

# FUNDAMENTALS

Special Election Edition

IMRF

RETIRED MEMBER EDITION

VOLUME 30 | NUMBER 3  
FALL 2015

## Why the Board of Trustees needs your vote

IMRF's Board of Trustees governs IMRF and protects your benefits. Ultimately, you decide who is speaking for you—your vote counts!

As an IMRF member, you have a unique opportunity to elect your own Board of Trustees.

"We have eight Trustees, and they're all elected. A lot of retirement systems have people appointed," said Louis W. Kosiba, IMRF Executive Director.

When a board has appointed members, conflicting interests between who appointed the trustee and who the board is supposed to represent can be a concern.

"The Teachers' Retirement System has people appointed by the governor. They might not have the same interests as the teachers," said Kosiba. "The Chicago systems have the city treasurer on their boards," he continued, "and the city's

interest and the retirement systems' interests are not always the same."

### Ensuring IMRF's success

"We really have a unique situation where everyone is elected by our members," said Kosiba. "All of the Trustees are vested IMRF members, so every board member has an interest to ensure IMRF's success."

### Your vote counts

"Democracy is not a spectator sport," emphasized Kosiba. "You have to participate. We have an opportunity to elect people for these slots as opposed to someone being appointed by the governor, so it's a good thing if people do vote," he said.

"Membership really needs to know that their voice is heard, and just as in any election, that their

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"Democracy is not a spectator sport. You have to participate."

—*IMRF Executive Director*  
*Louis W. Kosiba*

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vote actually does count," added Employee Trustee Natalie Copper.

### Take the time to vote

"Fill out that ballot and mail it in," encouraged Copper. "You need people who are strong, people who are committed. So put your faith in them and mail that ballot in, because otherwise your voice will not be heard." ■





## Board responsibilities

Some of the Board's most important duties include:

- Overseeing IMRF's administration.
- Approving benefit payments.
- Approving the budget.
- Setting asset allocation for IMRF investments.
- Hiring and firing investment managers.
- Setting actuarial assumptions used to calculate employer contribution rates.
- Setting employer contribution rates and enforcing payment.
- Ensuring the success of IMRF's Strategic Plan.
- Setting IMRF's annual Legislative Agenda.

# IMRF's Board of Trustees exists to protect your future

An eight-member Board of Trustees governs IMRF:

- One Annuitant Trustee elected by retirees like you.
- Three Employee Trustees elected by active members.
- Four Executive Trustees elected by IMRF employers.

IMRF's Trustees are fiduciaries, which means they are required to act solely in the interests of you and your beneficiaries, and to make sure that your benefits are there for you.

## What IMRF looks for in a Trustee

IMRF expects its Trustees to prepare for and attend meetings, and to work as a team to address issues faced by IMRF.

"IMRF needs individuals who are inquisitive, individuals who like a challenge, individuals who can work with their colleagues to make significant decisions concerning the operations of IMRF," said Louis W. Kosiba, IMRF Executive Director.

Trustees do not need a background in investments and actuarial science, training is provided. They do, however, need to have a high level of curiosity and dedication. Patience is also a necessity.

"You have to be extremely patient, because you're dealing with legislation, which moves at its own pace," Employee Trustee Natalie Copper said.

"You can know basic investments, but if you don't have the patience to go through it, you'll still be lost," she continued. "You have to have the patience to go through all the paperwork, and the patience to listen to members when they're coming before you, such as in the Benefit Review Committee," she said.

Empathy is also important. "You cannot have preconceived ideas about what is written on paper when it is a member coming before you—paperwork doesn't tell everything," explained Copper. "So I think you have to have empathy as well."

