September 2011

Regional Transportation Authority Pension Plan

Actuarial Valuation Report as of January 1, 2011
for the January 1, 2011 – December 31, 2011 fiscal year

MERCER

Consulting. Outsourcing. Investments.

150 North Wacker Drive, Suite 1500
Chicago, IL 60606-7500
312.902.7500
www.mercer.com

Board of Trustees
Regional Transportation Authority Pension Plan
Chicago, Illinois

September 9, 2011

Subject: Actuarial valuation report

Dear Trustees:

Submitted in this report are the January 1, 2011 actuarial valuation results for the Regional Transportation Authority Pension Plan. The purposes of this report are to:

- Present Mercer's actuarial estimates of the Plan's liabilities and expenses as of January 1, 2011 for the Regional Transportation Authority to incorporate, as the Regional Transportation Authority deems appropriate, in its financial statements; and

- Provide employer contribution rates for the period beginning January 1, 2011

We are available to answer any questions on the material in this report or to provide explanations or further details as appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

Respectfully submitted,

Marek Tyszkiewicz, A.S.A., M.A.A.A.

Bonita J. Wurst, A.S.A., M.A.A.A.
Enrolled Actuary (No. 11-05462)

Section I: Report Highlights

The following summarizes important contribution information as described in Section III, *Development of Contributions.*

Contributions

	Plan Year Ending	
Contributions	**December 31, 2011**	**December 31, 2010**
Minimum required	$ 12,547,000	$ 11,288,000
10-year funding	16,016,000	14,129,000

Allocation of 2011 Contribution

The contribution for the 2011 plan year is allocated to each entity based on actual 2010 plan earnings for participants who were active during all of 2010 or participants who terminated or retired during 2010 with a vested benefit as follows:

Contributions	**2010 Salary**	**Allocated Percent**	**Allocated Minimum Contribution**	**Allocated 10-year Funding contribution**
Metra	$ 35,175,784	51.5%	$ 6,462,000	$ 8,248,000
Pace	25,076,035	36.7%	4,605,000	5,878,000
RTA	8,088,742	11.8%	1,480,000	1,890,000
Total	$ 68,340,561	100.0%	$ 12,547,000	$ 16,016,000

In this report, the term "minimum required contribution" is used to reflect the current minimum GASB Annual Required Contribution (ARC) for accounting purposes, which is normal cost plus a 30-year amortization of the unfunded actuarial liabilities (UAL). However, because the plan is not subject to portions of ERISA, there is not a mandated minimum required contribution other than that required by the State of Illinois Statute 40 ILCS 5/22-103, paragraph (c) (see below). According to the plan document, for each plan year during the continuance of the plan, the Regional Transportation Authority shall make a contribution at least equal to such amount or range of contributions as may be determined advisable by the Plan actuary to maintain the plan on a sound actuarial basis. Mercer recommends that the Board of Trustees of the Regional Transportation Authority Pension Plan, in selecting a funding amount for the plan, carefully consider alternate financial conditions including scenarios that assume sustained investment losses. Due to the limited scope of Mercer's assignment, we did not perform or provide these scenarios, but can do so upon request. Mercer recommends a contribution at least equal to the minimum shown in this report. The minimum amount shown is calculated using the 8.25% discount rate assumption selected by the Board of Trustees. Solely for the purpose of providing the Trustees with a level of sensitivity to the discount rate selection, we have calculated the minimum amount using two additional rates. The minimum amount using alternate discount rate assumptions of 8.0% and 6.0% would be $13,074,000 and $17,836,000, respectively. The Board of Trustees should consider a funding amount consistent with RTA's tolerance for investment related risk.

Please note that due to the asset smoothing method used, the actuarial value of assets (AVA) used to determine the employer contribution rates in this valuation exceeds the market value of assets (MVA) by 2.71%. Absent future investment gains to offset the investment losses being smoothed, future employer contributions will increase as past investment losses become recognized. If asset smoothing were not used for this valuation, the

Section I: Report Highlights *(continued)*

employer minimum contribution rate, based on the market value of assets, would have been $12,852,000 instead of $12,547,000.

State of Illinois Statute 40 ILCS 5/22-103, paragraph (c) states that "employers shall contribute to the affected pension plan, in addition to all amounts otherwise required, amounts sufficient to bring the funding ratio of the affected pension plan to 90% in accordance with an amortization schedule adopted jointly by the contributing employers and the trustee of the affected pension plan." Starting in 2010, the amount required to fund the pension up to 90% will be amortized over a closed 50 year period. The minimum contribution shown in this report is calculated using 100% of the unfunded liability, amortized over an open 30 year period. Consequently, the minimum of the range of the contributions may need to be adjusted after 2029, when the legislated amortization period drops below 30 years.

The Regional Transportation Authority's Board of Trustees selected a contribution to the plan for the plan year ending December 31, 2010 in the amount of $11,288,000, which was the minimum required contribution. The total contribution is to be allocated to the three divisions based on 2009 plan earnings, resulting in a contribution of $5,802,000 for Metra, $4,210,000 for Pace, and $1,276,000 for the RTA.

Plan Experience During Prior Plan Year

During 2010, the plan experienced a net actuarial loss of $3.22 million. This loss consisted of a $0.54 million liability gain and a $3.76 million asset loss based on the actuarial value of assets. (The asset gain based on the market value of assets was $3.29 million.) During 2010, the investment return based on the actuarial value of assets was 5.06% compared to an assumed 8.50% return. Miscellaneous actuarial liability gains related to higher than expected mortality in the inactive population were partially offset by greater than expected salary increases for long service employees and losses due to more retirements than expected to produce the small net actuarial gain.

