



Money Matters

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quick tips for your financial future

Does splurge spending get in the way of your financial goals?

We've all heard the adage "Pay yourself first." But, for you, does this mean buying an amazing new gadget or pair of shoes you "had to have" before you pay your bills? When your credit card bill arrives, are you surprised to find you spent more than you thought? Do you come home from the mall with bags full of items you didn't intend to buy?

If this sounds like you, you're probably an impulse spender. If you're unable to save money for the things that are important to you—like a new house, a car, a vacation, or retirement—impulse spending is often to blame.

So what can you do about it?

Nobody wants to hear it, but the best way to control impulse spending is to set a budget and stick to it. On the next page we'll talk about how to create a simple budget. But there are a few things you can do to make sure impulse spending doesn't get in the way:

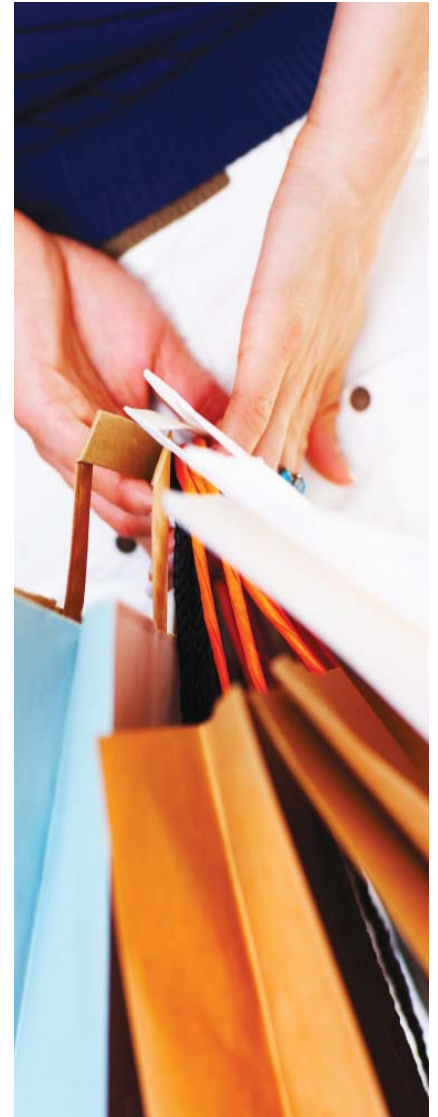
Don't go out shopping armed to spend

- Leave your credit and ATM cards at home. Bring your budgeted amount in cash—and no begging or borrowing to get that one item you must have. That's what got you into trouble in the first place.
- If your weakness is online shopping (like mine is), don't choose to save credit card numbers at the merchant for easy future checkout.

Impose a waiting period to buy items you didn't plan on

- Make a "to buy" list (make it easy by carrying an index card or keeping notes in your PDA) and write down items you think you might want.
- Give yourself *at least* a week to think about the purchase and decide whether it's worth it.
- And—this is important—never have more than three items on your list. If you find something new you'd like to buy, one of the items already on your list has to go. This will make you really consider which three purchases are most worth it to you.

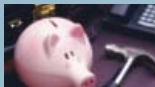
Getting spending under control is only one aspect of living with a budget. Read inside for more information.



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Learn how to achieve financial goals by making a budget—and sticking to it.

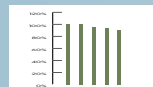
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Getting started on a budget

Contrary to what you might think, the point of a budget isn't to immediately stop spending and devote all your energy to saving money. It's simply a plan to make sure that:

- you have enough money for your basic living needs,
- you have enough money to cushion any emergencies that may come up,
- you are completely aware of where your money goes and able to make choices about those splurges.



Where to start?

The first step is to keep track of all your spending for a period of time—at least one month, longer if you can. This doesn't have to be in a complicated spreadsheet; you can simply write down where all your money goes. Don't skip the

morning latte or the pack of gum. If you're going to make a budget, you need to know where every penny is going.

Once you've done this, you'll need to take stock and make a list of your basic living costs: housing, food, transportation costs, insurance, and fixed payments, such as student loans. It's also a wise idea to include saving for any financial goals. That's what pay yourself first *really* means.

Next, figure out how much you take home every month. The easy part? Compare the two, and figure out how your outgoing compares to your income, and where you need to make spending (or earning) changes to make the two numbers agree.

Budgets made easy

That doesn't sound so bad, does it? Making a budget isn't as hard as sticking to one. You don't need a fancy spreadsheet or complicated rules. Just keep track of everything and pay attention to where your money goes, and after a while it will take care of itself.



