



Money Matters

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quick tips for your financial future

Saving early can save the day

Take advantage of compound interest

Are you putting off saving for retirement? Waiting for the perfect moment, when your credit cards are paid off, or when you're done saving for a house or paying off student loans? Retirement seems a lifetime away, and that extra \$50 could be put to better use right now, right?

But that's part of the problem. Almost anything can *seem* more important than saving for retirement. Truth is, there are no perfect moments. And any way you look at it, every year you're another year closer to retirement, even if you don't plan for it.

We've all heard it before. Start saving when you're young and you'll have to put away less in the long run to have more at retirement. But how important is it, really, to start saving while you've got time to let your money grow?

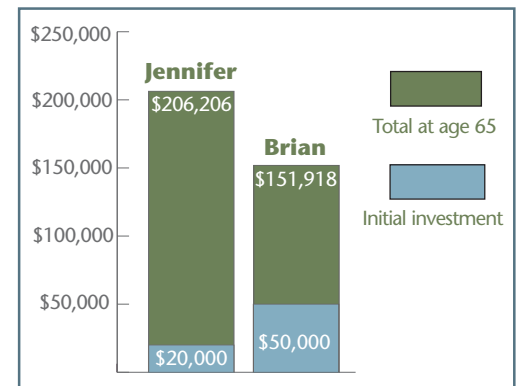
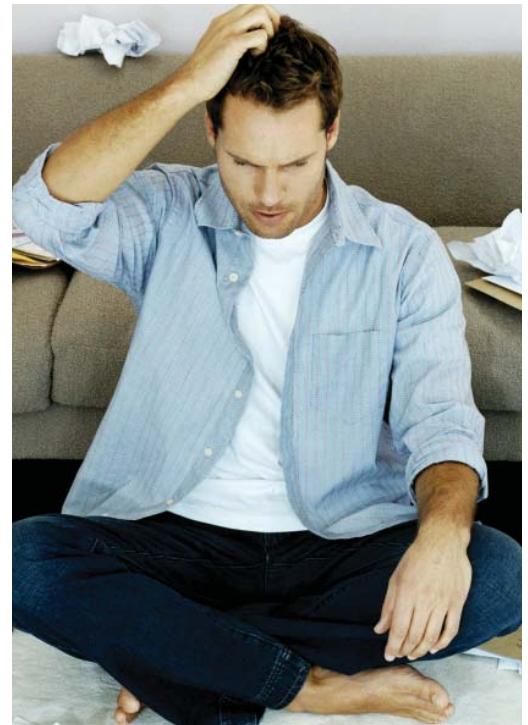
Here's an illustration of just how important starting early can be:

Brian and Jennifer are the same age.

- When Jennifer is 30, she starts saving \$250 a month for the next 10 years. Then, she stops saving. Her total investment is \$20,000.
- Brian waits 10 years and starts saving \$250 a month when he's 40, and then contributes \$250 a month until he turns 65—25 years of saving. His total investment is \$50,000.

Assuming they both earned an 8% annual rate of return, who do you think has more money at age 65? If you guessed Jennifer, you're right. Despite her much smaller initial investment, she has given her money more time to grow. Check out the chart at right to see just how much more she could expect to make simply by starting a little earlier.

Compounded interest—money earning more money through interest or dividends, and that money earning more money, and so on—can have a serious impact on your eventual investment earnings. Not already saving? Take advantage of your employer's 457 or 403(b) tax-deferred plans, and read more inside for some tips to get started.



Compound interest can make a smaller initial investment grow over time

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Welcome to your new IMRF newsletter

Gen X lagging behind on retirement planning

Generation X may have left the slacker image behind when we “grew up,” but our new responsible image hasn’t translated to saving for retirement.



A Boston College Center for Retirement Research study found that nearly half of the people age 35 to 42 are at risk of not having enough money in retirement. Even though we have years to save, we aren’t taking the small steps to lay the groundwork for our futures.

Why aren’t we saving?

There are a few reasons. The biggest one is near-term financial priorities—saving

for kids’ college, getting out of debt, saving for a house, or simply living on a tight budget—which seem to leave little extra for saving for a distant future.

We’re also moving jobs more, and few of us are investing in tax-deferred retirement accounts through those employers, or even on our own (somewhere between 40% and 60% of us, according to surveys). Surveys also say that more than 50% of us have less than \$5,000 in savings, retirement or otherwise!

