75 %
2. Annual Normal Cost		
a. Age/Service Pensions	$ 54,858	$ 44,419
b. Disability Allowance	2,352	1,746
c. Pre-Retirement Death Benefits	828	722
d. Total	$ 58,038	$ 46,887
3. Actuarial Accrued Liability		
a. Active Employees		
Age/Service Pensions	$ 826,933	$ 761,369
Disability Allowance	23,801	18,869
Pre-Retirement Death Benefits	10,100	10,121
Total - Active Employees	$ 860,834	$ 790,359
b. Inactive Employees		
Terminated Vested Employees	$ 2,609	$ 3,074
Retired Employees and Survivors	1,654,998	1,681,849
Disabled Retirees	113,915	113,180
Total - Inactive Employees	$ 1,771,522	$ 1,798,103
c. Total Actuarial Accrued Liability	2,632,356	2,588,462
4. Actuarial Funded Status		
a. Total Actuarial Accrued Liability	$ 2,632,356	$ 2,588,462
b. Actuarial Value of Assets[2]	1,995,953	1,936,849
c. Unfunded Actuarial Accrued Liability	$ 636,403	$ 651,613
d. Funded Ratio	75.8 %	74.8 %
5. Statutory Minimum Contribution Rates (as a Percentage of Payroll) [1]		
a. Employer Contribution Rate:		
Gross Employer Rate	16.690 %	16.330 %
Credit for debt repayment	(6.000) %	(6.000) %
Net Employer Rate	10.690 %	10.330 %
b. Employee Contribution Rate:	8.345 %	8.165 %

1. Contribution rate applicable for the plan year following the year of valuation.
2. Excludes health care assets.

B. Reconciliation of Market Value of Plan Assets

	Plan Year Ending	
	12/31/2008	12/31/2009
1. Market Value of Assets, Beginning of Year	$ 1,022,730,109	$ 1,743,457,257
2. Contributions for Plan Year		
a. Member contributions	$ 34,324,559	$ 34,973,952
b. CTA contributions	68,466,179	41,448,417
c. Pension Obligation Bond Proceeds	1,110,500,000	-
d. Total Contributions	$ 1,213,290,738	$ 76,422,369
3. Disbursements for Plan Year	(265,217,544)	(214,529,104)
4. Investment Return for Plan Year		
a. Gross Investment Return	$ (220,535,660)	$ 118,054,698
b. Administrative Expenses	(2,462,991)	(2,222,654)
c. Investment Expenses	(4,347,395)	(4,812,712)
d. Net Investment Return	$ (227,346,046)	$ 111,019,332
5. Market Value of Assets, End of Year	$ 1,743,457,257	$ 1,716,369,854
6. Estimated Rate of Return for Plan Year[1]		
a. Gross Rate of Return	(17.33) %	7.10 %
b. Net Rate of Return[2]	(17.91) %	6.60 %

1. Method used for calculating rate of return does not reflect specific timing of cash inflows and outflows. All cash flows are assumed to be distributed evenly throughout the year.
2. Net of Investment and Administrative Expenses

C. Development of Actuarial Value of Assets as of January 1, 2010

($ in thousands)

1. Market Value of Plan Assets as of January 1, 2010 $ $1,716,370

2. Development of Deferred Gain (Loss)

	Investment Income				
Year	Actual	Expected	Difference	% Deferred	Deferred Amount
2009	$111,019	$146,510	($35,491)	80%	($28,393)
2008	(224,883)	121,195	($346,078)	60%	($207,647)
2007	112,704	91,350	$21,354	40%	$8,542
2006	132,800	97,705	$35,095	20%	$7,019
2005	93,507	106,884	($13,377)	0%	$0
				$	($220,479)

3. Actuarial Value of Plan Assets as of January 1, 2010 $ $1,936,849

4. Ratio of Actuarial Value to Market Value of Assets 112.85%

5. Rate of Return on Actuarial Value of Assets for 2009 4.10%

The Actuarial Value of Assets recognizes expected investment return fully each year. Differences between actual and expected investment income are recognized over a five-year period at a rate of 20 percent per year. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. The Actuarial Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for four consecutive years, it will become equal to Market Value.

