RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Financial Statements and Supplementary Information
For the Years Ended December 31, 2013 and 2012
With Report of Independent Auditors

RETIREMENT PLAN FOR CHICAGO
TRANSIT AUTHORITY EMPLOYEES
For the Years Ended December 31, 2013 and 2012

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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Retirement Plan for Chicago Transit Authority Employees

Report on the financial statements

We have audited the accompanying financial statements of the Retirement Plan for Chicago Transit Authority Employees (the Plan), which comprise the statements of fiduciary net position as of December 31, 2013 and 2012, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Mitchell
&Titus

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2013 and 2012, and the changes in its financial position for the years then ended, in conformity with U.S. generally accepted accounting principles.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, schedule of funding progress and the schedule of employer contributions be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investment and administrative expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mitchell & Titus, LLP

September 29, 2014

Management's discussion and analysis of the Retirement Plan for Chicago Transit Authority Employees (the Plan) provides an overview and analysis of the financial statements of the Plan, including highlights and comparisons for the years ended December 31, 2013 and 2012. For more detailed information regarding the Plan's financial activities, review the Plan's financial statements, including the notes and supplementary schedules.

Overview of the Financial Statements

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the U.S. as established by the Governmental Accounting Standards Board (GASB) and are described below:

- *The Statements of Fiduciary Net Position* present the Plan's assets and liabilities and the resultant net position held in trust for plan benefits at the end of the year. The statement reflects the Plan's investments at fair value as well as receivables and liabilities.

- *The Statements of Changes in Fiduciary Net Position* present the additions and deductions to the Plan during the current year. It reflects the investment income and net realized and unrealized gains or losses during the year, along with members' contributions and employer's contributions; and then benefit payments, refunds, and administrative expenses.

- *The Notes to Financial Statements* provide additional information for a better understanding of the data provided in the financial statements. They explain the purpose of the Plan, significant accounting policies, investment details and related risks, and other relevant information.

The required supplementary information consists of a Schedule of Funding Progress, a Schedule of Employer Contributions for the Plan, as well as the related notes to discuss actuarial assumptions and methods. Such schedules provide historical trend information to aid in the analysis of the Plan's funded status for the past six years and the progress being made in accumulating sufficient assets to pay benefits when due.

- *The Schedule of Funding Progress* contains actuarial valuations of the Plan's status on an ongoing as well as historical basis. Actuarial liabilities in excess of actuarial valuation of assets indicate that insufficient assets have been accumulated to fund future benefits of current members and retirees.

- *The Schedule of Employer Contributions* contains historical trend information of employer contributions. It shows the value of total annual contributions the employer must pay as determined under the parameters in GASB Statement No. 25 for the Plan and the related percentage the employer has contributed to meet its requirement.

- *The Notes to the Required Supplementary Information* provides background information and the actuarial method and assumptions used to aid in the understanding of the required supplementary schedules.

Overview of the Financial Statements *(continued)*

The additional schedule provided consists of the *Schedule of Investment and Administrative Expenses,* which reflects the costs to manage the defined benefit pension plan.

Financial Highlights

- The fiduciary net position held in trust for Plan benefits totaled approximately $1.89 billion at December 31, 2013, compared to $1.70 billion at December 31, 2012 and $1.66 billion at December 31, 2011. The fiduciary net position is available for payment of members' pensions.

- For the 2013 Plan year, the addition to fiduciary net position was $435.6 million, and consisted of contribution revenue of $136.3 million, increased by net investment gain of $299.3 million. The addition to fiduciary net position for the 2012 Plan year was $279.3 million, which consisted of contribution revenue of $111.1 million, increased by net investment gain of $168.2 million.

- Benefit payments to retirees increased by $6.1 million in 2013, $10.7 million in 2012 and $5.5 million in 2011. Refunds of member contributions increased by $0.9 in 2013, $1.1 million in 2012, and $700,000 in 2011.

- The funded ratio of the Plan for pension benefits was 60.9% at December 31, 2013, compared to 59.4% at December 31, 2012, and 59.2% at December 31, 2011. The increase in the funded ratio at December 31, 2013 and 2012 was mainly due to gains in investment returns. The funded ratio decreased from 70.1% at December 31, 2010 to 59.2% at December 31, 2011, primarily due to changes in actuarial asset valuation method and demographic experience.

Fiduciary Net Position

A condensed schedule of the Plan's fiduciary net position is presented below:

Fiduciary Net Position
(in millions)
As of December 31, 2013, 2012 and 2011

	2013	2012	2011	2013-2012 Change $	2013-2012 Change %
Receivables	$ 26.9	$ 11.8	$ 12.0	$ 15.1	128.0%
Brokers–unsettled trades	14.5	13.0	10.7	1.5	11.5
Investments, at fair value	1876.1	1,695.6	1,657.1	180.5	10.6
Invested securities lending collateral	274.2	250.9	234.7	23.3	9.3
Total assets	2,191.7	1,971.3	1,914.5	220.4	
Brokers–unsettled trades	21.0	13.6	12.1	7.4	54.4
Securities lending payable	274.2	250.9	234.7	23.3	9.3
Accounts payable and accrued expenses	3.8	4.0	5.5	(0.2)	(5.0)
Total liabilities	299.0	268.5	252.3	30.5	
Fiduciary net position	$ 1,892.7	$ 1,702.8	$ 1,662.2	$ 189.9	11.2%

Fiduciary net position increased by $189.9 million, or 11.2%. at December 31, 2013 compared to the prior year, primarily due to favorable market conditions, which increased investments at year end by $180.5 million. Receivables increased by $15.1 million at December 31, 2013 compared to prior year because of the timing of deposit of contributions. In 2013, receivables included November and December contributions compared to 2012, in which only December contributions was included.

Fiduciary net position increased by $40.6 million, or 2.4%, at December 31, 2012 compared to the prior year due to favorable market conditions, which increased investments at year end by $38.5 million.

