

BOARD OF TRUSTEES

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**VOLUME 18, ISSUE 1
MAY 2011**

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You Can BANK On It!

VESTED INTEREST

is published for
Employees & Retirees
served by the

MWRD

Retirement Fund

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Chicago, IL 60611
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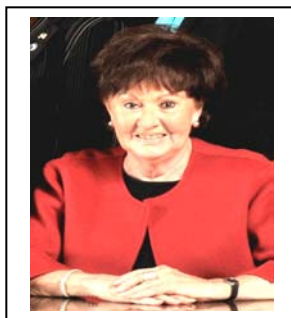
Retirement Fund Staff

WELCOME ON BOARD COMMISSIONER SANTOS

The MWRDGC Board of Commissioners appointed Commissioner Cynthia M. Santos to the Retirement Fund's Board of Trustees at their December 2, 2010 meeting, following the retirement of Hon. Gloria Alitto Majewski, to serve a two-year term ending January 2013. Mrs. Santos has served as Commissioner since November 1996 and is currently serving as the District's Chairman of Finance.



FAREWELL TO TRUSTEE MAJEWSKI



Commissioner Gloria Alitto Majewski retired on November 30, 2010, after having established over her twenty-six year career a record of superior service and significant accomplishments for the District as well as twenty-four years of service to the members of the Retirement Fund. During her tenure with the Fund, she supported many retirement programs such as the Rule of 80, Optional Plan, Early Retirement Contribution and purchase of military service.

The Retirement Fund Trustees and staff wish her and her family well and thank her for the many years of dedicated service to the Fund and its members.

TRUSTEE REGAN RE-ELECTED & TRUSTEE ROSE RE-APPOINTED

Robert T. Regan was re-elected as Trustee by the employees in October 2010 for a four-year term ending in November 2014. The Trustees of the Fund also accepted the recommendation made by the Board of Commissioners to re-appoint Joseph W. Rose as the Retiree Trustee on the Retirement Fund Board for the period of February 1, 2011 through January 2014.

Legislature considers bill impacting MWRDRF benefits

During the spring 2011 legislative session, legislators are considering a bill which modifies benefits for current employees who work for many of the Reciprocal Funds in Illinois. Due to the efforts of our Trustees and the District, changes to Article 13 of the Illinois Compiled Statutes, which impact MWRDGC employees, are not being considered at this time. The Retirement Fund and the District will continue to work toward their goal of improving funding which may require increased employee and employer contributions.

HEALTH INSURANCE UPDATE

The Health Insurance Open Enrollment period this year is May 1, 2011 through May 31, 2011. The District continues to offer Blue Cross Blue Shield PPO and HMO Illinois. Notices were recently mailed to our members regarding the new premium rates, which increased 5.38%. The new rates will be reflected on the July 1, 2011 annuity payment. More information regarding these plans is posted on our website at www.mwrdrf.org.

Effective July 1, 2011, annuitants who insure adult dependents between the ages of 23 and 26 (or 30 for Military veterans) will no longer have a separate insurance rate for these dependents. The annuitant's insurance rate will be based on the number of insured members covered on the policy and the number of insured members on Medicare.

The PPO medical plan changes that will be effective July 1, 2011 are as follows:

- The PPO Wellness benefit will no longer have a \$600 maximum limit.
- The PPO mental health/chemical dependency will no longer have limits on visits.

If you would like to make a change to your medical coverage at this time, please contact Jessica Taylor at 312-751-3222. Otherwise no action is required.

INVESTED ASSET REVIEW



As of December 31, 2010, the Fund's invested assets totaled \$1.053 billion compared to \$974 million at December 31, 2009. The Fund's annual rate of return was 15.9%, net of fees, compared to 15.0% for our policy benchmark which is composed of 55% domestic equities (25% S&P 500 Index, 20% Russell MidCap index, 10% Russell 2000 Index), 10% International (MSCI EAFE Index) and 35% domestic fixed income (Barclays Aggregate Index).

During the first quarter of 2011, the Fund funded its two newly hired international equity managers, Hexavest Inc. and Vontobel Asset Management, with approximately \$54 million each. The transition involved proceeds of approximately \$57 million from State Street Global Advisor's international portfolio, full liquidation of Northern Trust's US MarketCap Index of \$23 million and a reduction of Alliance Bernstein and Herndon Capital by \$14 million each. The Fund also made efforts to rebalance its midcap allocation by increasing Ariel Investment's midcap by \$6.7 million and reducing Systematic Financial and Opus Capital Management by \$2.7 million and \$4.0 million, respectively. Knight Transition Management managed the transition.

