

TO: IAEOP Members
FROM: Jackie Voorhees, IAEOP President
DATE: April 11, 2006
RE: IMRF/IMLE Legislation

Dear IAEOP Member,

At the spring conference board and business meeting, the following was mentioned during the legislative report. This is only a "rumor" or "talk" as of right now. I am only passing this information along for you to follow thru *if you would like to*. I know that some IAEOP members do not pay into or receive Illinois Municipal Retirement pensions (IMRF).

I was aware of this topic, since I had received the Winter Edition - 2006 from ILME - Illinois League of Municipal Employees. ILME is the group of individuals/representatives from throughout the state who work for entities who pay into IMRF and the ILME board submits resolutions to IMRF for their consideration. If supported by the IMRF Board, they will pursue support from a State Representative or State Senator to introduce a bill in Springfield. If a bill is introduced it must go through the normal procedure, passed, and signed by the governor before becoming a law. This is how our retirement is updated/changed with language, etc.

I re-typed Page 1 of the Winter Edition-ILME and it follows my message below.

It concerns how our retirement is defined today and could possibly be defined in the future.

REMEMBER this is NOT GOSPEL. However, if you find you would like to share your concerns with your state representative or state senator, please contact one of the individuals at the end of the article for more information and to possibly join ILME. I know their dues are minimal for the year. You may also want to pass this information on to your fellow worker or retiree-IMRF.

Also, you can check on legislation affecting IMRF by going to IMRF's web site.

www.imrf.org

select - Pending IMRF Illinois Legislation

select - View Pending Legislation the IMRF Board has Voted to Support, Oppose, or Be Neutral on

select - Any of the House Bill or Senate Bill numbers (this gives a brief description of the bill and IMRF position)

Another way to check the status of legislation is to go to the legislator's website, which is

www.ilga.gov

This is your choice.

Here is the article.

The following is taken from "ILLINOIS LEAGUE OF MUNICIPAL EMPLOYEES LEAGUE LETTER – WINTER EDICTION – 2006".

HOW IMPORTANT IS YOUR IMRF PENSION TO YOU???

If you are like me, the answer to the question is very easy. My IMRF pension is VERY IMPORTANT to me!

Many of us who have an IMRF pension probably take it for granted that we will always receive our pension check on the first of each month for the rest of our life. The reason for that is the IMRF pension is called a “defined **benefit**” pension. A defined pension is what most traditional pensions have been for many years. When a person retired they would receive a pension for the rest of their life based upon their age and the number of years they worked.

In recent years a different kind of pension, a “defined **contribution**” plan, has emerged. Examples of this are a 401K, 457 or IRA. With a defined contribution plan a person’s pension is based on how well their investments do. The amount of money in a pension fund will increase **or decrease** as the stock market increases or decreases. The pension is not guaranteed to be a set amount and it is not guaranteed to last for your entire life.

The reason I am explaining the difference in the defined benefit and the defined contribution plan is that due to ongoing budget problems at schools, cities, county and state governments, there is an emerging trend to discuss changing public pension like IMRF to a defined contribution plan. These changes have already been implemented for newly hired public employees in Alaska and California. State legislators in Illinois have also been asked to consider it. Article 13, Section 5, of the Illinois Constitution currently prohibits the reduction of an IMRF pension; however this could be changed with legislation.

While the change from a defined benefit plan to a defined contribution plan is fairly new for public employees, it is now the norm for private sector employees. In 1984 only 19% of private sector employers in Minnesota used a defined contribution plan; however 93% had such a plan in 2004. Unfortunately, many employers are shifting more of the costs of pension to employees just as they have done with health insurance costs.

I hope that both current and future IMRF retirees are concerned about the future of our IMRF defined benefit pensions. We need to act now to prevent a change to a defined contribution plan from being seriously considered by the Illinois General Assembly. Everyone can help by doing the following simple things: 1- Write a letter to your state senator and state representative telling them how important your defined benefit pension is to your financial security, and 2 - get involved as much as possible with your local ILME Chapter by attending meetings and asking co-workers to join ILME.

Please don’t wait for somebody else to do it for you. We all need to work together to retain our IMRF defined benefit pension.

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