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## **Introduction**

The purpose of this booklet is to provide you—a retiring IMRF ECO member—with information about your IMRF ECO pension benefits.

The information provided in this booklet is general. If you have specific questions regarding your individual pension, please contact 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.

You can also find information about IMRF on the Web at:  
**[www.imrf.org](http://www.imrf.org)**

**The information contained in this booklet was accurate at the time of printing. All information is subject to change without notice.**

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## **Explanation of terms used in this booklet**

Listed below are some terms used in this booklet.

### **Annuitant**

A person receiving an IMRF pension or surviving spouse pension.

### **Beneficiary**

When a member joins IMRF, he/she completes a Designation of Beneficiary form. Also, most IMRF members complete a new designation of beneficiary form after they retire. The beneficiary is the person designated to receive any benefits payable upon the death of the member.

### **Divorce**

The dissolution of a marriage or civil union.

### **Effective Date of Retirement**

The date a member is first entitled to receive pension benefits. IMRF pensions start as of the first day of the month after participation terminates. The effective date, not the date of the first payment, is important when determining how you should calculate the taxable portion of your IMRF pension payments for federal income tax purposes.

### **Eligible Spouse**

If you and your spouse were married or in a civil union on the day you stopped participating in ECO, and you were married or in a civil union at least one year at the date of your death, your spouse is eligible for an ECO surviving spouse pension.

### **Employer Funded Death Benefit**

A \$3,000 benefit, funded by IMRF employers, usually payable upon the death of a retired member.

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## Exclusion

That portion of your monthly benefit payment that is **not** subject to federal income tax. For example, if your monthly pension is \$100 and your monthly exclusion amount is \$1.50, the \$1.50 is **not** subject to (or is excluded from) federal income tax.

IMRF calculates the monthly exclusion amount using the “Simplified Method.” You can find more information about this method on page 12 of this booklet, and in IRS Publication 575, “Pension and Annuity Income.”

## Previously taxed contributions

If a member made contributions to IMRF before 1984, those contributions are previously taxed. That is, the money used to pay those contributions has already been subject to federal income tax—the member paid taxes on the money used to make them.

A portion of a member’s retirement benefit (and in some cases, a survivor’s benefit) is a return of the member’s own contributions. If those contributions are “previously taxed,” then that portion of the benefit payment is **not** subject to federal income tax.

## Tax deferred contributions

If a member made contributions to IMRF in 1984 or later, the money used to pay those contributions has **not** been subject to federal income tax. The contributions were deducted from the member’s pay checks without being taxed. Therefore, the member has not been taxed on the money used to make those contributions.

A portion of a member’s retirement benefit (and in some cases, a survivor’s benefit) is a return of the member’s own member contributions. If those contributions are “tax deferred,” then that portion of the benefit payment **is** subject to federal income tax.

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## Your first pension payment

Your first pension payment may include benefits for more than one month. Depending upon your individual circumstances, your first payment may also include a refund for:

- Overpaid previously taxed contributions
- Overpaid tax-deferred contributions

You may also receive separate payments for refunds of:

- Voluntary additional contributions and interest
- Surviving spouse pension contributions and interest
- Sheriff's Law Enforcement Personnel (SLEP) program contributions and interest.

For information on taxation of these refunds, please turn to page 11.

## Direct Deposit of your pension payment

You will receive your pension payment through Direct Deposit. IMRF verifies the routing and account numbers of your financial institution on your direct deposit form. If the verification is completed:

- **Before** we process your first payment, that payment will be directly deposited.
- **After** we process your first payment, you will receive a check for your first payment, and subsequent payments will be directly deposited.

## Overpayment/underpayment

IMRF determines, based on your earnings and the IMRF member contribution rate (Regular Plan:4.50%; SLEP Plan: 7.50% (6.50% before June 1, 2006); ECO Plan: 7.50%, what your total contributions for your pension should have been. If we determine that you have overpaid contributions, the overpayment was refunded. Likewise, if you have underpaid, a deduction was made from your first pension payment.

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### **Additional contributions**

If you chose to make additional contributions toward a separate pension, you had two options. You could have applied the additional contributions plus interest to a monthly annuity payable for life, or you could have withdrawn the entire amount in a lump sum.

### **Spouse contribution refund**

If you were single, widowed, or divorced when you retired, you received a refund of your spouse contributions (0.75%) plus interest. If you were married or in a civil union, but the marriage or civil union occurred less than one year prior to the date you stopped participating in IMRF, you received a refund of your spouse contributions plus interest.

### **SLEP**

Participants in the SLEP program who did not qualify for the SLEP pension and retired under the non-SLEP ECO pension program may have received a refund of their SLEP program contributions (currently 3%, 2% before June 1, 2006, and 1% before July 1, 1988) plus interest. SLEP program contributions were the additional SLEP contributions participants in the program were required to make.

