

# FUNDAMENTALS

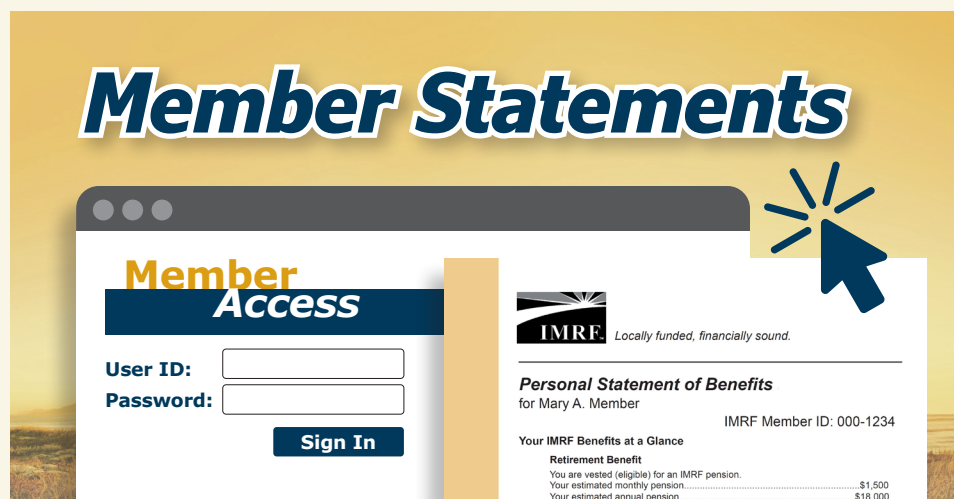
IMRF

ACTIVE MEMBER OVER 40 EDITION

SPRING / SUMMER 2022

## Annual Member Statements are Available for Your Review in Member Access

Your Member Statement is available online in Member Access. Please take a few moments to make sure your Member Statement is accurate. If there are any problems, it will be much easier to resolve them now than when you are ready to retire! Please be sure to review all pages of your statement, including your beneficiary information.



### What Information is in Your Statement?

Your annual Member Statement provides detailed information about the benefits available to you as an active IMRF member—retirement, disability, and survivor benefits. It includes your IMRF account activity for 2021 as well as an overview of past service, contributions, and employers.

Your Member Statement also includes your Member Identification Number. To protect your information, please use this number in place of your Social Security Number when calling or completing paperwork for IMRF.

To view your Member Statement in Member Access, login and click on **Member Statements** under **Quick Links** in the right column. ■

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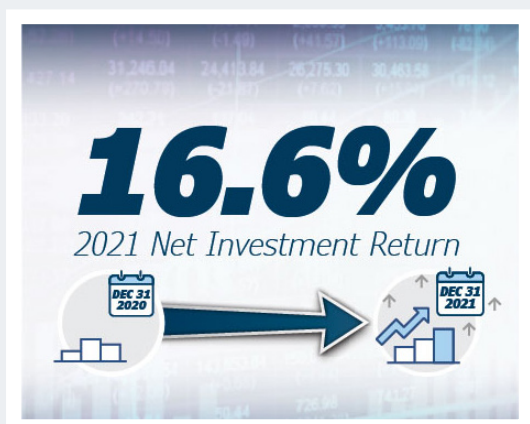
*Member Statements are available online only. A Member Access account is required for viewing online Member Statements. If you do not have a Member Access account, go to [www.imrf.org/register](http://www.imrf.org/register).*

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# Strong 2021 Investment Return Brings IMRF's Funded Status to Nearly 100%

**IMRF more than doubled its 7.25% investment target during the most recent fiscal year ending December 31, 2021, based on preliminary figures.**



## Financial Highlights

**During 2021, IMRF:**

- Earned an investment return of 16.6%, after paying investment management fees.
- Grew its investment portfolio by \$6.5 billion, from \$50.3 billion as of December 31, 2020 to \$56.8 billion as of December 31, 2021.
- Increased its actuarial funded status to 98.8%.

