YOUR GLASS IS HALF FULL WORKSHOP WEBINAR

04/13/2022

Many Resources are Available Online

WEB-CENTRIC •INITIATIVE•

Member Access

IMRF NEW MEMBER PAGE Click here.

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Supplementary Glass Half Full Information Page

www.imrf.org

Topics of the Day

- Introduction to IMRF

- Understanding Your Benefits

- How Your Pension is Calculated

- Voluntary Additional Contributions

- Additional Resources for Members

- Questions & Answers

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I llinois
M unicipal
R etirement
F und

A defined benefit pension fund for employees of local government

- Pension benefits
- Disability benefits
- Death benefits

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Created by the Illinois General Assembly

Governed by the Illinois Pension Code

- Began operating in 1941
- In response to economic conditions (Great Depression)
- Social Security was not available to public employees
- Started with 5 employers and $5,000 in assets

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- **About 3,000+ units of government**
- **Approximate Membership**
  - 170,000 Active
  - 130,000 Inactive
  - 143,000 Benefit Recipients
- **Each employer funds retirement costs of its own employees**
- **Full funding goal**
- **Legally enforceable benefits**

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2022 Pension Dollar

The IMRF Pension Dollar
Pensions are a shared responsibility.
Every dollar paid to IMRF retirees comes from three sources:

68¢
**IMRF Investment
Earnings**

22¢
**IMRF
Employers**

10¢
**IMRF
Members**

Member Contributions

Regular 4.5%	SLEP 7.5%

- Member contributions are tax-deferred

- Established by the Illinois Pension Code

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Average 2022 Employer Contributions

Regular 8.59%	SLEP 19.81%

■ **Check out the 2022 Employer Rate Meeting Webinars to understand more about how these rates are set.**

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IMRF RATE MEETING PAGE — Click here.

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IMRF Benefits

- **Disability**
- **Retirement**
- **Death**
- **Refunds**

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TIER 1 OR **TIER 2**

Member participation began prior to January 1, 2011

Member participation began on or after January 1, 2011

FOR MORE INFO
Click here.

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Regular Plan Benefits

Eligibility

- 8 years service
- Age 60 (unreduced)

Reduction if under age 60 or less than 35 years of service

- 0.25% per month
- Reduction is permanent
- Smallest reduction is applied
- **Age 55 (earliest age)**

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Regular Plan Benefits

Eligibility

- 10 years service
- Age 67 (unreduced)