The Fund also began implementing its Emerging Manager Utilization Program by issuing a Request for Proposal for emerging largecap value and largecap growth equities searches. The Fund is currently in the contract negotiations process with two emerging largecap value managers, NorthPointe Capital and Graham & Dodd Fund and two emerging largecap growth managers, Holland Capital Management and Decatur Capital Management Inc.

Transitions

RETIREES (since October 2010)



Ackerman, Francis G.	Downs, Harold G.	Klaus, Carl P.	Moore, Norman M.	Smith, Jacqueline F.
Ali, Mohammad M.	Duhig, Michael B.	Koktzoglou, Savvas	Murray, Patrick J.	Soiya, Peter M.
Alitto-Majewski, Gloria J.	Durham, Ellice D.	Kollias, Louis	Naegele III, Charles E.	Sopcak, Catherine L.
Anderson, Charles H.	Enda, Frank	Kovach, Joseph J.	Natividad, Cornelio R.	Stephens, Arthur C.
Anderson, Jerry W.	Feldman, Frederick M.	Kowalski, Norbert J.	Natividad, Leticia L.	Sullivan, Patrick A.
Anyanwu, Ibe J.	Figueroa, Miguel A.	Kraus, Jeffrey E.	Nieman, Philip W.	Swango, Rosalie
Ashley, Nathaniel	Floyd, Michael R.	Langwinski, Michael J.	Nolan, Maryann T.	Thigpen, Vanessa M.
Ballan, Jeanne E.	Fragale, Josephine	Lanyon, Richard	Norfleet, Eardell	Tully, Dennis M.
Billett, George V.	Frigo, Anthony D.	Lensu, Wayne R.	Pacion Jr., Theodore F.	Turner, Robert E.
Bottari, Rosalie	Frigo, Thomas J.	Lewis, Carl N.	Pacyga, Glenn D.	Tyson Jr., Merrill J.
Boylan, David M.	Geraghty, Thomas P.	Lindquist, Ruth A.	Paintal, Amreek S.	Uher, Robert M.
Breen, Elaine	Gonzalez, Carlos A.	Lordi, David T.	Pappas, Leo J.	Urlacher, Nancy A.
Brown, Imogene	Griswold, Dennis L.	Maciaszek, Robert J.	Passalacqua, Salvatore	Vasquez, Janet L.
Chan, Darlene E.	Harrington, Mitchell J.	Mangkorn, Damrong	Porter, Patricia A.	Walega, Richard S.
Cook, Alan J.	Haywood, Sharon L.	Mathe, Vincent M.	Price, Edward F.	White, Marc A.
Cook, Marvin S.	Hickey Sr., Gerald M.	McClain, Daniel E.	Rakoczy, Joseph R.	Williams, Emily K.
Cray, Pamela B.	Hilger, Rodger W.	McKay, Charles J.	Rivers, Ronald M.	Williams, Joseph
Curran, Timothy J.	Holbrook, Glenn L.	McKinley, Edward	Sausen, James P.	Wiwat, Warren J.
Curry, Lamont C.	Jackson, Elayne M.	Michuda, Victor R.	Schafer, Joseph C.	Wysocki, Paul T.
Dalageorgas, Angelo C.	Johnson, Roosevelt S.	Miele, James T.	Schorsch, Jeffrey L.	Ziman, Zlatko
Darcy, Thomas J.	Jones, Constance	Miller, Gerald J.	Shalks, Michael	
Davis, Willie J.	Jones, Jan M.	Monteleone, John	Simboli, Thomas J.	
Doran, Susanne	Jura, Jerome F.	Montgomery, Marilyn J.	Simon, Kathleen H.	

DECEASED RETIREES (since October 2010)

Baer, Philip S.	DelPercio, Adolph	Graham, Ernest R.	O'Leary, William F.	Sullivan, Daniel F.
Baker, William R.	DiPompeo, Dora E.	Hackett, Raymond H.	Ortigoza, Jesus	Tanaka, Mary Y.
Briggs, Albert	Dix, Omer H.	Hermann, Robert	Pargulski, Leo B.	Tyrrell, John
Brown, Daniel P.	Durr, Joseph O.	Jones, Diane *	Pavia, Richard A.	Wren, Thomas J.
Bryan, Robert H.	Egan Sr., George D.	Kloppel, George J.	Peden, Franklin D.	Zorica, Peter
Carlson Sr., David A.*	Eldon, Robert M.	Larson, Allan S.	Rice, John L.	
Cavallo, Stanley D.	Fergus, John J. *	Melone, Adolph	Russell, Edward L.	
Crane, Martin E.*	Gesell, John	Moore Jr., James C.	Ryan, John M.	
DalPorto, Richard J.	Giuffre, Anthony S.	Morrison, Donald R.	Stevens, Dolores A.	

