State of Illinois
Office of the Auditor General

2026 Annual Review

Information Submitted by the Retirement Plan for Chicago Transit Authority Employees

November 24, 2026

Christopher B. Meister
Auditor General

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OFFICE OF THE AUDITOR GENERAL
CHRISTOPHER B. MEISTER

To the Legislative Audit Commission, the Speaker and Minority Leader of the House of Representatives, the President and Minority Leader of the Senate, the members of the General Assembly, and the Governor:

This is our 2026 Annual Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees.

The review was conducted pursuant to Public Act 95-708 which amended the Illinois State Auditing Act by adding a requirement for the Auditor General to annually review and report on information submitted by the Board of Trustees of the Retirement Plan for Chicago Transit Authority Employees.

The report for this review is transmitted in conformance with Section 5/3-2.3(e) of the Illinois State Auditing Act.

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CHRISTOPHER B. MEISTER
Auditor General

Springfield, Illinois
November 2026

OFFICE OF THE AUDITOR GENERAL

November 24, 2026
Annual Review
Report Highlights

Christopher B. Meister *Auditor General*
www.auditor.illinois.gov

Annual Review of the

Information Submitted by the Retirement Plan for Chicago Transit Authority Employees

Background:

Signed into law in 2008, Public Act 95-708 made sweeping changes to the Retirement Plan for CTA Employees. It required that the contributions from the CTA and employees must be at a level so that the funded ratio of the Retirement Plan does not decline below 60 percent in any year before 2040, and achieves 90 percent funding by the end of 2059.

The Retirement Plan is required to submit to the Auditor General an audit, an annual statement, and an actuarial statement by September 30 of each year. The Retirement Plan must determine the estimated funded ratio and must determine the employee and employer contribution rates needed to meet the requirements established by the Pension Code.

The Auditor General is required to review the documents and review the actuarial determination and assumptions to determine whether they are unreasonable in the aggregate.

Key Findings:

- The Retirement Plan submitted the required documents by the September 30 deadline.
- The OAG and our consultant, Aon, reviewed the Retirement Plan's assumptions contained in the January 1, 2026 Actuarial Valuation and concluded that they were not unreasonable in the aggregate. However, we believe that two of the assumptions, investment return and inflation, should continue to be monitored and justified on an annual basis. Additionally, we believe the plan's mortality assumption should be formally studied, potentially outside the standard 5-year experience study cycle, once sufficient mortality experience (after excluding 2020 and 2021 mortality experience due to the unique effect of the COVID-19 pandemic on mortality experience during those years) has been observed. We also recommend the actuary consider expanding the actuarial assumptions section of the valuation report to include the underlying inflation assumption, the inactive participant retirement rate assumption, and the new entrant profile assumptions.
- The investment return assumption was 7.75 percent, which was unchanged from the prior valuation. The 7.75 percent investment return assumption used by the Plan continues to be higher than most public plans but is supported by an investment return analysis conducted by the Plan's Investment Consultant and Actuary.
- The funded ratio of the Retirement Plan as of January 1, 2026, was 52.91 percent, which is an increase of 1.01 percent from the funded ratio of 51.90 percent in the January 1, 2025 Actuarial Valuation. When the funded ratio declines below 60 percent, the Pension Code requires that contribution rates be increased so that the funded ratio is projected to reach 60 percent within 10 years. The contribution rates certified by the Board of Trustees for 2027 were **unchanged** from the 2026 contribution rates. For both 2026 and 2027, the employer contribution rate is 21.590 percent (which is net of the employer debt service credit of 6 percent of pay) and the employee contribution rate is 13.795 percent. The January 1, 2026 Actuarial Valuation concluded that the contribution rates applicable for Plan year 2027 would result in the Plan's funded ratio reaching the statutorily required 60 percent level within 10 years (i.e., by 2036).

Key Recommendations:

- We recommend that the investment return and inflation assumptions continue to be monitored and justified on an annual basis.

- The plan's mortality assumption should be formally studied, potentially outside the standard 5-year experience study cycle, once sufficient mortality experience (after excluding 2020 and 2021 mortality experience due to the unique effect of the COVID-19 pandemic on mortality experience during those years) has been observed.
- We recommend the actuary consider expanding the actuarial assumptions section of the valuation report to include the underlying inflation assumption, the inactive participant retirement rate assumption, and the new entrant profile assumptions. The Plan Actuary stated they will consider adding this information in future valuation reports.

This Annual Review was conducted by OAG staff with the assistance of our consultant, Aon.

Report Digest

Statutory Requirements

The Illinois State Auditing Act (30 ILCS 5/3-2.3(e)) requires the Retirement Plan for Chicago Transit Authority Employees (Retirement Plan or Plan) to submit to the Office of the Auditor General (OAG) an audit, an annual statement, and an actuarial statement by September 30 of each year.

- On September 28, 2026, the Auditor General received these documents from the Retirement Plan.
- The OAG reviewed these documents and concluded that they met the requirements of the Auditing Act.

In addition, the Illinois Pension Code (40 ILCS 5/22-101(e)(3)) requires the Retirement Plan to determine, based on a report prepared by an enrolled actuary, the estimated funded ratio of the Retirement Plan's total assets to its total actuarially determined liabilities. The Plan is also required to determine the employee and employer contribution rates needed to meet funding requirements established by the Pension Code. The Auditor General is required to review the determination and the assumptions on which it is based and determine whether they are "unreasonable in the aggregate".

The January 1, 2026 Actuarial Valuation was presented to the Retirement Plan Board of Trustees at its July 23, 2026 meeting. At that meeting, the Board of Trustees accepted the January 1, 2026 Actuarial Valuation and certified the employer and employee contribution rates for 2027. (pages 1-4)

Review of Actuarial Assumptions Used

The OAG and our consultant, Aon, reviewed the Retirement Plan's assumptions contained in the January 1, 2026 Actuarial Valuation and concluded that they were not unreasonable in the aggregate. The investment return assumption was 7.75 percent, which was unchanged from the prior valuation. The 7.75 percent investment return assumption used by the Plan continues to be higher than most public plans but is supported by an investment return analysis conducted by the Plan's Investment Consultant and Actuary.

Key Retirement Plan Information	
Plan investment return assumption	7.75%
10-year historical rate of return	7.7%
Plan actuarial value of assets	$2.226 billion
Plan liabilities	$4.208 billion
Funded ratio	52.91%
Employee contribution rate (2027)	13.795%
Authority contribution rate (2027)	21.590%

While we recognize the Plan's policy of completing an experience study every five years, we believe that these two assumptions, investment return and inflation, should continue to be monitored and justified on an annual basis.

