



Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook, IL 60523-2337

Service Representatives 1-800-ASK-IMRF

www.imrf.org

GENERAL MEMORANDUM

Number: 554

Date: April 6, 2007

To: All Authorized Agents

Subject: Meetings to discuss IMRF's 2006 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 2006 investment return for IMRF is 13.9%. Its actuarial return—the return that impacts employer contribution rates is estimated to be 8.8%, greater than the actuarial investment return assumption of 7.5%. For 2006, IMRF will credit approximately \$610 million of interest and \$1,269 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 2008, your Employer Reserve Statement, and your GASB 27 Footnote Disclosure.

IMRF earned 13.9% on a market basis in 2006; its actuarial return—the return that impacts employer contribution rates—was 8.8%, higher than the actuarial investment return assumption of 7.5%.

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Meetings to discuss IMRF's 2006 Investment Return

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For actuarial purposes, IMRF's 2006 investment return will be approximately \$1,722 million.

For 2006, IMRF will credit approximately \$610 million of interest and \$1,269 million of residual investment income to employer reserves.

The average employer rate for the Regular plan for 2008 is currently estimated to decrease to 9.33% in 2008. If IMRF is able to earn a market return of 7.5% or more in 2007, the average rate for the Regular plan will continue to decrease for 2009.

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 future 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 2006 Investment Results & Impact on Employer Rates Informational Meeting Dates & Locations

Advance registration is required to attend these meetings

Monday	April 16 Bartonville Alpha Park Library..... 10 am 3527 S. Airport Road	Tuesday	April 24 Northbrook 10 am West Park Sport Center 1730 Pfingsten Rd.
	Springfield IMRF Regional Office..... 2 pm Express Professional Bldg 3000 Professional Drive	Wednesday	April 25 Tinley Park Tinley Park Library 10 am 7800 Timber Dr.
Tuesday	April 17 Collinsville Holiday Inn 9 am 1000 Eastport Plaza Dr.		Oak Brook IMRF Oak Brook Plaza Office Bldg 2 pm 2215 York Road
	Whittington Rend Lake 2 pm 11712 E Windy Lane	Monday	April 30 Rockford Clock Tower Conf Center..... 9 am 7801 E. State St.
Wednesday	April 18 Urbana Holiday Inn 9 am 1001 Killarney St.		Moline Stoney Creek Inn..... 2 pm 101 18th Street

Impact of 2006 Investment Return Informational Meetings

Please mail or fax your completed registration 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 _____	ER Number _____ Work phone _____

You can 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 time to receive confirmation
 of your registration and directions to the
 meeting.**