Between January 1, 2010 and January 1, 2011, the number of active participants decreased from 1,060 to 1,036. During the same time period, the number of retirees and beneficiaries increased from 436 to 481 and the number of vested terminated participants increased from 428 to 431.

Changes in Plan Provisions

The definition of compensation used to calculate pension benefits has changed since the previous valuation. Compensation earned prior to January 1, 2011 is comprised of W-2 earnings plus certain deferrals. After December 31, 2010, compensation is comprised of base salary earnings for salaried employees or regular, hourly wages (excluding overtime or shift differential pay) to non-salaried employees plus the same deferrals. Compensation in the final year of employment is limited to 115% of the average of the other two highest years of compensation as of January 1, 2011.

In addition, the lump sum payment form is no longer an optional form of payment for participants that have not earned credited service prior to January 1, 2011. This change did not affect the valuation results.

There were no other changes in plan provisions since the last actuarial valuation as of January 1, 2010.

Section I: Report Highlights *(continued)*

Changes in Actuarial Assumptions

The mortality table is the RP2000 Mortality Table, combined mortality for active and retirees, applied separately for males and females, white collar adjustment with fixed projection. The projection year was changed from 2011 to 2018. This change in mortality rates increased the minimum contribution by approximately $195,000.

The assumed plan expenses increased from $800,000 to $950,000. This change in assumed expenses increased the minimum contribution by approximately $163,000.

A load of 1.5% (3.0% for Pace employees) was applied to projected pay to account for unused vacation/sick time. This load increased the minimum contribution by approximately $115,000.

The interest rate was changed from 8.50% to 8.25%. This change in interest rate increased the minimum contribution by approximately $517,000.

Changes in Actuarial Methods

There were no changes in actuarial methods since the last actuarial valuation as of January 1, 2010.

Section II: Important Notices

Mercer has prepared this report exclusively for the Board of Trustees of the Regional Transportation Authority Retirement Fund; Mercer is not responsible for reliance upon this report by any other party. Subject to this limitation, the Board of Trustees may direct that this report be provided to its auditors.

The only purposes of this report are to:

- Present Mercer's actuarial estimates of the Plan's liabilities and expenses for the Regional Transportation Authority to incorporate, as the Regional Transportation Authority deems appropriate, in its financial statements; and
- Provide employer contribution rates for the period beginning January 1, 2011

This report may not be used for any other purpose; Mercer is not responsible for the consequences of any unauthorized use.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

The Board of Trustees is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Mercer's actuaries have not provided any investment advice to the Board of Trustees.

A valuation report is only a snapshot of a Plan's estimated financial condition at a particular point in time; it does not predict the Plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the Plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

To prepare the valuation report, actuarial assumptions, as described herein, are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those

Section II: Important Notices *(continued)*

utilized in this report. We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in this report. At the Board of Trustees' request, Mercer is available to perform such a sensitivity analysis.

Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

The calculation of actuarial liabilities for valuation purposes is based on a current estimate of future benefit payments. The calculation includes a computation of the "present value" of those estimated future benefit payments using an assumed discount rate; the higher the discount rate assumption, the lower the estimated liability will be. For purposes of estimating the liabilities (future and accrued) in this report, you selected an assumption based on the expected long term rate of return on plan investments. Using a lower discount rate assumption, such as a rate based on long-term bond yields, could substantially increase the estimated present value of future and accrued liabilities.

Because valuations are a snapshot in time and are based on estimates and assumptions that are not precise and will differ from actual experience, contribution calculations are inherently imprecise. There is no uniquely "correct" level of contributions for the coming plan year.

Valuations do not affect the ultimate cost of the Plan, only the timing of contributions into the Plan. Plan funding occurs over time. Contributions not made this year, for whatever reason, including errors, remain the responsibility of the Plan sponsor and can be made in later years. If the contribution levels over a period of years are lower or higher than necessary, it is normal and expected practice for adjustments to be made to future contribution levels to take account of this with a view to funding the plan over time.

Data, computer coding and mathematical errors are possible in the preparation of a valuation involving complex computer programming and thousands of calculations and data inputs. Errors in a valuation discovered after its preparation may be corrected by amendment to the valuation or in a subsequent year's valuation.

Assumptions used have been reviewed and adopted by the Board. The Regional Transportation Authority is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in Section VIII. The Board of Trustees is solely responsible for communicating to Mercer any changes required thereto.

To prepare this report Mercer has used and relied on financial data and participant data supplied by the trustee and summarized in the valuation report in Sections VI and VII. The Regional Transportation Authority is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits as of January 1, 2011 that is sufficiently comprehensive and accurate for the purposes of this report. Although Mercer has reviewed the data in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Mercer has also used and relied on the plan documents, including amendments, and interpretations of plan provisions, supplied by the Regional Transportation Authority as summarized in the valuation report in Section VIII. We have assumed for purposes of this valuation that copies of any official plan document including all amendments and collective bargaining agreements as well as any interpretations of any such document have been

Section II: Important Notices *(continued)*

provided to Mercer along with a written summary of any other substantive commitments. The Regional Transportation Authority is solely responsible for the validity, accuracy and comprehensiveness of this information. If any data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

The Regional Transportation Authority should notify Mercer promptly after receipt of this report if the Regional Transportation Authority disagrees with anything contained in the report or is aware of any information that would affect the results of the report that has not been communicated to Mercer or incorporated therein. The report will be deemed final and acceptable to the Regional Transportation Authority unless the Regional Transportation Authority promptly provides such notice to Mercer.

