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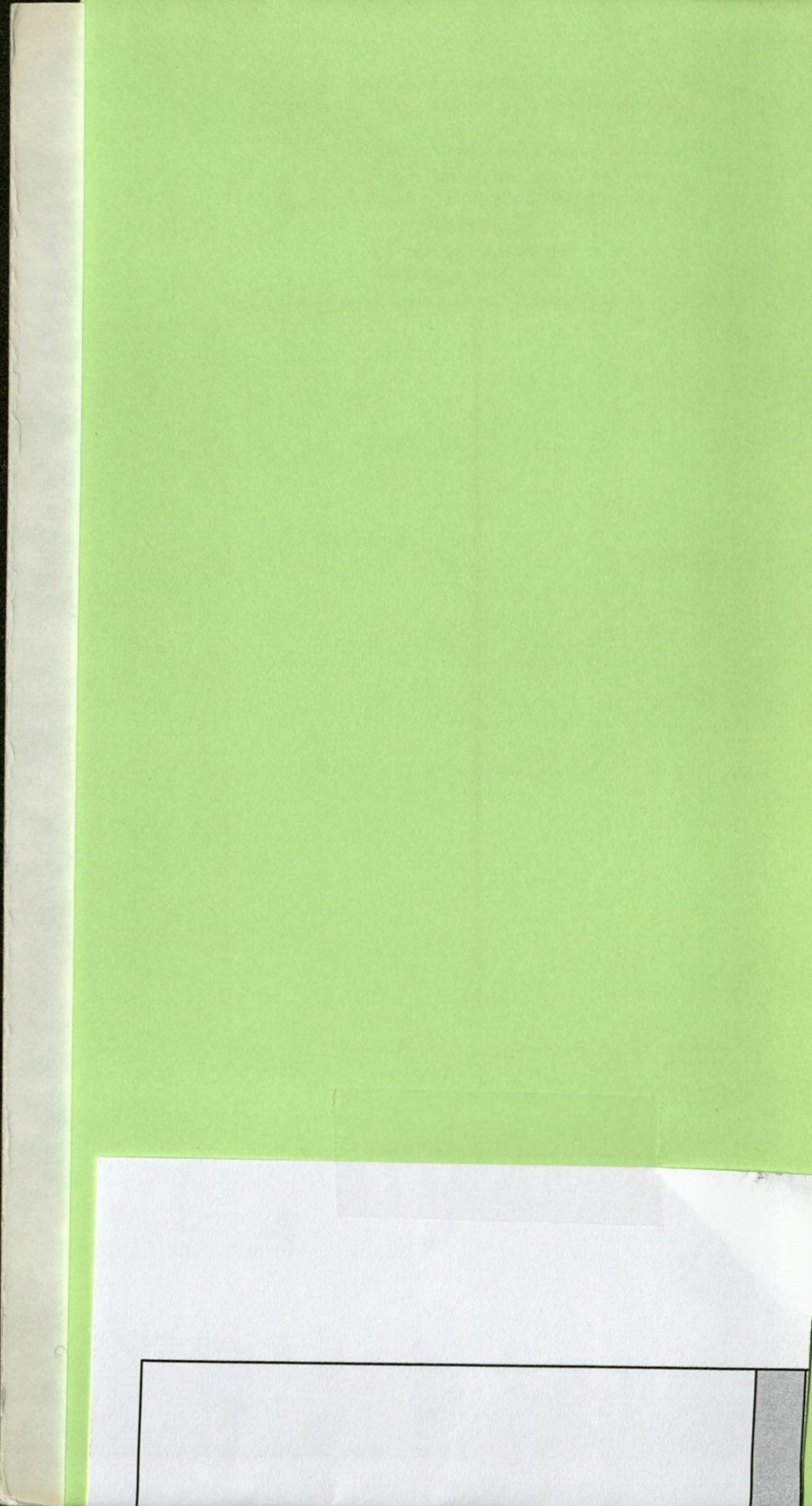
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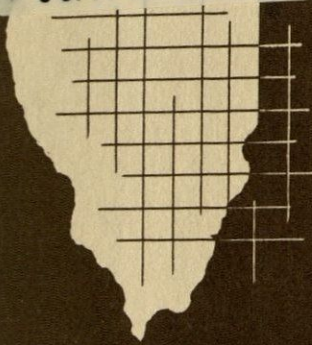
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ANNUAL REPORT CHICAGO, ILL.



