Gabriel Roeder Smith & Company
Consultants & Actuaries

REGIONAL TRANSPORTATION AUTHORITY PENSION PLAN

ACTUARIAL VALUATION AS OF JANUARY 1, 2016

CONTENTS

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August 5, 2016

Board of Trustees
Regional Transportation Authority Pension Plan
Chicago, Illinois

Dear Trustees:

We are pleased to provide our formal annual Actuarial Valuation Report as of January 1, 2016, for the Regional Transportation Authority Pension Plan ("RTA Pension Plan"). The actuarial valuation was performed at the request of the Regional Transportation Authority ("RTA") and is intended for use by the RTA and those designated by the RTA. This report may be provided to parties other than the RTA only in its entirety and only with the permission of the RTA.

This report provides, among other things, the recommended annual contribution of the RTA Pension Plan for the Plan Year commencing January 1, 2016, and ending on December 31, 2016.

Members that meet eligibility conditions may receive a lump sum benefit from the RTA Pension Plan in lieu of an annuity. The assumption basis used by the Plan Administrator to calculate lump sum payments is based on segment interest rates prescribed by the IRS and changes annually. Beginning with the 2013 actuarial valuation, the assumption basis used in the actuarial valuation to project future lump sum payments is updated annually to reflect the actual segment interest rates and mortality table being used. The other actuarial assumptions and the actuarial cost method used in this valuation are the same as those used in the prior valuation and are set forth in Section C: Valuation Procedures.

Section B outlines the principal benefit provisions of the Plan. Ordinance No. 2016-16, which was approved on April 21, 2016, and is effective July 1, 2016, provides for additional pre-retirement death benefits for the survivors of plan members and provides additional benefit payment form options. There have been no additional changes to the Plan provisions since the January 1, 2015, actuarial valuation.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Regional Transportation Authority Pension Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Lance J. Weiss and Amy Williams are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in Plan provisions or applicable law.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the Plan sponsor.

The actuarial valuation was based upon information furnished by the Regional Transportation Authority agencies and Reed-Ramsey, concerning benefits provided by the Regional Transportation Authority Pension Plan, financial transactions, Plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Regional Transportation Authority agencies or Reed-Ramsey. When checking for internal year-to-year consistency, GRS identified and made assumptions for missing data for a few data records, but did not modify the data.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Lance J. Weiss

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SECTION A

VALUATION RESULTS

COMMENTS ON THE VALUATION

Purpose and Data

At your request we have performed the actuarial valuation of the Regional Transportation Authority Pension Plan as of January 1, 2016.

The purposes of this actuarial valuation are as follows:

- To determine the funding status of the RTA Pension Plan as of the valuation date; and
- To determine the recommended contribution for the current fiscal year.

Accounting information, as required under GASB Statement Number 67 (pension plan accounting) and GASB Statement Number 68 (employer accounting for pension plans), is shown in a separate report. GASB Statement Numbers 67 and 68 were first effective with fiscal year ending December 31, 2014, and December 31, 2015, respectively.

We received the data from the Regional Transportation Authority agencies and Reed-Ramsey. We performed certain checks for reasonableness and found most of the data to be complete and reliable for valuation purposes. When checking for internal year-to-year consistency, GRS identified and made assumptions for missing data for a few data records, but did not otherwise modify the data.

A total of 1,114 active members were included in the valuation as of January 1, 2016. Between the 2015 and 2016 actuarial valuations, the number of active employees increased by 19 members, or 1.7 percent. The average annual valuation pay increased by 4.4 percent, from $76,243 to $79,590 between the 2015 and 2016 actuarial valuations. The number of benefit recipients increased from 627 to 670, or 6.9 percent, since the last actuarial valuation. The average monthly benefit increased by 1.6 percent, from $1,474 to $1,498.

Section B outlines the principal benefit provisions of the Plan. Ordinance No. 2016-16, which was approved on April 21, 2016, and is effective July 1, 2016, made the following changes to the Plan provisions since the January 1, 2015, actuarial valuation:

1. Provides an actuarially reduced Joint and Survivor Annuity with Pop-Up as an additional benefit payment option;
2. Provides a pre-retirement death benefit to the dependent children of an employee who dies in service if no spouse is alive; and
3. Provides a 100% joint and survivor (J&S) benefit to the spouse of an employee who dies in service after meeting the Rule of 85 retirement eligibility conditions (previously a 50% joint and survivor benefit was payable).

Actuarial Assumption and Method Changes

The actuarial assumptions and the actuarial cost method remain unchanged from the prior actuarial valuation as of January 1, 2015, except for the conversion factors use to calculate lump sum benefits.

Members that meet eligibility conditions may receive a lump sum benefit from the RTA Pension Plan in lieu of an annuity. The assumption basis used by the Plan Administrator to calculate lump sum payments is based on segment interest rates prescribed by the IRS and changes annually. Beginning with the 2013 actuarial valuation, the assumption basis used in the actuarial valuation to project future lump sum payments is updated annually to reflect the actual segment interest rates being used.