### **Retirement packet**

Every retiring IMRF member receives a copy of this booklet (“For Retiring ECO Members,”) as well as the following:

- 1) IMRF Form 6.11A, “Designation of Beneficiary for Annuitants”
- 2) “Are You Planning to Continue Your Employer’s Health Insurance?,” a booklet about continuing your health insurance through your employer. The booklet includes IMRF Form 7.10, “Health Insurance Continuation Through Employer - Premium Deduction Authorization”
- 3) “Are You Looking for Information About IMRF-endorsed Health Insurance Programs?,” a booklet on choosing a health

*(more...*

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- care plan endorsed by the IMRF Board of Trustees.
  - 4) “Returning to Work After Retirement” brochure, information on the effect returning to work will have on your IMRF pension
  - 5) Additional mailings form
  - 6) A reply envelope

Please complete forms 6.11A and return it in the enclosed envelope.

**Enter your tax withholding instructions online!**

Form W4-P, *Withholding Certificate for Monthly Annuity Payments*, is available online through your Member Access account at:

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

(See pages 16 & 17 for more information)

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## **Certificate of Benefits**

This green and white document, which is mailed separately, contains useful information and should be kept with your other important papers.

The Certificate of Benefits includes the:

- Amount of your monthly pension
- Effective date of your pension
- Annual increase you can expect to receive next January and every January thereafter.

As a retired member, you are guaranteed the return of all pension contributions you made and interest which was credited to the date of your retirement. The Certificate of Benefits explains this guaranteed amount. If you should die before you receive the guaranteed amount, the balance will be paid as part of a surviving spouse pension or as a lump sum death benefit to your beneficiaries (see page 21).

Also included in the Certificate is information regarding your survivor's benefit and amounts payable at your death to your spouse and/or beneficiaries.

The last section, "Income Tax Information," explains how your pension will be taxed.

## **Yearly Benefit Statement**

You will receive a Yearly Benefit Statement from IMRF every year in late November. These statements include information such as:

- The amount of your annual 3% increase
- Current beneficiary information
- The estimated amount of your next year's 13th payment.

Please note: You will not receive a statement in the first year you retired—you will begin receiving statements starting the year after you retired. For example, if you retired during 2011, you will receive your first Yearly Benefit Statement from IMRF in November 2012.

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## Secure Member Access

### Viewing your IMRF information via [www.imrf.org](http://www.imrf.org)

With Member Access, you can view up-to-date information about your IMRF account, 24 hours a day, from any computer with internet access.

Member Access gives you detailed information about your IMRF account when you need it. When you have a Member Access account, you can:

- View your pension payment history and payment detail
- Change your tax withholding
- View beneficiary information, including death benefits
- View documents such as your annual 1099R tax forms and your yearly benefit statement
- Change your contact information (including your address)
- Register for retiree workshops

How to sign up

Applying for an account is easy—visit [www.imrf.org/myimrf](http://www.imrf.org/myimrf).

For your security and privacy, you cannot request or receive a user ID and password by phone or email.

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## **Designation of Beneficiary for Annuitants (Form 6.11A)**

While you were working as a participating member of IMRF, you completed Form 6.11, “Designation of Beneficiary.” On this form, you named your primary and secondary beneficiary for the IMRF death benefit.

As an IMRF retiree, you have different IMRF death benefits, and a different form should be completed: Form 6.11A, “Designation of Beneficiary for Annuitants.” The directions and conditions are printed on the back of the form.

State law determines if the surviving spouse of a retired member will receive a surviving spouse pension. However, retired members are free to name beneficiaries for the \$3,000 lump sum death benefit. You can name your spouse as co-beneficiary with other co-beneficiaries. As a co-beneficiary, your spouse would share the IMRF \$3,000 death benefit. You can also name any person, whether or not a relative, or any church, trust, charity, or organization as primary beneficiary(ies).

If you do not have a valid Designation of Beneficiary form on file with IMRF, the lump sum death benefit will be paid to your estate.

### **Naming other beneficiaries**

Married members, members in a civil union, and single members can name any person, church, charity or organization as primary and secondary beneficiary(ies). Secondary beneficiary(ies) receive the death benefit if no primary beneficiary survives.

### **Changes**

You may change your primary and secondary beneficiaries at any time. The designation form with the most current date revokes any previous beneficiary designations.

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Be sure to keep your designation of beneficiary form current. Changes in marital or civil union status or the death of a person named on the designation form are examples of when a new designation form should be filed with IMRF promptly.

If you wish to change your beneficiary designation, you can call or write IMRF to request additional designation of beneficiary forms. (See page 34.) You can also download Form 6.11A from IMRF's website at [www.imrf.org](http://www.imrf.org).

