

FUNDAMENTALS

IMRF

RETIRED MEMBER EDITION

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ENDORSED HEALTH PLAN EDITION
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Finding qualified financial advice

For a younger person, financial planning might be as simple as choosing where to open a savings account or which insurance policy to buy. Later in life, however, financial decisions often span several financial areas, requiring what's known as comprehensive financial planning. But a complicating factor is a lack of regulation in the field and a huge number of titles and acronyms. What do they really mean?

Many financial professionals use descriptive titles that have no legal definition or qualifications. Some of these titles include investment manager, portfolio manager, asset manager, and others. Because these terms are unregulated, you know less about their specific duties or qualifications. This makes it all the more important to understand:

- What responsibility, expertise, and training is associated with a particular title.
- How fee structures can affect the advice you receive.

“When you see letters after somebody’s name, find out what they really stand for,” says financial educator Karen Chan.

The truth behind the title

Certain titles are regulated terms that are legally defined, which means you know the person who uses that title has specific accomplishments, qualifications, and responsibilities toward you as a consumer. Here are some common titles and what they require:

- **Registered Investment Advisers (RIAs).** Individuals or firms who give advice about securities or finance and are registered with the Securities and Exchange Commission (SEC) or the state, depending on the amount of assets managed (if any). They are held to what’s called a fiduciary standard.

“In simple terms, a fiduciary standard means that they have to do what is best for you as a



client,” said financial educator Karen Chan.

They are also required to disclose to you how they are compensated and whether they’ve faced disciplinary action. Generally (but not always),

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Financial educator Karen Chan gives talks on financial topics around the Chicago area. For more resources on this topic, visit her website at www.karenchanfinancial.com, click on "Resource Lists" and then on "Finding Financial Advice that's Right for You."

RIAs are paid by fees rather than by commission. If someone is an RIA without additional qualifications, they may be suited to giving investment advice but not comprehensive financial advice.

- **Registered Representatives (RRs).** Generally known as stockbrokers, RRs are regulated by the Financial Industry Regulatory Authority (FINRA). FINRA is a self-regulated body, not a governmental agency.

RRs are defined as "primarily securities salesmen," who can sell or buy investments for you or suggest ones to buy. What they can sell is determined by what licenses they have, and they have to pass different exams to know how to trade.

RRs are held to what's known as the "suitability rule." Any funds they recommend have to be reasonably appropriate for a given investor's circumstances. However, it would be entirely legal for a RR to advise an investor to purchase a mutual fund that pays the stockbroker a larger commission over a similar one that would cost the investor less.

Additionally, RRs are allowed to

offer investment advice as long as they do not receive any special compensation for that advice. There is also no prohibition against RRs calling themselves financial planners.

A point confusing to many is that a professional can be dually registered as both a RR and a RIA and can work in both capacities for the same firm. "In that situation, you almost have to ask each time you're talking with the person, 'What's our relationship right now? Are you the investment adviser or the broker?'" Chan said.

- **Professional certifications** You will also see a number of titles and acronyms that are not legally defined, but are awarded by various professional organizations. Many of these require rigorous training to receive and maintain, including college-level coursework in the major financial planning areas, passing a difficult exam, time spent working in the field, and completing ongoing educational requirements to maintain the title.

Respected designations in comprehensive financial planning include Certified Financial Planner (CFP), Personal

Financial Specialist (PFS), Chartered Financial Consultant (CFC), and Chartered Financial Analyst (CFA).

There are many other designations and acronyms that financial professionals use. You can use the designations lookup at www.finra.org to find out what a particular title really means.

How compensation affects the advice you receive

How a financial professional is paid is another factor that can affect the advice they give. They are compensated in one of three ways:

- **Fee only.** You pay them directly, and nobody else is giving them any incentives that would affect the recommendations they make.
- **Fee-based or fee-offset.** They are working partly on commission and may earn more or less money depending on what product you buy. This can have an effect on what they recommend.
- **Commission.** They work entirely on commission, which as with fee-based/fee-offset can affect what they recommend.

Because not all financial professionals have to reveal beforehand how they are paid, it is important to ask:

- Whether they are fee only, fee-based/fee-offset, or commission.

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From the Executive Director:

IMRF in the news

Whether you live in an urban or rural area, it is likely you have heard or will hear something about IMRF in a newspaper or on the radio. IMRF has a social media presence as well.

I tend to view media coverage as falling into one of three categories: IMRF Mentioned; IMRF Pushed; or IMRF Exposed. Today, IMRF takes an active role in engaging, monitoring, and responding to the media. This is in stark contrast to the not-too-distant past when IMRF (and other public pension systems) were never in the media eye. We were under their “radar.” But with huge assets, liabilities, and responsibilities, those days are over.