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Retiremen

Illinois Municipal

1958

annual

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CHICAGO 6, ILL

Board of Trustees and Officers

Executive Trustees

Lester J. Grant
Superintendent of Schools, Decatur
Term expires 12/31/61

Alfred Nystrom
City Clerk, Galesburg
Term expires 12/31/62

Esther F. Blackburn
Administrative Assistant to the Superintendent
Urbana Public Schools, Urbana
Term expires 12/31/63

Charles E. Hastings
Peoria County Auditor, Peoria
Term expires 12/31/59

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Catherine Couturier—President
Secretary to the Business Manager
Waukegan High School, Waukegan
Term expires 12/31/59

Arnim G. Olson, Vice President
Superintendent of Water & Light Department,
Winnetka, Term expires 12/31/60

Annuitant Trustee

John W. Kerkering, Secretary
Quincy
Term expires 12/31/60

Ex-Officio Treasurer

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Executive Director

Claude S. Holloway

Legal Counsel

Kirkland, Ellis, Hodson, Chaffetz & Masters

Actuary

Arthur Stedry Hansen, Consulting Actuaries

Auditor

Peat, Marwick, Mitchell & Co.

Investment Counsel

Moody's Investors Service



OUR PARTICIPATING MUNICIPALITIES *and Our Members:*

1747

On December 31, 1958, the Illinois Municipal Retirement Fund completed eighteen years of operation. Due to the rapid growth of the Fund during the past few years, a wide range of difficult problems has confronted the Board of Trustees. These problems are being solved as they arise.

The prime purpose of this report is to provide the members of IMRF with a better understanding of the Fund's problems, progress and objectives. Later in 1959, a financial statement will be published.

We wish to thank the authorized agents whose cooperation helped make possible the accomplishments of the Fund in the year just closed.

Respectfully submitted,

Catherine Sauturier

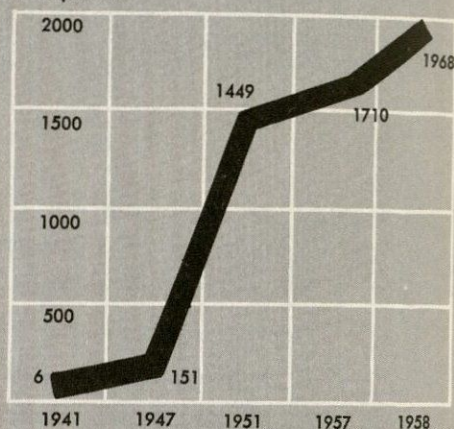
President
Board of Trustees

Growth in Number of Municipalities

ACTIVELY PARTICIPATING IN I.M.R.F.

At the end of 1958, a total of 1968 Illinois municipalities were reporting employee earnings and contributions to the Fund. This is an increase of 258 during the year. It is an exceptionally large growth in active participating municipalities, and is due primarily to providing Social Security coverage to employees whose jobs require less than 600 hours per year. Nine municipalities entered the Fund on January 1, 1958, and 20 more commenced participation on January 1, 1959. These were:

No. of Active Municipalities



January 1, 1958

City of Northlake, Cook Co.
Northbrook Park Dist., Cook Co.
Village of Niles, Cook Co.
Perry Co. Road Dist. No. 4
Jackson Twp., Effingham Co.

Goode Twp., Jackson Co.
Newport Twp., Lake Co.
East Eldorado Twp., Saline Co.
Elwood Twp., Vermilion Co.

