

## Investment Returns Down, Benefits Unaffected

By state law, JRS' investment function is managed by the Illinois State Board of Investment (ISBI). In addition to the assets of JRS, the ISBI also manages the investment function for the General Assembly and State Employees' Retirement Systems. All of these investments are accounted for in a commingled ISBI fund.

### Investment Results

After a six-year run of double digit returns, the ISBI's total fund experienced an abrupt correction, down 7.1% for fiscal year 2001. This is the first negative fiscal year for the fund since 1983, and reflects the negative stock market environment, both in the U.S. and abroad.

While the ISBI fund didn't meet its long-term objective of exceeding the 8% assumed actuarial interest rate, their return was modestly ahead of the policy weighted benchmark return, which lost 7.3%.

For both the five and ten year periods ending June 30, 2001, the fund beat the actuarial hurdle, with an average return of 10.5% and 11.1% respectively, which in both cases is also modestly ahead of the benchmark return.

**FINANCIALS** (continued on page 2)

## One-On-One Counseling

We will be holding one-on-one counseling sessions in the following locations for the remainder of fiscal year 2002. If you would like to talk with our staff during a visit to your area, call us at 217-782-8500 or contact the Court Administrator at the location we're visiting.

### January 23

State of Illinois Building  
160 North LaSalle, Suite N-725  
Chicago  
312-814-5853  
9 a.m. – 3 p.m.

### January 24

State of Illinois Building  
160 North LaSalle, Suite N-725  
Chicago  
312-814-5853  
8:30 a.m. – 2:30 p.m.

### February 6, 7, 8

Judges Education Conference  
Chicago Hilton & Towers  
725 South Michigan Avenue  
1 p.m. – 4 p.m. (Feb. 6)  
8:30 a.m. – 4:00 p.m. (Feb. 7)  
8:30 a.m. – 11:00 a.m. (Feb. 8)

### March 20, 21, 22

Judges Education Conference  
Chicago Hilton & Towers  
725 South Michigan Avenue  
1 p.m. – 4 p.m. (Mar. 20)  
8:30 a.m. – 4:00 p.m. (Mar. 21)  
8:30 a.m. – 11:00 a.m. (Mar. 22)

### May

State Capitol  
Springfield  
Dates & times to be announced

### June 19

LaSalle County Courthouse  
Ottawa  
10 a.m. – 2 p.m.

### June 20

Will County Courthouse  
Joliet  
9 a.m. – 11 a.m.

### June 20

Kankakee County Courthouse  
Kankakee  
12:30 p.m. – 2:30 p.m.

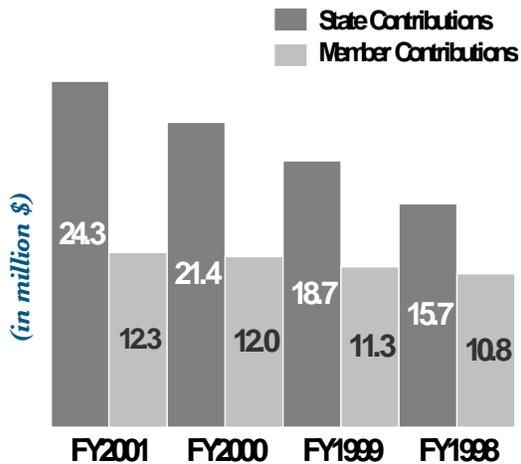
## SRS on the Web

**Internet:**  
<http://www.state.il.us/srs>

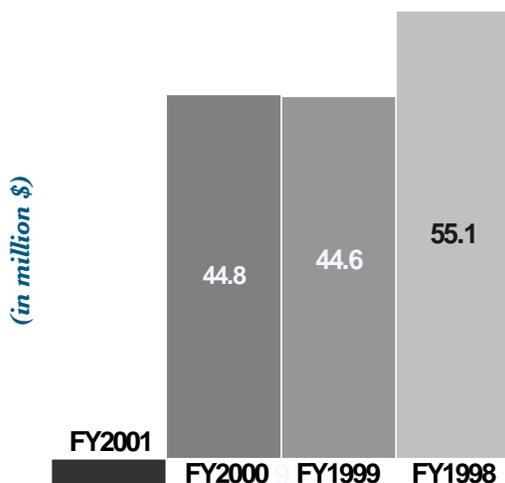
**E-Mail:** [ser@mail.state.il.us](mailto:ser@mail.state.il.us)