IMRF members are among the lucky who still have secure defined benefit pensions in their futures (your IMRF pension is payable for life once you’re vested and reach retirement age), but you can’t rest on those laurels. Get out there and start saving today! What are you waiting for?



Small change for Big Impact

Does “Take care of the pennies and the dollars look after themselves” actually work?

Our top-five tips on the next page of this issue talk about cutting small expenses to free up some income so you can save. But can \$2 here and \$5 there make a significant impact in how much money you have available to save?

If you buy a newspaper, coffee and muffin on the way to work and a snack from the vending machine during the day, you’ve probably spent at least \$5. Multiply that by 20 working days and you’ve spent \$100 in a month. It seems pretty insignificant if you look at it each day, but it sure adds up fast.

Don’t lose track

Now that you’ve made small changes, don’t lose track of those saved dollars. If you spend them on something else, you’ll end up where you started. Have a plan—whether it’s a jar in the kitchen or a separate savings account—and don’t forget to pay yourself first.

How fast can it add up?

There are lots of online calculators to see how quickly these small changes add up. Check out Oppenheimer’s “Generation X quiz” at <https://www.oppenheimerfunds.com/commonJhtml/generationXquiz.jhtml> for a good place to start.



Planning for Your Future workshops

Find out more about your IMRF benefits

You may not be close to retirement age, but it’s never too soon to start thinking about retirement. Need something to help get you started? IMRF offers “Planning for Your Future” workshops throughout the state. While the workshops are recommended

How can you find out more?

Visit www.imrf.org and click the “Member Workshops” link for a detailed registration information. Or, you can call Donna Cesario, IMRF’s



1. Once you've determined that you will be off work for more than 30 consecutive days, submit an *Application for Disability Benefits*, IMRF form 5.40.



2. Call your employer and ask them to file an *Employer's Statement of Disability*, IMRF Form 5.41.



3. Provide your doctor(s) with a *Physician's Statement of Disability Claim*, IMRF Form 5.42, and have them submit it to IMRF with any supporting documentation.

IMRF protects your income

You might not think of a broken bone, a pregnancy or an anxiety condition as "being disabled," but all of them could keep you from doing your job.

According to the Health Insurance Association of America, around 30% of Americans age 35 to 65 will suffer a disability lasting at least 90 days sometime during their careers.



Did you know that IMRF provides disability benefits as well as retirement benefits? Unless you've had to use them, you may not be aware they even exist.

Quick facts about IMRF disability benefits

So what do you need to know about IMRF disability benefits?

- You need at least 12 consecutive months of IMRF service credit to be eligible for benefits.
- You continue to earn IMRF service credit and are eligible for active member death benefits—so you should **always** apply, even if you're getting Workers' Compensation or aren't sure you qualify for benefits.
- There are two kinds of IMRF disability benefits: Temporary and Total and Permanent. All claims begin as temporary, even if your disability is permanent.

- Benefits begin when you have been off work for a disability for 30 days (or after you stop receiving sick or vacation pay from your employer, whichever is later).
- IMRF disability benefits replace 50% of your average IMRF monthly earnings. (This amount can be affected by Workers' Compensation or Social Security disability.)

Questions? Call us at 1-800-ASK-IMRF (1-800-275-4673)

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Ways to Save Every Day

Making small budget sacrifices can help you free up some cash to invest.



- 1 Get regular coffee instead of a latte or cappuccino. Better yet, make coffee at home and bring a travel cup.
- 2 Brown-bag your lunch a few days a week instead of eating out every day. (That includes the cafeteria!)
- 3 Drink water when you do eat out. Liquor and soda both have lots of mark-up, and water is better for you anyway.
- 4 Skip the theater and rent a movie—or check movies out from the library.
- 5 Do it yourself! Do your own housework, wash your own car, mow your own yard. Or, trade tasks with a neighbor.

For someone within five years of retirement, there's plenty of information for anyone who wants to start thinking seriously about retirement planning. You can also ask your employer to host an IMRF benefits meeting—your employer can set one up by contacting its IMRF Field Representative.

For a detailed schedule and list of locations, as well as a Meeting Planner, at 630.706.4536.



Welcome to your new Illinois Municipal Retirement Fund newsletter

As an IMRF member under 40, we realize you have different life challenges and priorities than our members who are closer to retirement. We've designed this newsletter to better meet *your* needs. Want more information on an IMRF topic? Visit us at www.imrf.org. Make a suggestion or let us know what you think by emailing jchess@imrf.org

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