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

Section III: Development of Contributions

Principal Valuation Results

	Actuarial Valuation as of	
	January 1, 2011	January 1, 2010
Actuarial accrued liability		
▪ Active participants	$ 98,415,355	$ 93,462,468
▪ Inactive participants with deferred benefits	13,534,903	12,709,361
▪ Inactive participants receiving benefits	73,423,585	60,491,294
▪ Actuarial accrued liability	185,373,843	166,663,123
Actuarial value of assets (AVA)	127,343,037	118,805,281
Market value of assets (MVA)	123,986,956	109,210,234
Actuarial accrued liability funded ratio (based on AVA)	68.70%	71.28%
Actuarial accrued liability funded ratio (based on MVA)	66.88%	65.53%
Unfunded actuarial accrued liability	$ 58,030,806	$ 47,857,842
Normal cost	5,765,792	5,499,898
Expense load	950,000	800,000
Asset (gain)/loss	3,760,283	(4,565,113)
Actuarial accrued liability (gain)/loss	(538,586)	4,201,424
Total actuarial (gain)/loss	$ 3,221,697	$ (363,689)

Section III: Development of Contributions *(continued)*

Development of Contributions for 2011

The Annual Required Contribution (ARC) is comprised of the Normal Cost, including expenses, plus a level annual amount required to amortize the unfunded liability. The contribution amounts shown below demonstrate the minimum contribution under GASB and the 10-year funding contribution. Amounts are rounded to thousands.

Development of Contribution	December 31, 2011	December 31, 2010
1. Normal Cost increased with interest for one year	$ 7,270,000	$ 6,835,000
2. Unfunded Liability	58,031,000	47,858,000
3. Amortization of the Unfunded Liability over 30 years payable as a level dollar amount at end of year	5,277,000	4,453,000
4. Amortization of the Unfunded Liability over 10 years payable as a level dollar amount at end of year	8,746,000	7,294,000
5. Minimum Contribution: *(1. + 3.)*	$ 12,547,000	$ 11,288,000
6. 10-Year Contribution: *(1. + 4.)*	$ 16,016,000	$ 14,129,000

The minimum contribution of $12,547,000 for the 2011 plan year is calculated as of December 31, 2011. If contributed after December 31, 2011, this amount will need to be adjusted for interest at the funding discount rate, currently 8.25%, to avoid an actuarial loss due to the timing of the contribution.

Section IV: Plan Accounting Under ASC 960

Actuarial Present Value of Accumulated Plan Benefits

While not required for public sector entities, the actuarial present value of accumulated plan benefits, consistent with our understanding of ASC 960 (formerly FAS 35), is presented for general interest. These calculations differ significantly from calculations for other purposes, such as determining contributions for an ongoing plan and determining the cost of terminating the plan. This determination calculates the actuarial present value of all benefits earned by current participants as of the valuation date using demographic assumptions and an assumed interest rate. Assumptions regarding future compensation and Social Security increases and accrual of future benefit service are not necessary for this purpose.

We reserve the right to review any materials in which the actuarial calculations shown below are reproduced and credited to Mercer.

Accumulated Plan Benefits	January 1, 2011	January 1, 2010
Vested benefits		
▪ Active participants	$ 77,395,998	$ 70,525,512
▪ Inactive participants with deferred benefits	13,534,903	12,709,361
▪ Inactive participants receiving benefits	73,423,585	60,491,294
Total vested benefits	164,354,486	143,726,167
Nonvested benefits	3,439,037	5,135,991
Total accumulated plan benefits	**$ 167,793,523**	**$ 148,862,158**
Assumed rate of interest	8.25%	8.50%
Market value of assets available for benefits	$ 123,986,956	$ 109,210,234
Accumulated benefits funded ratio	73.89%	73.36%

Statement of Changes in Accumulated Plan Benefits

Actuarial present value of accumulated plan benefits as of January 1, 2010	**$ 148,862,158**
Increase/(decrease) during year attributable to:	
▪ Benefits accumulated and (gains)/losses	8,179,333
▪ Increase for interest due to decrease in discount period	12,336,698
▪ Benefits paid	(7,449,076)
▪ Plan amendment	0
▪ Change in actuarial assumptions	5,864,410
Net increase/(decrease)	18,931,365
Actuarial present value of accumulated plan benefits as of January 1, 2011	**$ 167,793,523**

