



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: 505

Date: April 11, 2003

To: All Authorized Agents

Subject: IMRF Definition of Earnings/Retirement Health Savings Plans

The IMRF Board of Trustees recently amended the IMRF definition of earnings to provide an employer option for reporting compensation directed into a Retirement Health Savings Plan. Contributions to a Retirement Health Savings Plan are not included as IMRF earnings, and therefore not reportable to IMRF, unless the employer's governing body adopts a resolution making that compensation reportable.

Retirement Health Savings Plans are employer-sponsored health benefit savings vehicles that allow pre-tax savings for the cost of medical expenses (health insurance premiums, co-pays, prescription costs, etc.) after retirement. These plans are funded in a variety of ways. Rather than examine each individual funding method to determine whether it should be reported to IMRF, the IMRF Board decided to leave that decision to the employer.

Currently, IMRF employers sponsoring IRC section 125 plans or flexible spending accounts must determine whether the non-taxable compensation in those plans is reported to IMRF. They do this by governing body resolution. Without that resolution, the non-taxable compensation in those plans is not reported to IMRF. Now employers adopting Retirement Health Savings Plans will also decide whether compensation directed into these plans is reportable to IMRF. If the employer wants to report to IMRF the compensation directed into the Retirement Health Savings plan, its governing body must let IMRF know by adopting a resolution, IMRF Form 6.73, "Suggested Resolution to Include Compensation Directed into a Retirement Health Savings Plan as IMRF Earnings." A suggested form of this resolution is enclosed.

If you have questions about the IMRF definition of earnings, please call an IMRF Member Services Representative at 1-800-ASK-IMRF (1-800-275-4673) Monday through Friday, 7:30 A.M. to 5:30 P.M.

Sincerely,

Louis W. Kosiba
Executive Director

Enc. Form 6.73, "Suggested Resolution to Include Compensation Directed into a Retirement Health Savings Plan as IMRF Earnings"



Suggested resolution to include compensation directed into a Retirement Health Savings Plan as IMRF earnings

IMRF Form 6.73 (Rev. 04/03)

PLEASE ENTER Employer IMRF I.D. Number

RESOLUTION

Number _____

WHEREAS, standard member earnings reportable to the Illinois Municipal Retirement Fund may not include certain forms of compensation directed into a Retirement Health Savings Plan; and

WHEREAS, the governing body of an IMRF participating unit of government may elect to include in IMRF earnings all compensation directed into a Retirement Health Savings Plan; and

WHEREAS, the _____ of the
BOARD, COUNCIL, etc.

_____ is authorized to include
EMPLOYER NAME
compensation directed into a Retirement Health Savings Plan as earnings reportable to IMRF and it is desirable that it do so.

NOW THEREFORE BE IT RESOLVED that the _____ of the
BOARD, COUNCIL, etc.

_____ does hereby elect to
EMPLOYER NAME
include as earnings reportable to IMRF compensation directed into a Retirement Health Savings Plan
effective _____ .
EFFECTIVE DATE

BE IT FURTHER RESOLVED that the _____ is authorized and directed
CLERK OR SECRETARY OF THE BOARD
to file a duly certified copy of this resolution with the Illinois Municipal Retirement Fund.

CERTIFICATION

I, _____, the _____
NAME CLERK OR SECRETARY
of the _____ of the County of _____,
EMPLOYER NAME COUNTY
State of Illinois, do hereby certify that I am keeper of its books and records and that the foregoing is a true and correct copy
of a resolution duly adopted by its _____ at a meeting duly convened
GOVERNING BODY
and held on the _____ day of _____, 20_____.

SEAL

CLERK OR SECRETARY OF THE BOARD

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