

# Illinois Municipal Retirement Fund

2000  
Comprehensive  
Annual Financial Report

For the year ended December 31, 2000



*“To efficiently and impartially  
develop, implement, and administer  
in a prudent manner  
programs that provide income protection  
to members and their beneficiaries  
on behalf of participating employers”*

Illinois Municipal  
Retirement Fund  
2000 Comprehensive  
Annual Financial Report  
For the year ended December 31, 2000

Prepared by:  
The Finance Department of the  
Illinois Municipal Retirement Fund  
2211 York Road  
Suite 500  
Oak Brook, IL 60523-2374  
Robert Cusma  
Executive Director

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# 2001 Board of Trustees



R. Steven Sonnemaker  
*Executive Trustee*  
Peoria County

2001 President  
2000 Vice President

January 1, 1998 –  
December 31, 2002



John Lotus Novak  
*Executive Trustee*  
DuPage County

2001 Vice President  
2000 Secretary

January 1, 1999 –  
December 31, 2003



Max F. Bochmann  
*Employee Trustee*  
Naperville CUSD #203

2001 Secretary

January 1, 2000 –  
December 31, 2004



Julie A. Newell  
*Employee Trustee*  
Cairo S.D. #1

January 1, 2001 –  
December 31, 2005



W. Thomas Ross  
*Executive Trustee*  
Winnebago County

January 1, 2001 –  
December 31, 2005



Thomas C. Setchell  
*Executive Trustee*  
City of Harvey

January 1, 1997 –  
December 31, 2001



Marvin R. Shoop, Jr.  
*Employee Trustee*  
City of Peoria

January 1, 2001 –  
December 31, 2005



Sharon U. Thompson  
*Annuitant Trustee*  
(formerly) Lee County

January 1, 2001 –  
December 31, 2005

## Thank You

for your dedicated service to the members and employers of IMRF



Heidi Baxter  
*Employee Trustee*  
Kane County

1998 through 2000



Jack A. Claes  
*Annuitant Trustee*  
(formerly) Elk Grove Village

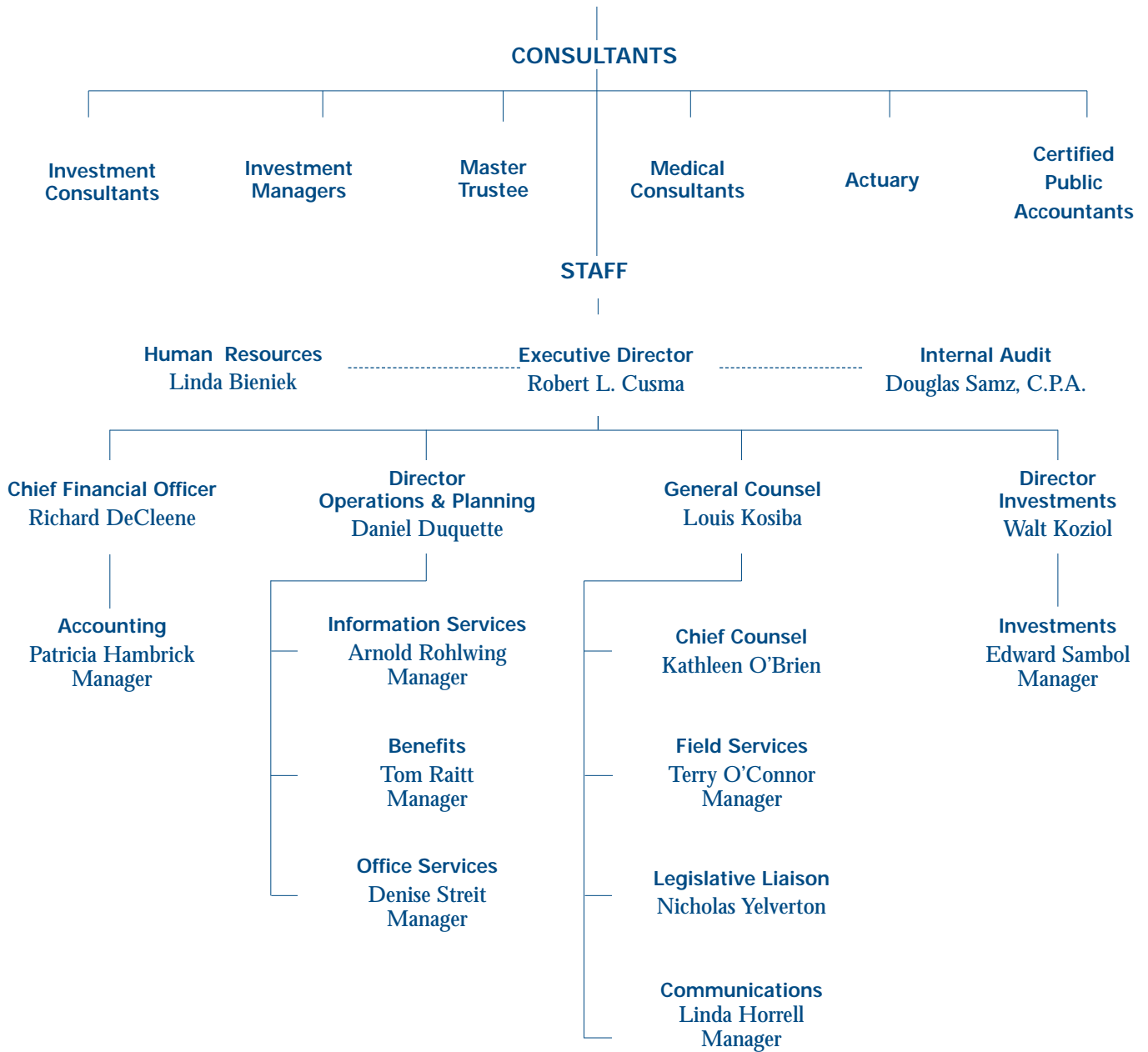
Employee Trustee  
1983 through 1995;  
Annuitant Trustee  
1996 through 2000



Gerald J. Sebesta, Jr.  
*Executive Trustee*  
Oak Park

1976 through 2000

**BOARD OF TRUSTEES**



**Consultants —** *(Investment Consultants are listed on page 38)*

*Actuary*  
Gabriel Roeder, Smith & Company  
Norman L. Jones, F.S.A.  
Southfield, Michigan

*Auditors*  
McGladrey & Pullen, LLP  
Robert Thoma  
Mokena, Illinois

*Commercial Bank*  
Northern Trust  
Richard Deeter, Vice President  
Chicago, Illinois

*Medical Consultants*  
Rehabilitation Medicine  
Clinic Inc.  
Oak Brook Terrace, Illinois  
Leonard Kessler, M.D  
Highland Park, Illinois

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Illinois Municipal Retirement Fund

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Anne Spray Kinney*  
President

*Jeffrey L. Esser*  
Executive Director



# Illinois Municipal Retirement Fund

Drake Oak Brook Plaza Suite 500 2211 York Road Oak Brook IL 60523-2374

Service Representatives 1-800-ASK-IMRF (1-800-275-4673)

[www.imrf.org](http://www.imrf.org)

Board of Trustees: R. Steven Sonnemaker, President • John Lotus Novak, Vice President • Max Bochmann, Secretary  
Julie A. Newell • W. Thomas Ross • Thomas C. Setchell • Marvin Shoop, Jr. • Sharon U. Thompson  
Executive Director: Robert L. Cusma

May 7, 2001

To: Board of Trustees, Employers, and Members of IMRF

I have not written a personal message in the Annual Financial Report in past years, but as I approach my own retirement, I feel it is important to share some parting thoughts with you.

First, the opportunity to serve you for the past 16 and 1/2 years has been exceedingly rewarding. Second, during these past years I have been able to work with a staff of talented and dedicated professionals. Third, I have had the opportunity to serve during a period of significant growth and accomplishment at IMRF. Back in 1984, IMRF's assets totaled \$2.0 billion. We closed 2000 with net assets of \$16.1 billion. More importantly, at the end of 1984, IMRF was 59.6% funded in the aggregate. It is now 107.2% funded. While each participating unit of government is funded separately, the majority of our employers' accounts now exceed what is currently needed to pay their employees' future benefits.

#### Funding milestones

Back in 1939 when the Illinois General Assembly created IMRF, the statute included significant specifics spelling out how benefits were to be funded over time. However, the statute did not specify what should happen if IMRF's assets ever exceeded its liabilities. Apparently, no one thought that day would ever come. I have worked in the public pension field for almost 40 years, and I never thought that day would come.

Well, thanks to responsible funding on the part of IMRF employers, a well thought out diversified investment plan established by the IMRF Board of Trustees and the IMRF investment staff, and to some very good investment returns—especially over the last decade—IMRF crossed that funding threshold in 1999. This created a pleasant dilemma: how to adjust IMRF's funding mechanisms. Space does not permit a description of all the details. However, the bottom line is we were able to offer employers options whereby employer (taxpayer) costs could be significantly reduced while assuring continued sound funding into the future. This was a significant milestone in the history of IMRF, with a very pleasant outcome.

#### Member services enhancements

Significant change has also occurred in several areas that can be broadly categorized as member services. These include:

- the implementation of 1-800-ASK-IMRF and the addition of our Member Service Representatives,
- a major change in the focus of our Field Staff to emphasize education and counseling,
- a significant increase in the number, types, and quality of written communications to both members and employers, and
- the creation of our web site at [www.imrf.org](http://www.imrf.org).



### Technological advancements

Perhaps the most significant event that has led to improvements in member services is a multi-year re-engineering of our data processing systems. Virtually every transaction that occurs at IMRF (over 13.5 million in 2000) goes through a highly integrated technology system. These systems enable us to process benefit payments as fast—or faster—than any public retirement system in the country. They also provide numerous other advantages, such as the ability to provide comprehensive member statements that include estimates of a member's retirement, disability and death benefits. We are very proud of the improvements to IMRF's member services that are a direct result of our re-engineered technology.

I would be remiss if I did not express appreciation to the IMRF Board of Trustees for their consistent support in providing the resources needed to develop these programs. I must also commend IMRF's excellent staff for implementing literally hundreds of new data processing programs. The IMRF technology plan is based on continuing cycles of improvement. It is also built on a technology foundation that will enable IMRF to stay at the forefront of its peer group for many years to come.

### What the future holds

As I prepare for the next phase of life in retirement, I feel highly confident that the management of IMRF is in excellent hands. My successor, IMRF General Counsel Lou Kosiba, is eminently qualified. I know that he and all IMRF staff are dedicated to continually improving the services IMRF offers to our members and employers.

Thanks to the Board and staff for many happy years at IMRF, and thanks to the many members and employers who have also lent their support.

Sincerely,



Robert L. Cusma  
Executive Director



# Illinois Municipal Retirement Fund

Drake Oak Brook Plaza Suite 500 2211 York Road Oak Brook IL 60523-2374

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Board of Trustees: R. Steven Sonnemaker, President • John Lotus Novak, Vice President • Max Bochmann, Secretary  
 Julie A. Newell • W. Thomas Ross • Thomas C. Setchell • Marvin Shoop, Jr. • Sharon U. Thompson  
 Executive Director: Robert L. Cusma

May 7, 2001

Board of Trustees and Executive Director  
 Illinois Municipal Retirement Fund  
 Oak Brook, Illinois

This is the comprehensive annual financial report of the Illinois Municipal Retirement Fund for the year ended December 31, 2000. The report has five sections. The Introductory Section contains the Executive Director's letter, this transmittal letter and organization charts. The Financial Section contains the report of the independent public accountants as well as the financial statements, notes and supplemental information. The Investment Section contains summaries of investments held and the reports of the investment consultant and master trustee. The Actuarial Section contains the report of the actuary, an actuarial review report, a description of the actuarial assumptions, a summary of benefits, and various ratios and tables. The Statistical Section contains various tables describing the Fund. The management of IMRF is responsible for the compilation and accuracy of the financial, investment, actuarial and statistical information contained in this report.

The Illinois State Legislature established IMRF in 1939. We began operation in 1941 in order to provide retirement, death, and disability benefits to employees of local units of government in Illinois. The actuarial section of this report includes a summary of the benefits we provide. IMRF now serves 2,791 different employers, 159,810 participating members, and 71,300 benefit recipients.

## Revenues

Revenues needed to fund benefits are accumulated through contributions and returns on invested funds. Contributions and net investment returns for 2000 totaled \$839.5 million. This represents a decrease of approximately 74.3% from 1999:

Revenues	2000	1999	Increase/(Decrease)	
	(millions)	(millions)	Amount	% Change
Member IMRF contributions	\$200.2	\$ 192.3	\$ 7.9	4.1%
Employer IMRF contributions	356.2	379.2	(23.0)	(6.1)%
Investment returns, net	<u>283.1</u>	<u>2,689.1</u>	<u>(2,406.0)</u>	<u>(89.5)%</u>
	<u>\$839.5</u>	<u>\$3,260.6</u>	<u>\$(2,421.1)</u>	<u>(74.3)%</u>

The increase in member contributions is due to an increase in total member earnings to \$4,199 million (Table I, page 56). The member contribution rates remained at 4.5 percent of earnings for Regular members, 6.5 percent for Sheriff's Law Enforcement Personnel (SLEP), and 7.5 percent for the optional Elected County Officials (ECO) plan.

The decrease in employer contributions is the net effect of several factors. Member earnings increased overall by 6.8 percent. This increase in member earnings and higher average SLEP and ECO rates caused employer contributions to increase. These factors were more than offset by lower average Regular rates. The average Regular Plan employer rate decreased to 8.16 percent from 9.19 percent. The average SLEP Plan employer rate increased to 14.28 percent from 14.02 percent. The average ECO Plan employer contribution rate increased to 41.38 percent from 36.01 percent.

In 2000, IMRF suffered net depreciation in the value of investments of \$64 million. This was a 103 percent decrease from the \$2,389 million of appreciation recorded in 1999. Interest, dividends and equity fund income totaled \$385 million, an increase of \$48 million over 1999. Securities lending income net of related expenses was \$5.7 million for 2000 and 1999. Direct investment expenses increased from \$43.3 million in 1999 to \$43.8 million in 2000.

The total rate of return for the portfolio in 2000 was 1.87 percent compared to 20.93 percent in 1999. IMRF's U.S. stock portfolio returned -3.50 percent compared to -10.68 percent for the Wilshire 5000. The U.S. fixed income portfolio returned 7.98 percent compared to 11.63 percent for the Lehman Aggregate Index. Our international stock portfolio returned -3.18 percent compared to -13.96 percent for the EAFE (Europe, Australia, and Far East) Index. The global fixed income portfolio returned 3.18 percent compared to 1.60 percent for the Salomon World Government Bond Index. The real estate portfolio returned 12.96 percent compared to 12.79 percent for the NCREIF Classic Property Index. The alternative investment portfolio returned 54.37 percent versus a target return of 15.00 percent per annum.

When comparing returns it is important to remember that as a pension fund, IMRF's investment program has a very long time horizon. Some of the longer-term results for the total fund are:

Period	Annualized returns
Three years	11.54% per year
Five years	13.26% per year
Ten years	12.58% per year

The Investment Section of this report shows investment returns by asset class for 2000 as well as three, five, and ten-year returns.

#### Expenses

The expenses paid by IMRF include benefit payments, refunds, and administrative expenses. Expenses for 2000 totaled \$580.6 million, an increase of \$39.9 million over 1999.

Expenses	2000 (millions)	1999 (millions)	Increase	
			Amount	% Change
Benefits	\$533.7	\$496.4	\$37.3	7.5%
Refunds	29.8	28.1	1.7	6.0%
Administrative expenses	<u>17.1</u>	<u>16.2</u>	<u>0.9</u>	<u>5.6%</u>
	<u>\$580.6</u>	<u>\$540.7</u>	<u>\$39.9</u>	<u>7.4%</u>

The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 71,300 (Table II, page 57).

#### Funding

In 2000, additions to net assets of \$839.5 million exceeded deductions of \$580.6 million by \$258.9 million. This addition brought the Plan's net asset base to \$16.1 billion. To calculate employer contribution rates, IMRF's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2000, valuation, the actuarial value of assets was \$15.2 billion. The aggregate actuarial liability for all IMRF employers was \$14.2 billion. The assets held currently fund 107.2 percent of this liability. This is an increase over the funding ratio of 104 percent for 1999. The preceding ratios are for the fund as a whole. Under the Illinois Pension Code, each employer funds the pensions for its own employees. Funding ratios for individual employers and individual plans vary widely.

# Introduction

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IMRF members can look to the net asset base as assets that are irrevocably committed to the payment of their pensions when they retire. The actuary has determined that the present net asset base, expected future contributions, and investment earnings thereon are sufficient to provide for full payment of future benefits under the level payroll percentage method of funding. The Actuarial Section contains the actuary's letter, an actuarial review report and further information on IMRF's funding.