### **Confidentiality**

To protect your privacy, the information contained on your IMRF Designation of Beneficiary form is deemed confidential. Only you or those individuals you approve may obtain information from this record.

**Please Note:** The IMRF member is the only person who may sign and/or change a designation of beneficiary (Form 6.11A). Any other representative acting on behalf of the member, including a Power of Attorney, guardian, conservator, trustee, or representative payee, **cannot** change or sign a designation of beneficiary. If anyone other than the member signs or changes this form, it is invalid and will not be accepted.



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## **Federal Income Tax Information**

*(You may wish to refer to the definitions provided on pages 1 and 2 before and while reading this section.)*

### **Withholding on Lump-Sum Distributions**

Federal tax law makes special provisions for lump-sum distributions. Under the Internal Revenue Code, a “lump-sum distribution” is:

- Refund of surviving spouse contributions plus interest upon retirement if the retiree has no eligible spouse
- Refund of SLEP contributions plus interest upon retirement if the retiree does not qualify for a SLEP pension
- Lump-sum death benefit paid to a spouse
- \$3,000 death payment paid to a spouse

A member or spouse by marriage receiving a lump-sum distribution has the right to roll over the taxable portion of the payment directly to an IRA or another qualified pension plan. If he or she does not directly roll over the payment, then IMRF must withhold 20 percent of the taxable portion of distributions. A “direct rollover” is a payment by IMRF to the IRA or other qualified pension plan. The 20 percent withholding rate is fixed by law. Individual members may apply the 20 percent to their tax liability for that year. The actual amount owed may be larger or smaller and will vary for individual members.

PA-96-1513 (Illinois Religious Freedom Protection and Civil Union Act, effective June 1, 2011) gives couples in a civil union the same state of Illinois rights and protections entitled to married couples. Under current federal law, spouses by civil union and non-spouse beneficiaries may only roll over lump-sum distributions to an inherited IRA. For amounts not rolled over, IMRF will withhold 20%.

### **Federal taxes**

Your retirement pension, beginning with your first payment, is subject to federal income tax. However, if in the past you paid federal income tax on your pension contributions, that part of your pension representing a return of those contributions is not taxable.

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If you have no previously taxed contributions (i.e., all of your contributions are tax-deferred contributions), your pension will be fully taxable beginning with the first payment.

### **Simplified Method**

IMRF will report the taxable amount of your pension using the Simplified Method. The Simplified Method provides a specific dollar amount of each monthly pension payment that is not subject to federal income tax.

That dollar amount is determined by dividing the pension cost (from your Certificate of Benefits) by the number of pension payments you can expect to receive. The pension cost for IRS purposes is the total previously taxed contributions. This amount appears on your Certificate of Benefits under the section titled “Income Tax Information.”

The monthly exclusion amount remains in effect until you recover all of your previously taxed contributions. Thereafter, your pension is fully taxable. IMRF will notify you when all of your previously taxed contributions have been recovered.

### **IRS table and Simplified Method calculation**

Under the Simplified Method, you would use the appropriate table on the following page (which was developed by the IRS) to determine the number of pension payments you can expect to receive:

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**Use this chart if:**

You do not have an eligible spouse (see page 1 for a definition of “eligible spouse”)

<b>Your age when pension began</b>	<b>Number of payments you can expect to receive</b>
55 and under	360
56-60	310
61-65	260
66-70	210
71 and over	160

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**Use this chart if:**

You have an eligible spouse (see page 1 for a definition of “eligible spouse”)

<b>The combined age of you and your spouse when your pension began</b>	<b>Number of payments you can expect to receive</b>
110 and under	410
111-120	360
121-130	310
131-140	260
141 and greater	210

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Using the Simplified Method, the amount of your pension that is not subject to federal income tax would be determined as follows

$$\begin{array}{l} \text{Amount of previously taxed contributions} \\ \text{(from your Certificate of Benefits)} \\ \hline \text{divided by } \hline \text{Number of monthly payments} \\ \text{from appropriate IRS table (above)} \end{array} = \begin{array}{l} \text{Dollar amount} \\ \text{of monthly pension} \\ \text{not subject to} \\ \text{federal income tax} \end{array}$$

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## **Annual Tax Statement - Form 1099-R**

Every January IMRF will provide you with a 1099-R tax statement showing the gross amount of benefits you received the previous year. This form also will indicate the taxable portion of your pension as well as any federal income tax that may have been withheld from your payments. The information on this form should be used for filing your federal and state income tax returns.

## **Filing federal taxes**

You must use Internal Revenue Service Form 1040 or Form 1040A, “U.S. Individual Income Tax Return,” when you file your annual federal tax return. You cannot use Form 1040EZ.

