



The Solon

January 2005

General Assembly Retirement System

Fiscal Year 2004 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

One- On- One Counseling

We will be holding one-on-one counseling sessions in the following locations for the remainder of fiscal year 2005. 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 16

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

5th Municipal District
Bridgeview
1:30 a.m. - 3:30 p.m.

February 17

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

April 28

3rd Municipal District
Rolling Meadows
8:30 a.m. - 11 a.m.

May

State Capitol
Springfield
Dates & times to be announced

April 20

Morgan County Courthouse
Jacksonville
8:30 a.m. - 9:30 a.m.

June 15

Montgomery County Courthouse
Hillsboro
9 - 10 a.m.

April 20

McDonough County Courthouse
Macomb
11 a.m. - 1 p.m.

June 15

Madison County Courthouse
Edwardsville
11:30 a.m. - 2:30 p.m.

April 27

6th Municipal District
Markham
10:30 a.m. - 12:30 p.m.

June 16

St. Clair County Courthouse
Belleville
8:30 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.

GARS Annuitant Election

An election is being held for an annuitant trustee to represent GARS annuitants on the Board of Trustees of the General Assembly Retirement System, State of Illinois. Only GARS retirement annuitants are eligible to vote in this election.

The three candidates running in this election are:

- Honorable Philip W. Collins
- Honorable Robert M. Terzich
- Honorable David Harris

If you receive a ballot for this election in the mail, please mark it for one of the three candidates and return it in the envelope marked "GARS, c.o State Board of Elections."

Your ballot must be received in the our office on or before February 1, 2005 for it to be counted. Thank you in advance for participating in the GARS annuitant election!

The Ease of Direct Deposit

Why not choose the convenience of Direct Deposit instead of waiting for your retirement benefit in the mail? With Direct Deposit, your benefit is automatically deposited into the bank account of your choice.



We have received more complaints about late mail deliveries of pension checks than any other issue. Over 70% of our annuitants and survivors choose to direct deposit their monthly benefit payment.

Direct Deposited benefits are deposited earlier than having it mailed to your home. Your first two payments are mailed to your home, then all future payments are electronically deposited into your bank account on the 19th of each month.

You don't receive a payment stub for each Direct Deposit payment. Instead, the Comptroller's office will issue an earnings statement when the net amount of your benefit changes due to an annual increase, a tax withholding change, or any other authorized deduction change.

To enroll, or if you have questions, call us at 217-782-8500.

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 \$1,467.01 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.

SRS 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

THE BOARD OF TRUSTEES

Representative **Lee Daniels**, Chairman
Senator **James Claybourne, Jr.** Vice-Chairman

Senator **Don Harmon**

Senator **Peter J. Roskam**

Representative **Kurt M. Granberg**

Representative **Richard T. Bradley**

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	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 _____