



# IMRF Early Retirement Incentive

## EMPLOYER INFORMATION

Illinois Municipal Retirement Fund  
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1-800-ASK-IMRF  
(1-800-275-4673)

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[www.imrf.org](http://www.imrf.org)

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## Features of the IMRF Early Retirement Incentive

- The IMRF Early Retirement Incentive (ERI) is a permanent part of the IMRF benefit program.
- It is a tool eligible IMRF employers can use, if and when they need it, to save fringe benefits and payroll costs by providing an incentive for long-term members to retire. Employers are encouraged to either:
  - (i) replace no more than 80% of members electing to retire under the program, or
  - (ii) reduce replacement staff salaries to no more than 80% of current salary levels.
- Eligible members can purchase between one month and five years of age and service credit for the purpose of determining retirement benefits.
- The legislation provides flexibility for employers by allowing the employer to determine the timing of member terminations. Members may terminate up to a year from the effective date of the employer's ERI program. However, if a member requests to retire before July 1st so he or she will be eligible to receive the following year's Supplemental Benefit Payment ("13th payment"), the employer must allow the member to do so.
- The employer cost of adopting the ERI can be paid for over a period of no more than 10 years. (Details regarding employer costs can be found on page 11.)
- Before an employer can adopt ERI, it must have a cost estimate completed by IMRF.
- If an employer adopts the program, the ERI applies to all IMRF members, including elected officials participating in IMRF.

### **Please Note**

**Federal law requires an employer who is seriously considering offering early retirement benefits to inform certain employees who ask about such benefits. A unit of government which intends to keep its investigation into IMRF's ERI confidential may want to consult with an attorney about this issue**

### Incentive for members to retire early

- Without the ERI, regular members can retire at age 55. With ERI, they can retire at age 50 provided they have 20 years of service credit before adding the incentive.
- Without the ERI, regular members receive reduced benefits if they are less than age 60 with less than 35 years of service credit when they retire. Under ERI, members age 55 to 60 can avoid the reduction by purchasing sufficient service/age to reach age 60 or 35 years.
- Both regular IMRF and SLEP pensions are based on a formula which provides a member with a percentage of his or her final rate of earnings for each year of service credit. A member will be able to increase the percentage he or she receives by purchasing one month to five years of additional service credit.

### Adopting the IMRF ERI

- All IMRF employers can adopt the IMRF ERI, *unless the employer is dissolved or considering dissolving. Refer to page 4.*

• **Federal law requires** an employer who is seriously considering offering early retirement benefits to inform certain employees who ask about such benefits. **A unit of government which intends to keep its investigation into IMRF's ERI confidential may want to consult with its attorney about this issue.**

- If an employer is considering adopting the ERI, a cost estimate must be prepared and shared with the employer's governing body before it adopts ERI. (See "Cost Estimate Requirement" on page 3.) *If an employer is dissolved or considering dissolving, refer to page 4.*
- The governing body would pass a resolution or ordinance adopting the ERI and attach a copy of the cost estimate to the resolution. (See "Suggested Form of Resolution to Adopt IMRF Early Retirement Incentive," Form 6.77, on page 5.)
- The ERI would be available for one year from the program effective date.
- If an employer adopts the program, the ERI applies to all eligible IMRF members, regardless of the position held or length of service with the unit of government. The ERI would also apply to elected officials participating in IMRF.
- **Please note: although an employer may believe it knows which/how many of its IMRF members will retire under the ERI, it is possible that other members may also be eligible. A member may have reciprocal service credit, previous IMRF service credit with a former employer, a separation refund he or she plans to repay, past service credit he or she plans to purchase, etc.**