In order to properly report your IMRF pension, report the total amount received on the line designated for pensions and annuities. The pension lines of the tax forms have two boxes. “Box a” is for the gross amount of pension received, and “Box b” is for the taxable portion of your pension payments.

## **For more information**

A complete explanation of the Simplified Method can be found in IRS Publication 575. For a list of IRS publications which explain how to figure the taxable amount of an IMRF pension, see page 35.

IMRF is not in a position to offer tax assistance; if you have specific questions about the Simplified Method or general questions about the taxability of your pension, please contact the Internal Revenue Service or your tax consultant.

## **Are you under age 59-1/2 and continuing to work for your IMRF employer?**

Member contributions to IMRF are considered tax-deferred as retirement savings. Most tax-deferred retirement savings are subject to a 10% early withdrawal tax when taken out of the retirement plan before the recipient is age 59-1/2.

However, there is an exception to this early withdrawal tax for IMRF pension payments that begin no earlier than age 55 (age 50 for public

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safety employees)—if you have totally separated from service with your last IMRF employer.

If you do not separate from service with your last IMRF employer, and instead continue to work for this employer in a non-participating position while receiving your pension payments at the same time, you are not eligible for this exception. In this situation, you must pay the additional 10% early withdrawal tax on your monthly IMRF pension payments. You will be required to pay this additional tax until you reach age 59-1/2 or until you leave employment with your IMRF employer.

Please note: The above situation assumes that you have already contacted IMRF and verified that you could continue to work after retirement without your pension being suspended.

## **State income tax**

### **Illinois state tax**

Your pension is not subject to Illinois state income tax. If your state of residence is other than Illinois, you should check with that state's department of revenue to find out if your pension is subject to state tax and how your pension income must be reported on your state income tax return.

### **Filing Illinois state income tax returns**

Because your IMRF pension is not subject to Illinois state income tax, you should enter the federally taxed portion of your pension (from your Form 1099-R) as a subtraction on Form IL-1040, "Illinois Individual Income Tax Return." This line is designated as "income received from Social Security benefits and certain retirement plans..."

In order to show that your IMRF pension is subtractable, you must include a copy of page one of your U.S. 1040 or 1040A form with your Illinois state income tax return. If you fail to attach a copy of the U.S. 1040 or 1040A, your entry will not be allowed.

**Please note:** Even though you may have no other taxable income, the Illinois Department of Revenue requires that you file a return if you are an Illinois resident.

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## **Form W-4P: Withholding Certificate for pension payments**

Because pension payments are immediately taxable, you are required by the Internal Revenue Service to submit a completed Form W-4P to IMRF.

### **Amount of withholding**

IMRF is not in a position to offer tax assistance, and therefore, cannot determine the amount of withholding that is right for a particular member. If you are not sure how much money should be withheld from your pension payments in order to meet your federal tax obligation, you should talk with your tax consultant.

### **Withholding without Form W-4P**

If you do not return Form W-4P to IMRF and your pension during 2012 exceeds \$1,625 a month, IMRF is required by law to withhold an amount based upon the IRS tax tables.

The amount withheld will be based on a married individual claiming three withholding allowances. If your monthly pension payments during 2012 are \$1,625 or less and you have no withholding request on file, no federal tax will be withheld. The dollar amount (\$1,625) will be adjusted each year by the IRS.

Because Illinois does not tax pension payments, IMRF does not withhold for Illinois income tax. IMRF will not honor any request to withhold for states outside of Illinois.

For your convenience, you can complete Form W4-P online through your secure Member Access account at [www.imrf.org/myimrf](http://www.imrf.org/myimrf) (see next page.).

Your withholding can be changed at any time simply by completing a new Form W4-P. Generally, if we receive your revised Form W-4P before we process your next payment, the change will be effective for that payment.

## Form W-4P available online in Member Access

You can fill out Form W4-P at your convenience through your secure Member Access account ([www.imrf.org/myimrf](http://www.imrf.org/myimrf)).

**Member Access**  
Illinois Municipal Retirement Fund

Home Account Benefits **Tools** Documents Profile

August 30, 2011

**Withholding Certificate for Monthly Annuity Payment: Step 2 of 4** Enlarge Text Q+

Choose one of the withholding options below:

**Option 1**

I elect not to have income tax withheld from my pension or annuity.

**Option 2**

Please withhold according to IRS withholding tables.

NOTE: The 2011 tax tables show that the annuity amount must be greater than \$483 for single with one exemption, or \$1,275 for married with two exemptions.

**Marital Status:**

Married  Single  Married, but withhold at higher single rate

**Number of personal exemptions:**

**Optional:**

In addition to the amount from the IRS withholding tables, please withhold the following additional amount: \$

**Option 3**

Instead of the IRS withholding tables, please withhold \$  or  % from each monthly payment.

