

# Supplemental Benefit Payment (“13th Payment”)

## What is the 13th payment?

The supplemental benefit payment, also known as the “13th payment,” is paid to eligible retired members (or to their surviving spouses) every July. This supplemental benefit payment is included with the July 1 benefit payment.

This additional payment does not affect a retired member’s pension. If you receive a “13th payment,” you will continue to receive your pension every month and your annual increase every January.

## Who receives a 13th payment?

You are eligible for the 13th payment if your retirement effective date is July 1 of the previous year or earlier, and you have received IMRF pension benefits for the previous 12 consecutive months. For surviving spouse benefits, we consider both the number of months you have received a surviving spouse benefit and any period the member was receiving IMRF retirement benefits. You must also be receiving a regular July benefit payment.

## Who pays for the 13th payment?

The 13th payment is paid for entirely by employer contributions. A special assessment provides that each IMRF employer contributes .62% of their payroll to pay for the 13th payment.

## What is the amount of the 13th payment?

The percentage for the 13th payment is calculated after the June 1 pensions are processed (late May). The 13th payment is not the same amount as your usual monthly benefit payment. Each June we calculate the amount of the 13th payment. The amount of the 13th payment is based on:

1. How much we receive in employer contributions from the special assessment (.62%) mentioned above  
and
2. The total amount of all June 1st payments to everyone eligible for the 13th payment.

## Why does the percentage get smaller each year?

The reason why the 13th payment gets smaller each year is that the bottom number (amount of all eligible June 1 payments) is going up faster than the top number (amount of employer contributions from the special assessment). More of our retirees are retiring earlier, living longer and are receiving higher benefits.

## When is the 13th payment paid?

We pay the 13th payment as part of your July benefit payment.



*Tax and Topic letter #19—“Supplemental Benefit Payment (“13th Payment”),” continued*

**Is the 13th payment taxable?**

The 13th payment is a separate benefit from your usual pension. If you have any monthly exclusion from your certificate of benefits, it applies only to your usual monthly benefit—the 13th payment is always 100% taxable.

**Withholding for Federal Income Tax**

The amount of federal withholding is calculated using the same instructions used on your regular monthly annuity.

**Additional questions?**

If you have any additional questions about the 13th payment, 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.

