

Fundamentals

Illinois Municipal Retirement Fund Employee Member Edition

Vol 23 no 1 Spring 2008

Look ahead to planning for *your* future

For most people, retirement and retirement planning aren't high on the list of things they think about every day. You can always worry about it tomorrow, right?

But tomorrow comes faster than you think. Don't be caught off-guard when retirement sneaks up on you.

Last year, IMRF conducted three focus groups with members and retirees to find out what they knew about IMRF and what they thought about us. We learned that 94% of retired members who attended an IMRF "Planning for Your Future" workshop found the workshop very useful in helping them prepare for retirement.

What can you learn at a workshop?

IMRF retirement planning workshops are designed to give you a plan for retiring with IMRF. You'll learn the basics about your benefits and what you can expect from IMRF as you get ready to retire. You'll find out how to make sure your service credit is correct, what types of service might be available for purchase, how IMRF works with Social Security, how your retirement benefit will be calculated, and the steps to take to apply for your pension.

The primary focus of IMRF's retirement planning workshop is to ensure you know all the steps to retire. For this reason, we recommend these workshops for members who are within five years of retirement age.

What if I don't know when I'm going to retire?

Many members put off attending a retirement planning workshop until they've set their retirement date. But members have told us that once they've attended a workshop, they wish they would have attended one sooner.

Once you're vested with IMRF, you are eligible to begin your pension as young as age 55 (age 50 under

the Sheriffs' Law Enforcement plan, or if your employer offers an Early Retirement Incentive). You should start thinking about all the steps you need to take at least five years before your earliest eligible retirement age. That means that somewhere in your mid-40s or early 50s is your optimal time for attending a workshop.

You might think that you'd never be prepared to retire that young, or you may think you have your perfect retirement age set in stone—but the truth is, you can't predict what might happen, and being prepared by attending a retirement planning workshop is one way to make sure you cover all your bases.

What about Personal Benefit Review Sessions?

IMRF also offers Personal Benefit Reviews (see dates and locations on page 7). These individual counseling sessions are designed for members who have already attended a retirement planning workshop and who have specific questions about their IMRF account. Remember: Personal Benefit Reviews are only 15 minutes long. You should come prepared with a general understanding of your IMRF benefits and with specific questions to discuss, as well as a pension



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Financial independence—a worthy goal



Louis W. Kosiba
IMRF Executive Director

What would you do if you did not have to work anymore? How would you spend your time? Would you travel? Would you spend more time with your family or your grandchildren? Would you volunteer your time and talents to social agencies or charities? How about your hobby? Would you turn that into a little business?

All these activities and more become available when you no longer need to work a regular 9-to-5 job. The question then becomes: How do I achieve financial independence so I no longer need to work, but still have a steady income to support my lifestyle? How do I achieve financial independence so I can start doing what is important and meaningful to me and not to my boss?

Have you made goals?

Goal setting seems to be such a formal, boring process, that few of us actively pursue it. Even though you may not see yourself as a “goal setter,” it is easier to do when something catches your imagination. Does being financially independent, with all that entails, tickle your fancy? Is it an achievable goal?

It is achievable. There are, however, some challenges, both easy and hard.

The easy part

By participating in IMRF, you also contribute to Social Security (many government employees in Illinois do not). This is the easy part in achieving independence. You are on autopilot with automatic deductions from your paycheck. Together, IMRF and Social Security, can replace a large percent of your working income. They provide you with a solid, guaranteed foundation which you cannot lose or outlive. But they will probably not be enough, depending on your obligations and lifestyle;

you may need to develop a strategy to close the gap between income and outgo.

The harder parts

The harder parts are to develop additional saving and spending skills. You need to be savvy with both. If you are not doing so already, consider participating in either a 457 plan or 403(b) deferred compensation plan through your employer. You do not pay income tax on the monies placed into either plan (resulting in less out of your pocket). So in effect, the federal and state governments help you save.