Reduction if under age 67 or less than 35 years of service

- 0.5% per month
- Reduction is permanent
- Smallest reduction is applied
- **Age 62 (earliest age)**
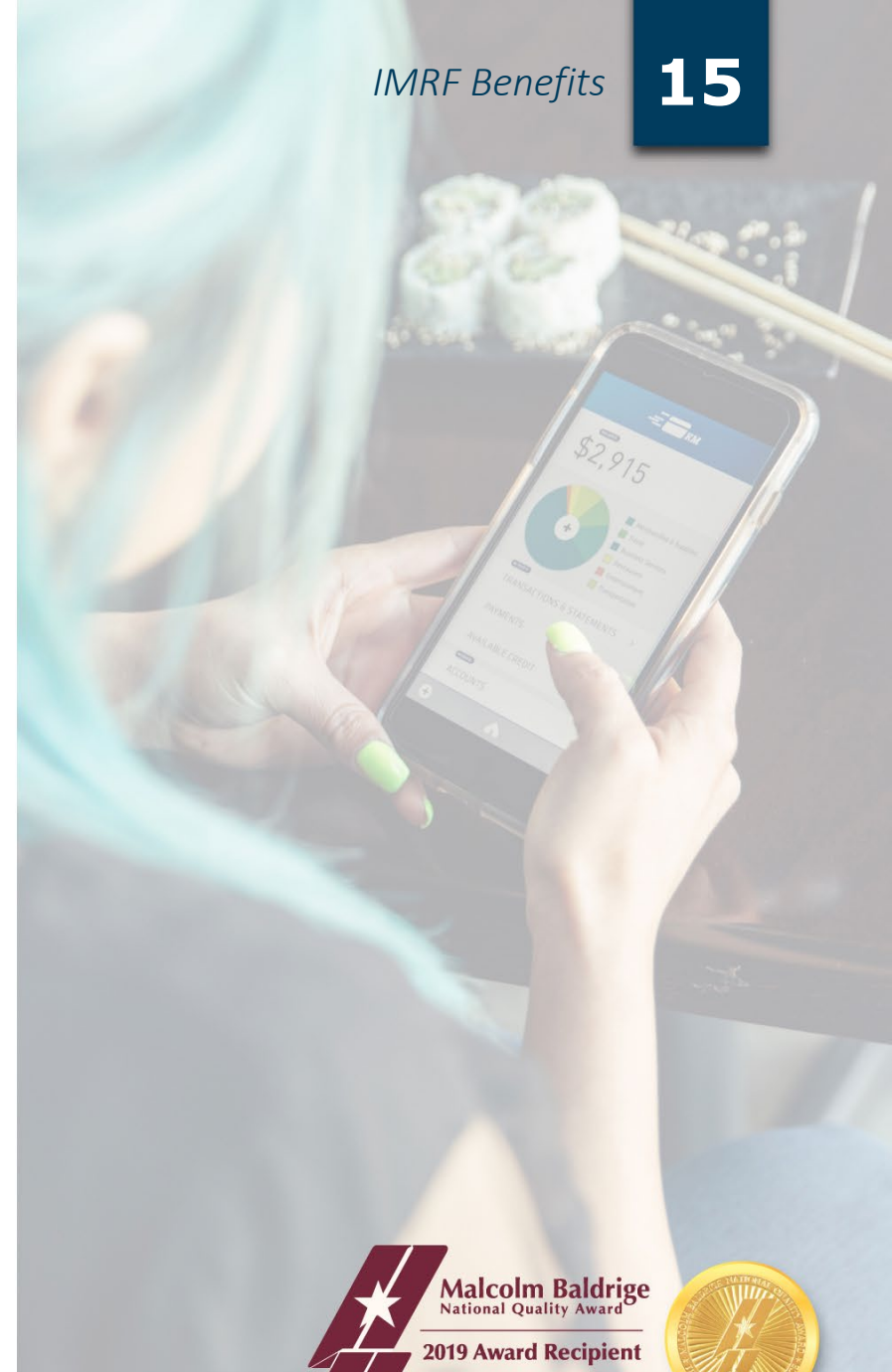
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IMRF Pension Benefits are Based On

Earnings

Years of Service Credit

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Earnings

- **Reported monthly, and they include:**
    - Regular wages
    - Overtime and vacation pay
    - Back pay and sick pay
    - Bonuses and awards
    - 403(b), 457 Plan do not reduce contributions to IMRF
    - Reportable up to 1 month after your participation terminates

- **Wage cap**
    - Tier 2 – Effective 1/1/2022 $119,892
        - As of 1/1/2021 it was $116,740

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How Do You Earn Service Credit?

- **Working for an IMRF employer**
  - full-time
  - part-time
- **Being on IMRF disability**
- **Seasonal position**
- **Unused/unpaid sick time converted to service credit**
  - can not be used to vest
- **Purchasing service credit**

- Military Service
- Reinstatement
- Retroactive
- Omitted
- SLEP Conversion
- Benefit Protection Leave
- Out of State

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Unused/Unpaid Sick Time

■ **Did You Know?**

- ▪ Full days are applied
- ▪ Pension effective date needs to be within 60 days of the IMRF termination date
- ▪ Final employer only, unless retiring from certain educational employers

1-20	1 month	121-140	7 months
21-40	2 months	141-160	8 months
41-60	3 months	161-180	9 months
61-80	4 months	181-200	10 months
81-100	5 months	201-220	11 months
101-120	6 months	221-240	12 months

FOR MORE INFO Click here.

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Earn Service Credit through Reciprocity

Have you worked for an employer with another Illinois pension system?

