

Retirement strategies for late bloomers: Start now, do the math, work longer

Are you over 40 and finding your retirement coffers disturbingly empty? Your situation isn't uncommon. According to the 2009 Retirement Confidence Survey by the Employee Benefit Research Institute, a full 30% of workers age 55 and older said they had less than \$10,000 saved for retirement. How do you catch up when you haven't started saving for retirement yet? Don't throw up your hands and give up. It's *never* too late to start saving.

Save all you can, starting now

It's important to remember that a secure retirement is based on a "three-legged stool": Social Security, an employer-sponsored pension, and personal savings.

It won't be easy to catch up if you haven't started saving for retirement yet—but it can be done. You'll have to make sacrifices, reevaluate your lifestyle, and squeeze every penny you can to sock away for your future retirement.

Remember: every dollar you save now is one more dollar in retirement.

Figure out what you have—and what you need

You'll need to evaluate your current savings, your lifestyle, and your expectations in retirement. Search the web for a few retirement planning calculators, or visit with a financial planner. The results may not be pretty, but they could be just what you need to motivate you to save.

Once you know your goals, it's time to put every cent you can spare into retirement savings.

How can you find that cash? Be serious about your budget. Look at the expenses you really need to focus on: retirement savings, mortgage and debt, and other fixed expenses. No room for "fun money" in this new budget? You might have to learn to live without it.

It sounds harsh, but your choices are either to sacrifice now for more money at retirement later...or to have less money at retirement.

You should also be wary of taking on new debt. This might mean making some hard choices—like putting

the burden of student loans on your children instead of taking them on yourself—but remember: your children have a lifetime to repay their college loans. You can't finance your retirement.

Plan to work longer

We'd all love to retire at 60 or 65, but the reality is that to have a secure retirement, you might have to work longer. Plan to work until your full Social Security age—and maybe longer, if you are able. This might sound more dire than it is—many

people find that they enjoy returning to work after they retire. The added income from working longer, or working after retirement, can give you the boost you need to be comfortable.

Be realistic about your expectations

Once you evaluate your retirement savings options, start learning to live with the results. It may be too late to save for the retirement of your dreams, but it's never too late to start saving for the retirement you're going to have. ❖



ANNUAL FINANCIAL REPORT

Staying on course in a changing landscape

Recent times have proven challenging for pension funds. From the 2008 severe market losses to the continued attacks on public pensions, IMRF has worked to share its story as a successful and sustainable public pension fund. Regardless of the market environment, IMRF has “stayed the course” with our investment strategy. This decision resulted in a 24.5% return in 2009 and a 13.6% investment return in 2010.

Major contributor

Even though IMRF employers and members both contribute to IMRF, earnings on IMRF’s investments are the major contributor. In 2010, IMRF earned \$3 billion—this amount represents 73.1% of Plan Additions for the year. As of December 31, 2010, IMRF’s investments totaled \$25.5 billion, up from \$22.3 billion at the end of 2009.

Professional management is a key decision for success

Annually, IMRF staff with our independent investment consultant reviews IMRF’s asset allocation to determine if the “weighting” to the various asset classes (stocks, fixed income [bonds], real estate, etc.) is appropriate. The most recent review confirmed that the current asset allocation remains appropriate.

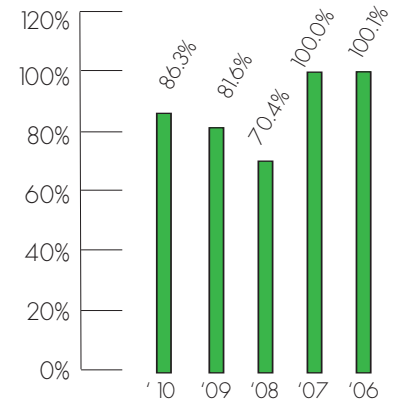
In addition to our employers making their required contributions when due, IMRF’s investment strategy is key to our success.

After the severe market loss in 2008, IMRF focused on our long-term investment goals. We are not investing for one lifetime or for one retirement. Some of our members are age 20 and will work for another 30 or 40 years. Some of our retirees are age 60 and will remain in retirement for 20 or 25 years. Because we are investing for nearly 400,000 lives, IMRF has an “infinite” investment horizon.

Also, as a pension fund, we can “ride out” the market fluctuations unlike some private investors. IMRF’s strength allowed us to focus on our long-term goals and to take advantage of market gains in 2009 and 2010. ❖

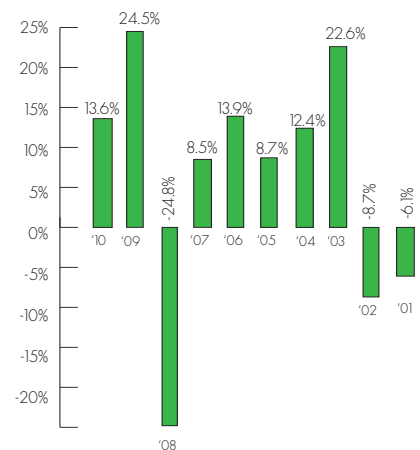
IMRF Market Funding Status

Past 5 Years



Investment Rates of Return

Past 10 Years



Want to read more? You can read the complete Comprehensive and Popular 2010 Annual Financial Reports at www.imrf.org.