## Protecting your benefits around the clock

"It's a 24/7 job," said Copper. "You have to be informed. You can't take a day off. Membership is working every day for their pension, so when you took that oath, you made a promise that it will also be your job to take care of it. These are people's lives. They work hard for their pension; they deserve it." ■

# 2015 Annuitant Trustee election: Vote for your IMRF Board representative

Did you receive an IMRF annuity during the month of September 2015? Then you are entitled to vote in the election for one IMRF Annuitant Trustee for a five-year term of office, from January 1, 2016, through December 31, 2020. Included in this election packet you will find:

- This newsletter, which includes ballot instructions and candidate biographies
- A ballot (vote for one candidate on the ballot)
- A postage-paid return envelope



## How to complete the ballot

### Step 1

- Complete your ballot using a black or blue ink pen or black lead pencil.
- **You will vote for one candidate on this ballot, for one five-year term of office.** Completely fill in the circle in front of the name of the candidate you wish to vote for. See sample below.
- Want to know more about your candidates? **Candidate biographies are included on pages four and five of this newsletter.**
- **Write-in candidates:** You may vote for an IMRF member who will be receiving an annuity in January 2016, and who is not shown on the ballot, by printing his or her name in the space provided and filling in the circle in front of that line.

### Step 2

- **After you complete the ballot, place it in the enclosed return addressed envelope and sign the envelope Certificate before sealing.**
- **For your vote to count, you must sign the Certificate on the return envelope.** The Illinois Pension Code requires this certification for each ballot to certify that you are a participating member in IMRF and are eligible to vote. Once sealed, the folded-over flap on the return envelope will prevent your signature from being visible.
- **Envelopes with a blank Certificate will not have the ballot removed and the vote will not be counted.** An outside tabulating agency opens the envelopes and immediately separates the ballot. At no time is your voted ballot identified with your signed Certificate.

Fill in the circle completely.  
You can use a pen or pencil.



YES

Correct!

Do **not** use a red pen or pencil.  
**DO NOT check or "x" the circles.**



NO  NO  NO

Wrong!

# Two candidates for one A

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## **Gerald J. Sebesta Jr.**

Oak Park, IL

### **Previous Position:**

Township 39 (Cicero, Berwyn, and Oak Park) School Treasurer

### **Length of Service:**

With Township 39 from May 1972 to June 2004, in this position from July 1972 to June 2004.

### **Duties:**

Responsible for the management and investment of funds in excess of \$275 million for six school districts and one special education district. Developed and administered a computer network coordinating 21 school locations on a centralized mainframe system for payroll functions, accounts payable, financial reporting, and comprehensive student records keeping.

### **Other Pertinent Information:**

Previously served as IMRF Executive Trustee for 25 years (1976-2000). Second longest serving Trustee in IMRF history. During my tenure on the Board IMRF's funding percentage increased from 55% in 1976 to 104% in 1999. First Chairman of Investment Committee. I have the experience and background to effectively serve as an Annuitant Trustee. Key member of 1992 Board of Trustees vote giving IMRF annuitants a 13<sup>th</sup> check starting in 1993.



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## Vote for one candidate for

Ballot instructions are on page three of this newsletter. Voted ballots must be received by the deadline. Envelopes received after that date and time will not be counted.

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# Annuitant Trustee position

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## **Sharon U. Thompson**

Dixon, IL

### **Previous Position:**

Lee County Treasurer

### **Length of Service:**

Lee County Board from 1972 to 1974 and Lee County Treasurer from December 1, 1974 to November 30, 1994.

### **Duties:**

IMRF Authorized Agent for 20 years. I was the Chief Financial Officer for Lee County with a \$10 million budget. Collected over \$21 million in taxes, maintained financial records and invested money at the highest possible rate.

### **Other Pertinent Information:**

IMRF Annuitant Trustee for 15 years. I have experience as past Board President, Vice President, and Secretary. Currently serve as Chair of the Legislative Committee. Key issues include 100% funding status, cautious investing, keeping abreast of legislation, and preserving the defined benefit plan. Protected against elimination of the 13<sup>th</sup> Payment. I work tirelessly for the benefit of retirees, present and future. Endorsed by AFSCME.



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a five-year term of office.

be received by IMRF no later than **4:30 PM on Friday, December 4, 2015.**

be opened and the enclosed ballot will not be counted.

