

November 1, 2019

Governor JB Pritzker
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

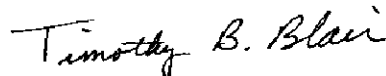
Pursuant to Public Act 88-593, as amended, at a meeting held October 29, 2019, the Board of Trustees of the State Employees' Retirement System (SERS) preliminarily certified an FY 2021 State contribution rate of 54.831% of projected payroll, or \$2,447,924,000. The FY 2021 preliminary certification includes \$2,348,499,000 for the State contribution to SERS and \$99,425,000 for debt service on the 2003 pension obligation bonds. Of the \$2,348,499,000 for the State contribution to SERS, \$612,690,000 is for the employer's portion of the expected FY 2021 normal cost. The remaining \$1,735,809,000 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 21 years. The FY 2021 ADC is \$2,918,467,212, or almost \$570 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 2019 actuarial valuation along with the FY 2029 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
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 John Cullerton
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
Kristin Richards, Senate President's Office
Phil Draves, Senate Republican Staff
Becky Locker, Senate President's Office
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Noe Chaimongkol, Senate President's Office
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