



# Illinois Municipal Retirement Fund

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## SPECIAL MEMORANDUM

**Number:** 312

**Date:** August 12, 2009

**To:** School Districts and Regional Offices of Education

**Subject:** Separate IMRF and Social Security levies and accounting

**NOTE: Please make sure your finance and accounting officials receive a copy of this Special Memorandum**

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### Executive Summary

School districts are allowed to levy a tax specifically for IMRF employer contributions. The IMRF levy may **not** include the school district's expenses for Social Security and Medicare. The Illinois Pension Code allows a school district to levy a separate tax for Social Security contributions.

**School districts are required to keep separate accounting records for IMRF and Social Security purposes.**

The Illinois State Board of Education's Certificate of Tax Levy is also designed to maintain separate accounting. A commingled IMRF/Social Security fund is contrary to both the Illinois Pension Code and school district accounting regulations of the Illinois Administrative Code.

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Dear Authorized Agent:

School districts are allowed to levy a tax specifically for IMRF employer contributions. This IMRF tax levy is discretionary. However, if a school district levies for IMRF contributions, it must limit that levy to the next year's required IMRF employer contribution amount and may not include any other expenses.

This limitation applies to all expenses, including retirement-type expenses such as Social Security contributions. The IMRF levy may not include the school district's expenses for Social Security and Medicare. The Illinois Pension Code allows a school district to levy a separate tax for Social Security contributions. Again, this levy must be limited to the employer expenses for Social Security and Medicare.

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**Account separately**

The proceeds of the separate IMRF and Social Security levies must also be accounted for separately. This follows from the statutory requirement that the IMRF levy may only be used to fund the employer's required IMRF contribution amount.

Because of this statutory limitation, the Illinois Administrative Code provides that **school districts are required to keep separate accounting records for IMRF and Social Security purposes.** (See 23 IAC, Part 100, Tables C and F.)

The Illinois State Board of Education's Certificate of Tax Levy, used by school district to file their annual tax levy, is also designed to maintain separate accounting. A commingled IMRF/Social Security fund is contrary to both the Illinois Pension Code and the school district accounting regulations of the Illinois Administrative Code.

**Uses of the IMRF tax levy**

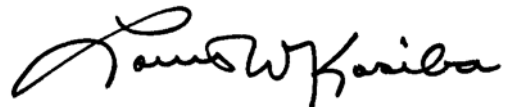
The IMRF tax levy may be used to fund employer costs for regular IMRF contributions and the IMRF Early Retirement Incentive (ERI).

Nothing else may come out of the proceeds of the IMRF levy or the Revenue Account for IMRF, including IMRF member contributions (both regular and ERI), Social Security and Medicare-only contributions, and school district contributions to the Teachers' Retirement System.

**Questions**

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

Sincerely,



Louis W. Kosiba  
Executive Director