



IMRF AND POLICE & FIRE PENSION CONSOLIDATION

With a funded status of 90%, IMRF is a national leader in the public pension industry. The IMRF Board of Trustees takes seriously its fiduciary duty to oppose any legislation—including the current active consolidation bills—that weakens the organization’s governance structure, funding status, or operational integrity.

The current consolidation bills weaken IMRF’s:

GOVERNANCE STRUCTURE

- IMRF is governed by an elected Board of Trustees—evenly balanced in its representation of member and employer interest—that puts the financial and operational integrity of the pension system first.
- The consolidation bills are silent on IMRF’s governance structure.

FINANCIAL HEALTH

- IMRF is 90% funded with \$3 billion in unfunded liabilities; police and fire pensions are just under 58% funded with almost \$10 billion in unfunded liabilities.*
- Consolidation lowers the aggregate IMRF funded status and grows total unfunded liabilities by 333%.

PORTFOLIO ASSET ALLOCATION

- Consolidation increases IMRF’s cash needs to make benefit payments.
- To meet higher liquidity needs, IMRF must either accept lower returns or assume greater risk.

OPERATIONAL GOALS

- IMRF is in the middle of a multi-million dollar technology-replacement project to be completed in 2021.
- Consolidation will require project rework and replanning, significantly extending the cost and timeline.

**All police and fire fund numbers reflect Fiscal Year 2016, which is the most recent year for which information is available.*



POLICE & FIRE PENSION CONSOLIDATION BILLS

Bill #	Sponsor	Affected Funds	Administer Benefits	Invest Assets	Notes
HB 1566 SB 1106	Rep. Spain/ Sen. Landek				Complete merger of police/fire funds into IMRF. New police and fire in regular IMRF.
HB 1567 SB 1107	Rep. Spain/ Sen. Landek				Complete merger of police/fire funds into IMRF. Maintain current police/fire benefits
HB 1568 SB 1108	Rep. Spain/ Sen. Landek				Investment management of all police/fire funds. Local police/fire boards administer benefits.
HB 1571 SB 1111	Rep. Spain/ Sen. Landek				By City Council action: Investment management of all police/fire funds. Local police/fire boards administer benefits.

The benefit structures vary between IMRF & public safety funds

- Public safety benefits, including retirement and disability, are more generous and offer a lower minimum retirement age due to:
 - The inherent risk of public safety positions
 - The value to society of these positions
 - Diminishing ability to perform duties with age
 - Increased risk of injury with age due to physical nature of positions
 - 9/11 attacks generated pressure for enhancements
- As a result, public safety benefits are funded by higher member and employer contributions