Changes in Fiduciary Net Position

The following schedule presents a condensed comparison of various changes in the Plan's fiduciary net position:

Changes in Fiduciary Net Position
(in millions)
Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011	2013-2012 Change $	2013-2012 Change %
Additions					
Member contributions	$ 56.8	$ 48.3	$ 47.2	$ 8.5	17.6%
Employer contributions	79.5	62.8	60.3	16.7	26.6
Net investment gains (losses) and investment income	299.3	168.2	(13.0)	131.1	77.9
Total additions	435.6	279.3	94.5	156.3	
Deductions					
Annuity and disability benefits	238.5	232.4	221.7	6.1	2.6
Refunds of contributions	4.9	4.0	2.9	0.9	22.5
Administrative expenses	2.3	2.3	2.4	-	-
Total deductions	245.7	238.7	227.0	7.0	
Net increase (decrease)	$ 189.9	$ 40.6	$ (132.5)	$ 149.3	367.7%

Total additions of $435.6 million in 2013 were higher than the amounts in 2012, primarily due to an increase in the salaries of active participants and favorable market conditions. Total additions of $279.3 million in 2012 were higher than the amounts in 2011, primarily due to an increase in the contribution rate and favorable market conditions. Total additions of $94.5 million in 2011 were lower than the amount in 2010, primarily due to unfavorable market conditions on investments during 2011. The active employees' rate increased to 8.65% in 2012 from 8.345% in 2011. Also, the employer contribution rate increased to 11.30% from 10.69%, net of pension bond debt service credit.

Deductions increased by $7.0 million in 2013, $11.7 million in 2012 and $6.6 million in 2011. The increases in 2013, 2012 and 2011 were mainly due to increases in annuity and disability benefits and refunds of contributions.

Plan Membership

The following table presents the changes in Plan membership as of December 31, 2013, 2012 and 2011:

	2013	2012	2011	2013-2012 Change	2013-2012 %
Retirees and beneficiaries receiving benefits	9,693	9,591	9,418	102	1.1%
Active employees	8,186	8,317	8,751	(131)	(1.6)
Terminated (inactive members) employees entitled to benefits or refunds of contributions	95	81	84	14	17.3
Total	17,974	17,989	18,253	(15)	

Funding Status

The actuarial value of assets for pension benefits under GASB Statement No. 25, as of December 31, 2013, was $1.9 billion and the actuarial liability was $3.1 billion. The actuarial value of assets increased by $189.9 million and the actuarial accrued liability increased by $238.2 million in 2013 over 2012 levels. The unfunded liability increased by $48.3 million as of December 31 2013. During 2013, there were several changes in the demographics and economic actuarial assumptions that contributed to the fluctuations in the actuarial value of assets, actuarial accrued liability and unfunded liability. The funded status of the Plan increased to 60.9% as of December 31, 2013 from 59.4% as of December 31, 2012. The slight increase was mainly due to favorable investment performance.

The actuarial value of assets for pension benefits under GASB Statement No. 25, as of December 31, 2012, was $1.7 billion and the actuarial liability was $2.9 billion. The actuarial value of assets increased by $40.6 million and the actuarial accrued liability increased by $59.2 million in 2012 over 2011 levels. The unfunded liability increased by $18.6 million as of December 31, 2012 as a result of favorable investment performance.

Funding Status *(continued)*

Changes to the Plan from Public Act 095-0708 effectively removed the liability for retiree healthcare benefits from the Pension Plan, effective January 1, 2009. There were no Plan assets available for retiree healthcare benefits in the Retirement Plan since December 31, 2010, as the retiree healthcare liability was transferred to the CTA Retiree Health Care Plan in 2009. There were no legislative or administrative changes that affected the Plan's funding during the years ended December 31, 2013, 2012 and 2011.

Investment Activities

The Plan's fiduciary net position held for investment was $1.9 billion at year-ended 2013, an increase of $180.5 million over 2012, with a total Plan rate of return of $19.5%. Domestic investment managers returned 37.4% while foreign investment managers returned 16.9%, and total fixed income returned 0.2% for the year ended December 31, 2013. The Plan's fiduciary net position held for investment was $1.70 billion at year-ended 2012, an increase of $38.5 million over 2011, with a total Plan rate of return of 11.3%. Domestic investment managers returned 15.9% while foreign investment managers returned 16.9%, and total fixed income returned 3.5% for the year ended December 31, 2012.

The fair value of the Plan's assets was impacted by the volatility of the financial markets and changes in the economy. During 2013 and 2012, the Plan's investment asset allocation stayed within its target asset allocation ranges. Target allocation for 2013 was 36% of assets invested in domestic equity, 15% in international equity, 10% in real estate, 6% in private equity, 11% in hedge funds, and 22% in fixed income, including 11% in stable value. Investment asset allocation for 2012 was 46% of assets invested in domestic equity, 5% in international equity, 10% in real estate, 6% in private equity, 11% in hedge funds, and 22% in fixed income, including 11% in stable value.

	Investment Returns Years Ended December 31, 2013, 2012 and 2011		
	2013	2012	2011
Total Plan	19.5%	11.3%	3.5%
Benchmark portfolio	19.0	12.0	1.5
Domestic equities	37.4%	15.9%	(0.3)%
Benchmark (Russell 3000)	33.6	16.4	1.0
International equities	16.9%	16.9%	(12.0)%
Benchmark (MSCI EAFE)	22.8	17.3	(12.1)
Fixed income	0.2%	3.5%	7.2%
Benchmark (Barclays Aggregate)	(2.0)	4.2	7.8
Real estate	16.6%	11.0%	12.2%
Benchmark (CPI+5.5% over rolling five-year periods)	7.0	7.2	8.5

Effects of Economic Factors

Funding

The Plan's funding objective is to meet long-term benefit obligations by accumulating sufficient assets through contributions and investment income. The Plan is well funded when it has sufficient assets to meet all expected future obligations to participants.