## FINANCIALS *(continued from page 1)*

Despite the negative investment returns of the marketplace, JRS benefits were unaffected. Just as benefits don't increase as a result of a bull market, they aren't reduced in a bear market. A prudent investment philosophy over the long-term, will continue to yield the greatest results and help provide for a healthy retirement system.



*Employer contributions amounted to \$24.3 million, an increase of \$2.9 million from FY00. Employee contributions were also up 2.6%, from \$12.0 million to \$12.3 million, primarily due to increased salaries and optional service purchases.*



*The ISBI's rate of return was a -7.1%, well below the long-term actuarial return assumption of 8%. Total investment revenue amounted to -\$28.5 million, a decrease of \$73.3 million (or -163.5%) from FY00.*

### Statements of Plan Net Assets June 30, 2001 and 2000

	2001	2000
<b>ASSETS</b>		
Cash	\$ 8,529,516	\$ 7,752,714
Receivables	613,324	476,829
Investments, at fair value	372,637,630	414,758,248
Equipment, net of acc. depr.	4,306	6,739
<b>Total Assets</b>	<b>\$ 381,784,776</b>	<b>\$ 422,994,530</b>
<b>Total Liabilities</b>		
	\$ (51,195)	\$ (60,810)
<b>Total Assets to pay Pension Benefits</b>	<b>\$ 381,733,581</b>	<b>\$ 422,933,720</b>

### Statements of Changes in Plan Net Assets June 30, 2001 and 2000

	2001	2000
<b>REVENUES</b>		
Contributions:		
Participants	\$ 12,291,097	\$ 12,005,415
Employer	24,348,926	21,411,577
<b>Total Contributions</b>	<b>\$ 36,640,023</b>	<b>\$ 33,416,992</b>
<b>Investment Income/(Loss)</b>	<b>\$ (28,464,876)</b>	<b>\$ 44,848,449</b>
<b>Total Revenues</b>	<b>\$ 8,175,147</b>	<b>\$ 78,265,441</b>
<b>EXPENSES</b>		
Benefits	\$ 48,330,822	\$ 44,218,748
Refunds	633,610	498,183
Administrative	410,854	376,713
<b>Total Expenses</b>	<b>\$ 49,375,286</b>	<b>\$ 45,093,644</b>
<b>Net Increase/(Decrease)</b>	<b>\$ (41,200,139)</b>	<b>\$ 33,171,797</b>
Net assets held in trust for pension benefits:		
Beginning of year	422,933,720	389,761,923
<b>End of year</b>	<b>\$ 381,733,581</b>	<b>\$ 422,933,720</b>

# Health Insurance and Medicare

In the August 2001 Panel, we explained that it's important to apply for Medicare Parts A and B on a timely basis. Under some circumstances, Parts A and B would have different effective dates, resulting in a reduction of insurance benefits based on the earliest effective date.

After working with CMS Group Insurance to resolve this problem, CMS will now recognize multiple effective dates for Medicare benefits. No member should be penalized if Medicare is issued with different effective dates.

## Planning For Your Financial Future

To help you start planning for your retirement years, we urge you to enroll in the free, one-day Education for Tomorrow's Choices (ETC) pre-retirement workshop. The ETC stresses long-range planning, features a certified financial planner to discuss money management and investment strategies, as well as expert speakers from Deferred Compensation and Social Security.

Although retirement may be years in your future, this information will help you plan for a lifetime of financial security. If you are interested in attending a workshop, call us at 217-782-8500. Guests are always welcome.

**JRS**

## Legislation

**No legislation affecting JRS members was passed during the veto session.**

# Retiree's Corner

## Federal Income Tax Withholding Notice

Monthly JRS benefits are subject to federal income tax withholding. Federal law requires us to ask benefit recipients to complete a W-4p to determine if they want federal income tax withheld from their benefit.

