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## Member Accounts

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### 6.00 Introduction

This section explains the procedures and forms to be used to enroll, report, adjust, and terminate a member's account.

#### Help for Authorized Agents

We've developed several resources to help you maintain member accounts:

- Sample completed forms, located at the end of this section, contain instructions on how to fill in and use forms correctly.
- Use the forms charts located in this manual to find the correct form quickly.
- Consult the IMRF-developed procedure check lists in the front of this manual when enrolling and terminating members.
- View member account information (participation date, years of service, wages and contributions, etc.) through the Employer Access area of IMRF's web site. For details, refer to Paragraph 2.90 Secure Employer Access Area of [www.imrf.org](http://www.imrf.org).

### 6.05 To Open an Account - New or Rehired Member

You should enroll an employee in IMRF as soon as he or she occupies an IMRF covered position (qualified position) (see Section 3). Failure to enroll an employee promptly with IMRF could eventually delay payment of benefits.

After an employee is enrolled in IMRF, he or she becomes a member. Public Act 96-0889 created a second tier for IMRF's Regular and Revised Elected County Official Plan. Effective January 1, 2011, IMRF will assign a benefit "tier" to an employee when he/she is enrolled in IMRF's Regular or ECO plans. The plan tier is based on the member's participation date:

Tier 1: Members enrolled in any IMRF plan before January 1, 2011. If a Tier 1 member:

- Stops participating in IMRF and is again enrolled in IMRF, the member will participate in Tier 1.
- Changes IMRF employers, the member will participate in Tier 1.
- Terminates participation, takes a refund of his or her contributions and is later enrolled in IMRF, the member will participate in Tier 1. Member is not required to pay back the refund.

Tier 2: Members **first** enrolled in IMRF on or after January 1, 2011

EXCEPTIONS: Members enrolled in IMRF on or after January 1, 2011, will participate in Tier 1 if the member:

- Previously participated in IMRF or in a reciprocal retirement system (except the Judges or General Assembly retirement systems) even if the member took a refund of his or her contributions and has not yet repaid the refund,  
or
- Purchases omitted service credit that creates a participation date before January 1, 2011.

Once the member's enrollment is confirmed, the member receives a "New Member Packet." In this packet, the member receives a letter confirming his or her Social Security number, birth date, IMRF employer name, effective date of IMRF participation and IMRF plan tier. The member also receives an IMRF benefit booklet and other general information about IMRF.

**Service Credit Granted When Paid**

IMRF grants service credit for each month a member works, receives earnings, and makes the required IMRF contributions. There are exceptions to the “service credit only when paid” requirement, such as seasonal employees, elected officials, or employees paid irregularly. (See Paragraphs 6.10 C. Member Paid Irregularly and 6.10 D. Seasonally Employed Member.)

**6.10 Enrollment Documents****6.10 A. Notice of Enrollment in IMRF (Online Enrollment or Paper Form 6.10, Exhibit 6N)**

Employers with Internet access must use Employer Access to enroll members. Employers without Internet access may continue to use IMRF Form 6.10.

Do the following to ensure complete enrollment of a member in IMRF: refer to

- See the forms chart in the front of this manual.
- The enrollment procedure check list.
- Exhibit 5R, Return to Work and Effect on Tier 1 and Tier 2 Members Chart

**For a New or Rehired Employee**

Employers with Internet access must use Employer Access to enroll a new or rehired member. Employers without Internet access may continue to use IMRF Form 6.10 (see Exhibit 6N).

If you are completing a paper Form 6.10, have each new or rehired employee whose position qualifies for IMRF coverage complete and sign the top half of the form. The Authorized Agent should complete and sign the lower half of the form.

The form should be completed in triplicate: the first copy should be sent to IMRF, the second copy should be retained in the employee’s personnel file, and the third copy should be given to the employee.

NOTE: Employers must determine if a new hire is a person receiving an IMRF pension from previous employment. Refer to paragraph 3.20D (600 hour employers) or 3.65D (1,000 hour employers).

**For an Employee Who is an Elected Official, Appointed to Elected Office, or a City Hospital Worker**

If an elected official or city hospital worker elects to participate in IMRF, IMRF requires the official’s or employee’s signature on the “Election To Participate For Qualifying Position” form. Therefore, as part of the online enrollment process, a pre-populated “Election To Participate For Qualifying Position” form is created. The employer will download the pre-populated form, sign it, have the elected official sign it and mail it to IMRF along with the signed enrollment form.

The election to participate cannot be rescinded. An elected official who elects to participate in IMRF is required to continue to participate if re-elected to subsequent terms of office.

The Elected County Official (ECO) Plan is closed to new members as of August 8, 2011. If a current elected county official has not elected to participate in ECO, he/she no longer has the option to do so. Future elected county officials may not elect ECO. If a county has not adopted the ECO plan, it no longer has the option to do so. Elected County Officials currently participating in ECO remain in the plan.

**For an Employee who is a Police Chief**

If the employee elects to participate in IMRF as a SLEP member, a pre-populated “Election of Police Chief to Participate as SLEP member” is created as part of the online enrollment process. The employer will download the pre-populated form, sign it, have the employee sign it and mail it to IMRF along with the signed enrollment form. (Please note: if the police chief is the first employee to enroll in SLEP for your employer, i.e., your employer does not have a

SLEP plan, the online enrollment process will advise you to call IMRF's Member Services Unit for assistance.) See paragraph 6.10 G. Election of Police Chief to Participate as a SLEP Member (Form 6.22, Exhibit 6T).

Refer to Paragraph 3.80C for information on eligibility requirements for police chiefs.

### **For an Employee Who will Perform Teacher Aide Duties**

The Reciprocal Act allows a former IMRF member who participated as a teacher aide (paraeducator) and transferred to a position that is covered by the Teachers' Retirement System (TRS) to retire under the Reciprocal Act even though the former teacher aide has less than 12 months of IMRF service credit.

An employee who works as teacher aide may have a position title such as paraeducator, classroom aide, reading aide, teacher assistant, special services assistant/technician, program assistant, or library assistant. IMRF applies guidance from the U.S. Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook to define a "teacher aide". The following are typically considered teacher aide duties:

- Reinforce lessons presented by teachers by reviewing material with students one-on-one or in small groups
- Enforce school and class rules to help teach students proper behavior
- Help teachers with recordkeeping, such as tracking attendance and calculating grades
- Help teachers prepare for lessons by getting materials ready or setting up equipment, such as computers
- Supervise students in class, between classes, during lunch and recess, and on field trips

Teacher aides may work within different areas of the school, such as the computer laboratories, libraries, lunchroom, or schoolyard. Some teacher aides work only with special education students with academic work. They may also work with students having more severe disabilities on other basic needs, such as eating or personal hygiene, or certain life skills.

### **Procedures to Enroll New Employee Formerly Employed by Other IMRF Employer or Rehired by Same Former IMRF Employer**

1. Employers with Internet access must submit the employee's enrollment via Employer Access. Employers without Internet access may continue to use paper Form 6.10, "Notice of Enrollment in IMRF."
2. IMRF requires that the member terminate (Employers with Internet access must terminate members via Employer Access, employers without Internet access may continue to use Form 6.41, "Termination of IMRF Participation,") from the first employer and enroll (Form 6.10) with the second employer because in addition to keeping track of member credits, IMRF must also track employer liabilities.

Without the appropriate termination and enrollment documents, IMRF is unable to maintain accurate member and employer accounts. However, some employees participate concurrently under two or more employers. If this is the case, IMRF only needs the Online Termination or paper Form 6.41 for the employer the member is terminating from.

#### **Do not submit an enrollment (via Employer Access or paper Form 6.10) for member personal information changes.**

Those changes should be made as follows:

1. **Changes to employment or IMRF coverage**  
Use IMRF Form 6.19, "Member Employment Information." (See Paragraph 6.20 A. Member Employment Information.)
2. **Changes to personal information**, such as correction of Social Security number, birth date, etc.:  
Because online transactions are more accurate, more efficient, and faster than submitting

member information to IMRF via paper forms, employers with Internet access must submit member information changes via Employer Access.

3. Submit via Employer Access or paper Form 6.20 “Member Information Change.” (See Paragraph 6.10 B. Designation of Beneficiary (Form 6.11, Exhibit 6O)).

### **6.10 B. Designation of Beneficiary (Form 6.11. Exhibit 6O)**

New IMRF members as well as active and inactive members wishing to change their beneficiaries should complete Form 6.11, “Designation of Beneficiary.” The designation becomes effective when the form is on file in IMRF’s office.

IMRF recommends members designating a beneficiary online using their Member Access account.

#### **Online Enrollment process: IMRF mails beneficiary form to member**

After the employer enrolls a member online, IMRF mails a partially pre-populated Designation of Beneficiary form to the member’s home with a cover letter and self-addressed, postage-paid envelope. The letter confirms the member’s participation in IMRF and asks the member to complete and return the Designation of Beneficiary form. IMRF follows up with the member if the Designation of Beneficiary form is not returned.

#### **Guidelines for Members**

A member should update his or her beneficiary designation whenever a major life event occurs, such as a marriage, divorce, birth of a child or death of a previously named beneficiary.

Members can view their beneficiary information via the Member Access area of IMRF’s website, [www.imrf.org](http://www.imrf.org).

IMRF can only accept **the signature of the member to change a beneficiary**. If someone other than the member submits a designation form, including an agent under a power of attorney, the form will not be accepted.

#### **Members who are Married or in a Civil Union**

Public Act 96-1140 changed the default beneficiary to the member’s estate.

Previously, an active or inactive member’s spouse was the default beneficiary. Now, the member’s estate is the default beneficiary, regardless of the member’s marital status. The member’s spouse may not have the choice of a surviving spouse pension (assuming the spouse is eligible) unless the member has a designation of beneficiary form on file naming the spouse as his or her sole primary beneficiary.

Previously, a retired member’s spouse was the default beneficiary for the \$3,000 lump sum death benefit. Now, a retired member’s estate is the default beneficiary for the \$3,000 lump sum death benefit.

#### **Naming a spouse as co-beneficiary**

A member who is married or in a civil union and not yet retired, can choose to name his or her spouse as co-beneficiary with other beneficiary(ies). As a co-beneficiary, the spouse would share in the lump sum death benefit. Under this arrangement, the spouse would not be eligible for a surviving spouse pension.

#### **Naming secondary beneficiaries**

Secondary beneficiaries receive the death benefit if no primary beneficiary survives.

#### **Single, Widowed or Divorced Members**

The default beneficiary is the member’s estate. A single, widowed or divorced member may choose to name children, parents, any other persons, a charity, or trust in lieu of the estate.

#### **Designation of Children**

A member may designate children by naming the specific children.

**Designation of Minor Children (under the age of 18)**

If a member names a minor(s) (individual under age 18) as a Primary Beneficiary(ies), death benefits will be paid in care of the minor's guardian.

If the member wants someone other than the guardian to receive the IMRF benefit on behalf of the minor, the member may name a custodian, who is 21 years of age or older, under the Illinois Uniform Transfers to Minors Act (IUTMA). This is done by entering the name of the individual the member wishes to appoint as custodian followed by "as custodian for \_\_\_\_\_ (name of minor) under the IUTMA."

When a custodian is designated under the IUTMA, the beneficiary cannot directly receive the death benefit until age 21.

**Change in Beneficiary**

The member may change his or her beneficiary(ies) by filing a new Form 6.11, "Designation of Beneficiary." IMRF recommends members use their online Member Access account to make beneficiary updates.

A member should update his or her beneficiary designation whenever a major life event occurs, such as a marriage, divorce, birth of a child or death of a previously named beneficiary.

**NOTE:** In the event that no Form 6.11, "Designation of Beneficiary," is filed for a member, the member's estate will be the beneficiary.

**6.10 C. Member Paid Irregularly**

Members paid irregularly include those elected officials who are in office and work each month during the year, but are not paid each month. These officials must:

- Hold positions qualified for IMRF coverage (see paragraph 3.65 Participating Members), and
- Have filed all necessary enrollment documents with IMRF (see paragraph 6.10 A. Notice of Enrollment in IMRF (Online Enrollment or paper Form 6.10, Exhibit 6N)).