The electronic version of Form W4-P will guide you through each step, quickly and easily!

**Member Access**  
Illinois Municipal Retirement Fund

Home Account Benefits **Tools** Documents Profile

August 30, 2011

**Secure Online Forms** Enlarge Text Q+

**Secure Online Forms help you manage your IMRF account.**

You can complete common tasks like applying for a refund, updating your address information, or changing your tax withholding instructions.

**Tax Withholding** [Change Tax Withholding Instructions](#)

**Address** [Change Name, Mailing Address, or Telephone](#)

**Find a Workshop**

**VIEW**

Benefits  
Payment History  
Benefit Statements

**ACT**

Change Beneficiaries  
Change Address  
Change Password  
[Change Tax Withholding](#)

You can access your electronic Form W4-P from the “Tools” tab or from the quick link on the right of the screen.

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## **Pension increases**

Your pension will be increased by 3 percent of the original amount on January 1 of each year. However, the first year is prorated unless the effective date of the pension is January 1.

Example: A pension of \$800 per month, effective date of September 1, 2011.

Because the pension was in effect for 4 months in 2011, the first year increase is prorated. The monthly increase of January 1, 2012, would be \$8:

$$\$800 \times 3\% = \$24 \text{ (3\% of original amount)}$$

$$4 \text{ months out of } 12 = 1/3$$

$$\$24 \times 1/3 = \$8 \text{ (prorated increase for 4 months)}$$

On January 1, 2013, and each January 1 thereafter, the pension would increase \$24 per month—the full 3% increase.

## **Supplemental pension payment**

After the first full year of retirement, you will receive a supplemental payment each July in addition to your regular pension payment. The additional pension payment is known as the “13th benefit payment” or a “supplemental benefit payment.” This payment will not be the same amount as your usual benefit payment, but will be a percentage of your usual payment amount that will vary from year to year.

In order to be eligible for the supplemental pension payment in July of a year, you must have retired on or before June 30th of the previous year. In order to be eligible for the supplemental pension payment in July 2012 you must have retired on or before June 30, 2011.

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## **Returning to work**

Once you begin receiving your IMRF pension, you must contact IMRF if you return to employment or compensated elected office with a unit of government that participates in IMRF. This applies even if you are considering independent contract work with a unit of government that participates in IMRF.

Performing work for any unit of government that participates in IMRF after you are receiving an IMRF pension can affect your pension status.

Failure to inform IMRF of a return to work that qualifies for IMRF participation could result in significant financial repercussions for you. If your return to work results in a situation where you are again eligible for IMRF participation, not only would you be responsible for any benefit overpayments, but you would also be responsible for any unpaid member contributions that should have been deducted from your paycheck once you began working again.

A booklet called “Returning to Work After Retirement” was mailed to you along with this Insights booklet. Please refer to it for a detailed explanation of how your pension may be affected if you return to work after retirement.

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## **ECO death benefits**

If you die while receiving an ECO pension:

- If your spouse and/or children are eligible (see below), a monthly benefit is payable.
- If your spouse and/or children are not eligible (see below), they are paid any remainder of your contributions and interest that were not paid out as a pension.
- If you have no spouse nor children, your designated beneficiary(ies) is paid any remainder of your contributions and interest that were not paid out as a pension.
- The \$3,000 death benefit is paid to your designated beneficiary.  
**If you do not have a valid Designation of Beneficiary form (Form 6.11A) on file with IMRF, the \$3,000 death benefit will be paid to your estate.**

### **Eligibility for a surviving spouse pension/child's pension**

- Eligibility requirements for an ECO surviving spouse pension/child's pension:
  - Member
    - was receiving an ECO pension on date of death
  - Spouse
    - was married to or in a civil union with member on last day of ECO participation, and
    - was married to or in a civil union with member for at least one year prior to member's date of death
  - Child(ren)
    - under age 18 and not married
    - eligible children include adopted children if adoption proceedings began at least one year prior to member's death

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- If an ECO plan member's spouse is eligible for an ECO surviving spouse pension, he or she can choose benefits payable under the ECO plan or under the Regular IMRF plan.
  - A child's pension is payable if the member's spouse is **not** eligible for a surviving spouse pension, but the deceased ECO member has unmarried children under the age of 18 (and the deceased member had eight or more years of service credit or was receiving an ECO pension).

### **Divorce**

If you are divorced after your pension begins, but you were married to or in a civil union with your former spouse when you retired and on the day you stopped participating in ECO, your former spouse will be eligible for a surviving spouse pension.