Section V: Plan Accounting Under GASB 25

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b – a)	(a/b)	(c)	((b – a)/c)
1/1/1996	$ 55,296,224	$ 39,789,865	$ (15,506,359)	138.97%	$ 40,254,018	(38.52)%
1/1/1997	63,588,437	43,892,601	(19,695,836)	144.87%	42,614,449	(46.22)%
1/1/1998	76,378,094	48,660,237	(27,717,857)	156.96%	44,390,082	(62.44)%
1/1/1999	81,946,867	51,662,195	(30,284,672)	158.62%	46,099,909	(65.69)%
1/1/2000	86,771,358	64,467,694	(22,303,664)	134.60%	48,566,176	(45.92)%
1/1/2001	81,992,860	71,286,653	(10,706,207)	115.02%	49,548,474	(21.61)%
1/1/2002	76,888,695	79,946,039	3,057,344	96.18%	50,855,571	6.01%
1/1/2003	80,974,751	87,815,116	6,840,365	92.21%	53,969,194	12.67%
1/1/2004	87,998,878	97,275,818	9,276,940	90.46%	54,983,472	16.87%
1/1/2005	90,334,371	105,976,209	15,641,838	85.24%	56,417,461	27.73%
1/1/2006	94,697,937	124,521,129	29,823,192	76.05%	58,883,678	50.65%
1/1/2007	102,523,735	133,905,851	31,382,116	76.56%	61,357,214	51.15%
1/1/2008	114,031,540	146,417,404	32,385,864	77.88%	61,364,198	52.78%
1/1/2009	106,021,198	153,284,576	47,263,378	69.17%	66,010,613	71.60%
1/1/2010	118,805,281	166,663,123	47,857,842	71.28%	68,389,409	69.98%
1/1/2011	127,343,037	185,373,843	58,030,806	68.70%	66,490,058	87.28%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
1996	$ 0	N/A
1997	0	N/A
1998	0	N/A
1999	0	N/A
2000	0	N/A
2001	0	N/A
2002	4,954,000	100%
2003	5,432,000	100%
2004	6,022,000	100%
2005	6,800,000	100%
2006	8,777,000	100%
2007	9,137,000	100%
2008	9,195,000	100%
2009	10,827,000	100%
2010[1]	11,288,000	-

[1] *Contribution of $11,288,000 for the plan year ended December 31, 2010 is expected to be paid during 2011.*

Section VI: Plan Assets

Summary of Funding Assets

Asset Category	Market Value as of December 31, 2010	Market Value as of December 31, 2009
1. Interest-bearing cash and equivalents	$ 12,261,119	$ 3,046,854
2. Corporate Fixed Income Mutual Fund	36,948,820	37,832,156
3. Equities, Equity Mutual Funds, and Convertible Securities	74,707,394	68,316,912
4. Receivables		
▪ Accrued Income	69,623	14,312
5. Net assets	**$ 123,986,956**	**$ 109,210,234**

Section VI: Plan Assets *(continued)*

Reconciliation of Funding Assets

Asset Category	Market Value as of December 31, 2010	Market Value as of December 31, 2009
Income		
1. Contributions received or receivable		
▪ Employer	$ 10,827,000	$ 9,195,000
2. Investment earnings		
– Unrealized appreciation or (depreciation)	3,955,495	21,113,815
– Accrued Income	69,623	14,312
– Dividends and Interest	1,772,458	2,187,627
– Realized gain/(loss) from sale	6,388,068	(1,844,187)
3. Other income	121,583	6,511
4. Total income	**$ 23,134,227**	**$ 30,673,078**
Disbursements		
5. Benefit payments		
▪ Recurring payments to participants or beneficiaries	$ 6,869,848	$ 6,308,518
▪ Lump sum payments to participants or beneficiaries	579,228	2,772,353
6. Administrative expenses	908,429	732,971
7. Total disbursements	**$ 8,357,505**	**$ 9,813,842**
Net		
8. Net income (4. – 7.)	**$ 14,776,722**	**$ 20,859,236**
9. Net assets at beginning of year	109,210,234	88,350,998
10. Net assets at end of year (8. + 9.)	**$ 123,986,956**	**$ 109,210,234**

Section VI: Plan Assets *(continued)*

Development of Actuarial Value of Assets

1. Expected Market Value of Assets		
a. Market Value of Assets at January 1, 2010	$	109,210,234
b. Interest to end of year on a.		9,282,870
c. Contributions made for plan year ending December 31, 2009		10,827,000
d. Interest to end of year on c.		6,252
e. Benefit payments		7,449,076
f. Expected expenses		800,000
g. Interest on benefit payments and expenses		384,586
h. Expected Market Value of Assets as of January 1, 2011		120,692,694
2. Actual Market Value of Assets as of January 1, 2011		123,986,956
3. Asset gain/(loss)		3,294,262

4. **Actuarial Value of Assets**	**Annual Gain/(Loss)**	**% Unrecognized**	**Amount Unrecognized**
a. 2007	$ (2,924,540)	20%	(584,908)
b. 2008	(34,729,807)	40%	(13,891,923)
c. 2009	14,142,233	60%	8,485,340
d. 2010	3,294,262	80%	2,635,410
e. Sum of Asset Gain/(Loss) not yet recognized			(3,356,081)
f. Preliminary Actuarial Asset Value at January 1, 2011 *(2. - 4.e.)*			127,343,037
g. 120% of Market Value at January 1, 2011			148,784,347
h. 80% of Market Value at January 1, 2011			99,189,565
i. Actuarial Asset Value at January 1, 2011 *(lesser of f. and g. but not less than h.)*			**$ 127,343,037**

Section VI: Plan Assets *(continued)*

Historical Experience of the Trust Fund

The experience of the trust fund assets as considered on the prior page may be more readily understood if such experience is expressed as an annual yield. The rate of return based on Actuarial Asset Value can be compared to the assumed valuation rate of 8.5%.* The rate of return based on market value experience is useful (over a period of years) for testing the results of the existing investment policy. The market value average rate of return over the past five years is 5.23% and the past 10 years is 4.86%.