Members paid irregularly also include employees who perform services for the employer but are not paid each month they work because **as a condition of employment** they are paid bi-monthly (every other month), quarterly, semi-annually, or annually. In other words, an irregularly paid member is one who does **not** hold a seasonal position, but works every month and is paid less often than monthly.

Prior to August 28, 2020, irregularly paid members were able to earn service credit for their unpaid months provided that the member was paid at least once during the year, that is, provided the employer reported wages and contributions for the member at least once during the year. For these members, both the paid and unpaid months were credited to the member's account. In other words, those members were able to receive 12 months of service credit for the year.

As of August 28, 2020, no new members will be eligible to earn irregular service credit. Irregularly paid members should be enrolled if they meet the annual hourly standard. If the member wishes to receive service credit in each month, the employer must arrange the pay schedule so that the member receives reportable earnings at least once per month. Employers may also consider whether an irregularly paid employee qualifies for seasonal service credit.

Members who, as of August 28, 2020, were actively enrolled in the irregular service credit program, will be eligible to continue receiving such service credit through December 31, 2020. Irregularly paid employees whose pay schedules have not been adjusted as of January 1, 2021, will only receive service credit in the months that the employee receives reportable earnings.



**6.10 D. Seasonally Employed Member**

A seasonal member is one whose position requires regular service for a period of at *least six consecutive months* but less than 12 months in a 12-month period. This does not refer to a calendar 12 months of January through December, but to any 12-month period.

“Seasonal” members hold positions that normally require less than 12 months of work during a 12-month period. Examples: a school district employee whose position normally requires him or her to work September through June, with July and August off. Or, a park district employee whose position normally requires him or her to work March through November, with December through February off. In seasonal positions, work is generally not required during specific months or periods of the year.

A seasonal member in an employment relationship for 12 months will receive service credit for the entire 12-month period. Otherwise, the member will receive service credit for the number of months actually worked in which a contribution was made. In other words, if a member is *employed* by the unit of government for 12 months (even if he or she is on “seasonal leave”), the member will receive 12 months of service credit.

To indicate that the member will be seasonally employed, check “yes” for the seasonal position question on the Online Enrollment screen or on paper Form 6.10, “Notice of Enrollment.”

Seasonal employees will automatically receive seasonal service credit based upon the member’s “seasonal pattern.” The seasonal pattern is determined by the type of employer:

School Districts, Educational Districts, and Educational Regions:

Seasonal employees will receive seasonal service credit for June, July, August, and September. (Employer can designate a different seasonal pattern for the member in Employer Access.)

Park Districts and Forest Preserve Districts:

Seasonal employees will receive seasonal service credit for October, November, December, January, February, and March. (Employer can designate a different seasonal pattern for the member in Employer Access.)

All other employers who have seasonal employees:

IMRF will contact the employer to determine the appropriate seasonal patterns. (Employer can designate a different seasonal pattern for the member in Employer Access.)

Once a seasonal pattern is determined, the member will automatically receive seasonal service credit for the seasonal months unless wages/service have not been reported for any months in the non-seasonal period or a Notice of Termination (Online Termination or paper Form 6.41) has been submitted for the member.

For an employee to receive this seasonal service credit automatically, he or she must be identified as seasonal on the Notice of Enrollment.

**6.10 E. Election to Participate for Qualifying Position (Form 6.21, Exhibit 6R)**

Only elected officials and city hospital employees have the option to participate in IMRF if their positions qualify them for membership.

Elected officials may exercise the option to participate only if their position meets the hourly standard.

Please see section 3.65 F 1. “Paid Members of Elected Governing Body – County Board.” for specific information regarding County Board members.

IMRF may be contacted to determine if a resolution has previously been submitted. Employer resolutions can also be viewed via Employer Access.

If an elected official or city hospital employee elects to participate in IMRF, IMRF requires the official's or employee's signature on the "Election To Participate For Qualifying Position" form. As part of the online enrollment process, a pre-populated "Election To Participate For Qualifying Position" form is created. The employer will download the pre-populated form, sign it, have the elected official or city hospital employee sign it and mail it to IMRF along with the signed, pre-populated enrollment form.

Elected officials and hospital employees who wish to participate must complete Form 6.21, "Election to Participate, Exhibit 6R," at the time of enrollment. It should be submitted after the employer completes the Online Enrollment process or with Form 6.10, "Notice of Enrollment in IMRF."

**If an elected official elects to participate**

If an elected official elects to participate, the elected official cannot revoke that choice as long as he or she holds the same elective position within that governmental unit.

If employment is terminated and he or she later holds the same elected position with the same employer, the elected official will again participate in IMRF. The elected official cannot revoke his or her prior election to participate in IMRF.

**For example:** Mary Jones is elected to city clerk and she chooses to participate in IMRF as city clerk. However, Mary loses her bid for reelection. Several years later Mary again runs for city clerk and this time she wins. Now, *because* she chose to participate as city clerk previously, Mary must participate in IMRF now.

If Mary had run for a different elected position, county auditor, for example and won, she could have chosen not to participate because she had never chosen to participate under the county auditor position.

The same rules apply whether an elected official loses a bid for reelection or resigns. Once an elected official chooses to participate, the elected official must participate as long as he or she holds that same position.

**NOTE:** a special temporary provision did permit elected officials to permanently revoke an election to participate from September 8, 1991, through December 31, 1991.

**If a city hospital worker elects to participate**

If a city hospital worker elects to participate, he or she cannot revoke that election as long as the member is employed by the city hospital.

If the member terminates and later returns to employment with the same city hospital, the city hospital employee cannot revoke his or her prior election to participate.

**6.10 F. Election of Elected County Official to Participate in ECO**

The ECO Plan is closed to new members as of August 8, 2011.

**6.10 G. Election of Police Chief to Participate as a SLEP Member (Form 6.22, Exhibit 6T)**

Appointed police chiefs of cities, towns and villages that have formed their own police pension fund under Article 3 of the Illinois Pension Code have the option to participate in either the local police pension fund or in IMRF SLEP. Participation under IMRF's Regular plan is not an option for these police chiefs. A chief of police who elects to participate in IMRF as a SLEP member must complete Form 6.22, "Election of Police Chief to Participate as a SLEP Member," (Exhibit 6T).

A pre-populated Form 6.22 is created as part of the online enrollment process. The employer will download the pre-populated form, sign it, have the employee sign it and mail it to IMRF along with the signed enrollment form. (Please note: if the police chief is the first employee to enroll in SLEP for your employer, i.e., that your employer does not have a SLEP plan, the online enrollment process will advise you to call IMRF's Member Services for assistance.)

Refer to Paragraph 3.80 for information on eligibility requirements for police chiefs.

Newly appointed police chiefs have 90 days from the date of hire to elect to participate in either the local police fund or in IMRF SLEP. Failure to submit an election to either the local police fund or IMRF SLEP within those 90 days forfeits the police chief's right to participate in either.

If the Police Chief chooses to join IMRF SLEP:

- Once the police chief elects to participate in IMRF's SLEP program, that election **cannot be revoked**. Therefore, should a chief elect to participate in IMRF SLEP under employer A, upon changing positions to a patrolman under employer A, or even a patrolman under employer B, the chief must continue to participate under IMRF's SLEP plan.
- Before hiring a police chief, the employer may want to know if the police chief has any local police pension plan service eligible for transfer into IMRF. After electing to join IMRF's SLEP program, the police chief may transfer police service previously established in any Illinois police pension fund to IMRF. See Paragraph 640.13.
- The chief may also wish to get an estimate of the cost to transfer any local police pension past service to IMRF before making the choice of IMRF SLEP. IMRF recommends the police chief review and evaluate the benefits of the local police pension fund and the SLEP Plan to determine which plan is most advantageous.

If the Police Chief chooses to join the police pension fund:

- If the police chief chooses to join the police pension fund, the police chief can decide to join IMRF's SLEP program at a later date if he is still a police chief for a qualifying IMRF SLEP employer.

If the Police Chief chooses to join neither SLEP nor the police pension fund:

- If the police chief chooses not to join the IMRF SLEP program nor the police pension fund, the police chief will not be able to join the IMRF SLEP program at a later date as a police chief.

#### **6.10 H. Election to Contribute Under Additional Position (Form 6.23, Exhibit 6U)**

Form 6.23, "Election to Contribute Under Additional Position" should be used for a member who currently participates in IMRF and wants to make member contributions in an elected position which does not qualify for participation in and of itself.

Use this form for an IMRF member who currently works in a qualifying position, who also holds a nonqualifying elective office with the same employer, and who wants to make member contributions under the additional position.

If the member's second position is a non-qualifying elective office position and that position becomes qualifying at a later date, the member cannot revoke this election to participate under that elected position.

## **6.20 To Update an Account**

### **6.20 A. Member Employment Information (Form 6.19, Exhibit 6P)**

Employers must provide missing or corrected information regarding a member's employment information through Employer Access.

Employers would also submit information regarding a member's position(s), such as a change of plan (plan refers to Regular, SLEP or ECO) through Employer Access.

Some examples of these changes are:

- When a member's position changes from Regular qualified to SLEP qualified.
- To add a plan for a member who currently participates in the Regular plan and begins working in a SLEP qualified position.
- To add a plan for a member who currently participates in SLEP and begins working in a Regular qualified position.
- To delete a plan for a member who held qualifying positions under both plans but will now hold one position only.
- To change a member's participation date.
- To change a member's employment date.

#### 6.20 B. Member Information Change (Form 6.20, Exhibit 6Q)

Employers with Internet access must submit member information changes via Employer Access. For details, refer to Paragraph 2.90 Secure Employer Access Area of [www.imrf.org](http://www.imrf.org)

If your employer does not have Internet access, complete Form 6.20, "Member Information Change." This form should be used for identification changes only, such as changes in name, address, birth date, sex, and Social Security number. *Do not use this form for enrollment.*

#### 6.20 C. Election to Make/Change Voluntary Additional Contributions (Form 6.30, Exhibit 6X)

IMRF members have the option of making after-tax voluntary additional contributions to provide a supplemental retirement benefit in addition to the usual IMRF retirement pension. At retirement, the voluntary additional contributions may be taken as a lump sum or, provided the member's account balance is \$4500 or more, as an additional monthly pension.

These after-tax voluntary additional contributions are limited to 10% of IMRF reportable earnings and are not matched by the employer. The additional retirement benefit is based solely upon the accumulated voluntary contributions plus interest.

Voluntary additional contributions are after tax—they are not tax-deferred like usual IMRF member contributions. Some members may be better served by contributing a portion of their salary on a pre-tax (tax-deferred) basis to their employer's deferred compensation plan, e.g., 457 or 403(b).

IMRF pays interest based on the current assumed rate of return, and this interest rate can change at any time in the future. The procedures for crediting interest are established by state law. Voluntary additional contributions interest is credited differently from a traditional savings account. A traditional savings account credits interest on the current amount in the account.

IMRF credits interest **at the end of the year on the beginning of the year balance**. Therefore, a member will not earn any interest the first year he or she begins making voluntary additional contributions. If a member began making voluntary additional contributions in June 2021, the interest is not credited until December 2022. Note that the contributions must remain on file in order to be credited with interest at the end of the year.

The following chart illustrates how interest is credited to voluntary additional contributions.  
(This example is calculated with an interest rate of 7.25%, IMRF's current assumed rate of return.)

<b>January 1, 2022</b> opening balance	\$0.00
VA Contributions made during 2022	\$400.00
<b>Interest credited on December 31, 2022</b> based upon January 1, 2022 opening balance      \$0 x 7.25%	\$0.00

<b>January 1, 2023</b> opening balance	\$400.00
VA Contributions made during 2023	\$500.00
<b>Interest credited on December 31, 2023</b> based upon January 1, 2023 opening balance      \$400.00 x 7.25%	\$29.00
<b>January 1, 2024</b> opening balance	929.00
VA contributions made during 2024	\$500.00
<b>Interest credited on December 31, 2024</b> based upon January 1, 2024 opening balance      \$929 x 7.25%	\$67.35

Members wishing to make voluntary contributions must file Form 6.30 (Exhibit 6X), "Election to Make Voluntary Additional Contributions."

Members wishing to change the amount withheld or stop making voluntary additional contributions would also complete Form 6.30. A participating member may stop making voluntary additional contributions at any time.