## Investments

The investment portfolio is a major contributor to the Plan. Even in a year of marginal returns, such as 2000, it provides a significant contribution. In 2000, net investment return provided 34 percent of total additions to the net assets. The employers contributed 42 percent and the employee members contributed 24 percent. The Investment Section of this report contains a summary of the portfolio.

Currently, 36 professional investment management firms handling 50 separate accounts manage the investment portfolio. These firms make investment decisions under the prudent person rule as authorized by statute and under the investment policy adopted by the Board of Trustees. The Board employs investment consultants to monitor and evaluate investment performance, to aid in the selection of investment managers, to assist in the development of investment policy and to advise on asset allocation. Our uppermost goal is to optimize the long-term total return of the Plan's investments through a policy of diversification within a parameter of prudent risk as measured on the total portfolio.

The Investment Section contains a summary of IMRF's investment performance, the Investment Consultant's report, the Master Trustee's certification, and a summary of the investment objectives and policies.

## Current and Future Developments

### *a. Board of Trustees*

- Julie A. Newell, Secretary/Bookkeeper for Cairo School District Number One, was elected as an employee trustee. Her five-year term began January 1, 2001.
- Marvin R. Shoop, Jr., Civil Engineer for the City of Peoria, was re-elected as an employee trustee. His five-year term began January 1, 2001.
- W. Thomas Ross, County Auditor of Winnebago County, was elected as an executive trustee. His five-year term began January 1, 2001.
- Sharon U. Thompson, former Lee County Treasurer and a former executive trustee, was elected as an annuitant trustee. Her five-year term began January 1, 2001.

### *b. Actuarial Review*

In keeping with best practices, IMRF engaged a second independent actuarial firm to perform an actuarial review of the December 31, 1999 Actuarial Valuation of IMRF performed by Gabriel, Roeder, Smith & Co. Such reviews are generally done periodically to verify compliance with a retirement system's stated financial objectives. This report, which can be found in the Actuarial Section, concluded that IMRF was following appropriate actuarial principles, developing appropriate contribution rates and was in sound financial condition.

### *c. Systems Development*

Major improvements were made to our death claims processing subsystem, and newly automated functions were added to our disabilities claims processing system in IMRF's on-going effort to further improve customer service. Development work was completed on our system that tracks Qualified Domestic Relations Orders. The design work for a system to process requests by members for the purchase of service was completed. Major system changes are needed in our enrollment and member maintenance subsystems to cope with the requirements of various changes in the past few years. Staff has been defining the specific system requirements brought about by these changes.

### *d. Changes to the Elected County Officials Plan (ECO)*

The General Assembly passed legislation in 1999, which was signed into law by the Governor in 2000, that changes provisions of the Elected County Officials Plan (ECO). The changes are:

- The ECO benefit formula is limited to service in an elected county office.
- The final rate of earnings is changed from the last salary to a four-year average calculated separately for each office held.
- Eight years of service in each office is required to qualify for an ECO formula.
- Counties may opt out of the ECO Plan, prospectively.

A second bill was passed by the General Assembly in 2000 that became effective in July 2000 which allows counties to pass on certain employer costs to elected officials who wish to convert past service to the ECO plan.

### *e. Investment Activities*

The Board of Trustees, Consultants and IMRF staff review the asset allocation annually. By diversifying investment type (stocks, fixed income, real estate, etc.), region (domestic, international, global, etc.) and management style (growth, value, small, medium, or large capitalization, etc.), we try to improve expected long-term returns while maintaining an acceptable level of risk.

Major investment activities for the year included:

- Retained BlackRock Financial Management, Inc. to manage a domestic enhanced fixed-income index portfolio.
- Retained Wellington Management Company, LLP to manage a domestic core-plus, fixed-income portfolio.
- Retained Wyndham International, Inc. as the property manager for the Wyndham Drake Oak Brook Hotel.
- Retained Pantheon Ventures, Inc. to manage a private equity portfolio.
- Retained MacKay Shields, LLC to manage a high-yield fixed income portfolio.
- Retained Harris Investment Management, Inc. to manage a large-cap value, domestic equity portfolio.
- Retained Iridian Asset Management, LLC to manage a large-cap value, domestic equity portfolio.
- Retained MDL Capital Management, Inc. to manage a domestic fixed-income portfolio.
- Sold the Willow Grove Mall in Willow Grove, Pennsylvania.
- Sold NationsBank Plaza in Tampa, Florida.
- Liquidated the Prudential SVI – II portfolio.
- Liquidated the Clarion – CRA REIT portfolio.
- Negotiated a new Master Trust Contract with Northern Trust Company.

### *f. IMRF.org*

IMRF continues to add new functions to our web page, IMRF.org. Over 4,000 forms were received from our employers via the Internet during calendar year 2000. These include the newly added forms such as wage and service adjustments and employer's report of disability. In addition, work was completed on a prototype system for the exchange of member information with the reciprocal funds in Illinois. IMRF took the lead in this effort, and reciprocal funds can now access IMRF member data directly. Uploading of wage data was added to our site in April 2001. All access to IMRF member and employer data is via a secure access method. IMRF continually works to ensure its Internet site and network employ requisite safeguards.

### *g. Regional Office*

IMRF has proposed a pilot project on the feasibility of regional offices throughout the state of Illinois. The primary goal of these offices would be to provide easier access to IMRF and better service for our membership. At the present time, management is working on opening the first regional office in Springfield, Illinois. This office is expected to be operational by the end of the third quarter of 2001.

### **Internal Control**

In developing and evaluating IMRF's accounting system, we consider the adequacy of internal accounting controls. We design these controls to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records.

# Introduction

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IMRF employs the services of an outside certified public accountant to function as Internal Auditor, aided by a full-time assistant on staff. We use a detailed internal audit program that encompasses examination of internal controls as well as the Fund's financial transactions and records.

The internal auditor reports directly to the Executive Director and the Board of Trustees. The Board of Trustees, consisting entirely of outside members, functions as the audit committee. Annually the Internal Auditor presents his report to the Audit Committee covering the results of internal audit procedures performed. The Internal Auditor also meets with the committee on an as-needed basis. Again this year the Internal Auditor reported that IMRF's system of internal controls appears adequate and is being adhered to in the areas tested.

## Independent Audit

The Illinois Pension Code requires an annual audit of the financial statements of the Plan by independent certified public accountants selected by the Board of Trustees and approved by the State Auditor General. We satisfied this requirement and the independent accountant's unqualified report on IMRF's 2000 Financial Statements is included in this report.

## Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Illinois Municipal Retirement Fund for its comprehensive annual financial report for the fiscal year ended December 31, 1999. 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 and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. IMRF has received a Certificate of Achievement for the last twenty consecutive years (fiscal years 1980-1999). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

## Reports to Membership

IMRF issued a variety of reports covering 2000 activity. We mail employer statements every month. We mailed member statements in March. We will send a summary of the annual report to members and annuitants in the summer issues of *Fundamentals*. We will mail this report to Authorized Agents in June.

## Acknowledgements

The production of this report reflects the combined effort of the IMRF staff under the leadership of the Board of Trustees and the Executive Director, Robert L. Cusma. The Accounting Department under the management of Patricia Hambrick compiled the report. We want this report to provide complete and reliable information for making management decisions, for determining compliance with legal provisions and for determining responsible stewardship for the assets contributed by the members and their employers.

We send this report to the Authorized Agents for all participating units of government. They form the link between IMRF and its membership. Their cooperation, for which we are ever thankful, contributes significantly to the success of IMRF. We hope they will find this report both informative and helpful.

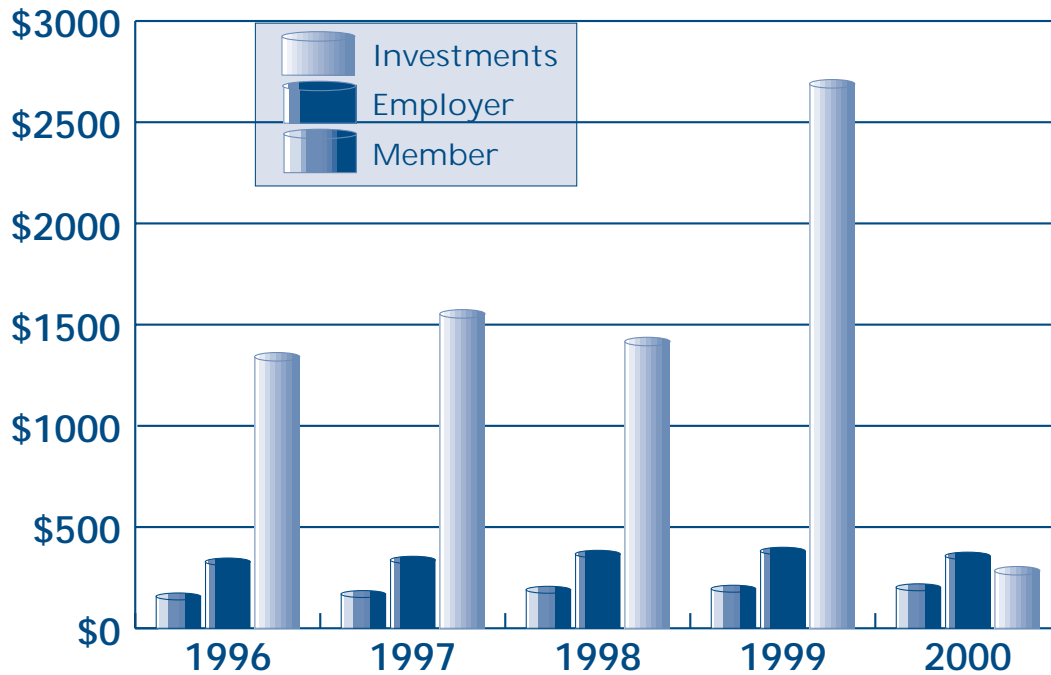
Respectfully submitted,



Richard J. DeCleene  
Chief Financial Officer

## Revenue Charts

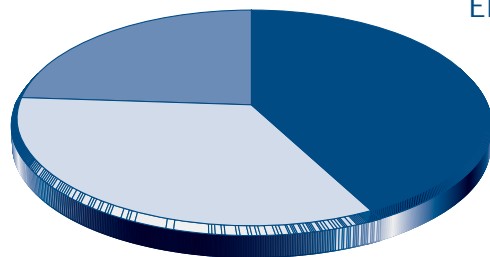
Revenues by Source  
*in millions*



2000 Revenues by Source

Members  
23.9%

Employers  
42.4%

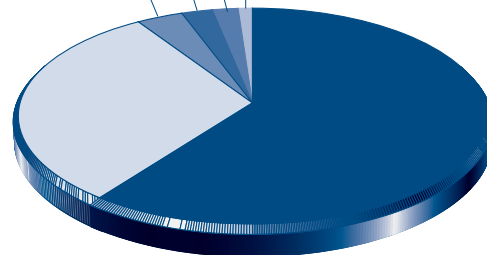


Investments  
33.7%

Refunds 3.6%  
Death 2.4%  
Administrative 2.0%  
Disability 1.1%

Reserves  
30.8%

Annuities  
60.1%



2000 Revenues by Application



# Financial



*Independent Auditors' Report .....16*

*Financial Statements*

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Illinois Municipal Retirement Fund

We have audited the accompanying statements of plan net assets of the Illinois Municipal Retirement Fund (Fund) as of December 31, 2000 and 1999, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Illinois Municipal Retirement Fund as of December 31, 2000 and 1999, and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of funding progress and schedule of employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The schedules of administrative expenses, payments to consultants, and investment expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion thereon.

*McGladrey & Pullen, LLP*

Chicago, Illinois  
May 7, 2001

## Statements of Plan Net Assets

	December 31	
	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and cash equivalents	<u>\$9,345,210</u>	<u>\$6,737,785</u>
<b>Receivables and prepaid expenses</b>		
Contributions	48,279,715	49,760,237
Investment income	65,955,882	61,934,892
Receivables from brokers for unsettled trades	298,156,287	30,042,347
Prepaid expenses	<u>26,575,253</u>	<u>27,634,374</u>
<i>Total receivables and prepaid expenses</i>	<u>438,967,137</u>	<u>169,371,850</u>
<b>Investments, at fair value</b>		
Fixed income	4,778,743,457	4,391,784,592
Stocks	9,832,387,047	10,183,567,685
Short term investments	500,582,912	554,669,897
Real estate	488,568,302	490,394,832
Alternative investments	<u>482,822,317</u>	<u>334,947,248</u>
<i>Total investments</i>	<u>16,083,104,035</u>	<u>15,955,364,254</u>
Invested securities lending cash collateral	<u>1,428,169,168</u>	<u>1,417,887,596</u>
<b>Fixed assets</b>		
Equipment, at cost	6,535,898	6,706,210
Accumulated depreciation	<u>(5,575,276)</u>	<u>(5,567,522)</u>
Fixed assets, net	<u>960,622</u>	<u>1,138,688</u>
<i>Total assets</i>	<u>17,960,546,172</u>	<u>17,550,500,173</u>
<b>Liabilities</b>		
Accrued expenses and benefits payable	19,805,343	20,332,951
Securities lending cash collateral	1,428,169,168	1,417,887,596
Payables to brokers for unsettled trades	<u>448,141,650</u>	<u>306,747,203</u>
<i>Total liabilities</i>	<u>1,896,116,161</u>	<u>1,744,967,750</u>
<b>Net assets held in trust for pension benefits</b>		
<b>(A schedule of funding progress is presented on page 29.)</b>	<u>\$16,064,430,011</u>	<u>\$15,805,532,423</u>

*The accompanying notes are an integral part of the financial statements.*

# Financial

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## Statements of Changes in Plan Net Assets

	Year Ended December 31	
	2000	1999
<b>Additions</b>		
<b>Contributions</b>		
Members for retirement coverage	\$200,209,408	\$192,356,900
Employers for benefit plan coverage	356,153,448	379,194,892
<i>Total contributions</i>	<u>556,362,856</u>	<u>571,551,792</u>
<b>Investment Income</b>		
Interest	272,379,408	217,331,875
Dividends	74,789,684	70,689,084
Equity fund income, net	38,026,821	49,402,727
Securities lending income	96,240,435	69,836,222
Net (depreciation) appreciation in fair value of investments	(63,914,654)	2,389,287,950
Gross investment income	417,521,694	2,796,547,858
<b>Less investment expenses</b>		
Direct investment expense	(43,807,456)	(43,273,993)
Securities lending management fees	(1,415,201)	(1,412,750)
Securities lending borrower rebates	(89,164,455)	(62,775,039)
<i>Net investment income</i>	<u>283,134,582</u>	<u>2,689,086,076</u>
<b>Other</b>	739	6,957
<i>Total additions</i>	<u>839,498,177</u>	<u>3,260,644,825</u>
<b>Deductions</b>		
Annuities	504,151,184	468,988,622
Disability benefits	9,103,808	8,436,850
Death benefits	20,428,252	18,938,364
Refunds	29,791,950	28,126,601
Administrative expenses	17,125,395	16,190,583
<i>Total deductions</i>	<u>580,600,589</u>	<u>540,681,020</u>
<b>Net increase</b>	258,897,588	2,719,963,805
<b>Net assets held in trust for pension benefits</b>		
Beginning of year	15,805,532,423	13,085,568,618
End of year	<u>\$16,064,430,011</u>	<u>\$15,805,532,423</u>

*The accompanying notes are an integral part of the financial statements.*

Notes to Financial Statements  
December 31, 2000

A. Plan Description

The Illinois Municipal Retirement Fund (IMRF) is the administrator of an agent multiple-employer public employee retirement system (PERS). The Illinois State Legislature established IMRF to provide employees of local governments and school districts a sound and efficient retirement system. Members, employers, and annuitants elect eight trustees who govern IMRF. State law authorizes the Board to make investments, pay benefits, set employer contribution rates, hire staff and consultants, and perform all necessary functions to carry out the provisions of the Illinois Pension Code. Benefit and contribution provisions are established by state law and may be amended only by the Illinois State Legislature. IMRF is administered in accordance with Illinois statutes. The statutes do not provide for termination of the plan under any circumstances.

IMRF is separate and apart from the Illinois State government and is not included in the state's financial statements. However, the Illinois Pension Code designates the State Treasurer ex-officio treasurer of IMRF and requires the Auditor General to approve appointment of the independent public accountants.

1. <i>Employers</i>	<b>2000</b>	<b>1999</b>
Participating employers	2,791	2,768

The Illinois Pension Code specifies the units of government required to participate in IMRF and the units that may elect to join. Participation by the following units of government is mandatory:

- All counties except Cook,
- All school districts except Chicago, and
- All cities, villages and incorporated towns with a population over 5,000, other than Chicago, which do not provide Social Security coverage for their employees before they reach a population of 5,000.

Other units of government with general taxing powers such as townships and special districts may elect to join. Participating instrumentalities, which include units of government without general taxing powers and not-for-profit organizations, associations, or cooperatives authorized by state statute, may participate. They must meet financial stability requirements. Units that elect to join the system may not under any circumstances terminate their participating employer status as long as they are in existence.