Additionally, we believe the plan's mortality assumption should be formally studied, potentially outside the standard 5-year experience study cycle, once sufficient mortality experience (after excluding 2020 and 2021 mortality

experience due to the unique effect of the COVID-19 pandemic on mortality experience during those years) has been observed. We also recommend the actuary consider expanding the actuarial assumptions section of the valuation report to include the underlying inflation assumption, the inactive participant retirement rate assumption, and the new entrant profile assumptions. The Plan Actuary stated they will consider adding this information in future valuation reports. (pages 5-15)

Contribution Rates

The Pension Code requires the Chicago Transit Authority (CTA) to contribute 12 percent of pay, less up to a 6 percent credit for debt service paid on the bonds used to fund the Plan; employees are required to pay 6 percent of pay. The Pension Code further requires that contribution rates be increased if the funded ratio is projected to decline below 60 percent prior to 2040, with the CTA paying two-thirds and employees paying one-third of the required contribution.

The funded ratio of the Retirement Plan as of January 1, 2026, was 52.91 percent, which is an increase of 1.01 percent from the funded ratio of 51.90 percent in the January 1, 2025 Actuarial Valuation. At January 1, 2026, the actuarial value of assets was reported at $2.226 billion and the actuarial accrued liability was $4.208 billion.

Since the funded ratio of the Plan was below 60 percent in the January 1, 2026 Valuation, the Pension Code requires the Plan to *"…determine the increased contribution required each year as a level percentage of payroll during the years after the then current year…so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report.*" (40 ILCS 5/22-101(e)(3)) The contribution rates certified by the Board of Trustees for 2027 were unchanged from the 2026 contribution rates. For both 2026 and 2027, the employer contribution rate is 21.590 percent (which is net of the employer debt service credit of 6 percent of pay) and the employee contribution rate is 13.795 percent.

The January 1, 2026 Actuarial Valuation concluded that the contribution rates applicable for Plan year 2027 would result in the Plan's funded ratio reaching the statutorily required 60 percent level within 10 years (i.e., by 2036) and therefore, there was no need to increase the contribution rates. (pages 15-16)

Agency Review

A draft of this Review was provided to the Retirement Plan for their review.

This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

This annual review was conducted by OAG staff with the assistance of our consultant, Aon.

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TRICIA WAGNER
Division Director

This report is transmitted in accordance with Sections 3-14 of the Illinois State Auditing Act.

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CHRISTOPHER B. MEISTER
Auditor General

CBM:DJB

Contents

Report Highlights	
Report Digest	iii
Introduction	1
Background	2
Review of Retirement Plan Submissions	3
Review of Actuarial Assumptions Used	5
Scope of Annual Review	17
Appendix A – Statutory Authority	19

Introduction

The Illinois State Auditing Act (30 ILCS 5/3-2.3(e)), as amended by Public Act 95-708, requires the Auditor General to review certain documents submitted by the Board of Trustees of the Retirement Plan for Chicago Transit Authority (CTA) Employees (Retirement Plan or Plan). In addition, the Illinois Pension Code (40 ILCS 5/22-101(e)(3)) requires:

- The Retirement Plan to determine, based on a report prepared by an enrolled actuary, the estimated funded ratio of the Retirement Plan's total assets to its total actuarially determined liabilities.
- The Retirement Plan to determine the employee and employer contribution rates needed to meet funding requirements established by the Pension Code.
- The Auditor General to review the determination and the assumptions on which it is based and determine whether they are "unreasonable in the aggregate".

Background

The Retirement Plan for CTA Employees was significantly underfunded, with a funded ratio of 34 percent as of January 1, 2006. In addition, the Plan was responsible for administering the retirement benefits and paying for the retiree health care benefits. Public Act 94-839 required the CTA to separate the funding for retiree health care benefits from the funding of the retirement system by January 1, 2009.

Public Act 95-708 made sweeping changes to the Retirement Plan for CTA Employees. Public Act 95-708 gave the CTA the authority to issue bonds to help fund both the retirement and retiree health care plans. Public Act 95-708 also established the Retiree Health Care Trust to administer and subsidize the retiree health care benefits. The Retiree Health Care Trust was established in May 2008.

The legislation also required that the contributions from the CTA and employees must be at a level so that the funded ratio of the Retirement Plan does not decline below 60 percent in any year before 2040, and achieves 90 percent funding by the end of 2059. If the Plan's funded ratio declines below 60 percent, the Pension Code requires the Board of Trustees to "... *determine the increased contribution required each year as a level percentage of payroll during the years after the then current year ... so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report.*" (40 ILCS 5/22-101(e)(3)) It also stipulates that employees are required to pay one-third of the annual required contribution and the CTA is required to pay two-thirds of the required contribution. During the time period 2009 through 2040, the amount paid by the CTA 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 the compensation paid by the CTA in the following year.

Key Retirement Plan Information	
Plan investment return assumption	7.75%
10-year historical rate of return	7.7%
Plan actuarial value of assets	$2.226 billion
Plan liabilities	$4.208 billion
Funded ratio	52.91%
Employee contribution rate (2027)	13.795%
Authority contribution rate (2027)	21.590%

Review of Retirement Plan Submissions

The Retirement Plan is required to submit to the Auditor General an audit, an annual statement, and an actuarial statement by September 30 of each year. On September 28, 2026, the Auditor General received these documents from the Retirement Plan. The Auditor General reviewed these documents and concluded that the documents complied with the requirements established in the Auditing Act. The January 1, 2026 Actuarial Valuation was presented to the Retirement Plan Board of Trustees at its July 23, 2026 meeting. At that meeting, the Board of Trustees accepted the January 1, 2026 Actuarial Valuation and certified the employer and employee contribution rates for 2027.

Illinois Pension Code Requirements

The Auditing Act requires the CTA Retirement Plan to annually file with the Auditor General the following information specified in Section 1A-109 of the Pension Code:

(1) a financial balance sheet as of the close of the fiscal year;
(2) a statement of income and expenditures;
(3) an actuarial balance sheet;
(4) statistical data reflecting age, service, and salary characteristics concerning all participants;
(5) special facts concerning disability or other claims;
(6) details on investment transactions that occurred during the fiscal year covered by the report;
(7) details on administrative expenses; and
(8) such other supporting data and schedules as in the judgement of the Division may be necessary for a proper appraisal of the financial condition of the pension fund and the results of its operations. The annual statement shall also specify the actuarial and interest tables used in the operation of the pension fund.

Source: Pension Code (40 ILCS 5/1A-109) and Auditing Act (30 ILCS 5/3-2.3(e))

The Illinois State Auditing Act (30 ILCS 5/3-2.3(e)) requires the Retirement Plan to submit certain specific documents to the Auditor General by September 30 of each year:

1. **Audit.** The most recent audit or examination of the Retirement Plan;
2. **Annual Statement.** An annual statement containing the information specified in Section 1A-109 of the Illinois Pension Code (see inset); and
3. **Actuarial Statement.** A complete actuarial statement applicable to the prior plan year, which may be the annual report of an enrolled actuary retained by the Retirement Plan specified in Section 22-101(e) of the Illinois Pension Code.