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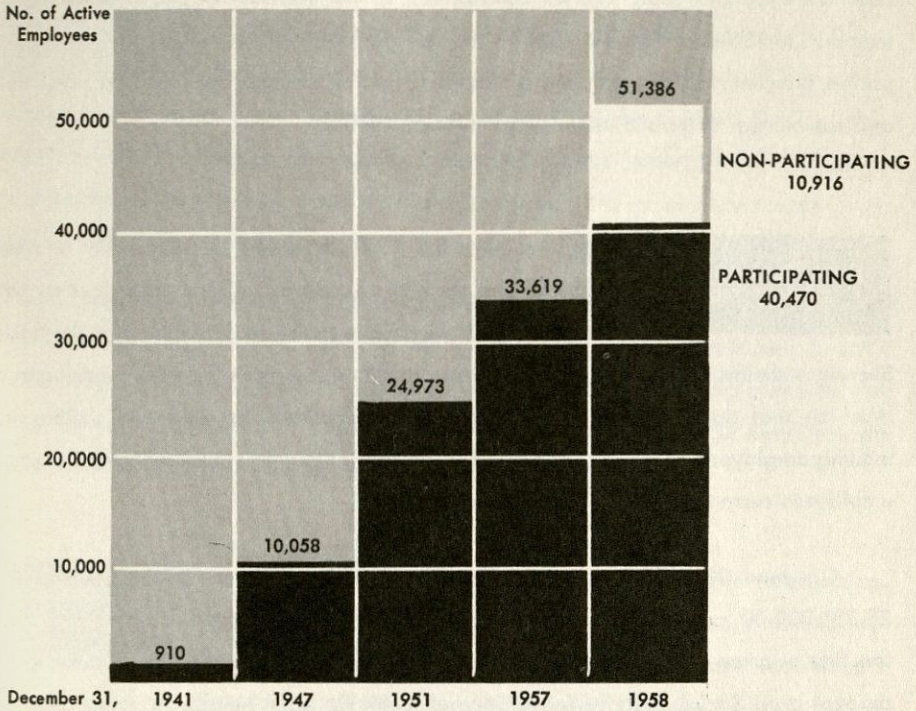
January 1, 1959

Village of Steger, Cook Co.
Village of Carpentersville, Kane Co.
Village of Lincolnwood, Cook Co.
Village of River Grove, Cook Co.
Village of Northbrook Cook Co.
Village of Palatine, Cook Co.
Village of Bedford Pk., Cook Co.
Memorial Park Dist., Cook Co.
Chicago Hts. Park Dist., Cook Co.
Pleasant Dale Park Dist., Cook Co.

Lyons Twp., Cook Co.
Prairie du Long Twp., St. Clair Co.
Smithton Twp., St. Clair Co.
Grant Twp., Lake Co.
Naperville Twp., Du Page Co.
Lisle Twp., Du Page Co.
Prairie du Long Twp. Road & Bridge, St. Clair Co.
Smithton Twp. Road & Bridge, St. Clair Co.
Grant Twp. Road & Bridge, St. Clair Co.
Northfield Twp. Road & Bridge, Cook Co.

Social Security contribution rates are scheduled to increase to 4½% in 1969, and with IMRF employee contribution rates established at 6¼% and 7¼%, the decreasing differential between Social Security and IMRF rates tends to make participation in IMRF increasingly desirable, especially for those municipalities already covered by Social Security through the State Unit. The increased interest shown in participation in IMRF indicates that a continued growth in coverage may be expected.

GROWTH IN NUMBER OF
Active Employees
IN I.M.R.F.



GROWTH IN MEMBERSHIP

There were 40,470 municipal employees contributing toward IMRF benefits at the end of 1958, compared with 33,619 at the close of 1957. In addition there were 10,916 non-participating employees in December 1958; these were covered by Social Security only. Because of rapid turnover among non-participating employees, it is estimated that there were approximately 50,000 such employees for whom the Fund prepared Social Security wage

reports during the year. Factors contributing to the increase of active participating members in 1958 were: the repeal in 1957 of the one year waiting period for participation, the removal of restrictions on participation of teachers, firemen and policemen, and the merger of public utility employees into IMRF.

**COORDINATION WITH
SOCIAL SECURITY**

On December 31, 1957, following a referendum in which 72% of the members voted in favor of coordination with Social Security, an agreement was signed with the Social Security Administration extending coverage to all employees who were participants of IMRF on that date. Coverage was provided retroactively to January 1, 1956, thus making employees of retirement age fully insured for retirement benefits, and younger employees currently insured for survivors benefits.

On June 23, 1958, the Fund turned over to the State Social Security Unit \$8,381,000.00, covering payment of contributions for the years 1956 and 1957, and the first quarter of 1958. U. S. Bureau of Internal Revenue Forms W-2, showing the amount paid Social Security for 1956 and 1957 for each employee, were prepared and distributed. In addition, approximately 5000 special reports of earnings were furnished to Social Security for employees filing claims for their benefits.

**MERGER OF
MPU INTO IMRF**

On December 1, 1957, the Illinois Municipal Public Utility Employees Annuity and Benefit Fund (MPU) merged with the Illinois Municipal Retirement Fund. Approximately 500 employees were added to the Fund's membership as a result of the merger. Terms of the merger provide that members of the MPU system will receive benefits from IMRF which are at least equal to those provided by the superseded MPU Act. In many cases their benefits under IMRF are better.