*\* These figures are estimates and are unaudited. IMRF will share final figures in its Fiscal Year 2021 Annual Comprehensive Financial Report.*

## IMRF Is Nearly 100% Funded

**98.8%**

*IMRF's Actuarial Funded Status*



**72.8%**

*Typical U.S. Pension According to NASRA\**



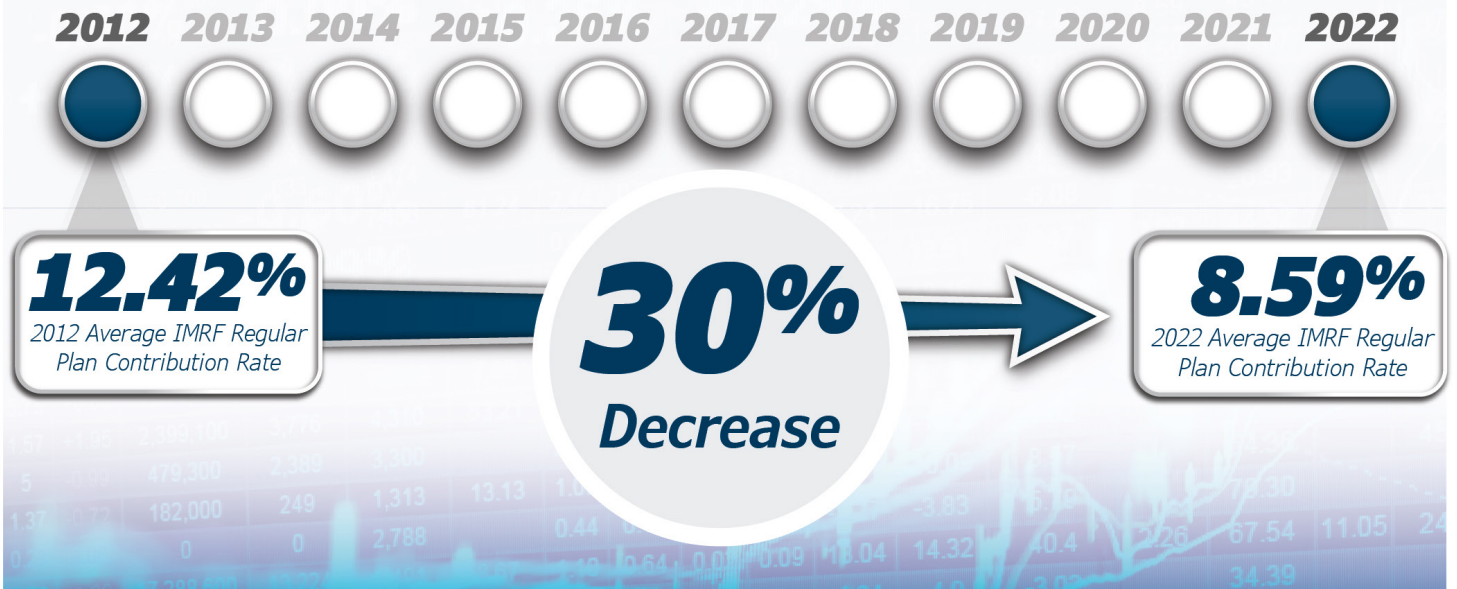
*\*National Association of State Retirement Administrators*

Funded status is a key barometer of a pension plan's fiscal health. The typical U.S. pension plan is about 72.8% funded, according to the National Association of State Retirement Administrators. IMRF's 98.8% funded status means it has on hand today nearly all the money needed to pay the entirety of its pension obligations to all current retirees as well as all active workers.

