



Louis W. Kosiba
IMRF Executive Director

IMRF and
IMRF employers
are working
to guarantee
your financial
security.

From the Executive Director

What a difference a year makes

In September 2008, the floor fell out from under the U.S. financial markets. We saw the closure of some well-known industry giants like Lehman Brothers; the collapse of the stock and bond markets; a steep drop in spending by consumers; and the beginning of steady increases in unemployment.

Today, the worst seems behind us (although unemployment continues to rise). The low point in the financial markets was March 9, 2009. Three of the last four columns I wrote you focused on the security and sustainability of IMRF. I was optimistic that after the markets reached the bottom, there would be a solid rebound and that IMRF assets would receive a major lift. I did not know when that would happen or how large the rebound would be.

IMRF assets lift

IMRF started this cycle with \$24 billion on January 1, 2008. By January 1, 2009, IMRF assets stood at \$18 billion. On March 9, 2009, assets totaled a little under \$16 billion. By our latest count, assets exceed \$21 billion. Year-to-date returns are nearly 21%. We have gained over \$4 billion since March.

Foundation for solid growth

It will not be a smooth road to recovery for the U.S. economy or the IMRF portfolio. However, the basics are there for solid growth on both fronts.

IMRF employer contribution rates will be increasing next year. They will help offset some of the losses. These investment returns will hold down future employer rate increases. As a result of the consistent funding by employers, IMRF's diversified portfolio and our long-term view of investing, we can protect and ensure your financial security.

Working for you

Knowing what has happened financially to friends and family during this severe recession, I hope you can take some solace in knowing IMRF and IMRF employers are working to guarantee your financial security.

What is the annual 3% increase to my pension?

The 3% increase is the amount added to your pension payment each January 1st. Every year, for as long as you receive your pension, you will receive this pension increase. (For your first year of retirement, the increase is prorated based upon when during the year you retired. Unless your retirement was effective on January 1st, your first year's increase will be less than 3%.)

The 3% increase is based upon the **original amount of your pension** (it is not compounded). Since the increase is based upon the original amount of your pension, your increase (after the first year if your first year was prorated) will **always be the same**.

Example of how the 3% increase is calculated

Pension effective date:	April 1, 2009
Monthly pension amount in 2009: (<i>Original pension amount</i>)	\$800
First year's increase (prorated) as of 1/1/2010:	\$18 per month
Monthly pension amount in 2010:	\$818 (original \$800 plus <i>prorated</i> increase of \$18)
Second year's increase (full 3%) as of 1/1/2011:	\$24
Monthly pension amount in 2011:	\$842 (\$818 received in 2010 plus full 3% increase of \$24)

Every year after, this pension payment will increase \$24 from the amount of the previous year's pension.

Watch your mail for Form 1099-R

IMRF will mail your IRS Form 1099-R tax statement by the end of January 2010. If you don't receive your 1099-R by February 15, 2010, please contact a Member Services Representative at 1-800-ASK-IMRF (1-800-275-4673). You will need Form 1099-R when filing your 2009 tax returns.

What is on the 1099-R?

The information on Form 1099-R should be used to file your 2009 federal and state income tax returns. Your 1099-R will show the gross amount of benefits you received

from IMRF in 2009. This form will also indicate the federal income tax which was withheld from your benefit payments and, for most people, the taxable portion of your benefit.

Live outside of Illinois?

Although IMRF pensions are not subject to Illinois state income tax, different provisions apply in other states. If you live outside of Illinois, contact your state's Department of Revenue for information.

2010 IMRF-Endorsed Health Plans

This newsletter provides details for IMRF-endorsed medical benefit plans. Where available, 2010 rates, plan changes, and service areas are included. **If 2010 rates were unavailable at press time, 2009 rates and plan details are provided.** For current rates, additional information about any of the endorsed medical benefit programs, or to enroll in the plans, call Doyle Rowe LTD at 1-800-564-7227 or visit their website at www.doyle Rowe.com.

IMRF-endorsed health plan—Under age 65

Blue Cross Blue Shield of Illinois Comprehensive Major Medical

- Available to retirees and/or their family members under age 65 residing in Illinois—call Doyle Rowe LTD for details.
- You may be able to continue your employer-provided coverage until age 65 at your own cost—check with your employer.

Under 65 plans are medically underwritten and subject to pre-existing condition waiting period. Acceptance is not guaranteed.