D. **Analysis of Actuarial Net Gain / (Loss) as of January 1, 2010**
($ in thousands)

1. Unfunded Accrued Liability as of January 1, 2009	$	636,403
2. Expected Increase (Decrease) in Unfunded Accrued Liability during 2009		
a. Interest on Unfunded Liability @ 8.75%	$	55,685
b. Contributions in excess of Normal Cost and Interest on Unfunded Liability		14,455
c. Pre-2009 Asset Losses (Gains) recognized during 2009		60,601
d. Net Expected Increase (Decrease) in Unfunded Accrued Liability	$	130,741
3. Expected Unfunded Accrued Liability as of January 1, 2010	$	767,144
4. Sources of Actuarial Loss (Gain) as of January 1, 2010		
a. Loss (Gain) on Actuarial Assets	$	7,098
b. Loss (Gain) from payroll growth different from expected		(23,721)
c. Loss (Gain) from Retirement and Other Separation Experience		(8,029)
d. Loss (Gain) from Retirees' Mortality Experience		1,887
e. Loss (Gain) from New Entrants		6,292
f. Other Demographic Loss (Gain), including data		(16,339)
g. Total Net Loss (Gain) as of January 1, 2010	$	(32,812)
5. Actual Unfunded Accrued Liability as of January 1, 2010 (before assumption changes)	$	734,332
6. Changes in Actuarial Assumptions as of January 1, 2010	$	(82,719)
7. Actual Unfunded Accrued Liability as of January 1, 2010 (after assumption changes)	$	651,613

A. Overview - GASB Statement No. 25 Disclosure

Statement Number 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the Plan's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded status is measured by comparing the actuarial value of assets (based on a five-year smoothed market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the Plan's funded ratio is 74.8% as of January 1, 2010. The funded ratio is based on an actuarial value of assets of $1,936,848,577 and an accrued liability of $2,588,462,151. Exhibit A in Section III shows the schedule of funding progress.

The "schedule of employer contributions" shows historical trend information about the annual required contributions (ARC) of the employer and the percentage of the ARC contributed to the Plan. The ARC is equal to the normal cost plus amortization of the unfunded actuarial accrued liability over 30 years. The employer contributions to the Plan for the plan year ended December 31, 2009, which were based on the January 1, 2009 valuation, were equal to 64.4% of the ARC. Exhibit C in Section III shows the schedule of employer contributions.

B. Schedule of Funding Progress - GASB Statement No. 25 Disclosure

($ in thousands)

Actuarial Valuation Date		Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Accrued Liability as a Percentage of Covered Payroll
1/1/2010		1,936,849	2,588,462	651,613	74.8%	567,173	114.9%
1/1/2009		1,995,953	2,632,356	636,403	75.8%	594,139	107.1%
1/1/2008	1	941,864	2,531,440	1,589,576	37.2%	571,314	278.2%
1/1/2007	2	1,007,305	2,466,106	1,458,801	40.8%	562,567	259.3%
1/1/2006		810,336	2,354,125	1,543,789	34.4%	547,532	282.0%
1/1/2005		902,117	2,291,162	1,389,045	39.4%	544,442	255.1%
1/1/2004		1,062,399	2,189,666	1,127,267	39.4%	486,626	231.6%
1/1/2003		1,190,087	2,085,723	895,636	39.4%	480,740	186.3%
1/1/2002		1,355,567	2,044,330	688,763	39.4%	459,343	149.9%
1/1/2001		1,595,609	2,058,871	463,262	39.4%	431,703	107.3%

1. Effective January 1, 2008, the rate of return for disclosure purposes was changed to 8.75 percent. Prior year's information is based on a rate of 9.00 percent as defined in the terms of the bargaining agreement.

2. Effective January 1, 2007, retiree healthcare assets have been marked to the market value of the retiree healthcare account, and are disclosed under GASB No. 43. Previously, retiree healthcare assets disclosed under GASB No. 25 were allocated in proportion to actuarial accrued liabilities. Note that the increase in funded ratio is predominantly due to this change and without this change the funded ratio would have declined.