Plan Year Ending	Actuarial Asset Value	Market Value
December 31, 2010	5.06%	11.14%
December 31, 2009	12.68%	24.40%
December 31, 2008	(6.40)%	(22.24)%
December 31, 2007	10.31%	5.38%
December 31, 2006	7.95%	13.91%
December 31, 2005	4.91%	5.65%
December 31, 2004	2.87%	10.44%
December 31, 2003	7.73%	18.97%
December 31, 2002**	9.25%	(8.64)%
December 31, 2001	(1.80)%	(1.80)%
December 31, 2000	(1.96)%	(1.96)%
December 31, 1999	9.49%	9.49%
December 31, 1998	10.49%	10.49%
December 31, 1997	23.16%	23.16%
December 31, 1996	16.93%	16.93%
December 31, 1995	27.13%	27.13%
December 31, 1994	(1.58)%	(1.58)%
December 31, 1993**	10.36%	10.36%
December 31, 1992	10.01%	8.50%
December 31, 1991	10.79%	21.50%
December 31, 1990	9.47%	4.15%
December 31, 1989	11.81%	21.06%
December 31, 1988	9.30%	11.53%
December 31, 1987	9.02%	4.35%
December 31, 1986	11.31%	13.54%
December 31, 1985	13.09%	22.52%
December 31, 1984 (Short Plan Year)	12.60%	30.52%
June 30, 1984	9.76%	(.98)%
June 30, 1983	11.60%	21.71%
June 30, 1982	9.74%	11.30%
June 30, 1981	8.85%	0.14%

* Assets were assumed to earn 8.0% prior to 1999.

** Effective January 1, 1994, the Actuarial Asset Value was set to Market Value. The asset valuation method was again changed effective January 1, 2003 to use a smoothing method.

Section VI: Plan Assets *(continued)*

Contributions for Prior Plan Year[1]

Date	Amount: Employer	Amount: Employee	Interest to End of Plan Year	Total
12/27/2010	$ 1,137,000	0	$ 1,017	$ 1,138,017
12/28/2010	4,038,000	0	2,708	4,040,708
12/29/2010	5,652,000	0	2,527	5,654,527
Total	**$ 10,827,000**		**$ 6,252**	**$ 10,833,252**

[1] *Individual numbers may not add up to total due to rounding.*

Section VII: Participant Data

Statistics

	Actuarial Valuation as of			
		January 1, 2011		January 1, 2010
Participant Data				
Number of participants in valuation				
Active participants				
▪ Vested participants		720		752
▪ Nonvested participants		316		308
▪ Total active participants		1,036		1,060
Inactive participants with deferred benefits		431		428
Inactive participants receiving benefits[1]		481		436
Total		**1,948**		**1,924**
Active Participant Statistics				
Average age		49.2		48.7
Average years of service		11.5		11.1
Total rate of pay	$	66,490,058	$	68,389,409
Average rate of pay		64,180		64,518
Inactive Participant Statistics				
Inactive participants with deferred benefits				
▪ Average age		51.3		51.0
▪ Total monthly benefits	$	238,317	$	235,151
▪ Average monthly benefit		553		549
Inactive participants receiving benefits				
▪ Average age		68.5		68.4
▪ Total monthly benefits	$	615,639	$	541,895
▪ Average monthly benefit[2]		1,288		1,243

[1] *Includes 14 Qualified Domestic Relations Order (QDRO) alternate payees at January 1, 2011 and 13 at January 1, 2010.*
[2] *Excludes 3 participants in 2011 to be paid lump sums.*

Section VII: Participant Data *(continued)*

Participant Data Reconciliation

	Active Participants	Inactive Participants: With Deferred Benefits	Inactive Participants: Receiving Benefits*	Total
As of January 1, 2010	1,060	428	436	1,924
Age retirements	(25)	(18)	43	0
Disability retirements	0	0	0	0
Deaths	(3)	(1)	(12)	(16)
Nonvested terminations	(24)	0	0	(24)
Vested terminations	(17)	17	0	0
Rehires	2	0	0	2
Lump sums	(3)	(1)	3	(1)
Survivors	0	2	12	14
Expiration of benefits	0	0	(1)	(1)
Transfer to union	(3)	3	0	0
Transfer to management	0	0	0	0
Data updates	0	1	0	1
New entrants during year	49	0	0	49
Net change	(24)	3	45	24
As of January 1, 2011	1,036	431	481	1,948

* Includes three participants receiving lump sum payments in 2011.

Section VII: Participant Data *(continued)*

Distribution of Active Participants

Age	Years of Service as of January 1, 2011									
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
< 20										
20-24	16 40,099									16 40,099
25-29	45 46,760	14 47,688								59 46,976
30-34	47 54,500	24 57,624	2							73
35-39	32 57,408	26 55,850	14 61,319	5 77,782						77 58,916
40-44	46 53,326	43 66,440	21 67,456	8 55,205	6 76,396					124 61,504
45-49	41 63,685	34 61,876	36 70,436	11 67,950	17 72,125	2				141
50-54	33 51,407	23 56,629	37 65,958	25 71,676	30 78,668	13 81,850	8 97,252			169 67,653
55-59	29 59,181	29 61,038	25 68,953	29 73,457	46 79,268	24 89,517	14 90,864	5 88,537		201 73,880
60-64	19 51,825	23 58,708	16 70,153	17 65,822	20 81,793	13 78,366	10 79,785	5 110,264	2	125
65-69	3	8 35,460	4 48,254	5 57,217	9 71,596	3	3			35 55,171
70-74	4 32,250		3	2	1					10 36,077
75+	1		1	2		1			1	6 26,776
Total	316 53,344	224 58,793	159 66,136	104 67,446	129	56 82,605	35	10 99,403	3	1,036 64,180

In each cell, the top number is the count of active participants for each age/service combination. The lower number is the average 2011 rate of pay of the active participants in that group. In cells with 3 or fewer participants, pay is not shown to preserve confidentiality.

