



Illinois Municipal Retirement Fund

2211 York Road Suite 500 Oak Brook, IL 60523-2337
Service Representatives 1-800-ASK-IMRF
www.imrf.org

GENERAL MEMORANDUM

Number: 531

Date: April 6, 2005

To: All Authorized Agents

Subject: Meetings to discuss IMRF's 2004 Investment Return and the impact on Employer Contribution Rates

We encourage each Authorized Agent to share this memorandum with your unit of government's chief financial officer, other officials, and governing body members.

Executive Summary

The estimated 2004 investment return for IMRF is 12.3%. Its actuarial return—the return that impacts employer contribution rates—was only 4.8%, which is less than the actuarial investment return assumption of 7.5%. The impact of 2004 investment returns on individual employer contribution rates is difficult to forecast, since each employer has a unique rate affected by its own demographics and funded status. IMRF will conduct meetings throughout the state to meet with you and other representatives of your employer to discuss IMRF's recent results, employer rates, and to answer your questions.

You recently received your Advance Rate Notice for employer contributions to IMRF in calendar year 2006, your Employer Reserve Statement, and your GASB 27 Footnote Disclosure.

While IMRF earned 12.3% on a market basis in 2004, its actuarial return—the return that impacts employer contribution rates—was only 4.8%, less than the actuarial investment return assumption of 7.5%. The difference between the returns is due to the five-year averaging technique used to minimize large annual fluctuations in employer contribution rates.

IMRF began 2004 with \$1.2 billion of unrecognized investment losses. For 2004, IMRF will be adjusting its assumed investment income of \$1,313 million (a 7.5% return on the beginning of the year actuarial value of IMRF investments) by the net unrecognized investment losses for the 2000-2004 period. Thus for actuarial purposes, IMRF's 2004 investment return will be approximately \$834 million.

Since all net unrecognized losses will have been recognized in 2004, IMRF will begin 2005 with no unrecognized gains or losses for actuarial rate setting purposes.

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The average employer rate for the regular plan for 2005 is 9.25% and reflects that the regular plan is less than 100% funded. This is the first time since 1999 that the average rate for the regular plan has been higher than 8.61%.

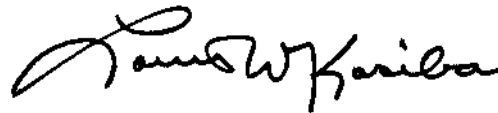
The impact of 2004 investment returns on individual employer contribution rates is difficult to forecast, since each employer has a unique rate affected by its own demographics and funded status.

We know you and others in your unit of government may have questions about possible rate increases and the prospects for future increases to employer rates.

The IMRF Chief Financial Officer and I have scheduled meetings throughout the state to meet with you and other representatives of your employer to discuss IMRF's recent results and to answer your questions.

The meetings will take an hour-and-a-half, consisting of both a formal presentation and a question and answer period. We encourage you, the chief financial officer, other officials, governing board members, and other interested parties from your employer to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Louis W. Kosiba". The signature is fluid and cursive, with a large initial "L" and "W".

Louis W. Kosiba
Executive Director

IMRF's 2004 Investment Results & Impact on Employer Rates Informational Meeting Dates & Locations

Advance registration is required to attend these meetings

Tuesday, April 26 10 A.M. Wyndham Drake Hotel 2301 York Road Oak Brook	TA	Wednesday, May 4 2 P.M. IMRF Regional Office Express Professional Bldg 3000 Professional Dr Springfield	BP	Friday, May 6 10 A.M. Alpha Park Library 3527 S Airport Rd Bartonville	CL
Thursday, April 28 10 A.M. Holiday Inn Convention Center 18501 S Harlem Ave Tinley Park	PP	Thursday, May 5 10 A.M. Rend Lake Resort 11712 E Windy Lane Whittington	JP	Wednesday, May 11 9 A.M. Clock Tower Resort & Conf Center 7801 E State St Rockford	JR
Tuesday, May 3 10 A.M. Glenview Park Center 2400 Chestnut Glenview	IR	Thursday, May 5 2 P.M. Holiday Inn 1000 Eastport Plaza Dr Collinsville	BP	Wednesday, May 11 2 P.M. Holiday Inn Airport 6902 27th St Moline	JR
Wednesday, May 4 10 A.M. Holiday Inn 1001 Killarney St Urbana	BP				

Impact of 2004 Investment Return Informational Meetings

Please mail your completed registration no later than two weeks prior to the meeting to:
 IMRF, 2211 York Rd., Suite 500, Oak Brook, IL 60523-2337.

I/we will attend the Informational Meeting

(If more than three individuals wish to attend, please use an additional sheet)

Date of Meeting _____ Location _____

Name (please print) _____ Title _____

Name (please print) _____ Title _____

Name (please print) _____ Title _____

Employer Name _____ Employer Number _____ Work phone _____

YOU CAN ALSO FAX YOUR REGISTRATION TO
 Donna Cesario, Field Services Meeting Planner
 IMRF's Oak Brook Office
 FAX: 630-368-5397
 PHONE: 630-706-4536

***Please allow adequate time to receive
 confirmation of your registration and
 directions to the meeting.***