## Cost Estimate Requirement

- Before an employer can adopt an ERI and in order to utilize the ERI as a budgeting tool, the employer must have IMRF prepare an actuarial cost estimate.
- The cost estimate must be based on the same time period as the ERI being considered by the governing body. If your employer does not know when it will offer the ERI, your IMRF Field Representative can prepare multiple cost estimates each using a different time period.
- **If an employer submits the ERI resolution without a cost estimate**, IMRF will not implement the program, and the employer will need to both conduct the cost estimate and adopt a second resolution.
- Adoption of an ERI will result in increased pension costs because members will be allowed to retire earlier than normal with a larger pension benefit.
- Increased pension costs may be offset by reductions in payroll and fringe benefit costs through eliminating vacated positions, delaying filling vacated positions and/or paying replacement employees lower salaries.
- Past study results indicated that most employers who reduce salary expenses of the employees retiring under ERI by 30% can expect to offset increased pension costs. An employer could accomplish the 30% reduction through any combination of not re-staffing positions or by paying lower salaries to replacements. For example, an employer could re-staff 85% of the positions and pay the new employees 80% of the former salaries. Or, an employer could re-staff 80% of the positions and pay the new employees 85% of the salaries.
- To request a cost estimate, please contact your IMRF Field Representative. The cost estimate will be completed at no charge to the employer.
- ERI cost estimates prepared by IMRF will not include potential cost savings of the ERI. Because the figures used to estimate cost savings are not under IMRF's control, estimates of potential cost savings are more appropriately prepared by the employer using the ERI costs provided by IMRF.
- Your local Field Representative will be able to calculate the annual increased pension costs.

## Dissolving units of government

- If an employer is aware—or has reason to be aware—of its future dissolution under state law, the process of adopting an ERI differs.
- If a dissolving employer is being succeeded by:
  - One successor unit** of local government
    - The employer must provide the ERI Cost Study to the successor, and the successor must also approve the ERI.
    - Submit to IMRF a copy of the resolution of the successor unit of local government’s approving the adoption of the ERI program.
  - More than one successor unit** of local government
    - The employer must provide the ERI Cost Study to each successor, and a majority of the successors must pass resolutions approving the adoption of the ERI program.
    - Submit the IMRF copies of the resolutions of successor unit(s) of local government’s approving the adoption of the ERI program.
  - No successor unit(s)** of local government and the law does not specify responsibility for the IMRF assets and obligation
    - The employer must submit its ERI resolution to IMRF with a request for IMRF Board of Trustees approval.
- If a dissolving employer submits the ERI resolution without approval by successor unit(s) of local government or without a request for IMRF Board of Trustees approval when no successors exist, IMRF will not implement the ERI program.
- If IMRF is unaware that these requirements were not met and pays an ERI enhanced pension to a member who:
  - Retired at age 55 or older (age 50 for SLEP and SLEP ECO), the member will lose the ERI enhancements and be required to pay IMRF the difference between the ERI enhanced pension and the pension he or she would have received without the ERI—less the amount he or she paid for the ERI.
  - Retired at less than age 55 under Regular IMRF, the member will be required to repay IMRF for all pension payments received—less the amount he or she paid for the ERI.



# SUGGESTED FORM OF RESOLUTION TO ADOPT IMRF EARLY RETIREMENT INCENTIVE

IMRF Form 6.77 (8/2005) See notes on back regarding ERI Cost Estimates and Dissolutions

PLEASE ENTER  
Employer IMRF I.D. Number

RESOLUTION  
Number \_\_\_\_\_

**WHEREAS**, Section 7-141.1 of the Illinois Pension Code provides that a participating employer may elect to adopt an early retirement incentive program offered by the Illinois Municipal Retirement Fund by adopting a resolution or ordinance; and

**WHEREAS**, the goal of adopting an early retirement program is to realize a substantial savings in personnel costs by offering early retirement incentives to employees who have accumulated many years of service credit; and

**WHEREAS**, IMRF has prepared an actuarial estimate of the cost of an early retirement incentive program for \_\_\_\_\_; and

**WHEREAS**, the \_\_\_\_\_ EMPLOYER NAME  
BOARD, COUNCIL, ETC. has reviewed the cost estimate and determined that the adoption of an early retirement incentive is in the best interests of the \_\_\_\_\_; therefore be it

**RESOLVED** by the \_\_\_\_\_ of \_\_\_\_\_ EMPLOYER NAME  
BOARD, COUNCIL, ETC. that:

(1) The \_\_\_\_\_ EMPLOYER NAME does hereby adopt the Illinois Municipal Retirement Fund early retirement incentive program as provided in Section 7-141.1 of the Illinois Pension Code. The early retirement incentive program shall take effect on \_\_\_\_\_ DATE

(2) In order to help achieve a true cost savings, an employee who retires under the early retirement incentive program shall lose those incentives if he or she later accepts employment with any IMRF employer in any position. (Exception: employee can hold an elected position if he/she chooses to not participate in IMRF and the pension is not based on any service earned at that position during any term of office.)

(3) In order to utilize an early retirement incentive as a budgeting tool, the \_\_\_\_\_ EMPLOYER NAME will use its best efforts either to limit the number of retiring employees replaced or to limit the salaries paid to the replacement employees.