Gain/Loss Analysis

During the plan year ending December 31, 2015, the unfunded actuarial accrued liability ("UAAL") decreased from $74,181,574 as of January 1, 2015, to $20,765,465 as of January 1, 2016, which is a decrease of $53,416,109. The key factors contributing to the change in UAAL are summarized in the following table:

Source	Change in UAAL
UAAL at January 1, 2015	**$ 74,181,574**
Normal Cost and Interest on UAAL and Normal Cost	12,881,468
Recommended Contribution for 2015	(13,598,896)
Change Due to Additional Contribution in 2015	(63,496,198)
Change Due to Updated Assumptions and Methods	(355,162)
Change Due to Changes in Benefit Provisions	588,069
(Gain) Loss on Assets [1]	5,511,049
Salary and Demographic (Gain) Loss	5,053,561
UAAL at January 1, 2016	**$ 20,765,465**

[1] *Includes gains and losses on an actuarial value of assets basis.*

There have been losses in each of the last four years due to salary increases that were higher than assumed. We recommend reviewing this actuarial assumption prior to the next actuarial valuation and adjusting the assumptions as needed.

Plan Asset Return

On a market value basis, the RTA Pension Plan assets had an investment return of approximately -4.8 percent. Partial recognition of the fiscal year end 2011, 2014 and 2015 investment losses, which was partially offset by partial recognition of the investment gains during fiscal years ending 2012 and 2013, resulted in an estimated net asset rate of return of 4.6 percent on an actuarial basis, which compares to the assumed rate of return of 7.50 percent for fiscal year 2015.

Statutory and Recommended Employer Contributions

The minimum employer contribution is defined in Chapter 40, Section 5/22-103 of the Illinois Compiled statutes. This section states:

1. An "under-funded pension Plan" is defined as a pension Plan which has a funded ratio of less than 90% at the last actuarial valuation.
2. An "under-funded pension Plan" shall contribute, in addition to amounts otherwise required, amounts sufficient to bring the funded ratio up to 90% over a maximum period of 50 years from January 1, 2009.
3. The additional contributions shall be in substantially equal annual amounts over the funding period.

The pension Plan document defines the employers' funding policy as contributions at least equal to an amount determined advisable by the Plan's actuary to maintain the Plan on a sound actuarial basis. The Plan was considered an "under-funded pension Plan" at the last actuarial valuation because the funded ratio was less than 90%. Beginning with the valuation as of January 1, 2015, the Board has adopted a 30-year level-dollar closed-period amortization policy, meaning the amortization period will begin at 30 years at the valuation as of January 1, 2015, and decrease by one year each year thereafter. This contribution policy targets a funded ratio of 100% at the end of 30 years and therefore exceeds the minimum employer contribution as defined in the statutes. The contribution for fiscal year 2016 which is developed in the actuarial valuation as of January 1, 2016, is expected to be contributed at the end of fiscal year 2016.

The recommended contribution for fiscal year 2016 of $9,534,166, based on a 30-year closed-period, level-dollar amortization policy effective January 1, 2015, decreased by $4,064,730, from the recommended contribution of $13,598,896 for fiscal year 2015. The decrease is primarily due to the additional contribution made in fiscal year 2015.

The actuarial value of assets is currently 108 percent of the market value of assets. There is $19,252,214 in net losses currently being deferred that will be phased into the actuarial value of assets over the next four years. This will put upward pressure on recommended employer contribution absent any future offsetting actuarial gains.

Based on the current funding policy of contributing normal cost plus 30-year closed period level-dollar amortization of the unfunded liability, the funded ratio is projected to steadily increase and reach 100% at the end of 30 years. The normal cost is projected to increase by 3.25% each year and the amortization payment is projected to remain level until the end of the amortization period. Gains and losses, including recognition of deferred gains and losses in the actuarial value of assets, will decrease or increase the contribution requirement.

Funded Ratio

The funded ratio measures the portion of the actuarial accrued liability (calculated based on the actuarial assumptions disclosed in this report) that is currently funded. The funded ratio is 92.8 percent based on actuarial value of assets and 86.0 percent based on market value of assets. The funded ratio is not appropriate for assessing the sufficiency of plan assets for any other purpose.

GASB 67/68

Effective with fiscal year ending December 31, 2014, GASB #67 replaced GASB #25 for pension Plan financial reporting requirements. GASB #68 replaced GASB #27 for employer financial reporting effective with fiscal year ending December 31, 2015. The discount rate used for GASB #67 and #68 reporting purposes will be a blended or average discount rate based on 7.50 percent (RTA Pension Plan investment return assumption) for the projected benefits for all current members that can be paid from current assets and projected investment return, and future employer contributions attributable to current members, and a municipal bond rate (for example 4.00 percent) for the portion of the projected benefits after assets are depleted. Because the RTA is expected to fully fund benefits for current plan members within the next 30 years under the 30-year closed-period level-dollar amortization policy, a blended rate is not required.

Due to the shorter amortization periods required under GASB Statement Numbers 67 and 68, the liabilities and pension expense are expected to be more volatile than under GASB Statement Numbers 25 and 27.

