

FUNDAMENTALS

IMRF

RETIRED MEMBER EDITION

SPRING / SUMMER 2023

Important Information About Form W-4P

IMRF staff are not trained tax advisors and cannot assist you in computing your estimated federal income tax or completing Form W-4P.

IRS Form W-4P is used by pension recipients to indicate the amount of federal income tax you want withheld from your pension payments. IMRF withholds the money from your pension payments and pays the IRS in your name. Too little withholding can lead to you receiving a tax bill or penalty at the end of the year. Too much withholding can mean you will not have access to the money until you receive a tax refund.

The W-4P form was substantially revised in 2021, and this new version of the form is now required to be used in some cases. *However, if you already have tax withholding set up with IMRF and you do not want to change the amount of your withholding, you do not need to complete a new form at this time.*

Who Must Complete the Revised Form W-4P?

1) Members retiring on or after January 1, 2023 are required to use the new W-4P form. 2) Retirees who wish to change the amount of your income tax withholding are required to use the new form.

How Do I Complete Revised Form W-4P?

There are a total of five steps in the Form W-4P; however, you may not be required to complete all steps. The only steps that all retirees must fill out are Step 1 (personal information) and Step 5 (a signature and date).

You should only complete Step 2, Step 3, and Step 4 if they apply to you. There are instructions provided on the form itself.

- Step 1: Provide your information. Provide your name, address, filing status, and SSN.
- Step 2: Show multiple jobs/a working spouse.
- Step 3: Add dependents.
- Step 4: Add other adjustments.
- Step 5: Sign and date Form W-4P.

For additional assistance, please review IRS Publication 505, www.irs.gov/publications/p505, or contact your tax advisor, financial advisor, or CPA.

How and When Do I Need to Submit Form W-4P for Processing?

Submit the completed form to IMRF as an attachment to a secure message in Member Access or by mail (IMRF's mailing address is on page 8). Forms must be received by the 10th of the month to be effective for the current month. ■

To download a pdf of Form W-4P, go to www.imrf.org/retiree-forms.



Your 13th Payment Will be Deposited in July

Each July, IMRF retirees who have received pension payments for at least 12 months in a row will receive a supplemental benefit payment, commonly known as the "13th Payment." This benefit has been stipulated by the Illinois Pension Code since 1993. The 13th Payment exists to reduce the negative impact of inflation on the value of an IMRF pension.



The percentage used to calculate the 13th payments for 2023 will be determined in June. The exact date of the 13th payments will be published on the IMRF website in late June.

View Your 13th Payment Statement Online

For instructions on how to view your 13th Payment Statement online after it is issued in July, visit www.imrf.org.

To learn more about the history of the 13th Payment, go to www.imrf.org/13th-payment-history. ■

You Value Accuracy, Precision, Honesty, and Reliability, and IMRF Delivers!

Some years back, IMRF surveyed our members and retirees to find out what you wanted and valued most from IMRF. The results showed that accuracy, precision, honesty, and reliability were at the top of your list.

IMRF values what our members and retirees value. Therefore, accuracy, precision, honesty, and reliability are priorities of our organization and are top-of-mind in everything we do.

IMRF's diligence in these areas has earned us top honors in financial reporting for the third year in a row. IMRF recently received the Government Finance Officers Association (GFOA) Triple Crown Award for its Annual Comprehensive Financial Report, Popular Annual Financial Report, and Budget. Visit www.imrf.org/financial-reports to view these documents. ■



Locally funded, financially sound.



2023-2025

STRATEGIC PLAN



Why Does IMRF's 2023-2025 Strategic Plan Matter to IMRF Retirees?

IMRF's Strategic Plan is an actionable way to reach our goals. The strategic plan provides specific targets we can aspire to over the next three years and a process for continuous evaluation and course correction when needed.

The four areas of focus in the plan are: Financial Health, Customer Engagement, Workforce Engagement, and Operational Excellence. Each of the four key result areas impacts and helps bolster the other 3 key result areas, and all of them together benefit our members in multiple ways.

Workforce engagement strategies empower and educate IMRF staff enabling them to be more effective in carrying out the customer engagement and operational excellence strategies to best meet

the needs of our retirees. Workforce engagement strategies also enable IMRF to attract and retain highly skilled, successful investment services and financial services staff members to execute the strategies that ensure the financial health of the organization, which in turn guarantees the secure retirement of our retirees.

IMRF first implemented its formal strategic planning process in 2005. Strategic planning is ongoing, with a formal 12-step process that results in a re-examined and adjusted version of the strategic plan being released every 3 years.

For more information about IMRF's 2023-2025 Strategic Plan, visit:

www.imrf.org/2023-2025-strategic-plan. ■

IMRF's Funded Status Remains Strong Despite Portfolio Decrease in FY 2022

As expected, based on market conditions, IMRF's investment portfolio is down at the end of fiscal year 2022. However, IMRF maintains its superior funded status, which is the key indicator of financial health for a public pension.