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## Surviving spouse pension

### Under **Original** ECO (if the member joined ECO before January 26, 2000)

- At age 50 or older, spouse will receive a monthly pension equal to 66-2/3% of the pension the member had been receiving (minimum amount payable is 10% of ECO salary)
- If the spouse is caring for the member's minor, unmarried children, the spouse will receive (age 50 requirement does not apply) the greater of:
  - a monthly pension equal to 66-2/3% of the pension the member had been receiving, or
  - a monthly pension equal to the lesser of:
    - 30% of the ECO member's salary plus 10% of the salary for each minor unmarried child, or
    - 50% of the ECO member's salary

**Note:** *The total combined payment to the spouse and/or minor children cannot exceed 75% of the pension the member had been receiving.*

#### **Please note:**

- When a child reaches age 18 or marries, the monthly benefit amount is recalculated. When no minor children remain, the monthly benefit payable to the spouse will be 66-2/3% of the ECO portion of the pension the member had been receiving (minimum amount payable is 10% of ECO salary), and 50% of any non-ECO portion of the pension the member had been receiving. However, if at that time the spouse is less than age 50, the ECO portion of the benefit payment will stop and will resume when he or she attains age 50.

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**Under Revised ECO (if the member joined ECO on or after January 26, 2000)**

- At age 50 or older, spouse will receive a monthly pension equal to 66-2/3% of the ECO portion of the pension the member had been receiving (minimum amount payable is 10% of ECO salary), and 50% of any non-ECO portion of the pension the member had been receiving.
- If the spouse is caring for the member's minor, unmarried children, the spouse will receive (age 50 requirement does not apply) the greater of:
  - a monthly pension equal to 66-2/3% of the ECO pension the member had been receiving plus 50% of any non-ECO pension the member had been receiving, or
  - a monthly annuity equal to the lesser of:
    - 30% of the ECO member's final rate of earnings (FRE) plus 10% of the FRE for each minor unmarried child, or
    - 50% of the ECO member's FRE.

**Note:** *The total combined payment to the spouse and/or minor children cannot exceed 75% of the pension the member had been receiving.*

**Please note:**

- When a child reaches age 18 or marries, the monthly benefit amount is recalculated. When no minor children remain, the monthly benefit payable to the spouse will be 66-2/3% of the pension the member was receiving (minimum amount 10% of salary). However, if at that time the spouse is less than age 50, benefit payments will stop and will resume when he or she attains age 50.

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## ECO Child's Pension

- If there is no surviving spouse, if the spouse is not eligible, or if an eligible spouse dies, a child's pension is payable to the member's minor (under age 18) unmarried children:
  - a monthly pension equal to 20% of the pension the member had been receiving for each child (The maximum total monthly benefit payable to all children cannot exceed the lesser of 50% of the member's ECO salary last reported to IMRF or 75% of the member's pension.)
- A child's pension is discontinued at:
  - age 18 or
  - marriage, whichever occurs first
- Adopted children are treated the same as natural children if proceedings for adoption commenced one year before date of death.
- Stepchildren (not adopted) are not eligible for a child's pension.

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## **Address changes**

You can change your address online through your secure Member Access account. For more information about an IMRF secure Member Access account, please see page 7 of this booklet.)

Please note: You can send an address change through Member Access only if you have an existing account. If you do not have a Member Access account, you must first correct your address with IMRF before you can register for a new account.

IMRF Form 6.20R, “Annuitant Information Change,” can also be requested from one of our service representatives at 1-800-ASK-IMRF (1-800-275-4673).

If an address change form is not available, any written notice will be acceptable. Please include the last four digits of your Social Security number on any written correspondence you send to IMRF.

(Please remember to let us know if any other information changes, such as your phone number.)

## **Signature required**

We require your personal signature in order to change mailing addresses if you submit your change of address in writing. This is done for your protection. However, IMRF can accept the signature of a person legally appointed, such as a conservator, guardian or trustee, only after receipt of a copy of their appointment. (Please see pages 30 and 31 for more information.)

An address change also can be signed by your representative payee provided an up-to-date form is on file.

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## **Direct Deposit of your pension payment**

You receive your benefit payment by Direct Deposit. IMRF has implemented a mandatory Direct Deposit program for all pension payments. We believe Direct Deposit is the most efficient payment method available. With Direct Deposit, your pension payment is

- Secure—it cannot become lost, stolen, or delayed in the mail
- Reliable—it is deposited into your account on time, every month
- Convenient—you do not need to make special arrangements if you are away from home

Please return your completed IMRF Form 1199, “Application for Direct Deposit” to IMRF or your pension will be suspended.

After three paper check payments, future payments will be suspended until you enroll in Direct Deposit. IMRF will consider special circumstances in unique cases where an inability to use Direct Deposit is proven; however, being strongly opposed to Direct Deposit is not considered a valid reason for exemption. If you believe you qualify for an exemption, you must call an IMRF Member Services Representative.