Members wishing to request a refund of their VA contributions must file a Form VARF, "Request for Refund of Voluntary Additional Contributions" (Exhibit 6ZZ).

Deductions can begin immediately once the employer completes the application and submits it to IMRF.

Voluntary additional contributions cannot be treated as a 414(h) tax deferral. The contributions must be included in the taxable income reported to federal and state tax authorities.

**NOTE:** Voluntary additional contributions are made with after-tax dollars. Therefore, the contributions are not subject to federal income tax when the member withdraws them. However, that portion of the refund attributable to the tax-deferred interest is subject to 20% withholding for federal income tax. If the member is under age 59-1/2, a penalty tax of 10% may also apply.

The withholding and penalty tax can be avoided if the tax-deferred interest is directly rolled over into a traditional IRA, Roth IRA, or other qualified plan, or 457 or 403(b) plan.

#### Refunds of Voluntary Additional Contributions

IMRF's Voluntary Additional Contribution plan is designed for long-term savings, i.e., additional retirement income or survivor benefit. Also, although members can apply for a refund of their voluntary additional contributions at any time, IMRF discourages such refunds. **If a member is seeking a short-term savings vehicle, voluntary additional contributions may not be the right choice.** However, if a financial hardship exists, the member can apply for a refund of his or her Voluntary Additional Contributions by submitting a request in writing. Partial refunds are not allowed.

- *If the member will continue working for his or her IMRF employer*

A member may take a refund of Voluntary Additional Contributions *without* interest while he or she is still working for an IMRF employer. The interest must stay on deposit until the member stops working for his or her IMRF employer.

The interest will continue to earn interest until the member stops working for his or her IMRF employer and applies for a refund of the interest.

- *If the member stops working for his or her IMRF employer and applies for a refund of Voluntary Additional Contributions*

A member may take a refund of Voluntary Additional Contributions with interest if he or she is no longer for an IMRF employer.

If the member is less than age 59-1/2, the taxable portion of the refund (the interest earned) will be subject to income tax penalties. The member can avoid these income tax penalties by rolling over the taxable portion into an IRA or other qualified retirement plan. Unless the taxable portion is directly rolled over, federal law requires IMRF to make a 20% tax withholding.

- *If the member stops working for his or her IMRF employer and applies for a refund of usual IMRF member contributions (a "separation refund")*

The Voluntary Additional Contributions with interest must be refunded at the same time.

If the member is less than age 59-1/2 when he or she applies for a separation refund, the taxable portion of the refund (interest) will be subject to income tax penalties. The member can avoid these income tax penalties by rolling over the taxable portion into an IRA or other qualified retirement plan. Unless the taxable portion is directly rolled over, federal law requires IMRF to make a 20% tax withholding.

Upon termination of participation, if the member applies for a separation refund, the accumulated voluntary additional contributions with interest must also be withdrawn. If the usual IMRF contributions are left on deposit, the member has the option of leaving the voluntary additional contributions on deposit or withdrawing them.

Upon retirement, the voluntary additional contributions and interest may be applied to a monthly annuity payable for life, provided the member's account balance is \$4500 or more, OR withdrawn in a lump sum.

Upon death, the accumulated voluntary additional contributions with interest are payable to the member's beneficiary(ies).

#### **6.20 D. Election to Cease Making IMRF Contributions (Form 6.24, Exhibit 6V)**

A member who currently participates in IMRF and has 40 or more years of service credit can elect to stop making IMRF contributions. Use Form 6.24, "40-Year Service Election to Cease Contributions," to stop member and employer retirement contributions for the member.

A member with 40 years of IMRF service credit is allowed this option because the maximum IMRF pension payable is 75% of a member's final rate of earnings (FRE). That 75% is earned after 40 years.

If a member chooses to stop making contributions to IMRF, he or she will receive the 4-1/2% of salary that would have been contributed to IMRF (less federal and state income taxes). The member's FRE will be frozen as of the effective date of the election.

The member will continue to be treated as a participating member for the purposes of death and disability benefits. That is, the member will remain eligible for IMRF death and disability benefits (assuming all other benefit eligibility requirements are met.)

The member would not be eligible for an IMRF retirement benefit until he or she stops working in an IMRF qualified position and applies for a retirement annuity.

#### **6.20 E. Revocation of Election to Participate in Elected County Official Plan (Form 6.28, Exhibit 6W)**

A member who elected to participate in either Original or Revised ECO can revoke that election by completing IMRF Form 6.28, "Revocation of Election to Participate in Elected County Official Plan."

The member will freeze his or her ECO final rate of earnings and continue to participate in Regular IMRF or SLEP (as appropriate). If the member chooses to stop participating in the ECO plan, the decision is irrevocable. He or she may not re-enroll in ECO at a later date. The member will then participate in the Regular or SLEP plan, as appropriate.

**1. If the member joined ECO before January 26, 2000 (Original ECO)**

The revocation is effective on the last day of the month, e.g., if the form is signed on March 2<sup>nd</sup>, the revocation is effective on March 31<sup>st</sup>.

After filing the form, the employer should deduct the appropriate member IMRF contributions (Regular or SLEP) from the member's payroll earnings beginning with next month's Monthly Deposit Report (e.g., if Form 6.28 is dated March, deduct Regular or SLEP contributions starting in April).

**2. If the member joined ECO on or after January 26, 2000 (Revised ECO, Tiers 1 and 2)**

The revocation is effective on the date the form is signed.

The employer would deduct the appropriate member IMRF contributions (Regular or SLEP) from the member's payroll earnings beginning with the next payroll.

Because the member's IMRF contribution changes with the next payroll, the employer may need to report the member's wages and contributions under two plans (Regular or SLEP and ECO) for the next month's Monthly Deposit Report.

Wages paid before Form 6.28 was signed will be reported under ECO; wages paid after Form 6.28 was signed will be reported under Regular or SLEP.

**6.30 To Close an Account**

IMRF developed a procedure check list to assist Authorized Agents with the termination process. Refer to the forms chart in the front of this manual.

When terminating a member's IMRF participation:

- Use the Termination Procedure Check List on the IMRF website, [www.imrf.org](http://www.imrf.org).
- Employers with Internet access must submit a member's termination of participation through the Employer Access area of the IMRF website. Employers without Internet access may continue to submit paper Form 6.41, "Termination of IMRF Participation."

A termination of participation must be submitted for members who change participation status or who terminate employment. The employer identifies the reason for the termination as follows:

- Reasons if employment continues but participation status changes.
  - Change from an IMRF-covered position to a non-qualifying (Social Security only) position, or
  - Move from an IMRF-covered position to a position covered by another Illinois public pension system, or
  - Retire while working reduced hours (Member applied for an IMRF pension but will continue working in a non-qualifying position.)
- Reasons if employment ends:
  - Retirement
  - Resignation  
Member voluntarily resigned the position for other than medical reasons, e.g., accepted a position elsewhere, resigned for personal reasons.
  - Resignation medical  
Member voluntarily resigned the position for health/medical reasons. (Member voluntarily resigned because he/she is unable to perform the duties of the position because of a medical condition; member is unable to continue working or return to work. A member's voluntary resignation must be documented by a resignation letter from the member to the employer, or by a letter from the employer to the member acknowledging the voluntary resignation. If the member is receiving IMRF disability benefits or has a

pending claim for disability benefits, he/she will no longer be eligible for IMRF disability benefits. Exceptions apply if the member has filed a Workers' Compensation claim. Refer to Paragraph 5.40 D.5.)

- Dismissal  
The employer is terminating the member's employment for reasons other than a medical condition, e.g., work performance issues, budget cuts.
- Dismissal medical  
The employer is terminating the member's employment for health/medical reasons. (A medical condition prevents the member from performing the duties of his/her position; the member is unable to continue working or return to work. If the member is receiving IMRF disability benefits or has a pending claim for disability benefits, he/she remains eligible for IMRF disability benefits.)
- Death
- Military leave
- Term expired (elected officials only)

## 1. Determining the last day of IMRF participation

When terminating a member's IMRF participation the date entered as "Last Day of IMRF Participation" should be the last day the employer considers the member to be an employee.

This is an important date and can impact a member's benefits. For example, if a member is terminating for retirement and the last day of participation is entered as March 15, the member's pension will be effective April 1.

However, if the employer will pay the member sick and vacation time until May 12 and the employer indicates the termination date is May 12, the pension would not be effective, and therefore payable, until June 1.

Therefore, when an employer terminates a member's participation because the member is retiring, the employer should tell the member what his or her IMRF termination date is. That way, the member will know when to expect the first pension check.

IMRF calculates a member's benefit effective date based upon the last day of participation provided by the employer. The employer determines a member's last day of IMRF participation.

## 2. Terminating members in the Elected County Officials (ECO) Plan

### a. Stipends

Many elected officials receive stipends paid by the State of Illinois. Stipends are IMRF earnings for all benefit calculation purposes if they are paid to the member while he or she is in an IMRF qualifying position or within one month of the month in which he or she terminates IMRF participation.

IMRF member contributions are to be deducted from the payment and remitted to IMRF. In addition, counties are required to make employer contributions on the gross amount. The ECO employer contribution rate is applied to stipends for those officials enrolled in the ECO plan.

Generally stipends are paid once a year and cover 12 months of elected service. There is an exception if the official ceases to hold office. In that case, the stipend is prorated and payment is made for each month the official held office since his or her last stipend payment.

Stipends are an annual payment and if not previously reported should be reported as such when terminating an ECO plan member's participation.. The total amount reported for the final earnings should never exceed the annual salary plus one annual stipend amount. In other words, if during one calendar year an official receives both the usual 12-month stipend payment plus a second stipend payment for a partial year to reflect the last portion of his or her term in office, you would **report only the 12-month amount.**



**Example 1**

An official makes \$40,000 per year and receives an annual stipend of \$3,600. The stipend is paid every July for the previous July 1 through June 30 period. The official resigns on September 30. When completing the termination, you would report at an annual salary of \$40,000 and an annual stipend of \$3,600. Do not report a stipend of \$4,500 (\$3,600 plus \$900 for 3 months at \$300 per month).

**Example 2**

An official makes \$44,500 per year with an annual stipend of \$3,600 paid in July. However, beginning July 1, the annual stipend was increased to \$5,000. The official leaves office on December 2. At the time he left office he has yet to receive his prorated stipend for the July through November period (in fact, payment is not received until the following February). When completing the termination, you would report an annual salary of \$44,500 and an annual stipend of \$5,000. This is because the statute requires IMRF to use the salary in effect on the date of termination (\$44,500 and \$5,000).

**b. Per Diem earnings**

Some County Board members receive a payment for each County Board or Committee meeting attended. Unlike salaried officials, you cannot merely rely on the salary schedule in effect on the date of termination. The per diem payments vary widely from month to month. When completing the final earnings and contributions report, include as final annual salary the total per diems paid to the official within the last 12 months of his or her service.

**Example 3**

The County pays per meeting attended. The Board member leaves office on December 2 (without attending any meetings that month). During the last 12 months of the term, the board member attended one meeting in December of last year, no meeting in January, three meetings per month for nine months, and six meetings in the last month for a total of 34 meetings. He or she was paid \$3,400 during the 12-month period. Enter \$3,400 as the final annual salary earned.

**Example 4**

Same facts as in Example 5, except the official turns in all his or her per diem requests in November, the month before leaving office. His or her final annual salary earned is \$3,400. It is not \$3,400 times 12 months or \$40,800.

**c. Expense Reimbursements (Mileage, Meals)**

Expense reimbursements are not IMRF earnings and should not be added to an official's salary or per diem. They should not be reported to IMRF as part of the official's final annual salary.

**d. Premium Pay**

Many Counties pay Board members an additional amount to participate on committees, to be committee chairpersons or to be Board President. Some Board Presidents receive an additional payment to be liquor commissioner. This premium pay is considered IMRF earnings and should be reported to IMRF.

**Example 5**

A County Board member is paid \$100 per meeting and \$500 extra to be a committee chairperson. In his last 12 months of office, he attended 53 meetings. You should report his final annual salary as \$5,800 (53 times \$100 plus \$500).

**Example 6**

A County Board President is paid \$6,000 per year as salary. Your Board President decides to also act as liquor commissioner and is paid an additional \$1,200. You should report his final annual salary as \$7,200.