A separate GASB Statement Numbers 67 and 68 report was issued with schedules to meet requirements under the new standards.

SUMMARY OF ACTUARIAL VALUATION RESULTS

		January 1, 2015 Results	January 1, 2016 Results
Membership Data	Active Members	1,095	1,114
	Vested Terminated	392	402
	Deferred Beneficiaries	6	6
	Transfers	79	72
	Retirees	536	572
	Beneficiaries	69	73
	QDRO (Alternate Payee)	22	25
	TOTAL	2,199	2,264
Plan Liabilities	Actuarial Accrued Liability:		
	Active Members	$ 140,867,716	$ 147,635,721
	Retirees and Beneficiaries	111,579,416	120,267,062
	Deferred Vested	17,877,271	18,555,163
	TOTAL	$ 270,324,403	$ 286,457,946
	Actuarial Value of Assets at Valuation Date	$ 196,142,829	$ 265,692,481
	Unfunded (Overfunded) Actuarial Accrued Liability	$ 74,181,574	$ 20,765,465
	Funded Position of Plan's Actuarial Accrued Liability [1]	72.6 %	92.8 %

Recommended Annual Contribution Requirements		Fiscal Year 2015	Fiscal Year 2016
	Annual Normal Cost as of Valuation Date	$ 6,252,511	$ 6,692,541
	Normal Cost Expense Load	554,791	524,908
	Interest on Normal Cost to End of Year [2]	510,548	541,309
	30-Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability at End of Year [3]	6,281,046	1,775,408
	Total Recommended Annual Contribution for the Current Plan Year	$ 13,598,896	$ 9,534,166
	Total Covered Payroll	$ 83,485,618	$ 88,663,051
	Recommended Annual Contribution (As a percentage of pay)	16.289%	10.753%

[1]*Equals the ratio of the actuarial value of assets to the total actuarial accrued liability.*
[2]*Assumes the contribution will be made at the end of the current fiscal year.*
[3]*30-year period as of January 1, 2015, and 29-year period as of January 1, 2016.*

Allocation of Recommended FY2016 Annual Contribution Requirements	**2015 Pensionable Payroll [1]**	**Allocation Percent**	**Allocated Recommended Annual Contribution Requirements for FY2016**
Metra	$ 40,833,326	53.1%	$ 5,062,642
Pace	28,109,111	36.5%	3,479,971
RTA	7,977,441	10.4%	991,553
Total	$ 76,919,879	100.0%	$ 9,534,166

Allocation of Recommended FY2015 Annual Contribution Requirements	**2014 Pensionable Payroll [2]**	**Allocation Percent**	**Allocated Recommended Annual Contribution Requirements for FY2015**
Metra	$ 35,170,174	49.9%	$ 6,785,849
Pace	27,577,876	39.1%	5,317,168
RTA	7,778,845	11.0%	1,495,879
Total	$ 70,526,895	100.0%	$ 13,598,896

[1] 2015 pensionable payroll for members active during 2015 and active, retired or terminated with a vested benefit in 2016.
[2] 2014 pensionable payroll for members active during 2014 and active, retired or terminated with a vested benefit in 2015.

DERIVATION OF EXPERIENCE (GAIN) LOSS
YEAR ENDED JANUARY 1, 2016

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is expected that gains and losses will cancel each other over a period of years, but year-to-year fluctuations are not uncommon. Detail on the derivation of the experience (gain) loss, along with a year-by-year comparative schedule, is shown below and on the next page.

1.	Unfunded Actuarial Accrued Liability at 01/01/2015	$ 74,181,574
2.	Normal Cost at 01/01/2015	6,807,302
3.	Interest on (1) and (2) to 01/01/2016 (at 7.50% per annum)	6,074,166
4.	Recommended Contribution for 2015 Plan Year	13,598,896
5.	Expected Unfunded Actuarial Accrued Liability at 01/01/2016 [(1) + (2) + (3) - (4)]	$ 73,464,146
6.	Effect of Additional Contributions Made in FY 2015	$ (63,496,198)
7.	Effect of Updating Lump Sum Conversion Factors	$ (355,162)
8.	Effect of Plan Provision Changes	$ 588,069
9.	Expected Unfunded Actuarial Accrued Liability at 01/01/2016 After Additional Contributions and Assumption and Plan Provision Changes [(5) + (6) + (7) + (8)]	$ 10,200,855
10.	Actual Unfunded Actuarial Accrued Liability at 01/01/2016	$ 20,765,465
11.	(Gain) Loss at 01/01/2016 [(10) - (9)]	$ 10,564,610

DERIVATION OF EXPERIENCE (GAIN) LOSS
YEAR ENDED JANUARY 1, 2016
(CONTINUED)

