



The Solon

January 2004

General Assembly Retirement System

Fiscal Year 2003 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 2003, participant contributions totaled \$2.0 million, a 25.9% increase from fiscal year 2002. Employer contributions increased to approximately \$5.4 million in fiscal year 2003 from \$4.7 million in fiscal year 2002. 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 2003, JRS paid out approximately \$11.2 million in benefits and refunds, an increase of 12.1% from fiscal year 2002. 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 function is managed by the Illinois

FINANCIALS (continued on page 2)

One- On- One Counseling

We will be holding one-on-one counseling sessions in the following locations for the remainder of fiscal year 2004. 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.

February 4, 5, 6

Judges Education Conference
Hyatt Regency Hotel
151 East Wacker Drive
Chicago

1 p.m. - 4 p.m. (Feb. 4)

9 a.m. - 4 p.m. (Feb. 5)

8 a.m. - 10 a.m. (Feb. 6)

February 18

Michael A. Bilandic Building
160 North LaSalle, Suite N-725
Chicago
312-814-5853
9:30 a.m. - 4 p.m.

February 19

Michael A. Bilandic Building
160 North LaSalle, Suite N-725
Chicago
312-814-5853
8:30 a.m. - 11:30 a.m.

March 31, April 1, 2

Judges Education Conference
Hyatt Regency Hotel
151 East Wacker Drive
Chicago

1 p.m. - 4 p.m. (Mar. 31)

9 a.m. - 4 p.m. (Apr. 1)

8 a.m. - 10 a.m. (Apr. 2)

April 29

2nd Municipal Dist. Courthouse
Skokie
11 a.m. - 2 p.m.

April 30

4th Municipal Dist. Courthouse
Maywood
8:30 a.m. - 11 a.m.

May

State Capitol
Springfield
Dates & times to be announced

June 17

Macon County Courthouse
Decatur
9 - 11 a.m.

June 17

Piatt County Courthouse
Monticello
Noon - 1:30 p.m.

June 18

Champaign County Courthouse
Champaign
9 a.m. - 11 a.m.

FINANCIALS (continued from page 1)

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 operates under a strategic investment policy that is reviewed and approved at least every two years. The investment objective of the total portfolio is to maximize the rate of return on investments within a prudent level of risk. To achieve this objective, the ISBI invests in different types of assets and uses multiple managers to ensure diversification.

As a result of the recovering world equity markets, the ISBI reported a near even break in investment return for fiscal year 2003 compared to a negative investment return of 6.9% for fiscal year 2002.

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, 2003, the System's accrued actuarial liability amounted to \$196.5 million. The actuarial value of net assets (at fair value) amounted to \$49.7 million as of the same date, resulting in a funding ratio of 25.3%.

Statements of Plan Net Assets June 30, 2003 and 2002

	2003	2002
ASSETS		
Cash	\$ 1,614,768	\$ 1,297,601
Receivables	791,696	701,568
Investments, at fair value	47,386,171	52,154,420
Equipment, net of acc. depr.	<u>1,546</u>	<u>2,081</u>
Total Assets	<u>49,794,181</u>	<u>54,155,670</u>
Total Liabilities		
	<u>(117,879)</u>	<u>(105,103)</u>
Net assets held in trust for pension benefits	<u>\$ 49,676,302</u>	<u>\$ 54,050,567</u>

Statements of Changes in Plan Net Assets June 30, 2003 and 2002

	2003	2002
REVENUES		
Contributions:		
Participants	\$ 1,954,169	\$ 1,552,295
Employer	<u>5,433,781</u>	<u>4,721,478</u>
Total Contributions	<u>7,387,950</u>	<u>6,273,773</u>
Investment (Loss)	<u>(233,094)</u>	<u>(3,914,840)</u>
Total Revenues	<u>7,154,856</u>	<u>2,358,933</u>
EXPENSES		
Benefits	11,131,477	9,953,233
Refunds	106,713	68,205
Administrative	<u>290,931</u>	<u>284,775</u>
Total Expenses	<u>11,529,121</u>	<u>10,306,213</u>
Net (Decrease)	<u>(4,374,265)</u>	<u>(7,947,280)</u>
Net assets held in trust for pension benefits:		
Beginning of year	<u>54,050,567</u>	<u>61,997,847</u>
End of year	<u>\$ 49,676,302</u>	<u>\$ 54,050,567</u>



GARS

Legislation

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

Planning For Your Financial Future

We are again joining the State Employees' Retirement System (SERS) in offering a workshop for anyone who is receiving a benefit from JRS. This workshop is called Myths & Realities of Retirement (MRR).

This free, one-day seminar covers entitlements, group insurance, and estate & financial planning. There also is a group discussion about the changes taking place within the insurance industry.

All benefit recipients should attend this workshop every two years to keep abreast of all the changes taking place. There are two MRR workshops in 2004: February 24 in Chicago, and March 25 in Springfield. If you are interested in attending, please call us at 217-782-8500. As always, guests are welcome.

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 \$1,441.99 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.


System Receives Bond Proceeds

On April 7, 2003, Governor Blagojevich signed House Bill 2660 into law as Public Act 93-0002. This legislation authorized the State to issue \$10 billion in general obligation bonds for the purpose of making required contributions to the five state-funded retirement systems, including the Judges' Retirement System.

On July 1, 2003, the net bond proceeds were allocated and distributed to each of the five state-funded retirement systems based on each system's relative percent-age of the total unfunded liability at June 30, 2002.

The General Assembly Retirement System received an allocation of approximately \$27 million, and deposited all of the proceeds into the Illinois State Board of Investment Commingled Fund on July 2, 2003.

This was the first attempt by the State to address the staggering unfunded liabilities of the state-funded retirement systems since the current funding plan became law in 1995.

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

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

Chicago Office:

State of Illinois Building
160 N. LaSalle, Suite N725
Chicago, Illinois 60601
312-814-5853

Robert V. Knox, Executive Secretary

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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 _____