### **Questions?**

For additional information you can visit IMRF’s website at [www.imrf.org](http://www.imrf.org) or contact a Member Services Representative at 1-800-ASK-IMRF (1-800-275-4673) Monday through Friday, 7:30 a.m. to 5:30 p.m.

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## Direct Deposit statement

Because your pension is *electronically* deposited into your financial institution, you will receive a statement for your first Direct Deposit transaction. After this initial statement, you will receive a Direct Deposit statement:

- In January to show your annual increase
- In July for the 13th payment (if you are eligible)
- In December to show your total yearly payments and taxes withheld (you will still receive a separate 1099 form)
- Whenever your payment amount changes (for example if you've made changes in your tax withholding)

This statement will provide you with a breakdown of the current month's payment as well as year-to-date figures.

## Changes

If you are simply changing account numbers (but staying with the same financial institution), you can call 1-800-275-4673 and provide that change over the telephone. A new Form 1199 is required if you change financial institutions.

If you have a name or address change, you can submit these changes online through your secure IMRF Member Access account, or you can send IMRF a written notice with your signature and the last four digits of your social security number. Please note we cannot accept name or address changes over the telephone.

Remember to promptly advise IMRF in writing of any change in your home address. Although your payments will be deposited directly, IMRF will continue to mail income tax statements and other correspondence to your home.

**If you do not inform IMRF of address changes, your pension will be suspended.**



# Application for Direct Deposit

IMRF Form 1199 (Rev. 05/07)

This form should be completed by the Benefit Recipient (IMRF member or person receiving the IMRF benefit payment)

<b>Name</b>		<b>Social Security Number</b> ____ - ____ - ____	
<b>Address (Number, Street)</b>		<b>City</b>	<b>State</b>
<b>Is this a new address?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Telephone Number</b>	
<b>Account Information – Important: The name of the person who will receive the IMRF benefit payments must be on this account.</b> Please provide the information requested below. If you are unsure of any of the requested information, contact your financial institution where you have your account. (See the back of this form for more information.)			
<b>Name of Financial Institution</b>		<b>Branch Telephone Number</b>	
<b>Branch Address (Number, Street)</b>		<b>City</b>	<b>State</b>
<b>Account Number</b>			
<b>Financial Institution Routing Number</b>		<b>Type of Account</b>	
<input type="text"/>	<input type="text"/>	<input type="checkbox"/> Checking	<input type="checkbox"/> Savings

I authorize and request the Illinois Municipal Retirement Fund to direct IMRF recurring payments for crediting to my account at the financial organization designated above. This authorization is not an assignment of my right to receive payment and revokes all prior payment direction notifications applicable to these payments. I understand that the financial organization designated reserves the right to cancel this agreement by notice to me; however, this authorization will remain in effect with IMRF until cancelled by notice from me or by my death. Further, I understand and agree that **IMRF will stop direct deposit if I fail to keep IMRF informed of my current address.** I also permit the release by the bank or financial institution of my current address to IMRF. I understand that a new form 1199 is required if I change my financial institution, my account number **or** my name.

**X** \_\_\_\_\_ Date  
Signature of Benefit Recipient, Power of Attorney\*, or Guardian\*  
\*Attach court documents if not already submitted

Fax your completed form to IMRF at 630-368-5398 or mail it to:  
**Illinois Municipal Retirement Fund, 2211 York Road Suite 500, Oak Brook IL 60523-2337**

IMRF Form 1199 (Rev. 05/07) Service Representatives 1-800-ASK-IMRF (1-800-275-4673)  
www.imrf.org

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## **Representative payees**

If you are unable to handle your business affairs because of health problems, a relative or friend can be named as your representative payee.

### **Appointing an individual as your representative**

To appoint someone as your representative payee, that individual and your physician would complete IMRF Form 5.60, “Application to Serve as Representative Payee for Annuitant.” Future payments would be made payable to your representative on your behalf.

### **Appointing a nursing home administrator as your representative**

We have a similar procedure for checks being made payable to an official of a nursing home for your care. The administrator of the facility would submit IMRF Form 5.63, “Application to Serve as Representative Payee for Annuitant by Nursing Home or Hospital;” future checks would be made payable to the official of the nursing home on your behalf.

### **Notice of renewal**

Representative payees, including nursing homes, are required to renew on an annual basis; a physician’s statement may be required every third year. IMRF will send a letter and the appropriate forms to your representative payee approximately two months before the appointment expires.

**Please Note:** A representative payee may **not** change or sign a designation of beneficiary (Form 6.11A). If anyone other than the member signs or changes this form, it is invalid and will not be accepted.

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## **Conservator, guardian, or trustee**

Payments also can be made payable to a conservator, guardian, or trustee upon receipt of a copy of his or her appointment. Please remember that the only person who can sign or change a designation of beneficiary is the IMRF member.