2. <i>Members</i>	<b>2000</b>	<b>1999</b>
Retirees and beneficiaries currently receiving benefits	<u>71,300</u>	<u>69,716</u>
Terminated members entitled to benefits but not yet receiving them	<u>8,604</u>	<u>7,750</u>
Terminated members — non-vested	<u>72,326</u>	<u>66,435</u>
Current members:		
Nonvested	94,605	90,838
Vested	<u>65,205</u>	<u>64,679</u>
Total current members	<u>159,810</u>	<u>155,517</u>
Grand total	<u>312,040</u>	<u>299,418</u>

Employers must enroll employees in IMRF if the employees' positions meet the qualifications for IMRF membership. There are some exceptions. City hospital employees and elected officials have the option to participate. IMRF does not cover individuals in certificated teaching positions covered by the Illinois Teachers' Retirement System. Also IMRF does not generally cover individuals performing police or fire protection duties for employers with local police and fire pension

funds. Certain police chiefs may choose to participate as Sheriff's Law Enforcement Personnel (SLEP) members.

### 3. Funding

The member contribution rates, 4.5 percent for Regular members, 6.5 percent for SLEP members, and 7.5 percent for the Elected County Officials Plan (ECO) members, are set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Employer contributions for disability benefits, death benefits, and the supplemental retirement benefits are pooled. See the Required Supplementary Information and the Actuarial Section for data on the funding status. Costs of administering the plan are financed by investment income.

### 4. Benefit Provisions

Benefits are established by statute and may only be changed by the Illinois State Legislature. The benefit provisions in effect on the member's date of termination determine a member's benefit. The following is a summary of the IMRF benefit provisions as of December 31, 2000, and 1999. A more extensive description of the plan can be found in the Actuarial Section. The ECO plan was created by statute in 1997 and was revised in 2000.

#### Refunds

Members who terminate their IMRF participation may withdraw their contributions and forfeit future retirement benefits.

#### Retirement

	Regular	SLEP	Original ECO	Revised ECO
Vesting	8 years	20 years	8 years	8 years in each elected position
Minimum age for unreduced benefit	35+ years of service: 55, otherwise 60	50	Sheriffs with 20 years of SLEP service: 50, otherwise 55	Sheriffs with 20 years of SLEP service: 50, otherwise 55
Final rate of earnings	Highest consecutive 48 months in the last 10 years	Highest consecutive 48 months in the last 10 years	Annual salary payable on last day of ECO service	Highest consecutive 48 months in the last 10 years for each elected position
Survivor benefits	Annuity for eligible spouse	Annuity for eligible spouse	Annuity for eligible spouse and unmarried children under 18	Annuity for eligible spouse and unmarried children under 18
Post-retirement increase	3% of original amount	3% of original amount	3% of original amount	3% of original amount
Early Retirement	At age 55, discount based on age and service	None	None	None

IMRF employers may offer an early retirement incentive (ERI) for active members who have 20 or more years of service and are age 50 or older. The program is optional with employers and may not be offered until the liability for any previous ERI is paid.

#### Supplemental Retirement Benefit

Retirees and surviving spouses who have been receiving benefits for at least one year receive a supplemental retirement benefit in July. The total supplemental benefit in each year is equal to 0.62 percent of the participating payroll for the previous year.

**Death Benefits**

The eligible spouse of a deceased retired member receives a one-time death benefit of \$3,000 plus a monthly pension equal to one-half (66-2/3 percent for ECO retirees) of the member's pension. The beneficiaries of a participating member who had at least one year of service receive a lump sum death benefit equal to one year's earnings plus the member's contributions with interest. Death benefits paid upon the death of an inactive member vary depending on the member's age and service.

**Disability**

Members who have at least one year of service and meet the disability medical requirements will receive a benefit of up to 50 percent of the average monthly earnings in the 12 months preceding disability. Disabled ECO members receive a disability benefit equal to the benefit they would receive upon retirement. IMRF reduces the benefit by Social Security or Workers' Compensation awards. Members who are paid disability benefits continue to receive pension service credit and death benefit protection.

**B. Summary of Significant Accounting Policies***1. Reporting Entity*

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board and the component unit provides a financial benefit to or imposes a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Based upon the required criteria, IMRF has no component units and IMRF is not a component unit of any other entity.

*2. Basis of Accounting and Reclassifications*

IMRF prepares its financial statements using the accrual basis of accounting. It recognizes member and employer contributions as revenues in the month member earnings are paid. Benefits and refunds are recognized as expenses when payable. Expenses are recorded when the corresponding liabilities are incurred regardless of when payment is made. In some instances, amounts for 1999 have been reclassified to agree with 2000 financial statement presentation.

*3. Use of Estimates*

The preparation of IMRF's financial statements in conformity with generally accepted accounting principles requires management to make significant estimates and assumptions that effect the reported amounts of net plan assets at the date of the financial statements, the actuarial information included in the required supplementary information as of the benefit information date, the changes in IMRF net assets during the reporting period and, when applicable, disclosures of the contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

*4. Income Taxes*

IMRF is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service under Code section 401(a).

*5. Method Used to Value Investments*

IMRF reports securities at fair value. Where appropriate, the fair value includes estimated disposition costs. Fair value for stocks is determined by using the closing price listed on the national securities exchanges as of December 31. Market value for fixed income securities are determined principally by using quoted market prices provided by independent pricing services. For commingled funds, the net asset value is determined and certified by the commingled fund manager as of December 31. Fair values for directly owned real estate investments are determined by independent appraisals.

# Financial

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## C. Cash

	2000	1999
Carrying amounts at December 31:		
Cash	\$ 9,345,210	\$6,737,785
Bank balances at December 31:		
Custodial credit risk category 1	\$10,144,023	\$4,004,316
Custodial credit risk category 3	1,187,969	5,869,695
	\$11,331,992	\$9,874,011

All non-investment related bank balances at year-end are insured or collateralized with securities held by the Illinois State Treasurer or agents in the name of the State Treasurer. The Illinois State Treasurer is ex-officio Treasurer of IMRF. These balances are classified as custodial credit risk category 1 as defined by GASB Statement 3. Cash held in the investment accounts is neither insured nor collateralized. These balances are classified as custodial credit risk category 3 as defined by GASB Statement 3.

## D. Investments

### 1. Investment Policies

The Illinois Pension Code prescribes the “prudent expert rule” as IMRF’s investment authority, effective August 25, 1982. This rule requires IMRF to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the “prudent expert” framework, the Board of Trustees adopts investment guidelines for IMRF investment managers. The Investment Section contains a summary of these guidelines.

### 2. Investment Summary

IMRF’s investments in securities are categorized below to give an indication of the custodial credit risk level. GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements, defines “securities” and standard categories of custodial credit risk.

A security, for purposes of classification below, is a transferable financial instrument that evidences ownership or creditorship. “Securities” do not include investments made with another party, real estate or direct investments in mortgages or other loans. Investments in open-end mutual funds are also not considered securities for purposes of custodial credit risk classification. Such investments are shown below as “not categorized.” Some pending purchases of stocks and fixed income securities are shown as “not categorized” because the securities purchased have not been delivered and cannot be registered.

In addition, investments held by broker-dealers under the collateralized securities lending program are categorized based upon the nature of the collateral. If the collateral received is cash, then the investments lent are “not categorized” since the cash is reflected on the Statements of Plan Net Assets. If the collateral received is securities and letters of credit, then the investments lent are categorized according to the characteristics of the collateral received.

Securities are divided among three categories indicating the type of custodial credit risk.

Category 1: Insured or registered, or securities held by the Fund or its agent in the Fund’s name.

Category 2: Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Fund’s name.

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Fund’s name.

The following tables present a summary of the Fund’s investments and related category of custodial credit risk at December 31, 2000 and 1999.

	Category	2000 Custodial Credit Risk Category	Not Categorized	2000 Total Carrying Value
	1	3		
<b>Investments, at fair value</b>				
<i>Fixed Income Securities</i>				
U.S. government & agency	\$1,149,515,525	\$1,814,059	\$138,168,725	\$1,289,498,309
U.S. corporate	1,283,850,654	1,303,535	3,268,742	1,288,422,931
U.S. fixed income funds	-	-	1,488,118,931	1,488,118,931
Foreign fixed income securities	712,703,286	-	-	712,703,286
<b>Total fixed income</b>	<b>3,146,069,465</b>	<b>3,117,594</b>	<b>1,629,556,398</b>	<b>4,778,743,457</b>
<i>Stocks</i>				
U.S. equities	5,193,634,347	6,126,095	3,863,675	5,203,624,117
Foreign equities	1,768,435,079	-	7,494,173	1,775,929,252
U.S. stock funds	-	-	2,018,802,039	2,018,802,039
Foreign stock funds	-	-	834,031,639	834,031,639
<b>Total stock</b>	<b>6,962,069,426</b>	<b>6,126,095</b>	<b>2,864,191,526</b>	<b>9,832,387,047</b>
<i>Short-Term</i>				
Commercial paper	3,994,992	-	-	3,994,992
Foreign currency forward contracts	-	-	(3,396,718)	(3,396,718)
Investments in foreign currency	-	4,904,673	-	4,904,673
Pooled short-term investment funds	-	-	495,079,965	495,079,965
<b>Total short-term</b>	<b>3,994,992</b>	<b>4,904,673</b>	<b>491,683,247</b>	<b>500,582,912</b>
<i>Real Estate</i>	-	-	488,568,302	488,568,302
<i>Alternative</i>	433,549	-	482,388,768	482,822,317
<b>Total</b>	<b>\$10,112,567,432</b>	<b>\$14,148,362</b>	<b>\$5,956,388,241</b>	<b>\$16,083,104,035</b>



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	Category <u>1</u>	1999 Custodial Credit Risk Category <u>3</u>	Not Categorized	1999 Total Carrying Value
<b>Investments, at fair value</b>				
<i>Fixed Income Securities</i>				
U.S. government & agency	\$693,123,224	\$565,114	\$287,758,285	\$981,446,623
U.S. corporate	1,221,261,497	-	3,246,989	1,224,508,486
U.S. fixed income funds	222,127,477	-	1,219,002,013	1,441,129,490
Foreign fixed income securities	648,433,285	-	409,090	648,842,375
Foreign fixed income funds	<u>95,857,618</u>	<u>-</u>	<u>-</u>	<u>95,857,618</u>
Total fixed income	<u>2,880,803,101</u>	<u>565,114</u>	<u>1,510,416,377</u>	<u>4,391,784,592</u>
<i>Stocks</i>				
U.S. equities	5,025,312,942	688,733	94,703,168	5,120,704,843
Foreign equities	1,806,202,436	1,555,953	2,364,831	1,810,123,220
U.S. stock funds	-	-	2,355,779,931	2,355,779,931
Foreign stock funds	<u>-</u>	<u>-</u>	<u>896,959,691</u>	<u>896,959,691</u>
Total stock	<u>6,831,515,378</u>	<u>2,244,686</u>	<u>3,349,807,621</u>	<u>10,183,567,685</u>
<i>Short-Term</i>				
Commercial paper	126,415,890	-	-	126,415,890
Foreign currency forward contracts	-	-	1,577,234	1,577,234
Investments in foreign currency	-	6,614,457	-	6,614,457
Pooled short-term investment funds	<u>-</u>	<u>-</u>	<u>420,062,316</u>	<u>420,062,316</u>
Total short-term	<u>126,415,890</u>	<u>6,614,457</u>	<u>421,639,550</u>	<u>554,669,897</u>
<i>Real Estate</i>	<u>-</u>	<u>-</u>	<u>490,394,832</u>	<u>490,394,832</u>
<i>Alternative</i>	<u>-</u>	<u>-</u>	<u>334,947,248</u>	<u>334,947,248</u>
<b>Total</b>	<u>\$9,838,734,369</u>	<u>\$9,424,257</u>	<u>\$6,107,205,628</u>	<u>\$15,955,364,254</u>

Short-term securities include commercial paper or notes having a maturity of less than 90 days. Pooled short-term investment funds are commingled funds managed by the Northern Trust. Under the terms of the investment agreement for these funds, the Northern Trust may invest in a variety of short-term investment securities. Alternative investments include commingled funds that invest in private equity, timberland, and agricultural land.

There are no individual investments held by IMRF that represented 5 percent or more of the Fund's net assets at year-end. The total market value of Fund investments at April 30, 2001 was approximately \$15.6 billion.

3. *Securities Lending Program*

The IMRF securities lending program is authorized by the IMRF Board of Trustees. IMRF lends securities (both equity and fixed income) to securities firms on a temporary basis through its agent, Northern Trust. There are no restrictions on the amount of securities that may be lent. IMRF receives fees for all loans and retains the right to all interest and dividend payments while the securities are on loan. All security loan agreements are collateralized by cash, U.S. government securities, or irrevocable letters of credit having market values equal to or exceeding 102 percent of the value of the loaned securities plus any accrued income (105 percent for non-U.S. securities). Whenever the market value of the securities loaned changes, the borrower must adjust the collateral accordingly. IMRF or the borrower has the right to close the loan at any time. The average term of overall loans is 27 days. When the loan closes, the borrower returns the securities loaned to IMRF, and IMRF returns the associated collateral to the borrower. IMRF cannot pledge or sell the non-cash collateral unless the borrower fails to return the securities borrowed.

The Northern Trust pools all collateral received from securities lending transactions and invests any cash collateral. IMRF holds an undivided share of the collateral provided by the borrowers of its securities. The cash collateral is shown on IMRF's financial statements. Cash collateral is invested in a short-term investment pool, which had an average weighted maturity of 27 days as of this statement date. Cash collateral may also be invested separately in "term loans," in which case the investments match the term of the loan. These loans can be terminated on demand by either lender or borrower.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. There were no significant violations of legal or contractual provisions, and no borrower or lending agent default losses to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. IMRF had no credit risk as a result of its securities lending program as the collateral held exceeded the market value of the securities lent.

Securities lent are included in the Fund's assets on the financial statements.

Loans outstanding as of	December 31, 2000	December 31, 1999
Market value of securities loaned	<u>\$1,432,902,320</u>	<u>\$1,463,584,390</u>
Market value of collateral received	<u>\$1,489,109,303</u>	<u>\$1,508,411,154</u>

4. *Derivatives*

IMRF's investment managers may invest in derivative securities as permitted by their guidelines. A derivative security is an investment whose payoff depends upon the value of other assets such as bond and stock prices, a market index, or commodity prices. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. IMRF acquires all of the derivative securities through a clearinghouse that guarantees delivery and accepts the risk of default. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is

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regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. The Board of Trustees and senior management approve these limits, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. IMRF does not purchase derivatives with borrowed funds.

During the year, IMRF's derivative investments included foreign currency forward contracts, options, and futures. Foreign currency forward contracts are used to hedge against the currency risk in IMRF's foreign stock and fixed income security portfolios. The remaining derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

Forward contracts are an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed upon price. As the market value of the forward contract varies from the original contract price, IMRF records an unrealized gain or loss. The market value of forward currency contracts outstanding at December 31, 2000, and 1999, are as follows:

Market Value as of	December 31, 2000	December 31, 1999
Forward currency purchases	\$877,507,950	\$1,001,620,075
Forward currency sales	<u>880,904,668</u>	<u>1,000,042,841</u>
Unrealized gain (loss)	<u>\$ (3,396,718)</u>	<u>\$ 1,577,234</u>

Financial futures are similar to forward contracts, except futures contracts are standardized and traded on an organized exchange. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. The contractual amounts of futures outstanding at December 31, 2000, and 1999, are as follows:

Contractual Amount as of	December 31, 2000	December 31, 1999
Fixed income futures sold	\$55,794,625	\$87,279,500
Fixed income futures purchased	\$16,007,625	\$93,433,750
Equity futures purchased	\$15,214,450	\$ 4,928,000

Contractual amounts, which represent the market value of the underlying assets the derivative contracts control, are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, IMRF receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

### 5. Future Investment Commitments

At December 31, 2000, and 1999, IMRF had future commitments for additional contributions to real estate and alternative investment managers totaling \$355,011,874 and \$202,917,655 respectively.

E. Reserves

IMRF maintains several reserves as required by the Illinois Pension Code and Board policy. All reserves are fully funded with the exception of some individual employer retirement reserves. These reserves exceed the present value of expected retirement benefits for all employers. In 2000 and 1999, the retirement reserves, for all employers combined, exceeded the present value of expected retirement benefits by \$1,016,313,489 and \$515,168,818, respectively.

