



Statements of Plan Net Assets June 30, 2006 and 2005 (Unaudited)

	2006	2005
ASSETS		
Cash	\$ 226,751,078	\$ 204,525,471
Receivables	29,505,581	36,938,006
Investments (at fair value)	10,654,863,723	10,271,356,795
Equipment (net of acc. depr.)	2,886,428	3,071,449
Total Assets	\$ 10,914,006,810	\$ 10,515,891,721
Total Liabilities	\$ (14,153,745)	\$ (21,743,768)
Net Assets Held in Trust for Pension Benefits	\$ 10,899,853,065	\$ 10,494,147,953

Statements of Changes in Plan Net Assets June 30, 2006 and 2005 (Unaudited)

	2006	2005
REVENUES		
Contributions:		
Members	\$ 214,108,896	\$ 209,334,207
Employer	210,499,791	427,434,612
Total Contributions	\$ 424,608,687	\$ 636,768,819
Investment Income	\$ 1,113,231,712	\$ 953,579,253
TOTAL REVENUES	\$ 1,537,840,399	\$ 1,590,348,072
EXPENSES		
Benefits	\$ 1,110,585,961	\$ 1,063,970,423
Refunds (including transfers)	13,410,048	14,105,301
Administrative	8,139,278	8,311,269
TOTAL EXPENSES	\$ 1,132,135,287	\$ 1,086,386,993
Net Increase/(Decrease)	\$ 405,705,112	\$ 503,961,079
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	10,494,147,953	9,990,186,874
End of Year	\$ 10,899,853,065	\$ 10,494,147,953

FY06 Count

OPERATIONS

Member contributions in FY06 rose modestly (2.3%) from the FY05 amount, in line with the general increase in wages subject to retirement, and an increase in optional service purchases.

Employer contributions in FY06 were \$210.5 million, compared to the FY05 employer contribution amount of \$427.4 million. This decline is due to a change in state law regarding the employer financing of SERS for FY06 & 07. The employer contribution rate for FY06 and FY05 was 5.8% and 12.2%, respectively (net of the bond principal and interest repayment amounts).

Benefit payments increased 4.4% from FY05 to FY06. This was primarily due to a scheduled 3% increase in most benefit payments. The increase also reflects the Alternative Retirement Cancellation Program in FY06.

INVESTMENTS

By state law, SERS' investment function is managed by the Illinois State Board of Investment (ISBI) along with the Judges' and General Assembly Retirement Systems. All investments are accounted for in a commingled ISBI fund. In FY06, investment income continued to reflect the positive direction of the markets.

FUNDING

The most recent actuarial valuation shows the total SERS actuarial liability was \$20.9 billion. The amount of liabilities exceeded net assets by \$10.0 billion on June 30, 2006, compared to an excess of \$8.8 billion on June 30, 2005. The funded status of SERS on June 30, 2006 decreased to 52.2% from 54.4% on June 30, 2005.

Have You Visited Our Website?

www.state.il.us/srs

Over the last few years, we've revamped our agency website to make it easier to access information quickly, as well as added several new features to make your time spent at our website more productive.

The images below were taken from our homepage and the main sections within it. You should refer to it while reading about our website.

SERS Links
Home
What's New
Calculators
Contact Us
History
Board of Trustees
Member/Retiree/Survivor Information
FAQs
Glossary of Terms
Workshops/Seminars
Forms
Publications
Human Resources
QILDRO Information
Financial
Legislation
Tax Information
Site Map

SERS HOME
Allows you to access the State Employees' Retirement System website.

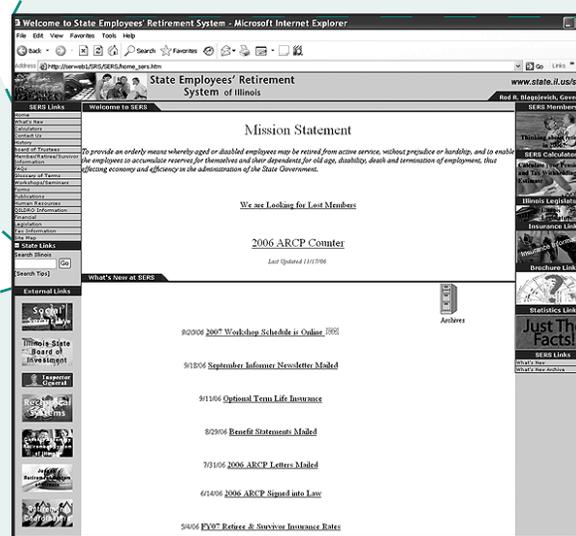
SERS LINKS

All of the links in this navigation bar take you to various sources of information about SERS and the benefits available to you.

External Links
Social Security
Illinois State Board of Investment
Inspector General
Recreational Systems
General Assembly Retirement System of Illinois
Judicial Retirement System of Illinois
Retirement Coordinators

EXTERNAL LINKS

These links take you to other agencies or information related to SERS.



WHAT'S NEW LINK
Displays the latest news and topics of interest to SERS members.

SERS Members
Thinking about retiring in 2006?
SERS Calculators
Calculate your Pension and Tax Withholding Estimate
Illinois Legislature
Illinois Legislature
Insurance Link
Insurance Information
Brochure Link
Statistics Link
Just The Facts!

RIGHT NAVIGATION BAR LINK
Gives you quick links to slide shows, calculators, insurance information, and government websites.

