

REMINDER

A monthly guide about IMRF topics of interest.

IMRF funds and Social Security levies

ROUTE TO:

- Authorized Agent
- Asst. to AA
- Personnel/HR
- Data Processing
- Payroll Dept.
- Accounting/Finance
- Other

IMRF audits occasionally identify employers that improperly pay Social Security contributions using funds from the IMRF levy. This practice is prohibited by law and can result in serious consequences for the employer.

The IMRF tax levy is unlike certain other funds, such as a general fund, where resources may be transferred to meet budgetary needs. The Illinois Pension Code outlaws using funds from an employer's IMRF tax levy for any purpose other than paying the employer's required IMRF costs. This ensures that the employer adequately funds its IMRF pension obligations.

Question: Can I use IMRF funds to pay Social Security contributions?

Answer: NO!

Generally, when an employer has been identified as diverting IMRF funds to other expenditures, the funds have been used to pay Social Security contributions.

However, by law the employer *may NOT*:

- Use funds from the IMRF levy to make Social Security contributions.
- Use the same levy to tax for IMRF and Social Security costs.

If an employer uses IMRF monies to make Social Security contributions, the employer will be forced to reimburse its IMRF fund. This might require diverting monies earmarked for other essential services to reimburse the IMRF fund. The employer may help protect itself from such a scenario by forwarding this edition of the *Reminder* to the person who oversees the employer's IMRF tax levy to ensure compliance.

For additional information

Employers may find additional information on the IMRF tax levy in Section 7-171 of the Illinois Pension Code (40 ILCS 5/7-171). Employers may also review [Section 7.25 \("Tax Levy for Employer Contributions"\)](#) in the "[Manual for Authorized Agents](#)" for more information.

Forward this Reminder

Please forward this *Reminder* to the person in your organization who oversees the IMRF tax levy.

Employer Access, current forms, booklets, legislative information and more is available at www.imrf.org.

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

Member Services Representatives: 1-800-ASK-IMRF (275-4673) Monday - Friday, 7:30 AM-5:30 PM (CST)

