

FUNDAMENTALS

IMRF

RETIRED MEMBER EDITION

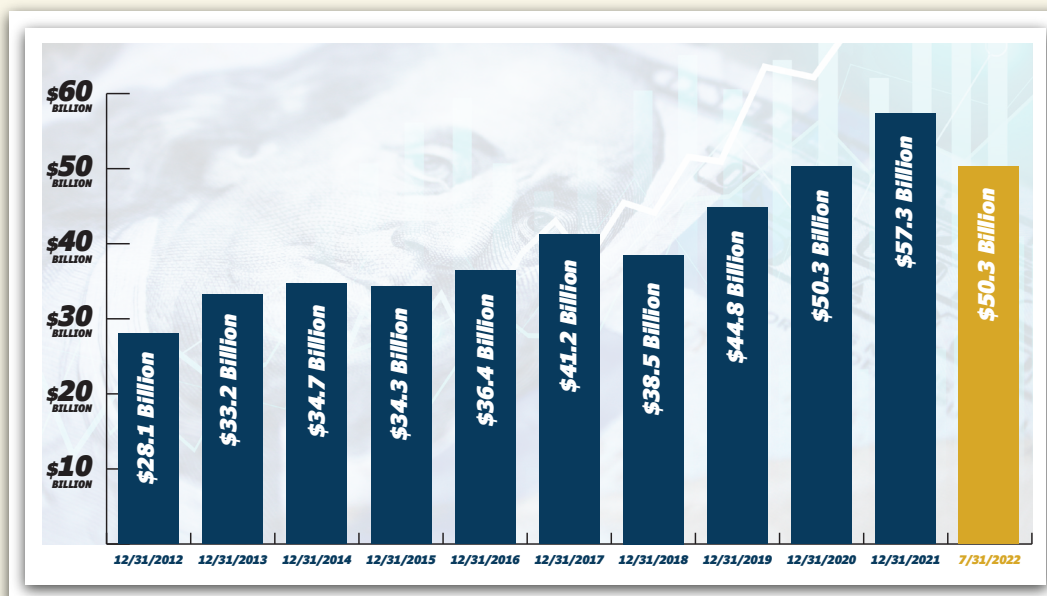
FALL/WINTER 2022

IMRF Stays Strong in 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, whatever happens in the market will not affect your pension. IMRF has on reserve today, all the money it will need to make every pension payment to all our retirees. Your pension is safe! ■



*IMRF
has never
missed a
pension
payment
and we
never will!*



Why Many Retirees are Returning to Work



Thirty-eight percent of people aged 50 and over who retired, left, or considered leaving their jobs during the pandemic said they would not have done so were it not for the pandemic, according to a national survey by AARP released earlier this year. Twenty-one percent said they retired earlier than planned because of the pandemic.

Now, retirees are returning to work in increasing numbers. According to Indeed.com, as of March 2022, 3.2% of workers who were retired a year earlier are now employed again. As an IMRF retiree, returning to work could impact your pension, so be sure to call IMRF before returning.

Here are some of the reasons retirees are returning to work:

Rising Cost of Living

High gas prices, rising food prices, inventory shortages, and high demand for many products are leading to significant cost of living increases. This presents problems for retirees on fixed incomes, and some find they are spending their retirement savings at a faster rate than anticipated.

Labor Shortage and New Work Opportunities for Seniors

Following what some have called “the Great Resignation,” where unprecedented numbers of people stopped working due to COVID-related reasons, there is now a great demand for employees in many fields. This has created new opportunities for flexible hours, hybrid or remote work, and higher wages. These opportunities are luring some retirees back to work.

Stock Market Volatility

Since the start of 2022, the stock market has been in a decline amid rising interest rates and soaring inflation. Some retirees, who are seeing their investment account balances decline significantly, are returning to work to stop draining and resume building their retirement savings.

Health Insurance

As of April, the cost of medical care services had risen 3.5% from the previous year, according to the AARP. Some retirees who are not yet eligible for Medicare are returning to the workforce strictly for healthcare coverage.

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Social Interaction

For some retirees, returning to work provides the opportunity for regular social interaction. It gives them something to look forward to each day, instead of wondering “What am I going to do today?”

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 negatively 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. ■

Strategies to Help You Deal with Inflation

According to the U.S. Department of Labor, consumer prices were up 8.5% in July 2022 from a year ago. That includes food, which is up 10.9%, and gasoline, which rose 44% from July 2021. Shelter prices rose 5.7% during that time period.

Rising prices can be particularly challenging for retirees on a fixed income. Here are a few strategies for retirees coping with inflation:

■ Delay Drawing from Your Social Security

If possible, the best thing retirees can do to protect their income from inflation is delay claiming

Social Security, which will, in effect, buy more Social Security income. After you reach full retirement age, you can increase your benefits by 8% for each year you wait to retire, up to age 70. Social Security is inflation-protected income, with a built-in cost of living increase based on the published inflation rate.

■ Speak with a Financial Advisor

It may be beneficial to meet with a financial planner to review your investments, making sure you have the optimal blend for continuing to gain investment income while not taking on too much risk.

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■ **Limit Road Trips and Other Travel**

With gas prices sky-rocketing, limiting road trips and other travel plans is one way to cut costs.

■ **Downsize or Change Neighborhoods**

For those who want to remain in their same town, a smaller home might help reduce expenses. Moving to a less expensive neighborhood might be another option to reduce your housing costs.

■ **Relocate to a State with Lower Cost of Living**

Although Illinois is one of the 12 states that do not tax pension distributions, you may be able to cut costs by relocating to a state with lower cost of living that also does not tax pensions.