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*From the Executive Director:*

# Pension and retirement rights

*After nearly two years of work, a new constitution was crafted for the State of Illinois. On July 1, 1971, Article XIII Section 5 became effective: “Membership in any pension or retirement system of the State, any unit of government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.”*



Louis W. Kosiba  
IMRF Executive Director

This was an entirely new protection which had not existed in Illinois. Before 1971, public pensions were regarded by the courts as a gift by the state which could be changed or revoked at any time. So this provision provided a measure of protection and a guarantee to all public employees covered by a retirement system created by the General Assembly.

## **Funding concerns for the state systems**

By the early 1970's, the state was already derelict in funding those systems for which it was responsible. Public workers were concerned about whether their benefits would be paid. By guaranteeing the benefit, some

of the drafters of this provision believed that government would take its obligations more seriously and better fund those systems. For that reason and perhaps for the desire not to mandate future spending, the Section did not mandate funding as well.

For the five state-funded systems, half a loaf was better than no loaf at all. Today those systems have 43% of the monies needed to pay for all the promised benefits. The good news is that not all the benefits are due and payable today. So there is no immediate fear of running out of assets. The bad news is that under the current financial structure it is extremely difficult for the State to fund those retirement promises and

provide the other services expected and promised.

## **Your retirement is already funded**

At IMRF, you have both halves of the loaf: a guaranteed benefit and an effective funding mechanism. At 93% funding, the IMRF trustees and staff continue to work to ensure full funding will be achieved. But remember, IMRF has set aside, in a separate reserve, 100% of the monies needed to fund your benefit for life. Article XIII Section 5 is nice to have, but money “in the bank” is great too. ■

## IMRF Book Club—Book #6

**10% Happier: How I Tamed the Voice in My Head, Reduced Stress Without Losing My Edge, and Found Self-Help That Actually Works—A True Story**

by Dan Harris

Feedback due date: **January 10, 2016**

Send your feedback to: **Louis W. Kosiba, IMRF Executive Director**  
(We welcome all feedback, whether by email or written letter.)

Email: [louiskosiba-executivedirector@imrf.org](mailto:louiskosiba-executivedirector@imrf.org)

Letter: IMRF, 2211 York Road, Suite 500, Oak Brook, IL, 60523-2337



### **Don't forget to take our volunteerism survey!**

As we celebrate the Year of the Volunteer, IMRF wants to know more about how you help out in your community.

To fill out our survey, visit [www.imrf.org](http://www.imrf.org), hover over “About IMRF,” click on “Year of the Volunteer,” and then click on “Year of the Volunteer Survey” in our Quick Links on the right side of the page.

## Financial Corner



Total assets  
of IMRF

**\$34.9 BILLION**

2014  
investment  
return

**5.8 PERCENT**  
ON A MARKET BASIS

2014  
investment  
income

**\$2 BILLION**

Annualized  
total fund  
return from  
1982-2014

**10.24 PERCENT**

## IMRF 2015 Board of Trustees

John Piechocinski  
*president*  
Employee Trustee  
Plainfield Community Consolidated  
School District

Tom Kuehne  
*vice president*  
Executive Trustee  
Village of Arlington Heights

Jeffrey A. Stulir  
*secretary*  
Employee Trustee  
Rock Island County Sheriff's  
Department

Natalie Copper  
Employee Trustee  
Evanston School District 65

Gwen Henry  
Executive Trustee  
DuPage County

David Miller  
Executive Trustee  
North Shore Water Reclamation  
District

Sue Stanish  
Executive Trustee  
Naperville Park District

Sharon U. Thompson  
Annuitant Trustee  
(Formerly) Lee County



### IMRF

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*Locally funded, financially sound.*

## FUNDAMENTALS

is published quarterly for IMRF retirees.

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## 2015 Annuitant Trustee Election

Ballots enclosed; candidate biographies inside

### Vote today and let your voice be heard!

Why does this month's issue come in an envelope? Because it's your special election edition! Turn to pages four and five of this newsletter to read the biography for each Annuitant Trustee candidate and for instructions to complete the ballot included in this mailing. Then, make your vote count by returning the enclosed ballot to IMRF in the envelope provided. IMRF must receive your ballot **no later than 4:30 PM on December 4, 2015.**