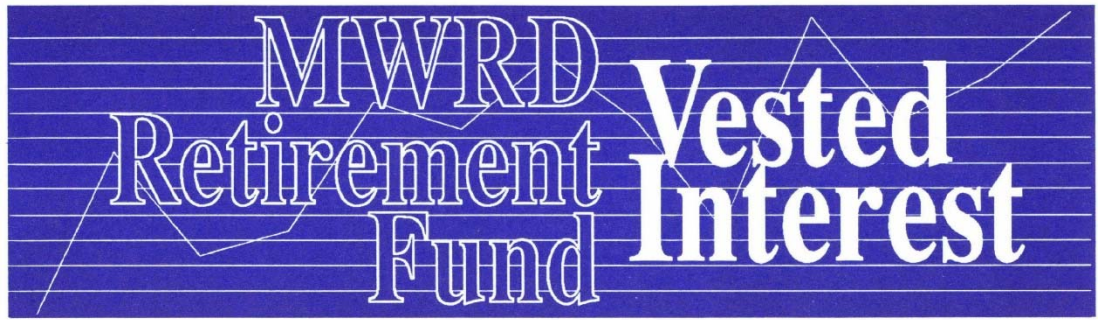


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PROVIDING A FORUM FOR AN ACTIVE MEMBERSHIP

**VOLUME 24, ISSUE 1
MAY 2017**

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Appointed



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Retirement Fund Receives
GFOA Award



Combined Retirement
Party and Holiday Party



VESTED INTEREST
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**MWRD
Retirement Fund**
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www.mwrdrf.org

Editors:
Retirement Fund Staff

KATHLEEN THERESE MEANY APPOINTED RETIREE TRUSTEE



At its September 28, 2016 meeting, the Retirement Board of Trustees confirmed the appointment of Kathleen Therese Meany as Retiree Trustee to fill the unexpired term of Harold G. Downs. The term of office expired on January 31, 2017. At its January 25, 2017 meeting, the Retirement Board confirmed Ms. Meany for a full three-year term, ending January 31, 2020. Prior to her retirement, Ms. Meany served as the president of the District's Board of Commissioners. Her strong background in public administration will be beneficial to the Fund. Join us in welcoming former Commissioner Meany to the Retirement Board.



GEORGE P. KIRIE ANNOUNCES RETIREMENT

George P. Kirie has announced his retirement from the MWRD Retirement Fund effective May 31, 2017. George started his service with the Fund on October 9, 1987. He currently serves as the Fund's Financial Analyst. George has worked for our members assuring that the Fund's assets are prudently managed and ensuring payroll funding for our annuitants and other benefit recipients. Join us in bidding a fond farewell to George and wishing him a long and happy retirement.



It's May 1st - Where Did Everyone Go?

If you're a fairly recent hire at the District, you may have arrived at work on May 1st and thought that the zombie apocalypse struck. Where did everyone go? April 30th is a very common date for retirement. Why? One year of service is earned once an employee has worked 120 calendar days within that year. If April 30th is the 120th day of a non-leap year, working one more day beyond April 30th in your retirement year will not get you any additional service credit. If an employee works less than 120 days in a calendar year, credit is pro-rated. For example, if an employee works through March 31st of a non-leap year and loses no time, he will have worked 90 days. Pension service credit for that year will be 90/120, or 0.75 year. If you are an active employee and are curious about how much pension credit that you may have or when you may be eligible to retire, contact the Retirement Fund.



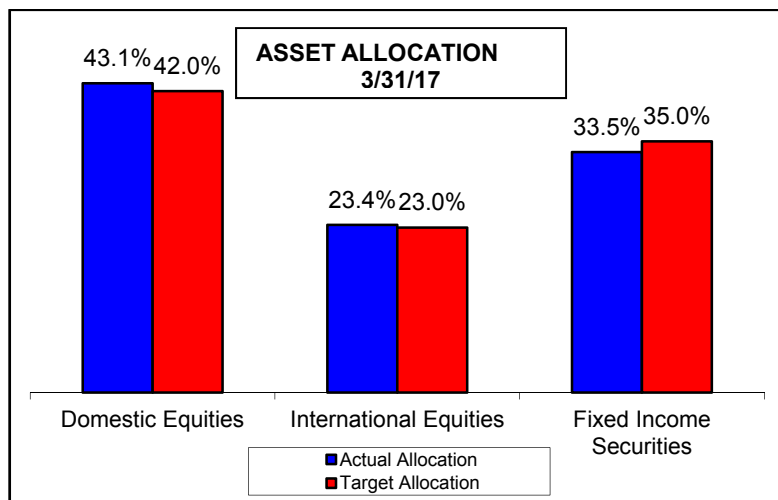
1ST QUARTER FUND REVIEW



FUND'S ASSETS AS OF 3/31/17: \$1.300B

Fund performance as of 3/31/17	1 st Quarter	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Fund (net of fees)	4.1%	12.5%	6.1%	8.6%	6.2%
Policy Index*	4.4%	11.3%	6.2%	8.7%	6.2%