The funded ratio of the Plan was 60.9% at December 31, 2013, compared to 59.4% at December 31, 2012, mainly due to favorable market conditions. The funded ratio of the Plan increased to 59.4% at December 31, 2012 from 59.2% at December 31, 2011, mainly due to favorable market conditions. The funded ratio of the Plan decreased to 59.2% at December 31, 2011 from 70.1% at December 31, 2010, mainly due to losses from a combination of two principal factors: demographic experience and change in the actuarial asset valuation method. The steady decline in the funded ratio from 1981 to 2007 was due to insufficient employer and employee contributions, several early retirement programs, increased benefits, and dramatic health care cost increases that were paid out of the Retirement Plan prior to 2009.

Effective January 1, 2007, the retiree healthcare assets were marked to the fair market value of the retiree healthcare account and are disclosed under GASB Statement No. 43. Previously, retiree healthcare assets disclosed under GASB Statement No. 25 were allocated in proportion to the actuarial accrued liabilities. During 2009, the retiree healthcare liability was transferred from the Retirement Plan to the Retiree Health Care Plan.

Public Act 095-0708 changed the structure and funding of the Retirement Plan significantly. The Act requires that the funding and liability for retiree healthcare be removed from the Retirement Plan. The Act also changed the eligibility for retirement benefits for Chicago Transit Authority (CTA) employees hired after January 17, 2008 and created a separate Retiree Healthcare Trust to administer the benefits for retirees. Further, the Act gave the CTA the authority to issue debt in order to fund the Retirement Plan and the Retiree Healthcare Trust, created in May 2008.

Contact Information

This financial report is designed to provide the employer, plan participants, and others with a general overview of the Plan's finances and to show accountability for the monies received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. John V. Kallianis
Executive Director
Retirement Plan for
Chicago Transit Authority Employees
55 West Monroe Street, Suite 1950
Chicago, Illinois 60603

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Statements of Fiduciary Net Position

As of December 31, 2013 and 2012

(Amounts in thousands)

	2013	2012
ASSETS		
Total investments, at fair value	$ 1,876,128	$ 1,695,644
Invested securities lending cash collateral	274,156	250,856
Receivables		
Employer contributions	13,755	4,874
Employee contributions	9,778	3,666
Securities sold, but not received	14,534	12,957
Accrued interest and dividends	2,194	1,926
Other	1,149	1,347
	41,410	24,770
Total assets	2,191,694	1,971,270
LIABILITIES		
Payable upon return of securities loaned	274,156	250,856
Accounts payable	2,486	2,505
Other payables	1,369	1,485
Securities purchased, but not paid	20,969	13,635
Total liabilities	298,980	268,481
Fiduciary net position	$ 1,892,714	$ 1,702,789

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Statements of Changes in Fiduciary Net Position

For the Years Ended December 31, 2013 and 2012

(Amounts in thousands)

	2013	2012
ADDITIONS		
Net investment income	$ 299,341	$ 168,193
Employer contributions	79,518	62,788
Employee contributions	56,792	48,342
Total additions	435,651	279,323
DEDUCTIONS		
Benefit payments and contribution refunds		
Benefit payments	238,539	232,433
Contribution refunds, including interest	4,932	4,022
Administrative expenses	2,255	2,275
Total deductions	245,726	238,730
Net increase	189,925	40,593
Fiduciary net position		
Beginning of year	1,702,789	1,662,196
End of year	$ 1,892,714	$ 1,702,789

The accompanying notes are an integral part of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Generally accepted accounting principles (GAAP) in the U.S., as established by the Governmental Accounting Standards Board (GASB), define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of the primary government to impose its will on the component unit, or the potential for the component unit to provide specific financial benefits to or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for its component units that are fiscally dependent on it.

Based on the above criteria, the Retirement Plan for Chicago Transit Authority Employees (the Plan) has no component units and is not a component unit of any other entity.

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions in the period in which employee services are performed. Benefits and refunds are recognized as deductions when paid; expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in fiduciary net position during the reporting period and disclosures of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results may differ from those estimates.

Investments

The Plan is authorized to invest in bonds, notes, and other direct obligations of the U.S. Government and U.S. Government agencies; corporate bonds, debentures, and notes; certain notes secured by mortgages (including pass-through securities); common and preferred stocks; and certain real estate funds, private equity funds, hedge funds, and stable value funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

The Plan does not have a formal investment risk policy. Investment risk management is a function of the Plan's asset allocation process. Plan assets are diversified over a broad range of asset classes, utilizing multiple investment strategies to limit concentration risk.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed-income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, the net asset value is determined and certified by the investment managers as of the reporting date. Guaranteed investment contracts are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuers. The pooled real estate investment funds are reported at net asset value (NAV) of shares held by the Plan at year end based on independent appraisals of underlying properties. Hedge funds, venture capital, and private equity funds do not have established market prices and are reported at NAV of shares held by the Plan at year end as estimated by money managers.

Security Transactions

Purchases and sales of securities are accounted for on the trade dates. For purposes of determining the realized gain or loss on the disposal of investments, the average cost of investments sold is used. Unrealized gains or losses on investments held during the year, as well as realized gains or losses on securities sold are included in the statement of changes in fiduciary net position in the year in which they occur.

Investment Income

Dividend income is recorded on the ex-dividend date. Income from other investments is recorded when earned.

Furniture and Office Equipment

Furniture and office equipment are not capitalized, as they are immaterial and are charged to expenses in the year of purchase.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Administrative Expenses

Administrative expenses are recorded as incurred and budgeted and approved by the Plan's Board of Trustees. Administrative expenses are paid from Plan assets and investment earnings. Certain administrative expenses are allocated between the Plan and the Retiree Health Care Plan based on periodic time and expense studies.