IMRF’s Popular Annual Financial Report summarizes some of the information available in our Comprehensive Annual Financial Report. The Comprehensive Report offers detailed information regarding IMRF’s investment performance and funding as well as detailed demographic information for IMRF members and employers.

Remember to keep IMRF informed!



You're no longer working for an IMRF employer, but has anything else about your life situation changed? Have you gotten married or divorced, or had a child? Are you planning to move soon?

Don't forget to keep your beneficiary and other information up to date with IMRF!

- Moving? Submit an address change through IMRF *Online's* secure Member Access area— www.imrf.org/myimrf
- Family situation changed? Update your beneficiary information by filling out a new Form 6.11, Designation of Beneficiary, and returning it to IMRF. Your new beneficiary form is effective when it is received and processed by IMRF.

We cannot accept address or beneficiary changes by phone or email.

Please note that although we can accept the signature of a legal representative (such as an agent acting under a power of attorney) for address changes, we cannot accept the signature of anyone other than the member to change a beneficiary. ❖

Retiring under the Reciprocal Act?

Are you unsure how the Reciprocal Act works, or how you'll coordinate your years of service with IMRF and another Illinois public pension system?

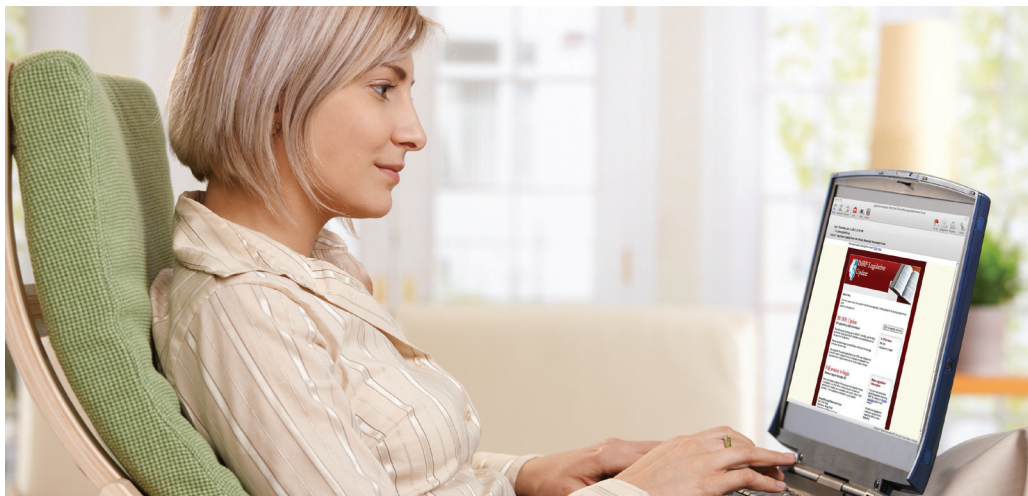
Do you know the steps you need to take to make sure your reciprocal retirement goes off without a hitch?

Don't stay in the dark. IMRF has a booklet designed to answer your questions and help ensure a smooth Reciprocal Retirement with IMRF and your other retirement system(s).

Visit the Member area of www.imrf.org to download a copy.

Don't miss a step!





Want to stay up to date with IMRF legislation?

Sign up today to receive IMRF Legislative Update emails to let you know what's going on with the General Assembly and IMRF.

Visit the "Legislation" page at www.imrf.org to opt-in to begin receiving these messages. Emails will begin when the General Assembly is back in session.

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Annual Financial Report

Keep IMRF up to date

Reciprocal Retirement

Questions?

Visit us online at www.imrf.org

Tenemos representantes que hablan español. 1-800-ASK-IMRF (1-800-275-4673)

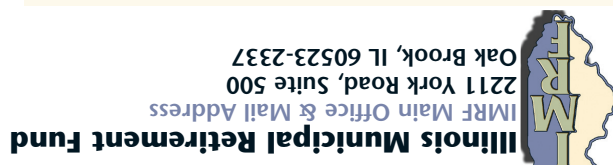
Fundamentals

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Linda B. Horrell, communications manager, lhorrrell@imrf.org
Jennifer Chess, editor, jchess@imrf.org
1-800-ASK-IMRF (1-800-275-4673)
www.imrf.org

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DOWNERS GROVE, IL
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Illinois Municipal Retirement Fund
IMRF Main Office & Mail Address
2211 York Road, Suite 500
Oak Brook, IL 60523-2337