On September 28, 2026, the Auditor General received the three documents listed below from the Retirement Plan. We reviewed the documents and concluded the information required by Section 5/3-2.3(e) of the Auditing Act was contained in these reports:

- Audited Financial Statements for the Retirement Plan for the years ended December 31, 2025 and 2024;
- An Investment Report dated December 31, 2025;
- The January 1, 2026 Actuarial Valuation for the Retirement Plan; and
- The Governmental Accounting Standards Board (GASB) Actuarial Valuation as of December 31, 2025.

The Illinois Pension Code (40 ILCS 5/22-101(e)(3)) requires that the Retirement Plan:

> By September 15 of each year beginning in 2009 and ending on December 31, 2039, on the basis of a report prepared by an enrolled actuary retained by the Plan, the Board of Trustees of the Retirement Plan shall determine the estimated funded ratio of the total assets of the Retirement Plan to its total actuarially determined liabilities. A report containing that determination and the actuarial assumptions on which it is based shall be filed with the … Auditor General ….

The Pension Code requires the Auditor General to review the determination and the assumptions on which it is based to determine whether they are unreasonable in the aggregate.

The January 1, 2026 Actuarial Valuation was presented to the Retirement Plan Board of Trustees at its July 23, 2026 meeting. At that meeting, the Board of Trustees accepted the January 1, 2026 Actuarial Valuation and certified the employer and employee contribution rates for 2027. The 2027 rates were unchanged from the 2026 contribution rates. In 2026, the employer contribution rate was 21.590 percent (which is net of the employer debt service credit of 6 percent of pay) and the employee contribution rate was 13.795 percent. The January 1, 2026 Actuarial Valuation concluded that the contribution rates applicable for plan year 2027 would result in the Plan's funded ratio reaching the statutorily required 60 percent level within 10 years (i.e., by 2036) and therefore, there was no need to increase the contribution rates.

Contribution Rates

	Authority	Employees
2027 rate	21.590%	13.795%

Review of Actuarial Assumptions Used

The Office of the Auditor General and our consultant, Aon, reviewed the Retirement Plan's assumptions contained in the January 1, 2026 Actuarial Valuation and concluded that they were not unreasonable in the aggregate. The investment return assumption continues to be higher than most public plans but is supported by an investment return analysis conducted by the Plan's Investment Consultant and Actuary.

While we recognize the Plan's policy of completing an experience study every five years, we believe that **these two assumptions, investment return and inflation, should continue to be monitored and justified on an annual basis**. Additionally, we believe the plan's mortality assumption should be formally studied, potentially outside the standard 5-year experience study cycle, once sufficient mortality experience (after excluding 2020 and 2021 mortality experience due to the unique effect of the COVID-19 pandemic on mortality experience during those years) has been observed. We also recommend the actuary consider expanding the actuarial assumptions section of the valuation report to include the underlying inflation assumption, the inactive participant retirement rate assumption, and the new entrant profile assumptions.

Since the funded ratio of the Plan was below 60 percent in the January 1, 2026 Valuation, the Pension Code requires the Plan to "*…determine the increased contribution required each year as a level percentage of payroll during the years after the then current year…so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report.*" (40 ILCS 5/22-101(e)(3)) The contribution rates certified by the Board of Trustees for 2027 were unchanged from the 2026 contribution rates. For both 2026 and 2027, the employer contribution rate is 21.590 percent (which is net of the employer debt service credit of 6 percent of pay) and the employee contribution rate is 13.795 percent. The January 1, 2026 Actuarial Valuation concluded that the contribution rates applicable for plan year 2027 would result in the Plan's funded ratio reaching the statutorily required 60 percent level within 10 years (i.e., by 2036) and therefore, there was no need to increase the contribution rates.

Our consultant, Aon, reviewed the assumptions used in the Retirement Plan's January 1, 2026 Actuarial Valuation and found that the assumptions used were not unreasonable in the aggregate. While the assumptions used in the January 1, 2026 Actuarial Valuation were not unreasonable in the aggregate, two assumptions – the investment return assumption and the inflation assumption – should be monitored and justified on an annual basis. Additionally, Aon recommended that the plan's mortality assumption be formally studied, potentially outside the standard 5-year experience study cycle, once sufficient mortality experience (after excluding 2020 and 2021 mortality experience due to the unique effect of the COVID-19 pandemic on mortality experience during those years) has been observed. Aon also recommends the actuary consider expanding the actuarial assumptions section of the valuation report to include the underlying inflation assumption, the inactive participant retirement rate assumption, and the new entrant profile assumptions.

Assumptions Reviewed

Aon reviewed the following assumptions:

(A) *Mortality:* The base mortality table assumption and increase adjustment for females was last updated as part of the 2019 experience study performed by the Plan Actuary and reflects mortality tables released January 22, 2019 in the Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables Report. The Pub-2010 mortality tables were developed by the Society of Actuaries based on mortality experience collected from calendar years 2008 through 2013.

This assumption was not changed as a result of the 2024 experience study due to the lack of credible, post-COVID-19 mortality experience. The Society of Actuaries released updated mortality tables reflecting additional mortality data through 2019 in the Pub-2016 Public Retirement Plans Mortality Tables Report issued May 2025. Aon recommends the actuary consider updating to the Pub-2016 tables when next reviewing the mortality assumption for the plan.

The mortality improvement scale was updated as a result of the 2024 experience study conducted by the Plan Actuary to reflect the latest mortality improvement scale released by the Society of Actuaries reflecting mortality experience through 2019. This continues to be the most recently released mortality improvement scale.

The mortality assumptions used meet Aon's internal guidelines for reasonable mortality. **Aon suggests reviewing mortality experience (potentially outside the standard 5-year experience study cycle) once sufficient, credible experience has been observed post-COVID-19 pandemic.** See additional discussion in the Mortality Assumption section below.

(B) *Disability and withdrawal rates:* Disability and withdrawal rates are found in the Actuarial Valuation and have not changed since the prior valuation. The assumption continues to vary by age, service, and gender. Participants with 25 or more years of service are assumed to not withdraw. These assumptions were last analyzed as part of the 2024 experience study performed by the Plan Actuary and were determined to be reasonable at that time.

(C) *Active retirement rates:* Active retirement rates are found in the Actuarial Valuation and have not changed since the last valuation. The assumption continues to vary by age, service, and hire date to capture experience differences for those eligible for early retirement (reduced and unreduced). This assumption was analyzed in the experience study performed by the Plan Actuary in 2024 and determined to be reasonable at that time.