The hardest part for many is in developing spending skills. We live in a consumer driven economy. The marketing pressure is to spend. While you need to spend, you need to choose wisely.

The purpose here is not to deprive yourself, but to remember that you have a goal—financial independence. And that goal is not achieved in sprints, but in steady, slow progress. Spending less reduces the amount of income you need to be free of having to work.

Live within your means

Odds are you will not win the lottery (but it is nice to daydream). Odds are you can win by living within your means. There are trade offs throughout life. When tempted to spend on that next “essential” item, please slow down and ask whether

that purchase is merely temporarily gratifying or whether it furthers your goal of independence. Some things are essential, like a reliable car, but others are not.

I hate to pick on Starbucks, but I will. When you were growing up, who would have paid \$2.00 or \$3.00 for a cup of coffee or bought bottled water? Are these items essential or a luxury? If you are willing to admit they are luxuries (expenditures which will undermine financial independence), then you are on your way to overcoming the hard part—developing good spending skills.

“Worthy goals” are challenging and beneficial. They change you as a human being for the better. That’s why “financial independence” is something you deserve. So let’s get started! ❖

The purpose here is not to deprive yourself, but to remember that you have a goal—financial independence.

Trustee elections: Faklis re-elected to five year term, upcoming 2008 election

Last year, IMRF employers cast their ballots to elect one Executive Trustee to the IMRF Board of Trustees. Election results were certified by the Board at its December 14, 2007, meeting.

2007 Executive Trustee election results

IMRF employers re-elected Ruth E. Faklis, Director of the Prairie Trails Public Library District, as an Executive Trustee for a five-year term of office.

This is Ms. Faklis' second term of office as an IMRF Executive Trustee. The five-year term will run from January 1, 2008, through December 31, 2012.

Detailed vote tallies are available in the Board area of *IMRF Online* (www.imrf.org).

2008 Executive Trustee Election

The next Executive Trustee election will be held later this year. Details will be available in this newsletter and on the *IMRF Online* website at www.imrf.org. ❖



Legislative Update: 95th General Assembly continues; pending IMRF legislation

The General Assembly Spring session began on January 9, 2008, and is scheduled to end on May 29, 2008. At press time, no significant movement has been made on any legislation impacting IMRF.

Current pending legislation

To see what legislation has been introduced that could affect your IMRF benefits, visit the Legislative area of www.imrf.org and click on "Pending Legislation."

When a bill relating to IMRF is introduced in the Illinois General Assembly, the IMRF Board votes to take a position on whether to support, oppose, or remain neutral on that bill. On our "Pending Legislation" page, you can also see the IMRF Board's position on each piece of legislation as well as link to the Illinois General Assembly site to find out the bill's current status.

In this area of the website, you can also see the Board's 2008 legislative agenda and other updates about recent legislation.

It is important to remember that the IMRF Board position does not directly affect the movement of the bill; the bill must be passed by the Illinois legislature and signed by the governor to become law.

Show your support

Contact your legislators to make your opinion known regarding IMRF or other legislation. Don't know who your legislators are? If you have Internet access, visit the Illinois General Assembly website at www.ilga.gov and click the link called "Legislator Lookup." You will be prompted to enter your street address and zip code to be provided with a listing of your legislators' names and mailing addresses. In some cases, an email address link is provided.

If you do not have Internet access, call the Illinois General Assembly at 1-800-252-6300 to learn your legislators' names and addresses. You will be asked for your district number, which is listed on your voter registration card. You can also call your local library's reference desk. ❖

Understanding your Member Statement

IMRF is mailing 2007 Member Statements of Account in staggered mailings during February and March. This statement includes a detail of your IMRF account activity from January 1, 2007, through December 31, 2007, as well as an overview of past earnings, contributions, and employers. Please take a moment to look over your account information.

The accuracy of your account is important to your future—resolving a problem now may save you time and aggravation down the road. See the sample statement below and the corresponding numbers and descriptions at right to guide you in what to check.

