

BOARD OF TRUSTEES

JOSEPH F. KENNEDY
ROBERT T. REGAN
HON. GLORIA ALITTO MAJEWSKI
JOHN P. DALTON, JR.
HON. BARBARA MCGOWAN
STEPHEN J. CARMODY
JOSEPH W. ROSE

**VOLUME 17, ISSUE 1
APRIL 2010**

IN THIS ISSUE:

Legislature passes bill
creating second tier for
MWRDRF



Invested Assets
Review



Recent Retirees &
Recently Deceased
Retirees



Financial Insert



Open Enrollment



Protect Your Savings
& Investments!



WWW.MWRDRF.ORG
is up and running!

VESTED INTEREST
is published for
Employees & Retirees
served by the

**MWRD
Retirement Fund**
111 E. Erie Street
Chicago, IL 60611
(312) 751-3222
www.mwrdrf.org

Editors:
Retirement Fund Staff

Legislature passes bill creating second tier for MWRDRF

On April 14, 2010, Governor Quinn signed Public Act 96-0889 into law. The new law modifies benefits for most Illinois public pension systems, other than the Police and Fire funds. The provisions apply to a person who first becomes an employee and a participant of any retirement system on or after January 1, 2011.

If you are a current employee or retiree, this bill does not affect you or your MWRD Retirement Fund benefits.

The changes include:

- Increases the age to receive full retirement benefits to age 67 with at least 10 years of service (currently age 60 with 5 years or at age 55 (50 if in service prior to 6/13/97) with 30 years of service).
- Increases the age to receive a reduced retirement benefit to age 62. The pension would be reduced by one-half of 1% for each month the member's age is under age 67 (currently age 55 (50 if in service prior to June 13, 1997) with 10 years of service, discounted for each month the member's age is under 60 or service is under 30 years, whichever yields a lesser discount).
- Increases the number of months used to calculate the final average salary to the highest 96 months within the last 10 years of service (currently highest 52 pay periods in last 10 years).
- Caps the final average salary used to calculate an annuity at \$106,800. This amount automatically increases annually by 3% or by one-half of the increase in the Consumer Price Index-U (urban), whichever is lower (currently the IRS requires that contributions cannot exceed \$245,000 in 2010 for employees hired after 1/1/96).
- Changes the surviving spouse annuity to 66-2/3% of the pension the deceased member had been receiving or would be entitled to receive on the date of death (currently 60% plus 1% per year of service up to a maximum of 85% of the pension that the deceased member had been receiving or would be entitled to receive on the date of death).
- Changes the cost of living increase for a retiree or surviving spouse to 3% or one-half of the increase in the Consumer Price Index-U, whichever is lower, of the original annuity (currently the annual increase is 3% of the annuity payable at the time of the increase).
- Modifies the date the retiree cost of living increase would be paid to the first of the month following the attainment of age 67 or the first anniversary of the commencement of the annuity, whichever is later (currently the first anniversary of retirement).
- Modifies the date the annual surviving spouse cost of living increase would be paid to the January 1st occurring on or after the commencement of the annuity if the member died after retirement. If the member died in service, the cost of living increase would be paid on each January 1st occurring after the first anniversary of the commencement of the annuity. (currently the first day of the calendar month in which there is an anniversary of the employee's retirement or date of death, whichever occurred first).



For additional information regarding this bill, please see the article on the Fund's website at www.mwrdrf.org.

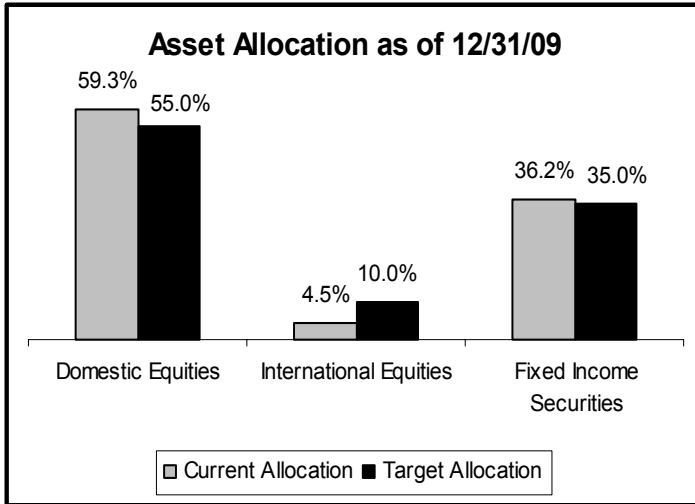
INVESTED ASSET REVIEW



During the fourth quarter in 2009, the stock market continued its rally with the S&P 500 posting a 6% return. Growth stocks outperformed value stocks across all market capitalizations. The large company growth stocks, specifically technology stocks, enhanced the overall return of the market while large company value stock returns were dampened by the financial sector decline over the quarter.

