

FUNDAMENTALS

IMRF

ACTIVE MEMBER UNDER 40 EDITION

FALL/WINTER 2022

What IMRF Voluntary Additional Contributions Can Do For You

IMRF's Voluntary Additional Contributions (VAC) program is a unique and very effective savings vehicle available to IMRF members only, to help supplement retirement savings. The VAC program is low-risk and offers higher interest rates than many other retirement savings options.

With VAC, you can elect to save between 1% and 10% of your reported earnings in an account that currently earns 7.25% interest. In the midst of the market downturn, with IRA and 401(k) totals dropping, the 7.25% interest rate of VAC is a particularly attractive option for retirement saving.

The interest is credited at the end of the year, based on the opening balance at the beginning of the year. Contributions are after-tax and do not reduce your taxable income as in a 457 or 403(b) plan.

IMRF members who begin contributing under the age of 40 will benefit significantly from the compounding interest on their contributions, which will add up to substantial savings by the time of retirement.

VAC SALARY CONTRIBUTION COMPARISON

Both members started contributing to VAC at age 25 and earned \$30,500 with 2% raises each year before retiring at age 67.

Total Benefit

\$104,209

or

\$765 monthly*

Interest

\$83,725

His Contributions

\$20,484

*Gross for life with increases according to your Tier

SALARY CONTRIBUTION
1%



Total Benefit

\$521,044

or

\$3,868 monthly*

Interest

\$418,625

Her Contributions

\$102,418

*Gross for life with increases according to your Tier

SALARY CONTRIBUTION
5%



VAC is a great way to build the personal savings members may need to supplement their pensions in retirement.

For more information on VAC, go to www.imrf.org/VAC.



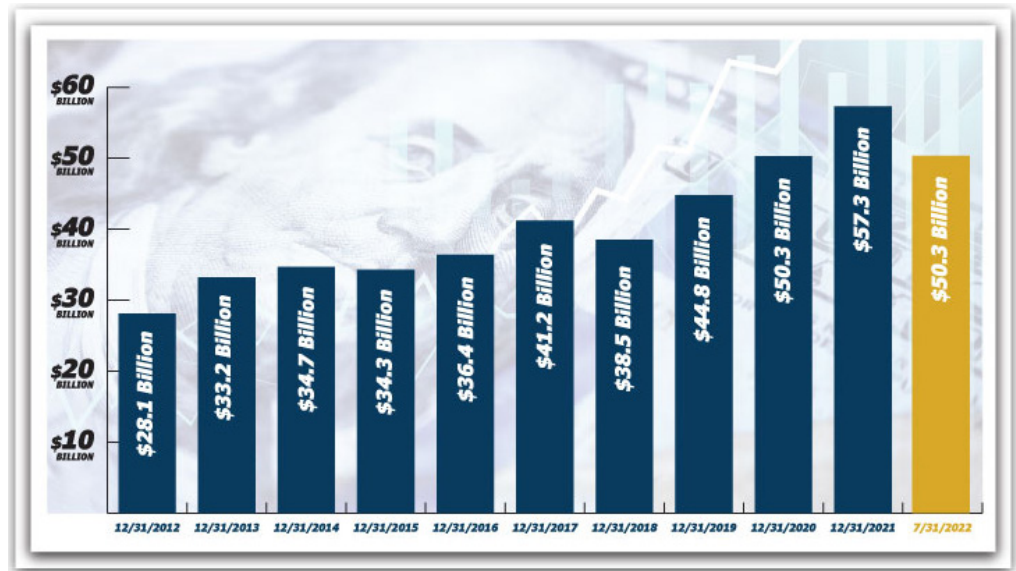
IMRF Staying Strong During Market Downturn

In 2021, IMRF's investment assets grew at a historic rate. At the end of the fiscal year, IMRF had \$57.3 billion in investment assets and was 98.6% funded, which is a significantly better funding level than the vast majority of pension plans in the US.

In 2022, IMRF's investment assets were down through July 31, due to a number of global challenges, such as rising interest rates, growing inflation, and the war in

Ukraine. However, as a long-term investor, IMRF has had consistent, steady growth in assets across the past ten years and is weathering the 2022 market downturn.

Be assured, your contributions and your future pension are safe! With a 98.6% funded status at the end of last fiscal year, IMRF is well on its way to its 100% funding goal. IMRF is financially sound! ■



**YOUR GLASS IS
HALF FULL
WORKSHOP WEBINARS**

Watch Anytime!

Who Should View this Webinar?

IMRF members under 40 or those new to IMRF who want to better understand the nature of IMRF and what their IMRF contributions are for.

Webinar Topics Include:

- How your pension is funded.
- Your benefits as an IMRF member.
- The importance of having more than one savings vehicle as you prepare for your eventual retirement.

Now Available on the IMRF Website—

Watch Whenever it's Convenient for You!

The *Your Glass is Half Full Workshop* webinar is now available online, on-demand on the IMRF website. You can view this recently pre-recorded webinar at any time, when it is convenient for you. To watch the pre-recorded webinar, go to: www.imrf.org/2022-Glass-Half-Full.

IMRF Disability Benefits Protect

- Your Service Credit
- Your Pension
- Your Family



Your IMRF disability benefits are important for multiple reasons. As an IMRF member, if you become disabled, your IMRF disability benefits will not only provide for monthly payments equal to 50% of your monthly salary, but will also protect your pension and your death benefits.

IMRF disability benefits are very valuable, because while receiving disability payments:

- **Your service credit is protected**—you continue to earn service credit toward your future pension and you avoid any gaps in service that could affect your future benefits.
- **Your pension is protected**—your retirement benefit will be calculated using your original salary, not the reduced disability amount.
- **Your family is protected**—your death benefits will still include one year's salary, and death benefit options are the same as if you were still working.

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. ■

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Important Changes Coming— Keep Your Contact Information Updated

To better serve you, IMRF is replacing its Member Access website. 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 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. ■