

Defined benefit pensions help reduce poverty among older Americans

Poverty among the elderly remains a serious and persistent problem in the United States. According to a 2008 AARP study, nearly one in 10 adults age 65 and older live in a family with income below the official U.S. poverty line—and nearly one in six older adults was poor or near poor.

In 2008 an adult age 65 and older living alone was counted as poor if his or her annual cash income before taxes was below \$10,326 (below \$13,014 for a couple)—that’s an annual income less than the cost of a modest new car. In total, 3.7 million older adults do not have sufficient cash income to meet their basic expenses.

Who’s most at risk for elder poverty?

Economic hardship and poverty are especially common in certain subgroups of older adults—most notably women, single people (regardless of whether widowed, divorced, or never married), racial and ethnic minorities, people living alone, and people older than age 85.

Defined benefit pensions help reduce poverty

But there’s good news for people who have defined benefit pensions, like the retirement benefit IMRF provides. Pensions play a critical role in reducing the risk of poverty and hardship among older Americans.

According to *The Pension Factor*, a study by the National Institute of Retirement Security (NIRS), households who receive a defined pension benefit have a poverty rate of about six times less than households without a pension.

The study also found that pensions reduce—and in some cases eliminate—poverty and public



assistance dependence for women and minorities, some of the most at-risk groups for elder poverty.

What does this mean in Illinois and to IMRF members?

In 2009, IMRF paid \$896.7 million to retirees in Illinois—in fact, 85% of IMRF retirees stay in Illinois after retirement, and play an important role in the state’s financial health. Not only can retired workers avoid becoming dependent on public assistance because of their secure IMRF pension, but they spend their benefit payments in their local communities, creating income for other households, firms, and even various levels of government.

“Ensuring older Americans have access to pensions in retirement can help relieve some of the enormous pressures on federal, state and local budgets. We calculated a savings of some \$7.3 billion in public assistance expenditures in 2006 [throughout the United States], attributable to pensions,” said Beth Almeida, NIRS executive director.

Continue to page six



Recently signed IMRF legislation

This year, several pieces of legislation that affect IMRF members have been signed into law.

On April 14, 2010, the governor signed Senate Bill 1946 (Public Act 96-0889). This new law creates a second tier of IMRF benefits for members who are first enrolled in IMRF's Regular or Elected County Official (ECO) Plans **on or after January 1, 2011.**

House Bill 4960 was signed into law by the governor as Public Act 96-1140. This legislation became effective on July 21, 2010. Public Act 96-1140 has two provisions which will primarily affect IMRF members.

Legislature creates IMRF second tier

This bill modifies benefits for most Illinois public pension systems, including IMRF's Regular and ECO plans, by increasing retirement age and vesting requirements, as well as other modifications. It is effective January 1, 2011.

This bill does not affect you or your IMRF benefits, current or future.

What if you return to IMRF employment, or participate in a reciprocal system?

Because you first participated in IMRF before January 1, 2011, **you will continue to be eligible for Tier 1 benefits, even if you return to IMRF employment between now and retirement.** You will also be eligible for Tier 1 benefits with most Illinois Reciprocal Systems* through the end of your career.

Who does this legislation affect?

Tier 2 benefits will apply to those participants *first* enrolled in IMRF (or reciprocal systems) on or after January 1, 2011.

What isn't changing?

While the new legislation made significant changes to the plan, the pension formula and member contribution

rate remain the same, and IMRF will still provide death and disability benefits to members.

IMRF continues to provide secure defined benefit pensions and is pleased that the General Assembly chose to maintain the defined benefit structure.



Default beneficiary changed from spouse to estate

Effective July 21, 2010, a member's *estate* is the automatic beneficiary if IMRF does not have a valid beneficiary form on file. (Previously, the automatic beneficiary in the absence of a valid beneficiary form was the member's spouse, if married).

How might this change affect you?

- If you are married and your spouse would otherwise be eligible for a surviving spouse pension, you should make sure that you have a valid beneficiary form on file with IMRF which names your spouse as the only primary beneficiary. If you do not, your spouse may not be able to select the surviving spouse pension option.
- If you are unmarried, or you are married but previously named someone other than your spouse as your beneficiary, this legislation does not affect you.

* With the exception of the Judges' Retirement System of Illinois and the General Assembly Retirement System of Illinois

Legislation – from page 2

Always important to have valid beneficiary form

Regardless of your marital status, it's important to have a valid beneficiary form on file with IMRF.

To obtain an IMRF Form 6.11, Designation of Beneficiary, visit www.imrf.org.

If you aren't sure who you have named as your beneficiary, you can view the information in your Member Access account (however, Member Services Representatives are unable to provide this information over the telephone). Any new form submitted overrides previous beneficiary forms.