Year Ending December 31	Experience (Gain) Loss as % of Beginning of Year Accrued Liability	Estimated Rate of Return on Market Value of Assets	Estimated Rate of Return on Actuarial Value of Assets
2007	N/A	5.38 %	10.31 %
2008	N/A	(22.24)%	(6.40)%
2009	N/A	24.40 %	12.68 %
2010 [1]	N/A	11.14 %	5.06 %
2011 [2]	1.67 %	(0.31)%	3.01 %
2012 [3]	3.53 %	12.26 %	4.16 %
2013 [3]	(1.38)%	15.05 %	11.15 %
2014 [3]	0.93 %	1.92 %	8.08 %
2015 [3]	3.91 %	(4.84)%	4.58 %

[1] *Amounts prior to 2011 from prior actuary's valuation report as of January 1, 2011.*
[2] *2011 experience loss of 1.67% is net of change due to accrual accounting of market value of assets.*
[3] *Experience gains and losses are net of changes due to additional contributions and changes in assumptions and plan provisions.*

ANALYSIS OF ACTUARIAL GAINS AND LOSSES

	(Gains) Losses During the Year			
Attributable to:	FY 2015	FY 2014	FY 2013	FY 2012
Assets [1]	$ 5,511,049	$ (564,991)	$ (5,052,783)	$ 4,885,839
New Actives	552,800	685,031	339,420	347,929
Salary Changes	2,506,255	2,837,717	959,832	658,138
Other Demographic Experience [2]	1,994,506	(790,381)	704,147	1,205,951
Composite Actuarial (Gain) Loss	$ 10,564,610	$ 2,167,376	$ (3,049,384)	$ 7,097,857
	Additional (Decreases) Increases in Unfunded Liability			
Expected Change in Unfunded Liability	$ (717,428)	$ (493,771)	$ (604,342)	$ (549,425)
Additional Contributions	(63,496,198)	-	(7,397,590)	(6,746,698)
Changes in Actuarial Assumptions	(355,162)	19,073,525	(914,433)	6,141,397
Changes in Plan Provisions	588,069	-	-	-
Total Additional Changes	$(63,980,719)	$18,579,754	$ (8,916,365)	$ (1,154,726)
Total Change in Unfunded Liability	$(53,416,109)	$20,747,130	$(11,965,749)	$ 5,943,131

[1] *Includes gains and losses on an actuarial value of assets basis.*
[2] *Includes net impact of deviations from assumptions due to death, termination, transfer, retirement, lump sum conversions and data changes.*

STATEMENT OF PLAN NET POSITION
AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2015

	December 31, 2014	December 31, 2015
Net Plan Position Available for Benefits - Beginning of Year	$ 189,260,114	$ 194,510,431
Additions		
Investment Gain		
Net (depreciation) appreciation in fair value of investments	696,109	(11,639,559)
Interest and dividends	3,092,717	2,953,517
Total investment (loss) return	3,788,826	(8,686,042)
Less investment expenses		
Investment managers	271,733	318,277
Trust fees	7,150	10,525
Investment advisor	132,500	85,500
Total investment expenses	411,383	414,302
Net investment loss (gain)	3,377,443	(9,100,344)
Contributions		
METRA pension contributions	$ 6,466,096	$ 39,848,577
PACE pension contributions	5,579,076	33,844,343
RTA pension contributions	1,644,024	3,402,174
Total contributions	13,689,196	77,095,094
Total Additions	$ 17,066,639	$ 67,994,750
Deductions		
Benefit Payments	$ 11,360,171	$ 15,658,298
Administrative Expenses	456,151	406,616
Total Deductions	$ 11,816,322	$ 16,064,914
Net Increase in Net Assets Available for Benefits	$ 5,250,317	$ 51,929,836
Net Plan Position for Benefits - End of Year	$ 194,510,431	$ 246,440,267

Assets are based on accrual accounting and consistent with asset values shown in the Plan's financial statement.

STATEMENT OF CHANGES IN NET PLAN POSITION FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2015

	Fiscal Year Ending	
	December 31, 2014	**December 31, 2015**
Assets:		
Cash and Cash Equivalents	$ 14,966,405	$ 68,753,531
Investments, at Fair Value		
Corporate Fixed Income Mutual Fund	63,210,230	62,872,362
Equity Mutual Funds	76,922,250	74,813,197
Common Stocks	9,491,781	9,588,063
Venture Capital	8,459,803	8,080,230
Balanced Funds	21,571,370	22,389,854
Total Investments	179,655,434	177,743,706
Receivables:		
Accrued Interest	142	5,698
Accrued Dividends	2,333	2,259
Total Receivables	2,475	7,957
Total Assets	$ 194,624,314	$ 246,505,194
Liabilities:		
Due to RTA	$ 18,200	$ -
Accrued Expense	95,683	64,927
Total Liabilities	$ 113,883	$ 64,927
Plan Net Position - Available for Benefits	$ 194,510,431	$ 246,440,267

