

FUNDAMENTALS

IMRF

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What IMRF members should know about pensions and divorce

When a couple chooses to divorce, one of the looming questions they must face is how they will divide their assets. An IMRF member who is considering divorce has an additional factor to consider: the division of their future pension and/or other IMRF benefits.

If your divorce agreement says that you must divide your IMRF benefits with your ex-spouse, the only legal document that will allow IMRF to make those payments is the Qualified Illinois Domestic Relations Order (QILDRO).

To help IMRF members understand how their benefits can be divided in a divorce and how to complete the legal documentation that will allow those payments to be made, IMRF has published two new informational booklets:

- *How Divorce Can Affect Your IMRF Benefits*
- *QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDERS (QILDROs): A guide to QILDROs and how to complete them*

How your benefits can be divided

How Divorce Can Affect Your IMRF Benefits walks you through some of

the issues you should consider when divorcing, including which of your IMRF benefits can and cannot be divided by a QILDRO.

Benefits that IMRF can divide with your ex-spouse, if your QILDRO specifies it, include lump sum death benefits, your future IMRF pension, or any full or partial refunds you receive of your contributions.

A surviving spouse pension, however, can never be divided by a QILDRO, because Illinois law defines who can receive a surviving spouse pension. This point confuses some members and their ex-spouses.

“Our surviving spouse pension is payable to the person who you are married to at the time you retire, as long as you’ve been married to that person one year prior to terminating employment,” said Kathy O’Brien, IMRF General Counsel.



If you divorce before you retire, your ex-spouse cannot receive an IMRF surviving spouse pension, no matter what your divorce decree states. If the court requires that the ex-spouse receive some kind of payment after the member’s death, she said, the member and their ex-spouse will have to make arrangements for that themselves—for example, purchasing an insurance annuity.

Other benefits that cannot be divided by a QILDRO include disability and the 13th Payment. If your divorce judgment requires that you must pay a portion of these to your ex-spouse, you’ll have to pay them directly.

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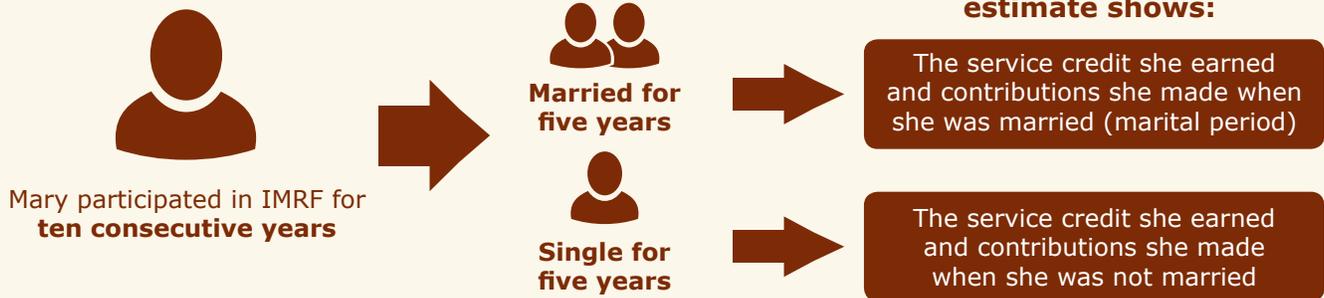
IMRF’S BOOKLETS ON DIVORCE AND QILDROS:

- *How Divorce Can Affect Your IMRF Benefits*
- *QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDERS (QILDROs): A guide to QILDROs and how to complete them*

Go to the bottom of the page at www.imrf.org/member-publications



Marital Period Example



How IMRF pays your ex-spouse

IMRF must have a valid QILDRO on file before your ex-spouse can receive any payments.

Additionally, IMRF can only pay your ex-spouse according to the exact types of payment your QILDRO specifies. If your QILDRO specifies that your ex-spouse receive a portion of your pension, but you take a separation refund of your contributions, IMRF cannot make pension payments to the ex-spouse, because the pension no longer exists.

Keep in mind that IMRF can never pay a portion of your pension or refund to an ex-spouse until you receive them yourself.

