Gabriel Roeder Smith & Company
Consultants & Actuaries

RETIREMENT PLAN FOR CTA EMPLOYEES

ACTUARIAL VALUATION AS OF JANUARY 1, 2009

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

September 11, 2009

Mr. John Kallianis
Executive Director
Retirement Plan for CTA Employees
10 S. LaSalle – Suite 1100
Chicago, IL 60602

Subject: Actuarial Valuation Report for the Year Beginning January 1, 2009

Dear John:

At your request, we have performed an actuarial valuation for the Retirement Plan for Chicago Transit Authority Employees (the "Plan") as of January 1, 2009. This valuation has been performed to measure the funding status of the Plan as of January 1, 2009, and develop the contribution requirements for plan year 2010, as required under 40 ILCS 5/22-101(e). In addition, it includes disclosure information as of December 31, 2008, as required under GASB Statement Nos. 25 and 43 and a summary of the retiree healthcare subordination test for plan year 2008, as required under Internal Revenue Code § 401(h). The actuarial valuations of the Plan are performed annually.

Public Act 94-839, effective June 6, 2006, requires that the Plan's pension and retiree healthcare programs be separated into two distinct trusts by December 31, 2008. Public Act 94-839 changed the contribution level to a level-percent-of-pay policy that produces 90 percent funding of actuarial liabilities by fiscal year end 2059, using assumptions that are reasonable in the aggregate and the projected unit credit cost method.

Public Act 95-708, effective January 18, 2008, allows the Chicago Transit Authority to issue pension obligation bonds and deposit at least $1.1105 billion into the pension trust. Public Act 95-708 revises the level-percent-of-pay policy, to the contribution rates that produces 60 percent funding by fiscal year end 2039, and 90 percent funding by fiscal year end 2059.

This valuation is based upon:

> **Plan Member Data –** Census data for active members and persons receiving Plan benefits was provided by the Plan's staff. We have tested this data for reasonableness.
>
> **Asset Values –** Plan asset information was provided by the Plan's staff.
>
> **Actuarial Method –** The projected unit credit cost method, as required by 40 ILCS 5/22-101(e)(3) was used to measure the actuarial liability. This method spreads Plan benefit costs over the career of each employee based on service earned before and after the valuation date. The actuarial value of assets was based on a five-year smoothing period. The actuarial value of the pension account equals the actuarial value of assets less the market value of the retiree healthcare account.

Actuarial Assumptions – An experience review for the period from January 1, 2001, to December 31, 2007, was performed in order to recommend updates to the most recent set of actuarial assumptions used in the prior valuation. The valuation as of January 1, 2009, is based on the updated assumptions. The assumptions are set forth in Section IV, Assumptions and Methods.

Bond Structure – Information relating to the bond issue, including the debt service schedule and the average bond yield, was provided by the Authority.

Investment Policy – Information relating to the Plan's asset allocation and capital market assumptions was provided by the Plan.

The valuation results set forth in this report are based on the data and actuarial techniques described above, and upon the provision of the Plan as of the valuation date. Based on these items, we certify these results to be true and correct.

The undersigned 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.

Respectfully yours,

Alex Rivera

Alex Rivera, F.S.A., E.A.
Senior Consultant

Michael R. Kivi, F.S.A., E.A.
Senior Consultant

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SECTION I

EXECUTIVE SUMMARY

Executive Summary

In accordance with the request of the Retirement Plan Board of Trustees, we have prepared an actuarial valuation of the Retirement Plan for Chicago Transit Authority Employees ("Plan") as of January 1, 2009. The purpose of this valuation is to:

(1) Measure the funded status of the Plan as of January 1, 2009;
(2) Develop the statutory contribution requirements for Plan year 2010, as defined by ILCS 5/22-101(e);
(3) Provide financial disclosure information as of December 31, 2008, under GASB No. 25, and 43; and
(4) Provide the subordination test for Plan year 2008, as required under IRC Section 401(h).

Following is a summary of the major changes since the last valuation and the key valuation results.

Funding Policy

Public Act 94-839, effective June 6, 2006, changed the funding policy of the Plan by requiring that:

(1) The pension and retiree healthcare accounts be separated into two distinct trusts by December 31, 2008.
(2) The plan sponsor and members make level-percent-of-pay contributions, beginning with fiscal year 2009, that are projected to produce 90 percent funding of pension actuarial liabilities by fiscal year end 2058, using the projected unit credit cost method.
(3) Assumptions used in the actuarial valuation are not unreasonable in the aggregate.

Public Act 95-708, effective January 18, 2008, extended the funding policy provisions of Public Act 94-839 applicable to the pension trust as follows:

(1) The Authority is allowed to issue 32-year pension obligation bonds and deposit at least $1,110,500,000 into the pension trust.
(2) In plan year 2008, the Authority contributes 12.0 percent of pay and members contribute 6.0 percent of pay to the pension trust.
(3) From plan year 2009 through 2040, the Authority contributes 12.0 percent of pay less debt service paid in the prior plan year, but no less than 6.0 percent of pay, and members contribute 6.0 percent of pay.
(4) Beginning in plan year 2010, if contributions do not maintain a projected funded ratio of at least 60 percent through plan year end 2039, then the Authority and members pay two-thirds and one-third, respectively, of the additional required contributions.
(5) If the actual funded ratio declines below 60 percent in any year before 2040, contributions are increased so that the funded ratio is projected to reach at least 60 percent within 10 years.
(6) From 2040 through 2059, the Authority and members contribute two-thirds and one-third, respectively, of the level-percent-of-pay contributions which produce 90 percent funding by plan year end 2059.
(7) On and after 2060, the Authority and members contribute two-thirds and one-third, respectively, of the contributions needed to maintain a funded ratio of 90 percent.

Plan Provisions

Public Act 95-708 changed Plan provisions applicable to benefits as follows:

(1) Members hired after January 18, 2008, are eligible for unreduced pension benefits after attaining age 64 with at least 25 years of service, and reduced pension benefits after attaining age 55 with at least 10 years of service.
(2) Members retiring after January 18, 2008, are eligible for retiree healthcare benefits, after attaining age 55 with at least 10 years of service. The minimum age and service requirements do not apply to members on a disability allowance. Retiree healthcare benefits are paid from the newly established retiree health care trust no earlier than January 1, 2009, but no later than July 1, 2009.

Changes in Assumptions and Methods

Since the previous valuation, the assumptions were updated based on an experience study for the period from January 1, 2001, through December 31, 2007. Key updates include:

(1) The wage inflation assumption was changed from 4.25 percent to 4.00 percent per year.
(2) Merit and seniority based salary increases were changed from a flat 1.00 percent for each year of service to five-year select-and-ultimate increases of 11.0 percent for the first year, 9.0 percent for the second year, 7.0 percent for the third year, 5.0 percent for the fourth year, and 1.0 percent on and after the fifth year.
(3) The mortality rates for active healthy members were changed to 90 percent of the retired member rates.
(4) The mortality rates for disabled members were changed to 110 percent of the retired member table.
(5) An assumption was added to recognize that members could recover from disability, after verification of their ability to return to work in the same position as determined by the Plan's disability manager.
(6) The retirement rates were increased slightly.
(7) The disability rates were decreased slightly.
(8) The withdrawal rates were increased slightly.

Key Valuation Results

During plan year end December 31, 2008, the funded ratio increased from 37.2 percent as of January 1, 2008, to 75.8 percent as of December 31, 2008. The primary reason for the increase was due to a one-time extraordinary employer contribution of $1.1105 billion from the issue of debt. Investment losses caused to funded ratio to decrease by 2.4 percentage points. Changes to assumptions decreased the funded ratio by 1.1 percentage points. Our valuation also includes the sensitivity of decreasing the investment return assumption by 25 basis points from 8.75 percent to 8.50 percent, which decreased the funded ratio by 1.8 percentage points. The following tables compares the funded status ($ in millions).

Executive Summary (Cont'd)

($ in millions)	1/1/2008	1/1/2009	1/1/2009	1/1/2009
Assumptions	Current	Current	Proposed	Proposed
Discount Rate	8.75%	8.75%	8.75%	8.50%
Actuarial Accrued Liability	$2,531	$2,594	$2,632	$2,696
Actuarial Value of Assets	$942	$1,996	$1,996	$1,996
Unfunded Actuarial Accrued Liability	$1,589	$598	$636	$700
Funded Ratio	37.2%	76.9%	75.8%	74.0%
Normal Cost	$58.64	$58.77	$58.04	$60.56

The valuation as of January 1, 2009, is used to develop the employer and employee contribution rates for plan year 2010. Investment performance caused the contribution rate to exceed the statutory minimum of 12.0 percent, gross of debt service, for the employer, and 6.0 percent for the employee. The following shows the plan year 2010 contributions under various assumptions.

Assumptions	Current	Proposed	Proposed
Discount Rate	8.75%	8.75%	8.50%
2010 Contribution Rates			
Employee	8.148%	8.345%	8.629%
Employer	10.296%	10.690%	11.258%

The remainder of the report contains the details of the contribution projections, financial disclosure information, and the IRS Section 401(h) subordination test.

SECTION II

VALUATION RESULTS

VALUATION RESULTS

During Plan year 2008, the Retirement Plan received a cash infusion of approximately $1.1105 billion from the net bond proceeds. The additional assets increased the funded ratio from 37.2 percent as of January 1, 2008, to 75.8 percent as of January 1, 2009. Plan year 2010 contribution rates are 8.345 percent for employees and 10.690 percent for the employer, which is net of the employer debt service credit of 6.0 percent of pay. The details of the projected contributions which produce a minimum funded ratio of 60 percent through Plan year end 2039, and 90 percent by Plan year end 2059 are shown on page 8. Pages 7 and 9 show projection results under the old assumptions and the new assumptions with an interest rate of 8.50 percent. The debt service schedule and associated employer debt service credit used to offset the employer contributions are shown with the liability projections.

The subordination test of Internal Revenue Code 401(h), applicable to the retiree healthcare account, limits the Plan year 2008 contributions for healthcare benefits to 33 percent of the pension normal cost or $19.55 million. The retiree healthcare contributions for Plan year 2009 are limited to approximately 33 percent of the pension normal cost for the first half of the year, or $9.67 million, due to the subordination test. The details of the subordination test for Plan year 2008 are shown on page 11.

As of January 1, 2009, the Plan has $191 thousand available to pay retiree healthcare benefits. The retiree healthcare account is expected to be exhausted by June 30, 2009, and the Plan will no longer have an obligation for retiree healthcare benefits.

A certification of the Plan year 2010 contributions can be found in section III.

