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Mack Reynolds (ext. 105)
Muriel Glick (ext. 104)
The Reynolds Communications Group
(312) 541-9300
mreynolds@reynoldsgroup.com
mglick@reynoldsgroup.com

Linda Horrell
Illinois Municipal Retirement Fund
(630) 368-5375
lorrell@imrf.org

**ILLINOIS PUBLIC PENSION PLAN LEADS GROUP OF 55 FUNDS
WORLDWIDE IN MEMBER SERVICE**

*— Illinois Municipal Retirement Fund one of America's most cost-effective pension
systems —*

OAK BROOK, Ill. – November 17, 2006 – At a time when Illinois is drawing criticism for its pension problems, the CEM Benchmarking Inc. 2005 Pension Administration Benchmarking Survey pointed to one Illinois public pension system as an excellent example of proper fund administration.

The Illinois Municipal Retirement Fund (IMRF) provides death, disability and retirement benefits to local government workers and is 94.6 percent funded. In its presentation to the IMRF board of trustees on Oct. 27, CEM reported that IMRF received the highest service level score of the 55 pension funds analyzed in the survey. In addition, CEM revealed that IMRF provides this service at a cost far lower than predicted.

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CEM, which analyzes 55 public and private defined benefit sector plans in the United States and abroad, reported that IMRF's total adjusted administration cost was more than 25 percent less than predicted, at \$73 per active and retired member. IMRF's Total Service Score, which grades service factors that are key to members, was 90, well above the peer median of 78.

The report compared IMRF with the 15 participating public funds closest in membership size in the United States, as well as the complete group of public and private funds from around the world. IMRF excelled in a number of service categories including choice, communication, ease of application, and turnaround time.

"IMRF operates at a much lower cost than expected, given its high level of service and volume of transactions," said Jan Hartford, director of the pension administration benchmarking service for CEM. "IMRF received exceptionally high scores in a number of service categories. On many of these indexes IMRF led not only its peer group, but the entire CEM universe."

Superior service at a cost effective price

The CEM survey demonstrated not only the caliber and accessibility of IMRF's member-service, but its speed as well. For example:

- IMRF provided a formal written pension estimate in just one day. Peer Average: 9.5 days.
- IMRF recognized the importance of electronic communication, offering members online account access. Thirty-seven percent of their peers did not.
- IMRF's annual member statements included personalized estimates of the member's future pension. Twenty-five percent of their peers did not.
- IMRF earned a member counseling service score of 98.8. Peer Average: 79.6.
- IMRF conducted 497 member presentations in 2005. Peer Average: 203.
- IMRF members could attend counseling sessions at their workplace or at locations outside their workplace after normal working hours.

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The CEM survey also measured employer service. IMRF excelled here as well, offering an online wage reporting system with real-time error checking and quick and easy member transfers as employees move in and out of the system.

Over the six years that IMRF has participated in the CEM survey, IMRF has worked diligently to analyze the results carefully.

“Since 2001 we have used the CEM report to identify not only how we are doing, but what other systems do,” said Louis Kosiba, executive director of IMRF. “We look at every activity critically to decide which services are most important to members and how we can implement them in the most cost effective way possible.”

This close scrutiny of the CEM report has prompted IMRF to make a number of changes. In response to CEM surveys IMRF now sends a letter to members when they become vested for their pensions, surveys members on their level of satisfaction for all member transactions and is redesigning the annual member statement based on CEM’s annual member statement best practice research.

“The benchmarking service is meant to be a management tool, but I find that some systems don’t know how to use the study to its full potential, or are reluctant to change,” Hartford said. “IMRF does an exceptional job of performing a critical analysis of the results. As they have consistently made adjustments to improve, their score has gone up accordingly.”

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ABOUT IMRF

The IMRF was created in 1939 by the Illinois General Assembly to provide death, disability and retirement benefits for employees of local units of government. Today, IMRF has more than 170,000 active members working for over 2,900 different units of government, including school districts, counties, cities and villages, parks and libraries. It has more than 80,000 retirees receiving an average monthly benefit of \$755, \$19.9 billion in assets and is 94.6 percent funded in the aggregate as of the fiscal year ending December 31, 2005.

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