(D) *Investment return assumption:* The investment return assumption is 7.75 percent, unchanged from the prior valuation. The assumption is reasonable based on the underlying asset allocation and inflation assumption. See below Investment Return Assumption section for additional analysis. Given the materiality of the assumption, **Aon recommends the Plan Actuary monitor this assumption and its reasonability annually.**

(E) *Inflation assumption:* 2.50 percent per year. This assumption is unchanged from the prior valuation assumption and was last reviewed as part of the results of the 2024 experience study. See below Investment Return Assumption section for additional analysis. **Aon recommends the Plan Actuary monitor this assumption and its reasonability annually, and that the Plan Actuary consider adding this assumption to the actuarial valuation report.**

(F) *Compensation increase assumption:* The compensation increase assumption is included in the actuarial valuation report and has not changed since the prior valuation. The assumption continues to vary by years of service and incorporates an underlying inflation assumption of 2.5 percent, internally consistent with the inflation assumption underlying the investment return. **Aon recommends the inflation assumption underlying the compensation increase assumption be documented in the actuarial valuation report.**

This assumption was last reviewed as part of the 2024 experience study and was determined to be reasonable at that time. The Plan Actuary confirmed gains/losses resulting from salary experience were reviewed and do not provide sufficient evidence to deem the current assumption unreasonable.

(G) *Rate of Covered Pay:* Assumed salary for participants with missing pay data is determined based on average pay for participants with similar service with pay. This includes employees with a work status date in 2025 who were hired in 2024 and employees on layoff, extended leave of absence or inactive status. There has been no change in this assumption since the prior valuation. This assumption was last reviewed as part of the 2024 experience study conducted by the Plan Actuary. Aon finds these assumptions to be reasonable.

(H) *Active headcount growth:* Headcount is assumed to remain flat (i.e., level) for all years in the future. This assumption was last reviewed as part of the 2024 experience study and is unchanged since the prior valuation. The CTA has confirmed the recent increases in headcount were expected and that on a forward-looking basis are not expected to continue. See additional discussion in the Active Participant Assumption section below. **Aon recommends this assumption be reviewed as part of the next experience study.**

(I) *Retirement rate for inactives:* Retirement assumptions for inactive participants who are not yet in pay status were not provided in the actuarial valuation report. Inactive participants are not assumed to switch from the not-opt-out group to the opt-out group. **The actuary should consider adding this assumption to the valuation report for completeness.**

(J) *Spousal assumptions:* The percent married assumption of 70 percent for future retirees and a 3-year age difference is unchanged from the prior valuation. The 50 percent joint and survivor optional payment form election assumption for married participants is also unchanged from the prior

valuation. These assumptions were last reviewed as part of the 2024 experience study performed by the Plan Actuary.

(K) *Administrative expenses:* The administrative expense assumption is set equal to the prior year administrative expense, rounded to the nearest $100,000, and is assumed to increase 2 percent annually. This assumption is not unreasonable, although Aon notes that the 2 percent increase assumption is less than the plan's overall inflation assumption because the CTA can monitor and control portions of this expense. Administrative expenses are included as a load to the normal cost. **The Plan Actuary should consider adding the 2 percent increase assumption to the Actuarial Valuation Report for documentation.**

(L) *New Entrant Profile for Projections:* The new entrant profile assumptions are not documented in the actuarial valuation report, but were included in the experience study conducted in 2024. At that time, the assumption was determined to be reasonable and the salary increase assumption internally consistent with the inflation assumption underlying the salary scale assumption. There have been no changes in the inflation assumption underlying the salary scale, so Aon continues to find this assumption is not unreasonable. **Aon recommends the assumption be added to the actuarial valuation report for a more complete documentation of assumptions reflected in the valuation results.**

Overall, Aon does not find these assumptions unreasonable in the aggregate. Aon also finds the cadence of the experience studies of every five years to be reasonable on the basis of gathering sufficient plan experience on which to conduct the study, with the exception of the investment return, inflation, and mortality improvement scale assumptions, and assumptions for which actual experience has deviated significantly from expected. Aon believes that the investment return assumption and the inflation assumption should be monitored and justified on an annual basis. Aon suggests reviewing mortality experience (potentially outside the standard 5-year experience study cycle) once sufficient, credible experience has been observed post-COVID-19 pandemic.

Investment Return Assumption

The investment return assumption was 7.75 percent, which was unchanged from the prior valuation. The investment return assumption has been changed as follows:

- In the January 1, 2011 Actuarial Valuation, the Plan's Actuary recommended, and the Board of Trustees approved, a reduction in the investment return assumption to 8.50 percent.
- In the January 1, 2014 Valuation, the investment return assumption was reduced from 8.50 percent to 8.25 percent. As part of the experience study performed for the January 1, 2014 Valuation, the Plan's Actuary examined the reasonableness of the 8.50 percent investment return assumption and

recommended that the Board of Trustees adopt the 8.25 percent investment return assumption.

- In the January 1, 2025 Valuation, the investment return assumption was reduced from 8.25 percent to 7.75 percent. At the August 28, 2025 Board meeting, the Plan's Actuary presented options for consideration regarding the discount rate. The Board of Trustees voted to update the discount rate to 7.75 percent.

In the January 1, 2026, Actuarial Valuation prepared by the Plan Actuary, the investment return assumption used is 7.75 percent. The investment return assumption is not reduced for administrative expenses, which are already incorporated in the funding asset projections as a load to the normal cost, and is not inclusive of any alpha assumption. This investment return assumption is unchanged from the 2025 actuarial valuation. The underlying target asset allocation for the Plan's investments was last updated in May 2025 as recommended by the Plan's Investment Consultant and an underlying inflation assumption of 2.5 percent. The 2.5 percent inflation assumption was reviewed as part of the rate of return analysis. This analysis supports an inflation assumption ranging from 2.37 percent to 2.49 percent over various time horizons (10-, 20-, or 30-year).

The subsequent analysis and commentary are based on the target asset allocation.

The Plan Actuary prepared an analysis of the discount rate assumption based on the underlying target allocation and capital market assumptions. Based on the Plan Actuary's model, the analysis produced median geometric returns of 7.30 percent, 7.74 percent, and 7.91 percent over 10-, 20-, and 30-year horizons. The Plan Actuary concluded the 7.75 percent assumption is reasonable for the purpose of the measurement as it is within their range of reasonable expected returns.

The Plan's Investment Consultant prepared an analysis and found an expected 10-year return of 7.92 percent.

Aon recommends the Plan, the Plan's Actuary, and the Plan's Investment Consultant continue to justify the investment return assumption annually.

Our consultant, Aon, noted the following:

- The highest investment return assumption found in the 2024 Public Funds Survey is 7.50 percent. Specifically, the *Public Funds Survey Summary of Findings for FY 2024* highlights the fact that "*Since the market decline of 2008-09 and the Great Recession, every plan in the Public Fund Survey has reduced its most consequential actuarial assumption—the rate of assumed or expected investment return.*" It further states "*This trend resulted in a reduction to the median return assumption to 7.0 percent in FY 21, where it remained since.*"
- Of the 253 plans found in the most recent Public Plans Data, none of the plans used an investment return assumption of 7.75 percent or greater. The highest

investment return of 7.50 percent was used by 11 of the 253 plans in the study.