IMRF mentioned

This is not typically a story about IMRF. Rather, the reporter explains what happened at a council meeting and IMRF is mentioned because the council is reviewing a budget or policy. IMRF follows up with reporters if there was a significant error. Often, IMRF staff offers to

conduct an “IMRF 101” with the reporter so they obtain a better understanding of who we are.

IMRF pushed

These are stories IMRF distributes to various media outlets across the state in the form of a press release. Examples are stories about awards received by IMRF, Trustee elections, local workshops sponsored by IMRF, or a letter to the editor. These stories are designed to generate a positive image of IMRF.

IMRF exposed

These stories are intended, by the reporter, to place IMRF in a bad light. The reporter has an agenda and wants to expose practices or benefits he or she does not support. Examples include stories identifying high pension benefit



Louis W. Kosiba
IMRF Executive Director

recipients (\$100,000+ a year), pension spiking, and payouts to deceased members or retirees. Admittedly, these stories are not pleasant to read because the reporter either explicitly or implicitly implies that IMRF is at fault or that public pensions are bad for taxpayers.

IMRF exists in a challenging environment. You, the public, and the press have a right to question IMRF operations and to expect accurate, honest, and straightforward answers. For it is only through speaking the truth that IMRF will earn and retain your trust. ■

IMRF Book Club—Book #6

10% Happier: How I Tamed the Voice in My Head, Reduced Stress Without Losing My Edge, and Found Self-Help That Actually Works—A True Story

by Dan Harris

Send your feedback to: Louis W. Kosiba, IMRF Executive Director

Email: louiskosiba-executivedirector@imrf.org

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

Feedback due date:
January 11, 2016

2016 IMRF-endorsed health plans

Disclaimer: Descriptions of the benefits provided by these plans are not exhaustive, and the actual benefits are detailed in the plan document. For more information about what is covered, please call Doyle Rowe LTD at 1-800-564-7227 or visit their website at www.doyle Rowe.com.

Delta Dental

IMRF retirees can choose between two dental plans offered by Delta Dental. Both plans are PPO plans, and reimbursement is based on the PPO dentist's reduced fees.

DELTA DENTAL HIGH OPTION AND STANDARD OPTION PLANS

High Option*

\$2,000 Annual Maximum
\$50 Deductible for Basic & Major services

Diagnostic & Preventive (100% of PPO Reduced Fee)

Includes:

- Routine exams twice a year
- Bitewing X-rays twice a year
- Full-mouth X-rays every three years
- Cleanings twice a year
- Fluoride treatments for children once a year
- Space maintainers

Basic (80% of PPO Reduced Fee)

Includes: Fillings • Endodontics • Periodontics
Oral Surgery • General Anesthesia w/Oral Surgery

Major (50% of PPO Reduced Fee)

Includes: Crowns • Bridges • Dentures
Implants & Associated Services

High Option Premium

(guaranteed through December 31, 2016)

Single	\$41.37
Single +1	\$82.79
Family	\$128.95

Standard Option*

\$1,000 Annual Maximum
\$50 Deductible for Basic & Major Services

Diagnostic & Preventive (100% of PPO Reduced Fee)

Includes:

- Routine exams twice a year
- Bitewing X-rays twice a year
- Full-mouth X-rays every three years
- Cleanings twice a year
- Fluoride treatments for children once a year
- Space maintainers

Basic & Major (50% of PPO Reduced Fee)

Includes:

Fillings • Endodontics • Periodontics
Oral Surgery • General Anesthesia w/Oral Surgery
Crowns • Bridges • Dentures

Standard Option Premium

(guaranteed through December 31, 2016)

Single	\$30.81
Single +1	\$61.65
Family	\$96.03

**A one-year enrollment is required.*

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 and certain other disabled Illinois residents 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.
** Plans A, C, G, K, L, and N are also available.*

2016 rates will not change until April 1, 2016, and have not yet been released. Current members will be notified of new rates prior to April 1, 2016.

New! Blue Cross Blue Shield of Illinois Group Medicare Advantage PPO plans

Open enrollment for plan year beginning January 1, 2016, runs October 15–December 31, 2015.

- For IMRF retirees and their spouses who are age 65 and older; have Medicare Parts A & B, reside in Cook, DuPage, Kane, or Will counties; and meet other CMS (Center for Medicare and Medicaid Services) eligibility criteria.
- All three plans include Medicare Part D prescription drug coverage, with full coverage through the coverage gap (“donut hole”), and a preferred pharmacy network that will help you save on prescription copays.
- All plans use a network of doctors and hospitals; out-of-network cost-sharing is generally greater.
- Separate copays for prescriptions in and out of network.

United Healthcare Medicare Complete

2016 Monthly Premium Rate: \$0 (No monthly premium)

- Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in certain counties in Illinois and Missouri. Contact Doyle Rowe LTD for a complete list of counties.
- 100% of specified preventive services including annual routine physical, diabetes self-management, bone mass measurement (one per year), immunizations, colorectal screening (one per year), and the like.
- A variety of copays for physicians, specialists, and other medical services.