VALUATION RESULTS
COMPUTED ACTUARIAL LIABILITIES
FOR PENSION, DISABILITY, AND DEATH BENEFITS

EMPLOYEE DATA	01/01/2008	01/01/2009	01/01/2009	01/01/2009
Active Employees				
Number of Employees	9,635	9,689	9,689	9,689
Average Age	45.7 yrs	46.0 yrs	46.0 yrs	46.0 yrs
Average Past Service	11.7 yrs	12.0 yrs	12.0 yrs	12.0 yrs
Expected Annual Pay	$609,961,695	$579,415,642	$575,685,411	$575,685,411
Terminated Vesteds				
Number of Employees	47	47		

	Number of Participants		Monthly Pension	
	01/01/2008	01/01/2009	01/01/2008	01/01/2009
Retired Employees & Survivors				
Age/Service Retirements	7,427	7,533	$ 14,811,375	$ 15,341,454
Disability Recipients	917	945	1,011,028	1,053,645
Surviving Spouses	871	878	613,605	636,478
Total	9,215	9,356	$ 16,436,008	$ 17,031,577

VALUATION RESULTS ($ in Thousands)	01/01/2008 [1]	Old Assumptions 01/01/2009 [1]	New Assumptions 01/01/2009 [2]	New Assumptions, New Interest 01/01/2009 [3]
Annual Normal Cost				
Age/Service Pensions	$ 52,473	$ 52,574	$ 54,858	$ 57,257
Disability Allowance	5,100	5,134	2,352	2,440
Pre-Retirement Death Benefits	1,066	1,064	828	862
Total	$ 58,639	$ 58,772	$ 58,038	$ 60,559
Actuarial Accrued Liability				
Active Employees				
Age/Service Pensions	$ 768,653	$ 779,197	$ 826,933	$ 858,340
Disability Allowance	48,306	51,516	23,801	24,608
Pre-Retirement Death Benefits	13,093	13,630	10,100	10,470
Total	$ 830,052	$ 844,343	$ 860,834	$ 893,418
Terminated Vested Employees	$ 2,195	$ 2,609	$ 2,609	$ 2,706
Retired Employees and Survivors				
Age/Service Pensions	$ 1,593,366	$ 1,637,727	$ 1,637,727	$ 1,666,159
Disability Allowance	88,700	91,822	113,915	116,007
Post-Retirement Death Benefits	17,127	17,618	17,271	17,682
Total	$ 1,699,193	$ 1,747,167	$ 1,768,913	$ 1,799,848
Total Actuarial Accrued Liability	$ 2,531,440	$ 2,594,119	$ 2,632,356	$ 2,695,972
Actuarial Value of Assets	941,864	1,995,953	1,995,953	1,995,953
Unfunded Actuarial Accrued Liability	$ 1,589,576	$ 598,166	$ 636,403	$ 700,019
Funded Ratio	**37.21%**	**76.94%**	**75.82%**	**74.03%**

[1] Valuation results based on same assumptions as valuation at January 1, 2008.
[2] Valuation results based on updated assumptions including an 8.75 percent return.

PA 95-708 removed the liability for retiree healthcare benefits from the Plan no later than June 30, 2009. The Plan is responsible for a final allocation to the 401(h) account. We have estimated the fiscal year 2009 contribution as $9,673,000. As of January 1, 2009, the 401(h) account has a balance of $191,000.

Reconciliation of Unfunded Actuarial Accrued Liability ($ in thousands)

Unfunded Liability at January 1, 2008			$	1,589,576
Change Due to:				
Contributions in excess of Normal Cost and Interest on Unfunded Liability			$	(1,010,433)
Actuarial assumptions				
Economic				
Investment results	$	63,589		
Pay increases		4,488		
			$	68,077
Demographic				
Retirement	$	2,640		
Disability		(589)		
Withdrawal		591		
New entrants and rehires		5,391		
Mortality		(1,650)		
			$	6,383
Change in Assumptions			$	38,237
Change in Compensation increase timing for Fiscal Year 2009			$	(43,907)
Other Sources including data			$	(11,530)
Total Change			$	(953,173)
Unfunded Liability at January 1, 2009			$	636,403

Retirement Plan for Chicago Transit Authority Employees

Projection of Pension Trust Assets, Liabilities, and Contributions under PA 95-0708

8.75% Discount Rate, 8.75% Investment Return Rate, and 3.25% Inflation ($ in thousands)

Results Based on Old Assumptions

								ARC [3]		Contributions to Retirement Plan for CTA Employees							
Year	Accrued Liability [1]	Actuarial Value of Assets [1]	Funded Ratio [1]	Normal Cost	Benefit Payments [2]	Payroll	Active Members	Dollar	Percent of Pay	Employee Contributions	Employer Contributions	Total Contributions	Employee Contribution Percent	Employer Contribution Percent [4]	Total Percent	Debt Service (paid in prior year)	Percent of Pay
2009	2,594,118	1,995,953	76.9%	58,772	209,566	579,416	9,689	97,297	16.8%	34,765	41,425	76,190	6.000%	7.149%	13.149%	28,105	4.9%
2010	2,664,140	1,938,470	72.8%	61,412	213,913	598,022	9,689	107,717	18.0%	48,727	61,573	110,300	8.148%	10.296%	18.444%	87,981	14.7%
2011	2,738,497	1,925,224	70.3%	64,204	217,861	618,226	9,689	115,896	18.7%	50,373	63,653	114,026	8.148%	10.296%	18.444%	87,981	14.2%
2012	2,818,162	1,908,637	67.7%	66,920	222,146	638,244	9,689	124,517	19.5%	52,005	65,715	117,720	8.148%	10.296%	18.444%	87,981	13.8%
2013	2,903,203	1,891,393	65.1%	69,505	226,953	658,660	9,689	133,363	20.2%	53,668	67,817	121,485	8.148%	10.296%	18.444%	94,691	14.4%
2014	2,993,398	1,946,823	65.0%	72,000	232,280	679,516	9,689	138,056	20.3%	55,367	69,964	125,331	8.148%	10.296%	18.444%	104,862	15.4%
2015	3,088,551	2,005,559	64.9%	74,362	238,476	700,459	9,689	142,711	20.4%	57,074	72,120	129,194	8.148%	10.296%	18.444%	104,866	15.0%
2016	3,188,057	2,066,999	64.8%	76,724	245,351	722,369	9,689	147,464	20.4%	58,859	74,376	133,235	8.148%	10.296%	18.444%	104,865	14.5%
2017	3,291,569	2,130,857	64.7%	79,019	252,818	744,175	9,689	152,243	20.5%	60,636	76,621	137,257	8.148%	10.296%	18.444%	104,862	14.1%
2018	3,398,785	2,196,707	64.6%	81,182	261,009	766,341	9,689	156,987	20.5%	62,442	78,904	141,346	8.148%	10.296%	18.444%	104,863	13.7%
2019	3,509,077	2,264,036	64.5%	83,261	269,849	789,050	9,689	161,739	20.5%	64,292	81,242	145,534	8.148%	10.296%	18.444%	104,863	13.3%
2020	3,621,965	2,332,402	64.4%	85,229	279,611	812,214	9,689	166,469	20.5%	66,180	83,627	149,807	8.148%	10.296%	18.444%	104,861	12.9%
2021	3,736,601	2,401,020	64.3%	86,989	290,364	835,497	9,689	171,073	20.5%	68,077	86,024	154,101	8.148%	10.296%	18.444%	104,863	12.6%
2022	3,851,887	2,468,902	64.1%	88,583	301,973	859,275	9,689	175,585	20.4%	70,014	88,472	158,486	8.148%	10.296%	18.444%	104,862	12.2%
2023	3,966,797	2,535,183	63.9%	90,108	314,070	883,849	9,689	180,101	20.4%	72,017	91,002	163,019	8.148%	10.296%	18.444%	104,863	11.9%
2024	4,080,711	2,599,369	63.7%	91,595	326,576	909,379	9,689	184,641	20.3%	74,097	93,631	167,728	8.148%	10.296%	18.444%	104,866	11.5%
2025	4,193,065	2,661,033	63.5%	92,964	339,656	935,475	9,689	189,116	20.2%	76,223	96,318	172,541	8.148%	10.296%	18.444%	104,864	11.2%
2026	4,303,007	2,719,464	63.2%	94,116	353,466	962,254	9,689	193,415	20.1%	78,405	99,075	177,480	8.148%	10.296%	18.444%	104,861	10.9%
2027	4,409,328	2,773,749	62.9%	94,891	368,413	989,127	9,689	197,351	20.0%	80,595	101,842	182,437	8.148%	10.296%	18.444%	104,864	10.6%
2028	4,510,144	2,822,356	62.6%	95,471	383,955	1,017,884	9,689	201,096	19.8%	82,938	104,803	187,741	8.148%	10.296%	18.444%	104,864	10.3%
2029	4,604,091	2,864,530	62.2%	96,260	398,698	1,049,301	9,689	205,031	19.5%	85,498	108,038	193,536	8.148%	10.296%	18.444%	104,861	10.0%
2030	4,691,575	2,901,055	61.8%	97,583	411,629	1,084,215	9,689	209,474	19.3%	88,343	111,632	199,975	8.148%	10.296%	18.444%	104,862	9.7%
2031	4,774,456	2,934,000	61.5%	99,525	422,507	1,122,371	9,689	214,503	19.1%	91,452	115,561	207,013	8.148%	10.296%	18.444%	104,863	9.3%
2032	4,855,122	2,965,819	61.1%	101,857	432,175	1,162,810	9,689	219,873	18.9%	94,747	119,725	214,472	8.148%	10.296%	18.444%	104,865	9.0%
2033	4,935,084	2,998,117	60.8%	104,325	441,566	1,205,127	9,689	225,315	18.7%	98,195	124,082	222,277	8.148%	10.296%	18.444%	104,862	8.7%
2034	5,014,707	3,031,585	60.5%	107,268	449,717	1,251,702	9,689	231,160	18.5%	101,990	128,877	230,867	8.148%	10.296%	18.444%	104,864	8.4%
2035	5,095,664	3,068,440	60.2%	110,895	455,952	1,301,589	9,689	237,597	18.3%	106,054	134,013	240,067	8.148%	10.296%	18.444%	104,861	8.1%
2036	5,180,796	3,111,616	60.1%	115,012	461,286	1,354,322	9,689	244,416	18.0%	110,351	139,443	249,794	8.148%	10.296%	18.444%	104,861	7.7%
2037	5,271,923	3,163,154	60.0%	119,558	465,966	1,410,155	9,689	251,540	17.8%	114,900	145,192	260,092	8.148%	10.296%	18.444%	104,863	7.4%
2038	5,370,689	3,225,066	60.0%	124,579	469,761	1,469,315	9,689	258,996	17.6%	119,721	151,283	271,004	8.148%	10.296%	18.444%	104,866	7.1%
2039	5,479,166	3,299,823	60.2%	130,040	473,095	1,531,621	9,689	266,723	17.4%	124,798	157,698	282,496	8.148%	10.296%	18.444%	104,861	6.8%
2040	5,599,142	3,389,636	60.5%	135,908	476,447	1,597,229	9,689	274,661	17.2%	95,166	190,332	285,498	5.958%	11.916%	17.875%		
2041	5,732,014	3,486,944	60.8%	142,195	479,904	1,666,267	9,689	283,360	17.0%	99,280	198,559	297,839	5.958%	11.916%	17.875%		
2042	5,879,221	3,602,037	61.3%	148,847	483,749	1,738,469	9,689	292,234	16.8%	103,581	207,163	310,744	5.958%	11.916%	17.875%		
2043	6,041,987	3,736,659	61.8%	155,854	488,146	1,814,226	9,689	301,239	16.6%	108,095	216,190	324,285	5.958%	11.916%	17.875%		
2044	6,221,458	3,892,604	62.6%	163,206	493,242	1,893,469	9,689	310,326	16.4%	112,817	225,633	338,450	5.958%	11.916%	17.875%		
2045	6,418,717	4,071,660	63.4%	170,870	499,444	1,976,188	9,689	319,420	16.2%	117,745	235,491	353,236	5.958%	11.916%	17.875%		
2046	6,634,481	4,275,342	64.4%	178,799	507,058	2,062,256	9,689	328,422	15.9%	122,873	245,747	368,620	5.958%	11.916%	17.875%		
2047	6,869,172	4,504,957	65.6%	186,955	516,307	2,151,768	9,689	337,240	15.7%	128,207	256,413	384,620	5.958%	11.916%	17.875%		
2048	7,122,972	4,761,709	66.9%	195,320	527,403	2,244,716	9,689	345,794	15.4%	133,745	267,489	401,234	5.958%	11.916%	17.875%		
2049	7,395,850	5,046,686	68.2%	203,879	540,619	2,341,157	9,689	353,999	15.1%	139,491	278,982	418,473	5.958%	11.916%	17.875%		
2050	7,687,469	5,360,798	69.7%	212,627	556,144	2,441,169	9,689	361,778	14.8%	145,450	290,899	436,349	5.958%	11.916%	17.875%		
2051	7,997,270	5,704,848	71.3%	221,583	573,972	2,544,969	9,689	369,067	14.5%	151,634	303,269	454,903	5.958%	11.916%	17.875%		
2052	8,324,660	6,079,761	73.0%	230,770	594,077	2,652,721	9,689	375,800	14.2%	158,054	316,109	474,163	5.958%	11.916%	17.875%		
2053	8,669,053	6,486,597	74.8%	240,215	616,414	2,764,647	9,689	381,905	13.8%	164,723	329,446	494,169	5.958%	11.916%	17.875%		
2054	9,029,885	6,926,599	76.7%	249,951	640,886	2,880,994	9,689	387,309	13.4%	171,655	343,311	514,966	5.958%	11.916%	17.875%		
2055	9,406,674	7,401,264	78.7%	260,015	667,366	3,002,019	9,689	391,929	13.1%	178,866	357,733	536,599	5.958%	11.916%	17.875%		
2056	9,799,066	7,912,404	80.7%	270,440	695,744	3,127,973	9,689	395,673	12.6%	186,371	372,742	559,113	5.958%	11.916%	17.875%		
2057	10,206,825	8,462,147	82.9%	281,263	725,920	3,259,122	9,689	398,435	12.2%	194,185	388,370	582,555	5.958%	11.916%	17.875%		
2058	10,629,829	9,052,964	85.2%	292,512	757,812	3,395,718	9,689	400,090	11.8%	202,324	404,647	606,971	5.958%	11.916%	17.875%		
2059	11,068,068	9,687,674	87.5%	304,221	791,350	3,538,040	9,689	400,502	11.3%	210,803	421,607	632,410	5.958%	11.916%	17.875%		
2060	11,521,632	10,369,469	90.0%	316,424	826,464	3,686,375	9,689	399,520	10.8%	219,642	439,283	658,925	5.958%	11.916%	17.875%		