The yield on U.S. Treasuries rose considerably while corporate securities continued to regain liquidity. The yield curve, which is also known as the bond-market indicator, steepened which is a sign that investors are optimistic that the economic recovery is continuing.

As of December 31, 2009, the Fund's invested assets totaled \$982.3 million compared to \$850.5 million at December 31, 2008. The Fund's rate of return for 2009 was 23.1% (net of fees), compared to 22.9% for the policy index, which is composed of 55% domestic equities (35% S&P 500 index, 20% Russell mid cap index, 10% Russell 2000 small cap index), 10% International (MSCI EAFE index) and 35% domestic fixed income (Barclays Aggregate Bond Index).



TOP TEN STOCK HOLDINGS AS OF 12/31/09

Stock Description	# Shares	\$MM
1. J P Morgan Chase & Co.	120,736	\$5.0
2. Exxon Mobil Corp.	72,957	5.0
3. Bank of America Corp.	245,392	3.7
4. Wells Fargo & Co.	135,234	3.6
5. Chevron Corp.	46,595	3.6
6. Pfizer Inc.	195,900	3.6
7. AT&T Inc.	126,892	3.5
8. Aflac Inc.	73,050	3.4
9. Illinois Tool Works Inc.	69,714	3.2
10. Fedex Corp.	38,426	3.2

Transitions



RETIREES (since October 2009)

Balich, Anthony	Fifer, Jerome	Kachru, Autar K.	Noble, George S.	Smothers, Melody
Barton, Daniel M.	Flagg, Emma	Kelly, William J.	Patel, Subhash M.	Sobanski, Joseph P.
Behlim, Abdussamad	Flynn, Daniel G.	Kelty, Ronald J.	Perry, Christopher	Sopcak, Michael P.
Castro, Edwin	Foley, Patrick J.	Kirk, Michael J.	Quasthoff, Otto J.	Toomey, Patrick
Cate, Joseph A.	Gafeney, Patricia	Latimore, Thomas T.	Radford, David A.	Vukits, Steven J.
Cook, Edmund J.	Garcia, John W.	Morris, Jesse B.	Rahimi, Jafar N.	Zehentmaier, Joseph
Cox-Davis, Sharon D.	Jamjun, Osoth	Murray, Edward R.	Sanchez, Gregorio	
Dennison, Odon A.	Johnson, Charles K.	Nastasowski, Jr., Paul	Smothers, George	

DECEASED RETIREES (since October 2009)

Atkins, Denise *	Cuomo, Anthony	Henry, James G.	Nolan, Timothy *	Ross, Helen
Baitis, Charles J.	Czarnowski, Frank	Ihms, Robert E.	Oakley, George C.	Setterberg, Carl
Barrett, Andrew V.	Dimalanta, Fraternito D.	Ivers, Michael B.	Olsen, Lawrence W.	Shelton, James W.
Benedetto, Patricia J.	Dudle, Edith M.	Kelly, Evan I.	Orlikowski, Emerick	Small, Delbert R.
Blanks, James L.	Edwards, John A.	Martin, Doris	Palenik, Vincent J.	Udovic, Frank
Bradley, Thomas	Elmer, Roger B.	Miller, Warren E.	Perkins, Ray A.	Walsh Jr., William M.
Cahel, Frank J. *	Ganshirt, Joseph *	Miodu, Renetta L.	Ramsden, William F.	
Calandrino, Paul A. *	Headley Sr., Orville C.	Mirabella, Laurence *	Richardson, Charles	
Creen, Jacqueline *	Heggie, Robert	Misheikis, Anthony J.	Romano, Baldassaro	

*Death in Service

OPEN ENROLLMENT

The Health Insurance Open Enrollment period for both active employees and retirees is upon us. Any annuitant that has previously requested information on the District's health insurance plan, will receive the open enrollment packets in the mail.