1. Member Contribution Reserves

	2000	1999
Balances at December 31	<u>\$2,473,646,891</u>	<u>\$2,258,628,401</u>

2. Annuity Reserve

	2000	1999
Balances at December 31	<u>\$5,284,275,174</u>	<u>\$4,915,467,275</u>

3. Employer Retirement Reserves

	2000	1999
Balances at December 31		
Retirement contribution reserves	\$7,294,628,022	\$6,834,393,789
Earnings and experience reserve	992,137,192	1,775,556,966
Supplemental retirement benefit	1,839,683	1,508,027
Pooled death benefit reserve	6,846,552	7,249,022
Pooled disability benefit reserve	<u>11,056,497</u>	<u>12,728,943</u>
Employer reserves	<u>\$8,306,507,946</u>	<u>\$8,631,436,747</u>

F. Other Notes

1. Prepaid Expenses

	2000	1999
Balances at December 31		
Prepaid administrative expenses	\$557,096	\$714,078
January 1 benefits charged to bank account in December	<u>26,018,157</u>	<u>26,920,296</u>
	<u>\$26,575,253</u>	<u>\$27,634,374</u>

2. Fixed Assets

Fixed assets are capitalized at their cost at the time of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. The estimated useful lives are 1) furniture: ten years, 2) equipment: five to eight years, and 3) automobiles: three years.

Year ended December 31	2000	1999
Equipment, furniture and automobiles		
Beginning balance	\$6,706,210	\$7,041,888
Additions	310,342	107,296
Deletions	<u>(480,654)</u>	<u>(442,974)</u>
Ending balance	<u>\$6,535,898</u>	<u>\$6,706,210</u>
Accumulated depreciation		
Beginning balance	\$5,567,522	\$5,515,750
Additions	467,567	486,792
Deletions	<u>(459,813)</u>	<u>(435,020)</u>
Ending balance	<u>5,575,276</u>	<u>5,567,522</u>
Fixed assets, net	<u>\$960,622</u>	<u>\$1,138,688</u>

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### 3. *Compensated Absences*

Annual vacation leave is earned by all permanent employees. Upon termination, employees are eligible to receive compensation for their accrued annual leave balances. At December 31, 2000, a liability existed for accumulated annual leave calculated at the employee's December 31, 2000, pay rate in the amount of \$340,538. Employees who have been continuously employed by IMRF for at least five years prior to the date of their retirement, resignation or death will receive payment for their accumulated sick leave balance with such payment not to exceed the sum of ninety days of the employee's annual compensation. For employees who have not been employed for five continuous years, an accrued liability is calculated assuming the likelihood that they will meet the five-year threshold in the future. At December 31, 2000, a liability existed for accumulated and accrued sick leave, calculated at the employee's December 31, 2000, pay rate in the amount of \$1,056,028. The total leave liability of \$1,396,566 is included in accrued expenses and benefits payable on the StatementS of Plan Net Assets.

### 4. *Lease Agreements*

The Fund leases its facilities at the Drake Oak Brook Plaza, which it owns, under an agreement with the building's management. The agreement covers the period May 1, 1993, through December 31, 2005. The base rent was abated until December 31, 1995. The Fund is amortizing the abated rent over the period covered by the agreement. Total rental expense for 2000 was \$1,462,367 and for 1999 was \$1,462,761.

The minimum lease commitments for the next five years are as follows:

2001	\$1,354,300
2002	1,394,976
2003	1,437,216
2004	1,479,984
2005	1,524,336

### 5. *Risk Management*

IMRF carries commercial, business, and automobile liability insurance coverage provided by private insurance carriers. These policies limit the risk of loss from torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. There have been no material insurance claims filed or paid during the last three years. The Fund is also exposed to investment risk. This risk is limited by diversification of the portfolio, establishment and monitoring of investment policies and guidelines, and monitoring of investment performance. In addition, investment consultants and fiduciary counsel monitor the Fund's activities and advise the Board of Trustees.

### 6. *Contingencies*

IMRF is a defendant in a number of lawsuits which, in management's opinion, will not have a material effect on the financial statements.

## G. Ten-Year Historical Trend Information

Ten-year historical trend information designed to provide information about IMRF's progress made in accumulating sufficient assets to pay benefits when due is presented as required supplementary information following the footnotes.

## Required Supplementary Information

## Schedule of Funding Progress

Last ten years

Actuarial Valuation Date December 31	Aggregate Actuarial Liabilities (AAL)			Unfunded Actuarial Liabilities (UAL)		
	Total AAL Entry Age (a)	Actuarial Assets (b)	Actuarial Assets as a % of AAL (b/a)	Total UAL (a-b)	Member Payroll (c)	UAL as a % of Member Payroll (a-b)/c
1991*#	\$6,406,965,450	\$5,034,577,441	78.6%	\$1,372,388,009	\$2,484,644,553	55.2%
1992	6,954,483,358	5,615,583,858	80.7%	1,338,899,500	2,643,707,677	50.6%
1993*	7,509,766,239	6,396,329,900	85.2%	1,113,436,339	2,774,088,607	40.1%
1994	8,126,642,830	7,078,861,925	87.1%	1,047,780,905	2,930,307,763	35.8%
1995	8,823,697,487	8,034,030,783	91.1%	789,666,704	3,100,271,694	25.5%
1996*	9,778,592,519	9,076,261,663	92.8%	702,330,856	3,280,416,531	21.4%
1997	10,807,969,067	10,273,116,034	95.1%	534,853,033	3,470,593,355	15.4%
1998	11,860,879,198	11,636,495,534	98.1%	224,383,664	3,704,109,084	6.1%
1999*	13,005,023,293	13,520,192,111	104.0%	(515,168,818)	3,933,065,061	-13.1%
2000	14,153,055,774	15,169,369,263	107.2%	(1,016,313,489)	4,199,395,411	-24.2%

\* After assumption change #After benefit change

This data, except for annual covered payroll, was provided by the actuary.

## Schedule of Employer Contributions

Last ten years

Year ended December 31	Normal Contributions	Amortization of Unfunded Actuarial Liability	Death & Disability Benefit Contributions	Supplemental Retirement Benefit Contributions	Total Contributions	Percentage Contributed
1991	\$173,303,872	\$101,262,443	\$13,645,497	-	\$288,211,812	100%
1992	219,904,681	83,344,475	13,202,942	-	316,452,098	100%
1993	196,839,908	72,159,465	12,466,617	\$17,200,800	298,666,790	100%
1994	216,555,637	68,143,024	11,836,442	18,173,987	314,709,090	100%
1995	226,659,095	58,909,305	10,931,257	19,229,943	315,729,600	100%
1996	239,924,968	54,192,636	13,086,132	20,346,617	327,550,353	100%
1997	254,168,099	46,697,036	13,868,304	21,516,048	336,249,487	100%
1998	274,024,269	50,551,829	16,661,873	22,958,697	364,196,668	100%
1999	293,310,795	47,851,978	13,647,855	24,384,264	379,194,892	100%
2000	289,815,409	25,817,059	14,498,307	26,022,673	356,153,448	100%

Notes to Required Supplementary Information

**Valuation date** . . . . . December 31, 2000

**Actuarial cost method** . . . . . Entry age normal

**Amortization method** . . . . . Level percent of payroll

**Remaining amortization period** . . . . . Taxing bodies: closed, 30 years  
Overfunded taxing bodies: varies by funding status  
Non-taxing bodies: generally 5 years

**Asset valuation method** . . . . . Five-year smoothed market related

**Actuarial assumptions:**

**Investment rate of return** . . . . . 7.5 percent

**Projected salary increases** . . . . . 4.65 to 8.25 percent

**Assumed wage inflation rate** . . . . . 4.0 percent

**Group size growth rate** . . . . . 0.0 percent

**Assumed payroll growth rate** . . . . . 4.0 percent

**Post-retirement increase** . . . . . 3.0 percent – simple

**Mortality table** . . . . . 1983 Group Annuity Mortality Table  
for males and 1983 Individual Annuity  
Mortality Table for females, both multiplied  
by 95 percent. The active tables were  
further modified to reflect IMRF experience.

## Supplementary Information

## Schedule of Administrative Expenses

	2000	1999
Personal services	\$10,790,772	\$10,455,734
Supplies	497,478	477,955
Professional services	837,429	522,113
Occupancy and utilities	1,801,981	1,797,207
Postage and delivery	798,746	829,008
Equipment service and rental	1,009,997	905,773
Miscellaneous	921,425	716,001
Depreciation	<u>467,567</u>	<u>486,792</u>
<b>Total Administrative Expenses</b>	<b><u>\$17,125,395</u></b>	<b><u>\$16,190,583</u></b>

## Schedule of Payments to Consultants

	2000	1999
External Auditor	\$55,400	\$55,000
Internal Auditor	31,088	32,332
Medical Consultant	70,900	64,863
Legal Services	18,059	86,489
Actuary	254,910	163,129
Management Consultants:		
Benefit information system	255,771	11,353
Imaging system	51,901	97,067
Internet Security	99,400	-
Legislative	-	10,000
Newsletter	<u>-</u>	<u>1,880</u>
<b>Total</b>	<b><u>\$837,429</u></b>	<b><u>\$522,113</u></b>

## Schedule of Investment Expenses

	2000	1999
Investment manager fees	\$43,010,516	\$42,404,527
Master trustee fees	696,266	823,155
Investment consultants	43,773	-
Miscellaneous	<u>56,901</u>	<u>46,311</u>
<b>Total</b>	<b><u>\$43,807,456</u></b>	<b><u>\$43,273,993</u></b>

*A schedule of investment related fees can be found in the Investment Section.*



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# Investments



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**WILLIAM M.  
MERCER**

Investment Consulting

April 30, 2001

The Board of Trustees  
The Executive Director  
The Illinois Municipal Retirement Fund  
2211 York Road  
Oak Brook, IL 60523

Dear Trustees and Executive Director:

William M. Mercer Investment Consulting, Inc. is pleased to provide the following summary of investment results for the fiscal year ending December 31, 2000.

As of year end 2000, the Illinois Municipal Retirement Fund had a \$16.1 billion market value, similar to the market value as of year end 1999. Investment income and capital gains generated by the 1.9% Total Fund return offset benefit payments totaling \$563.5 million. Over the trailing three year period, the Fund's assets grew \$4.5 billion, due largely to the 11.5% investment return, which offset \$1.6 billion in benefit payments. Five year asset growth of \$7.5 billion was primarily the result of the 13.3% five year Fund return, which was sufficient to meet the \$2.4 billion in benefit payments required.

The markets during the year 2000 were in stark contrast to the markets in the late 1990s, as equity markets world wide suffered negative returns, and bond markets performed well.

- Growth strategies, which dominated the equity markets in 1999, underperformed their value counterparts by wide margins. Small capitalization stocks outpaced their large capitalization counterparts, although both large and small cap stocks were down for the year.
- Amidst equity market uncertainty, domestic bonds performed well. The Lehman Brothers Aggregate Index returned 11.6% during 2000, as investors fled the volatility of the equity markets for a safe haven in bonds.
- Developed international markets, as measured by the EAFE Index, fell 14.0%, underperforming the domestic market, due largely to a strong U.S. dollar. Within the international equity markets, as in the United States, value-oriented sectors outperformed growth sectors, such as technology, media, and telecommunications (TMT). After a strong year in 1999, emerging markets participated in the global slowdown, declining 30.6% in U.S. dollar terms.
- Real estate performed well, returning 12.0%, as reflected by the NCREIF Index.

Within this economic backdrop, the IMRF Total Fund returned 1.9%, outpacing its index benchmarks. While the Fund did not meet its 7.5% actuarial assumed rate of return or the inflation rate, as measured by the GDP Deflator, it exhibited a positive return amidst significant equity market volatility, due largely to the fixed income allocation, coupled with the allocations to value-oriented strategies and real estate.

---

William M. Mercer  
Investment Consulting, Inc.  
16 South Wacker Drive  
Suite 1700  
Chicago, IL 60606-7485

Phone 312 962 7500  
Fax 312 962 7626

An **AMC** Company

**WILLIAM M.  
MERCER**

Investment Consulting

The domestic equity portfolio returned -3.5%, outpacing the -10.7% return of the Wilshire 5000 Index, the policy level benchmark. Domestic equity performance was largely enhanced by strong performance within the small cap portion of the portfolio, as the investment managers collectively outperformed the Russell 2000 Index by over 14.0%. The overweighted allocation to large cap value strategies throughout the second half of 2000 also enhanced domestic equity results. Over the trailing five and ten year periods, the domestic equity portfolio performed well versus the Wilshire 5000 Index.

The IMRF fixed income portfolio returned 7.3%, trailing the 11.6% Lehman Brothers Aggregate return. Underperformance was largely the result of the strategic allocation to international bonds, which lagged domestic bonds in the face of increasing international market uncertainty and the strong U.S. dollar. In addition, the allocation to high yield bonds, which enhanced results in 1999, hurt during 2000, as investment grade bonds outperformed. Over the trailing three and five year periods, the fixed income portfolio trailed the Lehman Brothers Aggregate Index; however, it surpassed the Index over the trailing ten year period.

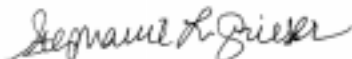
The -3.2% international equity portfolio return significantly outperformed the -14.0% result of the EAFE Index, the policy level benchmark. International equity results were bolstered by strong core international equity performance in the developed market, along with the allocation to the value-oriented global equity strategy. The international equity portfolio outperformed the EAFE Index over the trailing three, five and ten year periods as well.

All performance results were calculated in compliance with AIMR standards.

The Illinois Municipal Retirement Fund maintains an appropriately diversified strategy, designed to maximize return with an acceptable risk level. The allocation to fixed income and value strategies served the Fund well during 2000, when growth strategies underperformed. The movement of fixed income from the worst performing asset class in 1999 to the best performing asset class in 2000 underscores the benefits of diversification as a means for moderating risk. Mercer continues to support the strategic goals of the investment program and level of investment manager due diligence activities.

Sincerely,

**WILLIAM M. MERCER INVESTMENT CONSULTING, INC.**



Stephanie L. Grieser, CFA  
312.902.7529

The Northern Trust Company  
90 South La Salle Street  
Chicago, Illinois 60675  
(312) 630-0000



**Northern Trust**

March 8, 2000

Board of Trustees and Executive Director  
Illinois Municipal Retirement Fund  
2211 South York Road  
Oak Brook, IL 60521-2374

To the Board of Trustees and the Executive Director

The Northern Trust Company as Master Trustee has provided detailed financial reports of all investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Fund for the period January 1, 2000, through December 31, 2000. Also, a statement of assets together with their fair market value was provided, showing the properties held as of December 31, 2000. The Northern Trust Company certifies that the statements contained therein are fairly presented and are true and accurate.

In addition to the custody of the assets, The Northern Trust Company provided and will continue to provide the following services as Master Trustee:

1. Receive and hold all amounts paid to the Trust Fund by the Board of Trustees.
2. Accept and deliver securities in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons.
5. Securities Lending.
6. Invest cash balances held from time to time in the individual investment management accounts in short term, cash equivalent securities.
7. Exercise rights of ownership in accordance with pre-described jurisdiction of stock subscriptions and conversion rights.
8. Hold securities in the name of the Master Trust or nominee form.
9. Employ agents with the consent of the Board of Trustees.
10. Provide disbursement and security float income.
11. Lockbox and Checking Accounts.
12. On-line Trust and Banking reporting.