Retirement Plan for Chicago Transit Authority Employees **Results Based on New Assumptions**
Projection of Pension Trust Assets, Liabilities, and Contributions under PA 95-0708
8.75% Discount Rate, 8.75% Investment Return Rate, and 3.25% Inflation ($ in thousands)

								ARC [3]		Contributions to Retirement Plan for CTA Employees							
Year	Accrued Liability [1]	Actuarial Value of Assets [1]	Funded Ratio [1]	Normal Cost	Benefit Payments [2]	Payroll	Active Members	Dollar	Percent of Pay	Employee Contributions	Employer Contributions	Total Contributions	Employee Contribution Percent	Employer Contribution Percent [4]	Total Percent	Debt Service (paid in prior year)	Percent of Pay
2009	2,632,356	1,995,953	75.8%	58,038	211,024	575,685	9,689	98,829	17.2%	34,541	40,977	75,518	6.000%	7.118%	13.118%	28,105	4.9%
2010	2,703,518	1,936,374	71.6%	60,170	217,305	591,105	9,689	108,913	18.4%	49,328	63,190	112,518	8.345%	10.690%	19.035%	87,981	14.9%
2011	2,776,551	1,921,720	69.2%	62,586	222,406	608,647	9,689	116,705	19.2%	50,792	65,066	115,858	8.345%	10.690%	19.035%	87,981	14.5%
2012	2,853,166	1,901,994	66.7%	64,955	227,441	626,501	9,689	124,969	19.9%	52,282	66,974	119,256	8.345%	10.690%	19.035%	87,981	14.0%
2013	2,933,737	1,880,245	64.1%	67,172	232,755	644,481	9,689	133,433	20.7%	53,783	68,896	122,679	8.345%	10.690%	19.035%	94,691	14.7%
2014	3,018,159	1,929,892	63.9%	69,260	238,580	663,437	9,689	137,702	20.8%	55,365	70,923	126,288	8.345%	10.690%	19.035%	104,862	15.8%
2015	3,106,085	1,981,568	63.8%	71,232	245,218	682,932	9,689	141,940	20.8%	56,991	73,007	129,998	8.345%	10.690%	19.035%	104,866	15.4%
2016	3,196,846	2,034,711	63.6%	73,182	252,427	703,298	9,689	146,236	20.8%	58,691	75,184	133,875	8.345%	10.690%	19.035%	104,865	14.9%
2017	3,290,072	2,089,026	63.5%	75,069	260,035	724,020	9,689	150,545	20.8%	60,420	77,399	137,819	8.345%	10.690%	19.035%	104,862	14.5%
2018	3,385,513	2,144,270	63.3%	76,797	268,113	744,690	9,689	154,765	20.8%	62,145	79,609	141,754	8.345%	10.690%	19.035%	104,863	14.1%
2019	3,482,656	2,200,023	63.2%	78,453	276,651	766,215	9,689	158,980	20.7%	63,941	81,910	145,851	8.345%	10.690%	19.035%	104,863	13.7%
2020	3,581,104	2,256,020	63.0%	79,978	286,063	788,142	9,689	163,123	20.7%	65,771	84,254	150,025	8.345%	10.690%	19.035%	104,861	13.3%
2021	3,679,944	2,311,448	62.8%	81,238	296,459	810,297	9,689	167,048	20.6%	67,620	86,622	154,242	8.345%	10.690%	19.035%	104,863	12.9%
2022	3,777,895	2,365,278	62.6%	82,437	307,229	833,656	9,689	170,952	20.5%	69,569	89,119	158,688	8.345%	10.690%	19.035%	104,862	12.6%
2023	3,874,395	2,417,218	62.4%	83,575	318,244	857,607	9,689	174,817	20.4%	71,568	91,680	163,248	8.345%	10.690%	19.035%	104,863	12.2%
2024	3,969,017	2,466,964	62.2%	84,703	329,476	883,056	9,689	178,692	20.2%	73,692	94,400	168,092	8.345%	10.690%	19.035%	104,866	11.9%
2025	4,061,331	2,514,395	61.9%	85,813	340,803	909,480	9,689	182,549	20.1%	75,897	97,225	173,122	8.345%	10.690%	19.035%	104,864	11.5%
2026	4,151,030	2,559,404	61.7%	86,645	352,928	936,113	9,689	186,103	19.9%	78,120	100,072	178,192	8.345%	10.690%	19.035%	104,861	11.2%
2027	4,236,769	2,600,988	61.4%	87,064	366,245	963,035	9,689	189,195	19.6%	80,366	102,950	183,316	8.345%	10.690%	19.035%	104,864	10.9%
2028	4,316,520	2,637,660	61.1%	87,351	379,857	992,041	9,689	192,084	19.4%	82,787	106,051	188,838	8.345%	10.690%	19.035%	104,864	10.6%
2029	4,389,260	2,669,095	60.8%	88,022	392,146	1,024,797	9,689	195,267	19.1%	85,520	109,553	195,073	8.345%	10.690%	19.035%	104,861	10.2%
2030	4,456,094	2,696,963	60.5%	89,447	402,005	1,061,854	9,689	199,096	18.7%	88,613	113,514	202,127	8.345%	10.690%	19.035%	104,862	9.9%
2031	4,519,815	2,724,342	60.3%	91,670	409,407	1,102,669	9,689	203,601	18.5%	92,019	117,877	209,896	8.345%	10.690%	19.035%	104,863	9.5%
2032	4,583,551	2,754,499	60.1%	94,386	415,325	1,145,590	9,689	208,454	18.2%	95,601	122,466	218,067	8.345%	10.690%	19.035%	104,865	9.2%
2033	4,649,410	2,789,646	60.0%	97,265	420,845	1,189,730	9,689	213,305	17.9%	99,284	127,184	226,468	8.345%	10.690%	19.035%	104,862	8.8%
2034	4,718,119	2,830,876	60.0%	100,546	425,444	1,236,816	9,689	218,381	17.7%	103,214	132,218	235,432	8.345%	10.690%	19.035%	104,864	8.5%
2035	4,791,261	2,880,269	60.1%	104,394	428,912	1,286,720	9,689	223,825	17.4%	107,378	137,553	244,931	8.345%	10.690%	19.035%	104,861	8.1%
2036	4,871,014	2,940,280	60.4%	108,695	431,934	1,339,386	9,689	229,501	17.1%	111,773	143,183	254,956	8.345%	10.690%	19.035%	104,861	7.8%
2037	4,958,881	3,012,851	60.8%	113,415	434,436	1,394,722	9,689	235,347	16.9%	116,391	149,099	265,490	8.345%	10.690%	19.035%	104,863	7.5%
2038	5,056,545	3,100,155	61.3%	118,555	436,172	1,452,839	9,689	241,334	16.6%	121,241	155,311	276,552	8.345%	10.690%	19.035%	104,866	7.2%
2039	5,166,087	3,204,831	62.0%	124,084	437,668	1,513,576	9,689	247,398	16.3%	126,309	161,804	288,113	8.345%	10.690%	19.035%	104,861	6.9%
2040	5,289,212	3,329,173	62.9%	129,967	439,530	1,577,040	9,689	253,465	16.1%	88,238	176,475	264,713	5.595%	11.190%	16.785%		
2041	5,427,079	3,438,027	63.3%	136,188	441,899	1,643,217	9,689	261,701	15.9%	91,940	183,880	275,820	5.595%	11.190%	16.785%		
2042	5,580,793	3,565,526	63.9%	142,705	445,001	1,712,044	9,689	270,080	15.8%	95,791	191,582	287,373	5.595%	11.190%	16.785%		
2043	5,751,272	3,713,002	64.6%	149,458	449,130	1,783,376	9,689	278,510	15.6%	99,782	199,565	299,347	5.595%	11.190%	16.785%		
2044	5,939,161	3,881,570	65.4%	156,400	454,590	1,857,238	9,689	286,918	15.4%	103,915	207,830	311,745	5.595%	11.190%	16.785%		
2045	6,144,781	4,072,129	66.3%	163,492	461,790	1,933,555	9,689	295,226	15.3%	108,185	216,370	324,555	5.595%	11.190%	16.785%		
2046	6,368,018	4,285,219	67.3%	170,697	470,949	2,012,355	9,689	303,356	15.1%	112,594	225,188	337,782	5.595%	11.190%	16.785%		
2047	6,608,486	4,521,199	68.4%	177,995	482,095	2,093,700	9,689	311,243	14.9%	117,145	234,291	351,436	5.595%	11.190%	16.785%		
2048	6,865,712	4,780,445	69.6%	185,375	495,348	2,177,664	9,689	318,824	14.6%	121,843	243,687	365,530	5.595%	11.190%	16.785%		
2049	7,139,061	5,063,254	70.9%	192,844	510,829	2,264,419	9,689	326,051	14.4%	126,697	253,395	380,092	5.595%	11.190%	16.785%		
2050	7,427,716	5,369,848	72.3%	200,425	528,577	2,354,158	9,689	332,886	14.1%	131,718	263,437	395,155	5.595%	11.190%	16.785%		
2051	7,730,785	5,700,467	73.7%	208,146	548,448	2,447,106	9,689	339,289	13.9%	136,919	273,838	410,757	5.595%	11.190%	16.785%		
2052	8,047,466	6,055,560	75.2%	216,041	570,323	2,543,495	9,689	345,220	13.6%	142,312	284,624	426,936	5.595%	11.190%	16.785%		
2053	8,377,055	6,435,779	76.8%	224,145	594,058	2,643,571	9,689	350,635	13.3%	147,911	295,823	443,734	5.595%	11.190%	16.785%		
2054	8,718,965	6,842,025	78.5%	232,495	619,495	2,747,556	9,689	355,484	12.9%	153,730	307,459	461,189	5.595%	11.190%	16.785%		
2055	9,072,766	7,275,487	80.2%	241,131	646,466	2,855,669	9,689	359,709	12.6%	159,779	319,557	479,336	5.595%	11.190%	16.785%		
2056	9,438,197	7,737,666	82.0%	250,086	674,846	2,968,109	9,689	363,241	12.2%	166,070	332,140	498,210	5.595%	11.190%	16.785%		
2057	9,815,138	8,230,364	83.9%	259,390	704,542	3,085,062	9,689	365,994	11.9%	172,613	345,227	517,840	5.595%	11.190%	16.785%		
2058	10,203,582	8,755,668	85.8%	269,064	735,487	3,206,716	9,689	367,865	11.5%	179,420	358,840	538,260	5.595%	11.190%	16.785%		
2059	10,603,619	9,315,950	87.9%	279,138	767,615	3,333,297	9,689	368,748	11.1%	186,503	373,005	559,508	5.595%	11.190%	16.785%		
2060	11,015,444	9,913,900	90.0%	289,641	800,858	3,465,021	9,689	368,523	10.6%	193,873	387,745	581,618	5.595%	11.190%	16.785%		

