



# The Solon

January 1999

## General Assembly Retirement System



The *Solon* is published by the **General Assembly 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.

## Annual Financial Report to the Membership

### Revenues

Employer and member contributions, as well as income from investments, provide the reserves necessary to finance retirement and related benefits.

For fiscal year 1998 (FY98), these revenue sources totaled \$14.1 million—a 7.8% increase from fiscal year 1997 (FY97). Two of the three major sources of revenue experienced increases, with the single largest increase in investment income up 8.4%, or \$.8 million. The increase in employer contributions was approximately \$.3 million (11.7%), and contributions from participants decreased by \$62,000 (4.7%).

### 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 the total expenses for the General Assembly Retirement System (GARS).

Expenses for FY98 were 3.9% above those of FY97. This change was largely due to an increase in the average benefit payment amount, and annual annuity increases granted at the beginning of each calendar year.

### Investments

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.

FY98 had a slight decline from FY97 in terms of net return on assets. However, investments in U. S. stocks, bonds, limited partnerships, and real estate still had very strong returns.

The ISBI Fund earned a total rate of return of 18.1%. 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.

## 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, 1997.

GARS has received this award for nine consecutive years.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily-readable, efficiently-organized, comprehensive annual financial report while conforming to program standards.

**ANNUAL REPORT**  
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**Funding Progress**

A retirement system's financial strength or weakness can be determined over time by analyzing the funding ratio. Generally, the higher this percentage, the greater the level of a retirement system's financial integrity.

As of June 30, 1998, GARS had a funding ratio—net assets divided by pension benefit obligations—of 41.7%, which is an increase from the June 30, 1997 funding ratio of 39.4%.

**Economic Condition and Outlook**

The passage of funding legislation in 1994 is helping GARS attain a targeted funding ratio of 90% by the year 2045.

The funding legislation also provides for yearly appropriations of employer contributions to GARS. This removes the appropriation of these funds from the annual budget.

Although long-term in nature, we believe this legislation is an extremely positive step forward, ensuring the long-term financial integrity of GARS.

**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*.

**Statements of Plan Net Assets  
June 30, 1998 and 1997**

	1998	1997
<b>Assets</b>		
Cash	\$ 1,643,053	\$ 2,113,679
Receivables	12,841	9,625
Investments, at fair value	61,160,683	54,674,448
Equipment, net of acc. depr.	6,583	9,028
<b>Total Assets</b>	<u>\$ 62,823,160</u>	<u>\$ 56,806,780</u>
<b>Liabilities</b>		
<b>Total Liabilities</b>	<u>\$ 85,570</u>	<u>\$ 97,129</u>
Net assets held in trust for pension benefits	<u>\$ 62,737,590</u>	<u>\$ 56,709,651</u>

**Statements of Changes in Plan Net Assets  
June 30, 1998 and 1997**

	1998	1997
<b>Additions</b>		
Contributions:		
Participants	\$ 1,224,533	\$ 1,285,985
Employer	3,113,000	2,787,074
<b>Total contributions revenue</b>	<u>\$ 4,337,533</u>	<u>\$ 4,073,059</u>
Investment income	<u>\$ 9,780,815</u>	<u>\$ 9,021,348</u>
<b>Total Additions</b>	<u>\$ 14,118,348</u>	<u>\$ 13,094,407</u>
<b>Deductions</b>		
Benefits	\$ 7,779,442	\$ 7,368,818
Refunds	83,392	206,666
Administrative	227,575	213,530
<b>Total Deductions</b>	<u>\$ 8,090,409</u>	<u>\$ 7,789,014</u>
<b>Net Increase</b>	\$ 6,027,939	\$ 5,305,393
Net assets held in trust for pension benefits:		
Beginning of year	56,709,651	51,404,258
End of year	<u>\$ 62,737,590</u>	<u>\$ 56,709,651</u>

# 1-on-1 Counseling For Fiscal Year 1999

This fiscal year we will be visiting various counties to answer your questions about benefits and retirement.

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 that you wish to attend.

No appointment is necessary, but we would like to know how many will be attending each session. The dates and locations for the 1-on-1 counseling session is:

## February 17

James R. Thompson Center  
Suite 2-010, 100 W. Randolph  
Chicago 9:30 a.m. - 4 p.m.

## February 18

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

## March 17

Edgar Co. Courthouse  
Paris 10 - 11:30a.m.

Jefferson Co. Courthouse  
Mt. Vernon 1:30 - 3 p.m.

## March 18

Williamson Co. Courthouse  
Marion 8:30 - 10:30a.m.

## April 20

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

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

## April 21

County Building, 10 Public Square  
Belleville 8:30 - 11 a.m.

## May

State Capitol  
Springfield Dates & Times TBA

## 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 if they want federal income tax withheld from their retirement benefits.

If a member fails to inform GARS of their decision, federal income taxes will be withheld as a married individual with three exemptions. No withholding is taken on a benefit of less than \$1,213 per month, unless requested.

***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. Each year GARS will notify members through ***The Solon*** of any changes in federal tax laws affecting your withholding.

### Annuitants & Survivor Statements

GARS will be mailing the annuitant & survivor annual statements in March. The statement details benefits that are currently being received, beneficiaries for death benefits and group insurance, and other important information.

If you wish to change your beneficiary, contact us or fill out the form on the next page. These changes will then be included in your upcoming statement.

## GARS Workshops

### Pre-Retirement

In conjunction with the Judges Retirement System (JRS), you are invited to attend the Education for Tomorrow's Choices (ETC) pre-retirement workshop. JRS has held four ETC workshops this fiscal year. Many go away enthusiastic with the information they received.

During this free, one-day workshop a certified financial planner will show you various ways to a financially sound retirement. Expert speakers also discuss your GARS benefits, Group Insurance, Deferred Compensation, Social Security, and

other issues. The final ETC for this fiscal year will be held May 6 in Chicago.

### Post-Retirement

Myths and Realities of Retirement (MRR) a free, one-day workshop to answer questions about post-retirement, runs from 9 a.m. until 3:30 p.m.

The schedule for this fiscal year is April 28 in Utica and May 28 in Chicago. If you are interested in attending either the pre- or post-retirement workshops, call GARS at 217/782-8500.

# General Assembly Retirement System of Illinois

2101 South Veterans Parkway, P.O. Box 19255, Springfield, Illinois 62794-9255, Phone 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 desiring to change beneficiaries at a later date must complete a new Nomination 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 a typewriter. You may nominate as many people 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 \_\_\_\_\_