

Pension Cheat Sheet Series

Illinois Pensions Dashboards



The **Pension Cheat Sheet** series presents short fact sheets by a board of editors and authors who are active with public pensions throughout the United States. The goal is to

offer “facts-in-a-pill” to elevate the discussion and understanding in states where pension funding threatens local city and state finances.

Craig McCrohon is a corporate attorney in Chicago and a Trustee at the Illinois State Universities Retirement System. He serves on the investment committee, and served as investment chair from 2013 to 2017.

Pension Dashboards

The dashboards on the following pages summarize critical financial and managerial facts regarding the three main Illinois pension systems, as well as the pooled municipal retirement system. Three of the systems are controlled and funded by the State of Illinois. The fourth, IMRF, is an independent entity managing funds on behalf of hundreds of municipalities, without direct funding from the State of Illinois.

Talking Points

- The gathering of consistent and complete information is surprisingly difficult. The standards for presentation are surprisingly inconsistent. Unlike GAAP audited financial statements, especially those for publicly-held firms, those for public pension funds are surprisingly inconsistent in presentation. The industry has congratulated itself for improvements, but still has a ways to go.
- The assumed rate of return makes a big difference on funding rates. From an insider’s perspective, pension boards consider the probability of achieving the rates of return. Most of the rates provided by the funds are between 50% to 60% likelihood. Don’t be fooled into believing that the funds have a 90% confidence level of making the returns.
- The single biggest fault-line for public funds is a “market correction.” If the market becomes volatile, it could spell disaster for funding. Even if the market snaps back, long-term funding damage will have been done. Think of it this way: two people walk across a park with an ice cream cone. One person strolls quietly along a flat sidewalk. The other takes a roller coaster. They will arrive in the same place, maybe at the same time. However, the one who took the roller coaster will be covered in ice cream and vomit. Same for investments.

See Dashboards on Next Page 

Overview: State Universities Retirement System - Fiscal Year 2017

Fast Facts

FIDUCIARY NET POSITION

DB Plan	\$18,484,819,578.00
DC Plan	\$2,170,251,098.00

TOTAL PENSION LIABILITY

DB Plan	\$43,965,925,573.00
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FIDUCIARY NET POSITION AS % OF TOTAL PLAN LIABILITY
42.04%

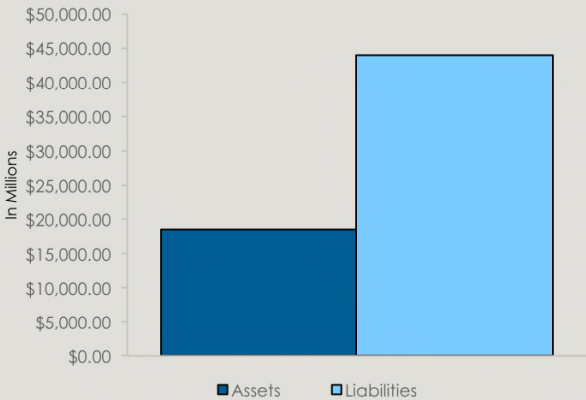
ANNUAL PAYMENTS TO ANNUITANTS (2017)

\$2,383,800,000

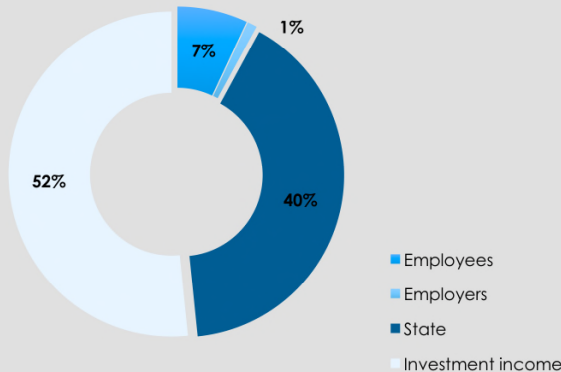
SOCIAL SECURITY ELIGIBILITY?