## **Power of Attorney**

IMRF will accept agency designation under a power of attorney **for property** if it conforms with the requirements of the Illinois Power of Attorney Act. A copy of the entire designation must be submitted for our review. If the original designation is more than a year old, we will send the agent an affidavit that he or she must complete, sign, have notarized, and then return to our office in order for the power of attorney to be accepted.

We will accept a power of attorney for property; a health care power of attorney will **not** work. Please note that IMRF will allow a designated agent to act for the member in all aspects **excluding the ability to change and sign a beneficiary form.**

**Please Note:** The IMRF member is the **only person** who may sign and/or change a designation of beneficiary (Form 6.11A).

Any other representative acting on behalf of the member, including an agent under a Power of Attorney, guardian, conservator, trustee, or representative payee, **cannot** change or sign a designation of beneficiary.

If anyone other than the member signs or changes this form, it is invalid and will not be accepted.

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## Social Security

As an IMRF member, you also contributed to Social Security; therefore you are entitled to the benefits of both IMRF and Social Security. **Your IMRF retirement benefits do *not* affect your Social Security benefits, or vice versa, in any way.**

At retirement, generally you are entitled to full benefits from both. That is to say, **your IMRF benefits are never reduced because you receive Social Security benefits.** Your Social Security benefits generally are not reduced because you receive IMRF benefits. The only **exception to this rule** is if you earn service credit with IMRF during years that you did not also contribute to Social Security.

One example of this situation is:

- Your employer joined IMRF after 1956 *and*
- Your employer did not join Social Security before joining IMRF *and*
- You received prior service credit with IMRF for years you did not participate in Social Security.

In the case above, Social Security would consider a portion of your IMRF pension to be “from a job not covered by Social Security” and reduce its benefit. Social Security will not reduce your benefit if you have 30 or more years of substantial earnings under Social Security.

For most IMRF members, this reduction will not apply. However, there is substantial confusion by Social Security employees on this point. This is especially true for school district employees, because teachers do not participate in Social Security.

It is your responsibility to ensure that you receive the full Social Security benefit you are entitled to. IMRF can help you if your local Social Security office is attempting to reduce your benefits when a reduction should not be made.

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### **If your Social Security benefit is reduced**

If you run into a Social Security representative who tells you your Social Security benefit will be reduced:

**Tell him or her that both IMRF and you participate in Social Security through an agreement between the state of Illinois and the Secretary of Health and Human Services under Section 218 of the Social Security Act.**

Also, tell the Social Security representative that you made full contributions in Social Security since you began employment or since your employer joined IMRF.

If the Social Security representative still insists your benefit will be reduced, write down his or her name. Then request to speak with the assistant manager of your local office. Also write down his or her name. If the assistant manager has not cleared up the matter, call an IMRF Member Service Representative for additional assistance.

Also, **you need to follow up after you receive your first Social Security check.** At that time, call your local office and ask how the amount was calculated. Make sure it was not reduced. If it was, you will want to have it corrected. It is important to get the name of each Social Security representative you speak with so Social Security personnel can learn about IMRF and correct any errors they may make in advising you and calculating your benefits.

To find out how much your Social Security benefits will be, or to apply for such benefits, you should contact your nearest Social Security office or representative.

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## **General Information**

The main IMRF office is located in Oak Brook:

Illinois Municipal Retirement Fund  
2211 York Road  
Oak Brook, Illinois 60523-2337  
Member Services Representatives: 1 (800) ASK-IMRF  
(1-800-275-4673)

Member Services Representatives are available Monday through Friday,  
7:30 a.m. to 5:30 p.m. Central Time.

### **Regional Counseling Center**

Illinois Municipal Retirement Fund (IMRF) members who live in the Sangamon County area can also visit IMRF's Regional Counseling Center in Springfield. The office is located at:

3000 Professional Drive, Suite 101  
Springfield, Illinois 62703.

Information about IMRF and your benefits can also be found on the Internet at: **[www.imrf.org](http://www.imrf.org)**

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## **IRS Tax Publications**

Additional information can be obtained from the following publications. To receive any of these publications, you can contact the Internal Revenue Service at 1 (800) 829-3676.

- 17 Your Federal Income Tax
- 501 Exemptions, Standard Deduction, and Filing Information
- 502 Medical and Dental Expenses
- 505 Tax Withholding and Estimated Tax
- 524 Credit for the Elderly or for the Disabled
- 525 Taxable and Nontaxable Income
- 552 Recordkeeping for Individuals
- 554 Tax Information for Older Americans
- 559 Tax Information for Survivors, Executors and Administrators
- 575 Pension and Annuity Income (Including Simplified Method)
- 939 Pension General Rule (Nonsimplified Method)

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