*As an IMRF member, you can feel secure knowing that IMRF will deliver on all pension promises.*

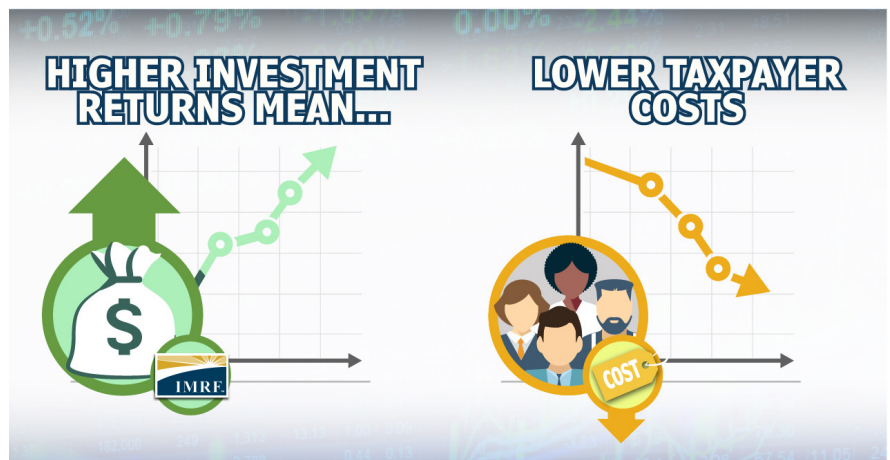
To read more and watch a financial update video from IMRF Executive Director Brian Collins, go to [www.imrf.org/2022-update](http://www.imrf.org/2022-update).

# Employer Contribution Rates



## Investment Returns Lower Municipal Government Contributions

IMRF contributions from local government fluctuate based on the fund's investment performance. When IMRF exceeds its assumed annual rate of return of 7.25%, the money needed from local government in future years decreases. The average IMRF Regular Plan contribution rate fell from 12.42% of local government payroll in 2012 to 8.59% in 2022, a decrease of more than 30%. ■



## Markets Struggle In Early 2022

While the 2021 fiscal year was highly successful, the value of the IMRF investment portfolio fell to \$54.6 billion at the end of January. Many investment professionals anticipate a market downturn in 2022 as the economy adapts to rising interest rates, price inflation, and the impact of the COVID-19 pandemic. As a perpetual entity that has existed since 1941, IMRF is a long-term investor able to navigate market downturns.

“IMRF doesn’t invest the way an individual does with a target date in mind,” said IMRF Executive Director Brian Collins. “With its long-term investment time horizon, the pension fund will manage its way beyond any challenges 2022 brings.” ■



## IMRF Board of Trustees Elects 2022 Officers

At IMRF's Board of Trustees meeting held December 17, 2021 the Board elected 2022 Board Officers.

Employee Trustee Natalie Copper has served on the Board since 2010 and is School-age Child Care Site Coordinator for Dawes School, Evanston School District 65.

Executive Trustee Tom Kuehne has served on the Board since 2013. He is the Finance Director/Treasurer for the Village of Arlington Heights.

Employee Trustee Peter Stefan has served on the Board since 2021 and is Finance Director/Treasurer for the Village of Lake in the Hills. ■



## IMRF Disability Benefit Information is Now Online

### Table of Contents

- Disability Overview
- Eligibility for Disability Benefits
- Applying for Disability Benefits
- Temporary Disability
- Your First Disability Payment
- A Reduced Benefit Still Protects You
- Social Security and Disability
- Impact of Workers' Compensation
- Disability Payment Agreement
- Trial Work Periods
- Outside Employment
- Total and Permanent Disability
- Investigation Process for Disability
- If You Are Denied Benefits
- Income Taxes and Disability
- Avoiding Closure of Your Claim

If you have questions about your IMRF disability benefits, the answers are now available on the IMRF website! To view the Disability Benefit information for your plan, click the **Members** tab at the top of the IMRF homepage at **www.imrf.org**. Select your plan from the drop down menu. Once you select your plan, an additional drop down will appear below. Click on **Disability Benefits**.

To locate the specific topic related to your question, check the table of contents in the right column of the webpage, also shown here.