- Cook County Employees
- Cook County Forest Preserve
- General Assembly
- Judges
- Laborers' Annuity & Benefit Fund of Chicago
- Chicago Teachers'
- Chicago Park Employees'

- Municipal Employees of Chicago
- Metropolitan Water Reclamation
- State Employees'
- State Teachers'
- State Universities
- IMRF

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How Reciprocity Works

- **Minimum of one year service per system**
  - Exception for teaching assistants exists
- **Combined service meets vesting of all systems**
- **Each system pays its prorated share**
- **Request pension estimates from last system**
- **Submit application with each system**

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IMRF Disability Protection

You're covered for IMRF disability 24/7 once you have 12 consecutive months of service

- Income and service protection
- Protects your retirement and death benefits
- Includes pregnancy
- 30-day waiting period, earnings from employer must stop, workers' comp and Social Security disability offsets

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Active Member Death Benefit Payments

Less than 1 year of service

- Return member contributions
- Job-related death—also includes 1 year of earnings

More than 1 year of service and Active

- 1 year's earnings + member contributions and interest

Vested and Active

- Eligible spouse can choose survivor pension or lump sum

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Taking an IMRF Refund

AVAILABLE ON
Member
Access

If you stop working for your IMRF employer, you can have 100% of your IMRF contributions returned to you.

- ▪ Rollover to other plans
- ▪ Paid directly to you
- ▪ Taxes and additional tax if under 59-1/2
- ▪ Or leave your contributions in IMRF
- ▪ Many other IMRF employers

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How Your Pension is Calculated

What is Your IMRF Pension Amount Based On?

**Final Rate
of Earnings (FRE)**

**Years & Months
of Service**

**Age at
Retirement**

Final Rate of Earnings

TIER 1 VS **TIER 2**

Average of your highest consecutive *48 months*

Average of your highest consecutive *96 months*

** Over the last 10 years of earnings*

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Service Determines How Much of Your FRE is Replaced

1-2/3%
For each of your first 15 years

+

2%
For each year after your 15th

=

%
of your FRE replaced

Each year and month of service is used in the calculation of your pension.

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Service and FRE % Comparison