Health Alliance PPO — 2016 Monthly Premium Rate: \$225

Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in select counties in Illinois. For a complete list of counties, contact Doyle Rowe LTD at 1-800-564-7227. Medicare Advantage Prescription Drug Plan includes prescription coverage through the coverage gap.

Health Alliance HMO — 2016 Monthly Premium Rate: \$208 (with standard Rx)

Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in select counties in Illinois. For a complete list of counties, contact Doyle Rowe LTD at 1-800-564-7227. Medicare Advantage Prescription Drug Plan includes prescription coverage through the coverage gap.

Seniors Choice

2016 Monthly Premium Rate: \$181.93—\$432.58 (based on plan choice and age)

Seniors Choice offers three group retiree medical plans and three prescription drug plans available nationwide to retirees and spouses age 65 and older with Medicare Parts A & B. Prescription drug plans have separate monthly premiums which will range from \$131.93 to \$353.30 per month and are underwritten by Humana.

Humana Regional PPO — 2016 Monthly Premium Rate: \$75—\$150

(Rates vary by region of residence)

- Available to retirees and spouses age 65 and older with Medicare Parts A & B nationwide.
- A variety of copays for physicians, specialists, and other medical services.
- 100% of in-network preventive services including annual routine physical, diabetes self-management, bone mass measurement (one per year), immunizations, colorectal screening (one per year), and the like.

Humana Local PPO — 2016 Monthly Premium Rate: \$37—\$121

(Rates vary by city of residence)

The in-network copays and annual out-of-pocket maximum differ depending upon area. The information below is a sample of the Chicagoland area's Local PPO plan. For details of the Local PPO plan in your area, please contact Doyle Rowe LTD.

- Available to retirees and spouses age 65 and older with Medicare Parts A & B in specific cities throughout the country based on network accessibility.
- 100% of in-network preventive services including annual routine physical, diabetes self-management, bone mass measurement (one per year), immunizations, colorectal screening (one per year), and the like.
- A variety of copays for physicians, specialists, and other medical services.

Humana PDP (Prescription Drug Plan) — 2016 Monthly Premium Rate: \$104.93

\$4/\$25/\$54/33% to \$3,310. Tier 1: \$4 through the coverage gap to \$4,850. Cost-sharing during catastrophic coverage: greater of \$2.95/\$7.40 or 5% coinsurance.

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. However, the Affordable Care Act may provide you with additional health insurance options that are less expensive than the options provided by your employer.
- HMO is now available in certain counties.
- You may qualify for a subsidy; contact Doyle Rowe LTD for eligibility information.

2016 Open Enrollment runs November 1, 2015—January 31, 2016. Those not enrolling during this time must meet Special Enrollment Eligibility criteria. Contact Doyle Rowe LTD for more information.

Sav-Rx Prescription Discount Card

The Sav-Rx Advantage Prescription Drug Discount Card Program is available nationwide, at a cost of **\$1.50** per household per month (\$18 per year), to all IMRF retirees, spouses, and dependent children under age 26.

The Sav-Rx card is not a Medicare Part D plan. You cannot use the Sav-Rx card at the same time you receive discounts from a Medicare Part D plan.



Looking for a vision care plan?



The following premiums for the United Healthcare vision plan are guaranteed **through September 30, 2016**. Monthly premiums will be deducted from your IMRF benefit payment. One year enrollment is required. (The premium amounts listed below are per month.)

2016 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 copay	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 copay	Plan pays \$40
Standard Bifocal	You pay \$10 copay	Plan pays \$60
Standard Trifocal	You pay \$10 copay	Plan pays \$80
Contact Lenses		
Standard (includes disposable/frequent wear)	You pay \$10 copay	Plan pays \$125
Premium (includes toric/multifocal)	Plan pays 100% up to \$125 retail	Plan pays \$125

Interested in long-term care insurance?

Doyle Rowe LTD has partnered with ACSIA Partners (formerly known as LTC Financial Partners) to provide education for IMRF members about a variety of long-term care insurance plans. Contact Doyle Rowe LTD at 1-800-564-7227.





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- Why they are recommending one product to you over another.

Are they who they say?

It is important to know whether a financial professional is using their title legitimately. To find out whether your RR is in fact legally registered, you can look that person up on www.finra.org's "broker check." For RIAs, go to "advisor info" at the SEC website (www.sec.gov). Holders of other designations will be registered with their individual organizations.

Do research

Chan recommends doing your research on what a title requires before you choose your financial professional.

"Some of them reflect a fair amount of work to receive and to keep, and others take almost nothing," Chan noted. "So when you see letters after somebody's name, find out what they really stand for." ■

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