Retirement Plan for Chicago Transit Authority Employees
Projection of Pension Trust Assets, Liabilities, and Contributions under PA 95-0708
8.50% Discount Rate, 8.50% Investment Return Rate, and 3.25% Inflation ($ in thousands)

Results Based on New Assumptions

Year	Accrued Liability [1]	Actuarial Value of Assets [1]	Funded Ratio [1]	Normal Cost	Benefit Payments [2]	Payroll	Active Members	ARC [3] Dollar	ARC [3] Percent of Pay	Contributions to Retirement Plan for CTA Employees: Employee Contributions	Employer Contributions	Total Contributions	Employee Contribution Percent	Employer Contribution Percent [4]	Total Percent	Debt Service (paid in prior year)	Percent of Pay
2009	2,695,973	1,995,953	74.0%	60,558	211,022	575,674	9,689	104,060	18.1%	34,540	40,976	75,516	6.000%	7.118%	13.118%	28,105	4.9%
2010	2,768,820	1,931,759	69.8%	62,761	217,302	591,095	9,689	114,369	19.3%	51,004	66,543	117,547	8.629%	11.258%	19.886%	87,981	14.9%
2011	2,843,580	1,917,728	67.4%	65,247	222,404	608,636	9,689	122,152	20.1%	52,518	68,518	121,036	8.629%	11.258%	19.886%	87,981	14.5%
2012	2,921,964	1,898,727	65.0%	67,681	227,439	626,489	9,689	130,384	20.8%	54,059	70,528	124,587	8.629%	11.258%	19.887%	87,981	14.0%
2013	3,004,337	1,877,812	62.5%	69,961	232,752	644,468	9,689	138,799	21.5%	55,610	72,552	128,162	8.629%	11.258%	19.886%	94,691	14.7%
2014	3,090,583	1,928,407	62.4%	72,109	238,577	663,424	9,689	143,123	21.6%	57,246	74,686	131,932	8.629%	11.258%	19.887%	104,862	15.8%
2015	3,180,350	1,981,160	62.3%	74,141	245,216	682,919	9,689	147,406	21.6%	58,928	76,880	135,808	8.629%	11.258%	19.886%	104,866	15.4%
2016	3,272,957	2,035,517	62.2%	76,151	252,424	703,283	9,689	151,737	21.6%	60,685	79,173	139,858	8.629%	11.258%	19.886%	104,865	14.9%
2017	3,368,028	2,091,202	62.1%	78,097	260,032	724,005	9,689	156,069	21.6%	62,473	81,506	143,979	8.629%	11.258%	19.886%	104,862	14.5%
2018	3,465,309	2,147,985	62.0%	79,884	268,110	744,674	9,689	160,299	21.5%	64,257	83,833	148,090	8.629%	11.258%	19.887%	104,863	14.1%
2019	3,564,281	2,205,458	61.9%	81,601	276,648	766,199	9,689	164,516	21.5%	66,114	86,256	152,370	8.629%	11.258%	19.886%	104,863	13.7%
2020	3,664,544	2,263,378	61.8%	83,185	286,060	788,125	9,689	168,643	21.4%	68,006	88,724	156,730	8.629%	11.258%	19.886%	104,861	13.3%
2021	3,765,180	2,320,955	61.6%	84,507	296,456	810,279	9,689	172,538	21.3%	69,917	91,218	161,135	8.629%	11.258%	19.886%	104,863	12.9%
2022	3,864,910	2,377,181	61.5%	85,770	307,225	833,637	9,689	176,399	21.2%	71,933	93,848	165,781	8.629%	11.258%	19.886%	104,862	12.6%
2023	3,963,174	2,431,802	61.4%	86,976	318,241	857,588	9,689	180,207	21.0%	74,000	96,544	170,544	8.629%	11.258%	19.886%	104,863	12.2%
2024	4,059,552	2,484,547	61.2%	88,178	329,473	883,036	9,689	184,012	20.8%	76,195	99,409	175,604	8.629%	11.258%	19.886%	104,866	11.9%
2025	4,153,625	2,535,342	61.0%	89,368	340,800	909,459	9,689	187,782	20.6%	78,476	102,383	180,859	8.629%	11.258%	19.886%	104,864	11.5%
2026	4,245,098	2,584,124	60.9%	90,280	352,924	936,091	9,689	191,230	20.4%	80,774	105,382	186,156	8.629%	11.258%	19.887%	104,861	11.2%
2027	4,332,638	2,629,935	60.7%	90,784	366,242	963,012	9,689	194,194	20.2%	83,096	108,412	191,508	8.629%	11.258%	19.886%	104,864	10.9%
2028	4,414,234	2,671,336	60.5%	91,165	379,853	992,017	9,689	196,942	19.9%	85,599	111,678	197,277	8.629%	11.258%	19.886%	104,864	10.6%
2029	4,488,889	2,708,080	60.3%	91,948	392,143	1,024,774	9,689	199,975	19.5%	88,426	115,365	203,791	8.629%	11.258%	19.886%	104,861	10.2%
2030	4,557,746	2,741,927	60.2%	93,503	402,001	1,061,832	9,689	203,643	19.2%	91,623	119,537	211,160	8.629%	11.258%	19.886%	104,862	9.9%
2031	4,623,635	2,776,056	60.0%	95,872	409,403	1,102,647	9,689	207,969	18.9%	95,145	124,132	219,277	8.629%	11.258%	19.886%	104,863	9.5%
2032	4,689,718	2,813,831	60.0%	98,743	415,321	1,145,568	9,689	212,618	18.6%	98,849	128,964	227,813	8.629%	11.258%	19.886%	104,865	9.2%
2033	4,758,129	2,857,545	60.1%	101,784	420,842	1,189,707	9,689	217,232	18.3%	102,658	133,933	236,591	8.629%	11.258%	19.886%	104,862	8.8%
2034	4,829,612	2,908,371	60.2%	105,242	425,441	1,236,794	9,689	222,045	18.0%	106,721	139,234	245,955	8.629%	11.258%	19.886%	104,864	8.5%
2035	4,905,774	2,968,484	60.5%	109,278	428,908	1,286,697	9,689	227,191	17.7%	111,027	144,851	255,878	8.629%	11.258%	19.886%	104,861	8.1%
2036	4,988,813	3,040,438	60.9%	113,778	431,930	1,339,363	9,689	232,530	17.4%	115,571	150,780	266,351	8.629%	11.258%	19.886%	104,861	7.8%
2037	5,080,248	3,126,275	61.5%	118,707	434,433	1,394,698	9,689	237,996	17.1%	120,346	157,010	277,356	8.629%	11.258%	19.886%	104,863	7.5%
2038	5,181,778	3,228,272	62.3%	124,066	436,169	1,452,815	9,689	243,555	16.8%	125,361	163,552	288,913	8.629%	11.258%	19.886%	104,866	7.2%
2039	5,295,491	3,349,177	63.2%	129,824	437,666	1,513,550	9,689	249,137	16.5%	130,601	170,390	300,991	8.629%	11.258%	19.886%	104,861	6.9%
2040	5,423,099	3,491,390	64.4%	135,944	439,528	1,577,014	9,689	254,664	16.1%	88,248	176,496	264,744	5.596%	11.192%	16.788%	104,863	6.6%
2041	5,565,763	3,605,963	64.8%	142,411	441,897	1,643,190	9,689	263,048	16.0%	91,951	183,903	275,854	5.596%	11.192%	16.788%		
2042	5,724,586	3,739,386	65.3%	149,183	444,999	1,712,016	9,689	271,592	15.9%	95,803	191,606	287,409	5.596%	11.192%	16.788%		
2043	5,900,485	3,892,962	66.0%	156,196	449,129	1,783,346	9,689	280,209	15.7%	99,794	199,589	299,383	5.596%	11.192%	16.788%		
2044	6,094,095	4,067,770	66.7%	163,407	454,589	1,857,206	9,689	288,826	15.6%	103,928	207,855	311,783	5.596%	11.192%	16.788%		
2045	6,305,730	4,264,671	67.6%	170,775	461,789	1,933,522	9,689	297,368	15.4%	108,198	216,396	324,594	5.596%	11.192%	16.788%		
2046	6,535,265	4,484,160	68.6%	178,262	470,948	2,012,321	9,689	305,761	15.2%	112,608	225,215	337,823	5.596%	11.192%	16.788%		
2047	6,782,305	4,726,547	69.7%	185,851	482,094	2,093,663	9,689	313,944	15.0%	117,159	234,319	351,478	5.596%	11.192%	16.788%		
2048	7,046,369	4,992,152	70.8%	193,530	495,347	2,177,625	9,689	321,860	14.8%	121,858	243,716	365,574	5.596%	11.192%	16.788%		
2049	7,326,814	5,281,213	72.1%	201,309	510,828	2,264,378	9,689	329,465	14.5%	126,712	253,425	380,137	5.596%	11.192%	16.788%		
2050	7,622,817	5,593,887	73.4%	209,210	528,577	2,354,115	9,689	336,727	14.3%	131,734	263,468	395,202	5.596%	11.192%	16.788%		
2051	7,933,484	5,930,341	74.8%	217,264	548,447	2,447,061	9,689	343,616	14.0%	136,935	273,870	410,805	5.596%	11.192%	16.788%		
2052	8,258,015	6,290,946	76.2%	225,505	570,322	2,543,448	9,689	350,098	13.8%	142,329	284,658	426,987	5.596%	11.192%	16.788%		
2053	8,595,708	6,676,265	77.7%	233,969	594,058	2,643,522	9,689	356,138	13.5%	147,929	295,858	443,787	5.596%	11.192%	16.788%		
2054	8,945,984	7,087,107	79.2%	242,696	619,495	2,747,505	9,689	361,694	13.2%	153,748	307,496	461,244	5.596%	11.192%	16.788%		
2055	9,308,422	7,524,550	80.8%	251,724	646,466	2,855,616	9,689	366,721	12.8%	159,798	319,595	479,393	5.596%	11.192%	16.788%		
2056	9,682,775	7,989,979	82.5%	261,090	674,846	2,968,054	9,689	371,160	12.5%	166,090	332,179	498,269	5.596%	11.192%	16.788%		
2057	10,068,934	8,485,062	84.3%	270,822	704,542	3,085,004	9,689	374,937	12.2%	172,634	345,268	517,902	5.596%	11.192%	16.788%		
2058	10,466,912	9,011,736	86.1%	280,945	735,487	3,206,656	9,689	377,965	11.8%	179,441	358,883	538,324	5.596%	11.192%	16.788%		
2059	10,876,817	9,572,208	88.0%	291,486	767,615	3,333,235	9,689	380,152	11.4%	186,525	373,049	559,574	5.596%	11.192%	16.788%		
2060	11,298,865	10,168,978	90.0%	302,478	800,858	3,464,957	9,689	381,395	11.0%	193,896	387,791	581,687	5.596%	11.192%	16.788%		