IMRF-endorsed health plans—Age 65 and older

Blue Cross Blue Shield of Illinois Plan F*

- Available to Illinois residents age 65 and older with Medicare Parts A & B.
 - Traditional Medicare supplement that covers Part A & B deductibles and coinsurance amounts for Medicare approved expenses.
 - Freedom to choose doctors and hospitals. Med-Select option requires that participating hospitals are used for non-emergency inpatient hospitalizations.
 - **The following rates are the 2009 monthly premium rates.** (2010 rates were not available at press time; an average increase of less than 5% is expected.) Current members will be notified of 2010 rates prior to January 1.
 - You can access the 2010 rates in early December **by visiting www.doyle Rowe.com or calling 1-800-564-7227.**
- * Plans A, C, D, E, K, and L are also available.

2009 Illinois Plan F Monthly Premium Rates

	Cook, DuPage, Kane, Lake, McHenry & Will Counties	All Other Illinois Counties
	Standard / Med-Select	Standard / Med-Select
Age 65-66	\$151.00 / \$130.00	\$132.00 / \$119.00
Age 67-69	\$169.00 / \$152.00	\$150.00 / \$133.00
Age 70-74	\$203.00 / \$170.00	\$176.00 / \$149.00
Age 75-79	\$241.00 / \$191.00	\$210.00 / \$166.00
Age 80+	\$255.00 / \$194.00	\$223.00 / \$170.00

Blue Cross Blue Shield of Texas plans are available for Texas residents age 65 and older with Medicare Parts A & B. Call Doyle Rowe LTD for more information.

Call Doyle Rowe LTD at 1-800-564-7227 or visit www.doyle Rowe.com for more information.

Humana Regional PPO (Rates vary by state of residence)

2010 Monthly Premium Rate: \$89.00—\$99.00

- Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in Illinois, Florida, Wisconsin, and Arizona.
- In-network benefits include a \$15.00 co-pay for physician office visits, \$35.00 co-pay for specialist office visits.
- Inpatient hospital deductible \$675.00 per admission; \$150.00-\$185.00 co-pay for outpatient surgery; \$0.00-\$125.00 co-pay for outpatient non-surgical care (depending upon place of service). Chemotherapy administered in physician's office \$35.00 co-pay plus 20% drug cost.
- \$5,000 annual out-of-pocket maximum (excludes prescriptions and worldwide coverage).
- The plan also includes a Medicare Part D prescription drug benefit: \$8/\$42/\$80/33% co-pay. Once drug costs exceed \$2,830.00, you pay an \$8.00 co-pay for generics and 100% for preferred, brand, and specialty drugs. After total out-of-pocket costs exceed \$4,550.00, you pay the greater of \$2.50 for generics, \$6.30 for preferred and brand name drugs, or 5% coinsurance. You pay 5% for specialty drugs.

Humana Private Fee for Service Plan (Rates vary by county of residence)

2010 Monthly Premium Rate: \$59.00—\$178.00

- Available to retirees and spouses age 65 and older with Medicare Parts A & B nationwide.
- Freedom to choose doctors and hospitals. Choose any provider that accepts Medicare assignment and agrees to accept the terms and conditions of this Humana Private Fee for Service plan.
- Benefits include \$15.00 office visit co-pay, including routine and preventive services; \$35.00 specialist visit co-pay; 25% coinsurance for outpatient hospital services; \$225.00 per day inpatient hospital co-pay (days one through seven). Maximum out-of-pocket per individual per year is \$6,000.00 (excludes prescriptions and worldwide coverage).
- The plan also includes a Medicare Part D prescription drug benefit: \$8/\$42/\$80/33% co-pay based upon plan formulary classification, until total drug cost reaches \$2,830.00. Once drug costs exceed \$2,830.00, you pay an \$8.00 co-pay for generics and 100% of preferred, brand, and specialty drugs. After your total out-of-pocket cost exceeds \$4,550.00, you will pay the greater of \$2.50 for generic, \$6.30 for preferred and brand name drugs or 5% coinsurance. You pay 5% for specialty drugs.

Seniors Choice: 2010 Monthly Premium Rate \$150.99—\$363.26 (based on plan choice and age)

- Three group Retiree Medical Plans available nationwide to retirees and spouses age 65 and older with Medicare Parts A & B.
- Underwritten by National Guardian Life, these plans offer the freedom to choose doctors and hospitals.
- Enrollees may also choose one of three Medco Medicare prescription drug plan designs (must also be enrolled in one of the three medical plans). Drug plan co-pays are \$5/\$25/\$50/\$50. The Preferred Plan covers generic medications through the coverage gap, the Premier Plan covers all types of medications through the coverage gap. **Prescription drug plans have separate monthly premiums**, based upon plan choice. Premiums range from \$59.00—\$221.00.

