

- Authorized Agent
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Reminder

A monthly guide about IMRF topics of interest.

Maintain compliance and integrity with IMRF laws

Consequences for employers

Imagine explaining to your manager and governing body that your organization owes a large amount of money to IMRF—and faces a potential lawsuit—because of an oversight on your part. Unfortunately, a growing number of your peers are having this difficult conversation after hiring an IMRF retiree without calling IMRF first.

An increasing number of return-to-work violations are being uncovered by IMRF’s employer audits. IMRF is *required by law* to collect employer and member contributions for individuals working in IMRF-qualified positions.

If you hire a retiree and his/her position qualifies for IMRF, but you do not enroll the retiree in IMRF, this is a violation of the return-to-work rules. Violations of return-to-work rules can have several consequences for employers, including:

- **Financial:** Employers must submit wage adjustments for those months when the retiree should have been enrolled. Employers must then pay both the missing employer **and** member contributions for those months directly to IMRF. It is the employer’s responsibility to then recover the member’s contributions from the member. In some cases, an employer has also had to reimburse IMRF for pension payments a member incorrectly received.
- **Legal:** Some negligent employers who did not follow return-to-work rules have been sued.
- **Lost Efficiency:** When a return-to-work violation is uncovered, employers must go back and file adjusted wage reports *month-by-month*, for every month that should have been reported. Many times the violation covers a span of several years, and the time required to correct these errors can be significant.
- **Damaged Credibility:** Causes of return-to-work violations can range from a lack of understanding about the laws governing IMRF, to deliberate attempts to overlook the rules. In **all** cases, return-to-work errors can damage the reputation not only of your employer, but of IMRF and public pensions in general.

What should you do?

Rules governing a retiree’s return to work are complex and can change with new legislation. Different rules apply based on each individual retiree’s situation. To prevent violations of return-to-work rules:

- Complete the “Should this employee be enrolled” checklist (available at www.imrf.org) when hiring a new employee. If your new hire is an IMRF retiree:
 - Contact IMRF *regardless of the hourly standard of the position the retiree will hold*
 - Instruct the retiree to contact IMRF to discuss how his or her pension may be affected
- Evaluate all positions yearly for participation—including temporary, seasonal, and part-time