Pension Increases

Cost of Living Adjustment
—— (COLA) ——

TIER 1

TIER 2
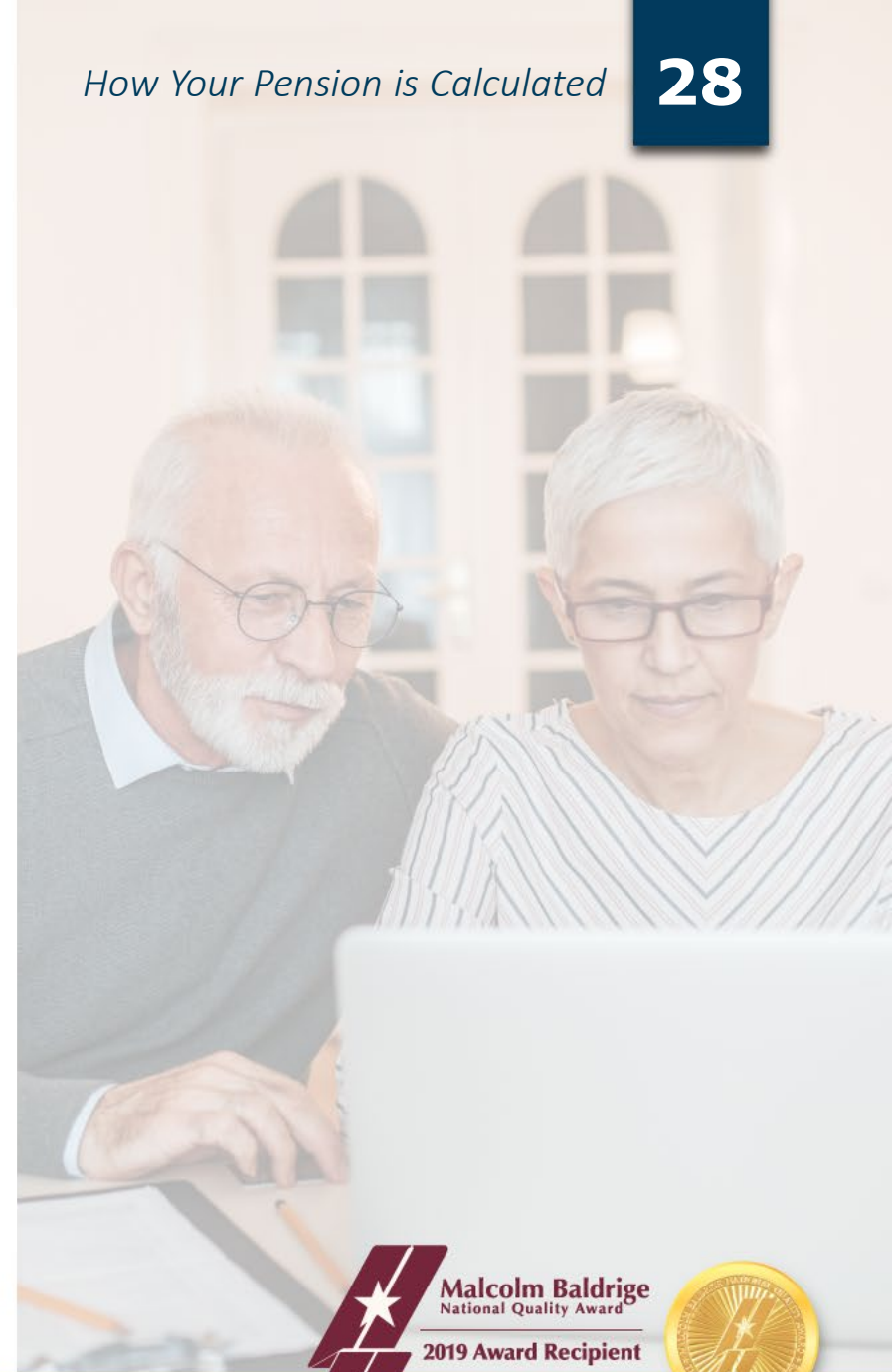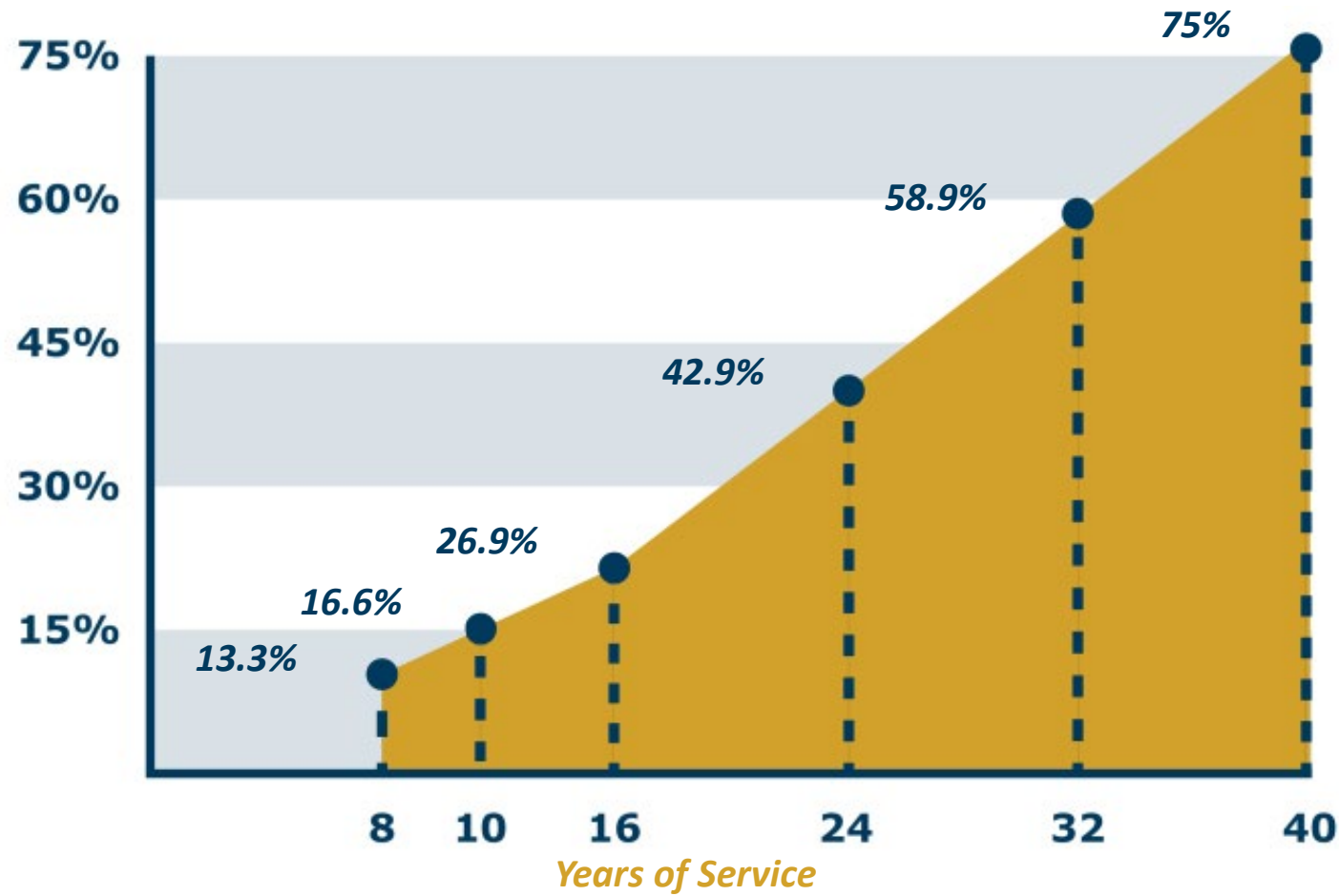
3% increase each January