VALUATION RESULTS
PROJECTIONS

The following are the footnotes for all three of the projection scenarios.

[1] Results shown as of beginning of fiscal year for pension benefits only.

[2] Benefit payments are for pension only.

[3] Gross normal cost plus 30-year level percent of pay amortization of the unfunded accrued liability.

[4] Employer contributions are net of debt service credit of 6.0 percent of compensation for fiscal years 2009 through 2040. Contribution rate requirements, in excess of the statutory minimum of 6.0 percent for employees and 12.0 percent for the employer (before the debt service credit), are allocated one-third to employees and two-thirds to the employer.

[5] Projections assume a stable active population of 9,689 employees.

VALUATION RESULTS
RETIREE HEALTHCARE SUBORDINATION TEST UNDER IRC §401(H)

Retirement plans providing retiree healthcare benefits through a qualified pension trust must satisfy the requirements of Internal Revenue Section Code § 401(h) which include:

- The Plan sponsor should establish and maintain a 401(h) account for retiree healthcare benefits.
- The Plan sponsor must allocate total contributions in a reasonable and well defined manner. Currently, total contributions are allocated ratably based on the relationship of the annual required contribution for pension and healthcare benefits, as limited by the subordination test of IRC 401(h).
- The Plan sponsor must allocate investment income in a reasonable and well defined manner. Currently, investment return is allocated ratably based in proportion to the market value and actual cash flows.
- Retiree healthcare benefits must be subordinate to pension benefits. This requirement is satisfied if the cumulative value of contributions made to the 401(h) account for retiree healthcare benefits does not exceed 25 percent of the total contributions made to the trust.

Contributions during fiscal year 2008 were limited by the aggregate subordination test. The following tables show the allocation of the allowable 2008 regular contributions and the results of the subordination test through December 31, 2008.

Allocation of Plan Year 2008 Contributions ($ in Thousands):

	Pension	Healthcare	Total
Plan Year Contribution as Limited by 401(h)	$58,639	$19,546	$78,185
Percentage Allocated After 401(h) Limit	75.00%	25.00%	100.00%

IRC § 401(h) Subordination Test Contributions ($ in Thousands):

	(a) Pension	(b) Healthcare	Subordination Percentage b/(a+b)
Cumulative Contributions from 01/01/1994 to 12/31/2007	$357,359	$119,118	25.00%
2008 Allowable Contributions	$58,639	$19,546	
Cumulative Contributions at 12/31/2008	$415,998	$138,664	25.00%

Based on current Plan provisions and funding policies, the subordination percentage for plan year end 2008 is 25.00 percent, which equals the statutory limit of 25.00 percent. To satisfy the 401(h) requirements the contributions to the retiree healthcare account need to be limited so that the aggregate test could be passed. The subordination percentage as defined in IRC § 401(h) is equal to the ratio of cumulative healthcare contributions to the sum of cumulative pension contributions, or pension normal cost if less, and cumulative healthcare contributions.

Our projections of the retiree healthcare account were based on the market value at December 31, 2007, and the methodology used to allocate investment earnings, contributions, and expenses during the fiscal year, as disclosed in the Plan's financial statement.

VALUATION RESULTS
SCHEDULE B, RECONCILIATION OF ASSETS

	Pension Market Value	Healthcare Market Value	Total Market Value
1. Market Value of assets as of 12/31/2007	$ 977,356,820	$ 45,373,289	$ 1,022,730,109
2. Income for plan year:			
a) Member contributions	$ 27,797,519	$ 6,527,040	$ 34,324,559
b) CTA contributions	55,446,886	$ 13,019,293	68,466,179
c) Investment income net of expenses	(221,744,112)	(3,138,943)	(224,883,055)
d) Bond Proceeds	1,110,500,000	-	1,110,500,000
e) Total income	$ 972,000,293	$ 16,407,390	$ 988,407,683
3. Disbursements for plan year:			
a) Pension and death benefits	$ 201,864,923	$ -	$ 201,864,923
b) Health benefits, Plan share	-	61,589,371	61,589,371
c) Refunds	1,763,250	-	1,763,250
d) Administration	2,462,991	-	2,462,991
e) Total disbursements	$ 206,091,164	$ 61,589,371	$ 267,680,535
4. Market Value of assets as of 12/31/2008	$ 1,743,265,949	$ 191,308	$ 1,743,457,257
5. Estimated rate of return in 2008:			
a) Gross	(15.99)%	(12.10)%	(15.92)%
b) Net of investment expense (Investment expense of $4,347,395)	(16.30)%	(12.89)%	(16.24)%

Method used for calculating rate of return does not reflect specific timing of income and outflows. It is also based on total assets, not invested assets. The investment return calculated by the investment consultant was -12.89%.

Contributions are allocated ratably by the annual required contributions, as limited by IRC 401(h). Investment income is allocated between the pension and healthcare accounts ratably by the market value at the beginning of the year and actual cash flows. Benefit payments are allocated based on actual disbursements.