Other legislative changes

This bill also eliminated the 600-hour grandfathering provision for members who first participated in IMRF prior to January 1, 1982. An employee will participate in IMRF only if his or her position meets or exceeds the employer's hourly standard. If you return to an IMRF employer, either before or after retirement, this provision could affect whether you participate in IMRF. For more information, see the IMRF booklet "Returning to Work After Retirement," available at www.imrf.org.

If you have any questions about how any of this new legislation might affect you, contact an IMRF Member Services Representative at 1-800-ASK-IMRF. ❖

This week is an opportunity for you to reflect on your personal financial situation and really think about whether you'll meet your financial goals when you're ready to retire. National Save for Retirement Week was created in 2006 by a congressional resolution to raise awareness of the importance of saving for an independent retirement.

How much will you need to retire?

According to the National Institute on Retirement Security, your income in retirement (Social Security, pension and personal savings) should replace approximately 80% of your pre-retirement income. Is your retirement plan on track to meet that goal? Now is the time to set your long-term goals while you still have time to save.

Find out more

Want to read more about what you can do to ensure a secure retirement for yourself? Visit *IMRF Online* at www.imrf.org for articles and savings tips, or visit the official National Save for Retirement Week website at www.retirementweek.org. ❖

National Save for Retirement Week



National Save for Retirement week is October 18-24, 2010.
Make sure your retirement savings are on track!

Find out more about your IMRF retirement benefits—attend an IMRF workshop!

IMRF workshops are offered at no cost to our members—but we do require advance registration. We encourage you to bring your spouse or other family member who might assist you in your retirement planning.

To register, visit www.imrf.org and sign into Member Access, then click on the “Find a Workshop” icon. Dates and locations are listed below.

Planning for Your Future retirement planning workshops

Retirement planning workshops provide general information about your future IMRF retirement benefits. We recommend that **all members** attend at least one pre-retirement workshop.

Workshops marked with a * are expanded workshops, which include a Social Security speaker in addition to IMRF information.

October

- 5 - Waterloo*
- 5 - Effingham*
- 7 - Aurora*
- 14 - Rockford*
- 15 - Wilmette
- 20 - Kewanee*
- 28 - Naperville*

November

- 2 - Woodstock*
- 2 - Tinley Park
- 4 - Carlyle*
- 9 - Springfield*
- 17 - Peoria*

Personal Benefit Review sessions

Personal Benefit Reviews are one-on-one 15-minute meetings with an IMRF Field Representative to discuss specific account issues. You should already have attended a retirement planning workshop.

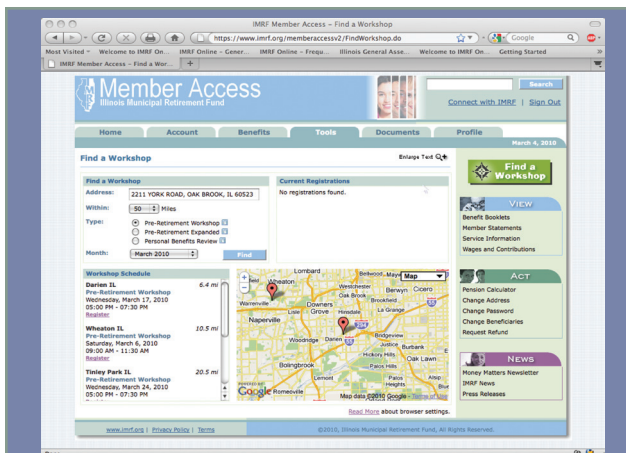
Not all members need a Personal Benefit Review before retiring—these meetings are designed to address specific account questions.

October

- 4 - Lemont
- 5 - Montgomery
- 7 - Collinsville
- 13 - Freeport
- 14 - Ottawa
- 19 - Oak Lawn
- 19 - Aurora
- 26 - Effingham
- 27 - Kewanee
- 28 - Rockford

November

- 1 - Wilmette
- 2 - Waterloo
- 6 - Springfield
- 9 - Carol Stream
- 9 - Moline
- 16 - Woodstock
- 16 - Naperville
- 16 - Tinley Park
- 18 - Carlyle
- 29 - Arlington Heights
- 30 - Peoria



Register easily and quickly online through your Member Access Account

Need assistance with a workshop registration? Call IMRF Member Services at 1-800-ASK-IMRF (1-800-275-4673)

IMRF benefits from market rebound

Dramatic and sometimes prolonged swings in market value are inevitable and must be kept in perspective. If we look at 1998 through 2009, IMRF earned around \$11.5 billion, despite market downturns in 2001, 2002, and 2008 (the largest loss in IMRF's 70-year history). We are confident our diversified portfolio will continue to be a reliable source of income in the long-term.

With the aid of the unprecedented government stimulus program, financial markets rebounded sharply in 2009. In 2009 IMRF earned 24.5% versus a negative 24.8% in 2008.