- A 7.75 percent investment return assumption is at least 0.5 percent to 1.25 percent higher than the investment return assumption used by other large Illinois pension plans such as Illinois Municipal Retirement Fund (IMRF), Teachers' Retirement System (TRS), State Universities Retirement System (SURS), State Employees' Retirement System (SERS), Judges' Retirement System (JRS), General Assembly Retirement System (GARS), Chicago Teachers' Pension Fund (CTPF), Firefighters' Pension Investment Fund (FPIF), and Illinois Police Officers' Pension Investment Fund (POPIF).
- Actuarial Standard of Practice No. 27 (ASOP No. 27) provides guidance on the selection of economic assumptions for measuring pension obligations and dictates that "*the actuary should choose a reasonable assumption*" that is unbiased ("*is not anticipated to produce significant cumulative gains or losses over the measurement period*"). The ASOP does recognize that experts can have a "*range of views on the factors underlying each assumption,*" so the assumption selection should reflect the actuary's professional judgment.

Comparison with Rates of Returns for Other Pension Plans

The *Public Fund Survey Summary of Findings for FY 2024* reflects data compiled by the Center for Retirement Research at Boston College as part of the Public Plans Data. The Public Plans Data available online was reviewed as of October 22, 2026, and reflects valuation dates ending on or before December 31, 2024. For certain plans, annual valuations are not performed in which case the data is older than 2024.

The *Public Fund Survey Summary of Findings for FY 2024* which surveyed 129 public pension plans with estimated combined assets of $5.13 trillion, found a median investment return assumption of 7.00 percent.

The most recent Public Plans Data included 253 plans with investment return assumptions ranging from 5.33 percent to 7.50 percent. Further, the data indicates that the median assumed real rate of return, which accounts for inflation, is 4.50 percent. The highest real return in the current data for plans reporting the underlying inflation assumption is 5.30 percent (2 plans). The underlying inflation assumption used by the Plan Actuary in the actuarial valuation is 2.50 percent. Therefore, the CTA Retirement Plan assumed real rate of return is 5.25 percent.

In comparing the Public Plans Data currently available online data with the data from last year, Aon notes that 2 plans (out of 252) reported using 7.75 percent investment return (2025 valuation assumption) or higher in data pulled as of October 30, 2025, and none of the 253 plans reported using 7.75 percent investment return (2026 valuation assumption) or higher in data pulled as of October 22, 2026. The Retirement Plan's investment assumption of 7.75 percent is outside the Public Fund Survey data range, with the highest investment assumption in the survey data being 7.50 percent.

In their *2026 Report on City & County Retirement Systems: Funding Levels and Asset Allocations*, Wilshire Consulting examined the asset allocation for 107 city and county retirement systems, 84 of which reported actuarial values on or after June 30, 2025. The Wilshire study estimates that the average city and county pension fund has an expected return of 5.90 percent. This is based on the aggregate asset allocation for the plans reported and Wilshire's asset class assumptions as of June 2026. The 5.90 percent return is:

- higher than the 5.60 percent noted in Wilshire's comparable 2025 Report.
- lower than median actuarial interest rate of 6.75 percent for plans in the study.
- lower than the 7.75 percent selected for the Retirement Plan.

Wilshire Consulting also published their *2026 Report on State Retirement Systems: Funding Levels and Asset Allocations*. Wilshire Consulting examined the asset allocation and funding levels for 134 state retirement systems, 114 of which reported actuarial values on or after June 30, 2025. The Wilshire study estimates that the average state pension fund has an expected return of 5.90 percent. This is based on the aggregate asset allocation for the plans reported and Wilshire's asset class assumptions as of December 2025. The 5.90 percent return is:

- same as the 5.90 percent noted in the 2025 Report.
- lower than the current median actuarial interest rate of 7.00 percent used by the plans in the study.
- lower than the 7.75 percent assumption selected for the Retirement Plan.

The National Conference on Public Employee Retirement Systems (NCPERS) and Greenwald Research released the *NCPERS 2026 Public Retirement Systems Study*. NCPERS is a trade association for public sector retirement systems, representing approximately 650 plans, plan sponsors, and other stakeholders. The 2026 study includes responses from 149 state and local government pension funds with assets ranging from less than $100 million to more than $500 billion.

According to the study, the average investment return assumption decreased 0.10 percent from the 2024 assumption of 6.77 percent to 6.67 percent in 2025 with an average underlying inflation assumption of 2.6 percent, up 0.1 percent from 2024. Relative to the first half of 2024, actual allocations to equities and alternatives decreased by approximately 3 percent and 1 percent, respectively, while allocations to fixed income and cash increased by approximately 3 percent and 1 percent, respectively.

Aon Analysis

Using Aon's Expected Return Tool (as of December 31, 2025) and the Target Asset Allocation, Aon finds that the 35th to 65th percentile range of investment returns is 8.76 percent to 7.02 percent with the 50th percentile rate equal to 7.88

percent. The Retirement Plan's investment return assumption of 7.75 percent represents the 52.3 percentile in Aon's tool.

The underlying inflation assumption used in Aon's Expected Return Tool is 2.30 percent, representing Aon's best estimate of future inflation over the next 30 years as of December 31, 2025. The Retirement Plan's inflation assumption of 2.50 percent is 20 basis points higher. This assumption was selected as part of the most recent experience study. We recognize there is a wide range of expectations concerning long-term inflation, and we would consider the Plan's current assumption to be reasonable based on recent history and current capital market assumptions.

If Aon adjusts the results of the tool for this difference in the inflation assumption, the resulting 35th to 65th percentile range would be 8.97 percent to 7.23 percent with the 50th percentile rate equal to 8.10 percent. The Retirement Plan's investment return assumption of 7.75 percent represents the 56.1 percentile when adjusted to use an inflation assumption of 2.50 percent. The Aon Expected Return Tool calculates the expected portfolio growth rate (50th percentile, geometric return) before any value added from active management. The Plan's current investment return assumption is within a reasonable range of the 50th percentile based on Aon's capital market assumptions and the underlying plan inflation of 2.50 percent. Given the Plan's underlying inflation assumption and assumption support provided by the Plan's Investment Consultant, the 7.75 percent investment return assumption is reasonable.

Based on the Plan's target asset allocation and the capital market assumptions reviewed, Aon considers the 7.75 percent investment return assumption to be reasonable. However, the assumption is notably higher than those currently used by the public plans included in the comparative sources reviewed. While these lower assumptions do not necessarily indicate lower expected returns for comparable asset allocations, they may reflect differences in capital market expectations, investment strategies, or the degree of conservatism incorporated into assumption-setting practices. Accordingly, **Aon recommends continued annual review of the 7.75 percent assumption in light of evolving capital market expectations and broader public-plan experience**.