(4) The effective date of each employee's retirement under this early retirement incentive program shall be set by \_\_\_\_\_ EMPLOYER NAME and shall be no earlier than the effective date of the program and no later than one year after that effective date; except that the employer may require that the retirement date set by the employer be no later than the June 30 next occurring after the effective date of the program and no earlier than the date upon which the employee qualifies for retirement.

(5) To be eligible for the early retirement incentive under this Section, the employee must have attained age 50 and have at least 20 years of creditable service by his or her retirement date, and

(6) As of the date of the adoption of this Resolution, the \_\_\_\_\_ BOARD, COUNCIL, ETC. is ( ) is not ( ) aware of the pending dissolution of the \_\_\_\_\_ EMPLOYER NAME.

(Note: Failure to disclose a potential dissolution shall void this Resolution. If the Board, Council, etc. is aware of the pending dissolution of the IMRF employer, then the successor unit(s) of local government must approve the adoption of the early retirement incentive in order for this Resolution to be effective. If there is no successor, submit your resolution for approval from the IMRF Board of Trustees.)

(7) The \_\_\_\_\_ CLERK OR SECRETARY shall promptly file a certified copy of this resolution (ordinance) with the Board of Trustees of the Illinois Municipal Retirement Fund.

## CERTIFICATION

I, \_\_\_\_\_ NAME  
CLERK OR SECRETARY of the  
\_\_\_\_\_ EMPLOYER NAME of the County of \_\_\_\_\_ COUNTY, State of Illinois, do hereby certify that I am the keeper of the books and records of the \_\_\_\_\_ EMPLOYER NAME and that the foregoing is a true and correct copy of a resolution (ordinance) \_\_\_\_\_ ORDINANCE duly adopted by the \_\_\_\_\_ BOARD, COUNCIL, ETC. at a meeting duly convened and held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

If applicable, I further certify that this Resolution has been submitted to the successor unit(s) of local government and that said unit(s) of local government has/have adopted a resolution approving the adoption of the early retirement incentive for \_\_\_\_\_ EMPLOYER NAME.

A copy of the approval resolution is attached hereto.

SEAL

\_\_\_\_\_  
CLERK OR SECRETARY OF THE BOARD

Illinois Municipal Retirement Fund  
Suite 500, 2211 York Road, Oak Brook Illinois 60523-2337  
Service Representatives 1-800-ASK-IMRF

## FORM 6.77 BACK

### ERI cost estimates

- When an employer submits the ERI resolution to IMRF, it should include a copy of the cost estimate for the period of the adopted ERI.
- Contact your IMRF Field Representative to request a cost estimate. Your local Field Representative will be able to calculate the annual increased pension costs. The cost estimate will be completed at no charge to the employer.
- If an employer submits the ERI resolution without a cost estimate:
  - IMRF will not implement the program, and
  - The employer will need to both conduct the cost estimate and adopt a second resolution.

### Dissolutions

- If an employer is dissolving and its IMRF assets and liabilities will be transferred to:
  - One successor unit of government**—the dissolving employer must provide the ERI Cost Study to the successor, and the successor must also approve the ERI. A copy of the successor unit's resolution approving the ERI must be available to IMRF upon request.
  - More than one successor unit of government**—the dissolving employer must provide the ERI Cost Study to each successor, and a majority of the successors must approve the ERI. Copies of the successor unit's resolutions approving the ERI must be available to IMRF upon request.
  - No successor unit of government** and the law does not specify responsibility for the IMRF assets and obligations—the IMRF Board of Trustees must approve the ERI.
- If a dissolving employer submits the ERI resolution without approval by successor unit(s) of local government or without a request for IMRF Board of Trustees approval when no successors exist, IMRF will not implement the ERI program.
- If IMRF is unaware that these requirements were not met and pays an ERI enhanced pension to a member who:
  - Retired at age 55 or older (age 50 for SLEP and SLEP ECO), the member will lose the ERI enhancements and be required to pay IMRF the difference between the ERI enhanced pension and the pension he or she would have received without the ERI—less the amount he or she paid for the ERI.
  - Retired at less than age 55 under Regular IMRF, the member will be required to repay IMRF for all pension payments received—less the amount paid for the ERI.