VALUATION RESULTS
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Year Ended December 31:	2004	2005	2006	2007	2008	2009	2010
A. Actuarial Value Beginning of Year	$1,581,045,979	$1,382,263,971	$1,199,054,944	$1,066,161,177	$987,236,933		
B. Market Value End of Year	1,284,662,081	1,184,055,811	1,119,969,502	1,022,730,109	1,743,457,257		
C. Market Value Beginning of Year	1,377,002,130	1,284,662,081	1,184,055,811	1,119,969,502	1,022,730,109		
D. Non-Investment Net Cash Flow	(219,893,405)	(194,113,356)	(196,886,421)	(209,943,536)	945,610,203		
E. Investment Return							
E1. Market Total: B - C - D	127,553,356	93,507,086	132,800,112	112,704,143	(224,883,055)		
E2. Amount for Immediate Recognition	114,034,988	106,884,486	97,705,134	91,349,796	121,194,697		
E3. Amount for Phased-In Recognition: E1-E2	13,518,368	(13,377,400)	35,094,978	21,354,347	(346,077,752)		
F. Phased-In Recognition of Investment Return							
F1. Current Year: 0.2 x E3	2,703,674	(2,675,480)	7,018,996	4,270,869	(69,215,550)	Unknown	Unknown
F2. First Prior Year	28,351,437	2,703,674	(2,675,480)	7,018,996	4,270,869	(69,215,550)	Unknown
F3. Second Prior Year	(69,111,107)	28,351,437	2,703,674	(2,675,480)	7,018,996	4,270,869	(69,215,550)
F4. Third Prior Year	(55,248,681)	(69,111,107)	28,351,437	2,703,674	(2,675,480)	7,018,996	4,270,869
F5. Fourth Prior Year	381,086	(55,248,681)	(69,111,107)	28,351,437	2,703,674	(2,675,480)	7,018,996
F6. Total Recognized Investment Gain	**(92,923,591)**	**(95,980,157)**	**(33,712,480)**	**39,669,496**	**(57,897,491)**	**(60,601,165)**	**(57,925,685)**
G. Actuarial Value End of Year: A + D + E2 + F6	1,382,263,971	1,199,054,944	1,066,161,177	987,236,933	1,996,144,342		
H. Actual/Projected Difference between Market and Actuarial Value	(97,601,890)	(14,999,133)	53,808,325	35,493,176	(252,687,085)	(192,085,920)	(134,160,235)
I. Market Rate of Return [a]	10.1%	7.9%	12.2%	11.1%	-16.2%		
J. Actuarial Rate of Return	1.4%	0.8%	5.8%	13.6%	4.3%		
K. Ratio of Actuarial Value to Market Value	107.6%	101.3%	95.2%	96.5%	114.5%		

The Actuarial Value of Assets recognizes assumed investment return (line E2) fully each year. Differences between actual and assumed investment income (line E3) are recognized over a five-year period at a rate of 20 percent per year. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. *The Actuarial Value of Assets is unbiased with respect to Market Value.* At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for four consecutive years, it will become equal to Market Value. As of January 1, 2009, the market value of the retiree healthcare account is $191,308 and the actuarial value of the pension account equals $1,995,953,034.

[a] The disclosed market rate of return does not reflect specific timing of income and outflows. It also is based on total assets, not invested assets. The market rate of return as calculated by the investment consultant was -12.9 percent for 2008, 9.8 percent for 2007, 13.5 percent for 2006, 9.2 percent for 2005, 10.6 percent for 2004, and 22.4 percent for 2003.

VALUATION RESULTS

PARTICIPANTS

The major characteristics of the data of the members of the Plan are summarized below.

	January 1,	
	2008	**2009**
Active Participants		
Number	9,635	9,689
Average Age	45.7 yrs	46.0 yrs
Average Service	11.7 yrs	12.0 yrs
Average Annual Salary	$ 63,307	$ 59,801
Retirees		
Number	7,427	7,533
Average Age	67.2 yrs	67.6 yrs
Average Annual Benefit	$ 23,931	$ 24,439
Disabled		
Number	917	945
Average Age	61.6 yrs	62.0 yrs
Average Annual Benefit	$ 13,230	$ 13,380
Survivors		
Number	871	878
Average Age	75.2 yrs	75.6 yrs
Average Annual Benefit	$ 8,454	$ 8,699

SECTION III

Certification Letter

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

20 North Clark Street
Suite 2400
Chicago, IL 60602-5111

312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

September 11, 2009

Board of Trustees and Executive Director
Retirement Plan for Chicago Transit Authority Employees
10 S. LaSalle – Suite 1100
Chicago, Illinois 60602

Re: Actuarial Certification – Public Act 95-708

At your request, we have performed an actuarial valuation of the assets and liabilities of the Retirement Plan for Chicago Transit Authority Employees ("Plan") as of January 1, 2009, for pension benefits. This valuation has been performed to satisfy the requirements of 40 ILCS 5/22-101(e), relating to development of contribution rates for Plan members and the Chicago Transit Authority ("Authority"), for the plan year beginning January 1, 2010, and ending December 31, 2010. This valuation also includes disclosure information as required under GASB Statement Nos. 25 and 27. .

Contribution rates were determined using the projected unit credit cost method, and provide for 60 percent funding of total actuarial liabilities through fiscal year end 2039, and 90 percent funding by fiscal year end 2059, as required under 40 ILCS 5/22-101(e). Contribution rates reflect a net deposit of $1,110,500,000 to the Plan from the issuance of bond or notes by the Authority, as defined in 70 ILCS 3605/12c. Authority contribution rates are adjusted by a debt service credit, for debt service paid in the prior year, of up to six percent of compensation per year from 2009 to 2040, as defined in 40 ILCS 5/22-101(e)(2).

Based on the preceding provisions, the sum of current assets, net bond proceeds, future contributions, and investment earnings, less benefit payments and expenses, is projected to be at least equal 60 percent of actuarial liabilities through fiscal year end 2039, and 90 percent of actuarial liabilities by fiscal year end 2059, if the following contributions, expressed as a percent of compensation, are made to Plan, and the Plan experiences no actuarial gains or losses in the future:

Fiscal Year Contributions to the Plan (Percent of Compensation)	Authority (Net of Debt Service Credit)	Participating Employees
2010 to 2040	10.690%	8.345%
2041 to 2059	11.190%	5.595%

Our projections assume assets will earn 8.75 percent per year, and liabilities will be discounted at 8.75 percent per year.

The Plan's current funding policy does not meet the minimum requirements for amortizing the unfunded liability provided under GASB Statement No. 25, which is the normal cost plus a 30-year amortization of the unfunded actuarial liability. In all other respects, the assumptions and methods used for funding purposes meet the requirements of GASB Statement No. 25.

For purposes of determining contribution rates, the market value of assets was provided by the Plan's administrative staff. Assets have been projected using expected market value for subsequent fiscal years. Actuarial liabilities have been valued using employee data supplied by the Plan's administrative staff. We did not audit this data, but have reviewed the statistical support and concluded that the data is reasonable and consistent with the prior year's data. Information on the bond structure, including the debt service and the average bond yield, was provided by the Authority. Information on the Plan's investment policy and capital market assumptions was provided by the Plan.

In our opinion, the assumptions and methods used for this valuation are individually reasonable and consistent in the aggregate, and conform with Actuarial Standards of Practice issued by the Actuarial Standards Board, and generally accepted actuarial principles and practices.

In our opinion, the calculations also comply with the requirements of Illinois state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

We certify that the information presented herein is accurate and fairly portrays the actuarial position of the Plan as of January 1, 2009.

Gabriel, Roeder, Smith & Company

Alex Rivera

By: ______________________________

Alex Rivera, FSA, EA, MAAA

SECTION IV

GASB Disclosures

GASB STATEMENT NO. 25

Schedule of Funding Progress

(Pension Only)

In Accordance with Statement No. 25 of the Governmental Accounting Standards Board ($ in Thousands)

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2009		$ 1,995,953	$ 2,632,356	$ 636,403	75.8%	$ 594,139	107.1%
1/1/2008	[a]	941,864	2,531,440	1,589,576	37.2%	571,314	278.2%
1/1/2007	[b]	1,007,305	2,466,106	1,458,801	40.8%	562,567	259.3%
1/1/2006		810,336	2,354,125	1,543,790	34.4%	547,532	282.0%
1/1/2005		902,117	2,291,162	1,389,045	39.4%	544,442	255.1%
1/1/2004		1,062,399	2,189,666	1,127,267	48.5%	486,626	231.6%
1/1/2003		1,190,087	2,085,723	895,636	57.1%	480,740	186.3%
1/1/2002		1,355,567	2,044,330	688,763	66.3%	459,343	149.9%
1/1/2001		1,595,609	2,058,871	463,262	77.5%	431,703	107.3%
1/1/2000		1,494,585	1,871,277	376,692	79.9%	424,518	88.7%
1/1/1999		1,363,625	1,776,994	413,369	76.7%	407,406	101.5%
1/1/1998		1,269,568	1,721,888	452,320	73.7%	457,717	98.8%
1/1/1997		1,182,931	1,505,398	322,467	78.6%	443,508	72.7%
1/1/1996		1,098,856	1,427,840	328,984	77.0%	414,667	79.3%

[a] Effective January 1, 2008, the rate of return for disclosure purposes was changed to 8.75 percent. Prior year's information is based on a rate of 9.00 percent as defined in the terms of the bargaining agreement.

[b] Effective January 1, 2007, retiree healthcare assets have been marked to the market value of the retiree healthcare account, and are disclosed under GASB No. 43. Previously, retiree healthcare assets disclosed under GASB No. 25 were allocated in proportion to actuarial accrued liabilities. Note that the increase in funded ratio is predominantly due to this change and without this change the funded ratio would have declined.

GASB STATEMENT NO. 25

Schedule of Employer Contributions
(Pension Only)

In Accordance with Statement No. 25 of the Governmental Accounting Standards Board ($ in Thousands)

Year Ended 31-Dec	Authority Contribution (a)	Employee Contribution (b)	Total Contribution (a+b)	Annual Required Contribution (c)	Percentage Contributed ([a+b]/c)
2008	$ 1,165,947	$ 27,798	$ 1,193,745	$ 206,670	577.6%
2007	25,038	12,549	37,587	198,457	18.9%
2006	23,931	11,971	35,902	194,926	18.4%
2005	19,850	9,784	29,634	180,227	16.4%
2004	20,210	10,123	30,334	153,253	19.8%
2003	19,570	9,813	29,383	117,305	25.0%
2002	19,766	9,883	29,648	97,044	30.6%
2001	24,081	12,067	36,148	73,387	49.3%
2000	22,827	11,439	34,266	64,943	52.8%
1999	22,481	11,284	33,765	66,720	50.6%
1998	21,417	10,664	32,081	71,928	44.6%
1997	11,075	5,568	16,643	59,943	27.8%
1996	22,769	11,429	34,198	57,815	59.2%

GASB STATEMENT NO. 43

Schedule of Funding Progress
(Healthcare Only)

In Accordance with Statement No. 43 of the Governmental Accounting Standards Board ($ in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/2009	$ 191	$ 9,673	$ 9,482	2.0%	$ 594,139	1.6%
01/01/2008	45,373	68,826	23,453	65.9%	571,314	4.1%
01/01/2007	58,856	1,765,884	1,707,028	3.3%	562,567	303.4%

PA 95-708, effective January 18, 2008, requires the bifurcation of the Retiree Healthcare Plan from the Pension Plan no later than January 1, 2009. The liability disclosed as of January 1, 2008, reflects the estimated cash flow for fiscal year 2008 only.