Financial Update

At the close of the fiscal year, on December 31, 2022, IMRF's:

- portfolio was down about 12.8%, which translates to about \$7.6 billion.
- assets were about \$47.9 billion.
- actuarial funded status was about 98.0%.



Total Assets as of 12/31/2022

These figures are preliminary estimates and are unaudited. IMRF will share final figures in its Fiscal Year 2022 Annual Comprehensive Financial Report.

Impact on IMRF Retirees

Although 2022 was a down year from an investment perspective, IMRF retirees, please be assured that investment return fluctuations do not impact your benefits. This means:

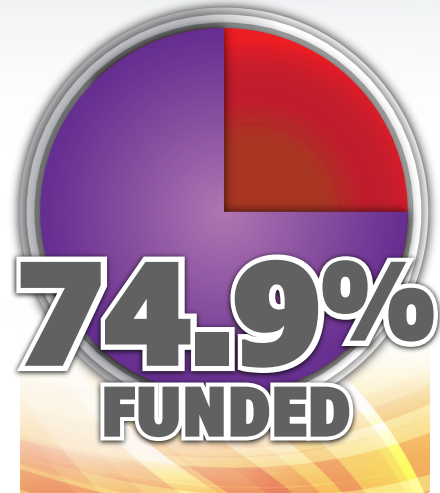
- **Your monthly pension payment amount is not impacted by market changes.**
- **At the time you retire, IMRF has on-hand all the money needed to pay your pension.**
- **You can feel secure knowing IMRF will deliver on all pension promises.**

IMRF Maintains Superior Funded Status



IMRF's Actuarial Funded Status

VS



Typical U.S. Pension

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 74.9% funded, according to the National Association of State Retirement Administrators. IMRF's 98.0% 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.

To read more and watch a financial update video from IMRF Executive Director Brian Collins, go to www.imrf.org/2023-update.



Market Outlook for 2023

Looking ahead to 2023, we expect continued market volatility due to high interest rates, persistent inflation, and economic fallout from the war in Ukraine.

The good news is that IMRF doesn't invest the way an individual does, with a target date in mind. We are long-term investors, with a long-term investment time horizon, which means we can weather market downturns.

"By sticking to our proven strategies, the fund will maintain its superior funded status," Collins said. ■

IMRF Board of Trustees Elects 2023 Officers

IMRF's Board of Trustees elected their 2023 Board Officers.

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.

Annuitant Trustee Louis Kosiba has served on the Board since 2021. He is the retired Executive Director for IMRF. ■



You Can Opt Out of Blind Mailings

IMRF occasionally receives requests from various organizations to mail information to our retired members. These mailings are done as "blind mailings." The term "blind mailing" means that the outside organization that requested the mailing never sees the mailing list. IMRF never gives members' names and addresses to anyone but a bonded mail house. An example of a blind mailing is material sent by IMRF-endorsed insurance broker Doyle Rowe, LTD.

We want you to have the opportunity to receive this information that may be of interest to you. However, we also honor your wishes to choose whether or not you would like to participate in these types of mailings.

How to remove your name from these mailings

If you would like to remove your name from these blind mailings, please complete the Blind Mailings Removal Request form, and return it to IMRF at the following address:

IMRF
Treasury Unit
2211 York Rd., Ste. 500
Oak Brook, IL 60523-2337

The Blind Mailings Removal Request form is available on the IMRF website at www.imrf.org/blind-mailings. You can also return the form by attaching it as a secure message through your Member Access account. You will still continue to receive IMRF mailings, such as your 1099-R tax statement. ■



2023 Retiree Workshops Online Late Summer and Fall

Starting in late summer and continuing through fall, IMRF will offer the 2023 Retiree Workshop webinars. These will be online interactive webinars for IMRF retirees only, and you will have the opportunity to ask questions. The Retiree Workshop webinars are free to IMRF retirees!

2023 Lifestyle Workshop Series - *offered summer/early fall*

- **Facilitated by the educators of the University of Illinois Extension Office**
- **About 90 minutes, depending on participation**
- **Registration is required and will begin in July**
- **Free of charge!**



2023 Financial Literacy Workshops - *offered in fall*

- **Facilitated by financial educator Karen Chan**
- **About 60 minutes long, depending on participation**
- **Registration is required and will begin in July**
- **Free of charge!**

Look for details, dates, and registration information available starting in July at www.imrf.org/retiree-workshops. We look forward to seeing you there! ■



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Are You Planning to Return to Work? 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 impact your pension. If you are returning to a public-sector job, the **Separation of Service** requirement and the **Return to Work Policy** will apply. Before returning, please call IMRF to discuss possible implications for your pension.

Those returning to private-sector jobs have far fewer limitations.

For more information on returning to work after retirement, visit:

www.imrf.org/return-to-work. ■