United Healthcare Medicare Complete: 2010 Monthly Premium Rate \$0.00 (No monthly premium)

- Available to retirees and spouses age 65 and older with Medicare A & B residing in Monroe, Madison, Jersey, and St. Clair counties in Illinois and St. Louis City, St. Louis County, St. Charles, Jefferson, Warren, Franklin, Crawford, Lincoln, Washington, and Gasconade counties in Missouri.
- An HMO, the plan includes a \$10.00 office visit co-pay for primary care, a \$30.00 specialist office visit co-pay, a \$10.00 co-pay for outpatient lab; 20% co-pay for outpatient surgery and other procedures, a \$265.00 per day inpatient co-pay (days 1-6); \$4,500.00 annual out-of-pocket maximum (some restrictions apply).
- The plan also includes a Medicare Part D prescription drug benefit: \$6.00 generic co-pay, \$38.00 preferred brand name co-pay, and a \$72.00 non-preferred brand name co-pay (33% specialty drug co-pay). This cost sharing applies to drug costs up to \$2,830.00. From \$2,831.00 to \$4,550.00 you will have a \$6.00 co-pay for generic drugs only; you pay 100% of all other drug costs during this time. After your true out-of-pocket costs have reached \$4,550.00, you pay the greater of \$2.50 for generic and \$6.30 for brand name or 5% coinsurance.

Health Alliance PPO: 2010 Monthly Premium Rate \$142.00 (with standard Rx)

- Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in Adams, Brown, Bureau, Cass, Christian, Clark, Crawford, Cumberland, Edgar, Effingham, Hancock, Iroquois, Jasper, Livingston, Logan, Macoupin, Marshall, Mason, McDonough, Menard, Montgomery, Morgan, Peoria, Pike, Putnam, Sangamon, Schuyler, Scott, Stark, Tazewell, Champaign, Coles, DeWitt, Douglas, Ford, McLean, Moultrie, Piatt, Vermilion, and Woodford counties in Illinois.
- A PPO, the plan includes a \$20.00 office visit co-pay, \$10.00 annual exam co-pay, \$100.00 per outpatient surgery co-pay, and a \$250.00 co-pay per hospital admission. There is a \$0.00 co-pay for preventive and lab services, and inpatient hospital care.
- The standard Rx plan also includes a Medicare Part D prescription drug benefit (you must use an in-network pharmacy). Co-pays are: \$6.00 for Tier 1 drugs; \$39.00 for Tier 2 drugs; \$88.00 for Tier 3 drugs, and 33% for specialty drugs. Once your total yearly drug costs reach \$2,830.00, you pay 100% for all drug costs until your out-of-pocket cost reaches \$4,550.00. You then pay the greater of \$2.50 for Tier 1 or 2 multi-source drugs and \$6.30 for all other drugs, or 5% coinsurance.
- A "Plus Rx" plan is also available, contact Doyle Rowe LTD for details.

Health Alliance HMO: 2010 Monthly Premium Rate \$132.00 (with standard Rx)

- Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in Champaign, Coles, Ford, Douglas, Piatt, McLean, Moultrie, Woodford, Vermilion and DeWitt counties in Illinois.
- An HMO, the plan includes a \$20.00 office visit co-pay, no co-pay for preventive services, and a \$250.00 per admission inpatient hospital co-pay.
- The standard Rx plan also includes a Medicare Part D prescription drug benefit, this benefit is the same as the Medicare Part D benefit in the Health Alliance PPO described above.
- A "Plus Rx" plan is also available, contact Doyle Rowe LTD for details.

Call Doyle Rowe LTD at 1-800-564-7227 or visit www.doyle Rowe.com for more information.

Medicare Part D Plans

Annual enrollment November 15, 2009 thru December 31, 2009
Review your Medicare Part D Plan options annually—plan designs can change, as well as pricing. Drug formularies have also changed—make sure to check which category your current prescriptions fall under.

Doyle Rowe LTD offers stand-alone Medicare Part D prescription drug plans. The IMRF Board of Trustees has endorsed plans provided by Humana and Blue Cross Blue Shield, including a group prescription drug plan that meets the requirements of a Medicare Part D prescription drug plan.

The Blue Cross Blue Shield plans are available only to retirees with an Illinois address; the Humana plans are available to IMRF retirees nationwide. These stand-alone plans are independent of medical coverage plans.

Due to significant changes in the 2010 Medicare Part D plans, **we recommend you contact Doyle Rowe LTD at 1-800-564-7227 for specific plan details and to determine whether one of these plans offers the best option for your individual situation.**

Looking for a vision care plan?

