



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: 544

Date: March 16, 2006

To: All Authorized Agents

Subject: Meetings to discuss IMRF's 2005 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 2005 investment return for IMRF is 8.7%. Its actuarial return—the return that impacts employer contribution rates is estimated to be 7.7%, slightly greater than the actuarial investment return assumption of 7.5%. For 2005, IMRF will credit approximately \$564 million of interest and \$189 million of residual investment income to employer reserves.

The “public pension crisis” often referred to in the media resulted from the deliberate underfunding of state and local pension systems. IMRF, however, is an example of the story that is not being told: a public pension system that acknowledges its actuarial liabilities, makes contributions when due, and uses investment earnings to help maintain stable employer rates.

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.

Positive investment returns

Prior to the Employer Rate meetings, you will have received your Advance Rate Notice for employer contributions to IMRF in calendar year 2007, your Employer Reserve Statement, and your GASB 27 Footnote Disclosure.

IMRF earned 8.7% on a market basis in 2005; its actuarial return—the return that impacts employer contribution rates—was .2% greater than the actuarial investment return assumption of 7.5%.

For actuarial purposes, IMRF's 2005 investment return will be approximately \$1,405 million.

For 2005, IMRF will credit approximately \$564 million of interest and \$189 million of residual investment income to employer reserves.

The average employer rate for the Regular plan for 2007 is currently estimated to be 9.97% and reflects that the plan is approximately 94.4% funded.

The missing story

The "public pension crisis" often referred to in the media resulted from the systematic underfunding of state and local pension systems. Some systems ignored their underfunding and granted costly benefit increases. During the market downturn of 2000 through 2002, those plans saw their funding ratios drop sharply. Other public pension plans chose to ignore their severe underfunding and defer required contributions to their plans.

However, not all public pension systems are underfunded. Many are well funded, including IMRF. IMRF is an example of the story that is not being told: a public pension system that acknowledges its actuarial liabilities, makes contributions when due, and uses investment earnings to help maintain stable employer rates.


Employer rate meetings

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 approximately 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,



Louis W. Kosiba
Executive Director

IMRF's 2005 Investment Results & Impact on Employer Rates Informational Meeting Dates & Locations

Advance registration is required to attend these meetings

Monday	April 17	Bartonville Alpha Park Library10 am 3527 S Airport Rd. Springfield IMRF Regional Office2 pm Express Professional Bldg 3000 Professional Dr.	Monday	April 24	Rockford Clock Tower Conf Cntr9 am 7801 E State St. Moline Stoney Creek Inn.....2 pm 101 18th St.
Tuesday	April 18	Collinsville Holiday Inn9 am 1000 Eastport Plaza Dr. Mt Vernon Holiday Inn2 pm 222 Potomac Blvd.	Tuesday	April 25	Tinley Park Library10 am 7800 Timber Dr. Des Plaines Golf Center2 pm 353 N River Rd.
Wednesday	April 19	Urbana Holiday Inn9 am 1001 Killarney St.	Wednesday	April 26	Oak Brook Drake Office Bldg.10 am 2211 York Rd.

Impact of 2005 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.***