**e. Vacation, Sick Leave, Personal Leave, etc.**

Normally, elected officials do not earn and are not paid for unused vacation, sick leave, personal leave or other such forms of paid leave. However, an occasion may arise that a non-elected employee becomes an elected official, and the County permits them to carry over any unpaid leave to their elected position.

Upon termination of office, the official may be eligible for payment of such unpaid leave earned in the former non-elected position. If the monies are paid before termination or the first month after termination, the monies are reportable earnings and employee contributions are deductible.

However, those payments may not be reported for a terminating ECO member as either the member's final annual salary or the member's stipend. These payments are neither salary nor stipends as those terms apply when determining an elected official's retirement benefit.

f. Determining an Original ECO plan member's final earnings

If a county has officials participating in the Original Elected County Official (ECO) plan (official joined ECO prior to January 26, 2000), reporting an original ECO member's final earnings can be complicated. When calculating an original ECO retirement benefit, IMRF must use the official's salary at the termination of service.

There is no requirement that the final salary be in effect for any stated period of time. The number of payments or their amount in the official's last month or year becomes irrelevant. What is crucial is the annual salary rate at which the official was paid on his or her last day of office. NOTE: The member must have worked in the position for at least 600 or 1,000 hours (as applicable) in order for the salary of that position to be used as the final earnings.

**Example 7**

At the beginning of the official's term, the salary is set at \$40,000 with 3% increases authorized for the second, third, and fourth years (\$40,000; \$41,200; \$42,436; and \$43,709). The term begins on December 1 and the salary increases occur annually each December 1<sup>st</sup> thereafter.

If the official completes his or her term and retires, the ECO retirement benefit will be calculated using a final salary of \$43,709. The \$43,709 is the salary in effect at the time of retirement. It is an annual number.

**Example 8**

Facts are the same as in the previous example except the official resigns and leaves office on December 3 of his or her fourth year in office. The official will have been in office for 3 days during the \$43,709 salary schedule. Although the official has not held office for the entire fourth year, the salary in effect at the time of retirement is \$43,709. The ECO retirement benefit will be calculated using that amount as the final salary.

g. Determining a Revised ECO plan member's final earnings

If a county has officials participating in the Revised Elected County Official (ECO) Plan (official joined ECO on or after January 26, 2000), the Revised ECO member's final rate of earnings (FRE) is calculated in the same manner as the Regular Plan FRE. However, a separate FRE is calculated for each elected county position the member held in the same county. The ECO monthly FRE does not include any lump sum payments for vacation, sick leave, overtime, personal leave, etc.

### **3. Members changing pension systems**

A termination of IMRF participation must be submitted when members are required to participate in another Illinois public pension system. For example: school employees who change positions to become teachers must change from IMRF to the State Teachers' Retirement System.

If a member continues to be employed by the same employer, the member is not eligible for a separation refund.

However, if the member has participated in IMRF for 12 or more months (or believes he or she will return to IMRF participation to attain 12 or more months of service credit), his or her contributions can be used in the calculation of a reciprocal pension. The member will fall under the rules of the Illinois Retirement Systems' Reciprocal Act (see paragraph 5.50 Reciprocity ).

### **4. Members changing IMRF employers**

A termination of IMRF participation must be submitted for members leaving the employment of one IMRF employer to work for another IMRF employer.

These members are not entitled to a refund of their IMRF member contributions. However, if a gap exists between the termination date for the first employer and the enrollment date for the second employer, the member may be eligible for a refund.

IMRF requires that the member terminate from the first employer and enroll with the second employer. This information is required because in addition to recording a member's contributions and service, IMRF also records an employer's liabilities for its members.

Without the appropriate termination and enrollment information, IMRF would be unable to maintain accurate member and employer accounts.

If a member participating in Tier 1 terminates from one IMRF employer and enrolls with a second employer, that member will continue to participate in Tier 1. See Paragraph 6.05, To Open an Account.

## 5. Service credits with multiple employers combined

If a member terminates employment with one IMRF employer and continues participation (or at a later date participates) through another IMRF employer, no action is needed to combine the member's account. Service credits with multiple IMRF employers will be considered together in computing a pension or other benefit.

For further explanation of IMRF benefit rights relevant to the above terminations, see Section 5.

## 6.40 Past Service Credits/Member Account Corrections

### Types of Past Service Credits

#### Summary Chart: types, eligibility, forms, employer action

All past service types are explained in this Section. This table provides a summary of the **most common types** of past service. Note: a person must be an active IMRF participant to apply for past service credits. For certain types of past service, a person is also eligible to apply if an active reciprocal system participant.

Member's Situation	Type of Service IMRF Form to Complete	Action the Employer Takes
Member took a refund of his or her IMRF contributions in the past. Now member wants to pay back the refund and reinstate the service credit.	<b>Reinstated Service</b>  Form 6.03 Member can also submit Form 6.03 via Member Access	None
Member's position qualified for IMRF, but the employer did not enroll the member in IMRF.	<b>Omitted Service</b>  Form 6.05	<ul style="list-style-type: none"> <li>Verifies member's position qualified for IMRF.</li> <li>Then certify member's wages and omitted months of service on IMRF Form 6.05</li> </ul>
Member wishes to convert time served in the U.S. Military to IMRF service:  <i>Under Federal Law:</i> Military leave interrupted IMRF participation and the member returned to the same IMRF employer.	<b>Military Service</b>  Under Federal Law  Under Illinois Law  Form 6.02J	Under Federal Law: None  Under Illinois Law: <ul style="list-style-type: none"> <li>Governing body must choose to pass a resolution authorizing the leave,</li> </ul>

<p><i>Under Illinois Law:</i></p> <ul style="list-style-type: none"> <li>• Military leave interrupted IMRF participation and member returned to any IMRF employer within 90 days of discharge.</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Military leave earned before member joined IMRF OR member did not return to any IMRF employer within 90 days of discharge.</li> </ul>		<p>AND</p> <ul style="list-style-type: none"> <li>• Complete IMRF Form 6.62, Military Leave Authorization, or</li> <li>• IMRF Form 6.62A, Limited Military Leave Authorization,</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Complete IMRF Form 63A, Military Leave Authorization for Military Service Prior to IMRF Participation.</li> </ul>
Member was working for his or her employer when it joined IMRF. Member was granted the maximum free service (20% of service up to five years) and wishes to purchase remaining service.	<p><b>Prior Service</b></p> <p>Form 6.07</p>	Certify member's wages and months of qualifying service on Form 6.07, Application for Prior Service Credit.
Member is an elected official who held an office qualifying for IMRF. Member now participates in IMRF and wishes to purchase <b>up to 50 months</b> of previous elected official service.	<p><b>Retroactive Service</b></p> <p>Form 6.04</p>	Governing body must choose to approve and file a resolution finding that the elected official position qualified for IMRF Form 6.64, if not previously filed, AND Certify member's wages and months of qualifying elected official service on Form 6.04, Application for Retroactive Service Credit.
Member is an elected official who held an office qualifying for IMRF. He or she now participates in IMRF and wishes to purchase <b>more than 50 months</b> of previous elected official service credit.	<p><b>Retroactive Service</b></p> <p>Form 6.04</p>	Governing body must choose to approve and file a resolution finding that the elected official position qualified for IMRF Form 6.64, if not previously filed, AND Before January 1, 2002, governing body must have passed a resolution allowing more than 50 months of retroactive service credit for elected officials, Form 6.81. AND Certify member's wages and qualifying elected official service on Form 6.04, Application for Retroactive Service Credit.
Member will take a leave of absence from his or her job. While on leave, member wants to earn IMRF service credit and wants IMRF disability and death protection to continue.	<p><b>Benefit Protection Leave</b></p> <p>Form 6.32. (Note: Member should file this form before his or her leave begins.)</p>	Governing Body must choose to authorize the leave and agree to pay the estimated employer costs. Certify member's wages and months of leave on Form 6.32, IMRF Benefit Protection Leave.
Member has service credit with a public pension system in another state and wishes to convert it to IMRF service credit.	<p><b>Out-of-State Service</b></p> <p>Form 6.33</p>	Governing Body must choose to authorize purchase of service and the amount purchased on Form 6.33, Out-of-State Credit Authorization.

Member participates in the Elected County Officials (ECO) plan and wants to convert his or her existing SLEP or Regular service credit to ECO service credit.	<b>Conversion of service credit</b>  Form 6.06	None
SLEP member wishes to convert up to 120 months of Regular plan service to SLEP service if they joined before August 8, 2011. Members who join the SLEP plan on or after August 8, 2011 are not eligible to upgrade Regular service credit to SLEP.	<b>Conversion of Regular Service Credit to SLEP</b>  Form 6.09	None
Police Chief elected to participate in SLEP and wishes to transfer service as a police officer	<b>Election of Police Chief to Participate as a SLEP Member</b>  Form 6.22	Certifies the date the police chief was appointed.

Past service credits are granted for service performed and earnings paid in a time period prior to January 1 of the current calendar year. The current calendar year is defined as the period between January 1 and December 31.

Gaps in service credit can create problems for members who apply for IMRF benefits. Some examples of problems that can occur are:

1. Denial of disability benefits (see paragraph 5.40 Disability Benefits).
2. Denial of retirement benefits (see paragraph 5.20 Retirement Pensions).
3. Delay in benefit processing.

Occasionally, a member may wish to purchase a month(s) of past service which results in the member having concurrent service. Concurrent service occurs when a member is reported by more than one employer and/or under more than one plan in a single month. This may or may not be beneficial to the member. Refer to paragraph 6.40 C. Member Application and Payments for details.

### Information for Members

IMRF developed a booklet for members, "Purchasing Past Service from IMRF," which explains the past service purchase process, including an explanations of the types of past service, requirements for each, and how to purchase.

Members can obtain the "Purchasing Past Service from IMRF" booklet by contacting IMRF or by downloading a copy from the IMRF website, [www.imrf.org](http://www.imrf.org).

#### 6.40 1. Military Leave - "Application for Service Credit During Military Leave As Provided By The Illinois Pension Code" (Form 6.02J, Exhibit 6E)

IMRF members can receive service credit for time spent in the military under two separate provisions of the Pension Code (Paragraphs 1(A) and 1(B) below) or under federal law (Paragraph 2 in this section).

Regardless of the statute the member is applying under, the form used is Form 6.02J, "Application for Military Service Credit."

Under the Pension Code, a member may earn service credit under two different provisions depending on the circumstances surrounding the military leave:

- a. The member earned the military service before his or her first date of IMRF participation or member did not return to IMRF participation within 90 days of discharge

OR

- b. Military leave interrupted the member's IMRF participation and the member returned to IMRF participation within 90 days of discharge

**A. Military service earned prior to IMRF participation or member did not return to IMRF participation within 90 days of discharge**

.Under this provision a member can purchase up to four years of military service credit if the:

- 1. Military service occurred before the member began participation in IMRF, or
- 2. Member did not return to IMRF participation within 90 days of discharge

If a member purchases military service under this part of the Pension Code, he or she may still use the service in the computation of a pension or retirement pay from the U.S. government.

The member's employer must adopt a resolution (IMRF Form 63A) allowing its member to purchase up to four years of military service. Refer to paragraph 6.60 C. To Allow Service Credit for Military Service prior to IMRF Participation.

**a. Eligible members**

A member must be participating in IMRF to purchase military service under this provision of the Pension Code. A member would be eligible to purchase military service under this provision if the:

Member was participating in IMRF on or after the date his or her employer adopts the authorizing resolution and the member was participating in IMRF on the date IMRF receives the member's application.

**b. Adopting the resolution**

This type of military service credit is available only if the employer agrees to it. Employer adoption of the resolution (Form 63A) allowing military service credit under this statute is optional. Refer to paragraph 6.60 C. To Allow Service Credit for Military Service prior to IMRF Participation.

**c. Ineligible members**

A member would not be eligible to purchase military service under this statute if the:

- i. Member's previous IMRF employer adopts the resolution. The member's current employer must adopt the resolution allowing him or her to purchase the service. A member cannot purchase military service based on a previous employer adopting the resolution.
- ii. Employer rescinds the resolution before the member is hired.
- iii. Member received a discharge that does not qualify for veteran's benefits, such as a dishonorable discharge.

