Gabriel Roeder Smith & Company
Consultants & Actuaries

REGIONAL TRANSPORTATION AUTHORITY PENSION PLAN

ACTUARIAL VALUATION AS OF JANUARY 1, 2015

CONTENTS

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August 4, 2015

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, 2015, 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, 2015, and ending on December 31, 2015. The actuarial assumptions and the actuarial cost method have changed from the prior valuation to reflect changes adopted from the experience study performed for the period January 1, 2008 to January 1, 2013, and are first effective with this valuation. The assumptions and cost method used are set forth in Section C: Valuation Procedures.

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 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 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 otherwise 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 otherwise modify the data.

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

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Lance Weiss, E.A., M.A.A.A., F.C.A.	Amy Williams, A.S.A., M.A.A.A., F.C.A.
Senior Consultant	Consultant

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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, 2015.

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 are first effective with fiscal year ending December 31, 2014 and December 31, 2015, respectively. This report contains historical information under GASB Statement Number 27.

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 1,095 active members were included in the valuation as of January 1, 2015. Between the 2014 and 2015 valuations, the number of active employees increased by 39 members, or 3.7 percent. The average annual valuation pay increased by 7.6 percent, from $70,843 to $76,243 between the 2014 and 2015 valuation. The number of benefit recipients increased from 592 to 627, or 5.9 percent, since the last valuation. The average monthly benefit increased by 2.0 percent, from $1,445 to $1,474.

Section B outlines the principal benefit provisions of the Plan. There have been no changes in the Plan provisions since the January 1, 2014 actuarial valuation.

Actuarial Assumption and Method Changes

The actuarial assumptions and the actuarial cost method have changed from the prior valuation to reflect changes adopted from the experience study performed for the period January 1, 2008 to January 1, 2013, and are first effective with this valuation as of January 1, 2015. Following is a summary of the key changes:

- **Investment return:** The investment return assumption, net of investment expenses, compounded annually was decreased from 7.75 percent to 7.50 percent.
- **Mortality rates:** The mortality rates were updated from the RP2000 mortality table, sex-distinct, with white collar adjustments, projected to the year 2018 for both pre and post-retirement mortality to the RP2014 Employee mortality table, sex-distinct, for pre-retirement mortality and the RP2014 Healthy Annuitant mortality table, sex-distinct, for post-retirement mortality.
- **Cost Method:** The actuarial cost method used to determine the Actuarial Accrued Liability and the Normal Cost was changed from the Projected Unit Credit (PUC) to the Entry Age Normal (EAN) actuarial cost method.
- **Salary increase:** The projected salary increase assumption was decreased to reflect 3.25 percent general wage growth increases plus an age-based component for merit, longevity and promotion, ranging from 0.0 percent to 5.50 percent.

- **Retirement, termination and disability rates:** Retirement rates decreased, termination rates increased and disability rates decreased to better reflect observed experience of the plan.

Gain/Loss Analysis

During the plan year ending December 31, 2014, the unfunded actuarial accrued liability ("UAAL") increased from $53,434,444 as of January 1, 2014, to $74,181,574 as of January 1, 2015, which is an increase of $20,747,130. The key factors contributing to the change in UAAL are summarized in the following table:

Source	Change in UAAL
UAAL at January 1, 2014	**$ 53,434,444**
Normal Cost and Interest on UAAL and Normal Cost	13,195,425
Recommended Contribution for 2014	(13,689,196)
Change Due to Updated Assumptions and Methods	19,073,525
(Gain) Loss on Assets [1]	(564,991)
Demographic (Gain) Loss	2,732,367
UAAL at January 1, 2015	**$ 74,181,574**

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

Plan Asset Return

On a market value basis, the RTA Pension Plan assets had an investment return of approximately 1.9 percent. Partial recognition of the fiscal year end 2011 and 2014 investment losses, which was offset by partial recognition of the investment gains during fiscal years ending 2010, 2012, 2013, resulted in an estimated net asset rate of return of 8.1 percent on an actuarial basis, which compares to the assumed rate of return of 7.75 percent for fiscal year 2014.

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" because the funded ratio was less than 90% at the last actuarial valuation. 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 2015 which is developed in the valuation as of January 1, 2015, is expected to be contributed at the end of fiscal year 2015.

The recommended contribution for fiscal year 2015 of $13,598,896, based on a 30-year closed-period level-dollar amortization policy, decreased by $90,300, from $13,689,196 for fiscal year 2014. The decrease is primarily due to the change in assumptions including the change in actuarial cost method from the Projected Unit Credit method to the Entry Age Normal Cost method.

