

# FUNDAMENTALS

IMRF

ACTIVE MEMBER UNDER 40 EDITION

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## Making the most of your IMRF membership

IMRF offers its vested members a valuable and increasingly rare asset: the promise of a future pension. But for members under 40, retirement is a long way off. What value does IMRF membership bring to your present as well as your future? To help you take advantage of the full range of benefits, protections, and opportunities available to you as an IMRF member, we are introducing a new workshop, offered statewide: “Your Glass is Half Full: Understanding Your IMRF Benefits.”

Designed especially for members under 40 and those who are new to IMRF, this hour-and-a-half long workshop provides valuable information about IMRF’s benefit programs and savings vehicles. It will also show you where your contributions are going and how your pension is funded.

“People focus on the fact that IMRF is a wonderful retirement provider, but they overlook the fact that we have

wonderful disability and death protection for our members,” said IMRF Field Representative Tecya Anderson. “We want to make sure they are aware of everything that’s available through IMRF.”

### Protection for you and your family

The possibility of dying or becoming disabled is often the furthest thing from our minds, but that doesn’t make the consequences any less devastating to our families or our finances if a tragedy occurs. The “Your Glass is Half Full” workshop details how you can put IMRF to work for you and your loved ones in case of a catastrophic health event.

- **Disability benefits.** After 12 consecutive months of service, IMRF members are eligible for IMRF disability protection, which includes protection for your income, service, retirement, and death benefits.
- **Death benefits.** “People are concerned about life insurance, but there is a death benefit through IMRF for our active members,” Anderson said. “That includes one year’s earnings, plus all

Visit [www.imrf.org](http://www.imrf.org) today and register for a “Your Glass is Half Full” workshop through your Member Access account, or call 1-800-ASK-IMRF (275-4673)



IMRF contributions and interest, paid to beneficiaries of those who have been IMRF members for more than a year.

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**How IMRF pensions work**

Post-retirement, an IMRF pension is still one of the most powerful income protection programs you can have—one leg of the traditional “three-legged stool” of security in retirement (Social Security, pension, personal savings). You will learn how IMRF pensions are funded and how your eventual pension is calculated.

- **Earnings.** You will learn what it means to be vested and how IMRF service credit is earned. “Our definition of earnings is important because people need to understand what our benefits are based on,” Anderson explained.
- **Reciprocal service.** You’ll learn how service with IMRF carries over to other Illinois retirement systems, and vice versa. “Even though there’s a great deal of portability with IMRF, that portability can be extended when you include the 12 reciprocal retirement systems,” Anderson said.
- **Reinstatement of service.** If you moved on from IMRF employment and took a refund of your contributions, you’ll learn how to buy back into the system. “When you’re looking at the possibility of reinstating service that you’ve had a refund on, the sooner a person starts reinstating the service, the less expensive that reinstatement cost will be,” Anderson said.
- **Sick time.** “We talk about the importance of holding onto some sick time for retirement planning purposes. Obviously if you need to use the sick time, that’s what it’s there for, but there is an underlying value in that unpaid sick days are reported to IMRF and add to the service that’s used in the calculation of the benefit,” Anderson said.

**Savings opportunities**

“I’m not an investment person, but I can give you some sound advice: the earlier you start planning, the less you’ll need to put away,” Anderson said. “I think we’ve all seen charts and graphs that show how a 20-something who starts saving for retirement even at a modest rate is going to have so much more accumulated than someone who starts putting away even more money when they’re in their 40s or 50s.”

Fortunately for active IMRF members, they have access to unique savings vehicles through IMRF as well as their individual employers.

- **Voluntary Additional Contributions (VAC).** IMRF members have the opportunity to save up to an additional 10% of their IMRF earnings. These savings earn 7.5% interest, which is credited at the end of the year on the first of year balance. At retirement, depending on your individual circumstances, you can take these savings as a lump sum or use it to increase your pension.

“When I meet with younger people who ask about VAC or are already

participating in the plan, it’s amazing to see what their projected outcome is when they get ready to retire,” Anderson said.

- **Deferred compensation.** “Deferred compensation—and I should also include tax-sheltered annuities—are similar programs that are available through employers. They allow people to have pre-tax retirement investments,” Anderson explained. “Most of the employers do have people who can come out and help them make decisions on what their portfolio allocation might be. They provide members with an easy way through payroll deduction to start saving additional money for retirement.” (Note: These programs are offered through individual employers. If you are interested in learning more, contact your employer, not IMRF.)