A complete audit was made of the accounts of the MPU Fund. Credits of employees were transferred and established in IMRF; beneficiaries were transferred to IMRF payment rolls, and Social Security payments were made for MPU employees for the retroactive years of 1956 and 1957. The invested assets of the MPU Fund will be evaluated and transferred to IMRF in 1959.

**STAFFING AND
OPERATIONS**

The year of 1958 was one of extensive administrative reorganization and staffing. The Board of Trustees appointed a new Executive Director in February, 1958. A Chief Accountant was selected and an accounting and auditing staff was hired and trained to handle the large volume of accounting transactions involved in the administration of the Fund. A punched card accounting department was established, and in September, 1958, the Fund commenced

independent operation of its machine accounting functions. From May 1956 to September 1958, these were carried out by a machine accounting service company.

A Director of Public Relations was appointed, and a program of field interviews and contacts with Authorized Agents, employees, annuitants, and municipal officials was commenced.

On September 1, after extensive study of space problems created by the Fund's assumption of its full operational tasks, offices were set up at 20 N. Wacker Drive, Chicago. The move was imperative in the light of the greatly expanded workload resulting from Social Security coordination, the addition of the machine accounting department, the necessity for completing records relating to previous years and the accompanying staff expansion.

BENEFIT PAYMENTS

The Fund now pays monthly benefits to approximately 6000 employee annuitants, widows, and disabled employees. An average of 650 new cases are computed and paid each month. There were 60% more retirement cases in 1958 than in 1957.

The last payroll report upon which an employee is shown must be examined before any benefit may be paid. This requirement, together with the necessity of first posting

payrolls to accounting records, and having checks drawn in State offices explains why initial payments of benefits may take as long as six weeks from the date of receipt of the final payroll report.

**AUTHORIZED AGENTS
MANUAL**

Early in the year a Manual for Authorized Agents was prepared and a copy distributed to each participating municipality. The Manual is designed to serve as a reference and guide for Authorized Agents in the local administration of IMRF.

Sections 4 (Definitions and Interpretations) and 6 (Employee Records) were added to the Manual during the year, and Section 3 (Payroll Reporting) was completely revised to reflect the new reporting procedures and changes in contribution rates. Sections covering IMRF and Social Security benefits will be added during the ensuing year.

The Future

EMPLOYEE STATEMENTS OF ACCOUNT

Later this year a statement of the account of each participating employee will be prepared. This statement will show the accumulation of the employee's credits and service through December 31, 1958.

MUNICIPALITY ACCOUNT RECEIVABLE STATEMENTS

It is expected that Municipality Account Receivable Statements as of December 31, 1958, and the first three months of 1959 will be available by July 1959. Thereafter, it is planned that such statements will be made available on a quarterly basis.

EMPLOYEE CONTRIBUTION RATES

In 1958, Congress raised the Social Security contribution rates by $\frac{1}{4}\%$, increased the wage limitation to \$4800.00, and accelerated the rate at which future changes in contribution rates will occur. These increases in Social Security contributions were in addition to those scheduled at the time of the 1957 coordination referendum. Emergency legislation enacted early in 1959, amended both the State Social Security Enabling Act and the IMRF Act to provide for increased contributions of $\frac{1}{4}\%$ of all participating wages, and $\frac{1}{4}\%$ on the first \$4800.00 wages of non-participating employees.

To compensate those participating employees who are required to contribute $\frac{1}{4}\%$ additional on wages in excess of \$4800.00, an added "money purchase" annuity is provided. At retirement, the employee has the right to choose the additional annuity or a refund of the excess contributions, plus interest.

For 1959, non-participating employees are required to contribute $2\frac{1}{2}\%$ of their first \$4800.00 of covered wages. In 1960, the Social Security rate will increase to 3.0%,

with scheduled increases to 3½% in 1963, 4.0% in 1966, and 4½% in 1969. IMRF rates for participating employees are scheduled to remain at 6¼% for females and 7¼% for males, barring any unforeseen changes in Social Security rates or wage limits.

MUNICIPALITY CONTRIBUTION RATES

Municipality contribution rates for participating employees are actuarially determined from the retirement, death, disability and separation experience in each municipality, so that all benefit costs will be fully provided for by contributions of the employees and the municipality taken together.

For 1959, the average municipality contribution rate for participating employees is 9.08%. Individual rates are higher or lower than the average, depending upon the experience in each municipality.

In 1959, municipalities contribute 2.9% of the first \$4800.00 of each non-participating employee's wages. Included in this rate is a share of the administrative costs of the State Social Security Unit, through which IMRF must operate under the Federal-State agreement.