The actuarial value of assets is currently 101 percent of the market value of assets. There is $1,632,398 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 rate 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 72.6 percent based on actuarial value of assets and 72.0 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 is replacing GASB #25 for pension Plan financial reporting requirements. GASB #68 is replacing 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, no blended rate is 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. This report contains schedules through fiscal year ending December 31, 2014, as required under GASB Statement Number 27.

Summary of Actuarial Valuation Results

		January 1, 2014 Results	January 1, 2015 Results
Membership Data	Active Members	1,056	1,095
	Retirees and Beneficiaries	592	627
	Deferred Vested	469	477
	TOTAL	2,117	2,199
Plan Liabilities	Actuarial Accrued Liability:		
	Active Members [1]	$ 116,502,213	$ 140,867,716
	Retirees and Beneficiaries	100,798,431	111,579,416
	Deferred Vested	16,451,054	17,877,271
	TOTAL	$ 233,751,698	$ 270,324,403
	Actuarial Value of Assets at Valuation Date	$ 180,317,254	$ 196,142,829
	Unfunded (Overfunded) Actuarial Accrued Liability	$ 53,434,444	$ 74,181,574
	Funded Position of Plan's Actuarial Accrued Liability [2]	77.1 %	72.6 %

Recommended Annual Contribution Requirements		Fiscal Year 2014	Fiscal Year 2015
	Annual Normal Cost as of Valuation Date [1]	$ 7,903,021	$ 6,252,511
	Normal Cost Expense Load	500,000	554,791
	Interest on Normal Cost to End of Year [3]	651,234	510,548
	30-Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability at End of Year	4,634,941	6,281,046
	Total Recommended Annual Contribution for the Current Plan Year	$ 13,689,196	$ 13,598,896
	Total Covered Payroll	$ 74,809,822	$ 83,485,618
	Recommended Annual Contribution (As a percentage of pay)	18.299%	16.289%

[1] *Based on the Projected Unit Credit actuarial cost method in the January 1, 2014 valuation and the Entry Age Normal actuarial cost method in the January 1, 2015 valuation.*
[2] *Equals the ratio of the actuarial value of assets to the total actuarial accrued liability.*
[3] *Assumes the contribution will be made at the end of the current fiscal year.*

Allocation of Recommended FY2015 Annual Contribution Requirements	**2014 Pensionable Payroll** [1]	**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

Allocation of Recommended FY2014 Annual Contribution Requirements	**2013 Pensionable Payroll** [2]	**Allocation Percent**	**Allocated Recommended Annual Contribution Requirements for FY2014**
Metra	$ 30,970,263	47.2%	$ 6,466,096
Pace	26,721,754	40.8%	5,579,076
RTA	7,874,280	12.0%	1,644,024
Total	$ 65,566,297	100.0%	$ 13,689,196

[1] *2014 pensionable payroll for members active during 2014 and active, retired or terminated with a vested benefit in 2015.*
[2] *2013 pensionable payroll for members active during 2013 and active, retired or terminated with a vested benefit in 2014.*

DERIVATION OF EXPERIENCE (GAIN) LOSS
YEAR ENDED JANUARY 1, 2015

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 01/01/2014	$ 53,434,444
2.	Normal Cost at 01/01/2014	8,403,021
3.	Interest on (1) and (2) to 01/01/2015 (at 7.75% per annum)	4,792,404
4.	Recommended Contribution for 2014 Plan Year	13,689,196
5.	Expected Unfunded Actuarial Accrued Liability at 01/01/2015 [(1) + (2) + (3) - (4)]	$ 52,940,673
6.	Effect of Assumption Changes at 01/01/2015	$ 19,073,525
7.	Expected Unfunded Actuarial Accrued Liability at 01/01/2015 After Assumption Changes [(5) + (6)]	$ 72,014,198
8.	Actual Unfunded Actuarial Accrued Liability at 01/01/2015	$ 74,181,574
9.	(Gain) Loss at 01/01/2015 [(8) - (7)]	$ 2,167,376

Loss due to timing of contribution (one year lag) is not included in amount above.