Securities Lending Transactions

Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets in the statement of fiduciary net position at fair value. Securities received as collateral are reported as assets only if the Plan has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the statement of fiduciary net position.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.* GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of GASB Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of GASB Statement No. 67. For defined benefit pension plans, GASB Statement No. 67 specifies the required approach to measure the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Under GASB Statement No. 67, defined benefit pension plans are required to present two financial statements—a statement of fiduciary net position and a statement of changes in fiduciary net position. GASB Statement No. 67 also improves financial reporting through accountability, enhanced note disclosures, and required supplementary information. Statement No. 67 will be effective for fiscal years beginning after June 15, 2013. The Plan will adopt GASB Statement No. 67 in fiscal year 2014.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest on Refunds of Participant Contributions

Interest on refunds of participant contributions is expensed when the refunds are recorded. Interest on accumulated contributions from continuing participants is reflected in each participant's account annually.

NOTE 2 PENSION PLAN

Plan Description

The following brief description of the Plan is provided for general information purposes only. Arbitration awards are periodically handed down and negotiated changes occur. Certain aspects of the Plan are now governed by Illinois state statute (40 ILCS 5/22-101). These changes can revise certain provisions of the Plan regarding the CTA, employee contributions, and employee death benefits. Those changes that have affected the Plan are summarized in the following notes. Participants should refer to the Plan document, as amended, for complete information.

The Plan is a single-employer contributory defined-benefit public pension plan, covering all full-time CTA permanent employees. The Plan is administered by an 11-member Board of Trustees composed of members appointed by the CTA, the Amalgamated Transit Union (ATU), the Regional Transportation Authority and a member appointed to represent the employees not represented by the ATU. The Board of Trustees has the authority to establish or amend the contribution and benefit provisions under the Plan. The Plan is classified as a "governmental plan" and is, therefore, exempt from certain provisions of the Employee Retirement Income Security Act of 1974.

The Plan was recently amended, effective January 31, 2012, to comply with applicable laws. Employees who have completed one year of continuous service are eligible for participation.

NOTE 2 PENSION PLAN *(continued)*

Plan Description *(continued)*

At December 31, 2013 and 2012, the numbers of participants were as follows:

	2013	2012
Retirees, disabled participants, and beneficiaries of deceased retirees currently receiving benefits	9,693	9,591
Terminated employees entitled to benefits but not yet receiving benefits	95	81
Active	8,186	8,317
	17,974	17,989

Employees are entitled to annual pension benefits upon normal retirement at age 65, in an amount generally based on a percentage of their average annual compensation in the highest four of the 10 preceding years, multiplied by the number of years of continuous participating service. For employees retiring before December 1, 1987, the percentage was 1.65%. The agreement between the CTA and its unions, signed September 1987, raised the percentage to 1.70% and 1.75% for retirements on or after December 1, 1987 and 1989, respectively. The agreement between the CTA and its unions, signed August 1993, raised the percentage to 1.80% and 1.85% for retirements on or after January 1, 1993 and January 1, 1995, respectively. The Arbitration Award of November 12, 2003, increased the benefit multiplier for service after June 1, 1949 to 2.00% from 1.85% 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%. During 1995, a Voluntary Early Retirement Incentive Program was offered, which provided a percentage of 2.05% for employees retiring after January 1, 1994. Employees who met the requirements for early retirement had to respond by February 28, 1995. During 1997, the Plan offered a Voluntary Early Retirement Program to eligible employees who had 25 years of continuous service on or before December 31, 1999, and had not retired prior to January 1, 1997, in the form of a retirement allowance of 2.40% for each year of continuous service, with a maximum retirement allowance of 70% of the employee's annual compensation. All eligible employees who elected to participate were allowed to retire as soon as possible but no later than December 31, 1999.

NOTE 2 PENSION PLAN *(continued)*

Plan Description *(continued)*

The Plan permits early retirement at age 55, generally with reduced benefits. However, in the event of early retirement by an employee who has 25 years or more of continuous service, regardless of their age, benefits will not be reduced. In accordance with Public Act 095-0708, for all employees hired after January 17, 2008, eligibility for an unreduced pension benefit has changed to age 64 with 25 years of service. All retirees receive a monthly pension benefit. Married employees can elect to receive their pension benefits in the form of a joint and survivor option.

Contributions and Vesting

Contributions from the CTA and employees are based on a percentage of compensation pursuant to various agreements between the CTA and the unions. For years beginning January 1, 2009 through 2040, the amount of contributions to be paid by the CTA, with respect to debt service on bonds issued for contribution to the Plan, is treated as a credit against the amount of required contribution, up to an amount not to exceed 6% of compensation.

Starting January 1, 2013, covered employees are required to contribute 10.125% of their salary to the Plan and the employer is required to contribute 20.25% of compensation less a credit for debt service of 6%, with a total net employer contribution of 14.250%. During 2012, covered employees are required to contribute 8.65% of their salary to the Plan and the employer is required to contribute 17.30% of compensation less a credit for debt service of 6%, with a total net employer contribution of 11.30%. During 2011, the employee contribution rate was 8.345% of salary to the Plan and the employer was required to contribute 16.69% of compensation less credit for debt service of 6%, with a total net employer contribution of 10.69%. During 2010, the employee contribution rate was 8.35% of salary and the required employer contribution rate was 16.69% of compensation less debt service paid of 6%, with a net employer contribution of 10.69%. For Plan year 2009, the employee contribution rate was 6% of salary and the employer contribution rate was 12% of compensation less debt service paid, with a total net employer contribution of 6% after the credit. From January 18, 2008 through December 31, 2008, covered employees were required to contribute 6% of salary to the Plan and the employer was required to contribute 12% of compensation. Prior to January 18, 2008, the CTA's contribution was 6% of total compensation and the employee contribution rate was 3% of total compensation. From January 1997 to June 1997, there were no employer or employee contributions to the pension fund because of a union contract agreement, which enforced a pension holiday. Contributions resumed in July 1997.

