

October 27, 2020

Governor JB Pritzker  
207 Statehouse  
Springfield, IL 62706

Dear Governor Pritzker:

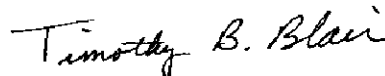
Pursuant to Public Act 88-593, as amended, at a meeting held October 27, 2020, the Board of Trustees of the State Employees' Retirement System (SERS) preliminarily certified an FY 2022 State contribution rate of 56.169% of projected payroll, or \$2,574,820,000. The FY 2022 preliminary certification includes \$2,470,303,000 for the State contribution to SERS and \$104,517,000 for debt service on the 2003 pension obligation bonds. Of the \$2,470,303,000 for the State contribution to SERS, \$611,137,000 is for the employer's portion of the expected FY 2022 normal cost. The remaining \$1,859,166,000 is due to the unfunded liabilities.

Consistent with the Governmental Accounting Standards Board (GASB) Statement No. 67, the SERS Board of Trustees adopted a funding policy, or Actuarially Determined Contribution (ADC) policy in 2015. The ADC provides for annual contributions that are equal to the annual normal cost of benefits earned plus amortization of the unfunded actuarial liability over a 25-year period as a level percent of payroll. The remaining amortization period is 20 years. The FY 2022 ADC is \$2,976,657,067, or \$506.4 million higher than the amount calculated under the statutory funding plan.

The ADC is used in financial reporting but will not affect the certified employer contributions to SERS, which will still be certified by the Board pursuant to the statutory funding plan.

Attached is the draft FY 2020 actuarial valuation along with the FY 2022 certification letter prepared by the System's actuaries. The actuarial valuation, membership data used in the valuation, and all calculations will be forwarded to the State Actuary for review.

Very truly yours,



Timothy Blair  
Executive Secretary

cc: Governor JB Pritzker, Chicago Office  
Susana A. Mendoza, Comptroller  
Alexis Sturm, Director, Governor's Office of Management & Budget  
Marc Staley, Governor's Office of Management & Budget  
Bob Steere, Governor's Office of Management & Budget  
Thomas Reitz, Governor's Office of Management & Budget  
Cory Burris, Governor's Office of Management & Budget  
John Hollman, House Clerk

Brad Bolin, Assistant House Clerk.  
Tim Anderson, Senate Clerk  
Clayton Klenke, Director, Commission on Government Forecasting & Accountability  
Dan Hankiewicz, Commission on Government Forecasting & Accountability  
Julie Bae, Commission on Government Forecasting & Accountability  
Senate President Don Harmon  
Senate Republican Leader Bill Brady  
Speaker of the House Michael Madigan  
Republican Leader Jim Durkin  
Jessica Basham, Speaker's Office  
Andrew Freiheit, House Republican Staff  
Jake Butcher, Senate President's Office  
Brian Burian, Senate Republican Staff  
Becky Locker, Senate President's Office  
Ozie Goodwin, Senate President's Office  
Noe Chaimongkol, Senate President's Office  
Mark Jarmer, House Democratic Staff  
Mike Mahoney, House Republican Staff  
Joe Sculley, House Republican Staff  
Erik Dillman, Senate Republican Staff  
Nick McNeely, Senate Republican Staff  
Rich Rockwood, Senate Republican Staff  
Erion Malasi, House Democratic Staff