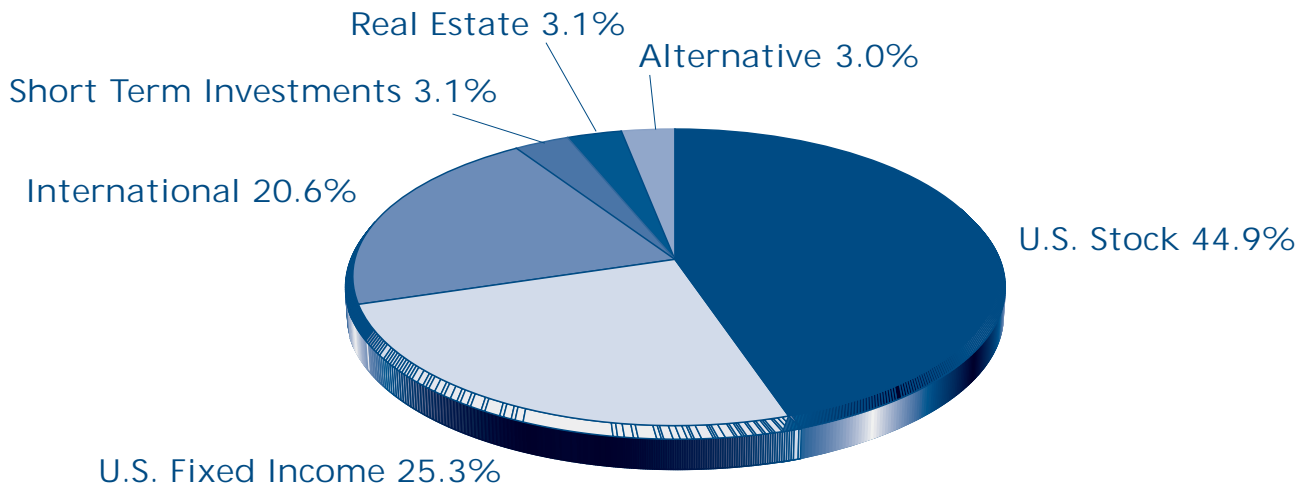
THE NORTHERN TRUST COMPANY

By:   
Richard L. Dexter  
Vice President

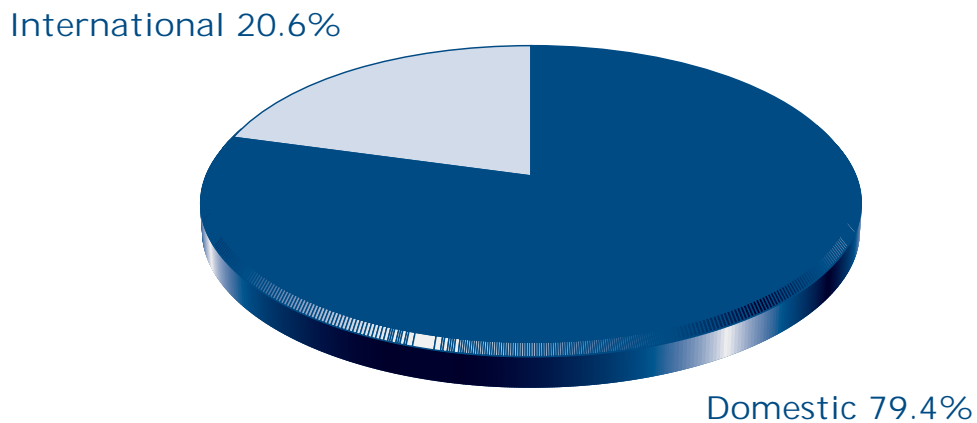


## Investment Portfolio as of December 31, 2000

### Allocation by Asset Class



### Total Investments by Region



Investment Consultants

Master Trustee

**The Northern Trust Company**  
Richard L. Deeter, Vice President  
Chicago, Illinois

**Fidelity Management Trust Company**  
Boston, Massachusetts

Performance Evaluation

**William M. Mercer Investment Consulting, Inc.**  
Stephanie L. Grieser, Senior Consultant  
Chicago, Illinois

**Forest Investment Associates**  
Atlanta, Georgia

**Frontier Capital Management Co.**  
Boston, Massachusetts

Investment Consultant

**William M. Mercer Investment Consulting, Inc.**  
Stephanie L. Grieser, Senior Consultant  
Chicago, Illinois

**Harris Investment Management, Inc.**  
Chicago, Illinois

**Holland Capital Management**  
Chicago, Illinois

Real Estate Performance Evaluation

**Russell Real Estate Advisors**  
Bruce A. Eidelson, Director of Advisory Services  
San Diego, California

**Investment Counselors of Maryland**  
Baltimore, Maryland

**Iridian Asset Management LLC**  
Westport, Connecticut

Investment Managers

**Abbott Capital Management, LLC**  
New York, New York

**Jacobs Levy Equity Management, Inc.**  
Roseland, New Jersey

**Bank of Ireland Asset Management (U.S.) Ltd.**  
Greenwich, Connecticut

**Julius Baer Investment Management, Inc.**  
New York, New York

**BlackRock Financial Management, Inc.**  
New York, New York

**Lazard Frères Real Estate Investors, LLC**  
New York, New York

**Brandes Investment Partners, L.P.**  
San Diego, California

**Lend Lease Real Estate Investments, Inc.**  
Atlanta, Georgia

**Brinson Partners, Inc.**  
Chicago, Illinois

**Lincoln Capital Management Co.**  
Chicago, Illinois

**Capital Guardian Trust Company**  
Los Angeles, California

**MacKay Shields, LLC**  
New York, New York

**CB Richard Ellis Investors, LLC**  
Los Angeles, California

**MDL Capital Management, Inc.**  
Pittsburgh, Pennsylvania

**Cozad/Westchester Agricultural  
Asset Management**  
Champaign, Illinois

**NewBridge Partners, LLC**  
New York, New York

**Dimensional Fund Advisors**  
Santa Monica, California

**Northern Trust Quantitative Advisors, Inc.**  
Chicago, Illinois

**Oak Associates, Ltd.**  
Akron, Ohio

**Olympus Real Estate Corporation**  
Dallas, Texas

**Pantheon Ventures, Inc.**  
San Francisco, California

**Payden & Rygel**  
Los Angeles, California

**Prudential Investments**  
Parsippany, New Jersey

**Schroder Capital Management International**  
London, England

**Schroder Ventures**  
London, England

**Security Capital Markets Group, Inc.**  
Santa Fe, New Mexico

**Sentinel Real Estate Corporation**  
New York, New York

**Wall Street Associates**  
La Jolla, California

**Wellington Management Company, LLP**  
Boston, Massachusetts



# Investments

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## Investment Policies

The Board of Trustees, operating within the “prudent person” framework, has adopted the following investment objectives and guidelines. The objectives and guidelines presented here are intended to be summarizations. Specific guidelines are in effect for individual investment managers.

### A. Investment Objectives

1. To diversify the investment portfolio so as to optimize investment returns.
2. To set investment and actuarial policies so as to assure the adequate accumulation of assets and achieve a reasonable funded status.
3. To achieve rates of return greater than the current actuarial assumption of 8% and to exceed inflation.
4. To achieve rates of return consistent with expectations for each asset class used, without significantly changing the expected risk profile of the asset class or the investment portfolio.
5. To achieve in U.S. equities a total return that exceeds the total return of the Wilshire 5000 Composite Index. In addition, the Board expects to earn a minimum of 6% in excess of inflation over a moving five-year period.
6. To achieve in international equities a total return that exceeds the total return of the MSCI EAFE Index. In addition, the Board expects to earn a minimum of 6% in excess of inflation over a moving five-year period.
7. To achieve in fixed income securities a total return that exceeds the Lehman Aggregate Bond Index over a moving five-year period. In addition, the Board expects to earn a minimum of 3% in excess of inflation over a moving five-year period.
8. To achieve in equity real estate investments a 5% real rate of return over a moving five-year period.
9. To achieve in alternative investments a 15% nominal return.
10. To achieve in internally managed short-term securities relative performance better than 30 day U.S. Treasury Bills.
11. To minimize employer contribution volatility.
12. To ensure continuing stability of employee contribution rates.
13. To manage costs in an effective manner.
14. To be innovative, responsive, and considerate of the position of public trust it holds in the State of Illinois.

### B. Proxy Voting Guidelines

The Board shall retain the final authority and responsibility to vote proxies. Generally, proxies shall be voted for management nominees and proposals in all cases unless otherwise recommended by the Investment Manager. In cases of takeover, anti-takeover, merger or acquisition resolutions or significant corporate developments, the IMRF staff will consult with the Investment Manager(s) prior to execution of the proxy ballot.

### C. U.S. Equity Investment Guidelines

1. The equity portfolio as a whole shall be constructed on four fundamental principles: diversification, quality, growth, and value.
2. A commitment to any one industry shall generally be limited to a maximum of 20% of an equity manager's portfolio market value at the time of purchase. Any holding of any one issuer, at the time of purchase, shall generally be limited to a maximum of 8% of the equity manager's portfolio market value.
3. Equity securities must be listed on the principal U.S. exchanges or traded over the counter. ADRs (either listed or traded over the counter) of foreign companies are permissible.
4. Volatility of the non-commingled equity portfolio should not exceed 125% of the volatility of the market as defined by Standard & Poor's 500 Composite Stock Index and measured by the portfolio evaluation advisors unless otherwise agreed to by the Board.
5. The use of convertible debt instruments shall be considered part of the equity portfolio.

### D. International Equity Investment Guidelines

1. The international equity portfolio as a whole shall be constructed on four fundamental principles: diversification, quality, growth, and value.
2. International equity managers may invest in equity securities that are not traded on U.S. exchanges. Global equity managers may invest in equity securities that are traded on U.S. or international exchanges.
3. Holdings of any one issuer, at the time of purchase, shall generally be limited to a maximum of 5% of the portfolio's market value.
4. Global equity portfolio holdings are considered to be part of the international equity portfolio. Holdings of any one issuer, at the time of purchase, shall generally be limited to a maximum of 8% of the portfolio market value. Additionally, country holdings (excluding Japan and the U.S.) and emerging market holdings will generally be limited to 20% of the portfolio's market value at the time of purchase.
5. Emerging market portfolios are also considered to be part of the international equity portfolio. The emerging market portfolio shall be diversified both geographically and by industry sector. Markets will be selected based on market liquidity, availability of information, and official regulation, including fiscal and foreign exchange repatriation rules. The emerging market manager may generally invest up to 35% of its assets in a single country. Holdings of any one issuer, at the time of purchase, shall generally be limited to 5% of the portfolio's market value.
6. International and global equity managers may engage in various transactions to hedge currency.

### E. Fixed Income Investment Guidelines

1. Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities are permissible investments.
2. Debt obligations of any single U.S. corporation are generally subject to a maximum holding of 15% of the market value

# Investments

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of a manager's portfolio. Generally, no more than 20% of a manager's assets at market value may be invested in securities rated below "BBB" or "Baa" at the time of purchase. The use of debt instruments rated lower than "BBB" or "Baa" or non-rated instruments does not require prior Board approval for investment managers using high-yield disciplines.

3. Managers may invest in mortgage backed securities.
4. Private placements may be authorized by the Board on an individual manager basis.
5. Bonds or other obligations of foreign countries and corporations payable in U.S. and non-U.S. funds are authorized by the Board for specific managers.
6. Global fixed income portfolio holdings are considered to be part of the fixed income portfolio. Both U.S. and non-U.S. dollar denominated fixed income securities are permissible investments. Government and government agency obligations may be purchased without limitation. Debt obligations of any single corporation are generally subject to a maximum of 5% of the manager's assets at market value. The manager shall not invest in securities rated lower than "BBB" by Standard & Poor's, "Baa" by Moody's, or other such equivalent ratings issued by other recognized rating agencies. No more than 15% of the manager's assets at market value shall be invested in obligations rated "BBB," "Baa," or such equivalent ratings. A global fixed income manager may engage in various transactions to hedge currency.
7. The use of exchange traded financial futures, exchange traded options on financial futures, and over the counter options is subject to individual manager guidelines. Leverage is not allowed.

## F. Equity Real Estate Investment Guidelines

Real estate is an authorized investment of the Fund. The current long-term target for this asset class is 2% of total portfolio.

## G. Alternative Investment Guidelines

The Alternative Investment portfolio will consist of venture capital, buyout, and special situation investments. Investments will be made for long-term returns, generally through the use of limited partnership vehicles and separate account vehicles. Investments will be diversified in a manner that will broaden the portfolio exposure to a wide range of opportunities and provide a means of controlling the inherent risks of new and different investment areas.

## H. Short-term Investment Guidelines

Permissible short-term investments are U.S. Treasury Bills and Notes, high-grade commercial paper, repurchase agreements, banker's acceptances, and certificates of deposit. Commercial paper investments shall be made in instruments rated "A-2" or "P-2" or better as defined by a recognized rating service. Comparable ratings are required for banker's acceptances and certificates of deposit. No more than \$20 million of current market value shall be invested in the securities of any one issuer, with the exception of the U.S. government and its agencies.

## Returns by Asset Class

Periods ending December 31st

	1996	1997	1998	1999	2000	Annualized		
						3 yrs.	5 yrs.	10 yrs.
<b>Total Fund</b>								
<b>Time-Weighted Returns</b>								
IMRF	15.87%	16.19%	12.63%	20.93%	1.87%	11.54%	13.26%	12.58%
CPI (Inflation)	3.32%	1.70%	1.61%	2.67%	3.40%	2.56%	2.53%	2.66%
<b>Equities—U.S.</b>								
IMRF	22.30%	28.47%	21.27%	29.61%	-3.50%	14.90%	18.98%	18.45%
Russell 2000	16.49%	22.36%	-2.55%	21.26%	-3.03%	4.64%	10.32%	15.53%
S&P 500	23.07%	33.23%	28.75%	21.05%	-9.10%	12.26%	18.33%	17.45%
Wilshire 5000	21.21%	31.29%	23.43%	23.56%	-10.68%	10.85%	16.74%	17.01%
<b>Equities—International*</b>								
IMRF	16.34%	2.32%	7.73%	41.43%	-3.18%	13.84%	12.05%	10.48%
EAFE	6.36%	2.06%	20.33%	27.30%	-13.96%	9.64%	7.43%	8.56%
EAFE 50% Hedged	9.06%	7.83%	16.17%	31.01%	-9.47%	11.28%	11.83%	9.35%
<b>Fixed Income **</b>								
IMRF	6.38%	8.55%	7.53%	0.45%	7.26%	5.03%	5.99%	8.66%
Lehman Aggregate	3.61%	9.68%	8.67%	-0.83%	11.63%	6.36%	6.46%	7.96%
Lehman Government/Credit	2.91%	9.75%	9.47%	-2.15%	11.84%	6.20%	6.23%	8.00%
Merrill Lynch High Yield	11.06%	12.83%	3.66%	1.57%	-3.79%	0.43%	4.89%	10.86%
Salomon World Govt.	3.63%	0.24%	15.29%	-4.30%	1.60%	3.88%	3.09%	6.98%
<b>Real Estate</b>								
IMRF	15.51%	22.68%	-0.38%	2.76%	12.96%	4.95%	9.09%	0.42%
NCREIF Classic Property	10.36%	12.28%	18.42%	12.76%	12.79%	14.68%	13.33%	6.62%
<b>Alternative Investments</b>								
IMRF	44.90%	39.26%	19.58%	32.60%	54.37%	34.77%	37.63%	24.12%
<b>Cash &amp; Cash Equivalents</b>								
IMRF	5.80%	5.87%	5.81%	7.77%	9.87%	8.29%	7.30%	6.11%
U.S. Treasury Bills	5.30%	5.37%	5.02%	4.96%	6.21%	5.39%	5.37%	4.94%

\*Includes the international equity portfolio, the global equity portfolio, and the emerging markets equity portfolio.

\*\*Includes the domestic fixed income portfolio and the global fixed income portfolio.

Performance has been audited and calculated by William M. Mercer Investment Consulting, Inc. in accordance with AIMR's performance presentation standards.

# Investments

## Schedule I Investment Portfolio Summary

*in millions of dollars*

	December 31, 2000		December 31, 1999	
	Fair Value	Percent of Total Fair Value	Fair Value	Percent of Total Fair Value
<b>Fixed Income</b>				
Government	\$1,289.5	8.0%	\$981.5	6.1%
Corporate	1,288.4	8.0%	1,224.5	7.7%
Index Funds	1,488.1	9.3%	1,441.1	9.0%
Foreign	712.7	4.4%	744.7	4.7%
	<u>4,778.7</u>	<u>29.7%</u>	<u>4,391.8</u>	<u>27.5%</u>
<b>Stocks</b>				
U.S. Common & Preferred	5,203.7	32.3%	5,120.7	32.1%
U.S. Stock Funds	2,018.8	12.6%	2,355.8	14.8%
Foreign Common & Preferred	1,775.9	11.0%	1,810.1	11.3%
Foreign Stock Funds	834.0	5.2%	897.0	5.6%
	<u>9,832.4</u>	<u>61.1%</u>	<u>10,183.6</u>	<u>63.8%</u>
<b>Real Estate</b>				
Commingled Funds	285.1	1.8%	292.9	1.8%
Directly Owned	203.5	1.3%	197.5	1.3%
	<u>488.6</u>	<u>3.1%</u>	<u>490.4</u>	<u>3.1%</u>
<b>Alternative Investments</b>				
Commingled Funds	377.0	2.3%	247.0	1.5%
Timber and Agricultural	105.8	0.7%	87.9	0.6%
	<u>482.8</u>	<u>3.0%</u>	<u>334.9</u>	<u>2.1%</u>
<b>Short-Term Investments</b>	<u>500.6</u>	<u>3.1%</u>	<u>554.7</u>	<u>3.5%</u>
<b>Total Portfolio</b>	<u>\$16,083.1</u>	<u>100.0%</u>	<u>\$15,955.4</u>	<u>100.0%</u>

*A complete listing of investments is available upon request.  
Also refer to graphs on page 37.*