*Death in Service

What is a Reversionary Annuity?



Under the reversionary annuity option, an employee may elect, prior to retirement, to receive a lower annuity at retirement in order to provide a lifetime monthly annuity to a designated reversionary annuitant, upon the employee's death. Reversionary annuitants can only be the spouse, child, parent or sibling of the employee. The reversionary annuity is an ideal way to provide for a lifetime stream of income for dependents that may be unable to provide for themselves in the event of the employee annuitant's death.

Facts about the Reversionary Annuity:

- The reversionary annuity must be elected by filing a Designation of Reversionary Annuitant form in the MWRDRF office prior to retirement.
- The Designation of Reversionary Annuitant form must be on file at least 730 days before the death of the retired employee for a reversionary annuity to become payable.
- The Designation of Reversionary Annuitant form may be withdrawn by the employee at any time prior to retirement.
- The death of the employee prior to retirement automatically voids the reversionary annuity election.
- If the Designation of Reversionary Annuitant form is withdrawn or changed in any way, the 730 day waiting period starts over.
- If the retiree dies after retirement but before 730 days have elapsed from the date of the Designation of Reversionary annuitant form was filed in the MWRDRF office, no reversionary annuitant shall be payable and, if a surviving spouse annuity is payable, the reduction due to the reversionary annuity designation shall remain in effect.
- If a designated reversionary annuitant dies before the retiree dies, no reversionary annuity shall be payable but the reduction in the retiree's and, if and when payable, the surviving spouse's annuity shall remain in place. If more than one reversionary annuitant has been designated and one of the designated reversionary annuitants dies before the retiree, no change will occur in the amounts payable to the other designated reversionary annuitants.
- If the spouse is elected as the recipient of a reversionary annuity, the total annuity payable to the spouse for both the spouse annuity and the reversionary annuity cannot exceed 85% of the reduced annuity payable to the employee.
- An employee cannot reduce his or her annuity for reversionary purposes by more than 25% nor elect to provide a reversionary annuity of less than \$100 per month.
- The amount that the employee annuitant is set aside and converted to a monthly annuity payable to the designated reversionary annuitant based on actuarial tables.
- COLAs payable to the employee or spouse annuitant are based on the reduced annuity. There is no COLA payable to a reversionary annuitant.

Example: Dirk the District employee is 60 at the time of retirement. He is married to Clara. He has a daughter, Laila, who is 28. Dirk has 20 years of District service. His monthly annuity is calculated to be \$4,000. He elects the maximum Reversionary Annuity of 25% of his annuity, or \$1,000 ($\$4,000 \times 25\%$) payable to his daughter Laila upon his death. Upon retirement, Dirk's annuity will be reduced to \$3,000 ($\$4,000$ less \$1,000 reversionary election).

Assuming Dirk dies after retirement and prior to receiving a cost of living increase, the annuity payable to his spouse will be 80% ($60\% + 1\%$ per year of service) of Dirk's reduced annuity, or \$2,400 monthly (reduced annuity of \$3,000 times 80%).

The Reversionary Annuity payable to Laila upon Dirk's death, is based on an actuarial factor determined by Dirk's and Laila's ages at retirement. According to the applicable table, Dirk's age of 60 and Laila's age of 28 yields a factor of 2.592028. To calculate Laila's annuity, we multiply the \$1,000 reduction in Dirk's annuity by 2.592028. Laila will receive \$2,592.03 per month ($\$1,000 \times 2.592028$) payable for life.

This is just an example of a Reversionary Annuity calculation. Amounts will vary based on the amount of the reduction, the employee's age and the reversionary annuitant's age at retirement. If you are interested in how a reversionary annuity would apply to your unique situation, please contact our office.

DIRECT DEPOSIT - You Can BANK On It!

- Direct Deposit gives you peace of mind. No hurrying from the office or home to the bank. It is the most private, safe and proven way to transfer money.
- Direct Deposit is secure, convenient and fast. Set it up once and payments automatically post directly to your account!
- Direct Deposit is confidential. Generally five to nine people handle each check at a financial institution compared with one or two people who handle an electronic transaction.
- Funds are accessible in your bank account on payday.