The liability disclosed as of January 1, 2009, reflects the additional 401(h) contribution for the first half of fiscal year 2009. The retiree health account is expected to be fully depleted by June 30, 2009.

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GASB STATEMENT NO. 43

Schedule of Employer Contributions
(Healthcare Only)

In Accordance with Statement No. 43 of the
Governmental Accounting Standards Board
($ in Thousands)

Year Ended 31-Dec		Authority Contribution (a)	Employee Contribution (b)	Total Contribution (a+b)	Annual Required Contribution (c)	Percentage Contributed ([a+b]/c)
2008		$ 13,019	$ 6,527	$ 19,546	$ 24,039	81.3%
2007	a	8,731	4,376	13,107	163,385	8.0%
2006	b	11,739	5,872	17,611	95,622	18.4%

[a] Based on results as of 12/31/2006 with a 5% return assumption.

[b] Based on results as of 12/31/2005 with a 9% return assumption.

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Annual Required Contribution
For Fiscal Year Ending December 31, 2009

In Accordance with Statement Nos. 25 & 43 of the Governmental Accounting Standards Board ($ in Thousands)

Fiscal Year 2009	GASB 25 Pension	GASB 43 Healthcare	Total
Assumptions and Methods			
Interest Rate	8.75%	5.00%	N/A
Amortization Period (years)	30	1	30
Amortization Method	Level Dollar	Level Dollar	Level Dollar
Cost Method	PUC	PUC	PUC
Basic Results			
Normal Cost	$ 58,038	$ -	$ 58,038
Actuarial Accrued Liability	2,632,356	9,673 [1]	2,642,029
Actuarial Value of Assets	1,995,953	191	1,996,144
Unfunded Actuarial Liability	$ 636,403	$ 9,482	$ 645,885
Annual Required Contribution (ARC)			
Normal Cost	$ 58,038	$ -	$ 58,038
Amortization of Unfunded Actuarial Liability	55,703	9,482 [2]	65,185
Interest Adjustment	4,976	119	5,095
Total ARC	$ 118,717	$ 9,601	$ 128,318

[1] Reflects contributions to the 401(h) account for the first half of 2009.

[2] Unfunded actuarial liability for retiree healthcare benefits amortized over a one-year period.

GASB STATEMENT NO. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented 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, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period for Unfunded Accrued Liabilities	30 Years
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	8.75%
Projected Salary Increases	Service based table with 5.0% ultimate rate after five years of service

Membership of the plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries receiving benefits	9,356
Terminated plan members entitled to but not yet receiving benefits	47
Active plan members	9,689
Total	19,092

SECTION V

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions and Methods
Used in the Valuation as of January 1, 2009

1. **Rate of Covered Pay:** The rate of covered pay for participants has been estimated at $575,685,411 for 2009. The following adjustments were made to the actual covered earnings for 2008 supplied by the Authority:

   - No earnings or a fractional year of earnings were submitted for employees with a work status date in 2008 who were hired during 2007. We have annualized the 2008 earnings as a participant and assumed minimum earnings of $25,000 per year for this group.
   - For employees on layoff, extended leave of absence, or on inactive status, we have assumed minimum earnings of $25,000 per year.
   - For employees whose 2008 earnings were less than $20,000, we have assumed an annual rate of $25,000 per year.
   - For all employees, 2008 were assumed to remain level for 2009.

2. **Retiree Benefits:** The benefit amounts received for retirees were compared to information received from the Authority for the prior valuation.

3. **Actuarial Cost Method:** The normal cost and actuarial liability were determined using the Projected Unit Credit cost method. The normal cost for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service earned during the current year. The actuarial accrued liability for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service earned during prior plan years. The actuarial accrued liability for retired and inactive members equals the present value of benefits.

4. **Asset Valuation Method:** Under the Plan's asset valuation method, assumed investment return is recognized fully each year. The differences between actual and assumed investment return are phased in over a five-year period with 20 percent of the difference between expected and actual return recognized each year. In any year the actuarial value of assets may be higher or lower than the market value of assets, but if the assumed return is earned for four years, the two will be equal. For GASB purposes, OPEB assets are marked to the market value of the retiree healthcare account while the pension assets are the difference between the total AVA and the OPEB assets.

5. **Amortization Method:** Unfunded liabilities are funded as a level dollar. For GASB purposes, a 30-year period is used for the pension liability.

6. **Interest on the Fund:** 8.75% per annum, compounded annually, for the pension account and 5% per annum, compounded annually, for the healthcare account.

7. **Compensation Increases:** According to the following table, compounded annually, assumed end of year, and includes a wage inflation assumption of 4.0%:

Years of Service	Salary Increase
1	15.00%
2	13.00%
3	11.00%
4	9.00%
>=5	5.00%

8. General Inflation: 3.25%

9. Mortality:

(a) *Active Members*—The 1994 Group Annuity Mortality Table for males and females multiplied by 90 percent.

(b) *Retirees & Survivors*—The 1994 Group Annuity Mortality Table for males and females.

(c) *Disabled Employees*— The 1994 Group Annuity Mortality Table for males and females multiplied by 110 percent.

10. Withdrawals from Service: According to the following table as shown for illustrative ages:

Age	Rate of Termination for Reasons Other than Death or Disability
25	7.50%
30	5.60%
35	4.60%
40	3.40%
45	2.90%
50	2.40%
55 & Older	0.50%

If service is 25 or greater, no withdrawal is assumed.

11. Recovery from disability without returning to work: Disabled members are assumed to recover according to the following table as shown for illustrative ages:

Sample Attained Ages	Disabled Recovery [a] Men	Women
30	0.412%	0.461%
35	0.406%	0.447%
40	0.382%	0.422%
45	0.326%	0.393%
50	0.216%	0.343%
55	0.013%	0.248%
60	0.000%	0.012%
65	0.000%	0.000%
70	0.000%	0.000%
75	0.000%	0.000%
80	0.000%	0.000%

[a] Disability recovery after verification of the ability to return to work in the same position as determined by the Plan's disability manager.

12. Disability Allowance: According to the following table as shown for illustrative ages:

Age	Rate of Disability
25	0.10%
30	0.10%
35	0.20%
40	0.30%
45	0.40%
50	0.50%
55	0.60%
60	0.70%
65 & Older	0.78%

If service is 25 or greater, no disability is assumed.

13. Service Retirements:

	Pre 9/5/2001 Hires		Hired 9/5/01-1/18/08		Post 1/18/08 Hires	
Age	**Probability of Retirement [1,2]**		**Probability of Retirement [1,2]**		**Probability of Retirement [1,2]**	
	Service < 25	Service >25	Service < 25	Service >25	Service < 25	Service >25
55	1.50%	25.00%	1.50%	25.00%	1.50%	1.50%
56	1.50%	27.50%	1.50%	27.50%	1.50%	1.50%
57	2.00%	30.00%	2.00%	30.00%	2.00%	2.00%
58	2.00%	32.50%	2.00%	32.50%	2.00%	2.00%
59	2.00%	35.00%	2.00%	35.00%	2.00%	2.00%
60	2.50%	37.50%	2.50%	37.50%	2.50%	2.50%
61	4.00%	40.00%	4.00%	40.00%	4.00%	4.00%
62	15.00%	42.50%	15.00%	42.50%	20.00%	20.00%
63	15.00%	45.00%	15.00%	45.00%	15.00%	15.00%
64	20.00%	47.50%	20.00%	47.50%	15.00%	15.00%
65	30.00%	50.00%	30.00%	50.00%	60.00%	60.00%
66	30.00%	50.00%	30.00%	50.00%	25.00%	25.00%
67	30.00%	60.00%	30.00%	60.00%	25.00%	25.00%
68	50.00%	70.00%	50.00%	70.00%	25.00%	25.00%
69	50.00%	80.00%	50.00%	80.00%	25.00%	25.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Rates apply only for members with greater than 10 years of service. Members with less than 10 years of service are assumed to defer retirement until eligible for retiree healthcare benefits. For all ages 55 and above, 10% is added to the rate at 10 years of service.

[2] For ages under 65, the above rates are multiplied by 75% if service is between 22 and 23 years, 50% if service is between 23 and 24 years, and 25% if service is between 24 and 25 years.

14. Spouse Data: 75% of employees eligible at retirement are assumed to be married, 50% of those married are assumed to elect a spouse option (Option A–50%) and the average equivalency factor to convert their accrued pension to a spouse option (Option A–50%) is assumed to be 85%. A wife is assumed to be 3 years younger than her husband. The valuation assumes 50% of all married retirees will elect healthcare coverage for their dependents. Actual dependent coverage data was used for participants retired as of the valuation date.

15. Retiree Healthcare Benefits: We have assumed that the maximum allowable contribution will be made to the 401(h) account during the first half of 2009.

16. Miscellaneous and technical assumptions:

Pay Increase Timing:	End of (Fiscal) year.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly based on assumptions, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and turnover do not operate after 25 years of service.

SECTION VI

Summary of Principal Plan Provisions Recognized in the Valuation

Summary of Principal Plan Provisions upon which the Actuarial Valuation as of January 1, 2009 has been Based

Eligibility—All non-temporary employees of the Chicago Transit Authority are included in the Plan after completing 12 months of continuous service unless specifically excluded by the terms of a collective bargaining agreement. Exempt non-vested employees may opt out of the plan. Chicago Transit Authority Board members are not included.

Contributions—The Chicago Transit Authority will contribute a percent of compensation for all participating employees and each participating employee will contribute a percent of his compensation to the Plan according to the following schedule:

	Contribution Percentage	
Dates	**Authority**	**Employees**
July 1, 1997, until January 18, 2008	6%	3%
January 18 and thereafter	12%	6%

For years through 2040, the amount paid by the Authority with respect to debt service on bonds issued for contribution to the Retirement Plan shall be treated as a credit against the amount of required contribution up to an amount not to exceed six percent of compensation paid by the Authority in the following year.

Minimum contributions as set forth on page 30 of this report may also apply.

Normal Retirement—The normal retirement age is 65. The annual normal retirement pension is equal to the greater of (a) or (b) below, but not greater than 70.0% of the employee's average annual compensation:

(a) 1% of the employee's past service compensation as of May 31, 1948, for each full year of continuous service prior to June 1, 1949, plus 1-2/3% of the employee's compensation for continuous service after June 1, 1949.

(b) 1% of the employee's average annual compensation for each full year of continuous service prior to June 1, 1949, plus 2.15%[a] of average annual compensation for each year (and fraction to completed calendar months) of continuous service after June 1, 1949.