The policy index is composed of the following: 21% S&P 500 Index, 10% Russell Midcap Index, 11% Russell 2000 Index, 11% MSCI ACWI ex-US Index, 6% S&P Developed ex-U.S Index, 6% MSCI Emerging Markets Index, 8.75% Barclays Global Aggregate (Hedged) Index, 26.25% Barclays Aggregate Index.



Stock Description	#Shares	\$MM
1. AFLAC Inc.	70,950	\$5.1
2. Zimmer Biomet Holdings Inc.	41,475	5.0
3. The Boeing Co.	22,431	4.0
4. Viacom Inc.	84,400	4.0
5. Laboratory Corp America	26,400	3.8
6. CBS Corp.	54,260	3.8
7. Northern Trust Corp.	39,100	3.4
8. Lazard LTD.	71,000	3.3
9. The Interpublic Group of Cos	132,700	3.3
10. First American Financial Corp.	79,000	3.1

1ST QUARTER MARKET REVIEW

- ❖ **U.S. equity markets** had a very strong first quarter, despite mixed results for March. For the quarter, the S&P 500 was up 6.1 percent. The strong performance in U.S. stock markets was due to continued economic growth and consequent earnings growth. Investor sentiment continues to be bullish.
- ❖ **International equity markets** also had a strong start to 2017, with faster economic growth and decreasing political risks boosting investor sentiment. The MSCI EAFE Index, which represents global developed markets, returned 7.3 percent for the quarter. The MSCI Emerging Markets Index was also up, gaining 11.4 percent for the quarter. Both indices benefited from the first synchronized global economic upswing since the financial crisis.
- ❖ **Fixed income** indices had a volatile start to 2017, due to uncertainty on whether the Federal Reserve would increase the federal funds rate in March, which it did. As a result, the Barclays Aggregate Bond Index experienced a -0.1 percent loss for the month, though it gained 0.8 percent for the quarter.

Transitions



RETIREEES (since September 2016)

Avina, Jesus A.	Del Russo, Olga A.	Holdman, Jr., Leonard	Mallone, John	Robinson, Deborah
Barton, Christine M.	DiPrima, Ursula A.	Howard, Rowlanda	Martinez Jr., Gilbert	Santos, Cynthia M.
Bedard, Richard	Durden, Julia	Hurley, Maurice T.	Matlock, David	Seidler, Marina
Bergstrom, Daniel	Flowers, Shannon	Isaac, Edward A.	McDermott Jr., Patrick	Sims, Debbie D.
Billich, Esther	Fredianelli, Sadgio	Johnson, Larry C.	McGrath, Paul N.	Sobczyk, John
Brand, Mary A.	Gelato, John R.	Jones, William	Moore, Trennis A.	Topor, Sylvia J.
Cain, Roger D.	Granato, Thomas	Kamenjarin, Sheril A.	Moy, Linda T.	Turek, Gayle M.
Carroll, Mary	Green, Jennifer	Kaminski, James E.	Negoda, Henry A.	Wahlin, Robert
Cohen, Michael P.	Grice-Brumfield, Carolyn	Klimas, John	Northfell, Donald W.	Wallace, Keena M.
Collins, Daniel	Hanrahan, Patrick W.	Kullman, Wayne M.	O'Donnell, Pat	Wass, Marina
Conrad, Sandra	Hardy, Tim J.	Kuman, Izabela H.	Pankiewicz, Thomas L	Waters, Larry
Contrarino, Salvatore	Haynes, Joyce	Litwinko, Tadeusz Z.	Papanikolaou, James	Yamanaka, Kim
Cullerton, Nancy A.	Hill, Ronald M.	Logan, Dwayne	Polito, Dominic	Zigulich, Phillip J.
Dannard, Andre	Hilliard, James E.	Maka, Andrea	Quinn, James T	

DECEASED EMPLOYEES AND RETIREES (since September 2016)