C. Schedule of Employer Contributions - GASB Statement No. 25 Disclosure

($ in thousands)

Year Ended 31-Dec	Authority Contribution (a)	Employee Contibution (b)	Total Contribution (a+b)	Annual Required Contribution (c)	Percentage Contributed ([a+b]/c)
2009	41,448	34,974	76,422	118,717	64.4%
2008	1,165,947	27,798	1,193,745	206,670	577.6%
2007	25,038	12,549	37,587	198,457	18.9%
2006	23,931	11,971	35,902	194,926	18.4%
2005	19,850	9,784	29,634	180,227	16.4%
2004	20,210	10,123	30,333	153,253	19.8%
2003	19,570	9,813	29,383	117,305	25.0%
2002	19,766	9,883	29,649	97,044	30.6%
2001	24,081	12,067	36,148	73,387	49.3%
2000	22,827	11,439	34,266	64,943	52.8%

The information presented above was determined as part of the actuarial valuation as of one year prior to the dates indicated (i.e., the contribution rates determined by the valuation completed as of January 1, 2008 were contributed in the fiscal year ending December 31, 2009).

Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2010
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	5-year smoothed market

Actuarial Assumptions:

(i) Investment Rate of Return	8.75%
(ii) Salary Increases (including merit increases and wage inflation)	2.75% for 2010-11, 1.50% for 2012-14, and service-graded table with 5% ultimate rate after 5 years of service thereafter

D. Annual Required Contribution (ARC)

($ in thousands)

	Plan Year Ending	
	12/31/2009	12/31/2010
Normal Cost	$ 58,038	$ 46,887
Amortization of Unfunded Actuarial Liability [1]	55,703	57,034
Interest Adjustment [2]	4,976	4,547
Total ARC	$ 118,717	$ 108,467

[1] 30 Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability

[2] Interest on Normal Cost and Amortization of Unfunded Actuarial Liability to the middle of the year

E. Solvency Test - GASB Statement No. 25 Disclosure

Solvency Test - Comparative Summary of Accrued Liability and Actuarial Value of Assets

	Accrued Liability for:				Portion of Accrued Liability Covered by Actuarial Value of Assets		
Valuation as of January 1	(1) Active Member Contributions	(2) Retirees, Beneficiaries, TVRs, and Disableds	(3) Active Member (Employer Financed Portion)	Actuarial Value of Assets[1]	(1)	(2)	(3)
2010	212,994,511	1,798,103,393	$ 577,364,247	1,936,848,576	100 %	95.87 %	0.00 %

1. Excludes health care assets.

SECTION IV - ACTUARIAL ASSUMPTIONS AND METHODS

1. **Rate of Covered Pay:** The rate of covered pay for participants has been estimated at $567,173,247 for 2010. The following adjustments were made to the actual covered earnings for 2009 supplied by the Authority:

   (a) No earnings or a fraction year of earnings were submitted for employees with a work status date in 2009 who were hired during 2008. We have annualized the 2009 earnings as a participant and assumed minimum earnings of $25,000 per year for this group.

   (b) For employees on layoff, extended leave of absence, or on inactive status, we have assumed minimum earnings of $25,000 per year.

   (c) For employees whose 2009 earnings were less than $20,000, we have assumed an annual rate of $25,000 per year.

   (d) For all employees, 2010 salary was assumed to increase 2.75% from 2009.

2. **Retiree Benefits:** The benefit amounts received for retirees were compared to information received from the Authority for the prior valuation.

3. **Actuarial Cost Method:** The normal cost and actuarial liability were determined using the Projected Unit Credit cost method. The normal cost for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service earned during the current year. The actuarial accrued liability for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service earned during prior plan years. The actuarial accrued liability for retired and inactive members equals the present value of benefits.

4. **Asset Valuation Method:** Under the Plan's asset valuation method, assumed investment return is recognized fully each year. The differences between actual and assumed investment return are phased in over a five-year period with 20 percent of the difference between expected and actual return recognized each year. In any year the actuarial value of assets may be higher or lower than the market value of assets, but if the assumed return is earned for four years, the two will be equal.

5. **Amortization Method:** Unfunded liabilities are funded as a level dollar. For GASB purposes, a 30-year period is used for the pension liability.

6. **Earnings on Plan Assets:** 8.75% per annum, compounded annually.

7. **Salary Inflation:**

2010-2011:	2.75%
2012-2014:	1.75%
2015 and after:	4.00%

8. **Compensation Increases:** According to the following table, compounded annually, assumed end of year (includes inflation):

Years of Service	Year-over-year Compensation Increases 2010-11	2012-14	2015 and after
1	2.75%	1.50%	15.00%
2	2.75%	1.50%	13.00%
3	2.75%	1.50%	11.00%
4	2.75%	1.50%	9.00%
>=5	2.75%	1.50%	5.00%

9. Mortality:

(a) *Active Members*—The 1994 Group Annuity Mortality Table for males and females multiplied by 90 percent.