## Schedule II

## Asset Allocation

Last Five Years

	Fair Value as a Percent of Portfolio				
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Fixed Income</b>					
U.S. Government	9.2%	6.9%	7.0%	6.1%	8.0%
Corporate	6.3%	7.8%	8.9%	7.7%	8.0%
Index Funds	6.7%	7.7%	7.7%	9.0%	9.3%
Foreign	5.6%	5.7%	4.8%	4.7%	4.4%
	<u>27.8%</u>	<u>28.1%</u>	<u>28.4%</u>	<u>27.5%</u>	<u>29.7%</u>
<b>Stocks</b>					
U.S. Common & Preferred	24.1%	27.8%	31.0%	32.1%	32.3%
U.S. Stock Funds	16.9%	14.5%	11.6%	14.8%	12.6%
Foreign Common & Preferred	13.3%	12.2%	14.1%	11.3%	11.0%
Foreign Stock Funds	6.4%	5.7%	5.5%	5.6%	5.2%
	<u>60.7%</u>	<u>60.2%</u>	<u>62.2%</u>	<u>63.8%</u>	<u>61.1%</u>
<b>Real Estate</b>					
Commingled Funds	1.9%	2.4%	2.4%	1.8%	1.8%
Directly Owned	2.8%	2.5%	2.2%	1.3%	1.3%
	4.7%	4.9%	4.6%	3.1%	3.1%
<b>Alternative Investments</b>					
Commingled Funds	1.2%	1.2%	1.3%	1.5%	2.3%
Timber and Agricultural	0.3%	0.4%	0.5%	0.6%	0.7%
	<u>1.5%</u>	<u>1.6%</u>	<u>1.8%</u>	<u>2.1%</u>	<u>3.0%</u>
<b>Short-Term Investments</b>	<u>5.3%</u>	<u>5.2%</u>	<u>3.0%</u>	<u>3.5%</u>	<u>3.1%</u>
<b>Total Portfolio</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

# Investments

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## Ten Largest Fixed Income Investment Holdings

*Excludes Commingled Funds*

	<u>Market Value</u>	<u>Percent of Total Invested Market</u>
U.S. Treasury Notes 5.625% Due 5/15/2008	\$91,941,738	0.57%
FHLB Note 6.400% Due 1/2/2001	55,800,000	0.35%
U.S. Treasury Notes 7.50% Due 2/15/2005	50,278,602	0.31%
FNMA 7.00% Due 1/1/2029	44,068,640	0.27%
U.S. Treasury Notes 6.125% Due 12/31/2001	41,874,017	0.26%
FHLMC Note 0.00% Due 1/02/2001	39,600,000	0.25%
U.S. Treasury Bonds 9.00% Due 11/15/2018	39,493,299	0.25%
U.S. Treasury Bonds 6.125% Due 11/15/2027	36,136,128	0.22%
Japan Bonds 6.30% Due 9/20/2001	35,334,340	0.22%
U.S. Treasury Bonds 8.50% Due 2/15/2020	<u>33,368,530</u>	<u>0.21%</u>
	<u>\$467,895,294</u>	<u>2.91%</u>

## Ten Largest Equity Investment Holdings

*Excludes Commingled Funds*

	<u>Market Value</u>	<u>Percent of Total Invested Market</u>
EMC Corp.	\$170,988,125	1.06%
Citigroup, Inc.	130,956,879	0.81%
Cisco Systems, Inc.	125,129,558	0.78%
Pfizer, Inc.	101,080,078	0.63%
Exxon Mobil Corp.	91,684,287	0.57%
General Electric Co.	79,971,734	0.50%
SBC Communications Inc.	65,811,438	0.41%
Medtronic Inc.	61,750,041	0.38%
Ing Groep	60,388,883	0.38%
Home Depot Inc.	<u>54,619,406</u>	<u>0.34%</u>
	<u>\$942,380,429</u>	<u>5.86%</u>

A complete listing of securities is available upon request.

## Schedule of 2000 Domestic Brokerage Commissions

*In order of commissions received*

<u>Broker Name</u>	<u>Shares</u>	<u>Commissions</u>	<u>Per Share</u>
Smith Barney	15,887,694	\$429,400	\$0.03
Capital Institutional Services*	7,810,670	411,340	0.05
Instinet	16,103,224	323,970	0.02
Lehman Brothers*	4,824,424	258,037	0.05
Investment Technology Group	11,667,917	233,450	0.02
Prudential Securities	7,161,890	222,475	0.03
Goldman Sachs	7,046,887	212,098	0.03
Bear Stearns Securities	9,591,763	180,844	0.02
Merrill Lynch Pierce Fenner and Smith	5,030,505	172,185	0.03
Chase H and Q	1,482,300	85,415	0.06
Citation Group*	1,366,775	71,752	0.05
Montgomery Securities	1,253,500	68,060	0.05
First Boston Corp.	1,667,400	65,168	0.04
Morgan Stanley	1,169,200	62,568	0.05
Cantor Fitzgerald and Co.	1,781,239	61,957	0.03
Bernstein, Sanford C. and Co.	1,146,350	60,145	0.05
JP Morgan	1,216,410	55,210	0.05
Donaldson Lufkin and Jenrette	1,072,150	54,195	0.05
Lynch Jones and Ryan*	1,009,261	52,207	0.05
Paine Webber	1,015,118	50,037	0.05
Neuberger and Berman	964,700	48,235	0.05
Frankel, Stuart, and Co.	830,300	41,515	0.05
Other Brokers	<u>14,128,280</u>	<u>666,102</u>	<u>0.05</u>
Total Domestic	<u>115,227,957</u>	<u>\$3,886,365</u>	<u>\$0.03</u>

*\* Directed commission broker*



# Investments

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## Schedule of 2000 International Brokerage Commissions

*In order of commissions received*

Broker Name	<u>Shares</u>	<u>Commissions</u>	<u>Per Share</u>
Lehman Brothers*	11,171,374	\$354,020	\$0.03
Morgan Stanley	17,938,255	310,589	0.02
Goldman Sachs	7,229,486	270,882	0.04
Merrill Lynch	14,120,668	250,986	0.02
HSBC	9,437,591	246,601	0.03
UBS AG	5,813,938	222,773	0.04
CSFB	6,204,900	217,318	0.04
Deutsche Morgan Grenfell	5,324,758	198,823	0.04
Salomon Brothers	8,834,383	191,676	0.02
Kleinwort Benson	5,772,187	185,720	0.03
Warburg Dillon Read	2,090,784	105,783	0.05
SBC Warburg	7,483,290	95,519	0.01
ABN AMRO	3,714,118	79,400	0.02
Donaldson Lufkin and Jenrette	2,993,488	64,469	0.02
Cazenove and Co.	9,522,017	61,838	0.01
Cheuvreux De Virieu	866,495	59,456	0.07
JP Morgan	1,083,881	53,302	0.05
Commerzbank	1,480,728	45,126	0.03
Robert Fleming and Co.	2,617,244	42,290	0.02
Sanford Bernstein	736,000	36,800	0.05
Nomura Bank International	2,343,000	32,847	0.01
Banque Paribas	159,200	29,623	0.19
Other Brokers	<u>23,908,440</u>	<u>528,923</u>	<u>0.02</u>
Total International	<u>150,846,225</u>	<u>\$3,684,764</u>	<u>\$0.02</u>

\* *Directed commission broker*

## Schedule of Investment Fees

	Fees	2000 Assets under management at year end (in thousands)	Basis Points	Fees	1999 Assets under management at year end (in thousands)	Basis Points
<b>Investment manager fees</b>						
Fixed income managers	\$3,764,168	\$4,434,446	8	\$3,677,589	\$3,353,474	11
Stock managers	21,624,232	7,107,895	30	19,345,015	7,213,967	27
International managers	10,396,408	3,514,763	30	12,676,930	4,393,751	29
Real Estate managers	4,694,261	491,741	95	4,687,258	492,216	95
Alternative investment managers	<u>2,531,447</u>	<u>508,160</u>	50	<u>2,017,735</u>	<u>361,975</u>	56
	<u>43,010,516</u>	<u>\$16,057,005</u>		<u>42,404,527</u>	<u>\$15,815,383</u>	
<b>Other investment fees</b>						
Master trustee fees	<u>696,266</u>			<u>823,155</u>		
<b>Total investment fees</b>	<u>43,706,782</u>			<u>43,227,682</u>		
<b>Non-fee investment expenses</b>	<u>100,674</u>			<u>46,311</u>		
<b>Total direct investment expenses</b>	<u>\$43,807,456</u>			<u>\$43,273,993</u>		
<b>Securities lending fees</b>						
Rebated earnings	\$89,164,455			\$62,775,039		
Bank fees and commissions	<u>1,415,201</u>			<u>1,412,750</u>		
	<u>\$90,579,656</u>			<u>\$64,187,789</u>		

## Fees paid with directed commissions

IMRF pays for some consulting services with directed commissions or "soft dollars." These are a form of payment for services through brokerage commissions generated through trades with special directed brokerages.

Investment consulting fees	\$545,000	\$481,868
Master trustee fees	<u>1,875</u>	<u>46,250</u>
	<u>\$546,875</u>	<u>\$528,118</u>

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# Actuarial



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**GABRIEL, ROEDER, SMITH & COMPANY**  
Consultants & Actuaries

1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0496 • fax 248-799-9020

May 4, 2001

Board of Trustees  
Illinois Municipal Retirement Fund  
2211 York Road, Suite 500  
Oak Brook, Illinois 60521-2374

Dear Board Members:

The basic financial objective of the Illinois Municipal Retirement Fund (IMRF) is to establish and receive contributions which:

- when expressed in terms of percents of active member payroll will remain approximately level from generation to generation, and
- when combined with present assets and future investment returns will be sufficient to meet the financial obligations of IMRF employers to present and future retirees and beneficiaries.

The financial objective is addressed within the annual actuarial valuation. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The most recent valuations were completed based upon population data, asset data, and plan provisions as of December 31, 2000.

The plan administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends. The Plan's external auditor also audits the actuarial data annually. The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report.

- Schedule of Funding Progress
- Solvency Test
- Actuarial Balance Sheet
- Analysis of Unfunded Liability
- Gain and Loss Analysis

Assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed five-year period.

Board of Trustees  
Page 2

May 4, 2001

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2000 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 1996-98 period. The next experience study will cover the period from January 1, 1999 to December 31, 2001.

Combined experience was favorable during 2000, producing a decrease in contribution rates for many employers. Although investment returns on a market value basis for IMRF, as well as for many other pension funds across the country were not good, recognized investment return, after taking into account the smoothing used by the actuary in the asset valuation process, was a source of actuarial gain.

**Based upon the results of the December 31, 2000 valuations, we are pleased to report to the Board that the Illinois Municipal Retirement System is meeting its basic financial objective and continues in sound condition in accordance with actuarial principles of level percent of payroll financing.**

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

  
Norman L. Jones, F.S.A., M.A.A.A.

  
Brian B. Murphy, F.S.A., M.A.A.A.

BBM:kmg



**MILLIMAN & ROBERTSON, INC.**  
Actuaries & Consultants  
A Milliman Global Firm

Suite 400, 15800 Blaeswood Road, Brookfield, Wisconsin 53005-6809  
Telephone: 262/784-2250  
Fax: 262/784-7287  
March 19, 2001

Board of Trustees  
Illinois Municipal Retirement Fund  
Suite 500  
2211 York Road  
Oak Brook, IL 60523-2374

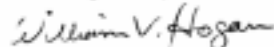
Ladies and Gentlemen:

We have prepared a detailed review of the actuarial services being performed by your retained actuary, Gabriel, Roeder, Smith & Co. (GRS). The complete findings of our review are summarized in our December 6, 2000 report. The primary purpose of an actuarial review is to provide assurance to the Trustees that the actuarial functions of its retirement program are being completed properly in accordance with all applicable statutes and actuarial standards of practice. Our conclusions with regard to the primary issues of this review are as follows:

- The results of the December 31, 1999 Actuarial Valuation for the Illinois Municipal Retirement Fund (IMRF)
  - have been prepared using reasonable actuarial assumptions;
  - have been prepared using a reasonable actuarial funding method, properly applied;
  - have been prepared by fully qualified actuaries and in accordance with all applicable Actuarial Standards of Practice; and, therefore,
  - present a fair and reasonable representation of the actuarial accrued liabilities of the IMRF; and
  - develop contributions rates which, in general, are appropriate to satisfy the funding obligations of the Fund.
- based upon this report, we believe that the IMRF is in sound financial condition.

Respectfully submitted,  
MILLIMAN & ROBERTSON, INC.

  
Thomas K. Custis, F.S.A.  
Consulting Actuary

  
William V. Hogan, F.S.A.  
Consulting Actuary

TKC/WVH/bh

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**Illinois Municipal Retirement Fund  
Brief Summary Of Actuarial Assumptions used in 2000 Valuations  
(Adopted as of December 31, 1999, except as noted below)**

Investment Return	7.5% per annum, compounded annually, net of expenses (effective December 31, 1991), including a wage inflation component of 4.0% and a real return component of 3.5%.
Payroll Growth	4.00% per annum, compounded annually. Membership is assumed to remain constant.
Retirement Age	Rates varying by age and sex. See table below for sample values.
Mortality for Actives and Annuitants	1983 Group Annuity Mortality Table for males and 1983 Individual Annuity Mortality Table for females, both multiplied by 95%. The active tables were further modified to reflect IMRF experience. Among the active members, 80% of males and 70% of females were assumed to be married.
Mortality for Disabled Cases	Graduated rates by age. See table below for sample values.
Disability & Separation	Graduated rates by age and service. See table below for sample values.
Salary Increases	Graduated rates by age and service. See table below.
Asset Valuation Method	Market Related Value that reflects five year averaging of investment gains and losses.
Liability Valuation Method	The Entry Age Actuarial Cost Method is applied on an aggregate basis to determine plan liabilities. Gains and Losses become part of unfunded liabilities.

Sample Annual Rates per 100 Employees					
Age	Active Mortality		Disability		Pay Increase Next Year (6 + yrs. of service)
	Male	Female	Male	Female	
20	0.03%	0.02%	0.02%	0.02%	- .%
30	0.05	0.03	0.03	0.02	6.0
40	0.09	0.04	0.12	0.07	5.2
50	0.29	0.11	0.28	0.16	5.0
60	0.69	0.27	--	--	4.4
65	1.17	0.44	--	--	--

Age	Separation			Retirement				
	Regular (8 + Yrs. Serv.)		SLEP (5+ Yrs.)	Reduced		Unreduced		SLEP
	Male	Female		Male	Female	Male	Female	
30	3.80%	6.20%	3.00%	- .%	- .%	- .%	- .%	- .%
40	3.20	4.20	1.70	--	--	--	--	--
50	2.60	3.40	1.50	--	--	--	--	15.00
55	--	--	--	6.00	7.00	35.00	25.00	15.00
60	--	--	--	--	--	10.00	15.00	20.00
65	--	--	--	--	--	40.00	30.00	25.00
70	--	--	--	--	--	20.00	20.00	100.00

*E.C.O retirement rates were 10 percentage points higher than the above schedule indicates.*

GABRIEL, ROEDER, SMITH & COMPANY

05/04/2001



# Actuarial

## Solvency Test

Last ten years

Calendar Year	Aggregate Actuarial Liabilities For				Portion of Actuarial Liabilities covered by Assets		
	(1)	(2)	(3)	Actuarial Assets	(1)	(2)	(3)
	Active Member Contributions	Annuitants	Active Members (Employer Financed Portion)				
1991	\$1,095,888,522	\$2,217,253,547	\$3,093,823,381	\$5,034,577,441	100.0%	100.0%	55.6%
1992	1,218,238,446	2,421,564,751	3,314,680,161	5,615,583,858	100.0%	100.0%	59.6%
1993	1,350,831,396	2,660,823,087	3,498,111,756	6,396,329,900	100.0%	100.0%	68.2%
1994	1,496,014,554	2,907,982,455	3,722,645,821	7,078,861,925	100.0%	100.0%	71.9%
1995	1,642,362,193	3,171,162,151	4,010,173,143	8,034,030,783	100.0%	100.0%	80.3%
1996	1,782,293,677	3,588,320,481	4,407,978,361	9,076,261,663	100.0%	100.0%	84.1%
1997	1,933,512,014	3,995,946,514	4,878,510,539	10,273,116,034	100.0%	100.0%	89.0%
1998	2,086,679,470	4,485,651,306	5,288,548,422	11,636,495,534	100.0%	100.0%	95.8%
1999	2,258,628,401	4,915,467,275	5,830,927,617	13,520,192,111	100.0%	100.0%	108.8%
2000	2,473,646,891	5,284,275,174	6,395,133,709	15,169,369,271	100.0%	100.0%	115.9%

Total obligation and actuarial value of assets calculated by the actuary.