**d. Eligible military service**

Eligible members are able to purchase the following military service and convert it to IMRF service:

- i. Regular service in the United States Armed Forces
- ii. Reserve duty (active or inactive)
- iii. National Guard duty (active or inactive)
- iv. Public Health Service commissioned duty

**e. Ineligible military service**

The following service **cannot** be converted to IMRF service:

- i. Peace Corps work
- ii. ROTC

f. **Member application process**

A member must apply in writing by completing Form 6.02J, "Application for Military Service Credit," and attaching a copy of his or her DD Form 214 (Armed Forces of the United States Report of Transfer or Discharge).

g. **Online spreadsheets to estimate member and employer costs**

The cost to the member of converting military service to IMRF service varies widely depending on when the military service occurred, when the member began IMRF participation, and the member's salary upon participation.

IMRF has developed spreadsheets that allow you to estimate the total cost for this program, the member cost, and the resulting difference which is the employer cost. The incremental employer costs are paid through future employer contribution rates.

To download these Excel spreadsheets, visit [www.imrf.org/legislation/PA\\_95-0486.htm](http://www.imrf.org/legislation/PA_95-0486.htm). Employers without web access can contact IMRF and receive a copy of the spreadsheets. You will need Microsoft Excel installed on your computer to use these spreadsheets.

h. **Member costs**

The cost of military leave to the member varies widely depending on when the military service occurred, when the member began IMRF participation, and the member's salary upon participation.

The member's first IMRF salary is to be used in the calculation of member costs, assuming the member did not take a refund. If the member took a refund, IMRF uses the first salary as of the member's most recent uninterrupted IMRF participation date.

The member pays:

The member contributions in effect at the time of the military service. Contributions are based on the member's salary when he or she first began participating in IMRF (see paragraph above),

Plus: Employer "normal cost" contributions ("normal cost" is the rate which would have been required to fund pension benefits if the member had remained in IMRF until an assumed retirement age.)

Plus: Interest from the beginning of the member's first IMRF participation date to December 31<sup>st</sup> of the year prior to the date of payment. (IM RF charges interest based on the current assumed rate of return.)

The member may purchase the service credit in a lump sum or on a payment plan. Refer to Paragraph 6.40 C. Member Application and Payments for details.

i. **Employer costs**

The cost of military leave to the employer equals the difference between the value of the increased benefit to the member and the contributions paid by the member. Therefore, the eventual employer cost is dependent upon the member's benefit and the member's payment. This can be expressed as follows:

**Estimated cost for the increase in member's benefit**

Less: Member total cost for military leave

Equals: *Estimated* employer cost (b)

j. **Estimated cost for the increase in member's benefit**

The *exact increase* in the member's benefit **cannot** be determined until the member retires. To calculate the exact amount IMRF must know:

1. The age of the member at retirement

2. The amount of service the member has upon retirement
3. The amount of the member's final salary
4. Whether the member has an eligible spouse

IMRF developed guidelines for **estimating** the costs for the increase in member's benefit *if the member purchased two years of military service*. Multiply the member's current salary times the cost factor to estimate the total cost for the increase:

Member Age When Purchasing the Service	Increase in Member's Benefit Age Based Cost Factor
Less than 35	22%
35 to 40	29%
41 to 45	37%
46 to 50	47%
51 to 55	60%
56 to 62	55%
63 to 67	50%
68 to 73	45%

k. **Estimated employer cost**

The difference between the increase in the member's benefit and the member's cost is the employer cost. The employer cost is paid through future employer rates.

l. **Examples of member and employer costs**

Assume an employer has three eligible members with an annual increase in payroll of 4%. The chart below shows their current and starting salaries, years of service credit and their member costs for purchasing two years of military service:

	Member A	Member B	Member C	Total
Age	28	55	40	
Current Salary	\$15,000	\$35,000	\$45,000	
Starting Salary	\$12,000	\$17,500	\$22,500	
Years With Employer	5 years	15 years	10 years	
Member Costs:	\$2,739	\$8,357	\$7,383	
Age-Based Factor	22%	60%	29%	
Increased Cost (Factor x Current Salary)	\$3,300 +	\$21,000 +	\$13,050 =	\$37,350
Employer Cost:	\$561 +	\$12,643 +	\$5,667 =	\$18,871

If members' salaries increases are greater than the 4% assumption, there is a greater cost to the employer than illustrated in the example above. Because the member cost is fixed, the cost burden of an increased salary is passed on to the employer. The employer cost is paid through the employer's future contribution rate.

**B. Military leave interrupted the member's IMRF participation *and* the member returned to IMRF participation within 90 days of discharge**



Members may also be granted military service under a different section of the Pension Code. If a member receives military service under this provision, he or she may not use the service in the computation of a pension or retirement pay from the U.S. government.

A member who leaves participating employment to serve in the Armed Forces of the United States may receive service credit for the time served by submitting Form 6.02J, if:

- a. Within 90 days of discharge he or she returns to IMRF participating employment. The member can return to an IMRF-covered position for any IMRF employer within 90 days of discharge. The member is not required to return to the same IMRF employer he or she participated with prior to the military service.
- b. The governmental unit he or she is employed with has on file resolution Form 6.62 (unlimited service) or Form 6.62A (limited service) authorizing service credits for military leave.
- c. The member certifies that the military service will not be used in the computation of a pension or retirement pay from the U.S. government.
- d. The member encloses a copy of his or her discharge papers.
- e. The member's military period is for active duty service.

No immediate payment is required of the employer, but the cost will be reflected in the employer's future contribution rate. There is no cost to the member.

#### **6.40 2. Military Leave - Application For Service Credit During Military Leave As Provided By The Uniformed Services Employment and Re-employment Rights Act (Form 6.02J, Exhibit 6E)**

An IMRF member who leaves participating employment because he or she was drafted, enlisted for regular military service, or performed active duty in a reserve or national guard unit of the United States Armed Forces, may receive service credit for military leave under federal law by submitting Form 6.02J, if the member meets the following requirements.

- a. The IMRF or reciprocal member does not qualify for service credit during the military leave under the IMRF statute because:
  1. The employing governmental unit does not have on file with IMRF a resolution Form 6.62 (unlimited service) or Form 6.62A (limited service), nor does the governmental unit intend to adopt a resolution to allow service credit for periods of military, or
  2. The employing governmental unit has filed resolution Form 6.62 or Form 6.62A, but the member certifies that the military service will be used in the computation of a pension or retirement pay from the United States government.
- b. The member left and returned to participating employment with the same IMRF governmental unit. The federal law does not apply if an IMRF member returns to work for another IMRF employer.
- c. The member returned to participating employment with the same governmental unit within the number of days required under the Uniformed Services Employment and Re-employment Rights Act. IMRF must receive documentation from the member's military service organization certifying the date the member was released to return to work.
- d. The member pays the required member contributions. The contributions shall be computed upon the assumption that earnings continued during the period of military leave at the rate in effect when the leave began. The member may purchase the service credit in a lump sum or on a payment plan. Refer to Paragraph 6.40 C. Member Application and Payments for details.
- e. No immediate payment is required of the employer. The cost will be reflected in the employer's future contribution rate.
- f. The member's military period is for active duty service.

#### **6.40 3. Reinstatement (Repay a refund) - "Application for Reinstatement of Service Credit"(Form 6.03, Exhibit 6F)**

A member who has received a separation refund may reinstate the forfeited service credits by submitting Form 6.03 (paper form or via Member Access) if he or she:

- a. Returns to participating employment under an IMRF employer
- b. Participates under another Illinois public pension system covered by the Illinois Reciprocal Act and
- c. Has rendered two years of contributing service under (a) or (b). (Prior service is not considered contributing service. See paragraph 6. Prior Service in this section.) Exceptions to the two years of contributing service:
  - i. Employees who return to IMRF participation as a Sheriff's Law Enforcement Employee ("SLEP") can repay the refund immediately.]
  - ii. Employees who return to work under a grievance arbitration award/settlement agreement or a court ordered award/settlement agreement can repay a refund prior to two years of participation, so long as the award/settlement agreement specifically provides for such repayment.

Payment of the separation refund plus interest will reinstate service credit.

The member may be eligible to use funds from a traditional Individual Retirement Account (IRA) or from another qualified plan or 457 or 403(b) plan to repay the refund and reinstate the past service credit. (See paragraph 6.40 C. Member Application and Payments.)

#### **6.40 4. Retroactive - "Application for Retroactive Service Credit" (Form 6.04, Exhibit 6G)**

Certain groups of members who rendered qualifying service prior to their enrollment in IMRF may obtain past service by submitting Form 6.04 "Application for Retroactive Service Credit" and paying the required contributions plus interest.

Form 6.04 must be filed while the applicant is still participating in IMRF or covered by a reciprocal retirement system. Members eligible for retroactive service credit include:

- a. Elected officials and city hospital employees who rendered qualifying service prior to their election of membership in IMRF. They may obtain up to 50 months (over their lifetime) of past service credit. A standing resolution (Form 6.64 "Resolution - Elected Officials,") must be on file establishing the annual hourly requirements of positions held by elected officials (see paragraph 3.65 Participating Members).

**EXCEPTION:** An elected official will be eligible to purchase more than 50 months of past service credit if the governing body adopted the appropriate resolution (IMRF Form 6.81, "Resolution To Allow More Than 50 Months of Retroactive Service Credit for Elected Officials,") prior to January 1, 2002.

- b. If the governing body did not adopt the resolution, the elected official will be limited to 50 months of past service.
- c. Members who rendered qualifying service between January 1, 1956, and July 1, 1957, and were required to wait one year before being enrolled.
- d. Employees of township road districts that became participating IMRF employers on June 1, 1974, as part of a township.
- e. ROTC instructors who rendered qualifying service prior to October 1, 1977, the date this position was covered under IMRF.

Form 604A , Application for Retroactive Service Credit for Employees Previously Barred by Age has been discontinued.

If you have as an employee who was not eligible for IMRF participation when first hired because he/she was over the maximum age (over age 60 before 1981 or age 70 before September 1, 1989), please contact IMRF for instructions.

#### 6.40 5. Omitted Service - “Omitted Service Credit Verification” (Form 6.05, Exhibit 6I)

Members who work or have worked in IMRF covered positions but who have never been reported as such may obtain past service credits for the period of omission by submitting Form 6.05 “Omitted Service Credit Verification” and paying the contributions. The application for omitted service must be received by IMRF while the member is participating in IMRF. If a member participating in Tier 2 purchases omitted service which changes the member’s earliest participation date to before January 1, 2011, that member will be reclassified as participating in Tier 1.

Payment of member contributions is required from the member to establish the omitted service. The member may be eligible to use funds from a traditional Individual Retirement Account (IRA) or from another qualified plan or 457 or 403(b) plan to purchase the omitted service credit. (See paragraph 6.40 C. Member Application and Payments.) No immediate payment is required of the employer, but the cost will be reflected in future contribution rates.

#### PLEASE NOTE:

- a. Use Form 6.05 “Omitted Service Credit Verification” for a member **whose earnings and contributions have never been reported**. Refer to the reverse side of the form for specific requirements.
- b. Submit Form 3.20, “Employer’s Report of Adjustment to IMRF Earnings” for a member who was not reported but **had contributions withheld or to correct earnings and contributions previously reported** to IMRF. Because online transactions are more accurate, more efficient, and faster than submitting member information to IMRF via paper forms, effective March 1, 2009, employers with Internet access must submit wage adjustments via Employer Access.

#### 6.40 6. Prior Service - “Application For Prior Service Credit” (Form 6.07, Exhibit 6K)

The Pension Code provides for service credit for qualifying employment before the employer (unit of government) joined IMRF. This type of service credit is called prior service credit.

- a. Unit of government joined IMRF **on or before** January, 1, 1998  
Members who rendered service in an IMRF covered position prior to the date their governmental unit entered IMRF may receive all of their prior service credit at no cost to the member.
- b. Unit of government joined IMRF **after** January, 1, 1998  
Members who rendered service in an IMRF covered position prior to the date their governmental unit entered IMRF may receive five years of their prior service credit or 20 percent of their total prior service, whichever is less, at no cost to the member.

The member can purchase any remaining prior service by paying the member contributions, plus interest. A member’s eligibility to purchase the remaining years of service is not discretionary with the unit of government. The salary used to calculate the cost to purchase the prior service is the salary as of the date the unit of government joined IMRF.