If you haven't received your statement

Check with your employer's Authorized Agent before calling IMRF if you haven't received your statement by **March 31, 2008**. Your Authorized Agent is provided with a report that will indicate if your statement requires special processing.

"Pension Value"

The new "Pension Value" section on the bottom of your statement is designed to help you understand just how valuable your future IMRF pension is to you.

With a defined contribution (DC) plan, like a 401(k), 457, or 403(b), it's easy to see the amount in your account grow. However, with a defined benefit pension like IMRF, your monthly pension is based upon a formula that includes your service credit, an average of your salary, and your age—not on a lump sum amount in your member account.

It can be difficult to see the total value of your monthly pension when it is compared to a lump sum DC account. The "Pension Value" illustrates how much you would have to save, e.g., in a private savings account or in an employer-sponsored DC plan, to purchase an annuity that would equal your IMRF pension.

Expanded pension estimates

If a member has at least one year of service credit, the Statement will include a pension estimate. You need at least eight years of service to vest (become eligible) for an IMRF pension.

By providing estimates to members who aren't yet vested, they can see the value of an IMRF pension if they continue to participate in IMRF and vest for a future pension. ❖

1 Verify your personal information

2 Are your total IMRF contributions and service correct?

3 Are all your IMRF employers (past and present) listed?

2007 Member Statement of Account as of December 31, 2007

| PERSONAL DATA | | YOUR PRIMARY BENEFICIARIES AS OF 07/23/2004 | |
|--|----------------|---|-----|
| If any of the following is incorrect or if "unknown" appears, please write IMRF. | | | |
| Name | MARY K. MEMBER | Last name, First name | 505 |
| SSN | xxx-xx-1234 G | Last name, First name | 305 |
| Birth Date | 01/01/1956 | Last name, First name | 205 |
| Please keep your beneficiary information up-to-date | | | |

| YOUR TOTAL IMRF CONTRIBUTIONS AND SERVICE | | | |
|---|---------------|----------------|----------------|
| | Contributions | Regular | Service Credit |
| As of 1/1/2007 | \$3,275.36 | 9 Yrs 11 Mths | |
| Reported to 2007 | \$420.53 | 1 Yr | |
| As of 12/31/2007 | \$3,695.89 | 10 Yrs 11 Mths | |

If you stop working for your IMRF employer, you may be eligible to give up your future pension and receive a refund of your contributions. Exceptions apply.

| YOU HAVE IMRF CREDIT AND MEMBER CONTRIBUTIONS WITH THE FOLLOWING EMPLOYERS | | 2007 EARNINGS AND CONTRIBUTIONS | | | |
|--|---------------------|---------------------------------|----------|------------|---------------|
| Number | Employer Name | Contributions | Employer | Earnings | Contributions |
| 0000 | Village of Appleton | \$1,695.89 | 0001 | \$9,345.47 | \$420.53 |

YOUR ESTIMATED IMRF BENEFITS

RETIREMENT
Based upon the service credit shown above and a final rate of earnings of 766.47, at age 55 you could receive a monthly pension of \$118.59.

If you continue to work until age 55, based upon the additional service credit earned and an estimated final rate of earnings of \$794.15, at that time you could receive a monthly pension of \$165.20.

If you continue to work until age 60, based upon the additional service credit earned and an estimated final rate of earnings of \$794.15, at that time you could receive a monthly pension of \$210.00.

As of 12/31/07, your surviving spouse contributions plus interest totaled \$6,63.80. See "Surviving spouse contribution refund" in the enclosed brochure for details.

DISABILITY
If you are approved for IMRF disability benefits, you could receive up to \$389.39 a month in IMRF disability benefits and continue to earn IMRF service credits.

DEATH
In case of your death while participating in IMRF, your beneficiary could receive the IMRF lump sum death benefit in the amount of \$14,527.93. This amount is equal to one year's salary plus a refund of the balance in your member account.