No

Balance Sheet - DB PLAN



Sources of Funding - DB PLAN



Demographics

MEMBER TYPE	DB PLAN	DC PLAN
Active	64,117	11,852
Inactive	81,316	9,503
Beneficiaries	64,545	533
Number of Employers	61	58

Operations

No. of Staff	130 (approx.)
HQ Location	Champaign, IL
Administers Plan?	Yes

Board Composition

TRUSTEES

Elected	6
Appointed	5

Investments

ASSET CLASS	AMOUNT	PERCENT OF PORTFOLIO
Liquid Equity	\$9,394,272,000	51.56%
Liquid Fixed Income	\$4,238,952,000	23.26%
Alternatives	\$4,700,170,000	25.79%
Cash	\$103,189,000	0.57%

RETURN

Assumed rate	7.25%
10-year return	5.40%
20-year return	6.90%

Overview: Illinois State Employees' Retirement System/ Illinois State Board of Investment - Fiscal Year 2017

Fast Facts

FIDUCIARY NET POSITION

\$17,306,298,205

ANNUAL PAYMENTS TO ANNUITANTS (2017)

\$2,328,620,783

TOTAL PENSION LIABILITY

\$49,437,205,016

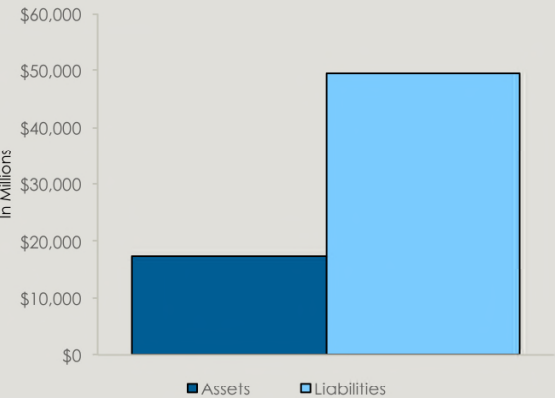
SOCIAL SECURITY ELIGIBILITY?

Yes

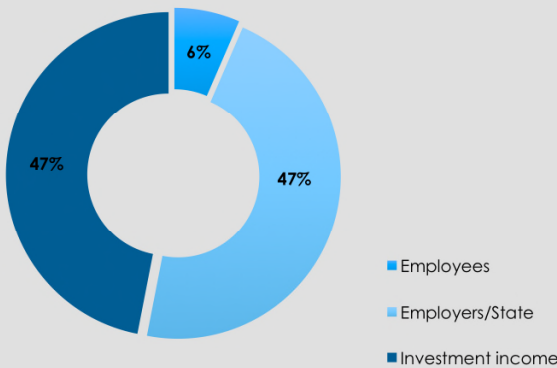
FNP AS % OF TPL

33.44%

Balance Sheet - DB PLAN



Sources of Funding - DB PLAN



Demographics

MEMBER TYPE

Active	60,612
Inactive	75,827
Beneficiaries	71,805
Number of Employers	81

Operations

SERS

ISB

No. of Staff	171	15
HQ Location	Springfield IL	Chicago IL
Administers Plan?	Yes	No

Board Composition

TRUSTEES

SERS

ISB

Elected	6	3
Appointed	5	5

Investments

ASSET CLASS	AMOUNT	PERCENT OF PORTFOLIO
Liquid Equity	\$8,367,186,134	49%
Liquid Fixed Income	\$4,663,708,084	26%
Alternatives	\$4,060,820,232	24%
Cash	\$214,583,755	1%

RETURN

Assumed rate	7.00%
10-year return	4.60%
20-year return	Not available

Source: 2017 Comprehensive Annual Financial Report

Overview: Illinois Municipal Retirement System - Fiscal Year 2017

Fast Facts

ACTUARIAL ASSETS

\$39,187,802,312

ANNUAL PAYMENTS TO ANNUITANTS (2017)

\$2,005,490,975

AGGREGATE ACTUARIAL LIABILITIES

\$42,179,482,656

SOCIAL SECURITY ELIGIBILITY?