Pension Increases for Retirees



SERS retirees receive a 3% pension increase on January 1 following your first full year of retirement, or age 60, whichever is later. If you retired using the Rule of 85, you are eligible for your first increase on the January 1 following your first full year of retirement, even if you are not age 60.

Future increases of 3% of your current pension will also be made each January 1 thereafter. Future increases are not limited by the 75% maximum.

If you retired under the alternative formula, you will receive a 3% increase to your pension on January 1 following your first full year of retirement or age 55, whichever is later. Future increases are not limited by the 80% maximum.

Form 1099R

You will receive an IRS Form 1099R for your 2006 SERS pension benefit payments in January. These payments are subject to federal income tax and must be reported on IRS Form 1040 under "Pensions and Annuities."

- The gross distribution in Box 1 of your 1099R is the total amount you received from SERS during calendar year 2006.
- The taxable amount of your SERS benefit is shown in Box 2A. This is the benefit amount subject to federal income tax.
- The amount of federal income tax withheld is in Box 4. This is the amount of federal withholding deducted from your benefit based on your W4-P on file with SERS.

- Employee contributions are shown in Box 5. This is the non-taxable portion of your benefit for the calendar year.
- Total employee contributions are shown in Box 9B, and are only displayed in your first year of retirement. This amount is the total contributions you paid during your employment, and are shown in Box 5.

Address Changes



If you change your address, please notify us as soon as possible. Failure to do so could result in insurance claim problems and not receiving important notices from SERS.

If your check is mailed directly to your old address and returned to us due to your relocation, your benefit will be suspended until we are notified of your new address.

There are three ways to notify us of an address change: contact us by telephone, in writing, or by going to our website.

Download and print the Change of Address form, complete it and mail to:

State Retirement Systems
2101 S. Veterans Parkway
P. O. Box 19255, Springfield, IL
62794-9255

SERS strives to provide our members with fast and efficient service. Correct mailing addresses are essential in meeting this goal.

The Change of Address and the Beneficiary forms can be downloaded from our website:
www.state.il.us/srs/sers/forms_sers.htm

Keep Your Beneficiaries Current



It is very important to keep your beneficiaries updated! Remember that you may have three

separate beneficiary nominations: SERS death benefit, Minnesota Life for the Group Life Insurance through the State of Illinois, and Deferred Compensation.

You may change your beneficiaries at any time. The SERS Nomination of Beneficiary Form can be found at our website (see below). Mail this form to the address on the top of the form.

The Group Life Insurance Beneficiary Form can be found on this same website under the Insurance Information and should be mailed to the Minnesota Life address on the form.

You may contact Deferred Compensation directly at 217-782-7006 for beneficiary changes. If you do not have access to the internet, you can contact SERS at 217-785-7444.

Workshop Notices

W There is still plenty of space available for the Myths & Realities of Retirement (MRR) workshop on January 31, 2007, in Bloomington. If you are interested in attending, call 217-785-6879.

W The MRR workshop in Glen Ellyn on May 2, 2007, has been moved to the Holiday Inn located in Itasca.

For more information on the MRR workshop, see the next page.

Circle the 2007 MRR Workshop That You Would Like to Attend

Please disregard the numbers in parentheses. They are for internal office use.

SERS offers the Myths and Realities of Retirement (MRR) workshop to retirees, survivors, disability benefit recipients and their guests.

The MRR is a free, one-day workshop which runs from 9 a.m. until 3 p.m. It examines financial scams, the effects of inflation, estate planning, group insurance, and health & leisure. Participants will find this workshop worthwhile and informative.

If you would like to attend an MRR workshop, complete and return the application to us. You can also call our office to register. After you are registered, we will confirm your enrollment by letting you know the exact workshop location.

Jan. 9	Springfield (01)	Jul. 12	Tinley Park (95)
Jan. 31	Bloomington (89)	Jul. 24	Utica (43)
Feb. 6	Rock Falls (66)	Jul. 31	Urbana (34)
Feb. 28	S. Jacksonville (39)	Aug. 2	Fairview Heights (15)
Mar. 6	Springfield (01)	Aug. 14	Effingham (67)
Mar. 8	Joliet (47)	Aug. 21	Chicago (02)
Mar. 13	Chicago (02)	Aug. 28	East Peoria (82)
Mar. 20	Carbondale (50)	Aug. 30	Springfield (01)
Mar. 28	Charleston (58)	Sep. 12	Galesburg (23)
Apr. 11	Mt. Vernon (52)	Sep. 18	Rockford (90)
Apr. 19	Fairview Heights (15)	Sep. 20	Moline (46)
Apr. 24	Quincy (36)	Sep. 26	Mt. Vernon (52)
May 2	Glen Ellyn (71)	Oct. 3	Springfield (01)
May 31	Tinley Park (95)	Oct. 18	Lisle (03)
Jun. 12	Taylorville (27)	Oct. 23	Schaumburg (77)
Jun. 14	Springfield (01)	Oct. 30	Chicago (02)
Jun. 19	Chicago (02)	Nov. 7	Joliet (47)
Jun. 21	Peoria (88)	Nov. 15	Bourbonnais (25)
Jun. 26	Carbondale (06)	Nov. 28	Chicago (02)
		Dec. 4	Springfield (01)

Name _____

Social Security Number _____

Are You Bringing a Guest? _____

Return This Form To:

State Retirement Systems, Field Services Division
 2101 S. Veterans Parkway, P. O. Box 19255
 Springfield, IL 62794-9255
 217-785-6979 Fax: 217-785-7019