DERIVATION OF EXPERIENCE (GAIN) LOSS
YEAR ENDED JANUARY 1, 2015
(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 [4]	(1.38)%	15.05 %	11.15 %
2014 [5]	0.93 %	1.92 %	8.08 %

[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] *2012 experience loss of 3.53% is net of changes due to additional contributions and change in lump sum factors.*
[4] *2013 experience gain of 1.38% is net of changes due to additional contributions and change in lump sum factors.*
[5] *2014 experience loss of 0.93% is net of changes due to the update of the assumptions and methods.*

ANALYSIS OF ACTUARIAL GAINS AND LOSSES

	(Gains) Losses During the Year			
Attributable to:	**FY 2014**	**FY 2013**	**FY 2012**	**FY 2011**
Assets [1]	$ (564,991)	$ (5,052,783)	$ 4,885,839	$ 6,683,638
Accrual Accounting Asset Value [2]	-	-	-	(11,108,228)
New Actives	685,031	339,420	347,929	203,247
Salary Changes	2,837,717	959,832	658,138	(1,739,695)
Other Demographic Experience [3]	(790,381)	704,147	1,205,951	(2,042,390)
Composite Actuarial (Gain) Loss	$ 2,167,376	$ (3,049,384)	$ 7,097,857	$ (8,003,428)

[1] *Includes gains and losses on an actuarial value of assets basis.*
[2] *Market value of assets as of December 31, 2011, used to develop actuarial value of assets based on accrual accounting and consistent with asset value shown in the Plan's financial statement.*
[3] *Includes net impact of deviations from assumptions due to death, termination, transfer, retirement and lump sum conversions.*

STATEMENT OF PLAN NET POSITION AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2014

	December 31, 2013	December 31, 2014
Net Plan Position Available for Benefits - Beginning of Year	$ 158,730,068	$ 189,260,114
Additions		
Investment Gain		
Net (depreciation) appreciation in fair value of investments	20,549,113	696,109
Interest and dividends	2,253,992	3,092,717
Total investment (loss) return	22,803,105	3,788,826
Less investment expenses		
Investment managers	393,951	271,733
Trust fees	58,679	7,150
Investment advisor	84,283	132,500
Total investment expenses	536,913	411,383
Net investment loss (gain)	22,266,192	3,377,443
Contributions		
METRA pension contributions	$ 10,336,575	$ 6,466,096
PACE pension contributions	9,225,892	5,579,076
RTA pension contributions	2,630,302	1,644,024
Total contributions	22,192,769	13,689,196
Total Additions	$ 44,458,961	$ 17,066,639
Deductions		
Benefit Payments	$ 13,594,227	$ 11,360,171
Administrative Expenses	334,688	456,151
Total Deductions	$ 13,928,915	$ 11,816,322
Net Increase in Net Assets Available for Benefits	$ 30,530,046	$ 5,250,317
Net Plan Position for Benefits - End of Year	$ 189,260,114	$ 194,510,431

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, 2013 and December 31, 2014

	Fiscal Year Ending	
	December 31, 2013	December 31, 2014
Assets:		
Cash and Cash Equivalents	$ 16,139,760	$ 14,966,405
Investments, at Fair Value		
Corporate Fixed Income Mutual Fund	50,317,971	63,210,230
Equity Mutual Funds	76,270,848	76,922,250
Common Stocks	9,908,137	9,491,781
Venture Capital	-	8,459,803
Balanced Funds	21,903,644	21,571,370
Total Investments	158,400,600	179,655,434
Receivables:		
Accrued Interest	115	142
Accrued Dividends	1,524	2,333
Pension Contribution - METRA	6,891,050	-
Pension Contribution - PACE	6,150,595	-
Pension Contribution - RTA	1,753,535	-
Total Receivables	14,796,819	2,475
Total Assets	$ 189,337,179	$ 194,624,314
Liabilities:		
Due to RTA	$ -	$ 18,200
Accrued Expense	77,065	95,683
Total Liabilities	$ 77,065	$ 113,883
Plan Net Position - Available for Benefits	$ 189,260,114	$ 194,510,431