The only plans available for the 2010 open enrollment are the Blue Cross Blue Shield of Illinois PPO and HMO Illinois. More information regarding these plans will be posted on our website, www.mwrdrf.org, as soon as it becomes available. Please note new monthly premium rates and carefully consider the plan that best suits your needs:

	BCBS of Illinois PPO	HMO Illinois
Retirees with No Medicare		
Member	\$225.32	\$148.65
Couple	\$450.65	\$278.61
Family (3 or more)	\$509.63	\$425.11
Retirees with Medicare		
Member	\$108.01	\$125.16
Couple, both with Medicare	\$216.11	\$250.35
Couple, one with Medicare	\$333.35	\$273.14
Family, one with Medicare	\$509.63	\$423.25
Family (3 or more), two with Medicare	\$441.42	\$398.33
Adult dependents * (age 23 and over)	\$225.32	\$148.65

- ✓ May 1, 2010 through May 28, 2010 is the period for the District's Health Insurance Open Enrollment. Requests for changes received in the Retirement Fund Office after May 28, 2010 cannot be honored.
- ✓ The new premium rates will be reflected on your July 1, 2010 annuity payment.
- ✓ The premium for each adult dependent* between the ages of 23 and 26 (or 30 for Military veterans) will be the same as the annuitant's premium for "member only" coverage. The "member only" rate will be in addition to the annuitant's regular monthly insurance premium.
- ✓ If you are not interested in making any changes to your medical coverage at this time, you do not need to contact our office. Your coverage will remain the same.
- ✓ If you are interested in receiving more information about the plans or are interested in making a change, please contact Jessica Taylor at 312-751-3222.

Protect your SAVINGS & INVESTMENTS!



When it comes time to ask for assistance from our loved ones or caretakers with our finances, it is important to consider the long term possibilities. Below are a few of the top crime prevention tips provided by the Department of Aging:

- ✓ Don't add anyone as a joint tenant to any bank account, investment account or safety deposit box "in case of emergency", except your spouse. They can withdraw every penny legally and leave you with nothing but tax liabilities. Make this individual a beneficiary with access to this account upon your death. This is the only way to ensure your assets will be protected.
- ✓ Never add anyone to the title of your home as a joint tenant, except your spouse. Never take out a mortgage to help someone out. They can sell it, mortgage it and you can lose your home. This could leave you with nothing but tax liabilities and Public Aid problems if you should ever need it.
- ✓ Law enforcement will find it extremely difficult to assist you in recovering any money or property if you have assigned someone as a joint tenant. Instead ask the financial institutions for other options if you do need assistance such as "signature authority only". "Signature authority only" gives the person the ability to sign on your behalf but does not give them access to your accounts.

WWW.MWRDRF.ORG is up and running!

The Fund launched its official website on November 30, 2009. Since then, staff has added much more valuable information regarding benefits and investments for members and all to have access to. A wonderful feature on the homepage is "recent news" designed to keep our members abreast of current events.

MWRD Retirement Fund Staff Directory

(312) 751-XXXX

Executive Director.....	Susan Boutin	x 3230	sue.boutin@mwrdrf.org
Supervising Benefits Analyst	Mary Wilson.....	x 3220	mary.wilson@mwrdrf.org
Accountant/Analyst	Vrinda Kulkarni	x 3036	vrinda.kulkarni@mwrdrf.org
Financial Analyst.....	George Kirie	x 3226	george.kirie@mwrdrf.org
Programmer Analyst	Vacant.....		
Benefits Manager, Retirements.....	Ksenija ('Senya') Hrvojevic..	x 3229 ..	ksenija.hrvojevic@mwrdrf.org
Ordinary Disabilities, Estimates.....	Tamara Jones	x 6641	tamara.jones@mwrdrf.org
Estimates, QILDRO	Jean Sivils	x 3227	jean.sivils@mwrdrf.org
Duty Disabilities, Refunds, Estimates.....	Elizabeth Yourell	x 3224 ..	elizabeth.yourell@mwrdrf.org
Insurance, Death Notifications, E-Mail List.....	Jessica Taylor.....	x 3222	jessica.taylor@mwrdrf.org

Contact us by...

phone From District locations, dial 1 + the underlined phone extension, above.

e-mail Contact us via the District's Outlook system, or at our internet e-mail addresses, shown above. Provide a phone number where you can be contacted on weekdays between 8:45 a.m. and 4:30 p.m. (Central time).