PENSION VALUE
Value of your IMRF pension \$31,481.41
One way to understand the value of your IMRF pension is to compare it to an annuity that would provide the same income as your IMRF pension. The amount shown above illustrates what you would need to accumulate to purchase an annuity that would provide a lifetime income equal to your IMRF pension. Assumes you receive a standard IMRF monthly pension of \$118.59 at age 55.

PLEASE NOTE: The figures presented here are estimates only and may not include all benefit options. They do not guarantee your eligibility for benefits nor do they guarantee the amount of any benefits. IMRF benefits are reduced by the amount of any benefit prepayments. If you worked for two or more IMRF employers in the same month, please refer to the enclosed brochure.

4 Check the estimates of your IMRF Benefits

1 Verify your personal information

- To change or correct your personal information, see the instructions for submitting changes on your member statement or the insert enclosed with it.

2 Are your total IMRF contributions and service credit correct?

- Check your member contributions on deposit and total IMRF service credit as of January 1, 2007.
- Confirm the contributions you made and the service credit you earned during 2007. You can check this information against your 2007 W-2 from your IMRF employer. **Note that you can add missing service credit only if you are actively participating in IMRF or in a reciprocal retirement system.**
- Verify any adjustments to your account.
- Make certain your account's ending balance as of December 31, 2007, is correct.

3 Are all your IMRF employers (past and present) listed?

- All of your IMRF employers (past and present) should appear on your statement, with the total amount of service credit you earned with each. You will also see the total member contributions you made while working for each employer.

4 Estimates of your IMRF benefits

Your retirement benefits (*New information this year!*)

- For the first time, IMRF is providing pension estimates to all members with at least one year of service credit, even if they are not yet vested. Depending on your age, you'll receive either two or three estimates:
 - » If you are vested, an estimated pension at age 55 calculated with your current service credit, which assumes that you stop working for your IMRF employer with your current service credit. (If you are age 55 or older, this will provide a current-age estimate.)
 - » An estimated pension at age 55 which assumes that you continue to work for your IMRF employer and earn service credit until that age.
 - » An estimated pension at age 60 which assumes that you continue to work for your IMRF employer and earn service credit until that age.
- You may receive a pension if you are not actively participating in IMRF, are age 55 or older, and are fully vested (have at least eight years of service credit).
- If you have Sheriff's Law Enforcement Personnel (SLEP) service, you may receive a SLEP pension if you are not actively participating in IMRF, are age 50 or older, and have 20 or more years of SLEP service credit.

Your disability benefits

- Most IMRF members will have an estimate of disability benefits. To be eligible for disability benefits, you must have at least 12 consecutive months of service credit. Refer to the IMRF Disability Booklet for details regarding IMRF disability benefits.

Your death benefits

- The minimum benefit is a refund of the balance in your member account. If you have more than one year of service credit or your death is job related, IMRF will also pay one year's salary. If you have eight or more years of service credit, your spouse may be eligible for a monthly pension and a \$3,000 lump sum death benefit. If you wish to change your death benefit beneficiary, you should submit a new IMRF Form 6.11, "Designation of Beneficiary" (available by calling IMRF or online at www.imrf.org). The new designation becomes effective when the form is on file in IMRF's offices. ❖



Questions about your statement?

Call IMRF Member Services Representatives at

1-800-ASK-IMRF (1-800-275-4673)

Monday through Friday, 7:30 a.m. to 5:30 p.m.

RETIREMENT WORKSHOPS

Find out more about your IMRF retirement benefits

IMRF's Field Service Representatives conduct "Planning for Your Future" workshops throughout Illinois. There is no charge for IMRF members and spouses to attend the workshops, although registration is required.

Start times are listed with each workshop below.

Regular IMRF workshops are scheduled for 2-1/2 hours.

Expanded IMRF workshops are scheduled for 3-1/2 hours.