NOTE 2 PENSION PLAN *(continued)*

Contributions and Vesting *(continued)*

In accordance with Public Act 095-0708 (effective January 18, 2008), the CTA issued bonds and notes in the aggregate amount of $1,348,550,000, of which net proceeds of $1,110,500,000 were deposited into the Plan during the year ended December 31, 2008. No bond proceeds were received in 2013 and 2012.

Death, Disability, and Other Benefits

Lump-sum death benefits based on age and years of service, ranging from $2,000 to $8,000, are paid to the designated beneficiaries. Also, the excess, if any, of employee contributions plus interest on such contributions over pension benefits previously paid to the retiree, and spouse in the case of a survivorship option, is paid to the designated beneficiary.

An employee is eligible for a disability allowance if he or she becomes disabled after completing 10 years of continuous service or, if the disability is covered under the Illinois Workers Compensation Act, after completing five years of continuous service. The disability allowance is based on compensation and service to date of the disability, with a minimum benefit of $400 per month.

A participant's accumulated contributions plus interest (currently 3% annually) are refunded when the participant is separated from service and has less than 10 years of continuous participation, or when a participant with more than 10 years of service is separated and elects to receive a refund of his or her contributions.

A participant who is separated from service after completing 10 or more years of continuous service is not eligible for a retirement or disability allowance at separation, and elects not to receive a refund of his contributions, is entitled to receive, at normal retirement age, a deferred vested pension based on length of service and compensation to date of the separation.

At December 31, 2013, fiduciary net position held in trust for Plan benefits included accumulated active employee contributions of $332,837,287, including accumulated interest of $45,236,743 (active employee contributions of $296,803,967, including accumulated interest of $41,545,184, at December 31, 2012).

NOTE 2 PENSION PLAN *(continued)*

Funded Status and Funding Progress

According to Public Act 095-0708, beginning in 2009 and ending on December 31, 2039, if the funding ratio is projected to decline below 60% in any year before 2040, the Board of Trustees will determine the increased contribution required each year as a level percentage of payroll over the years remaining until 2040, using the projected-unit credit actuarial cost method, so that the funded ratio does not decline below 60%.

The funded status of the Plan as of December 31, 2013 and 2012, the most recent actuarial valuation dates, is as follows (amounts in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
12/31/13	$ 1,892,714	$ 3,105,567	$ 1,212,853	60.9%	$ 550,616	220.3%
12/31/12	1,702,789	2,867,335	1,164,546	59.4	548,515	212.3

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Because actuarial calculations reflect a long-term perspective, actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates made about the future. Examples include assumptions about future employment, mortality, and investment returns. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial values of the Plan's assets are increasing or decreasing over time relative to the AALs for benefits.

NOTE 2 PENSION PLAN *(continued)*

Funded Status and Funding Progress *(continued)*

Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2013 and 2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Market value for 2013 and 2012
Actuarial assumptions	
Investment rate of return	8.25% for 2013 and 8.50% for 2012
Projected salary increases	For 2013 valuation: 9% for 1 year of service, 11% for 2 years of service, 16% for 3 years of service, 5% for 4 years of service, and 4% thereafter. For 2012 valuation: 1.50% for 2013-2014, and service-graded table with 5.0% ultimate rate after five years of service thereafter
Inflation rate	3.25% for 2013 and 1.50% for 2012

NOTE 3 INVESTMENT RISK

Investment Policy

The primary objective of the Plan's investment policy is to provide a structured approach in implementing the Plan's investment strategies to achieve above-average returns consistent with prudent risk and investment volatility.

To minimize the impact of large losses and to reduce annual variability of returns, the Plan's assets are allocated across major asset classes and diversified broadly within each asset class.

Investment Summary

The Plan's investments were held by the Northern Trust Company (TNT) as Trustee under a 1996 trust agreement. TNT is also the custodian for the Plan.

NOTE 3 INVESTMENT RISK *(continued)*

Investment Summary *(continued)*

The following table summarizes the Plan's investments by type at December 31, 2013 and 2012 (amounts in thousands):

	2013	2012
Asset-backed securities	$ 10,810	$ 12,534
Commercial mortgage-backed securities	7,557	4,126
Corporate bonds/funds	119,177	109,896
Government agency securities/funds	30,380	99,348
Government bonds	41,899	29,024
Government mortgage-backed securities	28,952	36,146
Government-issued commercial mortgage-backed securities	772	917
Municipal/provincial bonds	1,728	647
Non-government-backed CMOs	3,058	2,680
Guaranteed investment contracts	58,823	-
Synthetic GIC	13,283	13,161
U.S. equities	745,045	660,584
Foreign equities	287,254	264,900
Real estate—pooled funds	141,492	127,243
Venture capital and partnerships	81,802	79,801
Short-term investments and currency positions	123,825	82,493
Hedge funds	180,271	172,144
Total investments, at fair value	$ 1,876,128	$ 1,695,644

NOTE 3 INVESTMENT RISK *(continued)*

Investment Summary *(continued)*

Net investment income for the years ended December 31, 2013 and 2012 consisted of the following (amounts in thousands):

	2013	2012
Investment income		
Interest	$ 14,361	$ 17,730
Dividends	29,393	20,539
Miscellaneous	155	149
Securities lending	1,214	1,320
Net appreciation in fair value of investments	263,943	137,972
Total investment income before investment expenses	309,066	177,710
Less: Investment expenses		
Securities lending fees	(303)	(330)
Management fees and other	(9,422)	(9,187)
Net investment income	$ 299,341	$ 168,193

Investment Risks

The Plan's investments are subject to risks, including interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. The following describes those risks:

Interest Rate Risk—The risk that the fair value of debt securities will decrease due to increases in the prevailing market interest rate. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan manages its exposure to interest rate risks by purchasing a combination of short- and long-term investments and by timing cash flow from maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

NOTE 3 INVESTMENT RISK *(continued)*

Investment Risks *(continued)*

The following tables show the segmented time distribution of the Plan's investment maturities based on the investments' cash flows.

