INSIGHTS

for beneficiaries of retired members of the IMRF ECO Plan

Locally funded, financially sound.
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*Revised January 2020*
**Introduction**

The purpose of this booklet is to provide you with information about your IMRF survivor’s benefits under the Original and Revised Elected County Official (ECO) Tier 1 Plan.

The information provided in this booklet is general. If you have specific questions regarding your individual benefits, please contact an IMRF Member Services Representative at 1-800-ASK-IMRF (275-4673) Monday through Friday 7:30 AM to 5:30 PM.

For more information about IMRF, visit [www.imrf.org](http://www.imrf.org) or follow TheIMRF on Facebook and Twitter.
Explanation of terms used in this booklet
Listed below are some terms used in this booklet.

**Annuitant**
A person receiving an IMRF pension or surviving spouse pension.

**Effective Date of Retirement**
The date a member is first entitled to receive pension benefits.
Your first payment
Your pension becomes payable the first day of the month following the death of the retired member. Due to processing time, your first survivor’s pension payment may include payments for more than one month. You will receive a separate piece of correspondence explaining what months the payment covers (also called the benefit period).

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

• **Before** we process your first payment, that payment will be directly deposited.

• **After** we process your first payment, you will receive a check for your first payment, and subsequent payments will be directly deposited.
Certificate of Benefits
This document, which is mailed separately, contains useful information and should be kept with your other important papers.

The Certificate of Benefits includes the:

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

IMRF members are guaranteed the return of all pension contributions they made plus interest. The Certificate of Benefits explains this guaranteed amount. If you should die before you receive the guaranteed amount, the balance, if any, will be paid to the primary beneficiaries your spouse named on his or her IMRF Designation of Beneficiary form.

The last section, “Income Tax Information,” explains how your benefit will be taxed.
**Direct Deposit of your pension payment**

You receive your benefit payment by direct deposit. We believe this to be the most efficient payment method available. With direct deposit, your pension payment is:

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

You can quickly and easily make changes to your direct deposit information by completing IMRF Form 1199, “Application for Direct Deposit,” through your Member Access account at www.imrf.org. You can also request this form by calling 1-800-ASK-IMRF (275-4673) or download the form at www.imrf.org.

**Changes**

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

**Questions?**

For additional information you can visit IMRF’s website at www.imrf.org or contact IMRF at 1-800-ASK-IMRF (275-4673) Monday through Friday, 7:30 AM to 5:30 PM.
Direct deposit (continued)

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

- In **January** to show your annual 3% increase.
- In **July** for the 13th payment (if you are eligible).
- In **December** to show your total annual payments and any deduction withheld (you will still receive a separate 1099-R tax form).
- Whenever your payment amount changes (for example if you’ve made changes in your tax withholding).

This statement will provide you with a breakdown of the current month’s payment as well as year-to-date figures. You can also view this information any time through your secure Member Access account at [www.imrf.org](http://www.imrf.org).
**IMRF Benefit Statement**

You will receive an annual benefit statement from IMRF every year in late November. These statements include information such as:

- The amount of your annual 3% increase.
- Information about your 1099-R tax form.
- The estimated amount of your next year’s 13th Payment (if you are eligible).

**Pension increases**

Your pension will be increased by 3% of the original amount on January 1 of each year.

**Example:** A pension of $400 per month with an effective date of May 1, 2020.

The increase on January 1, 2022, and each January 1 thereafter will be: $12

$400 x 3% = $12 (3% of the original amount)
Supplemental pension payment ("13th Payment")
After the first full year of retirement, IMRF members receive a supplemental payment each July, in addition to their usual July benefit payment.

As a surviving spouse, you will continue to receive a supplemental payment each July. This payment will not be the same amount as your usual payment, but will be a percentage of your usual payment that varies from year to year.
**Employer death benefit**
A $3,000 employer funded death benefit usually is payable upon the
death of a retired member.

This benefit is paid to the member’s designated beneficiary. If no
valid Designation of Beneficiary form is on file with IMRF, this
$3,000 lump sum death benefit is paid to the member’s estate.

If you are the beneficiary of the death benefit, you will receive the
$3,000 as a separate payment. Please refer to page 20 for important
tax information regarding this payment.