If you fail to inform us of your decision, taxes are withheld as a married individual with three exemptions. No withholding is required for a benefit less than \$1,288 per month unless you request it.

Tax penalties may be incurred if you do not withhold income taxes and your estimated tax payment is insufficient for the year.

If your request is on file with JRS, it will stay the same unless you

request a change. You may notify us at any time to change or end your withholding. You will be notified through this newsletter of any changes in federal tax laws affecting your withholding.

## Annuitants & Survivor Annual Statements

JRS will be mailing the annuitant & survivor annual benefit statements in March. This statement details any benefits you are receiving, your beneficiaries for death benefits and group insurance, and other important information.

If you wish to change your beneficiary(ies), complete and return the form on page 4. These changes will be included in your upcoming statement.

## JRS Receives Certificate of Achievement



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial

Reporting to the Judges' Retirement System (JRS) for its comprehensive annual financial report for the fiscal year ended June 30, 2000.

In order to be awarded a prestigious Certificate of Achievement, a government unit must publish an easily-readable, efficiently-organized, comprehensive annual financial report conforming to program standards.

**JRS** The *Panel* is published by the *Judges' Retirement System of Illinois*

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## Judges Retirement System of Illinois

2101 South Veterans Parkway, P. O. Box 19255, Springfield, Illinois 62794-9255 217/782-8500

# MEMBER'S NOMINATION OF BENEFICIARY(IES) FOR DEATH BENEFITS

This form is to be used to nominate the person or persons to receive any death benefit payable by the Judges Retirement System of Illinois. ***This is a legal document which, after preparation, may not be altered in any way by any person.*** A member wishing to change beneficiaries at a later date must complete a new Nomination of Beneficiary form. The form on file with JRS with the most recent date—located next to the member's signature—will take precedence.

**INSTRUCTIONS:** Complete this form using ink or a typewriter. You may nominate as many people as you wish. If additional space is needed, use additional sheets. Death benefits are paid in the numerical order you indicate. Two or more persons with the same order number will receive equal shares. When this beneficiary nomination is accepted by the Judges Retirement System, an acknowledgment will be mailed to you.

**NOTE:** *Persons nominated as beneficiaries without order numbers will be considered after those persons nominated with order numbers. Two or more persons nominated without order numbers will receive equal shares.*

### EXAMPLE

Order Number	Name	Address	Relationship
1	John A. Doe	123 West Main, Chicago, IL 60601	Father
2	Jane B. Doe	123 West Main, Chicago, IL 60601	Mother
3	David C. Doe	123 West Main, Chicago, IL 60601	Brother
3	Nancy D. Doe	44 South 2nd, Springfield, IL 62708	Sister
3	Mary E. Doe	123 West Main, Chicago, IL 60601	Sister
4	Frank F. Smith	9876 E. 99th St., Peoria, IL 61605	None

***In the event the member dies while in state service, the benefit will be paid as follows:***

- All the money will be paid to John A. Doe.
- If John A. Doe is not living when the member dies, all the money will be paid to Jane B. Doe.
- If John A. and Jane B., Doe are not living when the member dies, the money will be divided equally among David C., Nancy D., and Mary E. Doe. (If only two of these three persons are living when the member dies, each will receive one-half of the money. If only one of these three persons is living when the member dies, he/she will receive all of the money.)
- If John A., Jane B., David C., Nancy D., and Mary E. Doe are not living when the member dies, all the money will be paid to Frank F. Smith.
- If none of the nominated beneficiaries are living when the member dies, all of the money will be paid to the member's estate.

### NOMINATED BENEFICIARIES

Order Number	Name	Address	Relationship
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**This form must be witnessed by two people who are not named as beneficiaries.**

Member's Signature \_\_\_\_\_ Date \_\_\_\_\_

Member's Social Security Number \_\_\_\_\_ Witness \_\_\_\_\_

Member's Address \_\_\_\_\_ Address \_\_\_\_\_

Witness \_\_\_\_\_

Address \_\_\_\_\_