

FUNDAMENTALS

IMRF

ACTIVE MEMBER UNDER 40 EDITION

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What IMRF can do for you right now

You may someday be eligible to receive an IMRF pension that would make your retirement years more comfortable, but those days are still a long way off. What benefits does your IMRF membership offer you today, while you're still working?

A great opportunity to save

"The common misconception for retirement planning for younger people overall is that it can wait. The opposite is true," said IMRF Field Services Supervisor Dawn Seputis. "The more you do upfront, the less you have to do later on."

IMRF's Voluntary Additional Contributions (VAC) program offers you an easy way to save additional income toward your retirement.

With VAC, you can save up to 10% of your IMRF-reportable earnings in an account that earns the same amount of interest as IMRF's assumed rate of

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— Dawn Seputis, IMRF Field Services Supervisor

return, currently 7.25%. (This interest accrues differently than a traditional savings account; visit www.imrf.org/vac for more details about the program.)

When you apply for your pension, you can benefit from these additional savings in one of two ways:

- You can take your VAC plus interest as a lump sum payment.
- You can convert your VAC into an additional monthly payment that you will receive along with your monthly pension for the rest of your life.

While you're participating with IMRF, you can withdraw your contributions to VAC at any time, though your interest must remain on file. But the best thing you can do for yourself is leave your VAC on file and let it accrue.

"It can make a big difference to your retirement security, especially when we're talking about compounding interest for what could be multiple decades if you start early enough," Seputis said.

Seputis knows from experience that



saving as a young IMRF member can be difficult.

"You're still getting established. You have other priorities," she said. "So, let's start small. Just 1% early on can make a huge difference. When I finally got into VAC and I learned more about it, when I would get a raise, I might put an extra percent towards my VAC."

If you leave IMRF participation and take a refund of your contributions, you must also take a refund of your VAC (and interest). Even then, your savings can still work for you if you roll them over into an eligible retirement account.

Disability protection

One of the most important benefits available to you as an IMRF member is

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What IMRF can do for you

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IMRF disability. These benefits protect your income and your service credit if you were to face a disabling injury or illness, or temporary conditions like pregnancy.

“This is really important, especially for younger members who might be starting a family,” Seputis said. “For a woman who has a baby, you’ve got some income protection while you’re at home and unable to work.”

While on IMRF disability, you won’t face an interruption in service credit that could impact the amount of your pension later on.

Additionally, all of the death benefits that you are entitled to as an IMRF member remain in place while you are on IMRF disability.

“When you’re on disability, you’re still considered an active member,” Seputis noted. “You’re maintaining the lump sum death benefit that is exclusive to active members.”

To learn more about your IMRF disability benefits, visit www.imrf.org/disability.

Financial protection for your loved ones

Your death benefits as an IMRF member provide your loved ones with some financial protection if you were to pass away. Depending on how long you’ve been an IMRF member, whether you’ve vested, and a few other factors, the death benefits payable to your beneficiaries could include some combination of:

- A lump sum payment equal to any balance in your member account (your member contributions, your VAC).

- A lump sum payment equal to one year’s salary.
- A surviving spouse pension.
- A \$3,000 payment.

This makes it especially important that you fill out IMRF Form 6.11, “Designation of Beneficiary,” which will ensure your death benefits go to the intended recipient.

“If you don’t have a beneficiary named, your family may have to do all this extra legal work to open an estate to claim benefits,” Seputis said. “Taking two minutes to fill out that form could save your loved ones months worth of work.”

To learn more about IMRF death benefits, visit www.imrf.org/deathbenefits. To see which death benefits you personally are eligible for, log in to your Member Access account at www.imrf.org. ■

IMRF reduces assumed rate of return—what this means for you

In December 2018, the IMRF Board of Trustees reduced the return it assumes it will earn on IMRF’s investment portfolio from 7.5% to 7.25%. This assumption plays a role in the amount of additional money IMRF expects to need to fund its benefit system. So how does the change affect IMRF members?

The change DOES NOT affect IMRF retirement benefits or member contributions.

IMRF retirement benefits and member contributions are fixed by state law.

The difference between the cost of IMRF retirement benefits and member contributions must be paid by a combination of employer contributions (funds from local units of government) and investment earnings. In general, slightly reducing the assumption will slightly increase what employers pay to fund IMRF benefits. This relationship reflects the nature of a defined benefit pension plan like IMRF.

The change DOES affect interest on IMRF Voluntary Additional Contributions (VAC).