Direct deposit advices are no longer mailed to our annuitants unless there is a change in the net amount of the monthly annuity. All annuitants receive a direct deposit advice in July and December. New annuitants receive an advice for their first and second check due to the changes in their net checks the first few months. Verification of the deposit can be achieved by contacting your financial institution. The Fund urges annuitants who receive a check to enroll in Direct Deposit! Please contact Jessica Taylor at 312-751-3222 for more information or access the form on-line at: www.mwrdrf.org

MWRD Retirement Fund Staff Directory

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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

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**METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS**

	12/31/10	12/31/09
ASSETS		
Cash	\$ 196,917	\$ 157,556
Receivables		
Employer Contributions -Taxes (net of allowance for uncollectible amounts of \$7,311,844 in 2010; \$4,759,551 in 2009)	32,306,670	32,640,000
Securities sold	2,384,143	10,611,181
Accrued interest and dividends	897,638	873,405
Accounts receivables	62,742	53,861
Total receivables	35,651,193	44,178,447
Investments at fair value		
Pooled funds - fixed income-short-term	20,525,953	19,444,932
Pooled funds - fixed income-long-term	318,373,783	336,649,244
Pooled funds- equities	20,673,137	101,629,943
Common stocks	701,318,635	524,539,414
Total investments	1,060,891,508	982,263,533
Securities lending collateral	24,720,006	7,403,885
Total investments	1,085,611,514	989,667,418
Total assets	1,121,459,624	1,034,003,421
LIABILITIES		
Accounts payable	1,586,346	1,285,478
Securities purchased	2,505,217	10,494,810
Securities lending collateral	24,720,006	7,403,885
Total liabilities	28,811,569	19,184,173
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 1,092,648,055	\$ 1,014,819,248

2010 FINANCIAL REPORT TO FUND MEMBERS

These financial statements are excerpted from the MWRD Retirement Fund's 2010 audited financial statements and are intended to provide our membership with general financial information about the Fund. The financial statements and their accompanying notes will appear in the MWRD Retirement Fund's 2010 Comprehensive Annual Financial Report which will be published June 2011 and available for review at the Fund office, the District's Library and on-line at www.mwrdrf.org.

Between December 31, 2009 and December 31, 2010, the Fund's net assets available for benefits increased 7.7% from \$1,014.8 million to \$1,092.6 million, primarily due to the continued rebound of the equity markets since 2008. A significant factor in evaluating the financial health of a retirement fund is the funded ratio that measures actuarial value of assets against actuarial accrued liabilities. The Fund's funded ratio decreased from 60.7% at year-end 2009 to 56.5% at year-end 2010. Despite a 15.9% investment return in 2010, the drop in the funded ratio resulted from the 2008 investment losses that are being recognized over a 5-year period for actuarial purposes.

The Fund maintains a conservative, long-term outlook with regards to its investments. On December 31, 2010, 68.1% of assets were invested in equity securities (at market value), 31.9% in fixed income securities and short-term investments.

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND
STATEMENT OF PLAN NET ASSETS
December 31, 2010 and 2009

	2010	2009
ADDITIONS		
Employer contributions	\$ 29,917,793	\$ 32,153,874
Employee contributions	15,872,560	15,690,322
Total contributions	45,790,353	47,844,196
Investment income		
Net appreciation in fair value of investments	136,082,191	187,518,451
Interest on fixed income investments	-	1,208,618
Interest on short-term investments	24,608	77,596
Dividend income	10,162,335	7,839,846
Total investment income	146,269,134	196,644,511
Less investment expenses	(3,607,447)	(2,576,926)
Investment income, net of expenses	142,661,687	194,067,585
Securities lending income		
Earnings	90,389	-
Borrower rebates	181,683	-
Less bank fees	(53,512)	-
Net income from securities lending activities	218,560	-
Other	34,214	8,379
Total additions	188,704,814	241,920,160
DEDUCTIONS		
Annuities and benefits		
Employee annuities	90,446,956	86,581,378
Surviving spouse annuities	16,613,378	15,689,413
Child annuities	103,505	120,290
Ordinary disability benefits	813,505	745,363
Duty disability benefits	241,842	268,086
Total annuities and benefits	108,219,186	103,404,530
Refunds of employee contributions	1,380,310	1,174,864
Administrative expense	1,276,511	1,318,710
Total deductions	110,876,007	105,898,104
NET INCREASE	77,828,807	136,022,056
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	1,014,819,248	878,797,192
End of year	\$ 1,092,648,055	\$ 1,014,819,248