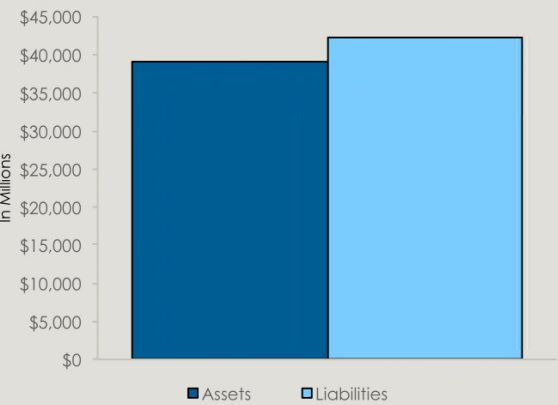
Yes

FUNDED RATIO

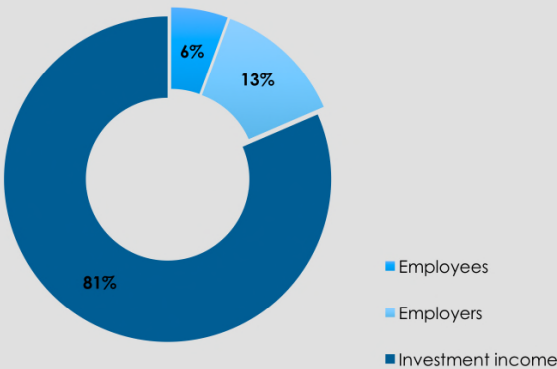
93%

*Note: Outdated actuarial accrued liability figures used because IMRF did not report Total Pension Liability in CAFR

Balance Sheet - DB PLAN



Sources of Funding - DB PLAN



Demographics

MEMBER TYPE

Active	175,565
Inactive	244,234
Beneficiaries	128,264
Number of Employers	2,997

Operations

No. of Staff	202
HQ Location	Springfield, IL
Administers Plan?	Yes

Board Composition

TRUSTEES

Elected by Members	4
Elected By Employers	4

Investments

ASSET CLASS	AMOUNT	PERCENT OF PORTFOLIO
Liquid Equity	\$25,888,519,850	62.80%
Liquid Fixed Income	\$10,806,624,652	26.20%
Alternatives	\$3,865,691,576	9.40%
Cash	\$1,600,000	1.60%

RETURN

Assumed rate	7.50%
10-year return	6.62%
20-year return	Not available

Source: 2017 Comprehensive Annual Financial Report

Pension Cheat Sheet Series

Pension360 has, or will receive from its board of authors, cheat sheets on the following topics:

State Comparison of Constitutional Pension Protections

List of State Pension Reforms Nationally

Summary of Illinois Constitutional and Legal Arguments Protecting Pensions

Risk-Mitigating Investment Strategies for Pensions Before the Next Big Crash

Personal Pensions Perspectives – Term of Employee Pensions - Illinois

Personal Pensions Perspectives – Terms of Employee Pensions - California

Personal Pensions Perspectives – Terms of Employee Pensions - New Jersey

Illinois Pension Crowding Out - The Numbers

Who Get's What - Graphs of Annual Pension Payments

Pension Population Politics - When Will Tier II Members Exceed Tier I Members

Pension Asset Transfers

Pension Buyouts - Worth the Risk and Trouble?

Pension Particulars - Ways to Raise or Lower Funding Without Spending a Dollar

Illinois Pension Dashboards

Chicago and Cook County Pension Dashboards

Pension Funding – California – Tax Base and Cash Flow

Pension Funding – Illinois – Tax Base and Cash Flow