Similarly, any benefits you don't receive, IMRF cannot pay to your ex-spouse. For example:

- Just as IMRF members cannot receive their pension as a lump sum when they retire, neither can their ex-spouses.
- Because health insurance isn't a benefit that IMRF retirees receive, IMRF cannot provide health insurance to your ex-spouse.

Get your divorce estimate

As you and your attorney negotiate your divorce agreement, you should request a customized Divorce Pension Benefit Estimate from IMRF by calling

1-800-ASK-IMRF (275-4673). This estimate will include:

- Your service credit and contribution history.
- An estimate of the pension you will receive if you retire at your earliest unreduced retirement age (if you are vested).
- The IMRF benefits you earned, broken down by what you earned while you were and were not married to your ex-spouse. The time during which you were married and participating in IMRF is called the **marital period** (see graphic above). The courts often take this into account when deciding what portion of your benefits your ex-spouse may be entitled to.

QILDROs: Call IMRF first

If your divorce agreement determines that your ex-spouse is entitled to a portion of your IMRF benefits, by law IMRF can only pay your ex-spouse according to the court-certified QILDRO you have on file with IMRF.

Unfortunately, the QILDRO is a massively complicated document that confounds many IMRF members as well as their attorneys. Many IMRF members prepare their QILDRO and then submit it with errors, only to have it rejected. Then they have to prepare their QILDRO a second time.

"The law is so particular and precise about how they put the QILDRO together that, most times, people can't believe that it's so picky," O'Brien said.

QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDERS (QILDROs): A guide to QILDROs and how to complete them should be of great help to divorcing members and their attorneys as they fill out the QILDRO. However, O'Brien strongly recommends having IMRF review your QILDRO and associated documents before submitting the finished version or taking it to court.

While members of IMRF's legal department cannot offer legal advice, verify that your math is correct, or ensure that the QILDRO complies with your divorce agreement, they can check your document for errors and ask questions if it seems like you may not have intended to enter a particular number in a particular place—a separation refund in place of a partial refund, for example. Your attorney can also come to IMRF with questions about how to complete the QILDRO.

"Don't go to court with this document until we've okayed it," O'Brien cautioned. "It will save hassle, and usually that means money when you're working with a lawyer." ■

From the Executive Director:

Past and future

As IMRF closes out its 75th Anniversary year, it seems appropriate to talk about its past and future.



Louis W. Kosiba
IMRF Executive Director

Structured for success

The funding clouds on the horizon for the state funded systems (Teachers, State Employees, University Employees, Judges, and Members of the General Assembly), the city of Chicago funds, and the Cook County systems, simply do not exist for IMRF. At IMRF, the Board sets the actuarial principles, calculates employer contributions, and mandates full and timely payments of employer funding.

The benefit design, administration, and policies put in place by past General Assemblies and IMRF Boards of Trustees have created a solid platform for IMRF to guarantee your benefits in the future. We are prefunding your benefit so that every dollar necessary to guarantee your stream of monthly retirement payments will be there.

Strategic priorities

Your Board of Trustees and staff are currently developing IMRF's Strategic Plan for the 2017-2019 period. IMRF's first formal strategic plan was developed in 2005. It has gone through several iterations since then. This new plan will focus on four key areas: Financial Health, Customer Engagement, Workforce Engagement, and Operational Excellence. For each key area we identify an objective, select measures to determine progress, and develop action plans which will get us to our goals.

As you might expect, the financial health of IMRF is of paramount importance. Only through achieving and maintaining a high funding level are we able to fulfill our promises to you.

Ensuring a stable future

Our overriding goal is to be 100% funded because that results in the lowest long-term cost to employers and taxpayers. We work to achieve stable or declining employer contribution rates, while at the same time working to ensure our administrative costs are below median as compared to other funds. Over the long-term, 62¢ of every \$1 paid out as a retirement benefit has been funded through IMRF investments. The higher that number, the less employers need to contribute, the lower the tax burden, and the higher the sustainability of IMRF.

This approach has worked for 75 years and it will work for the next 75 years through the efforts of the IMRF Board and staff and through your support. Thank you! ■

“As you might expect, the financial health of IMRF is of paramount importance. Only through achieving and maintaining a high funding level are we able to fulfill our promises to you.”