Section VIII: Actuarial Basis

Actuarial cost method

Liabilities and contributions shown in this report are computed using the projected unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue, taking into consideration future compensation increases. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- An individual's **accrued benefit** for valuation purposes related to a particular separation date is the accrued benefit described under the plan but determined using the projected compensation that would be used in the calculation of the benefit on the expected separation date.
- The **benefit** deemed to accrue for an individual during a plan year is the excess of the accrued benefit for valuation purposes at the end of the plan year over the accrued benefit for valuation purposes at the beginning of the plan year. Both accrued benefits are calculated from the same projections to the various anticipated separation dates as described above.
- An individual's **accrued liability** is the present value of the accrued benefit for valuation purposes at the beginning of the plan year, and an individual's **normal cost** is the present value of the benefit deemed to accrue in the plan year. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates. Such accrued liabilities and normal costs reflect the accrued benefits as modified to obtain the benefits payable on those dates and the probability of the individual separating on those dates.
- The plan's **normal cost** is the sum of the individual normal costs, and the plan's **accrued liability** is the sum of the accrued liabilities for all participants under the plan.

Payment on the Unfunded Accrued Liability

For the minimum contribution calculation, the unfunded accrued liability is amortized over an open 30-year period. For the 10-year funding contribution calculation, the unfunded accrued liability is amortized over an open 10-year period.

Because the unfunded actuarial liability (UAL) is being amortized by an open or rolling amortization period (with re-amortization of the UAL in each valuation), the amortization amounts will never fully eliminate the UAL.

Funding Policy

According to the plan document, for each plan year during the continuance of the plan, the Regional Transportation Authority shall make a contribution at least equal to such amount or range of contributions as may be determined advisable by the Plan actuary to maintain the plan on a sound actuarial basis. Mercer recommends that the Board of Trustees of the Regional Transportation Authority Pension Plan, in selecting a funding amount for the plan, carefully consider alternate financial conditions including scenarios that assume sustained investment losses. Due to the limited scope of Mercer's assignment, we did not perform or provide these scenarios, but can do so upon request. Mercer recommends a contribution at least equal to the minimum shown in this report. The minimum amount shown is calculated using the 8.25% discount rate assumption selected by the Board of Trustees.

Section VIII: Actuarial Basis *(continued)*

Benefits Included or Excluded

To the best of our knowledge, all material benefits have been included in the liability.

IRC Section 415(b): The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.

IRC Section 401(a)(17): The limitations of Internal Revenue Code Section 401(a)(17) have been incorporated into our calculations. Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually.

Participants included: The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities. No actuarial liability is included for participants who terminated nonvested prior to the valuation date.

Transferred participants: The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for terminated vested participants.

Disabled participants: The liabilities for participants on long-term disability have been included with the liabilities for active participants. Disabled participants continue to earn credited service under the plan at their pay rate at the time of disability. Mortality rates are applied and participants are assumed to retire at normal retirement age.

Credited service: For purposes of determining credited service, employees are assumed to be credited with at least 1,000 hours for each year after the year of the current valuation.

Retirement plan offsets: As of the date the data were received from the plan sponsor, all prior plan offsets had not been reported by prior employers.

Method for Determining Actuarial Value of Assets

The actuarial value of assets is equal to a smoothed market value where asset gains and losses are recognized over 5 years. The asset value determined under this method is adjusted to be no greater than 120% and no less than 80% of the fair market value as defined in Section 1.412(i)(2)-1(c) of the Internal Revenue Code.

Under this method 80% of the gain or loss for the immediately preceding year, 60% of the second preceding year, 40% of the third preceding year, and 20% of the fourth preceding year are subtracted from the market value of assets.

Changes in Actuarial Methods since the Prior Valuation

There have been no changes in actuarial methods since the prior valuation.

Section VIII: Actuarial Basis *(continued)*

Summary of Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the plan. The Regional Transportation Authority is responsible for selecting the assumptions used for this valuation.

Investment Return/Discount Rate	▪ 8.25% compounded annually for funding purposes ▪ 8.25% compounded annually for the present value of accumulated plan benefits
Salary Increases	See age-graded table
Consumer Price Index	2.50% per year compounded annually
Mortality	RP2000 Mortality Table based on combined mortality for active and retirees, applied separately for males and females, white collar adjustment, projected to 2018. See Table of Sample Rates.
Withdrawal	See table of sample rates
Disability	1985 Study of disabled experience for class 1. See table of sample rates.
Load for Unused Vacation/Sick Time	A load of 1.5% (3.0% for Pace employees) was applied to projected pay in year of decrement to account for increased pay due to unused vacation/sick time.
Expenses	An estimate by the Plan Administrator of such expenses for the year is included in the Normal Cost. The estimated expense changed from $800,000 in 2010 to $950,000 in 2011. Actual administrative costs for 2010 were $908,429.
Retirement Age	Retirement according to the following rates:

Age	Rate
55-59	4%
60-61	10
62	15
63-64	10
65-69	35
70	100

Percentage Married	▪ Males .... 85% ▪ Females 50%
Age Difference	Males are assumed to be three years older than their spouses
Form of Payment	65% of lump sum eligible retirees were assumed to elect the lump sum form of payment. Annuities were converted to lump sums using a discount rate of 6%.
Benefit Commencement for Participants Entitled to Deferred Benefits	Age 60

Section VIII: Actuarial Basis *(continued)*

Summary of Actuarial Assumptions *(continued)*

Changes Since Prior Valuation	The estimated expense load to the normal cost changed from $800,000 in 2010 to $950,000 in 2011. The mortality table is the RP2000 Mortality Table, combined mortality for active and retirees, applied separately for males and females, white collar adjustment with fixed projection. The projection year was changed from 2011 to 2018. The investment return/discount rate was changed from 8.50% to 8.25%. A load of 1.5% (3.0% for Pace employees) was applied to projected pay to account for unused vacation/sick time.