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

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	2013	2014	2015	2016	2017	2018
Beginning of Year:						
(1) Market Value of Assets	$158,730,068	$189,260,114				
(2) Actuarial Value of Assets	155,997,793	180,317,254				
End of Year:						
(3) Market Value of Assets	189,260,114	194,510,431				
(4a) Contributions	22,192,769	13,689,196				
(4b) Net Disbursements	14,465,828	11,948,822				
(5) Total Investment Income						
=(3)-(1)-(4a)+(4b)	22,803,105	3,509,943				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)-([1+(6)]^.5-1)x(4b)	11,751,489	14,213,281				
(8) Asset Adjustment	0	0				
(9) Investment Income in						
Excess of Projected Income	11,051,616	(10,703,338)				
(10) Excess Investment Income Recognized						
This Year (5-year recognition)						
(10a) From This Year	2,210,323	(2,140,668)				
(10b) From One Year Ago	1,155,891	2,210,323	$ (2,140,668)			
(10c) From Two Years Ago	(2,012,480)	1,155,891	2,210,323	$ (2,140,668)		
(10d) From Three Years Ago	658,852	(2,012,480)	1,155,891	2,210,323	$ (2,140,668)	
(10e) From Four Years Ago	2,828,445	658,854	(2,012,478)	1,155,889	2,210,324	$ (2,140,666)
(10f) Total Recognized Investment Gain/(Loss)	4,841,031	(128,080)	(786,932)	1,225,544	69,656	(2,140,666)
(11) Change in Actuarial Value of Assets						
=(4a)-(4b)+(7)+(8)+(10f)	24,319,461	15,825,575				
End of Year:						
(3) Market Value of Assets	**189,260,114**	**194,510,431**				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	180,317,254	196,142,829				
(12a) Upper Corridor Limit 120% x (3)	227,112,137	233,412,517				
(12b) Lower Corridor Limit 80% x (3)	151,408,091	155,608,345				
(13) Adjustment to Remain within 20% Corridor	0	0				
(14) Final Actuarial Value of Assets as of 12/31	**180,317,254**	**196,142,829**				
(15) Difference Between Market & Actuarial Values	8,942,860	(1,632,398)				
(16) Market Value Rate of Return	15.05%	1.92%				
(17) Actuarial Value Rate of Return	11.15%	8.08%				
(18) Ratio of Actuarial Value to Market Value	95%	101%				

SECTION B

BENEFIT PROVISIONS AND VALUATION DATA

BRIEF SUMMARY OF PLAN PROVISIONS AS OF JANUARY 1, 2015

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 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 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 RTA Pension 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 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 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 that employee would have attained age 55.

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 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

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

SUMMARY OF CHANGES IN PARTICIPANT STATUS
(JANUARY 1, 2015)

	Actives [1]	Deferred Vested [2]	Retirees [3]	Beneficiaries [4]	Total
METRA Participants at 01/01/2014	469	219	253	51	992
PACE Participants at 01/01/2014	465	177	142	20	804
RTA Participants at 01/01/2014	122	73	106	20	321
Total Participants at 01/01/2014	1,056	469	501	91	2,117
New Entrants and Rehires	133	(6)			127
Non-Vested Terminations	(29)				(29)
Vested Terminations	(27)	27			0
Transfers					0
Retirement	(30)	(14)	44		0
Lump Sum Retirement	(4)				(4)
Deaths	(4)	(2)	(9)	(6)	(21)
Benefit Terminations				(1)	(1)
Adjustments		3		7	10
METRA Participants at 01/01/2015	506	219	277	55	1,057
PACE Participants at 01/01/2015	465	188	153	20	826
RTA Participants at 01/01/2015	124	70	106	16	316
Participants at 01/01/2015	1,095	477	536	91	2,199

[1] *Includes 7 disabled members as of January 1, 2014 and 9 disabled members as of January 1, 2015.*

[2] *Includes transfers.*

[3] *Includes zero participants as of January 1, 2014 and zero participants as of January 1, 2015 receiving lump sum payments in the upcoming year.*

[4] *Includes 21 alternate payees as of January 1, 2014 and 22 alternate payees as of January 1, 2015.*

ACTIVE MEMBERS AS OF JANUARY 1, 2015
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	14	-	-	-	-	-	-	-	**14**	**$ 629,809**
25-29	47	17	-	-	-	-	-	-	**64**	**3,559,987**
30-34	49	35	4	-	-	-	-	-	**88**	**5,841,301**
35-39	47	26	15	3	-	-	-	-	**91**	**6,456,453**
40-44	48	35	20	9	4	-	-	-	**116**	**8,666,249**
45-49	51	39	36	17	10	4	-	-	**157**	**12,539,094**
50-54	38	33	24	31	14	16	4	-	**160**	**12,997,378**
55-59	48	29	28	28	21	33	5	4	**196**	**16,309,556**
60-64	18	24	19	17	17	31	7	12	**145**	**12,199,632**
65-69	5	8	9	4	7	4	3	3	**43**	**3,254,446**
70-74	3	2	3	1	2	2	1	1	**15**	**870,595**
75 and Over	1	3	-	2	-	-	-	-	**6**	**161,118**
Total	**369**	**251**	**158**	**112**	**75**	**90**	**20**	**20**	**1,095**	**$ 83,485,618**

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:	10.7 years	11.1 years
Average Annual Pay:	$76,243	$70,843
Metra:	$85,338	$76,089
Pace:	$67,285	$64,917
RTA:	$72,718	$73,260
Vested Participants:	730	750
Nonvested Participants:	365	306