**Looking to the future**

When it comes to taking full advantage of the opportunities available to you as an IMRF member, knowledge is power—and that is one of the keys to long-term financial planning. Register today at [www.imrf.org](http://www.imrf.org) for a “Your Glass is Half Full” workshop near you.

“So many people have opportunities in their own backyard, but they may not be aware of them,” Anderson said. “The worst financial plan somebody can have is no plan whatsoever. I think we’re all kind of guilty of that.” ■

**2015 Workshop Dates and Locations**

**June**

DATE	LOCATION	START TIME
(Thurs) 6/18	Effingham	4 PM
(Tues) 6/30	Joliet	6 PM

**July**

DATE	LOCATION	START TIME
(Wed) 7/8	Wheeling	5 PM
(Wed) 7/15	Whittington	5 PM

**August**

DATE	LOCATION	START TIME
(Tues) 8/11	Springfield	5:30 PM
(Tues) 8/11	Tinley Park	6 PM
(Thurs) 8/13	Bloomington	6 PM
(Tues) 8/18	Aurora	6 PM
(Tues) 8/18	Galesburg	5 PM

More workshops will be added throughout the year. Check [www.imrf.org](http://www.imrf.org) for additional dates and locations.

## Trustee Corner

# Four Trustee slots to be filled in 2015 elections

2015 will be a busy election year for the IMRF Board of Trustees. IMRF is scheduled to hold three elections for four positions:

- One Executive Trustee, who will be elected by IMRF employers;
- Two Employee Trustees, who will be elected by active members of IMRF like you; and
- One Annuitant Trustee, who will be elected by IMRF retirees.

Each elected Trustee will serve a five-year term of office.

The eight-member Board of Trustees governs IMRF. It consists of four Executive Trustees, three Employee Trustees, and one Annuitant Trustee.

### The effects of Public Act 98-0932

In 2014, the Illinois General Assembly passed Public Act 98-0932. This law states that if there is only one candidate for an IMRF Trustee position, no election will be held for that position.

Therefore, each election will only be held if there is more than one candidate per open Trustee position.

### 2015 election schedule

Nominating petitions, procedures, and additional information on running for Employee Trustee will become available for download at [www.imrf.org](http://www.imrf.org) beginning June 30, 2015.

Those who wish to run for Employee Trustee must:

- Have accumulated at least eight years of IMRF service credit as of December 31, 2015;
- Gather at least 350 signatures of those who participated in IMRF during July 2015; and
- Submit your nominating petition between August 1, 2015, and September 15, 2015.

If the Employee Trustee election is held, you will receive a ballot along with your fourth quarter issue of *Fundamentals*. ■

## Interested in running for Trustee?

According to Board President and Employee Trustee John Piechocinski, trust is at the heart of what it means to serve on the Board of Trustees

Board President John Piechocinski is no stranger to service in his community. Having been a soccer coach, Sunday school teacher, and Region Chair in the Illinois Education Association, he was elected to the IMRF Board of Trustees in 2010 and began his five-year term at the beginning of 2011. Fellow Trustees elected him Board President for 2015.

From that vantage point, Piechocinski advises those who are interested in running for Trustee to make sure they're willing to devote at least 40-50 hours a month to making sure they do justice to the position.

"It's a big time commitment, because you're dealing with a lot of people's lives," he said.

Though it helps to have business experience, Piechocinski says, IMRF also offers on-the-job training. Trustees are required to go through at least eight hours of training per year, but last year Piechocinski underwent more like 40 hours, most recently a seven-day workshop. Training topics range from investments to legal issues to "how to be a trustee." All are aimed at empowering Trustees to provide IMRF with leadership and strategic direction.

In preparation for meetings of the Board as a whole and the individual committee meetings on which he serves, Piechocinski does plenty of reading. That includes reports from IMRF's Chief Financial Officer, case information for the Benefit



Review Committee, and publications like *The Wall Street Journal* and *Crain's Chicago Business*. "You have to make sure you have knowledge of investments," Piechocinski said.

Most importantly, Trustees must be devoted to the best interests of those they represent.

"If people trust you to make the right decisions, that's a big part of volunteering for anything," Piechocinski said. ■



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**FUNDAMENTALS**

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**Financial  
Corner**



Total assets  
of IMRF

**\$35 BILLION**

2014  
investment  
return

**6.1 PERCENT**  
ON A MARKET BASIS

2014  
investment  
income

**\$2.1 BILLION**

Annualized  
total fund  
return from  
1982-2014

**10.24 PERCENT**