



Illinois Municipal Retirement Fund

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Member Services Representatives 1-800-ASK-IMRF

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SPECIAL MEMORANDUM

Number: 311

Date: August 5, 2009

To: County employers that adopted the Elected County Official plan prior to January 26, 2000

Subject: State Fiscal Year 2010 stipends for elected officials

Executive Summary

If a member retires under the original Elected County Official plan (original ECO), the ECO pension calculation includes:

- a. The member's final salary for his/her elected county office, plus
- b. Any stipend funded by the state of Illinois (assuming the state funded the stipend in the same fiscal year in which the member stops participating in ECO).

If a stipend is not funded by the state in the same state fiscal year in which the member terminates participation, the stipend cannot be included in the ECO pension calculation. If the stipend is funded at less than the full amount, that smaller stipend will be included in the calculation.

Because of the uncertainty regarding funding for stipends in the fiscal year 2010 state budget, this year original ECO members have until September 30, 2009, to decide if they wish to stop participating in ECO. If they elect to stop participating in ECO, they will freeze their ECO salary which will include the FY 2009 stipend. The decision to terminate ECO is irrevocable.

Dear Authorized Agent:

Now that the state's fiscal year 2010 budget has been passed, it appears that the state-funded stipends for elected county officials may be paid at something less than the amount paid in prior years. This will impact officials covered under the original ECO plan terminating participation during fiscal year 2010 (July 1, 2009 through June 30, 2010).

The earnings used to calculate an original ECO pension include the salary of the elected office plus any stipend paid or to be paid at the date the official terminates ECO participation. If the stipend to be paid will not be the full statutory amount, that smaller amount will be included in the earnings calculation.

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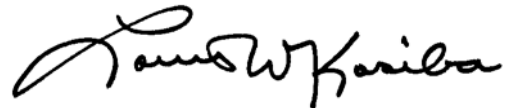
Because of the uncertainty surrounding the stipend payments for fiscal year 2010, IMRF will allow original ECO members to terminate ECO participation on or before September 30, 2009, and freeze their final salary to include the fiscal year 2009 stipend. This may be advantageous to officials who plan on leaving office during this fiscal year. It may also benefit officials who plan on leaving office in November of 2010, if the state again fails to properly fund the stipends in fiscal year 2011. Electing to terminate ECO participation is irrevocable.

We have been asked if stipends would be included in the pension calculation if litigation forced the state to make payment. Because litigation will take time, a decision and funding may occur well after retirement. IMRF will retroactively adjust retirement benefits only after payment is received.

Please note: this discussion of the impact of stipends is applicable only to participants in the *original* ECO plan. The rules regarding earnings for pension calculation purposes are much different for the revised ECO plan.

If you or your county officials have any questions, please call IMRF General Counsel Kathy O'Brien at (630) 368-5352.

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 "K".

Louis W. Kosiba
Executive Director