## Informing members of the ERI

**Federal law requires** an employer who is seriously considering offering early retirement benefits to inform certain employees who ask about such benefits. **A unit of government which intends to keep its investigation into IMRF's ERI confidential may want to consult with its attorney about this issue.**

- After an employer adopts the ERI by resolution, it should inform its members of the program for two reasons:
  - 1) IMRF will **not** inform members of an individual employer that their employer has adopted the program. Adoption of the program is an internal personnel matter for the employer. To assist you, we have developed a member ERI packet you can duplicate and give to your members.

However, IMRF *will* inform those members who are eligible for ERI and who have been receiving IMRF temporary disability benefits for less than two years. Also, if a member contacts IMRF, we will confirm whether an employer adopted the program.
  - 2) The legislation requires members who intend to retire under the ERI to notify IMRF of their intention to do so by completing Form 5.21, "Notice of Intent to Retire Under IMRF ERI."
- The member can also notify IMRF of his or her intent by calling 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.
- Although a member can file the Letter of Intent as late as his or her retirement date, we encourage members to file Form 5.21 as soon as they decide to retire under ERI.
- IMRF will acknowledge receipt of the member's Notice of Intent by mailing a letter and the publication, "*Can I Afford to Retire?*" to the member. A courtesy copy of the letter will also be mailed to the member's employer.
- Acknowledgment of the Notice of Intent does not guarantee the member's eligibility for the ERI nor for an IMRF pension.
- As a general rule, a member's Notice of Intent is not a letter of resignation. Although a member may file a Notice, he or she is not required to apply for an IMRF pension and may subsequently decide not to retire. The Notice of Intent is a tool employers can use to gauge the number of anticipated retirements. The Notice is also used by IMRF to identify members who should receive detailed information regarding ERI. However, an employer could use the Notice of Intent as a letter of resignation provided the employer informs its members in advance of such treatment.

### **Determining member termination dates**

- The ERI legislation provides flexibility for employers by allowing the employer to determine the timing of member terminations. A member may terminate up to one year from the effective date of the employer's ERI program.

Example:

Effective date of ERI program: September 30, 2005

Termination date can be: September 30, 2005, through September 30, 2006

- If a member requests to retire before July 1st so he or she will be eligible to receive the following year's Supplemental Benefit Payment ("13th payment"), the employer must allow the member to do so.
- Employers are to give a member at least 30 days notice of his or her designated termination date. The 30-day notice may be waived by the member.

### **Resolution to Adopt Amortization Period**

- Employers can customize the ERI to the financial circumstances of their own unit of local government. This flexibility is provided by allowing employers to determine the amount of time needed to pay off the incurred pension liability. (Please refer to page 11 for detailed information on employer costs.)
- An amortization period of 10 years is assumed. Amortization of the incurred pension liability can take no longer than 10 years and no less than five years.
- If an employer would like an amortization period of other than 10 years, it would submit a resolution doing so. (See IMRF Form 6.78, "Suggested Form of Resolution to Adopt Amortization Period for IMRF Early Retirement Incentive," on the following page.) Please note: due to the method IMRF uses to calculate employer contribution rates, only whole year (5, 6, 7, 8, 9, 10) amortization periods are allowed.
- The amortization period resolution should be received in the IMRF office no later than six months from the effective date of the employer's ERI program. If no resolution is received, a 10-year amortization period will be assumed. If an employer would like an amortization period of less than 10 years, it would submit IMRF Form 6.78.



**SUGGESTED FORM OF RESOLUTION TO ADOPT AMORTIZATION PERIOD FOR IMRF EARLY RETIREMENT INCENTIVE**

IMRF Form 6.78 (7/2003)

PLEASE ENTER Employer IMRF I.D. Number

**RESOLUTION**

Number \_\_\_\_\_

**WHEREAS**, on \_\_\_\_\_ the \_\_\_\_\_ of  
DATE BOARD, COUNCIL, ETC.

\_\_\_\_\_ adopted Resolution (Ordinance) No \_\_\_\_\_ which established an  
EMPLOYER NAME  
early retirement incentive (incentive) through the Illinois Municipal Retirement Fund for its employees; and,

**WHEREAS**, Section 7-141.1 of the Illinois Pension Code provides that a participating employer may select an amortization period for the actuarial costs of the incentive which may be no greater than 10 years; and,

**WHEREAS**, \_\_\_\_\_ is prohibited from adopting a subsequent  
EMPLOYER NAME  
incentive until the actuarial costs of the previous programs are paid.