Major contributor

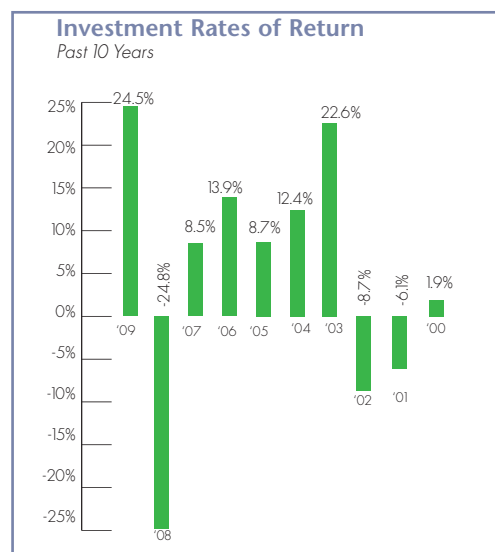
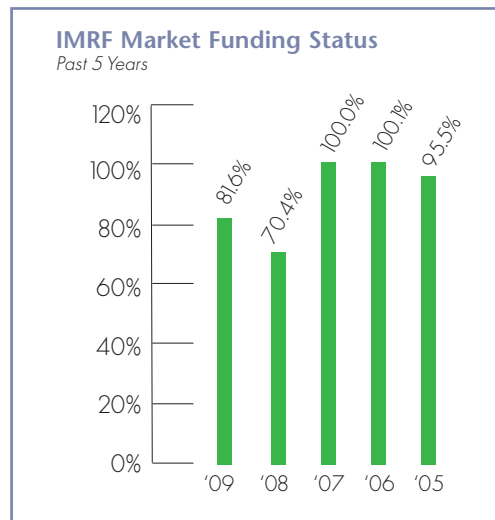
Even though IMRF employers and members both contribute to IMRF, earnings on IMRF's investments are the major contributor. In 2009, IMRF earned \$4.4 billion—this amount represents 81.8% of Plan Additions for the year. As of December 31, 2009, IMRF's investments totaled \$22.3 billion, up from \$18.4 billion at the end of 2008.

Professional management

Currently, 70 professional investment management firms, handling 83 separate accounts, manage IMRF's investment portfolio, under the oversight of IMRF staff, the Board of Trustees, and an investment consultant.

Long-term results

IMRF takes a conservative, long-term approach to investing on your behalf. IMRF designs our investment portfolio to achieve the greatest return with an acceptable amount of risk. Our diversified investment strategy results in steady and responsible returns. ❖



Want to read more? You can read the complete Comprehensive and Popular 2009 Annual Financial Reports at www.imrf.org or request copies by calling 1-800-ASK-IMRF.

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.

from page one

Defined benefit pensions help reduce poverty among older Americans

The Pension Factor finds that pensions have helped substantial numbers of older Americans avoid material hardships associated with inadequate food, shelter, and health care, and also avoid reliance on public assistance.

Secure retirement for everyone

IMRF believes that everyone deserves a secure retirement. Part of addressing poverty at older ages is making sure that working adults—no matter how far from or close to retirement—are able to adequately save for their futures. IMRF helps by providing a secure defined pension benefit to retirees, as well as disability benefits that help protect our members' income while they are working.

But IMRF can't provide you with a secure retirement without your help. Making sure you are educated about your retirement planning choices and having adequate personal savings to supplement IMRF and Social Security rests firmly on your shoulders. ❖

In This Issue:

page one

Defined benefit pensions help reduce poverty

pages two and three

Recently signed legislation affecting IMRF

page four

Learn more about IMRF member workshops

page five

Annual Financial Report

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

is published twice a year for the inactive members of the Illinois Municipal Retirement Fund.
Linda B. Horrell, communications manager, lhorrell@imrf.org
Jennifer Chess, editor, jchess@imrf.org
1-800-ASK-IMRF (1-800-275-4673)
www.imrf.org

Fundamentals

IMRF 2010 Board of Trustees

Ruth E. Fakis
Executive Trustee
Prairie Trails Public Library District
Martha H. Rademacher
vice president
Executive Trustee
Park District Risk Management Agency
Marvin R. Shoop, Jr.
secretary
Employee Trustee
City of Peoria
Sharon U. Thompson
Annuitant Trustee
(Formerly) Lee County
Natalie Copper
Employee Trustee
Evanston School District 65
Gwen Henry
Executive Trustee
DuPage County
William Stafford
Executive Trustee
Evanston Township High School District 202
Evanston School District 65

ADDRESS SERVICE REQUESTED

PRESORTED STANDARD
U.S. POSTAGE
PAID
DOWNERS GROVE, IL
PERMIT NO. 2001

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