Board of Trustees

IMRF's autonomous Board looks out for your interests

Your Board of Trustees is truly by and for IMRF members—a unique feature among U.S. public pension plans.

Aligned with your interests

Trustees of a public pension fund are by definition fiduciaries—that is, they are legally required to act solely in the best interests of plan participants. But IMRF's Board of Trustees goes a step further.

IMRF's Board is solely composed of vested IMRF members and retirees—those who will be able to receive an IMRF pension once they reach retirement age, or who are already receiving their pension. In other words, they have “skin in the game.”

“Their intellectual interest is aligned with their personal interest,” said IMRF Executive Director Louis Kosiba.

It is unusual among U.S. public pension plans for a Board to be composed solely of members of the plan who are also elected by the membership. In a list of 87 state pension funds provided by Keith Brainard of the National Association of State Retirement Administrators (NASRA), IMRF was the only pension fund to have a Board solely composed of elected Trustees who are members of the plan.

Serving two masters?

In contrast, the boards of most public pension plans in the United States are a mixture of elected, appointed, and ex-officio trustees who may or may not be members of the plan they serve. On some boards, Brainard noted, all members are appointed, and more boards have ex-officio members than not.

- *Ex-officio trustees*

Ex-officio trustees serve by virtue of another office they hold. For example, Chicago's city treasurer sits on the board of the pension fund for the city's municipal employees. For an elected official, costs for taxpayers may be the primary concern. As a fiduciary of a pension fund, however, a trustee's primary concern is supposed to be ensuring there's enough money to pay benefits.

“It can be difficult for that person, who might be accustomed to serving, for example, taxpayers or other interest groups, to remember as a board member, as a trustee, their responsibility lies solely with participants in the plan,” Brainard said.

- *Appointed trustees*

Appointees are trustees appointed to the board by an elected official. For example, six trustees on the Illinois Teachers' Retirement System (TRS) board are appointed by the governor. Kosiba described how this can lead to a potential conflict of interest.

TRS recently reviewed whether to reduce its assumed rate of return from 7.5% to 7.0%. Because this reduction would require an increase of approximately \$400 million in annual state contributions, the governor became concerned. He quickly moved to fill several vacancies on the TRS board with his own appointees before



the board's decision. If one of his appointees hadn't turned out to be ineligible for the position, a majority of the TRS board would have been composed of his appointees. “This is an illustration of how appointed trustees may be forced to serve two masters,” Kosiba said.

While Brainard argues that every pension plan is unique and no one model inherently works best, he said that “clearly when you've got more elected officials and non-plan members on there, it creates a larger challenge to ensure the trustees are operating solely in the interest of the plan participants.”

IMRF's independent board

Because IMRF's Trustees are elected by a large group, they are not beholden to any one person, Kosiba observes.

“I'm pleased to say that in the interaction on IMRF's Board, our Trustees are truly focused on supporting our Strategic Plan, truly focused on ensuring that the funding levels are there, and truly focused on ensuring that our employers and members receive the best possible customer service,” Kosiba said. ■

“Their intellectual interest is aligned with their personal interest.”
—IMRF Executive Director Louis Kosiba

Trustee Elections

Alex Wallace to be confirmed as Employee Trustee

Current Trustee Alex Wallace is running unopposed for the 2016 Employee Trustee election. Therefore, IMRF will not hold an election for Employee Trustee.

Wallace will be certified as the winner of the Employee Trustee election at the December Board of Trustees meeting. His term will run from January 1, 2017, through December 31, 2020.

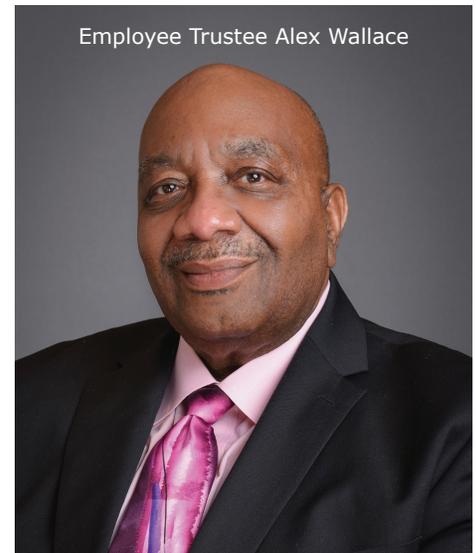
Wallace, a bus driver with Oswego Community Unit School District 308, was appointed to serve as IMRF Trustee from July 1, 2016, through the end of the year following the retirement of former Employee Trustee John Piechocinski.