■ **Shop at More Affordable Stores**

Shopping at a lower priced grocery store or comparison shopping for more expensive items can help you cut costs.

■ **Work Part-time or in a Private-Sector Position**

Keep earning to supplement your savings. Just be sure to call IMRF first, to avoid negative impact to your pension (see box on page 3).

■ **Consider House Sharing**

Some retirees are taking on roommates or renting out rooms in their homes to help cover rising living costs. See the article below for more information.

Increasing Numbers of Older Adults are House Sharing to Combat Rising Housing Costs



Jennifer Molinsky of Harvard University's Joint Center for Housing Studies says house sharing is not a new concept but rather a part of a larger trend. "Twenty years ago about 1% of older adults were house sharing with a non-relative," Molinsky said in an interview with PBS. "Today, it's over a million older adults, more than double the number in that time."

Over 1/3 of older adults are spending more than 1/3 of their income on housing, according to Molinsky. Of those, half are paying more than 50% of their income for housing. This causes them to start cutting back on other necessities such as food and out-of-pocket healthcare expenses, which negatively affects their overall well-being, Molinsky says.

Silvernest, an internet platform that matches older homeowners with housemates in Denver, CO, has seen 2-3 times more activity on their site in the first half of 2022 than in previous years, Silvernest President Riley Gibson told PBS. "There's a significant portion of the population going into their mid-sixties with \$20,000 to \$30,000 in their 401(k)s, or nothing saved," says Gibson. For them, house sharing can be a great way to lower their housing costs.

There are many websites that can help you list a room for rent or locate a roommate, such as Roomster, RoomEasy, SpareRoom, or Roomgo, to name just a few. Whether you are looking for a roommate to share your house or just looking to rent out a room to local university students, house sharing could be a good option. ■

Health Insurance Available Through IMRF-Endorsed Health Plan Consultant Doyle Rowe LTD

Open Enrollment -

October 15 - December 7 for Some Plans
and November 1 - December 15 for Others

Your IMRF benefits do not include health insurance. For health insurance after retirement, you have a number of options. One option is to purchase an individual health insurance policy.

IMRF-Endorsed Health Plans

The IMRF Board of Trustees has endorsed several health insurance plans offered by Doyle Rowe LTD, IMRF's Endorsed Health Plan consultant. Doyle Rowe LTD provides a full range of health plan counseling and administrative services to more than 250,000 IMRF active members and retirees.

IMRF-Endorsed Health Plans available through Doyle Rowe LTD include:

- Medical Insurance
- Dental Plans
- Vision Plans
- Long Term Care
- Prescription Drug Plans (for age 65+)

Plan details can be found on the Doyle Rowe website: www.doyle Rowe.com/members/imrf

You can also call Doyle Rowe LTD at 1-800-564-7227. Doyle Rowe LTD's insurance specialists are available to assist you with any questions you have. ■



Check imrf.org in mid-November for information on when your 2023 Annual Statement of Benefits will be available and how to access it. ■





How to Access Your 1099-R Statement and Make Changes to Your Tax Withholding

1099-R Statement Coming in January

Starting in mid-January, you will be able to view or download your 1099-R statement in your IMRF Member Access account.

Your 1099-R Statement will also be mailed to you by the end of January.

You will need Form 1099-R when filling out your federal and state income tax returns for the 2022 tax year. Your 1099-R will show the gross amount of benefits you received from IMRF in 2022. It will also show the federal income tax withheld from your benefit payments and, for most people, the taxable portion of your benefit.

To view your 1099-R statement, available in January, log into your Member Access account.

Changing Your Tax Withholding in Member Access

The IRS is projected to release the 2023 W-4P form in November or December 2022. As an IMRF

retiree, you need the W-4P to establish or change your tax withholding from your benefit payments.

If you already have a W-4P on file with IMRF, you do not need to submit a new form unless you want to change your tax withholding. If you do not file a new W-4P, IMRF will compute your withholding based on the information from the existing W-4P we have on file.

To update your tax withholding online, log into Member Access. After you log in, go to the Quick Links section, in the right column of the home page, and click on **Change Tax Withholding**.

If you do not already have a Member Access account, you can create one at www.imrf.org.

A pdf of the 2023 W-4P form will also be available for download at www.imrf.org after the IRS releases it. For more information on these important tax documents, go to www.imrf.org/taxes. ■

IMRF Retirees Help Their Local Communities

The Positive Economic Impact of IMRF Pensions

IMRF's latest economic impact study shows that the system paid \$2.19 billion in benefits to Illinois residents last year. Using multipliers from the Bureau of Economic Analysis of the U.S. Department of Commerce, we see that these payouts generated \$3.08 billion in statewide economic activity.

The economic impact of IMRF reaches far beyond just those municipal workers who are earning or have earned retirement benefits in the system. Eighty-five percent of IMRF's public service

employees retire and stay in Illinois. They have a positive impact on the Illinois economy and their local economies, because every day they are shopping, eating, and paying sales taxes using their pension benefit payments.

About 50% of the pension payments IMRF makes are to retirees living in rural, smaller communities in Illinois. For these communities, the positive impact on their economy is even more significant. For more information on IMRF's economic impact study: imrf.org/economic-impact. ■



Retirees are also consumers and taxpayers

Address Changes - *Please Keep Us Updated!*

If you are moving or just headed south for the cold winter months, don't forget to let us know your new address! You can update your address in your Member Access account.

If you do not already have a Member Access account, you can create one at www.imrf.org/register. You will need a registration key, which you can obtain by calling 1-800-ASK-IMRF (1-800-275-4673).



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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. ■