(b) *Retirees & Survivors*—The 1994 Group Annuity Mortality Table for males and females.

(c) *Disabled Employees*— The 1994 Group Annuity Mortality Table for males and females multiplied by 110 percent.

10. Withdrawals from Service: According to the following table shown for illustrative ages:

Age	Rates of Termination for Reasons Other than Death or Disability
25	7.50%
30	5.60%
35	4.60%
40	3.40%
45	2.90%
50	2.40%
55 & Older	0.50%

If service is 25 or greater, no withdrawal is assumed.

In addition, a 5% headcount reduction was assumed to occur during 2010.

11. **Recovery from disability without returning to work:** Disabled members are assumed to recover according to the following table as shown for illustrative ages:

Sample Attained Ages	Disabled Recovery[1]	
	Men	Women
30	0.412%	0.461%
35	0.406%	0.447%
40	0.382%	0.422%
45	0.326%	0.393%
50	0.216%	0.343%
55	0.013%	0.248%
60	0.000%	0.012%
65	0.000%	0.000%
70	0.000%	0.000%
75	0.000%	0.000%
80	0.000%	0.000%

1. Disability recovery after verification of the ability to return to work in the same position as determined by the Plan's Disability manager.

12. **Disability Allowance:** According to the following table as shown for illustrative ages:

Age	Rate of Disability
25	0.10%
30	0.10%
35	0.20%
40	0.30%
45	0.40%
50	0.50%
55	0.60%
60	0.70%
65 & older	0.78%

If service is 25 or greater, no disability is assumed.

13. Service Retirements[1,2]:

Age	Pre 9/5/2001 Hires Probability of Retirement		Hired 9/5/09 - 1/18/08 Probability of Retirement		Post 1/18/08 Hires Probability of Retirement	
	Service<25	Service>25	Service<25	Service>25	Service<25	Service>25
55	1.50%	25.00%	1.50%	25.00%	1.50%	1.50%
56	1.50%	27.50%	1.50%	27.50%	1.50%	1.50%
57	2.00%	30.00%	2.00%	30.00%	2.00%	2.00%
58	2.00%	32.50%	2.00%	32.50%	2.00%	2.00%
59	2.00%	35.00%	2.00%	35.00%	2.00%	2.00%
60	2.50%	37.50%	2.50%	37.50%	2.50%	2.50%
61	4.00%	40.00%	4.00%	40.00%	4.00%	4.00%
62	15.00%	42.50%	15.00%	42.50%	20.00%	20.00%
63	15.00%	45.00%	15.00%	45.00%	15.00%	15.00%
64	20.00%	47.50%	20.00%	47.50%	15.00%	15.00%
65	30.00%	50.00%	30.00%	50.00%	60.00%	60.00%
66	30.00%	50.00%	30.00%	50.00%	25.00%	25.00%
67	30.00%	60.00%	30.00%	60.00%	25.00%	25.00%
68	50.00%	70.00%	50.00%	70.00%	25.00%	25.00%
69	50.00%	80.00%	50.00%	80.00%	25.00%	25.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

1. Rates apply only for members with greater than 10 years of service. Members with less than 10 years of service are assumed to defer retirement until eligible for retiree healthcare benefits. For all ages 55 and above, 10% is added to the rate at 10 years of service.

2. For ages under 65, the above rates are multiplied by 75% if service is between 22 and 23 years, 50% if service is between 23 and 24 years, and 25% if service is between 24 and 25

14. Spouse Data: 75% of employees eligible at retirement are assumed to be married, 50% of those married are assumed to elect a spouse option (Option A–50%) and the average equivalency factor to convert their accrued pension to a spouse option (Option A–50%) is assumed to be 85%. A wife is assumed to be 3 years younger than her husband. The valuation assumes 50% of all married retirees will elect healthcare coverage for their dependents. Actual dependent coverage data was used for participants retired as of the valuation date.

15. Miscellaneous and Technical Assumptions:

Pay Increase Timing:	End of (Fiscal) year.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service from date of hireis used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly based on assumptions, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and turnover do not operate after 25 years of service.