Assets are based on accrual accounting and consistent with asset values shown in the Plan's financial statement.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	2014	2015	2016	2017	2018	2019
Beginning of Year:						
(1) Market Value of Assets	$189,260,114	$194,510,431				
(2) Actuarial Value of Assets	180,317,254	196,142,829				
End of Year:						
(3) Market Value of Assets	194,510,431	246,440,267				
(4a) Contributions	13,689,196	77,095,094				
(4b) Net Disbursements	11,948,822	16,150,414				
(5) Total Investment Income						
=(3)-(1)-(4a)+(4b)	3,509,943	(9,014,844)				
(6) Projected Rate of Return	7.75%	7.50%				
(7) Projected Investment Income						
=(1)x(6)-([1+(6)]^.5-1)x(4b)	14,213,281	13,993,591				
(8) Asset Adjustment	0	0				
(9) Investment Income in						
Excess of Projected Income	(10,703,338)	(23,008,435)				
(10) Excess Investment Income Recognized						
This Year (5-year recognition)						
(10a) From This Year	(2,140,668)	(4,601,687)				
(10b) From One Year Ago	2,210,323	(2,140,668)	(4,601,687)			
(10c) From Two Years Ago	1,155,891	2,210,323	(2,140,668)	$ (4,601,687)		
(10d) From Three Years Ago	(2,012,480)	1,155,891	2,210,323	(2,140,668)	$ (4,601,687)	
(10e) From Four Years Ago	658,854	(2,012,478)	1,155,889	2,210,324	(2,140,666)	$ (4,601,687)
(10f) Total Recognized Investment Gain/(Loss)	(128,080)	(5,388,619)	(3,376,143)	(4,532,031)	(6,742,353)	(4,601,687)
(11) Change in Actuarial Value of Assets						
=(4a)-(4b)+(7)+(8)+(10f)	15,825,575	69,549,652				
End of Year:						
(3) Market Value of Assets	**194,510,431**	**246,440,267**				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	196,142,829	265,692,481				
(12a) Upper Corridor Limit 120% x (3)	233,412,517	295,728,320				
(12b) Lower Corridor Limit 80% x (3)	155,608,345	197,152,214				
(13) Adjustment to Remain within 20% Corridor	0	0				
(14) Final Actuarial Value of Assets as of 12/31	**196,142,829**	**265,692,481**				
(15) Difference Between Market & Actuarial Values	(1,632,398)	(19,252,214)				
(16) Market Value Rate of Return	1.92%	(4.84)%				
(17) Actuarial Value Rate of Return	8.08%	4.58%				
(18) Ratio of Actuarial Value to Market Value	101%	108%				

Disbursements include investment advisor fees.

SECTION B

BENEFIT PROVISIONS AND VALUATION DATA

BRIEF SUMMARY OF PLAN PROVISIONS AS OF JANUARY 1, 2016

Following is a summary of the major Plan provisions used in the actuarial 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 the different interpretations could lead to different valuation results.

Effective Date and Plan Year

The RTA Pension Plan became effective July 1, 1976, and was amended and restated effective June 1, 1984, January 1, 1987, and January 1, 1996. The Plan year is the calendar year.

Most Recent Amendment

The RTA Pension Plan was most recently amended and restated effective July 1, 2016.

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 RTA Pension Plan.

Normal Retirement Date

First day of the calendar month coincident with or next following a participant's 65^{th} 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 Pension 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, amount 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.

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.

Normal Retirement Benefit

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 will 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 10 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 (with Surviving Spouse)

If an active or inactive participant dies prior to his Retirement Date after completion of at least five years of service and is not eligible for the Rule of 85 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.

1. If the participant died after completion of 10 years of service
   a) If the employee was age 55 or older at death, the benefit will commence to the spouse immediately.
   b) If the employee was less than age 55 at death, the benefit will commence on the date that employee would have attained age 55.
2. If the participant died after completion of 5 years of service but less than 10 years
   a) 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 or is Eligible for the Rule of 85 at the time of death, 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.

Death Benefit (without Surviving Spouse)

If an active or inactive participant dies prior to his Retirement Date and is not survived by a spouse, dependent children under age 26 will receive monthly benefits payable until age 26 that are actuarially equivalent to the Single Life Annuity to which the participant would otherwise be entitled.

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 10-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 and who have earned service credit prior to January 1, 2011.
Actuarial Equivalence	Optional payments 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.
Prior Benefit Offset	Amounts payable from the RTA Pension 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.
Changes Since Prior Valuation	Ordinance No. 2016-16, which was approved on April 21, 2016, and is effective July 1, 2016, made the following changes to the Plan provisions since the January 1, 2015, actuarial valuation: 1. Provides an actuarially reduced Joint and Survivor Annuity with Pop-Up as an additional benefit payment option 2. Provides a pre-retirement death benefit to the dependent

children of an employee who dies in service if no spouse is alive

3. Provides a 100% joint and survivor (J&S) benefit to the spouse of an employee who dies in service after meeting the Rule of 85 retirement eligibility conditions (previously a 50% joint and survivor benefit was payable)

SUMMARY OF CHANGES IN PARTICIPANT STATUS
(JANUARY 1, 2016)