Why you need an Emergency Fund

Advice for financial security can be overwhelming. Where are you supposed to start? Many experts agree, the first thing you should do (after meeting basic needs and while reducing spending) is to start an emergency fund.

If you had a major financial crisis today—if you (or your spouse) lost a job, had a medical emergency, had major car or home repairs—how would you survive financially? Would you have to pay for daily necessities on credit? Imagine still making payments on groceries you bought (and ate) three years ago.

Get started now

There's no time like the present to get started. Your success in building your emergency fund depends on

how consistent you are in putting away money on a regular basis, and your ability to resist dipping into that fund for non-emergencies.

Starting a fund can be as simple as depositing \$100 into your savings account. It might be smart to keep your emergency money somewhere you can't easily access, but which is liquid enough to get when you really need it. An online bank, or a savings account without an ATM card are good places to start.

How much should you save?

Experts say anywhere from two to six months of living expenses, but you'll need to determine the right amount for yourself, based on your needs and your financial situation.



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



The following is an excerpt from our 2007 Popular Annual Financial Report to Members. To read the report, visit www.imrf.org or request a copy from a Member Services Representative by calling 1-800-ASK-IMRF (1-800-275-4673).

IMRF grows to meet 100% funding

Planning for our members' futures

As a retirement system, IMRF takes our promise to our members very seriously: that the money will be there when you retire. And how do we do that? By working toward a 100% funding goal.

IMRF benefit promises include pensions, disability, refunds, and death benefits. When you add up all of the "benefit promises" IMRF has with all of our members—including members who left IMRF but still have contributions on deposit—you have the value of IMRF's "actuarial liability."

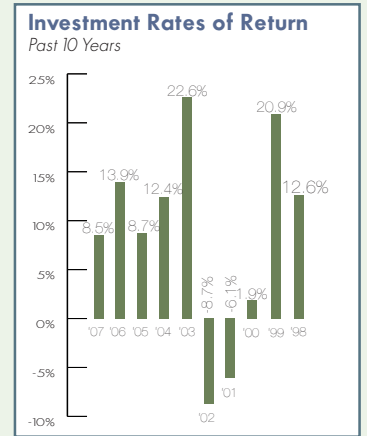
When you compare IMRF's actuarial liability to our \$24.2 billion in assets, you come up with our funded ratio—a very important number and one that illustrates a pension system's financial health.

During 2007, IMRF earned 8.5% on our investments and was 100% funded on a market value basis at year end. This marks the second year in a row that IMRF was the only major public pension plan in Illinois to achieve this funding level.

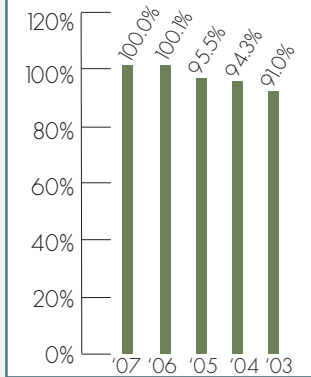
What does 100% funding mean to you?

As a member of IMRF, 100% funding means several things. You can be assured that when you retire, IMRF will

have the funds to pay your pension for life. It also means your employer is making its contributions to IMRF when they are due. Working toward 100% funding also allows IMRF to maximize our investment gains and provide benefits to our members at the lowest possible long-term cost to the taxpayer.



IMRF Market Funding Status (for the past 5 years)



5

Tips to meet your budget goals

Changing a few things about the way you spend can help keep your goals in sight.



- 1 Trouble with splurges? Go shopping armed with a shopping list—and stick to it.
- 2 Skip the ATM and credit cards. Carry cash—when you run out, you're done.
- 3 Write down your financial goals, and refer to them often. Set mini-goals to help you stay on track if needed.
- 4 Keep a daily log of everything you spend. You might be surprised where those pennies go.
- 5 Evaluate your spending plan periodically, especially if your income changes or you pay off debt.

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.

etailed schedule and list of locations, as well as Meeting Planner, at 630.706.4536.



Tips to reach your financial goals

How many of us set lofty financial goals that we'll achieve "someday?" Someday I'll start saving for retirement, someday I'll buy a house, or start saving for that dream vacation—the list goes on. But actually sitting down and making a plan to achieve those goals (and sticking to it) is harder than it sounds.

Make "someday" turn into today by setting a budget to meet those financial goals and curbing spending that can sabotage the best plans. Read inside for tips to help you get on the road to a secure financial future.

Statements in this publication are general and the Illinois state law governing IMRF is complex and specific. If a conflict arises between information in this publication and the law, all decisions are based on the law. IMRF does not endorse any outside agencies mentioned in this newsletter unless specifically stated.



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