—Indicates Expanded IMRF workshop, which includes a Social Security speaker in addition to IMRF information

Register online at www.imrf.org

| | | | |
|--|---|--|---|
| Tues., March 25, 9:00 a.m. Skokie | Wed., April 9, 6:00 p.m. Elmhurst | Tues., May 6, 1:00 p.m. Mattoon  | Sat., May 17, 9:00 a.m. Marion  |
| Wed., March 26, 6:00 p.m. Oak Lawn | Tues., April 22, 9:00 a.m. Utica | Tues., May 6, 9:00 a.m. Moline | Sat., May 17, 9:00 a.m. Tinley Park |
| Thurs., March 27, 9:00 a.m. Waukegan  | Tues., April 22, 9:00 a.m. Hoffman Estates | Tues., May 6, 6:00 p.m. Joliet  | Tues., May 20, 9:00 a.m. Oregon |
| Tues., April 1, 9:00 a.m. Wheaton | Sat., April 26, 9:00 a.m. Peoria | Wed., May 7, 1:00 p.m. Waterloo | Tues., May 20, 6:00 p.m. Fairview Heights |
| Wed., April 2, 1:00 p.m. Gurnee | Tues., April 29, 6:00 p.m. Springfield  | Thurs., May 8, 1:00 p.m. Pinckneyville | Thurs., May 22, 5:00 p.m. Bourbonnais |
| Thurs., April 3, 9:00 a.m. Monmouth | Tues., April 29 5:00 p.m. Mundelein | Tues., May 13, 9:00 a.m. Rockford | Thurs., May 29, 9:00 a.m. Oak Lawn |
| Thurs., April 3, 9:00 a.m. Morris  | Thurs., May 1, 9:00 a.m. Crestwood | Thurs., May 15, 9:00 a.m. Crystal Lake | |
| Tues., April 8, 9:00 a.m. Tinley Park  | Sat., May 3, 9:00 a.m. Northbrook | Thurs., May 15, 9:00 a.m. Libertyville | |

You can register online at www.imrf.org,
or call Donna Cesario, Field Services Meeting Planner at 630-706-4536

Looking for another date or location? Below are the locations of the remaining 2008 "Planning for Your Future" workshops. Registration and details are available at www.imrf.org under "Member Workshops"

June

Caseyville
Wilmette
Wheaton
Princeton
Palatine
Harrisburg
S. Jacksonville
Mt. Prospect
Oak Brook
Collinsville
Freeport
Tinley Park
Bloomington
Quincy
Centralia
Dwight

July

Flora
Peoria
Woodstock
Rockford
Crestwood
Rock Falls
Waterloo
Naperville
Des Plaines
Normal

August

Moline
Galesburg
Olney
Crystal Lake
Urbana
Macomb
Gurnee
Fairview Heights
Effingham

September

Danville
Oak Brook
Morris
Lincoln
Mundelein
Rockford
Joliet
Mt. Prospect
Hoffman Estates
Wheaton
Oak Lawn
Libertyville
Naperville
Caseyville
Crestwood

October

Oak Brook
Dundee
Oswego
Geneseo
Mt. Vernon
Edwardsville
Decatur

November

Peoria

Attended a workshop and still have questions? Learn more at a Personal Benefit Review

Personal benefit reviews are:

- Brief, 15-minute one-on-one meetings with an IMRF Field Representative
- Perfect for members who have already attended a *Planning for Your Future* workshop and who still have account-specific questions or issues

Personal benefit reviews are NOT:

- Designed to answer general IMRF questions
- Designed to replace a pension estimate. If you would like only an estimate, you can obtain one by calling 1-800-ASK-IMRF (1-800-275-4673).

Think a Personal Benefit Review is for you?

You can schedule a Personal Benefit Review session online or by calling Donna Cesario, IMRF's Meeting Planner, at 630-706-4536. To register online, visit www.imrf.org and look for the "Member Workshops" link.