■ Based on original pension

■ First year pro-rated

Lesser of 3% or ½ of CPI URBAN

■ 2022 increase was 2.70%

■ After age 67

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Voluntary Additional Contributions

Is the Voluntary Additional Contribution (VAC) Plan Right for You?

Optional Contributions

- Up to 10% of IMRF earnings
- These contributions are after-tax
- Currently earn interest at the rate of 7.25%
- Credited annually based on previous January 1 balance
- IMRF Form 6.30

Voluntary Additional Contribution Interest Example	
Year 1 January 1 Opening Balance	**$0.00**
VA Contributions made during Year 1	$400.00
Interest credited on Year 1 December 31 based upon January 1 opening balance of $0 x 7.25%	$0.00
Year 2 January 1 Opening Balance	**$400.00**
VA Contributions made during Year 2	$500.00
Interest credited on Year 2 December 31, based upon January 1 opening balance of $400 x 7.25%	$29.00
Year 3 January 1 Opening Balance	**$929.00**
VA contributions made during Year 3	$600.00
Interest credited on Year 3 December 31, based upon January 1 opening balance of $929 x 7.25%	$67.35
Year 4 January 1 Opening Balance	**$1,596.35**

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Voluntary Additional Contribution Example

VAC SALARY CONTRIBUTION COMPARISON

Both members started contributing to VAC at age 25 and earned $30,500 with 2% raises each year before retiring at age 67.