	Actives [1]	Deferred Vested [2]	Deferred Beneficiaries [2]	Transfers [2]	Retirees [3]	Beneficiaries	QDRO (Alternate Payees)	Total
METRA Participants at 01/01/2015	506	149	3	67	277	40	15	1,057
PACE Participants at 01/01/2015	465	177	2	9	153	15	5	826
RTA Participants at 01/01/2015	<u>124</u>	<u>66</u>	<u>1</u>	<u>3</u>	<u>106</u>	<u>14</u>	<u>2</u>	<u>316</u>
Total Participants at 01/01/2015	1,095	392	6	79	536	69	22	2,199
New Entrants and Rehires	115	(2)		(1)				112
Non-Vested Terminations	(33)							(33)
Vested Terminations	(20)	20						0
Transfers	(1)			1				0
Retirement	(31)	(11)		(5)	47			0
Lump Sum Retirement	(10)	(1)						(11)
Death with Beneficiary	(1)				(4)	5		0
Death without Beneficiary		(1)			(6)	(1)		(8)
Benefit Terminations								0
Adjustments		5		(2)	(1)		3	5
METRA Participants at 01/01/2016	526	148	3	64	305	39	16	1,101
PACE Participants at 01/01/2016	473	183	2	6	167	18	7	856
RTA Participants at 01/01/2016	<u>115</u>	<u>71</u>	<u>1</u>	<u>2</u>	<u>100</u>	<u>16</u>	<u>2</u>	<u>307</u>
Participants at 01/01/2016	1,114	402	6	72	572	73	25	2,264

[1] *Includes 9 disabled members as of January 1, 2015, and includes 8 disabled members and excludes one former intern (who terminated in 2016) as of January 1, 2016.*

[2] *Valued as deferred vested members.*

[3] *Includes zero participants as of January 1, 2015 and zero participants as of January 1, 2016 receiving lump sum payments in the upcoming year.*

ACTIVE MEMBERS AS OF JANUARY 1, 2016
BY ATTAINED AGE AND YEARS OF BENEFIT SERVICE

Attained Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 and Over	Totals	Valuation Payroll
Under 25	15	-	-	-	-	-	-	-	**15**	**$ 659,539**
25-29	48	12	-	-	-	-	-	-	**60**	**3,336,982**
30-34	51	27	8	-	-	-	-	-	**86**	**6,126,531**
35-39	52	36	21	2	-	-	-	-	**111**	**8,232,828**
40-44	53	20	20	9	5	-	-	-	**107**	**8,482,843**
45-49	52	33	35	18	8	5	-	-	**151**	**12,497,911**
50-54	51	34	25	34	11	16	2	-	**173**	**14,349,351**
55-59	56	20	22	28	21	27	11	6	**191**	**16,519,911**
60-64	28	18	23	16	18	29	10	9	**151**	**13,194,547**
65-69	6	8	13	4	7	5	5	3	**51**	**4,465,114**
70-74	2	1	3	1	1	3	-	-	**11**	**610,799**
75 and Over	-	4	-	3	-	-	-	-	**7**	**186,695**
Total	**414**	**213**	**170**	**115**	**71**	**85**	**28**	**18**	**1,114**	**$88,663,051**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

	Current Valuation	Previous Valuation
Average Age:	49.3 years	49.3 years
Average Benefit Service:	10.6 years	10.7 years
Average Annual Pay:	$79,590	$76,243
Metra:	$90,539	$85,338
Pace:	$68,113	$67,285
RTA:	$76,713	$72,718
Vested Participants:	703	730
Nonvested Participants:	411	365

DEFERRED VESTED MEMBERS AS OF JANUARY 1, 2016

Deferred Vested Members

Age Group	Number	Monthly Pension[1]
Under 25	0	$ -
25-29	6	2,101
30-34	23	8,357
35-39	21	10,797
40-44	40	26,304
45-49	70	39,057
50-54	97	57,582
55-59	113	63,473
60-64	92	52,522
65+	18	10,026
Total	480	$ 270,220

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

	Current Valuation	Previous Valuation
Average Age:	52.7	52.4
Average Monthly Benefit:	$563	$555

[1]If at least 10 years of service, calculated based on a commencement age of 60 and an actuarial reduction applied to the benefit. If less than 10 years of service, calculated based on a commencement age of 65.

MEMBERS IN PAY STATUS AS OF JANUARY 1, 2016

Members Currently in Pay Status

Age Group	**Number**	**Monthly Pension**
Under 55	1	$ 1,260
55-59	36	44,025
60-64	139	280,387
65-69	207	368,481
70-74	137	173,378
75-79	74	75,253
80-84	45	44,522
85-89	21	11,570
90+	9	3,493
Unknown	1	1,152
Total	670	$ 1,003,522

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

	Current Valuation	**Previous Valuation**
Average Age:	69.9	69.6
Average Monthly Benefit:	$1,498	$1,474

SECTION C

VALUATION PROCEDURES

ACTUARIAL COST METHOD

Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using the ***Entry Age Normal*** *actuarial cost method* having the following characteristics:

- The normal cost for each individual active member equals a level percentage of an individual's covered payroll (sometimes level dollar). If this rate is contributed from the date of hire (entry age) to the date of retirement, the amount would accumulate to the present value of projected benefits at retirement; and

- The actuarial accrued liability for each individual active member equals the accrual of normal costs that are expected to have been paid in the past. The actuarial accrued liability for retired and inactive members equals the present value of benefits.