Mortality Assumption

The Actuarial Valuation as of January 1, 2026 states the mortality assumption as follows:

(a) Active members and healthy retirees: The Society of Actuaries (SOA) Pub-2010 Below Median Amount Weighted Mortality Tables with Improvement Scale MP-2021 with a 13 percent increase adjustment for female participants.

(b) Survivors: The SOA Pub-2010 Below-Median Amount Weighted Mortality Table with Improvement Scale MP-2021. Beneficiaries of current retirees are assumed to have the same mortality as active members and healthy retirees prior to the death of the member retiree.

(c) Disabled Retirees: The SOA Pub-2010 Disability Mortality General Below Median generational with Improvement Scale MP-2021.

The Society of Actuaries conducted a review of public sector mortality experience in 2018 and released "Pub-2010" mortality tables January 22, 2019. This assumption was adopted as part of the 2019 experience study with a 13 percent increase adjustment for females. During the 2019 experience study, the Plan Actuary found that the "below-median" mortality table was the best fit with actual plan experience. During the 2024 experience study, the Plan Actuary reviewed aggregate mortality counts, but due to 2020-2022 deaths being higher than expected and an inability to isolate those deaths which were due to COVID-19, no recommendation was made for adjustments to the assumption. Since the 2024 experience study, the Plan Actuary has reviewed annual actuarial losses attributable to mortality experience and determined that they did not indicate the current assumption is unreasonable.

The Pub-2010 mortality table report states that experience studies should be conducted on a benefits- weighted basis, which appears to be what the Plan Actuary had done during the 2019 experience study. Actuarial Standard of Practice No. 27 (ASOP No. 27) provides guidance with respect to the factors that should be considered when selecting a mortality assumption: 1) different assumptions before and after retirement; 2) different assumptions for disabled lives; and 3) differences for different subgroups.

In May 2025, the SOA released new "Pub-2016" mortality tables as an update to the Pub-2010 tables reflecting additional mortality experience through 2019. The report states, "*in conjunction with knowledge of the individual characteristics and recent experience of the covered group, actuaries could use the Pub-2016 tables as relevant published tables for mortality assumption under ASOP 27.*" As such, **Aon recommends the actuary consider updating the base mortality table to the most recently published Pub-2016 mortality tables the next time the plan's mortality experience is formally reviewed**.

Overall, the mortality assumption appears to be reasonable based on the data provided and available at the time of the 2019 experience study, the benefits provided in the plan, and the population demographics. Insufficient experience data was available as part of the 2024 experience study to assess the continued reasonability of this assumption. However, based on the population demographics, using the public sector "below-median" mortality table is not unreasonable.

ASOP No. 27 additionally provides guidance with respect to mortality improvement before and after the measurement date. After the 2014 experience study, the plan adopted generational mortality tables to account for future mortality improvements. The 2019 experience study confirmed the continued use of generational mortality tables to account for future mortality improvements. The SOA has since released seven updates to MP-2014, and has further indicated their intention to provide annual updates to their mortality model. Since 2022, the

SOA has not released an update to the latest MP-2021 model due to the challenges of incorporating pandemic data without adjustment into the model.

The current assumption for mortality improvement in the valuation has been updated to use the MP-2021 mortality improvement scale, which reflects mortality data through 2019, and is the latest mortality improvement scale released by the SOA. Aon believes the MP-2021 mortality improvement scale could fall within the ASOP No. 27 reasonable assumption universe.

The mortality assumption has not been adjusted to incorporate the impact of the COVID-19 pandemic on anticipated future mortality experience. Aon believes this is a reasonable approach based on the Retirement Plans Experience Committee of the Society of Actuaries Research Institute (RPEC) 2022 Mortality Improvement Update which states "*the "MP" improvement scales are intended for use in valuing liabilities where it is assumed that past experience is already reflected in the participant or member data at the measurement date.*" The RPEC 2026 Mortality Improvement Update indicates that "*mortality at ages 65 and older has generally returned to levels expected by projecting 2019 mortality rates using MP- 2021*".

RPEC did not release a new mortality improvement scale and continues to view MP-2021 as a reasonable best-estimate mortality improvement scale for retirement plan actuarial valuations. The report states that "*Additional post-pandemic experience is needed before a replacement scale can be developed*" which is consistent with the CTA's perspective from the 2024 experience study that there was insufficient post- COVID mortality experience on which to base any mortality assumption changes. While, RPEC continues to recognize the reasonability of adjusting for post-2019 experience in the development of the mortality improvement assumption, the report also states that "*recent data suggests that COVID-19 is no longer a significant distinct contributor to excess mortality.*" This further supports the Plan Actuary's use of the MP-2021 mortality improvement scale without adjustment for COVID-19 mortality.

Aon has not otherwise performed an independent analysis of mortality improvement.

Active Participant Assumption

The Retirement Plan's active participant headcount increased significantly from the prior year. Additionally, the ratio of active participants to annuitants saw an increase. The *Public Fund Survey Summary of Findings for FY 2024* states, "*When combined with an unfunded liability, however, a low or declining ratio of actives to annuitants can cause financial distress for a pension plan sponsor…A lower ratio of actives to annuitants results in applying costs to amortize a plan's unfunded liability over a relatively smaller payroll base, which increases the cost of the plan as a percentage of employee payroll.*"

The Plan Actuary has assumed a steady future level of active members of 8,827 through the projection period of 2056. To the extent future participation differs from this assumption, the future contribution levels will be impacted. The

headcount increased from 7,725 in the 2022 Actuarial Valuation to 8,827 in the most recent 2026 Actuarial Valuation. Despite the Plan Actuary's level active headcount assumption of recent years, actual headcounts have increased significantly over the prior three valuations, including an 11.7 percent increase from 2025 to 2026 following a 2.2 percent increase from 2024 to 2025. The CTA previously indicated that it anticipated near-term increases in active headcounts followed by a stable active population and confirmed that on a forward-looking basis, significant increases in active headcount are not anticipated.

The increase in active membership contributed to an improvement in the ratio of actives to inactive members from 0.72 in 2025 to 0.80 in 2026; however, if active headcounts remain level, future growth in the inactive and annuitant population would reduce this ratio. The Plan's active to annuitant ratio of 0.80 is significantly lower than the average result from the Public Fund Survey of 1.26 and indicates the importance of this ratio to the Plan's finances.

Funded Ratio

The funded ratio of the Retirement Plan as of January 1, 2026, was 52.91 percent, which is an increase of 1.01 percent from the funded ratio of 51.90 percent in the January 1, 2025 Actuarial Valuation. At January 1, 2026, the actuarial value of assets was reported at $2.226 billion and the actuarial accrued liability was $4.208 billion.

