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IMRF lowers employer contribution rates, positively contributes to statewide economy

— *Executive Director Louis W. Kosiba travels across state to visit employers, discuss impact of Tier 2 pensions* —

OAK BROOK, Ill. – April 18, 2016 – Despite relatively flat investment returns, the average employer contribution rate for the Illinois Municipal Retirement Fund (IMRF) will slightly decrease – from 11.73 percent of payroll in 2016 to 11.34 percent of payroll in 2017.

“This decrease – made possible largely due to the 40 percent lower costs associated with the Tier 2 benefit structure for new hires – comes as good news for our employers,” said IMRF Executive Director Louis W. Kosiba. “Tier 2 pensions will continue to reduce pension-related costs for units of government and taxpayers.”

Further, the second-largest statewide public pension plan paid \$1.49 billion to retirees in Illinois in 2015, which resulted in \$2.18 billion in local economic activity and added \$1.28 to the state’s gross domestic product.

“Eighty-five percent of our retirees remain in Illinois after they retire and contribute to the state’s economic cycle as they go about their everyday lives,” Kosiba said.

IMRF pension payments to Illinois retirees during 2015 supported the creation of nearly 16,000 jobs and contributed about \$600 million in additional salaries, according to the U.S. Bureau of Economic Analysis. For comparison, Allstate Corp. and McDonald’s Corp. employ about 10,000 and 9,000 workers in Illinois, respectively.



Flat investment returns for 2015

IMRF's 2015 investment return remained relatively flat at 0.44 percent. Over the last five years, IMRF has earned 7.78 percent on its investments. This performance ranks IMRF among the top 30 percent of public pensions nationally.

"IMRF is a prudent, diversified investor focused on the long term. Our 2015 investment return reflected the underperformance of markets globally," Kosiba said. "If you take a longer-term view, however, our investment performance over the last five years has been strong."

IMRF started with a \$5,000 investment in 1941 and currently has about \$35 billion in assets. Since 1982, when IMRF received the authority to invest outside of bonds and government securities, IMRF's average investment return has been 9.94 percent. More than 60 percent of the plan's assets come from investment returns.

About IMRF

This year, the Illinois Municipal Retirement Fund (IMRF) is celebrating its 75th year of service to people across the Land of Lincoln. Active since 1941, IMRF has partnered with local units of government to provide retirement, disability and death benefits for public employees. With a funded status of about 87.3 percent and nearly \$34.5 billion in assets, IMRF is well-funded and sustainable. Today, IMRF has more than 405,000 members and serves nearly 3,000 different units of government, including towns and villages, libraries and park districts, and counties and school districts (non-teaching personnel). The average member who retired in 2015 is receiving a monthly pension of \$1,791. For more information, visit www.imrf.org.

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