Click on the topic you are looking for, and it will bring you to a page with detailed information on that topic. ■



# 2021 Was an Important Year for Tier 2 Members

## First Tier 2 Members Become Vested

The first of IMRF's Tier 2 members became vested in 2021, ten years after Tier 2's inception. Created by Public Act 96-0889, IMRF's Tier 2 went into effect on January 1, 2011. Tier 2 members become vested and eligible to receive a pension after 10 years of service, therefore 2021 marked the first year for vested Tier 2 members.

## First Tier 2 Members Retire

In addition, 2021 was the first year for retirement-eligible Tier 2 members, since a member must be vested in order to be retirement-eligible. Regular Tier 2 members can receive a pension as early as age 62 for a

reduced pension or beginning at age 67 for the full pension. Since the beginning of 2021, 3,459 Tier 2 members have become vested and 162 Tier 2 members retired.

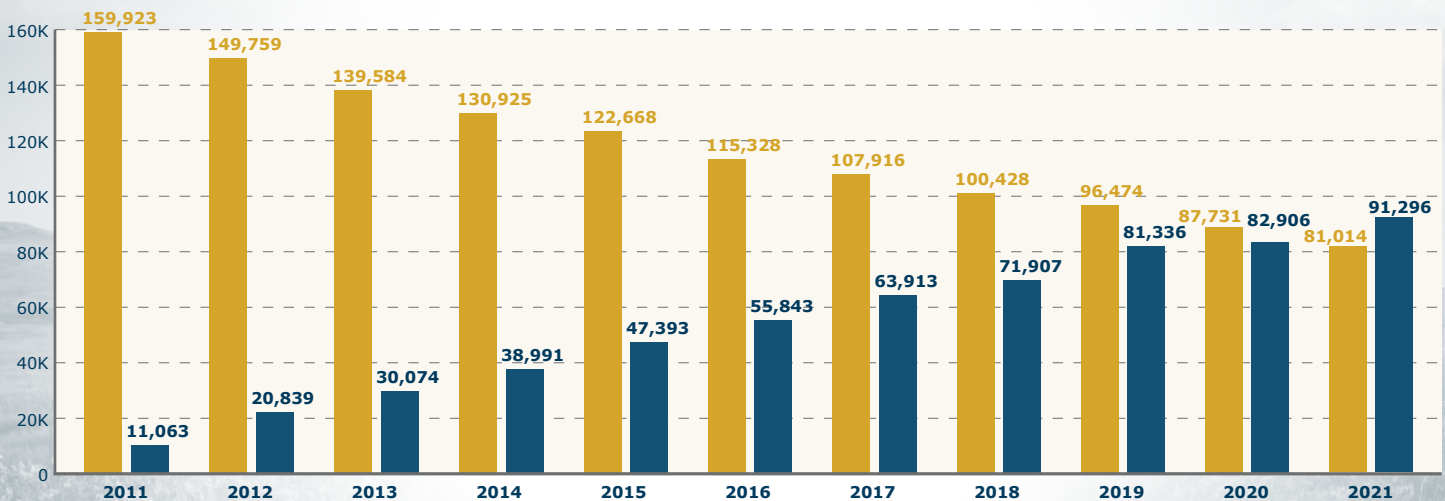
## Tier 2 Numbers Are Growing

Over the past 10 years, there has been a shift as more and more Tier 1 members retire, the percentage of active Tier 2 members has been steadily growing. Tier 2 members now make up the majority of IMRF's active members. In 2022, 53% of active members are Tier 2 members and 47% are Tier 1 members.

*Nearly 148,000 IMRF members participate in Tier 2.* ■

## Percentage of Tier 2 Members Surpasses Tier 1

*for IMRF Regular Plan active members*





# PRE-RETIREMENT WORKSHOP WEBINARS

Attend for free! Sign up today!

## Who Should Attend?

- Vested members who want to learn about benefits.
- Members within five years of retirement.
- Spouses, partners, or others who assist with your retirement planning.

## Workshop Topics Include:

- How and when to file for retirement.
- How earnings and service affect your retirement benefit calculations.
- How to purchase past service credit.