Projected Funded Status

Year	Projected Funded Ratio
2026	52.91%
2027	53.26%
2028	55.60%
2029	58.03%
2030	60.80%
2031	63.47%
2032	66.51%
2033	69.97%
2034	73.85%
2035	78.20%
2036	83.02%
2037	88.33%
2038	94.14%
2039	100.44%
2040	107.21%
2041	114.43%
2042	123.76%
2043	133.56%
2044	143.78%
2045	154.34%

Source: January 1, 2026 Actuarial Valuation Report.

The Illinois Pension Code (40 ILCS 5/22-101(e)(3)) contains specific requirements regarding the funded ratio of the CTA Retirement Plan. The Code states that:

(3) "…If the actual funded ratio declines below 60% in any year prior to 2040, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll during the years after the then current year using the projected unit credit actuarial cost method so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report …."

The Pension Code requires the CTA to contribute 12 percent of pay, less up to a 6 percent credit for debt service paid on the bonds used to fund the Plan; employees are required to pay 6 percent of pay. If the funded ratio is projected to decline below 60 percent prior to 2040, the Pension Code requires the CTA to pay two-thirds and employees to pay one-third of the required contribution.

The funded ratio of the Plan remained under 60 percent in the January 1, 2026 Actuarial Valuation. However, the Plan Actuary determined that there was not a need to increase contribution rates. For 2027, the employer contribution rate remained at 21.590 percent (which is net of the employer debt service credit of 6 percent of pay) and the employee contribution rate was 13.795 percent. These rates continue to

result in the Plan's funded ratio reaching the statutorily required 60 percent level within 10 years (i.e., by 2036).

The January 1, 2026 Actuarial Valuation notes that differences between the expected experience based on the actuarial assumptions and the actual experience create changes in the actuarial accrued liability, the actuarial value of assets, and the unfunded actuarial accrued liability from one year to the next. These changes create an actuarial gain if the experience is favorable and an actuarial loss if the experience is unfavorable. The Plan experienced a total net actuarial loss of $16.2 million during 2025. The Valuation notes that this net loss is a combination of demographic experience and investment performance.

The January 1, 2026 Actuarial Valuation discloses that the Plan's demographic assumptions (such as mortality, turnover, retirement, pay increases, etc.) experienced a gain of $6.4 million during 2025. The rate of return on the actuarial value of Plan assets was 6.69 percent for the year ending December 31, 2025, compared to the rate of return assumption of 7.75 percent. The lower than assumed rate of return in 2025 resulted in a loss of $22.6 million.

The January 1, 2026 Actuarial Valuation projects the funded ratio of the Plan to be 107.21 percent in year 2040. This is an increase from last year's projected funded ratio in year 2040 of 95.59 percent.

Funding Policy

Although not required by law, the Plan's Actuary recommended in the January 1, 2026 Valuation, and past valuations, that the Board of Trustees consider moving towards contributing based on a more actuarially sound funding policy which they refer to as the "Actuarial Math Funding Policy". This would include: 1) funding 100 percent of the entry age normal cost method; 2) fund the expected administrative expenses for the fiscal year; and 3) pay off the unfunded liability over a period of 20 years and as a level percentage of payroll. The Valuation notes that complying with this methodology would result in a total contribution of 31.04 percent which is less than the current contribution total of 35.385 percent [21.590 percent paid by the CTA (net of the 6 percent credit for bond repayment) and 13.795 percent paid by employees].

Assumption Stress Testing

The Plan Actuary identifies investment risk, interest rate risk, contribution risk, asset liability mismatch, and longevity/demographic risk as the most significant risks to the Plan. While Aon finds the assumptions used in the valuation to be reasonable in aggregate, using a single set of assumptions for the valuation can obscure the risk exposures of the Plan. Therefore, Aon believes it would be advantageous to the Plan to conduct quantitative analysis on these key risks to better understand the risk exposure and the implications for future contributions. Specifically, **the CTA should consider stress testing discount rate/investment return, and new entrant experience assumptions**.

Scope of Annual Review

The Office of the Auditor General conducted an annual review of information submitted by the Retirement Plan pursuant to the Illinois State Auditing Act and the Illinois Pension Code. This report does not constitute an audit as that term is defined in generally accepted government auditing standards. Consequently, while we reviewed the information provided by the CTA Retirement Plan for reasonableness and consistency, we did not conduct an audit of the accuracy of the information provided as that is the responsibility of the Plan.

The scope of our work included reviewing the information submitted by the Retirement Board of Trustees on September 28, 2026. This information included: the Audited Financial Statements for the Plan for the year ended December 31, 2025; an Investment Report for the period ending December 31, 2025; and the January 1, 2026 Actuarial Valuation for the Retirement Plan. We conducted follow-up with the Retirement Plan on various questions we had based upon our review of these documents. The Retirement Plan was provided a draft of this report for its review.

Our consultant, Aon, reviewed the reasonableness of the actuarial assumptions used by the CTA Retirement Plan in their January 1, 2026 Actuarial Valuation.

The Auditor General performed this Review with assistance from our consultant, Aon. Aon's review concluded that:

(A) The required documents have been submitted and meet the statutory requirements of Section 5/3-2.3(e)(1), (2), and (3) of the Illinois State Auditing Act.

(B) The assumptions stated in the actuarial report submitted pursuant to 40 ILCS 5/22-101(e)(3) are not unreasonable in the aggregate. The investment return assumption of 7.75 percent continues to be higher than most public plans but is supported by investment return analysis conducted by the Plan's Investment Consultant and Actuary. While we recognize the plan's policy of completing an experience study every five years, we believe that two of the assumptions, investment return and inflation, should be monitored and justified on an annual basis. Additionally, we believe the plan's mortality assumption should be formally studied, potentially outside the standard 5-year experience study cycle, once sufficient mortality experience (after excluding 2020 and 2021 mortality experience due to the unique effect of the COVID-19 pandemic on mortality experience during those years) has been observed.

We recommend the actuary consider expanding the actuarial assumptions section of the valuation report to include the underlying inflation assumption, the inactive participant retirement rate assumption, and the new entrant profile assumptions. The Plan Actuary stated they will consider adding this information in future valuation reports.