At December 31, 2013, the Plan had the following investments and maturities related to certain fixed-income securities (amounts in thousands):

		Investment Maturities				
Investment Type	**Market Value**	**Less Than 1 Year**	**1 to 6 Years**	**7 to 10 Years**	**More Than 10 Years**	**Not Determined**
Asset-backed securities	$ 10,810	$ -	$ 1,227	$ 3,309	$ 6,274	$ -
Commercial mortgage-backed securities	7,557	-	-	-	7,557	-
Corporate bonds/funds	119,177	1,865	19,156	9,763	4,029	84,364
Government agency securities/funds	30,380	2,055	6,867	2,638	294	18,526
Government bonds	41,899	-	28,976	5,930	6,993	-
Government mortgage-backed securities	28,952	-	648	3,690	24,614	-
Government-issued commercial mortgage-backed securities	772	-	772	-	-	-
Municipal/provincial bonds	1,728	-	-	-	1,728	-
Non-government-backed CMOs	3,058	-	181	656	2,221	-
Guaranteed investment contracts	58,823	-	53,815	-	-	5,008
Synthetic GIC	13,283	-	-	-	-	13,283
Total	$ 316,439	$ 3,920	$ 111,642	$ 25,986	$ 53,710	$ 121,181

NOTE 3 INVESTMENT RISK *(continued)*

Investment Risks *(continued)*

At December 31, 2012, the Plan had the following investments and maturities related to certain fixed-income securities (amounts in thousands):

		Investment Maturities				
Investment Type	Market Value	Less Than 1 Year	1 to 6 Years	7 to 10 Years	More Than 10 Years	Not Determined
Asset-backed securities	$ 12,534	$ -	$ 1,051	$ 4,551	$ 6,932	$ -
Commercial mortgage-backed securities	4,126	-	-	-	4,126	-
Corporate bonds/funds	109,896	1,226	20,706	11,476	4,497	71,991
Government agency securities/funds	99,348	1,507	6,995	2,739	736	87,371
Government bonds	29,024	2,251	14,267	3,716	8,790	-
Government mortgage-backed securities	36,146	-	462	2,707	32,977	-
Government-issued commercial mortgage-backed securities	917	-	814	103	-	-
Municipal/provincial bonds	647	-	-	-	647	-
Guaranteed fixed income	-	-	-	-	-	-
Non-government-backed CMOs	2,680	-	-	1,183	1,497	-
Index-linked government bonds	-	-	-	-	-	-
Synthetic GIC	13,161	-	-	-	-	13,161
Total	$ 308,479	$ 4,984	$ 44,295	$ 26,475	$ 60,202	$ 172,523

Credit Risk—The risk that the issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings issued by national rating agencies, such as Moody’s and Standard & Poor’s. The Plan has no formal credit risk policy.

NOTE 3 INVESTMENT RISK *(continued)*

Investment Risks *(continued)*

The following tables provide information on the credit ratings associated with the Plan's investments in debt securities. Ratings were obtained from Standard & Poor's (amounts in thousands):

	2013											
	AAA	AA	A	BBB	BB	B	CCC	CC	D	Not Rated	U.S. Gov't. Agencies	Total
Asset-backed securities	$ 1,274	$ 745	$ 374	$ 163	$ 63	$ 259	$ 275	$ -	$ -	$ 7,657	$ -	$ 10,810
Commercial mortgage-backed securities	4,120	722	655	-	-	-	-	-	-	2,060	-	7,557
Corporate bonds/funds	607	2,765	9,691	19,357	1,569	-	-	-	-	85,188	-	119,177
Government agency securities/ funds	783	11,008	-	63	-	-	-	-	-	-	18,526	30,380
Government bonds	-	1,049	-	719	-	-	-	-	-	208	39,923	41,899
Government mortgage-backed securities	-	131	-	-	-	-	-	-	-	214	28,607	28,952
Government-issued CMB	-	-	-	-	-	-	-	-	-	-	772	772
Municipal/ provincial bonds	-	513	674	-	-	-	-	-	-	541	-	1,728
Guaranteed fixed income	-	-	-	-	-	-	-	-	-	-	-	-
Non-government-backed CMOs	-	426	1,765	203	-	-	267	-	226	171	-	3,058
Guaranteed investment contracts	-	-	-	-	-	-	-	-	-	58,823	-	58,823
Synthetic GIC	-	-	-	-	-	-	-	-	-	13,283	-	13,283
Total	$ 6,784	$ 17,359	$ 13,159	$ 20,505	$ 1,632	$ 259	$ 542	$ -	$ 226	$ 168,145	$ 87,828	$ 316,439

NOTE 3 INVESTMENTS *(continued)*

Investment Risks *(continued)*

	2012											
	AAA	AA	A	BBB	BB	B	CCC	CC	D	Not Rated	U.S. Gov't. Agencies	Total
Asset-backed securities	$ 1,412	$ 1,131	$ 261	$ 249	$ 81	$ -	$ 283	$ -	$ -	$ 9,117	$ -	$ 12,534
Commercial mortgage-backed securities	2,686	-	-	-	-	-	-	-	-	1,440	-	4,126
Corporate bonds/funds	658	2,595	12,672	18,468	1,628	-	-	-	-	73,875	-	109,896
Government agency securities/ funds	1,360	10,138	-	76	-	-	-	-	-	403	87,371	99,348
Government bonds	-	772	-	612	-	-	-	-	-	-	27,640	29,024
Government mortgage-backed securities	-	215	-	-	-	-	-	-	-	366	35,565	36,146
Government-issued CMB	-	-	-	-	-	-	-	-	-	-	917	917
Municipal/ provincial bonds	-	-	29	-	-	-	-	-	-	618	-	647
Guaranteed fixed income	-	-	-	-	-	-	-	-	-	-	-	-
Non-government-backed CMOs	-	321	1,166	245	25	-	371	-	287	265	-	2,680
Index-linked government bonds	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic GIC	-	-	-	-	-	-	-	-	-	13,161	-	13,161
Total	$ 6,116	$ 15,172	$ 14,128	$ 19,650	$ 1,734	$ -	$ 654	$ -	$ 287	$ 99,245	$ 151,493	$ 308,479