Once you schedule a session, make sure you request a pension estimate before your session so you are able to bring it to your meeting. You can request an estimate online through your Member Access account at www.imrf.org, or by calling 1-800-ASK-IMRF (1-800-275-4673). ❖

Please note: The time ranges listed below indicate the time the Field Representative will be available to schedule appointments in 15-minute increments. Please be on time for your scheduled session.

| | | | |
|--|---|--|--|
| Wed., March 5, 2-7 p.m. Glen Ellyn | Thurs., April 24, 11 a.m.-5 p.m. Lake Zurich | Tues., May 20, 2-7 p.m. Taylorville | Tues., June 10, 2-7 p.m. Bourbonnais |
| Tues., March 11, 11 a.m.-5 p.m. Bloomington | Tues., April 29, 9 a.m.-2 p.m. Oak Lawn | Wed., May 21, 1-5 p.m. Rockford | Thurs., June 12, 1-5 p.m. Dundee |
| Tues., March 18, 1-5 p.m. Downers Grove | Tues., May 6, 2-7 p.m. Bloomington | Wed., May 28, 11 a.m.-5 p.m. O'Fallon | Tues., June 17, 11 a.m.-5 p.m. Gurnee |
| Tues., April 8, 2-7 p.m. Lake Villa | Tues., May 6, 11 a.m.-5 p.m. Mt. Prospect | Thurs., May 29, 1-5 p.m. Oregon | Wed., June 18, 1-5 p.m. Quincy |
| Tues., April 15, 2-7 p.m. Naperville | Tues., May 13, noon-4:30 p.m. Oak Brook | Tues., June 3, 1-5 p.m. Ottawa | Tues., June 24, 9 a.m.-2 p.m. Urbana |
| Wed., April 16, 3-8 p.m. Tinley Park | Tues., May 13, 11 a.m.-4:30 p.m. Wheeling | Wed., June 4, 1-5 p.m. Crystal Lake | |
| Wed., April 16, 9 a.m.-2 p.m. Greenville | Tues., May 13, 9 a.m.-2 p.m. Crestwood | Tues., June 10, 2-7 p.m. Mt. Vernon | |
| Tues., April 22, 9 a.m.-2 p.m. Joliet | Tues., May 20, 10 a.m.-3 p.m. Bolingbrook | Tues., June 10, 3-8 p.m. Oak Forest | |

Additional Personal Benefit Review session dates and locations can be found on the IMRF *Online* website. If you'd like to register for a Personal Benefit Review but you don't see a date or location convenient to you, check online at www.imrf.org and visit "Member Workshops" for a full listing of sessions.

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Look ahead to planning for your future

estimate. If you don't need to meet with someone but would like a pension estimate, you can simply call an IMRF Member Services Representative at 1-800-ASK-IMRF (1-800-275-4673) and request one. You can also request one through your Member Access account at www.imrf.org.

What have workshop participants had to say?

Still not sure you want to attend a retirement planning workshop? Members who have attended a workshop can't seem to say enough good things about the workshops. Some of the thoughts they've shared:

"If nothing else, it makes you realize what your options are and where you are headed."

"Everyone needs to attend a workshop to be fully informed of benefits available."

"A lot to absorb. It's good to hear this several times before you are ready to retire."

"Extremely helpful, informative, and good to help plan for the future."

"I've taken the workshop before and have recommended it over and over and over."

"You find out additional information that you may never have heard before—or you hear it again to sink in!"

Have you attended a workshop yet? If you haven't, what are you waiting for? Turn to pages six and seven for 2008 dates and locations. ❖

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2008 Personal Benefit Review schedule

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

Fundamentals

is published four times a year for the approximately 167,000 employee members of the Illinois Municipal Retirement Fund. Linda B. Horrell, communications manager, lhorrll@imrf.org jennifer.chess, editor, jchess@imrf.org 1-800-ASK-IMRF (1-800-275-4673) www.imrf.org

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