



The Solon

January 2001

General Assembly Retirement System

FY00 Financial Report

The Fiscal Year 2000 accounting books are balanced and closed, the financial statements are finished, and the auditors have completed their work. So let's take a look back at where we've been, and also focus on continued success in the future.

One year ago, much of the discussion involved potential Y2K computer problems. The new millennium came and went with no problems thanks to a comprehensive Year 2000 compliance program.

INVESTMENTS

GARS investments are managed by the Illinois State Board of Investment (ISBI), an independent state agency that also manages investments for the General Assembly and the State Employees' Retirement Systems.

In spite of some market jitters during the past fiscal year, continued confidence in the stock market resulted in double-digit returns for the sixth year in a row. The ISBI Fund earned a total rate of return of 11.8%. This is well above the long-term objective of exceeding the 8% assumed interest rate.

Although the financial markets have been on a roller coaster ride recently, the ISBI's diversified portfolio should provide a hedge against any future downturns in the economy.

FINANCIALS (continued on page 2)

New GARS Assistant Manager



On October 1, 2000, Jayne Waldeck joined the Judges' & General Assembly Retirement System, replacing former Assistant Manager Beverly Wells who retired December 31, 2000.

Prior to accepting the position with JRS/GARS, Jayne was the pension supervisor for the State Employees' Retirement System, a position she held for eleven years. Her experience with pension benefits and

familiarity with other public pension funds in the State of Illinois should provide a seamless transition into her new appointment.

Jayne is married and resides in Farmersville with husband Rick, son Ryan, and daughter Paige. We are looking forward to Jayne assisting us with our members benefits needs.

1-On-1 Counseling

1-on-1 counseling is available for our active members, retirees, and survivors about their GARS benefits. We will notify the various circuit courts of our scheduled visit. If you would like to talk with our staff during a visit to your area, call us at 217-782-8500 and we will advise you when we will be in your area.



Your beneficiaries may vary over the course of your lifetime. If you would like to change your GARS beneficiaries, fill out a new Nomination of Beneficiaries form on the back page and mail it to us.

FINANCIALS *(continued from page 1)*

FUNDING

On June 30, 2000, GARS had a funding ratio (net assets divided by pension benefit obligations) of 41.6%. The passage of funding legislation several years ago assures the State of Illinois will annually increase funding levels to reach the targeted funding ratio of 90% by 2045. Although long-term in nature, GARS management believes this target will ensure the financial integrity of GARS.

REVENUES

Employer and participant contributions, and investment income provide the reserves necessary to finance all GARS benefits.

For FY00, GARS revenue sources totaled \$12.8 million—a nominal .3% increase from FY99. The only revenue increase was employer contributions, up 6.8% or \$251,000. Member contributions decreased \$96,000 (6.8%), while investment income decreased \$122,000 (1.6%).

EXPENSES

The primary expense of GARS is the payment of benefits. These payments, combined with refunds of contributions and administrative expenses, constitute all GARS expenses.

Expenses for FY00 increased 5.6% from FY99. This increase was largely due to an increase in the average benefit payment, and the annual annuity increases granted each calendar year.

SRS on the Web

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

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

Statements of Plan Net Assets June 30, 2000 and 1999

	2000	1999
Assets		
Cash	\$ 1,638,076	\$ 1,657,356
Receivables	9,721	11,792
Investments, at fair value	68,916,666	65,253,933
Equipment, net of acc. depr.	<u>4,315</u>	<u>5,632</u>
Total Assets	<u>70,568,778</u>	<u>\$ 66,928,713</u>
Liabilities		
Total Liabilities	<u>97,334</u>	<u>\$ 96,205</u>
Net assets held in trust for pension benefits	<u>70,471,444</u>	<u>\$ 66,832,508</u>

Statements of Changes in Plan Net Assets June 30, 2000 and 1999

	2000	1999
Additions		
Contributions:		
Participants	\$ 1,317,542	\$ 1,413,676
Employer	<u>3,951,000</u>	<u>3,699,758</u>
Total contributions revenue	<u>5,268,542</u>	<u>\$ 5,113,434</u>
Investment income	<u>\$ 7,561,684</u>	<u>\$ 7,683,634</u>
Total Additions	<u>12,830,226</u>	<u>\$ 12,797,068</u>
Deductions		
Benefits	8,840,682	\$ 8,333,664
Refunds	97,593	129,369
Administrative	<u>253,015</u>	<u>239,117</u>
Total Deductions	<u>9,191,290</u>	<u>\$ 8,702,150</u>
Net Increase	\$ 3,638,936	\$ 4,094,918
Net assets held in trust for pension benefits:		
Beginning of year	<u>66,832,508</u>	<u>62,737,590</u>
End of year	<u>\$ 70,471,444</u>	<u>\$ 66,832,508</u>

GARS Receives Certificate of Achievement



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial

Reporting to the General Assembly Retirement System (GARS) for its comprehensive annual financial report for the fiscal year ended June 30, 1999.

In order to be awarded a prestigious Certificate of Achievement, a government unit must publish an easily-readable, efficiently-organized, comprehensive annual financial report conforming to program standards.

Q&A

This section contains frequently asked questions of interest.

Q: *Can I recover taxed contributions within the first three years of retirement?*

A: You recover taxed contributions through annuity payments based on your age and life expectancy. The number of payments (see table at right) is divided into the total taxed contributions in your GARS account.

Age	Number of Monthly Payments
55	360
56-60	310
61-65	260
66-70	210
71+	160

Example: A member retires at age 65, and is eligible for a monthly retirement benefit of \$7,745. The member also has \$18,000 in previously taxed contributions. How much of the retirement benefit would be non-taxable?

$\$18,000 \div 260 \text{ months} = \$69.23 \cdot \$7,745 - \$69.23 = \$7675.77$ is taxable.

GARS Workshops

Planning For Your Financial Future

To help you start planning for your retirement years, we urge you to enroll in the free, one-day Education for Tomorrow's Choices (ETC) pre-retirement workshop. 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. 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 **Solon** is published by the **General**

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General Assembly Retirement System of Illinois

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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 General Assembly Retirement System, 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	<u>John A. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Father</u>
2	<u>Jane B. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Mother</u>
3	<u>David C. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Brother</u>
3	<u>Nancy D. Doe</u>	<u>44 South 2nd, Springfield, IL 62708</u>	<u>Sister</u>
3	<u>Mary E. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Sister</u>
4	<u>Frank F. Smith</u>	<u>9876 E. 99th St., Peoria, IL 61605</u>	<u>None</u>

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 _____