



Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook, IL 60523-2337

Service Representatives 1-800-ASK-IMRF

www.imrf.org

GENERAL MEMORANDUM

Number: 487

Date: April 3, 2002

To: Authorized Agents

Subject: Cost estimate requirement for Early Retirement Incentive

The IMRF Board of Trustees has changed the requirements for adoption of an Early Retirement Incentive (ERI). Effective February 22, 2002, a cost estimate must be prepared and shared with your employer's governing body before it adopts ERI. The ERI resolution has been revised to acknowledge this requirement.

Not only will a cost estimate provide an employer with potential and estimated costs of ERI, it will also make employers aware of eligible employees (with 20 or more years of IMRF service credit) an employer may not know about.

The cost estimate must be based on the same time period as the ERI being considered by the governing body. If your employer does not know when it will offer the ERI, your IMRF Field Representative can prepare multiple cost estimates each using a different time period.

When an employer submits the ERI resolution (IMRF Form 6.77) to IMRF, it should include a copy of the cost estimate for the period of the adopted ERI.

If your employer submits the ERI resolution without a cost estimate, IMRF will not implement the program, and your employer will need to both conduct the cost estimate and adopt a second resolution.

Please note: beginning this summer, ERI cost estimates prepared by IMRF will no longer include potential cost savings of the ERI. Because the figures used to estimate cost savings are not under IMRF's control, estimates of potential cost savings are more appropriately prepared by the employer using the ERI costs provided by IMRF.

If your employer is considering adopting an ERI, please contact your IMRF Field Representative to request a cost estimate. Your local Field Representative will be able to calculate the annual increased pension costs. The cost estimate will be completed at no charge to your employer.

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IMRF ERI materials are being updated to reflect this new requirement. A copy of the revised resolution is enclosed.

If you have any questions, please contact your IMRF Field Representative or call an IMRF Member Service Representative at 1-800-ASK-IMRF (1-800-275-4673) Monday through Friday, 7:30 A.M. to 5:30 P.M.

Sincerely,

A handwritten signature in black ink, appearing to read "Louis W. Kosiba". The signature is fluid and cursive, with a large initial "L" and "W".

Louis W. Kosiba
Executive Director

enc. IMRF Form 6.77, "Suggested Form of Resolution to Adopt IMRF Early Retirement Incentive"



SUGGESTED FORM OF RESOLUTION TO ADOPT IMRF EARLY RETIREMENT INCENTIVE

IMRF Form 6.77 (3/02)

See note on back regarding ERI Cost Estimates

PLEASE ENTER
Employer IMRF I.D. Number

RESOLUTION

Number _____

WHEREAS, Section 7-141.1 of the Illinois Pension Code provides that a participating employer may elect to adopt an early retirement incentive program offered by the Illinois Municipal Retirement Fund by adopting a resolution or ordinance; and

WHEREAS, the goal of adopting an early retirement program is to realize a substantial savings in personnel costs by offering early retirement incentives to employees who have accumulated many years of service credit; and

WHEREAS, IMRF has prepared an actuarial estimate of the cost of an early retirement incentive program for _____; and

WHEREAS, the _____
EMPLOYER NAME
BOARD, COUNCIL, ETC. has reviewed the cost estimate and determined that the adoption of an early retirement incentive is in the best interests of the _____; therefore be it

RESOLVED by the _____ of the _____ that:
BOARD, COUNCIL, ETC. EMPLOYER NAME

(1) The _____ does hereby adopt the Illinois Municipal
EMPLOYER NAME

Retirement Fund early retirement incentive program as provided in Section 7-141.1 of the Illinois Pension Code. The early retirement incentive program shall take effect on _____.

DATE

(2) In order to help achieve a true cost savings, an employee who retires under the early retirement incentive program shall lose those incentives if he or she later accepts employment with any IMRF employer in any position.

(3) In order to utilize an early retirement incentive as a budgeting tool, the _____
EMPLOYER NAME

will use its best efforts either to limit the number of retiring employees replaced or to limit the salaries paid to the replacement employees.

(4) The effective date of each employee's retirement under this early retirement incentive program shall be set by _____ and shall be no earlier than the effective date of the program and no later than
EMPLOYER NAME

one year after that effective date; except that the employee may require that the retirement date set by the employer be no later than the June 30 next occurring after the effective date of the program and no earlier than the date upon which the employee qualifies for retirement.

(5) To be eligible for the early retirement incentive under this Section, the employee must have attained age 50 and have at least 20 years of creditable service by his or her retirement date.

(6) The _____ shall promptly file a certified copy of this resolution (ordinance) with the
CLERK OR SECRETARY
Board of Trustees of the Illinois Municipal Retirement Fund.

CERTIFICATION

I, _____ the _____ of the
NAME CLERK OR SECRETARY
_____ of the County of _____, State of
EMPLOYER NAME COUNTY
Illinois, do hereby certify that I am the keeper of the books and records of the _____
EMPLOYER NAME
and that the foregoing is a true and correct copy of a resolution (ordinance) _____ duly
ORDINANCE
adopted by the _____ at a meeting duly convened and held on the _____ day of _____, 19, ____.
BOARD, COUNCIL, ETC.

SEAL

CLERK OR SECRETARY OF THE BOARD

Illinois Municipal Retirement Fund

Suite 500, 2211 York Road, Oak Brook Illinois 60523-2374

Service Representatives 800/ASK-IMRF

IMPORTANT NOTE REGARDING ERI COST ESTIMATES

- When an employer submits the ERI resolution to IMRF, it should **include a copy of the cost estimate** for the period of the adopted ERI.
- **If an employer submits the ERI resolution without a cost estimate:**
 - IMRF will not implement the program, and
 - the employer will need to both conduct the cost estimate and adopt a second resolution.
- Contact your IMRF Field Representative to request a cost estimate. Your local Field Representative will be able to calculate the annual increased pension costs. The cost estimate will be completed at no charge to the employer.