Alexopoulos, George	Cyrier, Richard T.	Murray, David E.	Scarpelli, Ernest R.	Sullivan, Daniel E.
Barbolini, Betty M.	Deignan, Francis L.	Nolan, Terrence P.	Schalkowski, Raymond	Svaras, Jonas V.
Barnes, Jr., Arthur J	Dickerhoof, Oliver N.	Nybo, Lloyd C.	Schereck, Allan M.	Thompson, William
Barrett, John K.	Elder, Ella L.	Olson, Anita Marie	Schreiber, Frank G.	Tomaszkiewicz R.
Bernardi, Anthony P.	Elliott, George T.	Olson, Noreen P.	Schultze, Jr. William G.	Urlacher, Michael A
Bokr, Joseph M.	Genualdi, Vincent J.	Prater, David J.	Sepulveda, Juan	Vitulli, Thomas P.
Briars, Ken C.	Higgins, George A.	Ramachandran, T	Simpson, Annie R.	Wadz, Jr., Joseph
Brown, Merle	Kirklys, Henry E.	Rodgers, Judith M.	Strobl, Jack M.	Yates, Michaelene*
Charniak, Ronald E.	Maloney, Martin F.	Scanlon, Warren E.	Suchetka, Edward J.	
Clifford, William F.	Marks, Henry*			

*Death in Service

The A-B-Cs of your UHC MAPD Plan



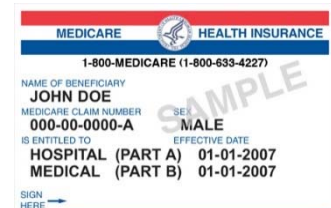
Since January 1, 2017, UnitedHealthcare (UHC) has administered a Medicare Advantage Plan with Part D (MAPD) for annuitants and their dependents who are Medicare eligible and enrolled in District-sponsored health insurance. Claims, administration and enrollment in the MAPD plan differs in some ways from the previous plans. Since January both members and Fund staff are learning how to navigate the MAPD plan. The following are lessons we would like to share about the MAPD plan. These provisions apply to annuitants and their dependents covered by the UHC plan.

Do NOT enroll in another Medicare Advantage Plan (Part C) or another Part D Plan. Be cautious. Direct marketing to seniors can be high-pressure and you may find yourself enrolled in a plan that you didn't want.

- A) You will be disenrolled from the District-sponsored health insurance plan if you enroll in another Medicare Advantage or Part D Plan.
- B) You may be able to drop the other plan and re-enroll in the District-sponsored plan, but coverage will not be continuous. If you met your deductible under UHC, you will need to meet it once again after re-enrollment in the District-sponsored UHC plan.
- C) Claims for any period of time covered by the other plan will be paid based on the coverage of the other plan.

Members need to pay Medicare Part B premiums and any IRMAA premiums.

- A) The District requires enrollment in Medicare Parts A and B for all eligible annuitants and their dependents regardless of whether they qualify by age or disability. Enrollment in the MAPD also requires Part A and B coverage.
- B) Medicare Part D (drug) coverage is part of the District-sponsored MAPD plan. The premium deducted from your monthly annuity includes the Part D premium. Additional IRMAA (Income-Related Monthly Adjustment Amount) premiums payable directly to the Social Security Administration may be required for covered annuitants and dependents earning over \$85,000 if filing singly or over \$170,000 if filing jointly.
- C) Non-payment of Part B or IRMAA premiums will cause the member to be disenrolled from the UHC MAPD plan. You may lose Medicare coverage, and, consequently, District-sponsored insurance eligibility. Re-enrollment in Part B may only occur during Medicare open enrollment which takes place each January 1 – March 31. The member must then wait until the District's next open enrollment period with coverage taking effect the following January 1.



Optum Rx is the pharmacy benefits manager for the UHC plan.

- A) Optum has its own formulary (vs. Blue Cross or Envision).
- B) Some common drugs shifted tiers in the transition. Some retirees have seen medications move to a lower cost tier. However, there were some medications that did move to a higher tier, including some common diabetic supplies.
- C) If your prescriptions are now covered at a higher tier, you may want to consult with your physician and the Optum formulary to determine if lower-cost options may be suitable for you.

For questions relative to claims and coverage, please contact the number on the back of your UnitedHealthcare card. For enrollment inquiries, contact the Retirement Fund at 312-751-3222.



The Government Financial Officers Association of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to our Fund for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2015. This national award recognizes excellence in the preparation of state and local government financial reports. Our CAFR has received this award for the last 23 years.

A copy of our 2016 CAFR report will be submitted to the GFOA for an award in early June, and may be viewed on-line at www.mwrd.org.

District Retirement Party

Annually the District hosts a retirement party. This year, the retirement party and the holiday party will be combined into one celebration. That celebration will take place on December 2, 2017 from 6:00 p.m. to 11:00 p.m. at the Guaranteed Rate Field, 333 West 35th Street, Chicago. We hope to see you there.