Section VIII: Actuarial Basis *(continued)*

Summary of Actuarial Assumptions *(continued)*

	Table of Sample Rates	
	Mortality	
Attained Age	**Males**	**Females**
20	0.02%	0.02%
25	0.02%	0.02%
30	0.03%	0.02%
35	0.05%	0.04%
40	0.08%	0.05%
45	0.11%	0.08%
50	0.14%	0.12%
55	0.23%	0.22%
60	0.42%	0.43%
65	0.86%	0.79%
70	1.47%	1.39%
75	2.61%	2.23%
80	4.96%	3.80%
85	9.22%	6.66%
90	16.59%	11.95%

	Table of Sample Rates	
	Withdrawal	
Attained Age	**Males**	**Females**
20	5.47%	5.47%
25	5.33%	5.32%
30	5.12%	5.09%
35	4.77%	4.70%
40	4.27%	4.18%
45	3.69%	3.57%
50	2.77%	2.59%
55	1.26%	1.03%
60	0.39%	0.49%

Section VIII: Actuarial Basis *(continued)*

Summary of Actuarial Assumptions *(continued)*

The following select rates are added to the ultimate withdrawal rates.

Completed Years of Service	Percentage
0	10.0%
1	7.5%
2	5.0%
3	2.5%

Table of Sample Disability Rates

	Percentage	
Attained Age	**Males**	**Females**
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%

Table of Sample Rates for Earnings Progression

Attained Age	Percentage
20	7.5%
25	7.0%
30	6.5%
35	6.0%
40	5.5%
45	5.0%
50	4.5%
55	4.5%
60	4.0%
65	3.5%

Section VIII: Actuarial Basis *(continued)*

Summary of Plan Provisions

Following is a summary of the major plan provisions used in the valuation of this report. The Regional Transportation Authority is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report. Moreover, these plan provisions may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

Effective Date and Plan Year	The Plan became effective July 1, 1976 and was amended and restated effective June 1, 1984, January 1, 1987, and January 1, 1989, and January 1, 1996. The plan year is the calendar year.
Most Recent Amendment	The plan was most recently amended and restated effective January 1, 2011.
Plan Year	The plan year prior to July 1, 1984 was the twelve-month period commencing each July 1. There was a Short Plan Year from July 1, 1984 to December 31, 1984. Thereafter, the plan year is the calendar year.
Employees Eligible to Participate	Each employee on and after July 1, 1976, who commences employment with the Authority or an Affiliate Employer becomes a participant as of the later of July 1, 1976 and the first day of the month coincident with or next following the date of his commencement of employment with the Authority. Effective January 1, 1987, directors may participate if an irrevocable election is filed with the Committee. Special provisions apply to certain PACE employees who entered the plan in 1985 and certain METRA employees who entered the plan in 1987.
Employee Contributions	Employee contributions are neither required nor allowed by the plan.
Normal Retirement Date	First day of the calendar month coincident with or next following a participant's 65th birthday.
Early Retirement Date	An employee may retire early if he has attained age 55 and has completed 10 years of Vesting Service.
Disability Retirement Date	A participant who becomes disabled may commence receiving a disability income on the later of (1) his Normal Retirement date and (2) the cessation of long term disability benefits under the RTA plan.
Compensation	The amounts actually paid as base salary to salaried employees and the amounts actually paid as regular, hourly wages (excluding overtime or shift differential pay) to non-salaried employees, including, at the time of deferral, amounts deferred at the election of a Participant while an Employee under a cafeteria plan, 401(k) qualified cash or deferred arrangement or eligible deferred compensation plan maintained by an Employer which are excludable from such Participant’s taxable income under Section 125, 132(f), 402 or 457 of the Code.
Average Annual Compensation	The average of the annual compensation received by a Participant in the three completed plan years, whether consecutive or not, of his Continuous Service in which he receives his highest rates of compensation.

Section VIII: Actuarial Basis *(continued)*

Summary of Plan Provisions *(continued)*

Service Considered	"Continuous Service", with respect to the period prior to July 1, 1976, is the total number of months of his uninterrupted service with the Authority. If an employee is not employed by the Authority during all months in a plan year after July 1, 1976, and does not complete 1,000 hours of service, he is credited with one month of Continuous Service for each 83 hours of service completed during that Plan Year. If he completes 1,000 hours of service during any plan year after July 1, 1976, he will be credited with 12 months of service for that year, with the exception of the Short Plan Year. During the Short Plan Year commencing July 1, 1984 and ending December 31, 1984, an employee is credited with one month of Continuous Service for each month in which he has 83 hours of service. For purposes of determining Continuous Service for vesting and eligibility for early retirement, service credited for the Short Plan Year is 12 months. "Credited Service" is the sum of a participant's "Continuous Service" and any "Prior Service Credit" to which he is entitled. This latter term applies to employees who commenced employment prior to June 2, 1984 and also were employed on a full time basis prior to their current employment with the Authority by either 1. or 2. as follows: 1. the United States, any state, or any political subdivision of any State, or any agency created under an interstate contract approved by the Congress of the United States. 2. any entity which, at any time during such Employee's employment with such entity, provided public transportation or freight services by bus or rail in the United States. The Prior Service Credit is then equal to 4% of the service under the prior plan for each month of continuous service with the Authority which is in excess of 23 months, subject to a maximum credit of 100% of such prior service. Thus, the full credit is granted after 48 months (4 years) of employment with the Authority. All Prior Service Credits were fully accrued at the valuation date.
Rule of 85	Unreduced early retirement is available to participants between ages 55 and 65 if the Rule of 85 is satisfied. The Rule of 85 is satisfied if a participant's vesting service plus age at retirement is greater than or equal to 85 years.