The member may be eligible to use funds from a traditional Individual Retirement Account (IRA) or from another qualified plan or 457 or 403(b) plan to purchase the prior service credit. (See paragraph 6.40 C. Member Application and Payments.)

Regardless of when the unit of government joined IMRF, a member would apply for prior service by submitting Form 6.07 under the following conditions:

1. The member must be employed in a covered position on the date the governmental unit enters IMRF, or

2. The governmental unit entered IMRF but has now returned to work for that governmental unit and has completed two years of contributing service after re-entry.

There is no immediate payment required of the employer. The cost to the governmental unit is reflected in its future employer contribution rates.

#### **6.40 7. Leave of Absence - "IMRF Benefit Protection Leave" (Form 6.32, Exhibit 6Y)**

Members who take an authorized IMRF Benefit Protection Leave may receive service credit for up to a maximum of 12 months over their entire career, provided they pay the IMRF member contributions plus applicable interest, and the governing body adopts an authorizing resolution. Benefit Protection Leave service is only for periods the member was on unpaid leave.

The member may be eligible to use funds from a traditional Individual Retirement Account (IRA) or from another qualified plan or 457 or 403(b) plan to pay for the leave of absence. (See paragraph 6.40 C. Member Application and Payments.)

To establish the credits, Form 6.32 (Exhibit 6Y) may be filed before, during, or anytime after the leave period, provided the member is still actively participating in IMRF or a reciprocal system.

No immediate payment is required of the employer. The cost will be reflected in future contribution rates.

A member on an authorized IMRF Benefit Protection Leave will be afforded IMRF death and disability protection if, **before the leave period begins**, the member has at least one year of contributing service and Form 6.32 is filed with IMRF. An IMRF Benefit Protection Leave application filed after a disability or death occurs will not retroactively qualify the member nor his or her beneficiaries for benefits.

When an IMRF Benefit Protection Leave is taken in conjunction with any paid sick leave, bonus day, vacation time, or other paid leave, the leave of absence officially starts when the paid leave ends (where paid leave is taken prior to the official leave of absence), and officially ends when paid leave begins (where paid time follows the leave of absence).

##### **a. Family Medical Leave Act**

The Family Medical Leave Act (FMLA) requires certain public employers to give eligible employees time off to care for:

1. Newborn or newly adopted children
2. Seriously ill family members
3. The employee's own illness
4. A relative injured on active military duty, or
5. A qualifying emergency related to a family member's call-up to active military duty.

Eligible employees are entitled to a total of 12 weeks (26 weeks for relatives injured on active military duty) of FMLA leave each year. This federal law does not require that an employee on FMLA leave be paid, but the employee's health insurance benefits must continue. The employee also is entitled to return to his or her former position with no loss of seniority or status.

##### **b. FMLA eligibility**

The general provisions of the FMLA apply to all public sector employers. However, not all public sector employees are eligible for FMLA leave. An employee is eligible for FMLA leave if he or she:

1. Has worked for the employer for at least 12 months (the 12 months need not be consecutive) and
2. Has worked at least 1,250 hours in the preceding 12 months.

The employer is not required to grant FMLA leave to an employee if the employer has fewer than 50 employees within 75 miles of that employee's work site. This means that an IMRF employer with fewer than 50 employees is not mandated by this law to grant FMLA leave. (The 50 employees include

everyone who works for the employer, regardless of the number of hours the employees work or whether they participate in IMRF.)

c. **Effect of the Family Medical Leave Act on IMRF Benefit Protection Leave**

An IMRF Benefit Protection Leave usually is granted at the discretion of the employer.

Employers are not required to grant a Benefit Protection Leave, with the exception of Leaves requested by employees on FMLA in certain circumstances. Employers should consult their legal counsel before denying a BPL requested by a member on FMLA.

An IMRF Benefit Protection Leave remains limited to 12 months of service credit over the member's entire IMRF career.

d. **Effect of FMLA on IMRF death and disability benefits**

IMRF members on FMLA leave will remain eligible for IMRF disability and death benefits if they were eligible for those benefits when the leave began. FMLA leave will not interrupt IMRF disability and death benefit protection.

The usual rules require an IMRF member to have 12 months of continuous service credit in order to be eligible for IMRF disability benefits. This rule will not apply if a member's gap in IMRF service is due to an FMLA leave.

e. **Effect of FMLA on IMRF retirement benefits**

IMRF members on FMLA leave will not earn pension service credit for the month(s) in which they are not paid. If a member on FMLA leave wishes to receive IMRF pension service credit, the member must apply for an IMRF Benefit Protection Leave and pay the member contributions and any applicable interest. A member on an IMRF Benefit Protection Leave is afforded the opportunity to establish pension service credit even though the member is not being paid.

**6.40 8. Out-of-State Service - "Out-of-State Service Credit Authorization" (Form 6.33, Exhibit 6Z)**

Members who rendered service for a local government in another state and participated in a public employee retirement program may receive past service credit of up to 10 years with their current IMRF employer.

Out-of-state service cannot be established for service to a state government. This includes various state entities, e.g., state universities and colleges, department of transportation, social services, etc.

Form 6.33 must be filed and:

- a. The governing body must adopt an authorizing resolution.
- b. The member must have irrevocably forfeited all benefits in the out-of-state system.
- c. The member must have completed two years of contributing service with the current IMRF governmental employer authorizing the out-of-state service.
- d. The member must pay IMRF contributions for each month of out-of-state service equal to 10% times the average monthly earnings for the first 24 months of reported earnings with the employer authorizing the out-of-state service. Interest is added to the amount from the end of the two-year qualifying period until the December 31<sup>st</sup> preceding the current year.

The member may be eligible to use funds from a traditional Individual Retirement Account (IRA) or from another qualified plan or 457 or 403(b) plan to purchase the out-of-state service credit. (See paragraph 6.40 C. Member Application and Payments.)

No immediate payment is required by the employer. The cost will be reflected in future employer contribution rates.

**6.40 9. Retroactive Service by General Assembly Members - “Application by Member of the General Assembly for Service Credit Authorization as Elected Official” (Form 6.34, Exhibit 6AA)**

Members of the General Assembly who did not previously establish IMRF credits for services rendered as an elected official for a participating IMRF governmental employer may obtain credit for such service by paying required IMRF contributions plus interest. The member may be eligible to use funds from a traditional Individual Retirement Account (IRA) or from another qualified plan or 457 or 403(b) plan to purchase the retroactive service credit.

To apply for service credit, the member must file Form 6.34, “Application by Member of the General Assembly for Service Credit as an Elected Official.”

A standing resolution (Form 6.64, “A Resolution Relating to Participation by Elected Officials in the Illinois Municipal Retirement Fund,”) must be on file establishing that the elected position held previously by the General Assembly member qualified for IMRF coverage.

The General Assembly member can then request transfer of his or her service and credits to the General Assembly Retirement System, or, the member can leave these credits on deposit with IMRF for future retirement. If the member’s credits are transferred, there is no employer cost. If credits remain on deposit with IMRF, no immediate payment is required of the employer, but the cost will be reflected in future employer contribution rates.

**6.40 10. Certificate of Sheriff’s Law Enforcement Service (Form 6.71, Exhibit 6JJ)**

Members who qualified for SLEP service but were reported under the Regular plan are eligible to have their service credit adjusted. To begin this process, the sheriff must certify that the member was a sworn deputy sheriff eligible for SLEP participation. Use IMRF Form 6.71, “Certificate of Sheriff’s Law Enforcement Service.” In some situations, IMRF will require that additional documentation be submitted verifying that the position qualifies for SLEP coverage.

The adjustment is reported to IMRF via Employer Access. Because online transactions are more accurate, more efficient, and faster than submitting member information to IMRF on paper, employers with internet access must submit wage adjustments via Employer Access. See Paragraph 2.90 Secure Employer Access Area of [www.imrf.org](http://www.imrf.org) for details.

**6.40 11. Conversion of Regular or SLEP Service Credit to Elected County Official (ECO) Service Credit (For earnings previously reported to IMRF) (Form 6.06, Exhibit 6J)**

Members who participate in the Original Elected County Official (ECO) plan (joined ECO prior to January 26, 2000) and who have any existing Regular or SLEP service can convert that service to ECO. The cost of converting this service depends upon the member’s original contributions.

If a member participates in Revised ECO (joined ECO on or after January 26, 2000), he or she can convert only service earned as an elected county officer to ECO. Use Form 6.06, “Conversion of Regular or SLEP service credit to Elected County Official (ECO) Service.”

**6.40 12. Conversion of Regular Service to SLEP Service (Form 6.09, Exhibit 6TT)**

Certain members who participate in the SLEP plan and who have any existing Regular service can convert that service to SLEP. The SLEP member can convert a maximum of 120 months of Regular Plan service to SLEP. For the service to be eligible for conversion to SLEP, the Regular Plan service must be followed by SLEP service.

The cost of converting the service includes the additional SLEP contributions, plus additional employer contributions, plus interest from the date of the service to the date of payment. Use Form 6.09, “Conversion of Regular service credit to SLEP Service” (Exhibit 6TT).

Members who join the SLEP plan on or after August 8, 2011 are not eligible to upgrade Regular service credit to SLEP.

**6.40 13. Transfer of Local Police Pension Fund Service into IMRF by Police Chief  
(Form 6.22, Exhibit 6T)**

Appointed police chiefs of cities, towns and villages that have formed their own police pension fund under Article 3 of the Illinois Pension Code have the option to participate in either the local police pension fund or in IMRF SLEP. (See Paragraph 3.80C)

If a police chief elects to join IMRF's SLEP program, the police chief may transfer into IMRF service credit previously established in any Illinois police pension fund. Use Form 6.22, "Election of Police Chief to Participate as a SLEP Member,"

The transferred service credit would be recognized as SLEP service credit. The local police pension fund would transfer an amount equal to:

- a. The amounts accumulated to the police chief's credit on the books of the police pension fund on the date of transfer, plus
- b. Matching employer contributions, plus
- c. Any interest the police chief paid to reinstate service with the police pension fund.

If IMRF determines that the amount transferred is less than the true cost of the service to be established, to establish that service, the police chief must pay to IMRF an additional contribution equal to the difference.

The true cost of the service to be established is the police chief's full actuarial cost of the transfer to SLEP. When a police chief transfers service credit into the IMRF SLEP plan from a downstate police pension fund, the police chief's cost for the transfer is the difference between the:

- Amount of money the local police pension fund transfers to IMRF, and
- Actuarially calculated value of the police chief's total pension.

If the police chief does not make the full additional payment prior to termination of his participation with that employer, then his or her service shall be reduced by an amount equal to the difference between the amount transferred, including any payments made by the police chief prior to termination, and the true cost of the service to be established.

**DO NOT** report the police chief's wages and contributions until the following steps are completed.

1. Obtain an estimate of the costs for the chief to transfer police pension fund service to the SLEP program.
2. Determine whether IMRF's SLEP Plan is advantageous to the police chief.
3. Determine whether transferring in or reclassifying service is appropriate for the police chief's circumstance.

**6.40 14. Transfers to State Employees' Retirement System (Form 6.92, Exhibit 6WW)**

Public Act 95-0530 allows former IMRF members who participated in SLEP but now participate in SERS as a state police officer, conservation police officer, or, investigator for Secretary of State to transfer their IMRF SLEP service to SERS. SERS can accept up to five years of transferred service. They can also reinstate their refunded SLEP service at a reduced interest rate.

To transfer the service, the member would complete IMRF Form 6.92, "IMRF Transfer to State Employees Retirement System (SERS Alternative Retirement Formula Plan) Under Public Act 95-0530."

The member can apply for this transfer at any time; there is no deadline for application.

If the member took a refund of his or her IMRF service credit, the member can repay the refund at a reduced interest rate and reinstate the service. The former member can indicate that he or she has service to reinstate on Form 6.92.

The member's cost to reinstate the service will be calculated using a reduced interest rate of 6% (instead of the normal 7.50%). Once the member receives a Past Service Payment Schedule from IMRF, he or she can repay the refund at any time in order to transfer the service; no deadline exists for repayment of the refund.

However, if the member reinstates the SLEP service at the reduced interest rate, the reinstated service must be transferred to SERS; it cannot remain on deposit with IMRF.

