

Fundamentals

Illinois Municipal Retirement Fund
Retired Member Edition

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An important part of estate planning...

What is a Power of Attorney?

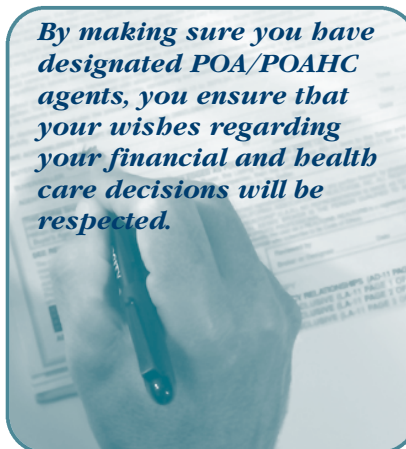
Many people have heard of the term “Power of Attorney” before, but not everyone is aware of what a Power of Attorney is. Having the appropriate Power of Attorney forms in place is important to consider when reviewing your personal and estate documents.

Two different documents

To begin with, there are two types of Power of Attorney designations:

- Power of Attorney for Property (POA)
- and
- Power of Attorney for Health Care (POAHC)

By making sure you have designated POA/POAHC agents, you ensure that your wishes regarding your financial and health care decisions will be respected.



This is important to understand, as many people think that one type of designation can cover both situations—**this is not the case**. These two types of agency designations are completely separate from one another, and cover vastly different situations. Both, however, are an important part of your estate planning.

Power of Attorney for Property

A Power of Attorney for Property is a document you complete to designate a trusted person, known as your agent, to take care of **financial matters** on your behalf.

Your agent can intermittently handle certain financial affairs for you at your request, such as sign and deposit a check for you while you’re away on vacation, or he or she can assume a much larger role, such as taking over all of your financial affairs if you become unable to handle them yourself. If you wish to restrict how much authority your agent has with your finances, you must set limitations in writing.

By having a POA in place, you ensure that your finances can be taken care of immediately by your agent if you suddenly become unable to take care of them.

A POA is the designation that applies to any matters regarding your IMRF account.*

Power of Attorney for Health Care

A Power of Attorney for Health Care has nothing to do with your finances, but everything to do with your wishes and beliefs about your **medical care and treatment**.

When you create a POAHC, you are choosing a trusted person, known as your agent, to make any decisions for you about your health care and treatment if you are unable to do so.

You can also include specific directives regarding your wishes, which no one—including your agent—can change.

It is important to talk about how you feel regarding medical treatment and care with the person you choose to designate as your agent so he or she can act according to your wishes.

A POAHC has nothing to do with any matters regarding your IMRF account.

Prepare documents ahead of time

The most important thing to remember is to **have these documents in place before you need them**. If you suddenly become unable to make your own decisions and do not have a POA and/or POAHC in place, it is too late to create them.

By making sure you have designated these agents, you ensure that your wishes regarding your financial and health care decisions will be respected.

Forms available on the Internet

You can complete these documents with the assistance of your personal lawyer, or you can use standardized forms from the state of Illinois. (*If you reside in another state, check with an attorney to verify that the Illinois forms are valid.*) These forms are available at:

<http://gac.state.il.us/pdfs/poap.pdf>
(Power of Attorney for Property)

<http://gac.state.il.us/pdfs/poahc.pdf>
(Power of Attorney for Health Care)

* See other side

Not all IMRF documents can be signed by an agent under a POA

An IMRF retiree is the only person who may sign and/or change an IMRF Designation of Beneficiary Form (Form 6.11A). Any other representative acting on the retiree's behalf, including an agent under a POA, may not change or sign this form. **A Form 6.11A signed by anyone other than the retiree is invalid and will not be accepted.**

Therefore, it is important for you to make sure your Designation of Beneficiary form is up to date. If you can't remember who your beneficiary is, we recommend that you fill out and submit a new Form 6.11A. You can obtain a copy of this form from IMRF Online (www.imrf.org) or by calling 1-800-ASK-IMRF (1-800-275-4673). ♦

13th Check to be mailed in July

The supplemental benefit payment, also known as the "13th check," is mailed to eligible retired members (or to their surviving spouses) every July. The 2004 supplemental pension payments will be mailed out by July 15 after the usual July benefit payments are mailed.

Who is eligible for the 13th check?

You may be eligible for this 13th check if:

- you are a member or surviving spouse eligible for your usual July 1 pension payment,

and

- the IMRF pension you receive was effective for each of the 12 months prior to and including June 2004 (*this can be a member pension or a combination of member and surviving spouse pension*).

Who pays for the 13th check?

IMRF employers contribute the funds used to pay this supplemental benefit payment. Each employer contributes 0.62% of their payroll. Those contributions are used for one purpose: to pay the 13th check.

How is the 13th check calculated?

The 13th check is paid for entirely by the employer contributions mentioned above. The total amount of these contributions is divided by the total amount of the June benefit payments paid to everyone eligible for the 13th check.

This results in a percentage of the usual benefit amount. Because employer contributions change, the amount of the 13th check changes as well. This year, we anticipate the 13th check to be 65% of your usual benefit amount.

IMRF Main Office & Mail Address: 2211 York Road, Oak Brook, IL 60523-2337

Regional Counseling Center: 3000 Professional Drive, Springfield, IL

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

Fundamentals Editor: Karen Hall, khall@imrf.org

"Sometimes only a change of viewpoint is needed to convert a tiresome duty into an interesting opportunity."

— Alberta Flanders

13th check compared to compounding

Since the late 1980s, efforts have been made to pass legislation that would provide for a compounded annual increase. This legislation has never passed. The supplemental benefit payment was adopted in lieu of compounding.

When the first 13th check was sent in 1993, it was approximately 90% of a retiree's usual pension payment. Even though this percentage has gone down in recent years, the dollar amount of the 13th check has remained fairly constant, due to the annual 3% increase to pension payments.

But which is better—having a compounded annual increase or a 13th check? IMRF compared the value of a non-compounded increase combined with the 13th check to a compounded increase with no 13th check. We learned that a member needs to receive a pension with a compounded annual increase for approximately 18 years before the value would be greater than that of receiving a non-compounded annual increase with an additional 13th check.

Questions?

If you have any questions regarding the 13th check, please call an IMRF Member Service Representative at 1-800-ASK-IMRF (1-800-275-4673) ♦

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