In addition to serving on the IMRF Board of Trustees, Wallace also holds leadership positions with the Illinois Education Association and National Education Association.

"I'm very glad to be here," Wallace told the IMRF Board.

Election for Executive Trustee

This fall, IMRF employers will elect one IMRF Executive Trustee for a five-year term of office. We will announce the results of that election in next year's Spring edition of *Fundamentals*. ■



Manage your IMRF benefits with Member Access

Member Access Employer Access

User Name: Password:
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A Member Access account provides you with early access to your documents and a convenient, secure way to communicate with IMRF—24 hours a day, seven days a week.

Register today at www.imrf.org!

With Member Access you can:

- Register online for "Your Glass is Half Full" and Pre-Retirement Workshops.
- Safely and speedily update your beneficiaries and other personal information with Secure Online Forms.
- Create a variety of pension estimates based on different retirement scenarios and payment options.
- View your Annual Member Statements and correspondence IMRF has sent you.

Financial Corner



Fiduciary
Net Position
of IMRF

\$34.5 BILLION

2015
investment
gains

0.20 PERCENT

2015
investment
income

\$200 MILLION

Annualized
total fund
return from
1982-2015

7.54 PERCENT

Start the New Year by learning more about your IMRF benefits—attend a Pre-Retirement Workshop in 2017!



The Pre-Retirement Workshop schedule for the first half of 2017 has arrived! Register online today through your Member Access account (the best and fastest way) or by calling IMRF. These workshops can benefit you no matter how close you are to retirement. We recommend attending a workshop as soon as you've vested, then a second time five years before your earliest possible retirement date, and once more when you're ready to retire. But the closer you are to retirement, the more important it is that you attend. Many first-time attendees tell us they wish they'd gone to one sooner.

Workshop topics include:

- How and when to file for retirement.
- How earnings and service affect your retirement benefit calculations.
- How to purchase past service credit.

Who should attend?

- Vested members who want to learn about benefits.
- Members within five years of retirement.
- Spouses, partners, or others who assist with your retirement planning.

2017 Pre-Retirement Workshop Dates and Locations

January

DATE	LOCATION	START TIME
(Tue) 01/10	Wheaton	1 PM
(Tue) 01/24	Pontiac	3 PM
(Wed) 01/25	Elmhurst	5 PM
(Sat) 01/28	Peoria	9 AM

February

DATE	LOCATION	START TIME
(Tue) 02/07	Geneva	1 PM
(Tue) 02/07	Mt. Prospect	1 PM
(Thu) 02/09	Bolingbrook	10 AM
(Sat) 02/11	Murphysboro	9:30 AM
(Fri) 02/17	Champaign	9 AM
(Sat) 02/18	Elk Grove Village	1 PM
(Tue) 02/21	Bloomington	1 PM
(Wed) 02/22	Mt. Vernon	5 PM
(Sat) 02/25	Peoria	9 AM
(Sat) 02/25	Homewood	10 AM

March

DATE	LOCATION	START TIME
(Wed) 03/01	O'Fallon	1 PM
(Thu) 03/02	Rockford	9 AM
(Sat) 03/04	Springfield	9 AM
(Tue) 03/07	Galesburg	9 AM
(Sat) 03/11	Quincy	10 AM
(Sat) 03/11	Tinley Park	10 AM
(Mon) 03/13	Jerseyville	5 PM
(Wed) 03/22	Harrisburg	2 PM
(Wed) 03/22	Charleston	5 PM
(Thu) 03/23	Naperville	9:30 AM
(Sat) 03/25	Peoria	9 AM