#### **6.40 15. Transfers to a Newly Created Police Pension Fund (Form A-19, Exhibit 6BBB)**

Public Act 98-0729 changes the amount to be transferred from IMRF to a newly established police pension fund. The transfer includes the employee contributions plus interest (at 6% compounded annually) AND municipal credits.

These transferred employee contributions plus interest and municipal credits are for service as a full-time police officer of the municipality establishing the new police pension fund.

#### **6.40 A. General Requirements for Past Service Applications**

All past service shown on the application must have been rendered in an IMRF covered position. Credits cannot be granted for service in a position which at the time of service did not qualify for IMRF coverage.

All applications for service credits must be received while the member is in an active IMRF status (contributing, on authorized IMRF Benefit Protection Leave, on seasonal leave, or receiving disability benefits). Certain kinds of past service applications can be accepted if the applicant is actively participating in a retirement system under the Retirement Systems Reciprocal Act (See Paragraph 5.50 Reciprocity).

Payment for service credits must be received while the member is in an active IMRF status. However, one final payment may be made after termination. That one payment may affect retirement claims and the time needed to pay the benefit. Reciprocal members need to have a minimum of 12 months of IMRF service credit for their service to be considered and used for service credit under the Reciprocal Act.

The entire payment is credited to the member's account as contributions. The interest charged represents the amount of interest that would have accumulated on the contributions had they been on deposit with IMRF. The interest that is included in the payments by the member for past service credits is not tax deductible.

If a member purchases service through IMRF's Unit Payment System (see Paragraph 6.40 C. Member Application and Payments), those payments are recorded as previously taxed (after-tax) member contributions. The contributions and interest are not deductible for federal income tax purposes. However, they are considered an additional cost of the member's retirement pension. When the member retires, that cost will be recovered (paid to the member tax free).

If a member uses tax-deferred funds from an eligible rollover, e.g., another qualified plan or a traditional IRA, Roth IRA, 457 or 403(b) plan, the past service payment is recorded as tax-deferred member contributions. The member must contact IMRF before payment is made to determine if a rollover is possible. (Form 6.01, "Request for Rollover Approval for Past Service.")

**If the member expects to retire within one year of submitting the past service application, the expected retirement date should be indicated on all forms submitted to IMRF. Any adjustments to a member's account should be submitted early to provide ample time to expedite retirement pension requests.**

#### **6.40 B. Authorization**

Before past service can be recorded in the member's account,

1. The governing body must adopt or have adopted an authorizing resolution,



2. The member may be required to pay contributions plus interest, or
3. Both 1 and 2 may be necessary.

If adoption of a resolution by the governing body is required, a copy of the resolution should accompany the member's application. If an authorizing resolution had been adopted previously, this standing resolution must be on file with IMRF and be referred to on the member's application.

#### **6.40 C. Member Application and Payments**

##### **1. Application for past service credits**

An IMRF member wishing to establish past service must file an application or a letter of intent with IMRF before he or she terminates participating employment with the IMRF or reciprocal systems employer.

##### **2. Concurrent service resulting from past service purchase**

When a member applies for any type of past service, IMRF researches the member's file to determine if the purchase would result in the member having concurrent service.

Concurrent service occurs when a member is reported by more than one employer and/or under more than one plan for the same month. However, the member is credited with one month only of service credit. (Exception: If a member concurrently participates in the Regular Plan and the SLEP Plan. If the member vests for a SLEP pension, when the pensions are calculated, each concurrent month will be treated as one month in two plans. When the pension is calculated, the calculation will apply the Regular formula to those months with Regular wages and the SLEP formula to those months with SLEP wages.)

Purchasing past service which is concurrent with other service is not always beneficial to the member. If a past service purchase will result in concurrent service, IMRF will advise the member. The member will be asked to sign a form indicating that he or she understands that the purchase will result in concurrent service, and that the concurrent service will benefit the member only if it occurs during the time period used to compute the member's earnings for the pension.

##### **3. Application and payment dates**

Although an IMRF member must make application for past service credits before he or she terminates participating employment with an IMRF or reciprocal systems employer, one payment for past service can be accepted after the termination date.

Retired IMRF members receiving IMRF pensions will have their pensions recalculated after payment is received. The higher benefit amount will be effective the month after IMRF receives the payment for past service. For example, If the payment is received in July, the higher benefit will be effective in August.

##### **4. Payment Plans**

Member payments apply to specific types of past service that require payments from the member to IMRF. Those types of past service are:

- Omitted service
- Prior service
- Retroactive service
- Reinstatement of forfeited service (repayment of a refund)
- Benefit Protection Leaves for unpaid absences
- Military service under the Uniformed Services Employment and Re-employment Rights Act
- Certain military service under Illinois law
- Elected County Official Plan service

- Out-of-state service rendered with a local governmental employer in another state covered by a public employee retirement program.
- Conversion of Regular Plan service to SLEP Plan service

Member payments for past service may be remitted in a lump sum payment or in monthly unit payments remitted by the member:

- a. The **Lump Sum Plan** allows the member to purchase all past service credits with a one-time single lump sum payment. The lump sum payment may be made with after-tax funds or with a rollover using tax-deferred funds.
- b. The **Unit Payment Plan** allows a member to pay past member contributions and interest in installments (i.e., “unit payments”). Members may purchase one or more months (one or more “units”) of past service at a time. However, members may not purchase fractions of a month, nor can they purchase more than the number of months indicated on the payment schedule. The frequency and number of months purchased can be determined and paid for at the member’s convenience.

IMRF members are advised of payment options when they apply for past service. The payment plans are offered and explained in a Payment Schedule which is issued to the member after a properly executed past service application has been filed and accepted by IMRF.

If the member is using the Lump Sum or Unit Payment Plan, the member may be able to use tax-deferred funds from a traditional Individual Retirement Account (IRA) or from another qualified plan or 457 or 403(b) plan to purchase part or all of the past service credit. The member would request from IMRF Form 6.01, “Request for Rollover Approval for Past Service”.

The member and a representative from his or her qualified plan or financial institution would complete the form. After IMRF receives the completed form, we will determine if the funds are eligible for rollover into IMRF and advise the member accordingly.

**If employer pays the member cost:**

In situations where an employer agrees to pay the member’s cost, the employer must treat the payment as earnings paid to the member. All applicable deductions must be withheld. (See Paragraph 4.24 I. Employer Paid Member Contributions.)

The employer would submit the payment as a First Data Government Solutions Electronic Funds Transfer (EFT) payment and identify the EFT as “After Tax Payment for Member Past Service.”

#### **6.40 D. Account Corrections Due to Court Order/Settlement of Litigation/Grievance Resolution**

A correction to a member’s account may be required by a court order, the settlement of a lawsuit, or the resolution of a grievance. The court order or settlement agreement must affirmatively state that back salary is being paid to the member in order for IMRF to grant past service credit. The exact time period covered for the back salary must be specified in the order. A mere statement that the member is to be given service credit is not sufficient.

These account corrections should be reported to IMRF on Form 3.20, “Employer’s Report of Adjustments to IMRF Earnings,” (Employer Access web transmittal or paper Form 3.20) for current and past year corrections.

Because online transactions are more accurate, more efficient, and faster than submitting wage adjustments to IMRF via paper forms, employers with Internet access must submit wage adjustments via Employer Access.

Notification may also need to be submitted to the Social Security Administration. The IRS does not make corrections to past year Social Security records. This must be done with the Social Security Administration.

For both current and past year corrections, a copy of the court order, settlement agreement, or grievance resolution must accompany Form 3.20 or be mailed to IMRF after submitting a web wage adjustment. After IMRF has audited the documents submitted for the account correction, we will send a remittance advice to the employer showing the member and employer contributions due.

**NOTE:** The Illinois Pension Code requires that IMRF members make contributions of 4.5% (7.5% for SLEP members, 7.5% for ECO members) of salary for their pensions. If the employer makes that payment on behalf of the employee, it is additional income to the employee which must be reported for federal, state, and Social Security tax purposes, and to IMRF. This is true even if the employer is required to make the payment on behalf of the employee by a court order, settlement agreement, or grievance resolution.

## **6.50 Annual Personal Statement of Benefits**

### **6.50 A. Personal Statement of Benefits (Exhibit 6A)**

Each year, IMRF issues annual statements that report the transactions and service credits accumulated by each member. These statements report the service credit and contributions accumulated under each governmental unit. Members can view their annual Personal Statement of Benefits via the Document Archive on their online Member Access account.

A member can receive only one month of service credit for one calendar month, regardless of the number of governmental units employing the member. For a discussion of concurrent service, refer to paragraph 6.40 C. 2. Concurrent Service.

The annual Personal Statement of Benefits provides:

- Total service credit by plan (e.g., Regular, SLEP, ECO )
- Total member contributions
- Member contributions made under each employer

The statement also provides estimates of the member's IMRF benefits:

- Retirement benefit (if the member has at least 12 months of service credit) and the cost to purchase an annuity that would equal the amount of lifetime pension payments that include the annual increase, 13<sup>th</sup> payments and a surviving spouse pension.
- Disability benefit
- Death benefit
- Separation refund (if the member is not vested)

Also, if a member's IMRF record indicates that he or she has service credit in a reciprocal retirement system, the statement provides the name of the system(s) and the years and months of service reported by the system(s).

Members can review their IMRF record at anytime via the secure Member Access area of the IMRF website, [www.imrf.org](http://www.imrf.org). Members should contact IMRF Member Services if they have questions about accessing their IMRF Member Access account.

### **6.50 B. Employer Report of Annual Personal Statements of Benefits (Exhibit 6B)**

Employers will be advised when their Employer Report of Annual Member Statements is available online via their Employer Access account. (Employers that do not have Internet access will receive paper copies of their employer reports.) Employers can view their copies of Personal Statements of Benefits via the Document Archive of Employer Access.

The employer report includes a summary of the member's service credit, and reported wages and contributions for the statement year. The employer report also includes a detailed breakdown of the member's plan and tier, service credit, wages and contributions reported, and the type of wages, e.g., tax-deferred, disability, seasonal, etc for the statement year. For members of the revised Elected County Official (ECO) plan, the employer report will also include the member's ECO-eligible position.

Employer reports provide the Service Fraction for each month of service. The Service Fraction illustrates the years and months of service credit charged to the employer's account. Although whole months appear on a member's statement, the exact amount of months (e.g., 2.498 for 2 years 6 months) is stored in our computer system. When a member retires, the employer's account is charged for the exact number of months, including a "fraction" of a month if a member has concurrent service.

## **6.60 Discretionary Resolutions (Local Policies)**

### **6.60 A. To Allow UNLIMITED Service Credit for Military Leave that INTERRUPTED IMRF Participation (Form 6.62, Exhibit 6CC)**

Governmental units may elect to allow IMRF service credit to members who leave IMRF employment to serve in the armed forces of the United States for all periods of such service. Under this resolution, the service credit cannot be limited to a specific IMRF member and applies to all members who return to active employment under IMRF within 90 days after separation from the armed forces of the United States.

Under this resolution, the military leave time, and therefore the amount of IMRF service credit a member is entitled to receive, is not limited. However, the member may not use the service in the computation of a pension or retirement pay from the U.S. government.

### **6.60 B. To Allow LIMITED Service Credit for Military Leave that INTERRUPTED IMRF Participation (Form 6.62A, Exhibit 6DD)**

Governmental units may elect to allow IMRF service credit to members who leave IMRF employment to serve in the armed forces of the United States for limited periods of such service. Under this resolution, the service credit cannot be limited to a specific IMRF member and applies to all members who return to active employment under IMRF within 90 days after separation from the armed forces of the United States.

Under this resolution, the governmental unit may limit military leave time, and therefore the amount of IMRF service credit a member is entitled to receive. The military leave period may be limited to a specific period of time, such as, two years, three years, five years, or it may be unlimited. However, the member may not use the service in the computation of a pension or retirement pay from the U.S. government.

### **6.60 C. To Allow Service Credit for Military Service PRIOR to IMRF Participation OR for Members Who Do Not Return to IMRF Participation within 90 Days (Form 63A, Exhibit 6EE)**

Governmental units may elect to allow IMRF service credit to members who served in the armed forces of the United States prior to their participation in IMRF or whose participation was interrupted by military leave but did not return to IMRF participation within 90 days of discharge.