**Table I**  
**Participating Member Statistics**

Last ten years

Calendar Year	Total Salaries	Percent Increase in Total Salaries	Average Annual Salary	Percent Increase in Average Salary	Number of Participating Members	Average Attained Age	Average Years of Service
1991	\$2,484,644,553	8.3%	\$19,846	4.5%	124,953	43.4	7.4
1992	2,643,707,677	6.4%	20,546	3.5%	125,943	43.8	7.6
1993	2,774,088,607	4.9%	21,856	6.4%	130,063	44.3	8.1
1994	2,930,307,763	5.6%	21,710	-0.7%	126,708	43.9	7.7
1995	3,100,271,694	5.8%	22,661	4.4%	133,733	43.8	8.2
1996	3,280,416,531	5.8%	22,104	-2.5%	142,046	44.0	8.3
1997	3,470,593,355	5.8%	23,991	8.5%	146,659	44.1	8.2
1998	3,704,109,084	6.7%	24,871	3.7%	150,428	44.3	8.2
1999	3,933,065,061	6.2%	25,678	3.2%	155,517	44.4	8.6
2000	4,199,395,411	6.8%	26,514	3.3%	159,810	44.6	8.2

**Table II**  
**Changes in the Number of Recurring Benefit Payments**

*Last ten years*

<u>Calendar</u> <u>Year</u>	<u>Additions</u>		<u>Deletions</u>		<u>End of Year</u>	
	<u>Annuity</u>	<u>Disability</u>	<u>Annuity</u>	<u>Disability</u>	<u>Annuity</u>	<u>Disability</u>
1991	2,899	2,022	1,165	2,061	51,064	1,370
1992	3,067	2,033	1,235	1,993	52,896	1,410
1993	3,381	1,978	1,349	1,881	54,928	1,507
1994	3,931	2,067	1,501	1,343	57,358	2,231
1995	4,020	2,014	1,321	1,590	60,057	2,655
1996	3,866	1,886	2,403	2,813	61,520	1,728
1997	4,971	1,885	2,436	1,986	64,055	1,627
1998	4,895	1,799	2,678	1,942	66,272	1,484
1999	4,852	1,807	2,794	1,905	68,330	1,386
2000	4,406	1,811	2,855	1,778	69,881	1,419

**Table III**  
**Number of Initial Benefit Payments**

*Last ten years*

<u>Calendar</u> <u>Year</u>	<u>Annuity</u>	<u>Disability</u>	<u>Death</u>	<u>Refund</u>	<u>Total</u>
1991	2,899	2,022	1,836	11,692	18,449
1992	3,059	2,033	2,097	12,006	19,195
1993	3,289	1,978	1,954	9,491	16,712
1994	3,365	2,785	1,822	10,910	18,882
1995	4,039	2,183	1,002	11,348	18,572
1996	4,689	2,221	889	11,550	19,349
1997	4,962	2,169	915	13,841	21,887
1998	4,025	1,953	2,367	13,373	21,718
1999	3,892	2,004	2,517	13,542	21,955
2000	3,527	2,044	2,374	13,997	21,942

# Actuarial

**Table IV**  
**Average Employer Contribution Rates**  
*Last five years*

Calendar Year	Normal Cost	Prior Service Cost	Disability and Death	Supplemental Retirement Benefit	Total
<b>Regular Members</b>					
1998**	7.21%	1.36%	0.45%	0.62%	9.64%
1999	7.23%	0.99%	0.35%	0.62%	9.19%
2000*	7.17%	0.02%	0.35%	0.62%	8.16%
2001**	7.41%	-1.75%	0.36%	0.62%	6.64%
2002	7.62%	-2.73%	0.36%	0.62%	5.87%
<b>Sheriff's Law Enforcement Personnel Members (SLEP)</b>					
1998**	10.22%	2.65%	0.45%	0.62%	13.94%
1999	10.62%	2.43%	0.35%	0.62%	14.02%
2000*	10.42%	2.89%	0.35%	0.62%	14.28%
2001**	12.02%	1.85%	0.37%	0.62%	14.86%
2002	11.94%	1.20%	0.37%	0.62%	14.13%
<b>Elected County Official Members (ECO)</b>					
1999	21.48%	13.56%	0.35%	0.62%	36.01%
2000*	23.39%	17.03%	0.34%	0.62%	41.38%
2001**	23.85%	17.75%	0.36%	0.62%	42.58%
2002	18.05%	19.43%	0.36%	0.62%	38.46%

The optional Elected County Official Plan began in 1997. The 1999 rates, which are based on 1997 data, are the first experience based rates.

\* The method of computing average rates was changed for 2000 from a population weighted method to a pay weighted method.

\*\* Assumptions changed due to experience study.

**Table V**  
**Participating Member Contribution Rates**  
*Last ten years*

Calendar Year	Regular IMRF			Sheriff's Law Enforcement Personnel				Elected County Officials			
	Normal	Survivor	Total	Normal	Survivor	SLEP	Total	Normal	Survivor	ECO	Total
1991	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%				
1992	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%				
1993	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%				
1994	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%				
1995	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%				
1996	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%				
1997**	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
1998	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
1999	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%
2000	3.75%	0.75%	4.50%	3.75%	0.75%	2.00%	6.50%	3.75%	0.75%	3.00%	7.50%

\*\*The Elected County Official plan began in 1997.

## Actuarial Balance Sheet

	December 31	
	2000	1999
<b>Sources of Funds</b>		
Actuarial value of assets	\$15,169,369,271	\$13,520,192,111
Actuarial present value of future contributions		
Member	1,790,138,986	1,737,628,035
Employer normal costs	3,055,300,053	2,901,001,179
(Overfunded) actuarial accrued liability	<u>(1,016,313,489)</u>	<u>(515,168,818)</u>
<b>Total sources</b>	<u><b>\$18,998,494,821</b></u>	<u><b>\$17,643,652,507</b></u>
<b>Uses of Funds</b>		
Retired members and beneficiaries	\$5,284,275,174	\$4,915,459,683
Inactive members	1,231,311,706	1,034,642,976
Active members	12,465,004,893	11,671,575,636
Death and disability benefits	<u>17,903,048</u>	<u>21,974,212</u>
	<u><b>\$18,998,494,821</b></u>	<u><b>\$17,643,652,507</b></u>
<b>Analysis of Overfunded Liability</b>		
Unfunded (overfunded) liability beginning of year	(\$515,168,818)	\$224,383,664
Assumed payments during year	78,598,946	2,467,380
Assumed interest (7.5 percent)	<u>(35,725,744)</u>	<u>16,920,177</u>
Expected unfunded (overfunded) liability	(472,295,616)	243,771,221
Change due to assumption changes	—	166,647,356
Change due to investment performance	(642,517,628)	(962,123,987)
Change due to other sources	<u>98,499,755</u>	<u>36,536,592</u>
<b>Overfunded liability end of year</b>	<u><b>(\$1,016,313,489)</b></u>	<u><b>(\$515,168,818)</b></u>

# Actuarial

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## Derivation of Experience Gain (Loss)

Type of Risk Area	<u>2000</u>	<u>1999</u>
	<i>(in millions)</i>	
<b>Risks Related to Assumptions</b>		
<b>Economic Risk Areas</b>		
Investment Return	\$642.5	\$962.1
Pay Increases	12.2	5.5
<b>Demographic Risk Areas</b>		
Service Retirements	0.8	(6.8)
Early Retirements	(2.8)	(5.1)
Vested Deferred Retirements	(8.7)	(14.6)
Death and Survivor Benefits	1.8	0.6
Disability Benefits	9.8	6.4
Terminated with Refund	(22.4)	(21.1)
<b>Risks Not Related to Assumptions</b>	<u>(89.2)</u>	<u>(168.1)*</u>
<b>Total Gain (or Loss) During Year</b>	<u>\$544.0</u>	<u>\$758.9</u>

Regular actuarial valuations give information about the composite change in unfunded actuarial accrued liabilities—whether or not the liabilities are increasing or decreasing and by how much. The objective of a gain and loss analysis is to determine the portion of the change in actuarial condition (unfunded actuarial accrued liabilities) attributable to each risk area. The fact that actual experience differs from assumed experience is to be expected—the future cannot be predicted with 100 percent precision. The economic risk areas (investment return and pay increases) are volatile. It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common.

*\*Including \$166.6 million from experience study*

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## Summary of Benefits

This is a brief plan description of IMRF benefits. Additional conditions and restrictions may apply. A complete description is found in Article 7 of the Illinois Pension Code.

### General

IMRF serves 2,791 employers including cities, villages, counties, school districts, townships and various special districts, such as parks, forest preserves and sanitary districts. Each employer contributes to individual accounts to provide future retirement benefits for its own employees.

Employees of these employers are required to participate if they work in an IMRF qualified position. An IMRF qualified position is one that will equal or exceed the employer's annual hourly standard; the standard is either 600 or 1,000 hours a year.

IMRF has three benefit plans. The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs and deputy sheriffs. Forest preserve districts may adopt the SLEP plan for their law enforcement personnel. Counties may adopt the Elected County Official (ECO) plan for their elected officials. After a county has adopted the ECO plan, participation is optional for the elected officials of that county. Effective January 26, 2000, a county may opt out of the ECO plan. All remaining employees belong to the Regular plan.

Both the employee (member) and the employer contribute toward retirement benefits. Members contribute a percentage of their salary as established by the Pension Code. The percentage depends on the plan in which the member participates. Regular members contribute 4.5 percent. SLEP members contribute 6.5 percent. ECO members contribute 7.5 percent. Employer contributions are actuarially calculated annually for each employer. Employers pay most of the cost for member and survivor pensions and all of the cost for death and disability benefits.

### Vesting

Members are vested for pension benefits when they have at least eight years of service credit. SLEP members are vested for a SLEP pension when they have at least 20 years of SLEP service credit. SLEP members with more than eight years of service but less than 20 years of SLEP service will receive a Regular pension.

### Refunds

Non-vested members who stop working for an IMRF employer can receive a lump sum refund of their IMRF member contributions. Vested members can receive a lump sum refund of their IMRF member contributions if they are less than 55 years of age or they may leave the contributions with IMRF until they reach retirement age.

Members who retire without an eligible spouse (married to the member at least one year before the member terminates IMRF participation) will receive a refund of their surviving spouse contributions with interest.

If upon a member's death all of the member contributions were not paid as a refund or pension, the beneficiary will receive the remainder of the IMRF contributions, with interest.

### Pension Calculations

A Regular IMRF pension is:

- ◆ 1-2/3 percent of the final rate of earnings for each of the first 15 years of service credit, plus
- ◆ 2 percent for each year of service credit in excess of 15 years.

The maximum pension at retirement cannot exceed 75 percent of the final rate of earnings.

# Actuarial

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A SLEP pension is:

- ◆ 2-1/2 percent of the final rate of earnings for each of the first 20 years of service, plus
- ◆ 2 percent for each year of service between 20 and 30 years of service, plus
- ◆ 1 percent of the final rate of earnings for each year of service credit in excess of 30 years.

The maximum pension at retirement cannot exceed 75 percent of the final rate of earnings.

An ECO pension is:

- ◆ 3 percent of the final rate of earnings for each of the first eight years of service, plus
- ◆ 4 percent for each year of service between eight and 12 years of service, plus
- ◆ 5 percent for years of service credit over 12.

The maximum pension at retirement cannot exceed 80 percent of the final rate of earnings.

An IMRF pension is paid for life and is increased by three percent of the original amount on January 1 of each year after the member retires. The increase for the first year is pro-rated for the number of months the member was on retirement.

The final rate of earnings for Regular and SLEP members are the highest total earnings during any 48 consecutive months within the last 10 years of IMRF service divided by 48. The final rate of earnings for ECO members is the annual salary of the ECO member on the day he or she retires. For new ECO members who join the plan after January 25, 2000, the final rate of earnings is changed to a four-year average calculated for each office held.

## Retirement Eligibility

Normal retirement for an unreduced pension is:

- ◆ age 60 with eight or more years of service or 35 or more years of service regardless of age for regular members,
- ◆ age 50 with 20 or more years of SLEP service for SLEP members,
- ◆ age 55 with eight or more years of service for ECO members, or
- ◆ age 50 with 20 or more years of SLEP service or age 55 with eight or more years of any service for ECO SLEP members.

Regular members may retire as early as age 55 with a reduced pension. The reduction is the lesser of:

- ◆ 1/4 percent for each month the member is under age 60, or
- ◆ 1/4 percent for each month of service less than 35 years.

## Service Credit

Service credit is the total time under IMRF, stated in years and fractions. Service is credited monthly while the member is working, receiving IMRF disability benefits or on IMRF's Benefit Protection Leave. For ECO members who join the ECO plan after January 25, 2000, the ECO benefit formula is limited to service in an elected office. In addition, after January 25, 2000, a new ECO member is required to have eight years of service in each office to qualify for an ECO formula.

Members may qualify for a maximum of one year of additional service credit for unused, unpaid sick leave accumulated with the last employer. This additional service credit applies only for members leaving employment for retirement. The service credit is earned at the rate of one month for every 20 days of unused, unpaid sick leave or fraction thereof.

IMRF is a participating plan under the Reciprocal Act, as are all other Illinois public pension systems, except local police and fire pension plans. Under the Reciprocal Act, service credit of at least one year may be considered together at the date of retirement or death for the purpose of determining eligibility for and amount of benefits.

## Early Retirement Incentive

IMRF employers may offer an early retirement incentive (ERI) program to their employees who are over 50 years of age and who have more than 20 years of service credit. Eligible members may purchase up to five years of service credit and age. Employers must pay off the additional ERI liability within 10 years. Subsequent ERI programs may be offered by an employer after the liability for the previous ERI program is paid.

### Supplemental Retirement Benefits

Each July IMRF provides a supplemental benefit payment to IMRF retirees and surviving spouses that have received IMRF pension payments for the preceding 12 months. The supplemental benefit payment amount will vary, depending on the dollar amount to be distributed and the number of persons eligible.

### Disability Benefits

Regular and SLEP members are eligible for disability benefits if they:

- ◆ have at least 12 consecutive months of service credit since being enrolled in IMRF,
- ◆ have at least nine months of service credit in the 12 months immediately prior to becoming disabled,
- ◆ are unable to perform the duties of any position which might reasonably be assigned by the IMRF employer because of any illness, injury or other physical or mental condition, and
- ◆ are not receiving any earnings from any employer.

The monthly disability benefit payment is equal to 50 percent of the average monthly earnings based on the 12 months prior to the month the member became disabled.

ECO members are eligible for ECO disability benefits if they:

- ◆ have at least 12 consecutive months of service credit since being enrolled in IMRF,
- ◆ are in an elected county office at the time the disability occurred,
- ◆ are making ECO contributions at the time the disability occurred,
- ◆ are unable to reasonably perform the duties of their offices,
- ◆ have resigned their offices, and
- ◆ have two licensed physicians approved by IMRF certify that the ECO member is permanently disabled.

The monthly ECO disability benefit is equal to the greater of:

- ◆ 50 percent of his or her annualized salary payable on the last day of ECO participation divided by 12 or,
- ◆ The retirement benefit earned to date up to a maximum of 66-2/3 percent.

Disability benefits under all plans are offset by Social Security or workers' compensation benefits. If disabled members receive Social Security disability and/or workers' compensation benefits, IMRF pays the difference between those benefits and 50 percent of the member's average monthly earnings. However IMRF pays a minimum monthly benefit of \$10. Members on disability earn pension service credit as if they were working.

### Death Benefits

Beneficiaries of active members who have more than one year of service or whose deaths are job-related are entitled to lump sum IMRF death benefits. If the member was not vested or vested without an eligible spouse, the death benefit is equal to one year's earnings plus a refund of the member contributions with interest. Eligible spouses of deceased vested active members may choose the lump sum or a monthly surviving spouse pension.

Beneficiaries of inactive members receive a lump sum payment of the member's contributions, plus interest. If the beneficiary is an eligible spouse, he or she may choose between the lump sum payment, or a death benefit of \$3,000 plus a monthly surviving spouse pension.

Beneficiaries of retired members receive a \$3,000 death benefit. Eligible spouses also receive a surviving spouse pension.

### Surviving Spouse Pension

For Regular and SLEP members, a surviving spouse's monthly pension is one-half of the member's pension. However, if the spouse is more than five years younger than the member, the pension is actuarially reduced.



## Actuarial

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For ECO members, a surviving spouse's monthly pension is 66-2/3 percent of the member's pension. This pension is payable once the surviving spouse becomes 50 years old. If the spouse is caring for the member's minor, unmarried children, the age 50 requirement does not apply and the spouse will receive:

- ◆ a monthly pension equal to 30 percent of the ECO member's salary at time of death plus
- ◆ 10 percent of the ECO member's salary at time of death for each minor, unmarried child. The maximum total monthly benefit payable to spouse and children cannot exceed 50 percent of the ECO member's salary at time of death, or
- ◆ A monthly pension equal to 66-2/3 percent of the pension the member had earned.

Surviving spouse pensions under all plans are increased each January 1 by 3 percent of the original amount. The increase for the first year is prorated for the number of months the surviving spouse received a pension.

### Changes in Plan Provisions

Legislation effective January 26, 2000, changed the following provisions of the Elected County Officials (ECO) Plan. These changes apply to all members who join the ECO Plan after January 25, 2000.

- ◆ The ECO benefit formula is limited to service in an elected county office.
- ◆ The final rate of earnings is changed from the last salary to a four-year average calculated separately for each office held.
- ◆ Eight years of service in each office is required to qualify for an ECO formula.
- ◆ Counties may opt out of the ECO Plan.