MWRD Retirement Fund Staff Directory

(312) 751-XXXX

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Insurance, Address Changes, Forms Requests.....	Debra Kozlowski	x <u>3222</u>	KozlowskiD@mwrd.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

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**METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND
STATEMENT OF FIDUCIARY NET POSITION**

	<u>12/31/2016</u>	<u>12/31/2015</u>
ASSETS		
Cash	\$ 3,670,431	\$ 104,287
Receivables		
Employer contributions - taxes (net of allowance for uncollectible amounts of \$3,753,025 in 2016 & \$3,662,183 in 2015)	79,505,000	70,772,260
Securities sold	7,563,442	10,565,077
Forward foreign currency exchange contracts	116,576,244	83,320,292
Accrued interest and dividends	3,160,847	4,368,109
Accounts receivables	<u>44,613</u>	<u>52,787</u>
Total receivables	<u>206,850,146</u>	<u>169,078,525</u>
Investments - at fair value		
Fixed Income	234,274,908	312,643,657
Pooled funds - fixed income - short-term	32,492,910	39,867,518
Pooled funds - fixed income - long-term	195,103,880	111,637,989
Common stocks	524,405,443	557,783,142
Mutual and commingled equity funds	<u>285,515,029</u>	<u>199,899,485</u>
	1,271,792,170	1,221,831,791
Securities lending collateral	<u>42,117,674</u>	<u>36,892,528</u>
Total investments	<u>1,313,909,844</u>	<u>1,258,724,319</u>
Total assets	<u>1,524,430,421</u>	<u>1,427,907,131</u>
LIABILITIES		
Accounts payable	1,270,180	1,383,154
Securities purchased	11,507,018	19,657,659
Forward foreign currency exchange contracts	116,937,166	83,320,292
Securities lending collateral	<u>42,117,674</u>	<u>36,892,528</u>
Total liabilities	<u>171,832,038</u>	<u>141,253,633</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 1,352,598,383</u>	<u>\$ 1,286,653,498</u>

2016 FINANCIAL REPORT TO FUND MEMBERS

These financial statements are excerpted from the MWRD Retirement Fund's 2016 audited financial statements and are intended to provide our membership with general financial information about the Fund. The financial statements and their accompanying notes appear in full in the Fund's 2016 Comprehensive Annual Financial Report will be available on-line at www.mwrdrf.org by mid-June, or by request.

During 2016, the Fund's net assets available for benefits increased by \$65.9 million or 5.1% from \$1.29 billion to \$1.35 billion, primarily from positive investment returns. The funded ratio which measures the actuarial value of assets against the actuarial accrued liabilities improved from 55.2% at year-end 2015 to 56.2% at year-end 2016.

The Fund maintains a conservative, long-term outlook with regards to its investments. On December 31, 2016, 43.5% of assets were invested in domestic equity securities, 22.4% in international equities, and 34.1% in fixed income securities and short-term investments.

**METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

	<u>2016</u>	<u>2015</u>
ADDITIONS		
Contributions		
Employer contributions	\$ 80,259,713	\$ 71,041,361
Employee contributions	20,830,779	21,385,212
Total contributions	<u>101,090,492</u>	<u>92,426,573</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	92,762,607	(20,894,824)
Interest	11,370,038	10,372,029
Dividend income	13,633,175	14,072,578
Total investment income	<u>117,765,820</u>	<u>3,549,783</u>
Less investment expenses	<u>(4,613,683)</u>	<u>(5,542,836)</u>
Investment income (loss), net of expenses	<u>113,152,137</u>	<u>(1,993,053)</u>
Securities lending income		
Earnings	265,142	98,280
Borrower rebates	294,951	645,265
Less bank fees	<u>(126,358)</u>	<u>(178,331)</u>
Net income from securities lending activities	<u>433,735</u>	<u>565,214</u>
Other		
	<u>107,175</u>	<u>28,817</u>
Total additions	<u>214,783,539</u>	<u>91,027,551</u>
DEDUCTIONS		
Annuities and benefits		
Employee annuities	121,729,901	116,884,577
Surviving spouse annuities	22,919,525	21,279,363
Child annuities	153,500	116,000
Ordinary disability benefits	412,706	721,720
Duty disability benefits	<u>109,753</u>	<u>159,251</u>
Total annuities and benefits	145,325,385	139,160,911
Refunds of employee contributions	2,010,630	1,348,845
Administrative expense	<u>1,502,639</u>	<u>1,659,917</u>
Total deductions	<u>148,838,654</u>	<u>142,169,673</u>
NET INCREASE (DECREASE)	65,944,885	(51,142,122)
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year	<u>1,286,653,498</u>	<u>1,337,795,620</u>
End of year	<u>\$ 1,352,598,383</u>	<u>\$ 1,286,653,498</u>