(Tue) 03/28	Bartlett	1 PM
(Wed) 03/29	Moline	9 AM

April

DATE	LOCATION	START TIME
(Tue) 04/04	Lincoln	10 AM
(Tue) 04/04	Effingham	5 PM
(Wed) 04/12	Utica	9 AM
(Thu) 04/13	Centralia	1 PM
(Tue) 04/18	Bloomington	1 PM
(Tue) 04/18	Oak Lawn	5 PM
(Tue) 04/25	Champaign	5 PM
(Wed) 04/26	Moline	9 AM
(Sat) 04/29	Peoria	9 AM
(Sat) 04/29	Yorkville	9:30 AM

May

DATE	LOCATION	START TIME
(Tue) 05/02	Morris	6:30 PM
(Tue) 05/02	Countryside	1 PM
(Wed) 05/03	Galena	9 AM
(Tue) 05/09	Freeport	10 AM
(Tue) 05/09	O'Fallon	5 PM
(Wed) 05/10	Danville	1 PM
(Thu) 05/11	Oregon	9 AM
(Sat) 05/27	Decatur	5 PM

June

DATE	LOCATION	START TIME
(Thu) 06/01	Rock Falls	9 AM
(Thu) 06/01	Ullin	1 PM
(Fri) 06/02	Springfield	1 PM
(Sat) 06/03	Tinley Park	10 AM

(Wed) 06/07	Moline	9 AM
(Tue) 06/20	Charleston	5 PM
(Tue) 06/20	Marion	5 PM
(Thu) 06/22	Oregon	9 AM
(Sat) 06/24	Naperville	1 PM
(Tue) 06/27	Rockford	9 AM

July

DATE	LOCATION	START TIME
(Thu) 07/06	Olney	1 PM
(Wed) 07/12	Bolingbrook	5 PM
(Thu) 07/13	Geneva	9 AM
(Sat) 07/15	Champaign	9 AM
(Sat) 07/15	Bloomington	9:30 AM
(Wed) 07/19	Freeport	10 AM
(Wed) 07/26	Moline	9 AM
(Wed) 07/26	Homewood	5 PM

August

DATE	LOCATION	START TIME
(Tue) 08/08	Galena	9 AM
(Tue) 08/08	Mt. Vernon	1 PM
(Tue) 08/08	Springfield	5 PM
(Wed) 08/09	Watseka	1 PM
(Tue) 08/15	Bartlett	1 PM
(Tue) 08/15	Wheaton	1 PM
(Wed) 08/16	Rockford	9 AM
(Sat) 08/26	Oak Lawn	10 AM
(Sat) 08/26	Quincy	10 AM
(Tue) 08/29	Bloomington	1 PM

Additional dates and locations will be added throughout the year at www.imrf.org

Is an optional Personal Benefits Review right for you?

Do you have a particular issue about your account that wasn't covered at the retirement planning workshop you attended? A Personal Benefits Review is an optional, one-on-one, 15-minute meeting with an IMRF Field Representative to discuss specific account issues. We know your time is precious—if you don't have particular questions or concerns about your account, there's no need to attend one of these sessions. **Remember: Before you schedule a Personal Benefits Review, you should already have attended a retirement planning workshop.**

Do you need a Personal Benefits Review?

- Have you already attended a retirement planning workshop?
- Have you begun to make retirement plans and have specific account questions that weren't answered in the workshop?

If you answered yes, a Personal Benefits Review might help you answer your remaining retirement questions.

What to bring to a Personal Benefits Review

- Bring a pension estimate or your Personal Statement of Benefits—available through your Member Access account or by calling 1-800-ASK-IMRF (275-4673).
- Bring the questions you have that are specific to your IMRF account.

Personal Benefits Review time is limited; make sure you are on time and prepared!