NOTE 3 INVESTMENT RISK *(continued)*

Investment Risks *(continued)*

Custodial Credit Risk—For an investment, it is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. The Plan's master custodian holds all investments of the Plan in the Plan's name. As of December 31, 2013 and 2012, deposits of $1,105,000 and $391,000, respectively, were exposed to custodial credit risk as uninsured and uncollateralized.

Concentration of Credit Risk—The Plan's investment policy limits the aggregate amount that can be invested in each asset class. Domestic equity, international equity, fixed income, real estate, private equity, and hedge fund investments are limited to 46%, 5%, 22%, 10%, 6%, and 11%, respectively, of the fair market value of the aggregate portfolio.

The following investments represented 5% or more of the Plan's net assets at December 31, 2013 and 2012:

	2013	2012
NTGI Collective Short-Term Investment Fund	$106,240,876	$ *

* Amount is less than 5% of Plan net assets.

Foreign Currency Risk—This risk changes due to fluctuations in exchange rates, adversely affecting the fair value of an investment. International equity securities purchased by the Plan meet exchange listing requirements; all foreign equities held by the Plan are denominated in U.S. dollars. The Plan has no formal foreign currency risk policy. The Plan's exposure to foreign currency risk is as follows (amounts in thousands):

NOTE 3 INVESTMENT RISK *(continued)*

Investment Risks *(continued)*

Type of investment	**(US$) 2013**	**(US$) 2012**
Short-term investments and currency position		
Australian dollar	$ 16	$ -
British pound sterling	202	76
European euro	-	272
Hong Kong dollar	265	162
Japanese yen	208	109
New Israeli shekel	14	7
Norwegian krone	42	25
Singapore dollar	67	18
Swedish krona	-	2
Swiss franc	5	1
Thai baht	-	16
	$ 819	$ 688
Equities		
Australian dollar	$ 4,161	$ 6,807
Brazilian real	626	-
British pound sterling	30,856	27,005
Canadian dollar	3,438	3,664
Danish krone	2,205	1,733
European euro	36,499	29,115
Hong Kong dollar	23,923	22,516
Indonesian rupiah	1,360	1,359
Japanese yen	33,979	30,237
Mexican peso	1,077	1,220
New Israeli shekel	714	672
New Zealand dollar	237	-
Norwegian krone	1,028	1,501
Philippine peso	-	833
Singapore dollar	6,114	6,203
South African rand	4,308	3,424
South Korean won	11,539	10,405
Swedish krona	5,488	4,845
Swiss franc	11,085	7,734
Thai baht	3,101	2,688
	$ 181,738	$ 161,961

NOTE 3 INVESTMENT RISK *(continued)*

Investment Management Fees

Investment management fees from equity and fixed-income managers, including most of the collective funds, are included in the investment management fees on the statements of changes in fiduciary net position. Investment management fees from funds of short-term investments, hedge, real estate, venture capital and private equity are reflected in the net investment income from such investment products. Such investment management fees are not significant to the Plan.

NOTE 4 DERIVATIVES

The Plan's investment managers may enter into derivative transactions as permitted by their guidelines for hedging or risk reduction, but not for speculative purposes. A derivative financial instrument's payoff depends on the value of an underlying security, such as bond or stock prices, a market index, or commodity prices. Derivative financial instruments involve credit risk and market risk in varying degrees. The Plan did not invest in derivative instruments during 2013 and 2012.

NOTE 5 SECURITIES LENDING PROGRAM

On July 10, 1996, the Board of Trustees entered into a securities lending agreement with TNT. The Plan participates in TNT's securities lending program by lending certain securities to borrowers, thereby earning additional income, which is included in net investment income on the statement of changes in fiduciary net position. Loans of securities through TNT are collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. government or its agencies, equal to at least 102% of the current fair value of the loaned U.S. securities and 105% of the current fair value of the loaned non-U.S. securities. There are risks associated with lending securities, with the most significant being the risk that a borrower may fail to return a portfolio security.

Additionally, the Plan would be exposed to the credit risk of the borrower should the market value of the securities loaned exceed the market value of the collateral pledged.

NOTE 5 SECURITIES LENDING PROGRAM *(continued)*

All securities loans can be terminated on demand by either the Plan or the borrower, although the average term of the loans is 77 days and 92 days as of December 31, 2013 and 2012, respectively. Cash collateral is invested in the lending agent's short-term investment pool, which at year-ended 2013 and 2012 had a weighted-average maturity of 39 days and 45 days, respectively. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Plan cannot determine. The Plan cannot pledge or sell collateral securities received unless the borrower defaults.

Loans outstanding as of December 31, 2013 and 2012 were as follows (amounts in thousands):

	2013	2012
Fair value of securities loaned for cash collateral	$ 268,089	$ 247,344
Fair value of securities loaned for non-cash collateral	-	1,313
Total fair value of securities loaned	$ 268,089	$ 248,657
Fair value of cash collateral from borrowers	$ 274,156	$ 250,856
Fair value of non-cash collateral from borrowers	-	1,332
Total fair value of collateral from borrowers	$ 274,156	$ 252,188

NOTE 6 UNFUNDED INVESTMENT COMMITMENTS

The Plan had unfunded commitments of approximately $44.6 million at December 31, 2013 and $73.9 million at December 31, 2012 in connection with real estate and private equity investments.