**RESOLVED (ORDAINED)** by the \_\_\_\_\_ of \_\_\_\_\_ that  
BOARD, COUNCIL, ETC. EMPLOYER NAME  
the \_\_\_\_\_ does hereby request the Illinois Municipal Retirement Fund to  
EMPLOYER NAME  
amortize the cost of the incentive over a period of \_\_\_\_\_ years.  
NUMBER

**CERTIFICATION**

I, \_\_\_\_\_, the \_\_\_\_\_ of the  
NAME CLERK OR SECRETARY  
\_\_\_\_\_ of the County of \_\_\_\_\_, State of Illinois,  
EMPLOYER NAME COUNTY  
do hereby certify that I am the keeper of the books and records of the \_\_\_\_\_ and  
EMPLOYER NAME  
that the foregoing is a true and correct copy of a resolution (ordinance) duly adopted by the \_\_\_\_\_ at a  
BOARD, COUNCIL, ETC.  
meeting duly convened and held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

SEAL

\_\_\_\_\_  
CLERK OR SECRETARY OF THE BOARD

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### Subsequent ERI offerings

- An employer cannot adopt later ERI programs until the cost of the previous ERI is paid in full.
- If an employer wishes to implement a second ERI program before the full cost of the first program has been calculated, the employer should contact IMRF for payoff information.
- An employer may offer a second ERI program once previous costs have been paid.
- An employer must again have IMRF prepare a cost estimate before a second ERI program can be adopted.

### Employer costs for the ERI

- Once an employer adopts the ERI and a member retires under it, a separate ERI reserve account will be established.
- Annually, the employer's ERI Reserve Account and amortization period is sent to IMRF's actuary. The actuary will calculate the employer's ERI rate based upon that information. **Please note:** Employer rates are on a **two-year lag**—2005 information sent to the actuary is used to determine 2007 rates. If a member retires under ERI in 2005, the employer does not begin paying its ERI costs until 2007.
- The Advance Rate Notice, which is mailed in March or April, and the Official Notice mailed in November, will include a breakdown of an employer's IMRF rate, including the employer's rate for ERI liability. The employer rate will also include costs for retirement, death, disability, and supplemental retirement. The employer's contribution will equal the total rate times payroll.

## Concurrent/multiple employers

- **Concurrent employers**

If a member participates with more than one IMRF employer, the employer cost for the ERI is determined as follows:

- If one employer adopts ERI and the other doesn't, the employer adopting ERI bears the entire cost.
- If both employers adopt ERI, both employers will share the cost proportionately based on years of service credit. For example, if the member has 15 years with the first employer and five years with the second employer, the first employer will incur 75% of the cost, and the second employer will incur 25% of the cost.

- **Multiple employers**

If a member participated with more than one IMRF employer during his or her IMRF career, the member's current employer would need to adopt the ERI in order for the member to retire under it.

- The current employer would bear the entire employer cost for the ERI because the current employer will benefit from reduced payroll/fringe benefit costs.
- The member's previous employer(s) would not be affected; they would not share the ERI costs nor would their IMRF rate be affected. This is true even if the previous employer adopts ERI. A member can retire under ERI only if his or her current employer adopts it.

## Paying member costs for the ERI

### Lump sum payments for sick, vacation time, personal time

- If payments for sick, vacation or personal time are to be considered IMRF earnings, they must be reported to IMRF no later than one month after the member's termination date. For example, if a member terminates on June 15, but is paid for sick, vacation or personal time in July, those earnings are reportable to IMRF. However, if the member's earnings are paid in August (or later), those earnings are not reportable to IMRF.
- If the employer will pay the member a lump sum payment for sick, vacation, and/or personal time, the employer must submit the net payment (gross payment less taxes, IMRF contributions, etc.) to IMRF via govONE EFT pay-by-phone or pay online system and identify the payment as member ERI cost.
- If the member's net payment for sick, vacation, and/or personal time is greater than the member's ERI cost, the employer would pay IMRF via govONE EFT an amount required to pay the member's cost. The employer would pay the member any remaining balance of the net payment.
- If payment for sick, vacation, and/or personal time is spread over several months, the employer must still forward the net payment to IMRF. As long as the lump sum payment for sick, vacation, and/or personal time is due to the member's retirement, the net amount is payable to IMRF.
- The gross amount of the payment would be reported to IMRF as earnings, but the net payment would be held by the employer until it receives an invoice from IMRF for the member cost.
- Members terminating IMRF participation for retirement remain eligible to earn additional service credit for **unpaid** and unused sick leave. For every 20 days of unused, unpaid sick leave (or fraction thereof), a member can earn one month of additional service credit, not to exceed 240 days (one year).