[a] Under the terms of P.A. 95-0708, the benefit multiplier for service after June 1, 1949, increases from 1.85% to 2.00% for employees retiring from January 1, 2000, to December 31, 2000, and to 2.15% for employees retiring on and after January 1, 2001. The multiplier for employees retiring before January 1, 2000 remained at 1.85%.

Average annual compensation is equal to the highest average compensation over any four calendar years out of the final 10 calendar years prior to normal retirement (or actual retirement, if later). If an employee has at least 20 years of service, his minimum annual pension is $2,220.

Early Retirement —

Employees hired before January 18, 2008: An employee may retire early after attaining age 55 and completing at least three years of continuous service, or after completion of 25 years of continuous service. The early retirement pension is equal to the accrued normal retirement pension based on compensation and service at early retirement, reduced by 5% for each year or fraction younger than age 65. The 5% per year reduction is not applied if the employee has at least 25 years of service. Employees hired after September 5, 2001 may retire early with unreduced benefits after attaining age 55 and completing at least 25 years of service.

Employees hired on and after January 18, 2008: An employee may retire with unreduced benefits upon attainment of age 64 with 25 years of service. An employee may retire with a benefit reduced as described above upon attainment of age 55 with 10 years of continuous service.

Disability Allowance— An employee is eligible for a disability allowance if he becomes disabled after completing 10 years of service, or if his disability after completing five years of service is covered under the Workmen's Compensation Act. An employee is disabled if he either (a) is totally and permanently disabled or (b) is unable to return to work after receiving 26 weeks of benefits under the Authority's Group Accident and Sickness Insurance or from the Authority under the Workmen's Compensation Act. An employee is subject to a 26 week waiting period before disability allowance benefits are provided. The disability allowance is equal to the normal retirement pension based on compensation and service at disability subject to a minimum annual pension of $4,800.

Death Benefits—If an employee dies prior to retirement or disability and after one year of service, his contributions, accumulated with interest, are paid to his beneficiary. "Interest" is equal to the rate of interest earned by the Fund (to a maximum of 2%) prior to January 1, 1971, 1/2 of the rate of interest earned by the Fund (to a maximum of 3%) between January 1, 1971, and January 1, 1980, and 3% after December 31, 1979. If an employee dies after 90 days of service but prior to one year of service, his contributions, without interest, are paid to his beneficiary; and if he dies prior to 90 days of service, his contributions are not refunded.

If an employee is eligible for early retirement, he is automatically covered by a surviving spouse benefit, payable upon his death prior to retirement, in lieu of a return of his contributions. The spouse benefit is equal to 1/2 of the pension which would have been payable to the employee if he had retired on the first day of the month of his death and had elected an optional form of pension providing 1/2 of his reduced pension to his surviving spouse. Employees may elect not to be covered by this option and provide for the payment of their contributions with interest to their beneficiary in lieu thereof.

If an employee dies after his retirement pension has commenced, his beneficiary receives the excess, if any, of his contributions, accumulated with interest to his retirement date, over the sum of the pension payments made to him. However, if his surviving spouse is entitled to a pension after his death, such excess will not be paid to his beneficiary. At the death of the surviving spouse, the excess, if any, of the contributions accumulated with interest to his retirement date over the sum of the pension payments made to him and his surviving spouse will be paid.

Summary of Principal Plan Provisions upon which the Actuarial Valuation as of January 1, 2009 has been Based (Cont'd)

A retired employee's beneficiary will receive a death benefit equal to the amount from the following schedule according to the employee's age and service at retirement:

Age	Service	Age + Service	Death Benefit
65	20	N/A	$8,000
60	N/A	90	8,000
N/A	25	N/A	8,000
N/A	N/A	94	8,000
60-64	20	N/A	6,000
55-59	20	N/A	5,000
All Others			2,000

Termination Benefits—If an employee terminates his employment prior to eligibility for retirement or disability and after completing one year of service, he receives a refund of his contributions, plus interest (3% after December 31, 1979). If he terminates after 90 days but prior to one year, he receives his contributions, without interest, and if he terminates less than 90 days after hire, he receives no refund. If an employee has completed 10 years of continuous service and elects to leave his contributions in the Plan, he remains entitled to his normal retirement pension beginning at age 65 but based on his compensation and service at termination.

Optional Benefit Forms—In lieu of a normal pension, an employee may elect an optional annuity of equivalent actuarial value providing payments of 1/2, 2/3, or all of his reduced pension to his spouse after his death (Option A).

Alternatively, an employee may elect an optional annuity of equivalent actuarial value providing payments of 1/2, 2/3, or all of his reduced pension to his spouse after his death with the further provision that his benefit will be restored to the full amount to him after the death of his spouse (Option B).

Retired Employees—Benefits for retired employees have been valued according to benefits in effect at time of retirement as modified by subsequent amendments. Such benefits are kept on records maintained by the Authority.

Voluntary Early Retirement Incentive Program—During 1997, the Plan was amended to offer enhanced retirement benefits to all employees who have at least 25 years of continuous service on or before December 31, 1999, and who have not retired prior to January 1, 1997. Those eligible on or before June 30, 1997, must elect to participate during the period March 1, 1997, to June 30, 1997. Employees eligible during the period July 1, 1997, to December 31, 1999, must elect to participate between July 1, 1997, and February 28, 1998. All eligible employees who elect to participate must retire no later than December 31, 1999. The benefit is determined based on a formula multiplier of 2.40% of average annual compensation with the benefit cap at 70.0% of such average annual compensation.

Summary of Principal Plan Provisions upon which the Actuarial Valuation as of January 1, 2009 has been Based (Cont'd)

Ad hoc increases in retiree benefits—As part of the Arbitration Award ruling of November 13, 2003, the following ad hoc increases were given to retirees in payment status as of January 1, 2000:

- $75 per month for members retired before January 1, 1980
- $50 per month for members who retired on or after January 1, 1980, but before January 1, 1991
- $40 per month for members who retired on or after January 1, 1991, but before January 1, 2000

Contribution Requirements Under P.A. 95-0708

Beginning January 18, 2008, the Authority shall make contributions to the Retirement Plan in an amount equal to 12 percent of compensation and participating employees shall make contributions in an amount equal to six percent of compensation. For years through 2040, the amount paid by the Authority with respect to debt service on bonds issued for contribution to the Retirement Plan shall be treated as a credit against the amount of required contribution, up to an amount not to exceed six percent of compensation paid by the Authority in the following year.

If the funded ratio is projected to decline below 60 percent in any year before 2040 using reasonable actuarial assumptions and the projected unit credit funding method, the contribution shall be increased so that the funded ratio is not projected to drop below 60 percent. If the funded ratio actually drops below 60 percent in any year before 2040, the contribution shall be increased so that the funded ratio is projected to reach 60 percent within 10 years. The increase in contributions shall be effective as of the January 1 following the determination, or 30 days following the determination, whichever is later. One-third of the increase in contributions shall be paid by participating employees and two-thirds by the Authority.

Beginning in 2040, the minimum contribution for each fiscal year shall be redetermined each year as the amount required to bring the total assets of the Retirement Plan up to 90 percent of the total actuarial liabilities by the end of 2059, using the projected unit credit funding actuarial cost method and reasonable actuarial assumptions. Participating employees shall be responsible for one-third of the required contribution and the Authority shall be responsible for two-thirds of the required contribution.

Beginning in 2060, the minimum contribution for each year shall be an amount needed to maintain the total assets of the Retirement Plan at 90 percent of the total actuarial liabilities of the Plan and the contribution shall be funded one-third by participating employees and two-thirds by the Authority.

SECTION VII

Participant Data

Retired Employees at January 1, 2009

Schedule D

Attained Ages	Retirees		Disability		Beneficiaries		Totals	
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances
<35	-	$ -	0	$ -	2	$ 16,613	2	$ 16,613
35-39	-	-	7	87,249	2	19,390	9	106,639
40-44	2	59,928	15	202,426	-	-	17	262,353
45-49	39	1,374,603	55	767,597	9	118,429	103	2,260,630
50-54	370	12,588,123	106	1,477,750	27	257,814	503	14,323,686
55-59	1,002	30,293,340	193	2,768,059	47	703,541	1,242	33,764,940
60-64	1,859	51,978,341	251	3,500,186	74	907,555	2,184	56,386,082
65-69	1,729	42,698,304	162	2,016,718	121	1,175,474	2,012	45,890,496
70-74	1,054	22,465,826	100	1,242,277	114	1,085,782	1,268	24,793,886
75-79	670	11,464,675	34	389,916	127	1,012,148	831	12,866,739
80-84	441	6,689,887	15	130,161	166	1,268,571	622	8,088,620
85-89	244	3,263,377	6	55,515	116	725,294	366	4,044,186
90-94	97	1,006,769	1	5,888	62	305,443	160	1,318,100
95-99	25	207,215	-	-	10	39,277	35	246,492
100-104	1	7,058	-	-	1	2,409	2	9,468
105+	-	-	-	-	-	-	-	-
Totals	**7,533**	**$184,097,447**	**945**	**$12,643,742**	**878**	**$7,637,740**	**9,356**	**$204,378,928**

Terminated Vested Data at January 1, 2009

Terminated, Vested Participants

Attained Ages	Terminated Vested No.	Terminated Vested Annual Allowances
<35	0	$ 0
35-39	1	15,592
40-44	4	100,779
45-49	7	128,944
50-54	12	234,848
55-59	11	139,677
60-64	10	115,718
65-69	2	15,269
70-74	0	0
75-79	0	0
Total	**47**	**$750,827**

Schedule F

Distribution of Active Employees at January 1, 2009 by Age and Length of Service

	Years of Service									
AGE	Under 1 year	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 and over	Total
Under 20	0	0	0	0	0	0	0	0	0	**0**
20 to 24	21	39	0	0	0	0	0	0	0	**60**
25 to 29	78	246	116	0	0	0	0	0	0	**440**
30 to 34	65	227	453	57	1	0	0	0	0	**803**
35 to 39	69	203	606	329	40	0	0	0	0	**1,247**
40 to 44	40	166	632	423	341	65	0	0	0	**1,667**
45 to 49	53	155	603	378	374	300	35	1	0	**1,899**
50 to 54	39	104	456	271	290	276	108	70	1	**1,615**
55 to 59	16	67	275	184	191	159	67	154	36	**1,149**
60 to 64	10	29	133	99	107	99	36	76	51	**640**
65 and over	1	6	34	29	34	25	9	15	16	**169**
Total Active	**392**	**1,242**	**3,308**	**1,770**	**1,378**	**924**	**255**	**316**	**104**	**9,689**

Number non-vested: 4,942
Number vested: 4,747