Eligibility—All non-temporary employees of the Chicago Transit Authority are included in the Plan after completing 12 months of continuous service unless specifically excluded by the terms of a collective bargaining agreement. Exempt non-vested employees may opt out of the plan. Chicago Transit Authority Board members are not included.

Contributions—The Chicago Transit Authority will contribute a percent of compensation for all participating employees and each participating employee will contribute a percent of his compensation to the Plan according to the following schedule:

	Contribution Percentage	
Dates	**Authority**	**Employees**
July 1, 1997, until January 18 2008	6%	3%
January 18 and thereafter	12%	6%

For years through 2040, the amount paid by the Authority with respect to debt service on bonds issued for contribution to the Retirement Plan shall be treated as a credit against the amount of required contribution up to an amount not to exceed six percent of compensation paid by the Authority in the following year.

Minimum contributions as set forth on page 26 of this report may also apply.

Normal Retirement—The normal retirement age is 65. For employees retiring on or after January 1, 2001 the annual normal retirement pension is equal to the sum of (a) and (b) below, but not greater than 70.0% of the employee's average annual compensation:

(a) 1% of the employee's past service compensation as of May 31, 1948, for each full year of continuous service prior to June 1, 1949, plus

(b) 2.15% of average annual compensation for each year (and fraction to completed calendar months) of continuous service after June 1, 1949.

Average annual compensation is equal to the highest average compensation over any four calendar years out of the final 10 calendar years prior to normal retirement (or actual retirement, if later). If an employee has at least 20 years of service, his minimum annual pension is $2,220.

Early Retirement:

Employees hired before January 18, 2008: An employee may retire early after attaining age 55 and completing at least three years of continuous service, or after completion of 25 years of continuous service. The early retirement pension is equal to the accrued normal retirement pension based on compensation and service at early retirement, reduced by 5% for each year or fraction younger than age 65. The 5% per year reduction is not applied if the employee has at least 25 years of service. Employees hired after September 5, 2001 may retire early with unreduced benefits after attaining age 55 and completing at least 25 years of service.

Employees hired on and after January 18, 2008: An employee may retire with unreduced benefits upon attainment of age 64 with 25 years of service. An employee may retire with a benefit reduced as described above upon attainment of age 55 with 10 years of continuous service.

Disability Allowance: An employee is eligible for a disability allowance if he becomes disabled after completing 10 years of service, or if his disability after completing five years of service is covered under the Workmen's Compensation Act. An employee is disabled if he either (a) is totally and permanently disabled or (b) is unable to return to work after receiving 26 weeks of benefits under the Authority's Group Accident and Sickness Insurance or from the Authority under the Workmen's Compensation Act. An employee is subject to a 26 week waiting period before disability allowance benefits are provided. The disability allowance is equal to the normal retirement pension based on compensation and service at disability subject to a minimum annual pension of $4,800.

Death Benefits: If an employee dies prior to retirement or disability and after one year of service, his contributions, accumulated with interest, are paid to his beneficiary. "Interest" is equal to the rate of interest earned by the Fund (to a maximum of 2%) prior to January 1, 1971, 1/2 of the rate of interest earned by the Fund (to a maximum of 3%) between January 1, 1971, and January 1, 1980, and 3% after December 31, 1979. If an employee dies after 90 days of service but prior to one year of service, his contributions, without interest, are paid to his beneficiary; and if he dies prior to 90 days of service, his contributions are not refunded.

If an employee is eligible for early retirement, he is automatically covered by a surviving spouse benefit, payable upon his death prior to retirement, in lieu of a return of his contributions. The spouse benefit is equal to 1/2 of the pension which would have been payable to the employee if he had retired on the first day of the month of his death and had elected an optional form of pension providing 1/2 of his reduced pension to his surviving spouse. Employees may elect not to be covered by this option and provide for the payment of their contributions with interest to their beneficiary in lieu thereof.

If an employee dies after his retirement pension has commenced, his beneficiary receives the excess, if any, of his contributions, accumulated with interest to his retirement date, over the sum of the pension payments made to him. However, if his surviving spouse is entitled to a pension after his death, such excess will not be paid to his beneficiary. At the death of the surviving spouse, the excess, if any, of the contributions accumulated with interest to his retirement date over the sum of the pension payments made to him and his surviving spouse will be paid.