### If employer pays member cost (contributions)

- If the employer pays the member cost for the ERI, that payment will be taxable to the member unless the employer passes a resolution specifically stating that the contributions are being made in lieu of the member's contributions, and the member is prohibited from receiving any part of those contributions. (See IMRF Form 6.85, "Suggested Form of Resolution for Employer Pick-Up (Payment) of Contributions for Member's Contributions for Purchase of Additional Service under the IMRF Early Retirement Incentive," on page 15.) **See "please note" on following page.**

- **Please note:** IMRF is not suggesting that an employer pay the member's ERI costs. This information is provided in the event such action is considered. If the employer does not pass the pick-up resolution, the employer payment of the member's ERI contributions will be taxable income to the member in the year it is paid and must be included on the member's W-2. If the pick-up resolution is passed, the payment will not be taxable when paid. In either case, the payment is not considered IMRF earnings.
- Employer cost savings will be reduced significantly if an employer pays the member cost.

### **ERI invoice for member cost**

- Once IMRF receives a member's final wages (usually one month after retirement), an ERI invoice will be forwarded to the employer detailing the member's ERI cost.
- The employer would submit the net payment for any sick, vacation, and/or personal time and any other payments toward the member cost via govONE EFT pay-by-phone or pay online system and identify the payment as member ERI cost.
- After the employer returns (any) payment for the member's cost, if a balance for the member's cost remains, an ERI invoice will be mailed to the member.
- After receiving (any) payments from the member, if a balance for the member's cost remains, IMRF will begin deducting the balance from the member's pension in 24 equal installments.

### **Health Insurance Continuation**

- Public Act 86-1444, effective January 1, 1991, allows members entering retirement to continue health insurance coverage through their employer.
- Members retiring under ERI will be eligible for continued insurance coverage as early as age 50.



**SUGGESTED RESOLUTION (ORDINANCE) FOR EMPLOYER PICK-UP (PAYMENT) OF MEMBER CONTRIBUTIONS REQUIRED FOR PURCHASE OF EXTRA SERVICE UNDER THE IMRF EARLY RETIREMENT INCENTIVE**

IMRF Form 6.85 (12/2005)

**RESOLUTION (ORDINANCE)**

**Number** \_\_\_\_\_

**WHEREAS**, Section 7-141.1 of the Illinois Pension Code allows certain IMRF members to purchase additional service credit in order to induce those members to retire early; and

**WHEREAS**, Section 7-141.1 of the Illinois Pension Code requires a member contribution for the early retirement service credit; and

**WHEREAS**, Section 414(a) of the Internal Revenue Code provides that contributions designated as member contributions but picked-up by the employer shall be excluded from taxable income until distributed as a refund, annuity or death benefit; and

**WHEREAS**, it is desirable that the member contributions required by the IMRF early retirement incentive be paid by the employer.

**NOW THEREFORE BE IT RESOLVED (ORDAINED)** by the \_\_\_\_\_  
NAME OF GOVERNING BODY (BOARD OF COMMISSIONERS, ETC.)

of the \_\_\_\_\_ that the member contributions required by the IMRF early  
NAME OF UNIT OF GOVERNMENT  
 retirement incentive be paid by the \_\_\_\_\_ on behalf of all its employees who retire  
NAME OF UNIT OF GOVERNMENT  
 under the IMRF early retirement incentive.

**BE IT FURTHER RESOLVED (ORDAINED)** that the payment shall be made by a reduction in earnings payments to those employees.

**BE IT FURTHER RESOLVED (ORDAINED)** that the pick-up of member contributions shall be effective for all employees of the \_\_\_\_\_ who retire under the IMRF early retirement incentive adopted by  
NAME OF UNIT OF GOVERNMENT  
 the \_\_\_\_\_ on \_\_\_\_\_.  
NAME OF UNIT OF GOVERNMENT DATE OF ERI RESOLUTION (ORDINANCE)

**CERTIFICATION**

I, \_\_\_\_\_ the \_\_\_\_\_ of the  
NAME CLERK OR SECRETARY  
 \_\_\_\_\_ of the County of \_\_\_\_\_, State of  
EMPLOYER COUNTY  
 Illinois, do hereby certify that I am the keeper of the books and records of the \_\_\_\_\_  
EMPLOYER NAME  
 and that the foregoing is a true and correct copy of resolution (ordinance) number \_\_\_\_\_ duly  
RESOLUTION (ORDINANCE) NUMBER  
 adopted by the \_\_\_\_\_ at a meeting duly convened and held on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.  
BOARD, COUNCIL, ETC..