Financing of Unfunded Actuarial Accrued Liabilities. The unfunded actuarial accrued liability is amortized using a level-dollar 30-year amortization over a closed period beginning January 1, 2015. 29 years remain as of January 1, 2016.

Actuarial Value of Pension Plan Assets. The asset value is the actuarial value of assets which is calculated by recognizing 20 percent of the investment gain or loss (the difference between the actual investment return and the expected investment return, which is 7.75 percent beginning January 1, 2012 and 7.50 percent beginning January 1, 2015) on the market value of assets for each of the five following fiscal years. The actuarial value of assets is subject to a 20% corridor around market value of assets.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contribution and benefit values of the Plan are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost method described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- Long-term rates of investment return to be generated by the assets of the RTA Pension Plan;
- Patterns of pay increases to members;
- Rates of mortality among members, retirees and beneficiaries;
- Rates of withdrawal of active members;
- Rates of disability among members; and
- The age patterns of actual retirement.

In an actuarial valuation, the monetary effect of each actuarial assumption is calculated for as long as a present covered person survives; a period of time which can be as long as a century.

Actual experience of the Plan will not coincide exactly with assumed experience. Each actuarial valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

The actuarial assumptions were last updated first effective with the valuation as of January 1, 2015, based on the experience study covering the period January 1, 2008, through January 1, 2013.

The assumed rate of price inflation was 2.75%. This assumption is not used directly in the valuation. However, the price inflation assumption underlies all of the other economic assumptions (investment return, salary increase and payroll growth assumption).

The assumed rate of investment return used was 7.50%, net of investment expenses, annually.

The rates of annual salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based.

Salary Increases

Age	Rate
20	8.75%
25	5.75%
30	5.50%
35	4.75%
40	4.25%
45	4.00%
50	3.75%
55	3.75%
60	3.75%
65	3.25%

The mortality table used to measure retirement mortality was RP 2014 Employee Mortality table, sex-distinct, for pre-retirement mortality and the RP 2014 Healthy Annuitant Mortality table, sex-distinct, for post-retirement mortality. This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. Based on the most recent experience study, these tables provide a margin for near-term mortality improvements.

	Single Life Retirement Values - Retired				Single Life Retirement Values - Active			
Sample Attained	Present Value of $1 Monthly for Life		Future Life Expectancy (years)		Present Value of $1 Monthly for Life		Future Life Expectancy (years)	
Ages	Men	Women	Men	Women	Men	Women	Men	Women
50	142.80	147.06	32.51	35.19	147.20	152.73	34.37	38.85
55	136.40	141.23	28.23	30.70	140.57	147.90	29.71	34.08
60	128.43	133.63	24.07	26.29	132.06	141.49	25.18	29.39
65	118.42	124.07	20.05	22.04	121.52	132.94	20.85	24.78
70	106.21	112.46	16.23	18.01	108.95	121.82	16.82	20.30
75	91.99	98.84	12.70	14.28	94.28	107.73	13.09	16.01
80	76.20	83.43	9.54	10.90	77.60	90.04	9.73	11.94

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

Employee Withdrawal Rate (5 or more years of service)

Age	Rate	Age	Rate
Under 30 [1]	10.00%	38	5.00%
31	7.50%	39	4.75%
32	7.00%	40	4.50%
33	6.50%	41	4.30%
34	6.00%	42	4.10%
35	5.75%	43	3.90%
36	5.50%	44	3.70%
37	5.25%	45+	3.50%

[1] *Rate for females younger than age 30 is 8.00%.*

The following service-based rates are used instead of the age-based withdrawal rates shown above for the first four years of service:

Years of Service	Male	Female
1	12.0%	10.0%
2	11.0%	9.0%
3	10.0%	8.0%
4	10.0%	8.0%

Members who terminate service with at least 10 years of service are assumed to commence benefits at age 60. Vested terminated members with less than 10 years of service are assumed to commence benefits at age 65.

Rates of disability were as follows:

Employee Disablement Rate		
Age	**Males**	**Females**
20	0.015%	0.015%
25	0.019%	0.024%
30	0.024%	0.040%
35	0.035%	0.068%
40	0.059%	0.106%
45	0.101%	0.162%
50	0.179%	0.267%
55	0.361%	0.476%
60	0.628%	0.580%

Rates of retirement for members eligible to retire during the next year were as follows:

Age	Reduced Benefit Rates	Unreduced Benefit Rates	Age	Unreduced Benefit Rates
55	2.0 %	5.0 %	65	20.0 %
56	2.0	2.0	66	20.0
57	2.0	2.0	67	20.0
58	2.0	2.0	68	20.0
59	2.0	2.0	69	30.0
60	10.0	20.0	70	30.0
61	10.0	10.0	71	30.0
62	10.0	10.0	72	30.0
63	5.0	10.0	73	30.0
64	5.0	10.0	74	30.0
			75+	100.0

For members with 40 or more years of service and younger than age 75, the assumed rate of retirement is 75%.