U.S. mail using the address below. **Fax** (312) 751-5699

MWRD RETIREMENT FUND
111 East Erie Street, Suite 330
Chicago, IL 60611-2898

FIRST-CLASS MAIL
U.S. POSTAGE
PAID
Chicago, IL
Permit No. 2543

STATEMENT OF PLAN NET ASSETS
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$157,556	\$130,703
Receivables:		
Employer Contributions -Taxes (net of allowance for uncollectible amounts of \$4,759,551 in 2009; \$3,990,730 in 2008)	32,640,000	31,314,042
Securities sold	10,611,181	2,797,988
Accrued interest and dividends	873,405	1,013,595
Accounts receivables	53,861	51,609
Total receivables	<u>44,178,447</u>	<u>35,177,234</u>
Investments at fair value:		
U.S. Treasuries	-	11,212,427
U.S. Agencies	-	4,036,474
Corporate bonds and notes	-	6,566,897
Mortgage backed securities	-	14,786,636
Asset backed securities	-	1,793,988
Pooled funds - fixed income	336,649,244	354,790,076
Pooled funds- equities	101,629,943	50,274,377
Common and preferred stocks	524,539,414	392,503,639
Short-term investments	19,444,932	14,486,714
Total investments	<u>982,263,533</u>	<u>850,451,228</u>
Securities lending collateral	7,403,885	20,172,613
Total assets	<u>1,034,003,421</u>	<u>905,931,778</u>
LIABILITIES		
Accounts payable	1,285,478	891,082
Securities purchased	10,494,810	6,070,891
Securities lending collateral	7,403,885	20,172,613
Total liabilities	<u>19,184,173</u>	<u>27,134,586</u>
Net assets held in trust for pension benefits	<u>\$1,014,819,248</u>	<u>\$878,797,192</u>

2009 FINANCIAL REPORT TO FUND MEMBERS

The financial statements are excerpted from the MWRD Retirement Fund's 2009 Annual Financial Report and are intended to provide our membership with general financial information about the Fund. Notes accompanying the Financial Report are an integral part of the financial statements. These financial statements and notes will appear in the MWRD Retirement Fund's 2009 Comprehensive Annual Financial Report which will be published June of 2010 and available for review at the District's Library, the Fund office, and on-line at www.mwrdrf.org.

Between December 31, 2008 and December 31, 2009, the Fund's net assets available for benefits increased 15.5% from \$878.8 million to \$1,014.8 million, due to the increase in investment returns. A significant factor in evaluating the financial status of a retirement fund is the funded ratio that measures actuarial value of assets against actuarial accrued liabilities. The actuarial accrued funded ratio decreased from 65.4% at year-end 2008 to 60.7% at year-end 2009. The decrease resulted mainly from lower than expected investment returns over the last 5 years.

The Fund maintains a conservative, long-term outlook with regards to its investments. On December 31, 2009, 65.5% of assets were invested in equity securities (at fair value), 34.5% in fixed income securities and short-term investments.

STATEMENT OF CHANGES IN PLAN NET ASSETS
Years ended December 31, 2009 and 2008

<u>Additions:</u>	<u>2009</u>	<u>2008</u>
Employer contributions	\$32,153,874	\$33,406,819
Employee contributions	15,690,322	14,778,404
Total contributions	<u>47,844,196</u>	<u>48,185,223</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	187,518,451	(311,205,254)
Interest on fixed income investments	1,208,618	4,106,340
Interest on short-term investments	77,596	670,923
Dividend income	7,839,846	9,191,366
Total investment income (loss)	<u>196,644,511</u>	<u>(297,236,625)</u>
Less investment expenses	<u>(2,576,926)</u>	<u>(2,507,486)</u>
Investment income (loss), net of expenses	<u>194,067,585</u>	<u>(299,744,111)</u>
Securities lending activities		
Securities lending income	-	3,691,075
Borrower rebates	-	(2,912,737)
Bank Fees	-	(194,845)
Net income from securities lending activities	<u>-</u>	<u>583,493</u>
Other	<u>8,379</u>	<u>18,089</u>
Total additions	<u>241,920,160</u>	<u>(250,957,306)</u>
<u>Deductions:</u>		
Annuities and benefits		
Employee annuities	86,581,378	83,948,187
Surviving spouse annuities	15,689,413	14,934,213
Child annuities	120,290	122,652
Ordinary disability benefits	745,363	846,201
Duty disability benefits	268,086	217,496
Total annuities and benefits	<u>103,404,530</u>	<u>100,068,749</u>
Refunds of employee contributions	1,174,864	964,846
Administrative expense	1,318,710	1,280,321
Total deductions	<u>105,898,104</u>	<u>102,313,916</u>
Net increase (decrease)	136,022,056	(353,271,222)
Net assets held in trust for pension benefits		
Beginning of year	<u>878,797,192</u>	<u>1,232,068,414</u>
End of year	<u>\$1,014,819,248</u>	<u>\$878,797,192</u>