SALARY CONTRIBUTION 1%

Total Benefit
$104,209
or
$765 monthly*

Interest
$83,725

His Contributions
$20,484

*Gross for life with increases according to your Tier

SALARY CONTRIBUTION 5%

Total Benefit
$521,044
or
$3,868 monthly*

Interest
$418,625

Her Contributions
$102,418

*Gross for life with increases according to your Tier

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Your VAC Contributions

- **You may withdraw your contributions anytime.**

- **Interest will remain on deposit until termination**

- **No partial refunds while working**

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VAC Options

If you contribute to VAC program, here are your options when you retire…

- **Lifetime monthly annuity payments**
  - requires minimum of $4,500 balance at retirement
- **Lump sum payment (if selected)**
  - there will be a tax liability on the "taxable" portion unless that portion is rolled over.
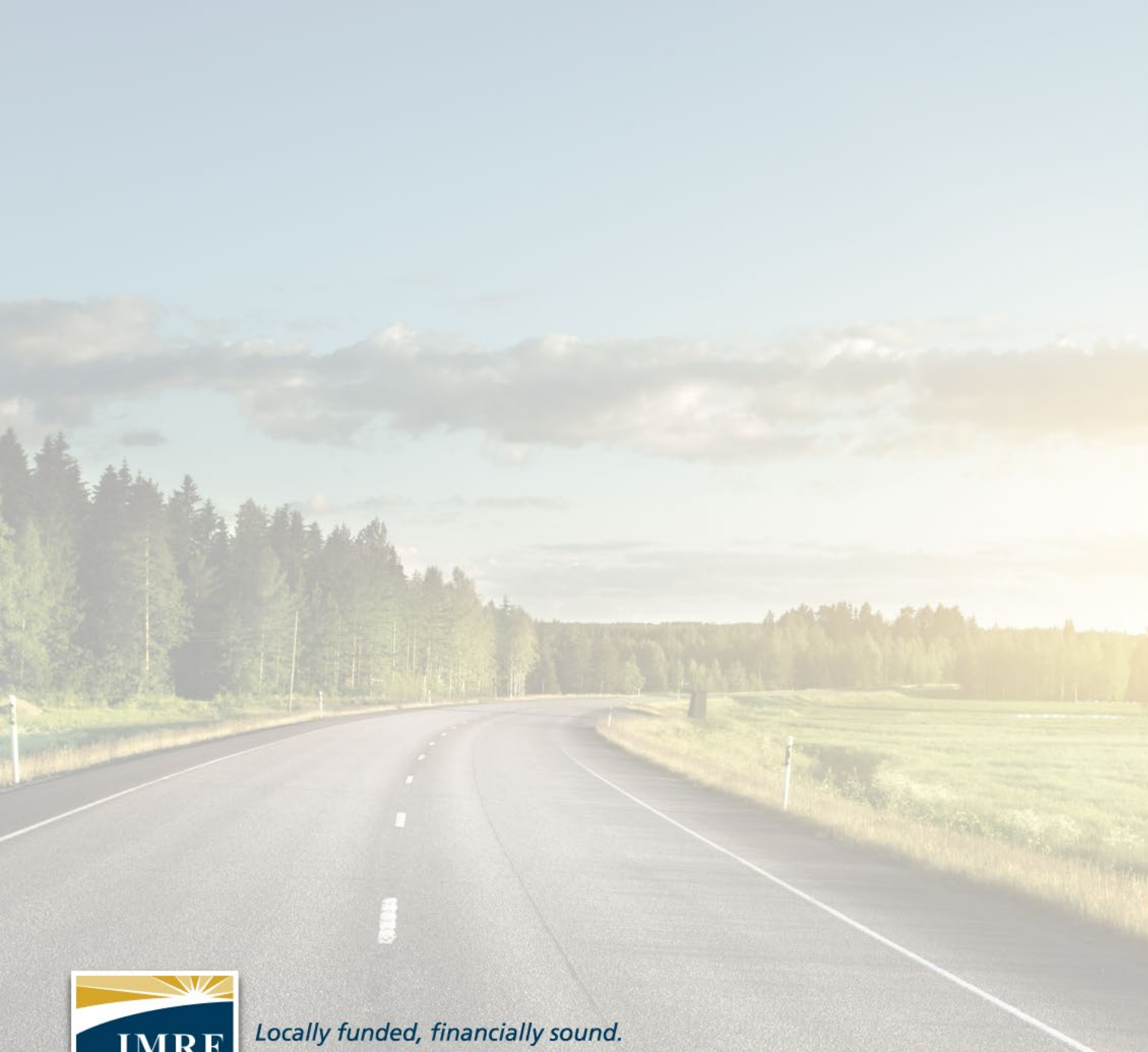- **Rollover to qualified retirement account**

