



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: 509

Date: July 18, 2003

To: All Authorized Agents

Subject: Early Retirement Incentive
Change to Governing Body Authorization

The IMRF Board of Trustees has amended the requirements for adoption of an Early Retirement Incentive (ERI) for certain IMRF employers. If an employer is aware—or has reason to be aware—of its future dissolution under state law, the process of adopting an ERI has changed.

If an employer is dissolving, and its IMRF assets and liabilities will be transferred to:

One successor unit of government—the dissolving employer must provide the ERI Cost Study to the successor, and the successor must also approve the ERI. A copy of the successor unit's resolution approving the ERI must be available to IMRF upon request.

More than one successor unit of government—the dissolving employer must provide the ERI Cost Study to each successor, and a majority of the successors must approve the ERI. Copies of the successor units' resolutions approving the ERI must be available to IMRF upon request.

No successor unit of government and the law does not specify responsibility for the IMRF assets and obligations—the IMRF Board of Trustees must approve the ERI.

This change to the ERI adoption requirements is effective June 27, 2003.

IMRF will not implement an ERI that does not conform to these requirements. If IMRF is unaware that these requirements were not met and pays an ERI enhanced pension to a member who:

- Retired at age 55 or older (age 50 for SLEP and SLEP ECO), the member will lose the ERI enhancements and be required to pay IMRF the difference between the ERI enhanced pension and the pension he or she would have received without the ERI—less the amount the member paid for the ERI.
- Retired at less than age 55 under Regular IMRF, the member will be required to repay IMRF for all pension payments received—less the amount he or she paid for the ERI.

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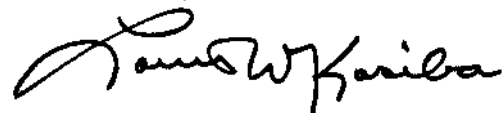
Early Retirement Incentive, Change to Governing Body Authorization

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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 the first name "Louis" being the most prominent.

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 (7/2003) See notes on back regarding ERI Cost Estimates and Dissolutions

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

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

(1) The _____ EMPLOYER NAME does hereby adopt the Illinois Municipal 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 _____ EMPLOYER NAME and shall be no earlier than the effective date of the program and no later than 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; and

(6) As of the date of the adoption of this Resolution, the _____ BOARD, COUNCIL, ETC. is () is not () aware of the pending dissolution of _____ EMPLOYER NAME.

(Note: Failure to disclose a potential dissolution shall void this Resolution. If the Board, Council, etc. is aware of the pending dissolution of the IMRF employer, then the successor unit(s) of local government must approve the adoption of the early retirement incentive in order for this Resolution to be effective. If there is no successor, submit your resolution for approval from the IMRF Board of Trustees. Refer to the back of this form for more information.)

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

CERTIFICATION

I, _____ NAME the _____ CLERK OR SECRETARY of the _____ EMPLOYER NAME of the County of _____ COUNTY, State of 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) _____ ORDINANCE duly adopted by the _____ BOARD, COUNCIL, ETC. at a meeting duly convened and held on the _____ day of _____.

If applicable, I further certify that this Resolution has been submitted to the successor unit(s) of local government and that said unit(s) of local government has/have adopted a resolution approving the adoption of the early retirement incentive for _____ EMPLOYER NAME. A copy of the approval resolution(s) is attached hereto.

SEAL

CLERK OR SECRETARY OF THE BOARD

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.
- 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.
- **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.

Dissolutions

- If an employer is dissolving and its IMRF assets and liabilities will be transferred to:
 - One successor unit of government**—the dissolving employer must provide the ERI Cost Study to the successor, and the successor must also approve the ERI. A copy of the successor unit's resolution approving the ERI must be available to IMRF upon request.
 - More than one successor unit of government**—the dissolving employer must provide the ERI Cost Study to each successor, and a majority of the successors must approve the ERI. Copies of the successor units' resolutions approving the ERI must be available to IMRF upon request.
 - No successor unit of government** and the law does not specify responsibility for the IMRF assets and obligations—the IMRF Board of Trustees must approve the ERI.
- If a dissolving employer submits the ERI resolution without approval by successor unit(s) of local government or without a request for IMRF Board of Trustee approval when no successors exist, IMRF will not implement the ERI program.
- If IMRF is unaware that these requirements were not met and pays an ERI enhanced pension to a member who:
 - Retired at age 55 or older (age 50 for SLEP and SLEP ECO), the member will lose the ERI enhancements and be required to pay IMRF the difference between the ERI enhanced pension and the pension he or she would have received without the ERI—less the amount he or she paid for the ERI.
 - Retired at less than age 55 under Regular IMRF, the member will be required to repay IMRF for all pension payments received—less the amount paid for the ERI.