SEAL

\_\_\_\_\_  
CLERK OR SECRETARY OF THE BOARD

**Illinois Municipal Retirement Fund**

Suite 500, 2211 York Road, Oak Brook Illinois 60523-2337

*Service Representatives 800/ASK-IMRF*

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## Steps to Adopt and Retire Under IMRF ERI

- Step 1** Employer requests its IMRF Field Representative to conduct a cost estimate to determine the cost of the ERI.
- Step 2** Governing Body reviews the cost estimate and determines the adoption of an early retirement incentive is in the best interests of the employer. *If an employer is aware—or has reason to be aware—of its future dissolution under state law, the process of adopting ERI differs. Refer to page 4 in this booklet.*
- Step 3** Governing Body passes resolution adopting the IMRF ERI, attaches a copy of the cost estimate, and files the resolution with IMRF.
- Step 4** Employer informs its IMRF members of the adoption of the ERI and the program's effective date.
- Step 5** Members intending to retire under ERI notify IMRF of their intent by completing Form 5.21, "Member's Notice of Intent to Retire Under the IMRF ERI," or by calling an IMRF Member Services Representative at 1-800-ASK-IMRF (1-800-275-4673). The Notice of Intent does not guarantee a member's eligibility for the ERI nor for an IMRF pension. Although a member can file the Letter of Intent as late as his or her retirement date, we encourage members to file Form 5.21 as soon as they decide to retire under ERI.
- Step 6** IMRF acknowledges receipt of the member's intent, to the member and to the employer.
- Step 7** Employer determines retiring members' termination dates. Employer is to give members 30 days notice of the date. Members may waive the 30-day notice.
- Step 8** If the employer wants an amortization period of less than 10 years, the employer passes a resolution adopting an amortization period, preferably within six months of the program's effective date.
- Step 9** Member submits IMRF Form 5.20, "Application for Retirement Annuity," to IMRF 30 days before termination.
- Step 10** Employer submits IMRF Form 6.41, "Notice of Termination of IMRF Participation" for member.
- Step 11** IMRF begins paying an estimated ERI enhanced pension. If the member is eligible for a refund of contributions (surviving spouse, SLEP, voluntary additional), IMRF notifies member of refund. Members can use their refunds to pay their ERI cost, if desired.

- Step 12** Employer sends member's final payroll report.
- Step 13** After final payroll received, IMRF recalculates member's pension to determine final pension amount.
- Step 14** If member eligible for optional pension (actual age less than 62), IMRF notifies member of option.
- Step 15** IMRF calculates member's cost for the ERI and sends invoice to employer.
- Step 16** If the employer will pay the member a lump sum for sick, vacation, and/or personal time, the employer must submit the net payment (gross payment less taxes, IMRF contributions, etc.) to IMRF via govONE EFT pay-by-phone or pay online system and identify the payment as member ERI cost.
- Step 17** After 30 days, IMRF sends invoice to member indicating ERI service purchased, payments received, and balance remaining. Member can return invoice with payment toward his or her cost of the ERI.
- Step 18** After 30 days have passed or payment received from member, if a balance for member's ERI cost remains, IMRF begins deducting 24 equal installments from member's pension.
- Step 19** The following March or April, IMRF mails to the employer the Advance Rate Notice which details the employer's IMRF rate, including a breakdown for the employer's ERI cost for members who have retired under the ERI.

Inside back cover

## **IMRF Early Retirement Incentive Employer Information**

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### **Illinois Municipal Retirement Fund**

Oak Brook Office  
2211 York Road  
Suite 500  
Oak Brook, IL 60523-2337

Springfield Regional Counseling Center  
3000 Professional Drive  
Suite 101  
Springfield, IL 62703

Members and employers should mail all correspondence, forms, payments, etc. to our Oak Brook office (2211 York Road, Suite 500, Oak Brook, IL 60523-2337).



*IMRF Member Services Representatives*

*1-800-ASK-IMRF (1-800-275-4673)*

*[www.imrf.org](http://www.imrf.org)*

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