Section VIII: Actuarial Basis *(continued)*

Summary of Plan Provisions *(continued)*

Normal Retirement Benefit	Normal Retirement Date is the first day of the month next following the month in which the participant attains age 65. A participant who retires at or after his Normal Retirement Date will receive an annual retirement income equal to the product of 1. and 2. below: 1. Final Average Annual Compensation, 2. 1.75% times Credited Service (max 70%) Thus, the maximum Credited Service is 40 years.
Early Retirement Benefit	A Participant who retires at an Early Retirement Date may receive at his Normal Retirement Date an annual retirement income equal to the benefit described in the immediately preceding section. In lieu of the above benefit, a Participant may elect to receive a reduced amount of retirement income commencing on the first day of any month between his Early and Normal Retirement Dates. The reduction will be 2.0% per year for each year that his payment commencement date precedes his Normal Retirement Date. Unreduced early retirement is available to participants between age 55 and 65 if the Rule of 85 is satisfied.
Deferred Vested Benefit	A participant who terminates his employment after completion of five years of Credited Service will be entitled to his accrued benefit commencing at his Normal Retirement Date. A participant who terminates his employment after completion of ten years of Credited Service can elect reduced early retirement at age 55.
Disability Benefit	A disabled participant who is eligible to commence normal retirement benefits is entitled to an amount determined as if Continuous Service continued until the Normal Retirement Date. Compensation is assumed to continue unchanged from the last calendar year worked.
Death Benefit	If an active or inactive participant dies prior to his Retirement Date after completion of 10 years of service and is survived by a spouse to whom he has been married for at least one year, the surviving spouse will receive a monthly benefit equal to 50% of the amount of pension which would have been payable to the participant if his Retirement Date had occurred on his date of death and he had elected a Joint and Survivor Pension. The benefit will commence to the spouse immediately if the employee was age 55 or older at death. If the employee was less than age 55 at death, the benefit will commence on the date the employee would have attained age 55.

Section VIII: Actuarial Basis *(continued)*

Summary of Plan Provisions *(continued)*

Death Benefit (continued)	If an active participant or an inactive participant dies prior to his Retirement Date after completion of five years of service but less than ten years, the eligible spouse will receive a monthly benefit equal to 50% of the amount of pension which would have been payable to the participant at his Normal Retirement Date and he had elected a Joint and Survivor Pension. The benefit will commence on the date the employee would have been eligible for Normal Retirement. If an active participant dies after his Normal Retirement Date, the Eligible Spouse will receive a monthly benefit payable immediately based on a 100% Joint and Survivor Pension. In lieu of this survivor benefit, the surviving spouse may elect instead to receive a lump sum distribution equal to the lump sum amount the participant would have been entitled to upon the date of his death.
Normal Form and Optional Forms of Retirement Benefits	The normal annuity form for single participant is a single life annuity. The normal annuity form for married participants is a reduced 50% Joint and Survivor annuity. Other available options are a ten year certain annuity, a joint and survivor annuity or any other option offered by the Committee. The lump-sum option is available to participants who retire on or after their Normal Retirement Date. Amounts payable from the plan are offset by the percent of the Prior Service Credit attributed to the benefit payable under the current plan multiplied by the sum of all prior benefits.
Actuarial Equivalence	Optional payment forms are converted from a single life annuity according to actuarial factors based on the following: **Mortality** 1. Participants – the 94 GAR Blended mortality table (no rating of ages) 2. Beneficiaries – the 94 GAR Blended mortality table (age rated down two years) 3. Lump-sum payment – applicable mortality table under the Pension Protection Act **Interest** 1. Optional annuity forms – 6.0% 2. Lump sum payments – applicable November segmented interest rates under the Pension Protection Act with five-year phase-in. In no event will the lump sum paid be less than the lump sum amount determined using the interest rate and mortality assumptions for optional annuity forms.

Section VIII: Actuarial Basis *(continued)*

Summary of Plan Provisions *(continued)*

Changes Since Prior Valuation	The definition of compensation used to calculate pension benefits has changed since the previous valuation. Compensation earned prior to January 1, 2011 is comprised of W-2 earnings plus certain deferrals. After December 31, 2010, compensation is comprised of base salary earnings for salaried employees or regular, hourly wages (excluding overtime or shift differential pay) to non-salaried employees plus the same deferrals. Compensation in the final year of employment is limited to 115% of the average of the other two highest years of compensation as of January 1, 2011. In addition, the lump sum payment form is no longer an optional form of payment for participants that have not earned credited service prior to January 1, 2011.

MERCER

Mercer, Inc.
150 North Wacker Drive, Suite 1500
Chicago, IL 60606-7500
312.902.7500