**Does a Personal Benefits Review sound right for you?
Dates, locations, and registration information are available at www.imrf.org.**

2017 Personal Benefits Review Dates and Locations

January

DATE	LOCATION	START TIME
(Wed) 01/18	Springfield	5 PM
(Thu) 01/26	Oak Brook	10 AM
(Thu) 01/26	Pontiac	10 AM
(Tue) 01/31	Montgomery	3 PM

February

DATE	LOCATION	START TIME
(Thu) 02/02	Benton	11 AM
(Tue) 02/07	Waterloo	10:30 AM
(Thu) 02/09	Peoria	11 AM
(Thu) 02/09	Mt. Prospect	1 PM
(Tue) 02/14	Carbondale	10:30 AM
(Thu) 02/23	Champaign	11 AM
(Mon) 02/27	Nashville	NOON
(Tue) 02/28	Bolingbrook	1 PM
(Tue) 02/28	Effingham	4 PM

March

DATE	LOCATION	START TIME
(Thu) 03/02	Peoria	11 AM
(Tue) 03/07	Homewood	11 AM
(Wed) 03/08	Marion	NOON
(Wed) 03/08	Springfield	5 PM
(Tue) 03/14	Aurora	10 AM
(Wed) 03/15	Rockford	9 AM
(Wed) 03/15	Flora	11 AM
(Wed) 03/15	Wheaton	1 PM
(Tue) 03/21	Galesburg	10 AM
(Wed) 03/22	Oak Brook	10 AM
(Thu) 03/23	Quincy	10 AM
(Thu) 03/23	Salem	12:30 PM

(Tue) 03/28	Naperville	10 AM
(Tue) 03/28	Fairfield	10:30 AM
(Tue) 03/28	Tinley Park	5 PM
(Wed) 03/29	Geneva	10 AM
(Wed) 03/29	Charleston	3 PM
(Thu) 03/30	Moline	9 AM
(Thu) 03/30	Bartlett	1 PM

April

DATE	LOCATION	START TIME
(Mon) 04/03	Alton	4-7 PM
(Tue) 04/04	Oak Brook	10 AM
(Tue) 04/11	Mascoutah	10:30 AM
(Tue) 04/11	Aurora	3 PM
(Thu) 04/13	Peoria	11 AM
(Tue) 04/18	Lincoln	9:30 AM
(Tue) 04/18	Morris	3 PM
(Wed) 04/19	Utica	9 AM
(Wed) 04/19	Newton	10:30 AM
(Tue) 04/25	Bloomington	10 AM
(Thu) 04/27	Moline	9 AM

May

DATE	LOCATION	START TIME
(Tue) 05/02	Oak Lawn	10 AM
(Thu) 05/04	Galena	9 AM
(Thu) 05/04	Oak Brook	10 AM
(Tue) 05/09	Effingham	3 PM
(Wed) 05/10	Fairview Hghts	9:30 AM
(Wed) 05/10	Oak Brook	10 AM
(Thu) 05/11	Peoria	11 AM
(Thu) 05/11	Springfield	5 PM
(Tue) 05/16	Freeport	10 AM

(Tue) 05/16	Macomb	10 AM
(Tue) 05/16	Champaign	4 PM
(Wed) 05/17	Danville	11 AM
(Wed) 05/17	Robinson	NOON
(Tue) 05/23	Oregon	9 AM
(Tue) 05/23	Niles	10 AM
(Wed) 05/24	Carbondale	10 AM
(Wed) 05/24	Oak Brook	10 AM
(Wed) 05/31	Decatur	11 AM

June

DATE	LOCATION	START TIME
(Thu) 06/01	Monmouth	10 AM
(Sat) 06/03	Springfield	8 AM
(Wed) 06/07	Paxton	10 AM
(Thu) 06/08	Moline	9 AM
(Thu) 06/08	Gibson City	10 AM
(Thu) 06/08	Ullin	10:30 AM
(Sat) 06/10	Centralia	NOON
(Wed) 06/14	Mt. Vernon	10:30 AM
(Tue) 06/20	Tinley Park	2 PM
(Wed) 06/21	Rock Falls	9 AM
(Wed) 06/21	Oak Brook	10 AM
(Thu) 06/22	Norris City	12:30 PM
(Tue) 06/27	Normal	10 AM
(Tue) 06/27	Charleston	3 PM
(Wed) 06/28	Oregon	9 AM
(Thu) 06/29	Rockford	9 AM
(Thu) 06/29	Marion	4 PM

Additional dates and locations will be added throughout the year at www.imrf.org



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