NOTE 7 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities that are exposed to various risks such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. The changes could materially affect the amounts reported in the statement of fiduciary net position.

NOTE 7 RISKS AND UNCERTAINTIES *(continued)*

Contributions to the Plan and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

The Plan is subject to various claims and legal proceedings arising in the ordinary course of business which, in management's opinion, will be resolved without any material adverse effect on the Plan's financial position or changes in its financial position.

NOTE 8 PRIORITIES AT PLAN TERMINATION

While the CTA intends to maintain the Plan permanently, should the Plan terminate, the Plan's fiduciary net position held in trust for pension benefits would be allocated and used generally to provide the following, in the order indicated:

a. Refunds of participant contributions plus interest, less benefits paid.
b. Retirement and disability benefits to participants who have retired or reached age 65 on the date of termination.
c. In the event a balance remains, it will be used to provide for reduced retirement and disability benefits for all other participants.

NOTE 9 TAX STATUS

The Internal Revenue Service (IRS) issued a letter of determination dated April 11, 2013, stating that the Plan is qualified under Section 401 of the Internal Revenue Code (the Code) and is, therefore, exempt from Federal income taxes under the provisions of Section 501(a) of the Code. The Plan is required to operate in conformity with the Code to maintain this qualification. The Plan's management is not aware of any course of action or series of events that have occurred, which may adversely affect the Plan's tax status.

NOTE 10 OPERATING LEASE

During 2013, the Plan entered into a new lease agreement for office space, which expires on December 31, 2028. Concurrently with the execution of the lease, the Plan has deposited $100,000 in the form of an irrevocable Letter of Credit. At December 31, 2013, the remaining future rental lease payments are as follow (amounts in thousands):

Year	Amount
2014	$ 6
2015	77
2016	79
2017	81
2018	83
Thereafter	898
	$ 1,224

Rent and utilities paid by the Plan were $79 in 2013 and $72 in 2012. The amount of rent paid for 2013 and 2012 represents 75% of the total amount paid by the Plan. The other 25% is reimbursed by the CTA Retiree Health Care Plan based on management's expense allocation for the shared office space.

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Schedule of Funding Progress

(Amounts in thousands)

(Unaudited)

Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2013*	1/01/14	$ 1,892,714	$ 3,105,567	$ 1,212,853	60.9%	$ 550,616	220.3%
2012	1/01/13	1,702,789	2,867,335	1,164,546	59.4	548,515	212.3
2011**	1/01/12	1,662,196	2,808,184	1,145,988	59.2	541,354	211.7
2010***	1/01/11	1,909,967	2,724,191	814,224	70.1	528,288	154.1
2009	1/01/10	1,936,849	2,588,462	651,613	74.8	567,173	114.9
2008	1/01/09	1,995,953	2,632,356	636,403	75.8	594,139	107.1

*Effective January 1, 2014, the rate of return for disclosure purposes changed to 8.25% from 8.50%.

** Effective January 1, 2012, the actuarial value of assets changed to market value.

*** Effective January 1, 2011, the rate of return for disclosure purposes changed to 8.50% from 8.75%.

**** Effective January 1, 2008, the rate of return for disclosure purposes changed to 8.75% from 9.00%.

See accompanying Report of Independent Auditors.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Schedule of Employer Contributions

(Amounts in thousands)

(Unaudited)

Year Ended December 31	Employer Contribution	Annual Required Contribution	Percentage Contributed (%)
2013	$ 79,518	$ 157,594	50.5%
2012	62,788	155,600	40.4
2011	60,318	123,158	49.0
2010	56,216	108,478	51.8
2009	41,448	118,717	34.9
2008	1,165,947	206,670	564.2

See accompanying Report of Independent Auditors.

NOTE 1 ACTUARIAL ASSUMPTIONS

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

Valuation date	December 31, 2013 and 2012, respectively
Actuarial cost method	Projected-unit credit
Amortization method	Level dollar
Amortization period	30 years
Asset valuation method	Market value for 2013 and 2012
Actuarial assumptions	
Investment rate of return	8.25% for 2013 and 8.50% 2012
Projected salary increases	For 2013 valuation: 9% for 1 year of service, 11% for 2 years of service, 16% for 3 years of service, 5% for 4 years of service, and 4% thereafter For 2012 valuation: 1.50% for 2013-2014, and service-graded table with 5.0% ultimate rate after five years of service thereafter
Inflation rate	3.25% for 2013 and 1.50% for 2012

See accompanying Report of Independent Auditors.

SUPPLEMENTARY INFORMATION

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Schedule of Investment and Administrative Expenses
For the Years Ended December 31, 2013 and 2012

(Amounts in thousands)

	2013	2012
INVESTMENT EXPENSES		
Reporting and monitoring	$ 28	$ 42
Real estate expenses	80	80
Investment management fees	7,629	7,340
Trustee fees	491	612
Other investment fees	235	165
Investment advisors	959	948
Total investment expenses	$ 9,422	$ 9,187
ADMINISTRATIVE EXPENSES		
Personal services		
Staff salaries and fringe benefits	$ 1,291	$ 1,272
Professional services		
Actuarial	59	53
Auditing	78	134
Data processing	88	76
Legal	277	262
Third-party administrator	193	206
	695	731
Communication		
Stationery and printing	2	23
Telephone	26	25
Postage and messenger	8	6
	36	54
Office and equipment		
Office space	78	70
Utilities	1	2
Equipment	1	-
Equipment rental	9	11
	89	83
Insurance		
Fiduciary insurance	78	79
Miscellaneous		
Seminars and travel	9	7
Supplies	8	13
Legal research	5	6
Court reporting	12	15
Seminars for retirees	6	6
Moving expense	21	-
Other	5	9
	66	56
Total administrative expenses	$ 2,255	$ 2,275

See accompanying Report of Independent Auditors.