



# The Solon

January 2003

## General Assembly Retirement System

### Fiscal Year 2002 Financial Highlights

#### **Operations**

Total revenue includes participant and employer contributions as well as net income from investment activities. Participant contribution rates are set by statute as a percentage of salary.

For fiscal year 2002, participant contributions totaled \$1.6 million, a 10.3% increase from fiscal year 2001. Employer contributions increased to approximately \$4.7 million in fiscal year 2002 from \$4.3 million in fiscal year 2001. This increase was based on the contributions required by the State's funding plan.

Total expenses include benefit payments, refunds and administrative expenses.

During fiscal year 2002, the System paid out approximately \$10 million in benefits and refunds, an increase of 8.2% from fiscal year 2001. This increase was mainly due to an increase in the number of retirees and higher participant salaries on which the payments are based. The System's total administrative costs represented approximately 3% of total expenses.

#### **Investments**

By State law, the System's investment

### One- On- One Counseling

We will be holding one-on-one counseling sessions in the following locations for the remainder of fiscal year 2003. If you would like to talk with our staff during a visit to your area, call us at 217-782-8500 or contact the Court Administrator at the location we're visiting.

#### **March 18**

State of Illinois Building  
160 North LaSalle, Suite N-725  
Chicago  
312-814-5853  
9:30 a.m. - 3:00 p.m.

#### **March 19**

State of Illinois Building  
160 North LaSalle, Suite N-725  
Chicago  
312-814-5853  
8:30 a.m. - 12:30 p.m.

#### **April 23**

Rock Island Courthouse  
Rock Island, IL  
10:30 a.m. - 12:30 p.m.

#### **April 23**

Mt. Carroll Courthouse  
Mt. Carroll, IL  
2:00- 3:00 p.m.

#### **April 24**

Winnebago County Courthouse  
Rockford, IL  
725 South Michigan Avenue  
8:30 a.m. - 10:30 a.m.

#### **May**

State Capitol  
Springfield  
Dates & times to be announced

#### **June 19**

Montgomery County Courthouse  
Hillsboro  
8:30 - 10 a.m.

#### **June 19**

Madison County Courthouse  
Edwardsville  
11 a.m. - 2 p.m.

#### **June 20**

County Courthouse  
10 Public Square  
Belleville  
8:30 a.m. - 11:00 a.m.

### SRS on the Web

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

E-Mail: [ser@mail.state.il.us](mailto:ser@mail.state.il.us)

## FINANCIALS *(continued from page 1)*

function is managed by the Illinois State Board of Investment (ISBI) along with the Judges' and State Employees' Retirement Systems. All investments are accounted for in a commingled ISBI fund.

The ISBI fund was down 6.9% for fiscal year 2002, net of expenses. This loss follows on a negative return for fiscal year 2001, and reflects the ongoing negative stock market environment, both in the U.S. and abroad.

While the ISBI fund didn't meet its long-term objective of exceeding the 8.0% assumed actuarial interest rate assumption, the return was modestly ahead of the ISBI policy-weighted benchmark return, which lost 7.3%. For the ten year period ended June 30, 2002, the ISBI fund has exceeded the assumed actuarial interest rate with an average annual return of 9.1%.

Despite the negative investment returns of the marketplace, GARS benefits were unaffected. Just as benefits don't increase as a result of a bull market, they aren't reduced in a bear market. A prudent investment philosophy over the long-term, will continue to yield the greatest results and help provide for a healthy retirement system.

### **Funding**

The System's funding plan requires that state contributions be paid to the System so that by the end of fiscal year 2045, the ratio of net assets to the actuarial accrued liability (funding ratio) will be 90%.

At June 30, 2002, the System's accrued actuarial liability amounted to \$184.6 million. The actuarial value of net assets (at fair value) amounted to \$54.1 million as of the same date, resulting in a funding ratio of 29.3%.

### *Statements of Plan Net Assets June 30, 2002 and 2001*

	<b>2002</b>	<b>2001</b>
<b>ASSETS</b>		
Cash	\$ 1,297,601	\$ 1,632,080
Receivables	701,568	19,546
Investments, at fair value	52,154,420	60,463,005
Equipment, net of acc. depr.	<u>2,081</u>	<u>2,833</u>
<b>Total Assets</b>	<u>54,155,670</u>	<u>62,117,464</u>
<b>Total Liabilities</b>		
	<u>(105,103)</u>	<u>(119,617)</u>
Net assets held in trust for pension benefits	<u>\$ 54,050,567</u>	<u>\$ 61,997,847</u>

### *Statements of Changes in Plan Net Assets June 30, 2002 and 2001*

	<b>2002</b>	<b>2001</b>
<b>REVENUES</b>		
Contributions:		
Participants	\$ 1,552,295	\$ 1,407,638
Employer	<u>4,721,478</u>	<u>4,311,909</u>
<b>Total Contributions</b>	<u>6,273,773</u>	<u>5,719,547</u>
<b>Investment (Loss)</b>	<u>(3,914,840)</u>	<u>(4,650,917)</u>
<b>Total Revenues</b>	<u>2,358,933</u>	<u>1,068,630</u>
<b>EXPENSES</b>		
Benefits	9,953,233	9,227,960
Refunds	68,205	37,824
Administrative	<u>284,775</u>	<u>276,443</u>
<b>Total Expenses</b>	<u>10,306,213</u>	<u>9,542,227</u>
<b>Net (Decrease)</b>	<u>(7,947,280)</u>	<u>(8,473,597)</u>
Net assets held in trust for pension benefits:		
Beginning of year	<u>61,997,847</u>	<u>70,471,444</u>
<b>End of year</b>	<u>\$ 54,050,567</u>	<u>\$ 61,997,847</u>

# 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.

## 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, 2001.

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.

# Retiree's Corner

## Federal Income Tax Withholding Notice

Monthly GARS benefits are subject to federal income tax withholding. Federal law requires us to ask benefit recipients to complete a W-4p to determine if they want federal income tax withheld from their benefit.

If you fail to inform us of your decision, taxes are withheld as a married individual with three exemptions. No withholding is required for a benefit less than \$1,300.51 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. You will be notified through this newsletter of any changes in federal tax laws affecting your withholding.

## Annuitant & Survivor Annual Statements

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

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

## GARS Legislation

*No legislation affecting GARS members was passed during the veto session.*

**SRS** The *Solon* is published by the **General Assembly Retirement System of Illinois**

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217-782-8500

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**Robert V. Knox**, Executive Secretary

THE BOARD OF TRUSTEES  
Representative **Lee Daniels**, Chairman  
Senator **Laura Kent Donahue**  
Senator **James Claybourne, Jr.**  
Representative **Barbara Currie**  
Representative **Philip Collins**,  
Elected Annuitant

## 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 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 desiring to change beneficiaries at a later date must complete a new Nomination of Beneficiary form. The form on file with GARS which has the most recent date-located next to the member's signature-will take precedence.

***INSTRUCTIONS:*** Complete this form using ink or type-writer. You may nominate as many as you wish, or to your estate. If additional space is required, use additional sheets. Benefits will be paid on a ***survivor basis 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 \_\_\_\_\_