IMRF members still working for government may make VAC to supplement their standard IMRF pension. Interest paid on VAC is linked to the IMRF assumed rate of return. Therefore, a decrease to the assumed rate of return lowers the rate of interest earned on VAC.

IMRF credits VAC interest on December 31 each year, based on the VAC in the member’s account on January 1 of the same year. Interest credited on December 31, 2018, was 7.5%. Due to the change, interest credited on December 31, 2019, will be 7.25%. If the IMRF assumed rate of return changes again in the future, IMRF members should expect the VAC interest rate to change as well.

The change DOES affect any interest on member contribution refunds paid either at retirement or as death benefits.

Member contributions may be refunded with interest in certain circumstances at retirement, or they may be refunded with interest in certain circumstances in the form of death benefits. In these instances, the rate of interest paid will be affected. In the vast majority of IMRF retirements, member contributions are not refunded but returned to members through pension payments.

The change DOES affect the purchasing of IMRF past service credit.

In certain circumstances, IMRF members may purchase IMRF past service credit. IMRF members may purchase past service credit after previously taking a refund of IMRF member contributions; when their employers first join IMRF; when members aren’t properly enrolled; and when they previously served in the military.

When members purchase additional past service credit, interest is included in calculating the amount owed. The amount of interest paid is linked to the assumed rate of return. Past service payment schedules will first apply the new 7.25% interest rate in 2020. ■

Board of Trustees

Sue Stanish re-elected

2018 Executive Trustee Election

Sue Stanish, director of finance for the Naperville Park District, was re-elected to the Board as an Executive Trustee. The IMRF Board of Trustees certified these results at its December meeting.

Her new term will run from January 1, 2019, through December 31, 2023. Stanish has served on the Board for the past five years.

Executive Trustees are elected by IMRF employers, the units of government that participate in IMRF.

2019 Board Officers

At the same meeting, the Board selected its officers for 2019:

- President: Alex Wallace, Jr. (Employee Trustee)
- Vice President: David Miller (Executive Trustee)
- Secretary: Sharon U. Thompson (Annuitant Trustee) ■

Your Glass is Half Full: Understanding Your IMRF Benefits

At this two-hour workshop for young and new members, an IMRF Field Representative will explain Voluntary Additional Contributions and other ways IMRF can benefit you right now!

2019 Workshop Dates & Locations

	DATE	LOCATION	STARTS AT
MAR	3/05 (Tue)	Rockford	5 PM
	3/12 (Tue)	Centralia	NOON
	3/19 (Tue)	Peoria	6 PM
APR	4/02 (Tue)	Aurora	5 PM
	4/25 (Thu)	Champaign	5 PM
MAY	5/09 (Thu)	Gurnee	6 PM
	5/22 (Wed)	Bloomington	6 PM
JUL	7/23 (Tue)	Dundee	5 PM
	7/23 (Tue)	Moline	5 PM
AUG	8/13 (Tue)	Fairview Heights	NOON
	8/13 (Tue)	Mount Prospect	5 PM
SEP	9/03 (Tue)	Joliet	1 PM
	9/05 (Thu)	Springfield	5 PM
	9/17 (Tue)	Oak Park	5 PM
	9/17 (Tue)	Peoria	6 PM
OCT	10/01 (Tue)	Naperville	6 PM
DEC	12/03 (Tue)	Gurnee	6 PM

View the most current list at www.imrf.org/glass-half-full. If you have a Member Access account, you can register online! If not, call IMRF at 1-800-ASK-IMRF (275-4673).



IMRF is hiring!

We are looking for candidates to fill several open positions

IMRF offers comprehensive benefits, professional development, and so much more! To view IMRF's job board, go to www.imrf.org, hover on "About IMRF," click "Employment at IMRF," and then click "Career Opportunities."

UPDATE ON IMRF's FINANCIALS



IMRF has posted a **new video** in which Executive Director Brian Collins shares an update on IMRF's 2018 finances and overall financial position.

View the video on IMRF's website at:
www.imrf.org/2018-financials



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Keep an eye out for your Personal Statement of Benefits

When you receive your 2018 Personal Statement of Benefits, **please take a few moments to make sure it's accurate.** If there are any problems, it will be much easier to resolve them now than when you're ready to retire! Please make especially sure to review the front and back pages of your statement, along with your beneficiary information.

What's on your statement?

Your annual Personal Statement of Benefits 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 2018 as well as an overview of past service, contributions, and employers.

When are statements sent?

You should generally receive your 2018 statement in late February or March. At that time, you will also be able to find a copy in your Member Access account by clicking "My Account," then "Documents," then "Member Statements."

Your Member ID

Your Personal Statement of Benefits 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. ■