



The Solon

January 2000

General Assembly Retirement System



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Retirement System of Illinois

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The Executive Secretary is **Michael L. Mory**. The Board of Trustees consists of: Representative **Lee Daniels**, Chairman; Senator **Emil Jones, Jr.**, Vice-Chairman; Senator **Laura Kent Donahue**; Senator **Robert Madigan**; and Representative **Kurt Granberg**, Representative **Todd Stroger** and Representative **Philip Collins**, Elected Annuitant.

FY99 Financial Report

This past fiscal year was highlighted by a roller coaster ride in the financial markets. In spite of a rocky start for most stock markets in FY99, an explosive rally towards the end of the fiscal year resulted in double digit returns. The end result was a very good year, but not as spectacular as the investment returns of FY98.

GARS investments are managed by the Illinois State Board of Investment (ISBI) and maintained in the ISBI Commingled Fund (ISBI Fund). The ISBI, an independent state agency, also manages investments for the Judges' and State Employees' Retirement Systems.

The ISBI Fund earned a total rate of return of 12.9%. This is well above the ISBI Fund's long-term objective of earning 4.5% above the inflation rate, and at least equaling the 8.0% actuarial interest assumption.

On June 30, 1999, GARS had a funding ratio of 41.5%, a slight decrease from the FY98 ratio of 41.7%.

The State of Illinois has increased its employer contributions in accordance with funding legislation passed several years ago. GARS began fiscal year 2000 with an improving financial condition and a solid management team and staff.

Revenues

Employer and member contributions, and income from investments provide the reserves necessary to finance our retirement, death, and disability benefits.

For FY99, GARS revenue sources totaled \$12.8 million—a 9.4% decrease from FY98. The single largest revenue increase was employer contributions, up 18.9% or \$.6 million. The increase in member contributions was approximately \$.2 million (15.5%), while investment income was down \$2.0 million (-21.4%).

Expenses

The primary expense of any retirement system is the payment of benefits. These payments, combined with refunds of contributions and administrative expenses, make up all expenses for the GARS.

Expenses for FY99 were 7.6% more than FY98. This change was largely due to a growth in the number of benefits paid, an increase in the average benefit payment, and the annual annuity increases granted at the beginning of each calendar year.

The exact numbers for the last two fiscal years is located on the other side of this newsletter.

GARS Workshops

Planning For Your Financial Future

To help you start planning for your retirement years, we urge you to enroll in this free, one-day Education for Tomorrow's Choices (ETC) pre-retirement workshop in conjunction with the Judges' Retirement System.

The ETC stresses long-range planning, features a certified financial planner to discuss money management and investment strategies, as well as expert speakers from Deferred Compensation and Social Security.

Although retirement may be years in your future, this information will help you plan for a lifetime of financial security. If you are interested in attending a workshop, call us at 217-782-8500. Spouses or other guests are always welcome.

Myths & Realities of Retirement

To help make your retirement years more satisfying and rewarding, the General Assembly Retirement System offers the Myths and Realities of Retirement workshop for retirees and their spouses, as well as survivors receiving GARS benefits.

This free, one-day workshop lasts from 9 a.m. until 3:30 p.m. Topics include financial and estate planning, Social Security and group insurance benefits.

If you are interested in attending an MRR, call us at 217-782-8500. Information on the exact workshop location will be mailed to you. The MRR workshop schedule for this fiscal year is: April 5 in Peoria, April 26 in Chicago, June 14 in Rockford.

Statements of Plan Net Assets June 30, 1999 and 1998

	1999	1998
Assets		
Cash	\$ 1,657,356	\$ 1,643,356
Receivables	11,792	12,841
Investments, at fair value	65,253,933	61,160,683
Equipment, net of acc. depr.	<u>5,632</u>	<u>6,583</u>
Total Assets	<u>\$ 66,928,713</u>	<u>\$ 62,823,160</u>
Liabilities		
Total Liabilities	<u>\$ 96,205</u>	<u>\$ 85,570</u>
Net assets held in trust for pension benefits	<u>\$ 66,832,508</u>	<u>\$ 62,737,590</u>

Statements of Changes in Plan Net Assets June 30, 1999 and 1998

	1999	1998
Additions		
Contributions:		
Participants	\$ 1,413,676	\$ 1,224,533
Employer	<u>3,699,758</u>	<u>3,113,000</u>
Total contributions revenue	<u>\$ 5,113,434</u>	<u>\$ 4,337,533</u>
Investment income	<u>\$ 7,683,634</u>	<u>\$ 9,780,815</u>
Total Additions	<u>\$ 12,797,068</u>	<u>\$ 14,118,348</u>
Deductions		
Benefits	\$ 8,333,664	\$ 7,779,442
Refunds	129,369	83,392
Administrative	<u>239,117</u>	<u>227,575</u>
Total Deductions	<u>\$ 8,702,150</u>	<u>\$ 8,090,409</u>
Net Increase	\$ 4,094,918	\$ 6,027,939
Net assets held in trust for pension benefits:		
Beginning of year	<u>62,737,590</u>	<u>56,709,651</u>
End of year	<u>\$ 66,832,508</u>	<u>\$ 62,737,590</u>

1-On-1 Counseling

1-on-1 counseling is available for our active members, retirees, and survivors about their GARS benefits. Listed below are the dates and locations of the 1-on-1 counseling sessions for the remainder of fiscal year 2000.