A retired employee's beneficiary will receive a death benefit equal to the amount from the following schedule according to the employee's age and service at retirement:

Age	Service	Age+Service	Death Benefit
65	20	N/A	$8,000
60	N/A	90	$8,000
N/A	25	N/A	$8,000
N/A	N/A	94	$8,000
60-64	20	N/A	$6,000
55-59	20	N/A	$5,000
All Others			$2,000

Termination Benefits: If an employee terminates his employment prior to eligibility for retirement or disability and after completing one year of service, he receives a refund of his contributions plus interest (3% after December 31, 1979). If he terminates after 90 days but prior to one year, he receives his contributions without interest, and if he terminates less than 90 days after hire, he receives no refund. If an employee has completed 10 years of continuous service and elects to leave his contributions in the Plan, he remains entitled to his normal retirement pension beginning at age 65 but based on his compensation and service at termination.

Optional Benefit Forms: In lieu of a normal pension, an employee may elect an optional annuity of equivalent actuarial value providing payments of 1/2, 2/3, or all of his reduced pension to his spouse after his death (Option A).

Alternatively, an employee may elect an optional annuity of equivalent actuarial value providing payments of 1/2, 2/3, or all of his reduced pension to his spouse after his death with the further provision that his benefit will be restored to the full amount to him after the death of his spouse (Option B).

Retired Employees: Benefits for retired employees have been valued according to benefits in effect at time of retirement as modified by subsequent amendments. Such benefits are kept on records maintained by the Authority.

Voluntary Early Retirement Incentive Program: During 1997, the Plan was amended to offer enhanced retirement benefits to all employees who have at least 25 years of continuous service on or before December 31, 1999, and who have not retired prior to January 1, 1997. Those eligible on or before June 30, 1997 must elect to participate during the period March 1, 1997, to June 30, 1997. Employees eligible during the period July 1, 1997, to December 31, 1999, must elect to participate between July 1, 1997, and February 28, 1998. All eligible employees who elect to participate must retire no later than December 31, 1999. The benefit is determined based on a formula multiplier of 2.40% of average annual compensation with the benefit cap at 70.0% of such average annual compensation.

Ad hoc increases in retiree benefits: As part of the Arbitration Award ruling of November 13, 2003, the following ad hoc increases were given to retirees in payment status as of January 1, 2000:

(a) $75 per month for members retired before January 1,1980

(b) $50 per month for members who retired on or after January 1, 1980, but before January 1, 1991

(c) $40 per month for members who retired on or after January 1, 1991, but before January 1, 2000

Contribution Requirements Under P.A. 95-0708

Beginning January 18, 2008, the Authority shall make contributions to the Retirement Plan in an amount equal to 12 percent of compensation and participating employees shall make contributions in an amount equal to six percent of compensation. For years through 2040, the amount paid by the Authority with respect to debt service on bonds issued for contribution to the Retirement Plan shall be treated as a credit against the amount of required contribution, up to an amount not to exceed six percent of compensation paid by the Authority in the following year.

If the funded ratio is projected to decline below 60 percent in any year before 2040 using reasonable actuarial assumptions and the projected unit credit funding method, the contribution shall be increased so that the funded ratio is not projected to drop below 60 percent. If the funded ratio actually drops below 60 percent in any year before 2040, the contribution shall be increased so that the funded ratio is projected to reach 60 percent within 10 years. The increase in contributions shall be effective as of the January 1 following the determination, or 30 days following the determination, whichever is later. One-third of the increase in contributions shall be paid by participating employees and two-thirds by the Authority.

Beginning in 2040, the minimum contribution for each fiscal year shall be redetermined each year as the amount required to bring the total assets of the Retirement Plan up to 90 percent of the total actuarial liabilities by the end of 2059, using the projected unit credit funding actuarial cost method and reasonable actuarial assumptions. Participating employees shall be responsible for one-third of the required contribution and the Authority shall be responsible for two-thirds of the required contribution.

Beginning in 2060, the minimum contribution for each year shall be an amount needed to maintain the total assets of the Retirement Plan at 90 percent of the total actuarial liabilities of the Plan and the contribution shall be funded one-third by participating employees and two-thirds by the Authority.