We recommend attending a workshop five years before your earliest possible retirement date and once more when you are ready to retire. To register for the webinars, and to view 2022 dates once they become available, go to [www.imrf.org/member-workshops](http://www.imrf.org/member-workshops).

## 2022 Pre-Retirement Workshop Webinar Dates

### April

DATE	TIME
(Sat) 4/9	9 AM - 10 AM (central)
(Tue) 4/26	noon - 1 PM (central)

### May

DATE	TIME
(Wed) 5/11	5 PM - 6 PM (central)
(Thu) 5/19	noon - 1 PM (central)

### June

DATE	TIME
(Wed) 6/8	5 PM - 6 PM (central)
(Thu) 6/23	noon - 1 PM (central)

### July

Dates will be posted online once they become available

## New Members—Welcome to IMRF!

Your IMRF membership is a major financial asset, so it is important to understand your account.

### Your IMRF benefits include:

#### ■ Retirement benefits

With enough time and service credit, you can become eligible for an IMRF pension. You never outlive your IMRF pension—it is payable for life.

#### ■ Disability benefits

Your IMRF benefits include disability protection. If you become disabled, IMRF provides two types of disability benefits: temporary, and total and permanent.

#### ■ Death benefits

IMRF provides certain benefits to your beneficiaries if you pass away.



Also, as an IMRF member you are eligible for a unique and highly effective retirement savings program available to IMRF members only, called the **Voluntary Additional Contributions (VAC)** program. To learn more about your benefits and to get started on some important first steps, go to [www.imrf.org/new-member](http://www.imrf.org/new-member). ■



# Working in the Private Sector After Retiring from Your IMRF Position

As an IMRF retiree, there is a Separation of Service requirement and a Return to Work policy which limit when you can return and how many hours you can work in an IMRF position, while still receiving an IMRF pension.

However, if you return to work for a private-sector employer, there are far fewer limitations. You can return to work for a private-sector employer at any point, for



as many hours as you wish, and continue to receive your IMRF pension, as long as the private-sector employer does not contract with any IMRF employers. If the private-sector employer contracts with an IMRF employer, please call IMRF first to discuss any possible implications for your pension.

Private-sector employers are non-government agencies, run by individual business owners or corporations, who pay employees using part of the company's profits. Private-sector jobs can include manufacturing, financial services, hospitality, business professions, or many other non-government positions.

## If Returning to a Public-Sector Employer, Call IMRF First!

Employment or even contract work for any public-sector employer, whether they are an IMRF employer or other reciprocal service employer, could negatively impact your pension. Before returning to work for a public-sector employer, please call IMRF to discuss possible implications for your pension.

For more information on returning to work after retirement, visit [www.imrf.org/return-to-work](http://www.imrf.org/return-to-work). ■

## Applying for Your IMRF Pension

The fastest way to apply for your pension is online. One month before you want to retire:

- 1** Sign in to your Member Access account.
- 2** Select the **My Account** tab at the top of the page.
- 3** Select **Secure Online Forms** in the right column of the drop down menu.
- 4** Select **Apply for an IMRF Pension**.

You can also complete a paper **Application for IMRF Pension** form 5.20 and mail or fax it to IMRF one month before you want to retire. Paper forms can be downloaded from [www.imrf.org/forms](http://www.imrf.org/forms). ■



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### IMRF 2022 Board of Trustees

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is published for IMRF members.

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1-800-ASK-IMRF (275-4673) • [www.imrf.org](http://www.imrf.org)

## Important Changes Coming in 2022— Keep Your Contact Information Updated

To better serve you, IMRF is replacing its Member Access website toward the end of 2022. To prepare you for this change, we need your most current email address and mobile phone number. The easiest way for you to check that IMRF has your most current contact information is through Member Access.

Visit [www.imrf.org/memberaccess](http://www.imrf.org/memberaccess) for instructions on how to update your contact information through your Member Access Profile page. If you do not currently have a Member Access account, instructions for creating one are on that same webpage. ■