DEFERRED VESTED MEMBERS AS OF JANUARY 1, 2015

Deferred Vested Members

Age Group	Number	Monthly Pension
Under 25	0	$ -
25-29	7	2,186
30-34	21	8,894
35-39	25	12,309
40-44	42	28,002
45-49	65	32,578
50-54	99	66,944
55-59	127	67,053
60-64	76	41,169
65+	15	5,658
Total	477	$ 264,793

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:	52.4	52.2
Average Monthly Benefit:	$555	$542

MEMBERS IN PAY STATUS AS OF JANUARY 1, 2015

Members Currently in Pay Status

Age Group	Number	Monthly Pension
Under 55	1	$ 1,260
55-59	46	65,063
60-64	137	279,656
65-69	188	314,190
70-74	113	135,937
75-79	73	75,101
80-84	39	34,505
85-89	23	14,364
90+	6	2,813
Unknown	1	1,152
Total	627	$ 924,044

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:	69.6	69.3
Average Monthly Benefit:	$1,474	$1,445

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.

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 a valuation, the monetary effect of each 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 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.

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.

VALUATION ASSUMPTIONS
(CONCLUDED)

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 Expenses
2014	$ 456,151	$ 132,500	$ 588,651
2013	334,688	84,283	418,971
2012	454,996	122,500	577,496

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

SECTION D

GASB STATEMENT NO. 27

GASB 67 replaces GASB 25 for plan accounting first effective with fiscal year ending December 31, 2014. GASB 68 replaces GASB 27 for employer pension plan accounting first effective with fiscal year ending December 31, 2015. The GASB 67 and 68 schedules are provided in a separate report.

This information is presented in draft form for review by the Plan's auditor. Please let us know if there are any changes so that we may maintain consistency with the Plan's financial statements.

SCHEDULE OF HISTORICAL FUNDING PROGRESS FOR GASB NO. 27

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]
1/01/2010	$ 118,805,281	$ 166,663,123	$ 47,857,842	71.3 %	$ 68,389,409	70.0 %
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

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 actuarial value of assets is based on accrual accounting and consistent with asset value shown in the Plan's financial statement.

SCHEDULE OF HISTORICAL EMPLOYER CONTRIBUTIONS FOR GASB NO. 27

Fiscal Year Ended	Annual Required Contribution (a)	Total Employer Contribution [2,3,4] (b)	Percentage Contributed (b / a)
12/31/2010 [1]	$ 11,288,000	$ 11,288,000	100.0 %
12/31/2011	12,547,000	12,547,000	100.0
12/31/2012	13,493,395	13,493,395	100.0
12/31/2013	14,795,180	14,795,180	100.0
12/31/2014	13,689,196	13,689,196	100.0

[1] *Amounts as shown in prior actuary's report.*
[2] *The total employer contributions are consistent with the amounts shown in Plan's financial statements using accrual accounting. Amounts are actually contributed in the following year.*
[3] *Does not include discretionary contribution of $6,746,698 for 2012.*
[4] *Does not include discretionary contribution of $7,397,590 for 2013.*

Historical Annual Pension Cost and Contributions for GASB No. 27

Fiscal Year	(ARC) Annual Required Contribution	Interest on NPO	NPO Adjustment	(APC) Annual Pension Cost	Total Employer Contribution [2]	% of Annual Pension Cost Contributed	Beg. of Year Net Pension Obligation (NPO)	End of Year Net Pension Obligation (NPO)
2010 [1]	$ 11,288,000	$ 0	$ 0	$ 11,288,000	$ 11,288,000	100.0%	$ 0	$ 0
2011 [1]	12,547,000	0	0	12,547,000	12,547,000	100.0%	0	0
2012 [3]	13,493,395	0	0	13,493,395	13,493,395	100.0%	0	0
2013 [4]	14,795,180	0	0	14,795,180	14,795,180	100.0%	0	0
2014	13,689,196	0	0	13,689,196	13,689,196	100.0%	0	0

[1] *Amounts as shown in prior actuary's report.*
[2] *The total employer contributions are consistent with the amounts shown in Plan's financial statements using accrual accounting. Amounts are actually contributed in the following year.*
[3] *Does not include discretionary contribution of $6,746,698 for 2012.*
[4] *Does not include discretionary contribution of $7,397,590 for 2013.*

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level Dollar Closed
Amortization Period	30 years
Actuarial Assumptions:	
Investment Rate of Return	7.50% per year
Projected Salary Increases	Wage inflation of 3.25% per year plus additional age-based increases of up to 5.5%

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."