(C) The Pension Code (40 ILCS 5/22-101(e)(3)) indicates that if the plan's funded ratio is projected to fall below 60 percent in any year before 2040, minimum contribution rates are to be determined on a level percentage of payroll basis over the years remaining until 2040 that keep the projected funded ratio above 60 percent in all years through 2039, based on assumptions which are not unreasonable in the aggregate. The Pension Code also indicates that if the actual funded ratio declines

below 60 percent in any year prior to 2040, the actuarial report shall also show an increased contribution rate that is determined on a level percentage of payroll basis during the years after the current year such that the funded ratio is projected to reach at least 60 percent no later than 10 years after the then current year. The funded ratio remained below 60 percent for the January 1, 2026 valuation. The contribution rates of 13.795 percent for employees and 21.590 percent for the employer (after reflecting the 6 percent credit for debt service) are sufficient to bring the funded status to 60 percent (or higher) by 2036 (i.e., 10 years after the current year), or sooner and maintain a funded status above 60 percent over the remainder of the statutory projection period. The contribution rates of 13.795 percent for employees and 21.590 percent for the employer (after reflecting the 6 percent credit for debt service) are the Board-adopted contribution rates pursuant to 40 ILCS 5/22-101(e)(4) and were determined as a level percentage of payroll using the projected unit credit cost method, as documented in the actuarial valuation report.

Appendix A
Statutory Authority

Illinois State Auditing Act

30 ILCS 5/3-2.3(e) and (f)

(e) Annual Retirement Plan Submission to Auditor General. The Board of Trustees of the Retirement Plan for Chicago Transit Authority Employees established by Section 22-101 of the Illinois Pension Code shall provide the following documents to the Auditor General annually no later than September 30:

(1) the most recent audit or examination of the Retirement Plan;

(2) an annual statement containing the information specified in Section 1A-109 of the Illinois Pension Code; and

(3) a complete actuarial statement applicable to the prior plan year, which may be the annual report of an enrolled actuary retained by the Retirement Plan specified in Section 22-101(e) of the Illinois Pension Code.

The Auditor General shall annually examine the information provided pursuant to this subsection and shall submit a report of the analysis thereof to the General Assembly, including the report specified in Section 22-101(e) of the Illinois Pension Code.

(f) The Auditor General shall annually examine the information submitted pursuant to Section 22-101B(b)(3)(iii) of the Illinois Pension Code and shall prepare the determination specified in Section 22-101B(b)(3)(iv) of the Illinois Pension Code.

(Source: P.A. 104-457, Article 10, Section 10-40, eff. 6-1-26; 104-457, Article 15, Section 15-50, eff. 6-1-26.)

Illinois Pension Code

40 ILCS 5/1A-109

Annual statements by pension funds. Each pension fund shall furnish to the Division an annual statement in a format prepared by the Division.

The Division shall design the form and prescribe the content of the annual statement and, at least 60 days prior to the filing date, shall furnish the form to each pension fund for completion. The annual statement shall be prepared by each fund, properly certified by its officers, and submitted to the Division within 6 months following the close of the fiscal year of the pension fund.

The annual statement shall include, but need not be limited to, the following:

(1) a financial balance sheet as of the close of the fiscal year;

(2) a statement of income and expenditures;

(3) an actuarial balance sheet;

(4) statistical data reflecting age, service, and salary characteristics concerning all participants;

(5) special facts concerning disability or other claims;

(6) details on investment transactions that occurred during the fiscal year covered by the report;

(7) details on administrative expenses; and

(8) such other supporting data and schedules as in the judgement of the Division may be necessary for a proper appraisal of the financial condition of the pension fund and the results of its operations. The annual statement shall also specify the actuarial and interest tables used in the operation of the pension fund.

For pension funds under Article 3 or 4 of this Code, after the conclusion of the transition period, the Consolidated Fund shall furnish directly to the Division the information described in items (1) and (6) of this Section and shall otherwise cooperate with the pension fund in the preparation of the annual statement.

A pension fund that fails to file its annual statement within the time prescribed under this Section is subject to the penalty provisions of Section 1A-113.

(Source: P.A. 101-610, eff. 1-1-20.)

40 ILCS 5/22-101

Sec. 22-101(e). Retirement Plan for Chicago Transit Authority Employees.

(1) Beginning January 1, 2009 the Authority shall make contributions to the Retirement Plan in an amount equal to twelve percent (12%) of compensation and participating employees shall make contributions to the Retirement Plan in an amount equal to six percent (6%) of compensation. These contributions may be paid by the Authority and participating employees on a payroll or other periodic basis, but shall in any case be paid to the Retirement Plan at least monthly.

(2) For the period ending December 31, 2040, the amount paid by the Authority in any year with respect to debt service on bonds issued for the purposes of funding a contribution to the Retirement Plan under Section 12c of the Chicago Transit Authority Act, other than debt service paid with the proceeds of bonds or notes issued by the Authority for any year after calendar year 2008, shall be treated as a credit against the amount of required contribution to the Retirement Plan by the Authority under subsection (e)(1) for the following year up to an amount not to exceed 6% of compensation paid by the Authority in that following year.

(3) By September 15 of each year beginning in 2009 and ending on December 31, 2039, on the basis of a report prepared by an enrolled actuary retained by the Plan, the Board of Trustees of the Retirement Plan shall determine the

estimated funded ratio of the total assets of the Retirement Plan to its total actuarially determined liabilities. A report containing that determination and the actuarial assumptions on which it is based shall be filed with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois, and the Northern Illinois Transit Authority. If the funded ratio is projected to decline below 60% in any year before 2040, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60% and include that determination in its report. If the actual funded ratio declines below 60% in any year prior to 2040, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll during the years after the then current year using the projected unit credit actuarial cost method so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based, and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60%, or, in the event of an actual decline below 60%, so the funded ratio is projected to reach 60% by no later than 10 years after the then current year. If the Board of Trustees or the Auditor General determine that an increased contribution is required to meet the funded ratio required by the subsection, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in addition to the contributions required by this subsection (1).

(4) For the period beginning 2040, the minimum contribution to the Retirement Plan for each fiscal year shall be an amount determined by the Board of Trustees of the Retirement Plan to be sufficient to bring the total assets of the Retirement Plan up to 90% of its total actuarial liabilities by the end of 2059. 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. In making these determinations, the Board of Trustees shall calculate the required contribution each year as a level percentage of payroll over the years remaining to and including fiscal year 2059 using the projected unit credit actuarial cost method. A report containing that determination and the actuarial assumptions on which it is based shall be filed by September 15 of each year with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois and the Northern Illinois Transit Authority. If the funded ratio is projected to fail to reach 90% by December 31, 2059, the Board of Trustees shall also determine

the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio will meet 90% by December 31, 2059 and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio reaches no less than 90% by December 31, 2059. If the Board of Trustees or the Auditor General determine that an increased contribution is required to meet the funded ratio required by this subsection, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in addition to the contributions required by subsection (e)(1).

(5) Beginning in 2060, the minimum contribution for each year shall be the amount needed to maintain the total assets of the Retirement Plan at 90% of the total actuarial liabilities of the Plan, and the contribution shall be funded two-thirds by the Authority and one-third by the participating employees in accordance with this subsection.

(Source: P.A. 104-457, Article 10, Section 10-45, eff. 6-1-26; 104-457, Article 15, Section 15-130, eff. 6-1-26; 104-852, eff. 8-21-26.)

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