Marital Status: It is assumed that 75% of males and 50% of females have an eligible spouse. The male spouse is assumed to be three years older than the female spouse.

Dependent Assumptions: The following assumptions are made for the dependent preretirement death benefit:

- 5% of males and 10% of females will have dependent children eligible;
- The youngest child of an eligible employee is 35 years younger than the employee; and
- Members younger than age 25 do not have children.

Form of Payment: 50% of lump sum eligible retirees were assumed to elect the lump sum form of payment.

Benefit Service: Exact fractional years of service are used to determine the amount of benefit payable.

Decrement Timing: All decrements are assumed to occur mid-year.

Decrement Operation: Turnover decrements do not operate after the member reaches retirement eligibility.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur.

Pay Increase Timing: End of (fiscal) year.

Expenses: Expenses added to the Normal Cost were assumed to be 105 percent of the average actual administrative expenses over the past three years.

Fiscal Year End	Administrative Expense	Investment Advisor Expenses	Total Actual Expenses	Assumed Expenses in Following Fiscal Year
2015	$ 406,616	$ 85,500	$ 492,116	$ 524,908
2014	456,151	132,500	588,651	
2013	334,688	84,283	418,971	

Service for Continuing Actives: All members active last year and this year earned a full year of service.

Missing/Incomplete Data: A pay rate of $67,108 is assumed for members with a missing pay rate.

Lump Sum Conversion Factors:

The annual lump sum conversion factors are based on the November segment rates and the applicable mortality table under the Pension Protection Act.

For actuarial valuation purposes only, for projected retirements within five years of the valuation date who are assumed to elect lump sums, the rates from the November preceding the valuation are used.

For projected retirements more than five years after the valuation date who are assumed to elect lump sums, the lump sum conversion factors are based on assumed segment rates. The current applicable mortality assumption under the Pension Protection Act is used.

Assumed Rates	Assumed Retirements within 5 Years	Assumed Retirements after 5 Years
First Segment	1.76%	2.75%
Second Segment	4.15%	5.35%
Third Segment	5.13%	6.30%

SECTION D

HISTORICAL PLAN TRENDS

FUNDED RATIO HISTORY

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Payroll [(b – a)/c]
1/01/2011	$ 127,343,037	$ 185,373,843	$ 58,030,806	68.7 %	$ 66,490,058	87.3 %
1/01/2012	141,387,904	200,844,966	59,457,062	70.4	67,176,064	88.5
1/01/2013	155,997,793	221,397,986	65,400,193	70.5	70,634,459	92.6
1/01/2014	180,317,254	233,751,698	53,434,444	77.1	74,809,822	71.4
1/01/2015	196,142,829	270,324,403	74,181,574	72.6	83,485,618	88.9
1/01/2016	265,692,481	286,457,946	20,765,465	92.8	88,663,051	23.4

Amounts prior to 2012 as shown in prior actuary's report.
Beginning with the actuarial valuation as of January 1, 2012, the market value of assets used to develop the actuarial value of assets is based on accrual accounting and consistent with the asset value shown in the Plan's financial statement.

EMPLOYER CONTRIBUTION HISTORY

Fiscal Year Ended	Recommended Annual Contribution (a)	Total Employer Contribution (b)	Percentage Contributed (b / a)
12/31/2011	$ 12,547,000	$ 12,547,000	100.0 %
12/31/2012	13,493,395	20,240,093	150.0
12/31/2013	14,795,180	22,192,770	150.0
12/31/2014	13,689,196	13,689,196	100.0
12/31/2015	13,598,896	77,095,000	566.9
12/31/2016	9,534,166	TBD	TBD

SECTION E

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Actuarial Accrued Liability (AAL). The difference between (i) the actuarial present value of future Plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future Plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the Pension Plan. Demographic, or "people" assumptions, include rates of mortality, retirement and separation. Economic, or "money" assumptions, include expected investment return, inflation and salary increases.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future Plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Present Value of Future Plan Benefits. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (AVA). Smoothed value of assets that recognizes the difference between the expected investment return using the valuation assumption of 8.25 percent and the actual investment return over a five-year period. Dampens volatility of asset value over time.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution. The sum of the normal cost and amortization of the unfunded actuarial accrued liability.

Asset Return. The net investment return for the asset divided by the mean asset value. Example: if $1.00 is invested and yields $1.08 after a year, the asset return is 8.00 percent.

Funded Ratio. The actuarial value of assets divided by the actuarial accrued liability. Measures the portion of the actuarial accrued liability that is currently funded.

Market Value of Assets (MVA). The value of assets currently held in the trust available to pay for benefits of the Pension Plan. Each of the investments in the trust is valued at market price which is the price at which buyers and sellers trade similar items in the open market.

Normal Cost (NC). The annual cost assigned, under the actuarial funding method, to current and subsequent Plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Unfunded Actuarial Accrued Liability (UAAL). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."