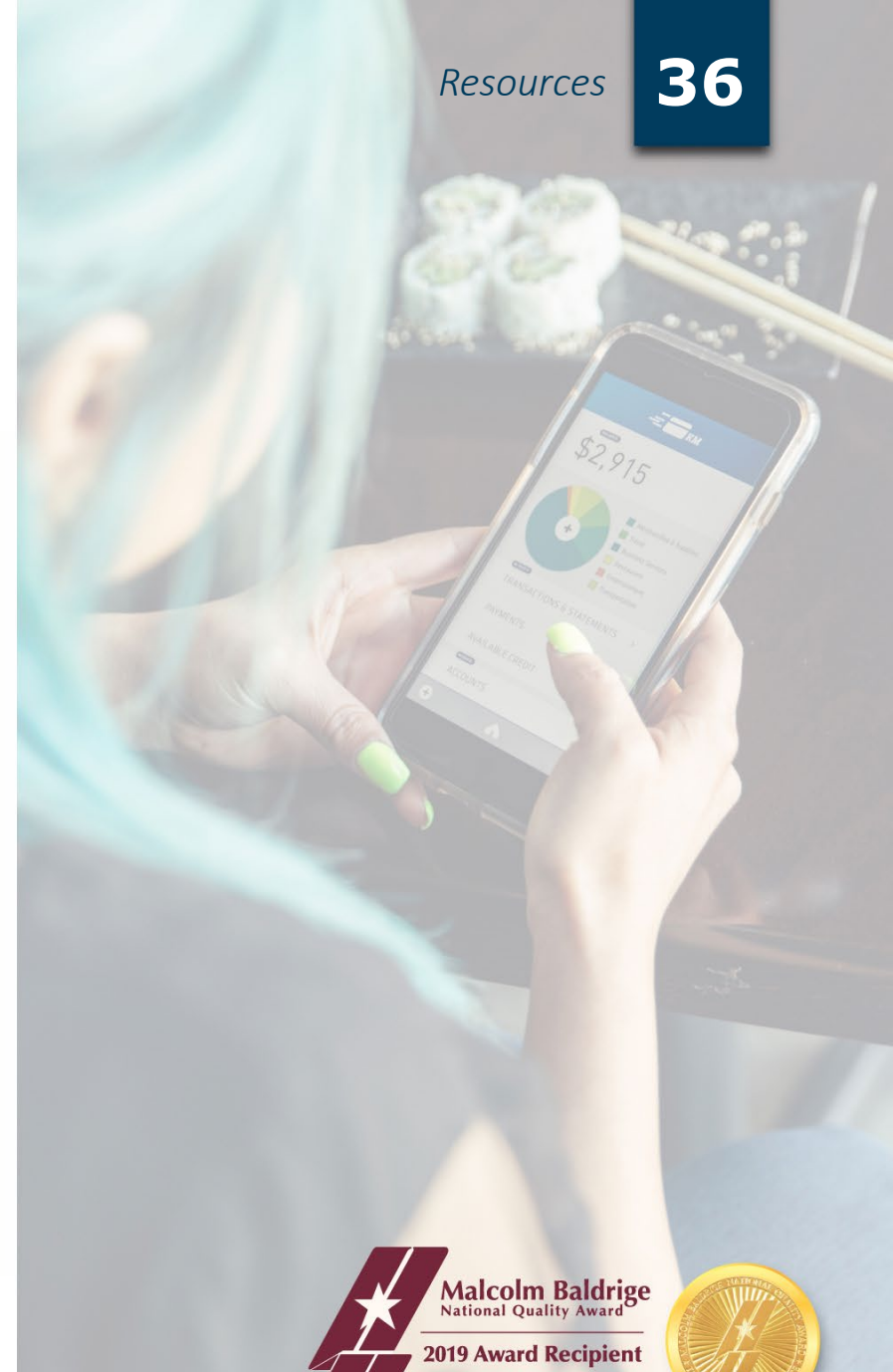FOR MORE INFO
Click here.

Resources

Remember to Sign Up For....

Member Access

A great tool for employees!

- **Pension calculations**
- **Secure Messages**
- Wage & service information
- Personal Benefit Review registration
- Beneficiary changes
- **Retirement & disability applications**
- Address updates

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Endorsed Insurance Plans

Doyle Rowe, Ltd.
- 1-800-564-7227

National Conference on Public Employee Retirement Systems (NCPERS) Life Insurance
- 1-800-525-8056

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What We've Covered Today

- **Introduction to IMRF**

- **Understanding Your Benefits**

- **How is Your Pension Calculated?**

- **Voluntary Additional Contributions**

- **Additional Resources for Members**

Questions & Answers

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Thank you for joining us!

Any other questions?
Member Services Call Center
8:30am – 4:30pm, Monday – Friday
1-800-ASK-IMRF (275-4673)
www.imrf.org

Remember to sign up for Member Access

*Please complete the survey coming
to your email later today.*

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