Legislation that became effective July 6, 2000, made the following changes.

- ◆ Surviving spouses may remarry before age 55 without losing their benefits.
- ◆ Eliminated the two-year limitation on correcting a member's prior service record.
- ◆ Counties may require ECO members to pay both the member and employer cost when converting Regular or SLEP service credit to ECO service credit.
- ◆ Members are prohibited from receiving a refund of member contributions if their employment relationship is not terminated.
- ◆ The requirement to submit an ERI Notice of Intent form within 60 days of the employer's ERI resolution was eliminated.

# Statistical



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# Statistical

**Table VI**  
**Revenues by Source**

*Last ten years*

Calendar Year	Investment Earnings	Employer Contributions		Member Contributions	Other	Total
	Net of Direct Investment Expense*	Dollars	Percent of Annual Covered Payroll			
1991	\$341,436,905	\$288,211,812	11.60%	\$116,512,288	\$52,370	\$746,213,375
1992	533,054,735	316,452,098	11.97%	123,251,394	56,340	972,814,567
1993	529,125,672	298,666,790	10.77%	129,790,252	62,476	957,645,190
1994	(21,846,226)	314,709,090	10.74%	137,038,998	896	429,902,758
1995	1,437,085,113	315,729,600	10.18%	145,302,603	1,646	1,898,118,962
1996	1,339,939,094	327,550,353	9.99%	158,107,450	—	1,825,596,897
1997	1,550,409,109	336,249,487	9.69%	168,501,275	1,232	2,055,161,103
1998	1,416,152,349	364,196,668	98.4%	190,259,213	66,938	1,970,675,168
1999	2,689,086,076	379,194,892	9.64%	192,356,900	6,957	3,260,644,825
2000	283,134,582	356,153,448	8.48%	200,209,408	739	839,498,177

\*Note: For years including and subsequent to 1994, Net Investment Income includes realized and unrealized appreciation or depreciation of investments. Preceding years include only realized gains and losses.

**Table VII**  
**Expenses by Type**

*Last ten years*

Calendar Year	Benefits	Refunds	Administrative Expense	Other Expenses	Total
1991	\$222,945,051	\$18,233,310	\$10,336,985	\$107,434	\$251,622,780
1992	243,431,034	18,337,609	12,796,146	24,522	274,589,311
1993	282,562,116	17,979,394	16,685,821	72,342	317,299,673
1994	304,702,303	17,957,846	15,897,039	—	338,557,188
1995	332,685,282	22,261,910	14,756,916	—	369,704,108
1996	368,737,972	23,520,078	14,135,868	—	406,393,918
1997	410,417,029	26,088,854	14,700,542	—	451,206,425
1998	451,496,766	27,121,071	16,527,175	—	495,145,012
1999	496,363,836	28,126,601	16,190,583	—	540,681,020
2000	533,683,244	29,791,950	17,125,395	—	580,600,589

**Table VIII**  
**Benefit Expenses by Type**

*Last ten years*

Calendar Year	DEATH				DISABILITY	
	Supplemental	Refund	Burial	Residual	Permanent	Temporary
1991	\$6,674,977	\$3,586,516	\$4,413,706	\$171,348	\$2,351,722	\$4,654,292
1992	6,623,552	3,603,942	5,170,634	177,030	2,677,124	5,058,837
1993	6,579,926	4,296,758	5,045,965	172,088	2,744,544	5,465,798
1994	6,450,051	3,488,386	4,870,740	209,649	2,845,529	5,374,472
1995	6,915,904	4,009,076	4,603,677	204,249	2,792,032	5,827,116
1996	6,537,240	5,669,342	4,986,510	311,381	3,296,993	5,808,860
1997	7,083,244	5,376,069	5,458,990	493,928	3,089,085	5,274,900
1998	7,534,697	5,912,822	5,585,751	516,511	3,093,157	5,130,272
1999	7,107,276	5,440,949	6,234,757	155,382	3,150,728	5,286,122
2000	8,211,433	5,864,391	5,947,348	405,080	3,081,562	6,022,246

Calendar Year	ANNUITIES				REFUNDS		
	Retirement	Surviving Spouse	Beneficiary	Supplemental	Separation	Other	Total
1991	\$187,891,475	\$12,816,774	\$384,241	-	\$18,154,227	\$79,083	\$241,178,361
1992	205,294,881	14,428,285	396,749	-	18,016,467	321,142	261,768,643
1993	225,233,604	16,208,834	429,084	\$16,385,515	17,442,746	536,648	300,541,510
1994	245,173,134	17,802,311	470,642	18,017,389	17,797,355	160,491	322,660,149
1995	268,714,165	20,123,119	513,544	18,982,400	21,872,917	388,993	354,947,192
1996	298,852,567	22,359,163	553,216	20,362,701	23,342,975	177,103	392,258,051
1997	336,784,723	24,815,833	615,880	21,424,377	25,760,143	328,711	436,505,883
1998	374,124,084	26,334,572	635,074	22,629,826	26,589,126	531,945	478,617,837
1999	414,515,394	29,272,679	697,985	24,502,564	27,998,118	128,483	524,490,437
2000	445,581,289	32,129,182	749,696	25,691,017	29,423,748	368,202	563,475,194

# Statistical

**Table IX**  
**Average Benefit Payment Amounts**

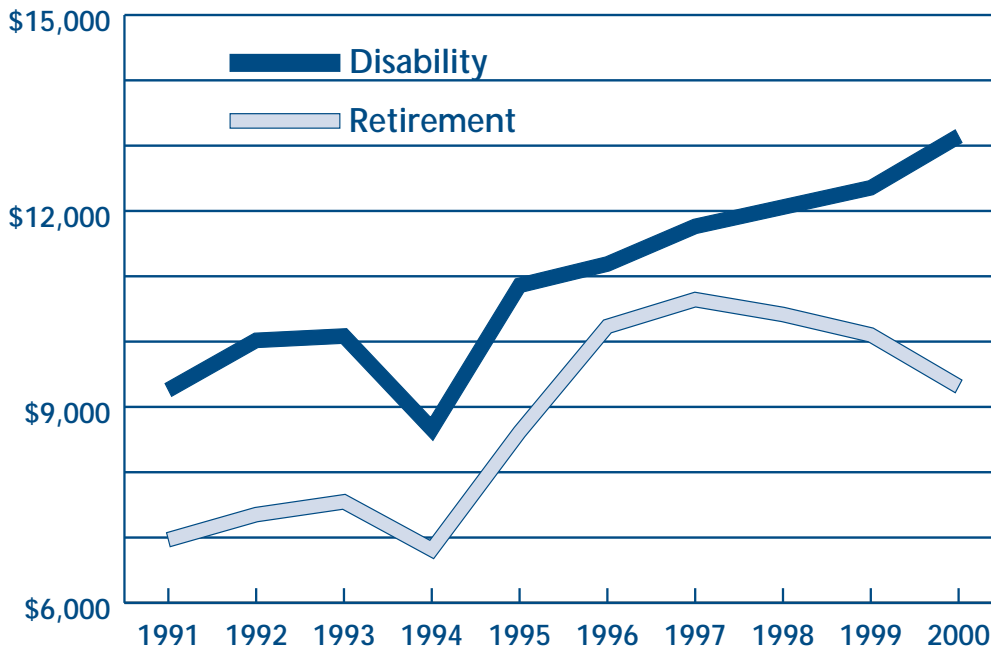
*Last ten years*

Calendar Year	Single Sum Payments		Recurring Payments	
	Separation Refunds	Lump Sum Death Benefit	Annual Disability (1)	Annual Retirement (2)
1991	\$1,497	\$17,659	\$9,260	\$6,967
1992	1,501	18,452	10,019	7,351
1993	1,680	18,677	10,085	7,547
1994	1,906	19,380	8,663	6,817
1995	1,990	21,518	10,861	8,616
1996	1,974	22,002	11,188	10,232
1997	1,859	21,779	11,764	10,643
1998	1,966	32,627	12,059	10,415
1999	2,027	30,645	12,355	10,102
2000	2,095	31,999	13,144	9,314

(1) Prior to Social Security and workers' compensation offsets.

(2) Prior to level option reduction.

**Average Annual Benefit Payment Amounts**



**Table X**  
**Number of Actively Participating Employers**

*Last ten years*

<u>Calendar Year End</u>	<u>Cities</u>	<u>Villages</u>	<u>Counties</u>	<u>School Districts</u>	<u>Townships</u>	<u>Other</u>	<u>Total</u>
1991	234	296	101	948	335	635	2,549
1992	235	308	101	943	350	668	2,605
1993	238	312	101	923	359	677	2,610
1994	240	321	101	910	368	683	2,623
1995	242	329	101	902	376	690	2,640
1996	244	341	101	902	387	704	2,679
1997	245	347	101	898	402	713	2,706
1998	247	356	101	894	417	729	2,744
1999	247	363	101	893	425	739	2,768
2000	249	364	101	891	432	754	2,791

**Table XI**  
**Number of Actively Participating Members**

*Last ten years*

<u>Calendar Year End</u>	<u>Male Participants</u>	<u>Female Participants</u>	<u>Total</u>
1991	50,442	74,511	124,953
1992	50,804	75,139	125,943
1993	52,769	77,294	130,063
1994	50,257	76,451	126,708
1995	52,778	80,995	133,773
1996	55,255	86,791	142,046
1997	56,424	90,235	146,659
1998	57,181	93,247	150,428
1999	58,419	97,098	155,517
2000	59,728	100,082	159,810

# Statistical

**Table XII**  
**Participating Members' Length of Service**

*Last ten years*

<u>Calendar Year</u>	<u>Total Active Members</u>	<u>Under 1 Year</u>	<u>1 to 4 Years</u>	<u>5 to 9 Years</u>	<u>10 to 14 Years</u>	<u>15 Years and Over</u>
1991	124,953	16,301	44,413	25,887	20,319	18,033
1992	125,943	14,284	45,174	27,715	19,095	19,675
1993	130,063	18,089	42,972	29,898	17,813	21,291
1994	126,708	14,386	39,653	32,060	18,182	22,427
1995	133,773	16,014	40,105	34,162	18,846	24,646
1996	142,046	18,464	42,166	33,826	19,497	28,093
1997	146,659	20,761	44,506	32,651	20,759	27,982
1998	150,428	21,503	46,464	32,060	22,291	28,110
1999	155,517	22,831	48,532	31,371	23,602	29,181
2000	159,810	22,461	51,404	31,011	24,202	30,732

**Table XIII**  
**Distribution of Current Annuitants by Pension Amount**

<u>Monthly Pension Amount</u>	<u>Retirement Number of</u>		<u>Survivor Number of</u>		<u>All Annuities Number of</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
Under \$100	1,113	5,733	756	2,087	1,869	7,820
\$100 to under \$250	2,494	10,011	739	3,448	3,233	13,459
\$250 to under \$500	4,797	9,831	337	2,126	5,134	11,957
\$500 to under \$750	3,357	5,268	82	717	3,439	5,985
\$750 to under \$1,000	2,301	3,011	18	292	2,319	3,303
\$1,000 to under \$2,000	4,328	3,822	6	240	4,334	4,062
\$2,000 to under \$3,000	1,554	492			1,554	492
\$3,000 to under \$4,000	587	69			587	69
\$4,000 and over	<u>248</u>	<u>17</u>			<u>248</u>	<u>17</u>
<b>Total</b>	<u>20,779</u>	<u>38,254</u>	<u>1,938</u>	<u>8,910</u>	<u>22,717</u>	<u>47,164</u>

*Note: Counts do not include disabilitants*

Table XIV  
Analysis of Initial Retirement Benefits

		Years of Credited Service						Total	
		8-9	10-14	15-19	20-24	25-29	30-34	35-39	Total
<b>Regular Plan</b>									
1998	Avg Monthly Annuity	\$236	\$365	\$601	\$833	\$1,309	\$1,677	\$2,637	\$894
	Avg Monthly FRE	\$1,667	\$1,860	\$2,074	\$2,182	\$2,695	\$2,898	\$3,767	\$2,286
	Number of Retirees	444	696	638	523	535	324	231	3,391
1999	Avg Monthly Annuity	\$235	\$368	\$623	\$853	\$1,334	\$1,845	\$2,810	\$864
	Avg Monthly FRE	\$1,647	\$1,853	\$2,176	\$2,247	\$2,755	\$3,184	\$4,036	\$2,302
	Number of Retirees	409	774	591	588	453	294	148	3,257
2000	Avg Monthly Annuity	\$250	\$400	\$656	\$911	\$1,270	\$1,764	\$2,499	\$808
	Avg Monthly FRE	\$1,766	\$2,005	\$2,277	\$2,392	\$2,664	\$3,065	\$3,595	\$2,315
	Number of Retirees	383	705	558	574	375	205	94	2,894
<b>Sheriff's Law Enforcement Personnel Plan (SLEP)</b>									
1998	Avg Monthly Annuity				\$1,615	\$2,212	\$2,905	\$4,219	\$2,230
	Avg Monthly FRE				\$3,192	\$3,803	\$4,444	\$5,625	\$3,795
	Number of Retirees				30	22	22	2	76
1999	Avg Monthly Annuity				\$1,752	\$2,820	\$3,531		\$2,609
	Avg Monthly FRE				\$3,306	\$4,550	\$5,279		\$4,278
	Number of Retirees				25	23	18		66
2000	Avg Monthly Annuity				\$1,698	\$2,717	\$3,303	\$3,581	\$2,379
	Avg Monthly FRE				\$3,360	\$4,306	\$4,668	\$8,287	\$4,053
	Number of Retirees				16	15	5	1	37
<b>Elected County Official Plan (ECO) Plan began in 1997</b>									
1998	Avg Monthly Annuity	\$677	\$1,181	\$2,011	\$2,506	\$2,422			\$1,595
	Avg Monthly FRE	\$1,230	\$2,745	\$2,317	\$2,715	\$3,028			\$2,415
	Number of Retirees	3	8	6	3	1			21
1999	Avg Monthly Annuity		\$1,158	\$2,042	\$670				\$1,344
	Avg Monthly FRE		\$2,887	\$2,895	\$837				\$2,434
	Number of Retirees		4	3	2				9
2000	Avg Monthly Annuity		\$1,086	\$3,707	\$1,664				\$2,201
	Avg Monthly FRE		\$2,964	\$5,600	\$2,080				\$3,474
	Number of Retirees		3	4	5				12

*FRE = Final Rate of Earnings used to calculate retirement benefit*

*Note: This schedule excludes members retiring with money purchase benefits, reciprocal benefits or multiple plans.*



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Table XV  
Annuitants by Age

Ages	Retirees			Surviving Spouses			Beneficiaries		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 55	335	116	451	6	111	117	21	57	78
55 to 59	1,430	2,983	4,413	12	171	183	5	25	30
60 to 64	2,723	5,791	8,514	65	376	441	5	28	33
65 to 69	4,057	7,622	11,679	144	722	866	8	27	35
70 to 74	4,421	7,634	12,055	324	1,332	1,656	7	27	34
75 to 79	3,829	6,622	10,451	514	1,867	2,381	4	35	39
80 to 84	2,421	4,310	6,731	447	1,984	2,431	4	25	29
85 to 89	1,204	2,219	3,423	280	1,374	1,654	3	18	21
90 to 94	301	776	1,077	76	563	639	0	5	5
95 to 100	55	173	228	13	148	161	0	3	3
100 and over	3	8	11	0	12	12	0	0	0
<b>Total</b>	<b><u>20,779</u></b>	<b><u>38,254</u></b>	<b><u>59,033</u></b>	<b><u>1,881</u></b>	<b><u>8,660</u></b>	<b><u>10,541</u></b>	<b><u>57</u></b>	<b><u>250</u></b>	<b><u>307</u></b>

Note: Counts do not include disabled annuitants

Table XVI  
Active Members by Age

Ages	All Plans			Sheriff's Law Enforcement Personnel			Elected County Officials		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 20	351	561	912	0	0	0	0	0	0
20 to 29	7,636	10,475	18,111	593	89	682	3	0	3
30 to 39	13,664	20,336	34,000	1,209	174	1,383	43	17	60
40 to 49	18,725	35,565	54,290	1,146	155	1,301	144	69	213
50 to 54	7,809	15,346	23,155	337	54	391	84	38	122
55 to 59	5,383	10,068	15,451	145	19	164	61	19	80
60 to 69	5,051	6,833	11,884	80	20	100	97	29	126
70 and Over	1,109	898	2,007	6	0	6	41	7	48
<b>Total</b>	<b><u>59,728</u></b>	<b><u>100,082</u></b>	<b><u>159,810</u></b>	<b><u>3,516</u></b>	<b><u>511</u></b>	<b><u>4,027</u></b>	<b><u>473</u></b>	<b><u>179</u></b>	<b><u>652</u></b>



Illinois Municipal Retirement Fund  
Drake Oak Brook Plaza  
2211 York Road  
Suite 500  
Oak Brook, IL 60523-2374