Although no appointment is necessary, we would like to know who will be attending each session. If you would like to talk with our staff during a visit to your area, call us at 217-782-8500, or notify the Court Administrator at the meeting site you wish to attend.

February 2, 3, 4

Judicial Conference
Marriott on Michigan Ave.
Chicago 9 a.m. - 3 p.m.

February 9

James R. Thompson Center
Suite 2-010, 100 W. Randolph
Chicago 8:30 a.m. - 3 p.m.

February 10

James R. Thompson Center
Suite 2-010, 100 W. Randolph
Chicago 8:30 a.m. - 2:30 p.m.

March 8, 9, 10

Judicial Conference
Marriott on Michigan Ave.
Chicago 9 a.m. - 3 p.m.

March 29

Knox Co. Courthouse
Galesburg 11 a.m. - 2 p.m.

March 30

Peoria Co. Courthouse

Peoria 9 - 11:30 a.m.

March 30

McLean Co. Courthouse
Bloomington 1 - 3 p.m.

April 6

State Capitol
Senate Room 319
Springfield
8:30-11:30 a.m. & 12:30-3:30
p.m.

April 11

State Capitol
House Speaker's Conference
Room
Springfield
8:30-11:30 a.m. & 12:30-3:30
p.m.

April 26

5th Municipal District Court-
house
Bridgeview 1 - 3 p.m.

April 27

2nd Municipal District Court-
house
Skokie 9 - 11 a.m.

Retiree's Corner

Federal Income Tax Withholding Notice

Monthly GARS benefits are subject to federal income tax withholding. Federal law requires us to notify benefit recipients to decide whether they want federal income tax withheld from their benefit.

If a member fails to inform us of their decision, taxes are withheld as a married individual with three exemptions. No withholding is required for a benefit less than \$1,238 per month unless you request it.

Tax penalties may be incurred if you do not withhold income taxes and your estimated tax payment is insufficient for the year.

If your request is on file with GARS, it will stay the same unless you request a change. You may notify us at any time to change or end your withholding. GARS will notify members through this newsletter of any changes in federal tax laws affecting your withholding.

Annuitants & Survivor Annual Statements

GARS will be mailing the annuitant & survivor annual benefit statements in March. This statement details any benefits you are currently receiving, your beneficiaries for death benefits and group insurance, and other important information.

If you wish to change your beneficiary(ies), fill out the form on page 4. These changes will be included in your upcoming statement.

Legislation Update

There was no legislation affecting the General Assembly Retirement System during the fall veto session. We will report on any relevant legislation introduced during the spring legislative session in the August edition of *The Solon*.

SRS on the Web

Internet:
<http://www.state.il.us/srs>

E-Mail: ser@mail.state.il.us

General Assembly Retirement System of Illinois

2101 South Veterans Parkway, P. O. Box 19255, Springfield, Illinois 62794-9255 217/782-8500

MEMBER'S NOMINATION OF BENEFICIARY(IES) FOR DEATH BENEFITS

This form is to be used to nominate the person or persons to receive any death benefit payable by the General Assembly Retirement System of Illinois.

This is a legal document which, after preparation, may not be altered in any way by any person. A

member wishing to change beneficiaries at a later date must complete a new Nomination Beneficiary form. The form on file with GARS with the most recent date—located next to the member's signature—will take precedence.

INSTRUCTIONS: Complete this form using ink or a typewriter. You may nominate as many people as you wish. If additional space is needed, use additional sheets. Survivor benefits will be paid in the numerical order you indicate. Two or more persons with the same order number will receive equal shares. When this beneficiary nomination is accepted by the GARS, an acknowledgment will be mailed to you.

NOTE: Persons nominated as beneficiaries without order numbers will be considered after those persons nominated with order numbers. Two or more persons nominated without order numbers will receive equal shares.

EXAMPLE

Order Number	Name	Address	Relationship
1	John A. Doe	123 West Main, Chicago, IL 60601	Father
2	Jane B. Doe	123 West Main, Chicago, IL 60601	Mother
3	David C. Doe	123 West Main, Chicago, IL 60601	Brother
3	Nancy D. Doe	44 South 2nd, Springfield, IL 62708	Sister
3	Mary E. Doe	123 West Main, Chicago, IL 60601	Sister
4	Frank F. Smith	9876 E. 99th St., Peoria, IL 61605	None

In the event the member dies while in state service, the benefit will be paid as follows:

1. All the money will be paid to John A. Doe.
2. If John A. Doe is not living when the member dies, all the money will be paid to Jane B. Doe.
3. If John A. and Jane B., Doe are not living when the member dies, the money will be divided equally among David C., Nancy D., and Mary E. Doe. (If only two of these three persons are living when the member dies, each will receive one-half of the money. If only one of these three persons is living when the member dies, he/she will receive all of the money.)
4. If John A., Jane B., David C., Nancy D., and Mary E. Doe are not living when the member dies, all the money will be paid to Frank F. Smith.
5. If none of the nominated beneficiaries are living when the member dies, all of the money will be paid to the member's estate.

Nominated Beneficiaries

Order Number	Name	Address	Relationship
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

This form must be witnessed by two people who are not named as beneficiaries.

Member's Signature _____ Date _____

Member's Social Security Number _____ Witness _____

Member's Address _____ Address _____

Witness _____

Address _____