SECTION VI - DEMOGRAPHICS

A. Summary of Membership Data as of January 1, 2010
($ in thousands)

Active Employees

Item	Male	Female	Total
Number of Members	6,885	2,980	9,865
Annual Salaries	$410,427	$156,747	$567,173
Average Age	46.65	45.00	46.15
Average Service	13.58	11.22	12.87

Terminated Vested Employees

Item	Male	Female	Total
Number of Members	39	12	51
Annual Accrued Benefit	$705	$105	$810
Average Age	53.90	52.48	53.56

Retirees and Beneficiaries

Item	Male	Female	Total
Number of Members	6,500	1,862	8,362
Annual Retirement Benefit	$164,640	$30,041	$194,681
Average Age	68.75	70.57	68.92

Disabled Retirees

Item	Male	Female	Total
Number of Members	570	343	913
Annual Disability Benefit	$8,294	$4,227	$12,521
Average Age	63.31	61.91	62.78

B. Active Membership Data as of January 1, 2010
Number and Average Annual Salary

Age	Years of Service									
	0-4	5-9	10-14	15-19	20-23	24-29	29-33	35-38	39+	Total
Under 24	80	2	-	-	-	-	-	-	-	82
24-29	337	147	8	-	-	-	-	-	-	492
29-33	306	407	114	4	-	-	-	-	-	831
35-38	302	532	351	109	3	-	-	-	-	1,297
39-44	246	511	432	379	139	2	-	-	-	1,709
44-51	197	479	379	361	378	87	3	-	-	1,884
50-54	146	337	298	279	340	160	71	4	-	1,635
55-59	89	204	193	192	201	78	147	38	5	1,147
60-64	41	110	107	98	103	40	77	35	20	631
Over 64	6	17	29	34	29	11	14	11	6	157
Total	1,750	2,746	1,911	1,456	1,193	378	312	88	31	9,865

C. Retiree and Beneficiary Census Data as of January 1, 2010

Number and Average Annual Allowance

Age Last Birthday	Number	Annual Allowances	Average Allowance
Retired Annuitants			
Under 50	26	$ 993,948	$ 38,229
50-54	290	$ 10,252,429	$ 35,353
55-59	913	$ 28,737,088	$ 31,475
60-64	1,818	$ 51,677,439	$ 28,425
65-69	1,798	$ 45,745,355	$ 25,442
70-74	1,156	$ 25,586,119	$ 22,133
75-79	682	$ 12,246,914	$ 17,957
Over 79	823	$ 11,721,039	$ 14,242
Total	7,506	$ 186,960,330	$ 24,908
Surviving Spouses			
Under 50	7	$ 89,341	$ 12,763
50-54	26	$ 279,769	$ 10,760
55-59	41	$ 604,305	$ 14,739
60-64	67	$ 933,437	$ 13,932
65-69	125	$ 1,294,805	$ 10,358
70-74	115	$ 1,092,393	$ 9,499
75-79	117	$ 996,346	$ 8,516
Over 79	358	$ 2,427,033	$ 6,779
Total	856	$ 7,717,429	$ 9,016
Disability Retirees			
Under 50	60	$ 896,499	$ 14,942
50-54	88	$ 1,233,297	$ 14,015
55-59	182	$ 2,806,016	$ 15,418
60-64	238	$ 3,355,176	$ 14,097
65-69	170	$ 2,181,027	$ 12,830
70-74	111	$ 1,344,551	$ 12,113
75-79	44	$ 525,084	$ 11,934
Over 79	20	$ 179,293	$ 8,965
Total	913	$ 12,520,943	$ 13,714
Grand Total			

D. Terminated Vested Employee Data as of January 1, 2010

Number and Average Accrued Benefit

Age Last Birthday	Number	Annual Accrued Benefit	Average Accrued Benefit
Terminated Vested			
Under 35	2	$ 27,838	$ 13,919
35-39	3	$ 36,686	$ 12,229
40-44	2	$ 52,837	$ 26,418
45-49	6	$ 156,128	$ 26,021
50-54	11	$ 173,421	$ 15,766
55-59	15	$ 244,226	$ 16,282
60-64	9	$ 88,038	$ 9,782
65-69	3	$ 30,508	$ 10,169
70-74	0	$ -	$ -
Over 74	0	$ -	$ -
Total	51	$ 809,682	$ 15,876