PROPOSED LEGISLATION

Other amendments to the IMRF Act are being prepared for consideration by the 1959 session of the Illinois General Assembly. These are primarily of an administrative or clarifying nature. No amendments which would substantially affect benefits are contemplated.

PUBLIC RELATIONS

After the amendments of the 1959 session of the General Assembly are known, a Handbook of Information will be prepared and distributed to all municipalities and members.

STATEMENT OF

Cash Receipts and Disbursements

FOR THE 1958 CALENDAR YEAR

CASH RECEIPTS

Cash balance on January 1, 1958

Employee Contributions: Consisting of all deductions from wages of employees participating in IMRF including Social Security contributions for both participating and non-participating employees, and all additional, optional, retroactive and back contributions made by participating employees.

Municipality Contributions: Consisting of municipality payments toward the cost of providing retirement, widow annuity, death, disability and other IMRF benefits, as well as municipalities' share of Social Security contributions and a pro rata share of Fund administration costs.

Interest Received: Consisting of interest on money contributed by employees and municipalities, invested in U.S. government, municipal and top quality corporate bonds, and held for payment of retirement annuities as they become due in the future.

Securities Redeemed: Consisting chiefly of U.S. Treasury bills previously purchased by the Fund in anticipation of retroactive Social Security payments coming due in 1958.

Total Receipts plus cash on hand January 1, 1958

\$33

rsments

CASH DISBURSEMENTS

\$2,825,293.20

Annuities: Consisting chiefly of retirement and widow benefit payments during the year.

9,829,926.24

Death Benefits: Consisting of death benefit equal to one average year's salary paid to beneficiaries of employees who die in service, and refunds of contributions with interest paid to beneficiaries of employees who die after separation or retirement.

Disability Benefits: Consisting of amounts paid to employees who become eligible therefore because of disability.

Separation Benefits: Consisting of refunds of contributions made by employees who are separated from service of all participating municipalities, are not entitled to an annuity of \$20.00 per month, and make application for refund. Social Security contributions are not refunded.

10,940,566.61

Deductions Returned: Consisting primarily of deductions returned to persons ineligible to participate who made contributions in error.

2,923,663.23

Administrative Expense: Consisting of payments in 1958 of office rent, accounting machine rentals, salaries, office supplies and forms, publications, postage, telephone, actuarial, legal, accounting, auditing and investment services, moving expenses, and costs of office equipment purchased. Trustees serve without compensation.

6,699,321.16

Social Security Contributions: Consisting of the Social Security contributions paid by both employees and employers for coverage in 1956, 1957, and three quarters of 1958.

Securities Purchased: Consisting of amounts invested in securities as prescribed by law; in 1958 securities purchased were primarily top quality corporate bonds yielding over 4%.

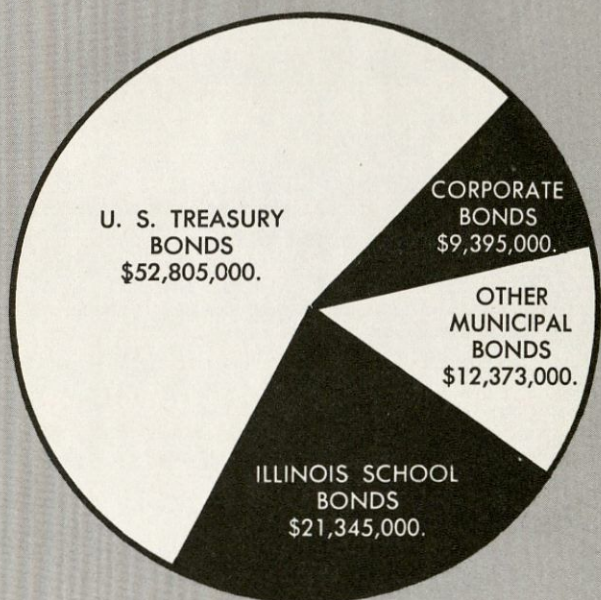
\$33,218,770.44

Cash balance on December 31, 1958

Total Disbursements plus cash on hand December 31, 1958

Securities Owned by J.M.R.F.

DECEMBER 31, 1958 ... PAR VALUE



Bonds Held by I. M. R. F.