Under this resolution, the service credit cannot be limited to a specific IMRF member and applies to all employees who were in active participating status under IMRF on the date this resolution was adopted. Eligible members may purchase up to four years of service.

Public Act 95-0486 increased the number of years of military service an IMRF member can convert to IMRF service credit from two years to four. An employer's governing body is not required to pass a new resolution (IMRF Form 63A) increasing the eligible military service to four years.

If the employer's governing body previously adopted a resolution (IMRF Form 6.63) making its IMRF members eligible to convert two years of military service, its members remain eligible to convert up to two years of military service to IMRF service.

If the employer wants to increase the amount of military service its members can convert to IMRF service from two years to four years, it would need to pass a new resolution (IMRF Form 63A).

If the employer's governing body never adopted a resolution but wishes to do so now, it would adopt IMRF Form 63A. Its IMRF members would be eligible to convert up to four years of military service to IMRF service. If desired, an employer can revoke the authorizing resolution at a later date. Employers may also pass the authorizing

resolution again at a later date. There is no limit on the number of times an employer may pass and revoke this resolution.

#### **6.60 D. Relating to Participation by Elected Officials in IMRF (Form 6.64, Exhibit 6FF)**

Elected officials (and city hospital workers) have the option of participating in IMRF.

It is the policy of the IMRF Board of Trustees to require that the governing body of the employer determine, by resolution, that the position of a governing body member qualifies for IMRF participation before an official in that position begins participation.

All other non-governing body elected officials must submit an election to participate (Form 6.21) which is certified by the authorized agent.

Refer to Paragraph 3.65 E. Elected Officials, 3.65 F.1. County Board Members and 3.65 F. 2 City Council, Village Board and Board of Town Trustees for more information.

For information about paid members of appointed governing bodies, see Paragraph 3.65 G. Paid Members of Appointed Governing Body and Form 6.64A, Exhibit 6GG.

#### **6.60 E. Adoption of the 1,000 Hour Standard (Form 6.68, Exhibit 6II)**

Governmental units (except school districts, and special education cooperatives) may, at their option, change from the 600-hour annual standard to a 1,000-hour annual standard by adopting and filing resolution Form 6.68, "Resolution - Adoption of the 1,000 Hour Standard for IMRF Participation." (The 1,000-hour standard did not exist before January 1, 1982.) If the 1,000-hour annual standard is adopted, it cannot be revoked.

The 1,000 hour annual standard for IMRF covered positions must be applied to all positions within that governmental unit, including elected officials.

If an employer changes its hourly standard from 600 to 1,000, any member who participated under that employer **before** it changed its hourly standard remains grandfathered under 600 hours. The member participates in IMRF under that employer if the position requires 600 hours or more, even if the employer now has a 1,000-hour standard.

If the elected position no longer qualifies for participation, the governing body should pass a resolution to terminate participation of the position. See Form 6.64T (Exhibit 6HH).

#### **6.60 F. To Include Compensation Paid Under an Internal Revenue Code Section 125 Plan as IMRF Earnings (Form 6.72, Exhibit 6KK)**

Section 125 cafeteria plans may be established under Section 125 of the Internal Revenue Code. Most options under a cafeteria plan are not reportable as IMRF earnings. Any employer may elect to include compensation paid under a cafeteria plan by adopting a governing body resolution (IMRF Form 6.72, "Resolution - To Include Compensation Paid Under an IRC Section 125 Plan as IMRF Earnings"). If such a resolution is adopted, most options under a cafeteria plan will be considered IMRF earnings and must be reported to IMRF.

Compensation directed into a premium conversion plan or flexible spending account is not IMRF earnings unless the employer elects to include it in earnings by governing body resolution (IMRF Form 6.72).

These resolutions, when adopted, may not be changed or revoked for current employees but only for new hires.

For more information on what is considered IMRF earnings, refer to Section 3, Part 3.

#### **6.60 G. To Include Compensation Directed into a Retirement Health Savings Plan (Form 6.73, Exhibit 6LL)**

Retirement health savings plans are employer-sponsored health benefit savings vehicles that allow pre-tax savings for the cost of medical expenses (health insurance premiums, co-pays, prescription costs, etc.) after retirement. These plans are funded in a variety of ways.

Compensation directed into a retirement health savings plan is not included as IMRF earnings, and therefore not reportable to IMRF, unless the employer's governing body adopts a resolution making that compensation reportable.

If the employer wants to report to IMRF the compensation directed into the retirement health savings plan, its governing body would adopt a resolution, IMRF Form 6.73, "Resolution - To Include Compensation Paid Under a Retirement Health Savings Plan as IMRF Earnings."

For more information on what is considered IMRF earnings, refer to Section 3, Part 3.

#### **6.60 H. To Adopt IMRF Early Retirement Incentive (Form 6.77, Exhibit 6MM)**

If a unit of government is considering adopting the IMRF Early Retirement Incentive (ERI), its governing body would pass a resolution or ordinance adopting the ERI after reviewing the actuarial cost estimate prepared by IMRF. This cost estimate is mandatory. The ERI would be available for one year from the program effective date.

If an IMRF 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. Refer to Paragraph 5.20 C. IMRF Early Retirement Incentive (ERI) for more information.

##### **Limitations on Successive ERI Windows**

Effective with ERI windows opened on or after December 31, 2013, another window may not be adopted for five years after the close of the previous window.

##### **Dissolving employers**

If an employer is aware—or has reason to be aware—of its future dissolution under state law, 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 units' 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.

IMRF will not implement an ERI that does not conform to these requirements. If IMRF discovers that these requirements were not met after paying an ERI enhanced pension to a member who retired under ERI:

- 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 the member paid for the ERI.
- In addition, if the member was less than the minimum retirement age (age 50 for SLEP, age 55 for Regular Tier 1 and ECO Tier 1, age 62 for Regular Tier 2 ), the member will be required to repay IMRF for all pension payments received that he or she was not eligible for—less the amount the member paid for the ERI.

#### **6.60 I. To Adopt Amortization Period for IMRF Early Retirement Incentive (Form 6.78, Exhibit 6NN)**

Once a unit of government adopts the IMRF Early Retirement Incentive (ERI), an amortization period of 10 years (to pay the employer costs) is assumed.

If an employer would like an amortization period of less than 10 years, it would submit IMRF Form 6.78, "Resolution - To Adopt Amortization Period," doing so.

Refer to Paragraph 5.20 C. IMRF Early Retirement Incentive (ERI) for more information on the IMRF ERI or to Paragraph 7.23 Financing the Cost of IMRF Early Retirement Incentive (ERI) for information on financing ERI pensions.

#### **6.60 J. To Authorize Pension Service Credit for Employees Previously Barred by Age (Form 6.79)**

Form 6.79, Suggested Resolution to Authorize Pension Service Credit for Employees Previously Barred by Age, has been discontinued.

#### **6.60 K. To Adopt Alternative Benefit Program for County Officers (ECO)**

The Elected County Official (ECO) Plan is closed to new members as of August 8, 2011. Counties may no longer adopt the ECO plan.

#### **6.60 M. For Employer Pick-Up (Payment) of Member Contributions Required for Purchase of Extra Service Under the IMRF ERI (Form 6.85, Exhibit 6RR)**

If a unit of government adopts the IMRF Early Retirement Incentive (ERI), the unit may also choose to pay the member cost for the ERI.

However, that payment will be taxable to the member unless the governing body passes a resolution (IMRF Form 6.85, "Resolution - For Employer Pick Up of Member Contributions") specifically stating that the contributions are being made in lieu of the member's contributions and that the member is prohibited from receiving any part of those contributions. Employers who do pass the resolution must pick up member contributions for **all** employees retiring under that ERI window.

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 employer **does pass** the "pick-up" resolution, the payment **will not be taxable** when paid.

However, in either case, the payment is **not** considered reportable IMRF earnings or Social Security wages.

**PLEASE NOTE:** Employer cost savings, which would result from adopting the ERI, will be reduced significantly if an employer pays the member cost.

#### **6.60 N. To Adopt the IMRF Sheriff's Law Enforcement Personnel Program for Airport Police (Form 1.55, Exhibit 6SS)**

An airport authority may elect to allow its airport police to become SLEP by having its governing board adopt an irrevocable resolution (Form 1.55) authorizing its airport police to be reported as SLEP members.

There is no requirement that an airport authority allow its police officers to join SLEP. However, once the SLEP plan has been adopted for airport police, it cannot be rescinded.

The airport police officers would join IMRF SLEP prospectively. Airport police joining SLEP will retain their Regular IMRF service credit and start with no credit towards a SLEP pension. As SLEP members, the police

officers would be eligible to convert up to 10 years of Regular plan service credit to SLEP if enrolled before August 8, 2011. Members who join the SLEP plan on or after August 8, 2011 are not eligible to upgrade Regular service credit to SLEP.

If the resolution is adopted, the following airport police officers would participate in IMRF SLEP:

1. Airport police officers not eligible to participate in a local police pension plan, and
2. Officers performing police duties at an airport on a full-time basis.

Airport police working less than full-time will remain Regular IMRF members

SLEP participation would begin on the date specified in the resolution. For the first two years, the employer rate for SLEP participants will be based on the normal cost for the SLEP program plus death and disability contributions as well as supplemental benefit contributions. The rates can be found in IMRF's Annual Financial Report.

**6.60 O. To Include Taxable Expense Allowances as IMRF Earnings (Form 6.74, Exhibit 6XX)**

Expense allowances are not included as IMRF earnings, and therefore not reportable to IMRF. However, an employer may elect to include taxable expense allowances in IMRF reportable earnings. The governing body must adopt a resolution to include taxable expense allowances as IMRF earnings by adopting a resolution (Form 6.74, Exhibit 6XX).

Non-taxable expense reimbursements are not included as earnings and are not to be reported to IMRF. This is true even if an employer elects to make **taxable** expense allowances reportable.

**6.60 P. To Adopt the IMRF Sheriff's Law Enforcement Personnel Program for a Forest Preserve District (Form 1.56, Exhibit 6AAA)**

A Forest Preserve District may elect to allow its personnel to become SLEP by having its governing board adopt an irrevocable resolution (Form 1.56) authorizing its law enforcement officers to be reported as SLEP members.

There is no requirement that a Forest Preserve District allow its law enforcement officers to join SLEP. However, once the SLEP plan has been adopted for Forest Preserve District law enforcement officers, it cannot be rescinded.

The Forest Preserve District law enforcement officers would join IMRF SLEP prospectively. The officers joining SLEP will retain their Regular IMRF service credit and start with no credit towards a SLEP pension.

If any of the officers participated in SLEP with another employer before August 8, 2011, he or she would be eligible to convert up to 10 years of Regular Plan service to SLEP.

If the resolution is adopted, the following Forest Preserve District law enforcement officers would participate in IMRF SLEP:

1. Forest Preserve District law enforcement officers not eligible to participate in a local pension plan, and
2. Officers performing police duties for a forest preserve district on a full-time basis

Forest Preserve District law enforcement officers working less than full-time will remain Regular IMRF members

SLEP participation would begin on the date specified in the resolution. For the first two years, the employer rate for SLEP participants will be based on the normal cost for the SLEP program plus death and disability contributions as well as supplemental benefit contributions. The rates can be found in IMRF's Annual Financial Report.

**6.60 Q. To Include Cash Payments Related to Health Insurance as IMRF Earnings (Form 6.75, Exhibit 6BBB)**



Certain cash payments made separately from salary and made in lieu of employer-provided health insurance or made in association with or related to healthcare benefits are reportable as IMRF earnings only when an employer elects to include them as IMRF reportable earnings. The governing body must adopt a resolution to include these types of cash payments as IMRF earnings.

See Exhibit 6BBB, Form 6.75 “Suggested Resolution to Include Cash Payments Related to Health Insurance as IMRF Earnings.” Read more in the [FAQ: Board Resolution 2017-12-17, Cash Payments in Lieu of or Related to Healthcare Benefits](#)

## **6.70 Account Adjustment Appeal Rights**

See Section 5, paragraph 5.70 Appeal procedure for denied claims - non-disability. IMRF’s complete Appeal Procedures are available online at [www.imrf.org/en/employers/employers-must-know/appeal-procedures](http://www.imrf.org/en/employers/employers-must-know/appeal-procedures).