



# Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook, IL 60523-2337

**Service Representatives 1-800-ASK-IMRF**

www.imrf.org

## GENERAL MEMORANDUM

**Number:** 568

**Date:** April 3, 2008

**To:** All Authorized Agents

**Subject:** Meetings to discuss IMRF's 2007 Investment Return and the impact on Employer Contribution Rates

**We encourage each Authorized Agent to share this memorandum with your unit of government's chief financial officer, other officials, and governing body members.**

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### **Executive Summary**

The estimated 2007 investment return for IMRF is 8.5%. Its actuarial return—the return that impacts employer contribution rates—is estimated to be 8.9%, greater than the actuarial investment return assumption of 7.5%. For 2007, IMRF will credit approximately \$734 million of interest and \$136 million of residual investment income to employer reserves.

The “public pension crisis” often referred to in the media resulted from the deliberate underfunding of state and local pension systems. IMRF, however, is an example of the story that is not being told: a public pension system that acknowledges its actuarial liabilities, makes contributions when due, and uses investment earnings to help maintain stable employer rates.

IMRF will conduct meetings throughout the state to meet with you and other representatives of your employer to discuss IMRF's recent results, employer rates, and to answer your questions.

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### **Positive investment returns**

Prior to the Employer Rate meetings, you will have received your Advance Rate Notice for employer contributions to IMRF in calendar year 2009, your Employer Reserve Statement, and your GASB 27/50 Footnote Disclosure.

IMRF earned 8.5% on a market basis in 2007; its actuarial return—the return that impacts employer contribution rates—was 8.9%, higher than the actuarial investment return assumption of 7.5%.

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For actuarial purposes, IMRF's 2007 investment return will be approximately \$1,852 million.

For 2007, IMRF will credit approximately \$734 million of interest and \$136 million of residual investment income to employer reserves.

The average employer rate for the Regular plan for 2009 is currently estimated to be decreased to 9.27%. If IMRF is able to earn a market return of 7.5% or more in 2008, the average rate for the Regular plan will continue to decrease for 2010.

### **The missing story**

The "public pension crisis" often referred to in the media resulted from the systematic underfunding of state and local pension systems. Some systems ignored their underfunding and granted costly benefit increases. During the market downturn of 2000 through 2002, those plans saw their funding ratios drop sharply. Other public pension plans chose to ignore their severe underfunding and defer required contributions to their plans.

However, not all public pension systems are underfunded. Many are well funded, including IMRF. IMRF is an example of the story that is not being told: a public pension system that acknowledges its actuarial liabilities, makes contributions when due, and uses investment earnings to help maintain stable employer rates.

### **Employer rate meetings**

We know you and others in your unit of government may have questions about future employer rates.

The IMRF Chief Financial Officer and I have scheduled meetings throughout the state to meet with you and other representatives of your employer to discuss IMRF's recent results and to answer your questions.

The meetings will take approximately an hour-and-a-half, consisting of both a formal presentation and a question and answer period. We encourage you, the chief financial officer, other officials, governing board members, and other interested parties from your employer to attend.

Sincerely,



Louis W. Kosiba  
Executive Director

**IMRF's 2007 Investment Results & Impact on Employer Rates  
 Informational Meeting Dates & Locations**

*Advance registration is required to attend these meetings*

Monday	April 14 Bartonville Alpha Park Library..... 10 am 3527 S. Airport Road	Monday	April 21 Rockford Clock Tower Conf Center..... 9 am 7801 E. State St.
	Springfield IMRF Regional Office..... 2 pm Express Professional Bldg 3000 Professional Drive		Moline Stoney Creek Inn..... 2 pm 101 18th Street
Tuesday	April 15 Collinsville Holiday Inn..... 9 am 1000 Eastport Plaza Dr.	Tuesday	April 22 Libertyville Libertyville Sports Complex ..... 2 pm 1950 North US Highway 45
	Mt. Vernon Holiday Inn..... 2 pm 222 Potomac Blvd	Wednesday	April 23 Tinley Park Tinley Park Library ..... 10 am 7851 Timber Dr.
Wednesday	April 16 Urbana Holiday Inn..... 9 am 1001 Killarney St.		Oak Brook IMRF Oak Brook Plaza Office Bldg ..... 2 pm 2215 York Road

**Impact of 2007 Investment Return Informational Meetings**

**Register online at [www.imrf.org](http://www.imrf.org) under "Employer Workshops"**

**Date of Meeting** \_\_\_\_\_ **Location** \_\_\_\_\_

**Name (please print)** \_\_\_\_\_

**Title** \_\_\_\_\_ **SSN xxx-xx-** \_\_\_\_\_

**Name (please print)** \_\_\_\_\_

**Title** \_\_\_\_\_ **SSN xxx-xx-** \_\_\_\_\_

**Name (please print)** \_\_\_\_\_

**Title** \_\_\_\_\_ **SSN xxx-xx-** \_\_\_\_\_

**Employer Name** \_\_\_\_\_ **Employer Number** \_\_\_\_\_ **Work phone** \_\_\_\_\_

If you are unable to register online, please mail or fax your completed registration to:

Donna Cesario, Field Services Meeting planner,  
 IMRF, 2211 York Rd., Suite 500, Oak Brook, IL 60523-2337  
 Fax: 630-368-5397 Phone 630-706-4536

*If you register by mail or fax, please allow time to receive confirmation  
 of your registration and directions to the meeting.*