PAR VALUE AS OF DECEMBER 31, 1958

U. S. TREASURY BONDS		\$52,805,000.
MUNICIPAL BONDS:		
Illinois School District Bonds	\$21,345,000.	
Other Municipal Bonds	12,373,000.	33,718,000.
CORPORATE BONDS		9,395,000.
TOTAL BONDS HELD 12/31/58		\$95,918,000.

Until 1957, investment of the Fund's assets was restricted to general obligations of the United States and local governments. In 1957, the Act was amended to permit the Fund to purchase corporate securities and certain revenue bonds.

In 1958, the Board of Trustees employed the services of a nationally recognized investment counseling service and commenced investment in top quality corporate bonds. The yield from these bonds averaged about 4.2% which is more than one percent better yield than that which had been obtainable on the types of securities previously purchased. By the end of 1958, the Fund had purchased \$9,395,000. in corporate bonds, all rated "A" or better by Moody's Investors Service.

Increased interest income means, in the long run, that employee accounts may be credited at a higher interest rate, resulting in increased annuities for many employees. It also tends to reduce the cost to municipalities of providing retirement benefits.

Participating Municipalities

BY TYPE AND NUMBER OF EMPLOYEES COVERED—1958

MUNICIPALITY TYPES	Number of Municipalities	Participating Employees	Non-Participating Employees
Cities	83	8,430	3,121
Counties	101	9,136	1,284
Forest Preserve Districts	6	90	3
Health Districts	4	110	—
Park Districts	40	831	393
Sanitary Districts	25	463	33
Incorporated Town	1	275	24
Townships	133	943	223
Villages	42	1,787	592
T.B. Sanitarium Districts	2	294	15
Airport Authorities	2	39	1
Fire Protection Districts	2	3	—
Road and Bridge (Twp.)	13	35	8
Road Districts (County)	2	8	1
School Districts	1,484	17,889	5,208
School Township Treasurers	24	45	7
Miscellaneous	4	92	3
TOTALS	1,968	40,470	10,916

The Act provides for mandatory participation of all school districts (except Chicago) with respect to non-teaching employees, all cities (except Chicago), villages and incorporated towns having a population of 10,000 or more inhabitants, all counties (except Cook), and all sanitary districts (except Chicago Metropolitan).

The number of participating school districts is continually changing due to consolidations and annexations. Districts which previously had no covered employees begin participation when they acquire an employee.

Cities, villages, townships and county road districts hold the greatest potential for future growth of the Fund. Although most of these municipalities effect coverage by adoption of a resolution or ordinance, a few have become covered by attaining a population of 10,000 or more inhabitants.

NUMBER AND AMOUNT OF

Benefits and Claims Paid in

1958

Annuitants	Number	Amount
Retirement	4,936	\$3,210,864.98
Beneficiary	27	4,858.61
Reversionary	1	298.44
Widow	406	224,538.62
Orphans	—0—	—0—
Childs (MPU)	6	518.34
Disability	785	892,602.64
Death	338	708,554.18
Separation	5,297	1,053,740.40
Total	11,796	\$6,095,976.21

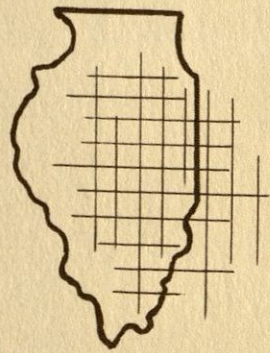
Number and Amount of Beneficiaries Receiving Monthly Benefits in 1958

DESCRIPTION	BAL. 1/1/58		ADDITIONS		DELETIONS		BAL. 12/31/58	
	No.	Monthly Amount	No.	Monthly Amount	No.	Monthly Amount	No.	Monthly Amount
Retirement Annuity	3980	\$216,262.94	956	\$72,110.22	298	\$18,654.39	4638	\$269,718.77
Beneficiary Annuity	23	393.45	4	64.09	1	32.71	26	424.83
Reversionary Annuity	1	24.87	0	0	0	0	1	24.87
Widow Annuity	302	11,623.22	104	7,365.93	15	500.28	391	18,488.87
Orphans Annuity	—	—	—	—	—	—	—	—
Childs Annuity (MPU)	6	60.00	—	—	—	—	6	60.00
Disability Benefits	524	60,793.76	261	38,813.53	218	28,423.19	567	71,184.10
TOTALS	4836	\$289,158.24	1325	\$118,353.77	532	\$47,610.57	5629	\$359,901.44

1958

annual report

Illinois Municipal Retirement Fund



annual report 1958

Illinois Municipal Retirement Fund