The following premiums for the United Healthcare vision plan (formerly Spectera) are guaranteed for four years from the plan effective date and will not increase before October 1, 2011. Monthly premiums will be deducted from your IMRF benefit payment. One year enrollment is required.

2010 Premiums: Individual \$7.50, Retiree + One \$13.25, Family \$21.70

	In-Network provider	Out-of-Network provider
Vision Care Services		
Exam once every 12 months	You pay \$10 co-pay	Plan pays \$40
Frames once every 24 months	Plan pays 100% up to \$130 retail	Plan pays \$45
Lenses once every 12 months		
Standard Single Vision	You pay \$10 co-pay	Plan pays \$40
Standard Bifocal	You pay \$10 co-pay	Plan pays \$60
Standard Trifocal	You pay \$10 co-pay	Plan pays \$80
Contact Lenses		
Standard (includes disposable/frequent wear)	You pay \$10 co-pay	Plan pays \$125
Premium (includes toric/multifocal)	Plan pays 100% up to \$125 retail	Plan pays \$125

Looking for dental insurance?

The IMRF-endorsed Delta Dental plan is available nationwide to all IMRF retirees. Coverage includes preventative, basic, and major dental services for single, couple, and family plans. You can enroll in the plan anytime during the year. Rates are guaranteed through January 1, 2011.

2010 Premiums: Individual \$26.94, Individual + Spouse \$53.90, Family \$83.96

Coverage Levels

Benefit Level	Delta Preferred Option PPO Dentist	DeltaPremier Dentist	Out-of-Network Dentist
A	100% of discounted fees	100% of discounted fees	100% of discounted fees
B	50% of discounted fees	50% of discounted fees	50% of discounted fees
C	50% of discounted fees	50% of discounted fees	50% of discounted fees

Note: The discounted fee is the amount upon which Delta Dental will base payment for a particular service. Some dentists' charges will match the discounted fee while others may charge an amount that is greater than the discounted fee. You will generally see the most savings if you go to a DeltaPreferred Option network dentist (more than 66,000 offices nationwide).

Benefit Levels

Benefit Level A

Diagnostic

- Routine Exams twice a year
- Bitewing X-rays twice a year
- Full-mouth X-rays every three years

Preventive

- Cleanings twice a year
- Fluoride treatments for children once a year
- Space maintainers

Benefit Level B

Minor Restorative

- Amalgam and resin fillings
- Sealants

Non-surgical Periodontics

- Treatment of gum disease

Endodontics

- Root canals; pulpal therapy

Oral Surgery

- Extractions and other oral surgery (including pre- and post-operative care)

Benefit Level C

Major Restorative

- Cast restorations: crowns, onlays, and other ceramic restorations to permanent teeth

Surgical Periodontics

Prosthodontics

- Bridges, partial dentures, and complete dentures

Sav-Rx Prescription Discount Card

- The IMRF-endorsed Sav-Rx Advantage Prescription Drug Discount Card Program continues to be available nationwide, at a cost of **\$1.50** per household per month (\$18.00 per year), to all IMRF retirees, spouses, and dependent children under age 23.
- The Sav-Rx card is not a Medicare Part D plan, and you cannot use the Sav-Rx card at the same time you receive discounts from a Medicare Part D plan. However, you may use it during any 'gap in coverage' period when you are responsible for 100% of your drug costs.

Call Doyle Rowe LTD at 1-800-564-7227 or visit www.doyle Rowe.com for more information.

“What a difference a year makes”

Read IMRF Executive Director Louis W. Kosiba’s column on the front page.

Looking for long-term care insurance?

An important part of retirement planning includes preparing for the possibility of needing long-term care. The IMRF Board of Trustees has endorsed the Prudential long-term care insurance plan offered through our insurance consultant, Doyle Rowe LTD.

Long-term care coverage provides important benefits that are not available through medical insurance plans. This endorsed plan provides IMRF retirees,

their spouses and their extended family members (e.g., parents) the opportunity to apply for a quality long-term care plan at discounted group rates. This plan has a menu of choices so it can be tailored to the individual member’s situation.

For detailed information about the Prudential long-term care plan, please contact the Doyle Rowe LTD Enrollment Hotline at **1-800-564-7227** or visit their website at www.doylerowe.com.

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Rates and plan details were provided by insurance carriers at the time this newsletter went to press. In the event of any discrepancies between this newsletter and the insurance carriers, the insurance carriers govern.

is published five times a year for retired IMRF members.
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