**Unpaid retirement benefits**
You also may receive a separate payment if any retirement benefits
owed to the retired member were not paid prior to his or her death.

If you should find any uncashed retirement checks that were issued to
the member after the date of death, please return them to IMRF.
IMRF ECO survivor benefits

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

- If you are eligible for an ECO surviving spouse pension, you can choose benefits payable under the ECO plan or under the Regular IMRF plan.

- A child’s pension is payable if the member’s spouse is not eligible for a surviving spouse pension, but the deceased ECO member has unmarried children under the age of 18 (and the deceased member had eight or more years of service credit or was receiving an ECO pension).
Surviving spouse pension under Original ECO (if the member joined ECO before January 26, 2000)

- At age 50 or older, you will receive a monthly pension equal to 66-2/3% of the pension the member had been receiving (minimum amount payable is 10% of ECO salary).

- If you are caring for the member’s minor, unmarried children, you will receive (age 50 requirement does not apply) the greater of:
  - A monthly pension equal to 66-2/3% of the pension the member had been receiving,
  or
  - A monthly pension equal to the lesser of:
    - 30% of the ECO member’s salary plus 10% of the salary for each minor unmarried child,
    or
    - 50% of the ECO member’s salary

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

Please note: When a child reaches age 18 or marries, the monthly benefit amount is recalculated. When no minor children remain, the monthly benefit payable to the spouse will be 66-2/3% of the ECO portion of the pension the member had been receiving (minimum amount payable is 10% of ECO salary), and 50% of any non-ECO portion of the pension the member had been receiving. However, if at that time the spouse is less than age 50, the ECO portion of the benefit payment will stop and will resume when he or she attains age 50.
Surviving spouse pension under Revised ECO (if the member joined ECO on or after January 26, 2000)

- At age 50 or older, you will receive a monthly pension equal to 66-2/3% of the ECO portion of the pension the member had been receiving (minimum amount payable is 10% of ECO salary), and 50% of any non-ECO portion of the pension the member had been receiving.

- If you are caring for the member’s minor, unmarried children, he or she will receive (age 50 requirement does not apply) the greater of:
  - A monthly pension equal to 66-2/3% of the ECO pension the member had been receiving plus 50% of any non-ECO pension the member had been receiving,
  or
  - A monthly annuity equal to the lesser of:
    - 30% of the ECO member’s final rate of earnings (FRE) plus 10% of the FRE for each minor unmarried child,
    or
    - 50% of the ECO member’s FRE.

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

Please note: When a child reaches age 18 or marries, the monthly benefit amount is recalculated. When no minor children remain, the monthly benefit payable to the spouse will be 66-2/3% of the pension the member was receiving (minimum amount 10% of salary). However, if at that time the spouse is less than age 50, benefit payments will stop and will resume when he or she attains age 50.
ECO child’s pension when the spouse is not eligible
If the member’s spouse is not eligible for a surviving spouse pension or if he or she dies, the child’s pension remains payable to the ECO member’s minor (under age 18) unmarried children.

Each eligible child will receive a monthly pension equal to 20% of the pension the ECO member had been receiving. Please note: The maximum total monthly benefit payable to all children cannot exceed 75% of the member’s ECO salary last reported to IMRF. If the maximum amount is reached, all minor children will equally share that amount.

A child’s pension is discontinued at the earlier of:

- Age 18
- Marriage

Adopted children are treated the same as natural children if proceedings for adoption commenced one year before date of death. However, stepchildren (that are not adopted) are not eligible for an ECO child’s pension.
Social Security and IMRF and private pensions

Will my IMRF benefits reduce my Social Security benefits?

Usually not. However, the answer depends on which benefits you are asking about.

Your IMRF survivor’s benefits will not reduce:

- Any Social Security spouse benefit you may receive.
- Any Social Security survivor’s benefit you may receive.
- Any Social Security retirement benefit you may receive based on your own past earnings.
- Any other IMRF benefit you are entitled to, such as your own IMRF retirement pension.

If you are entitled to your own IMRF retirement pension, generally that pension will not reduce any Social Security benefit you may be entitled to, assuming you contributed to both IMRF and Social Security.
I receive a private pension from a company I retired from several years ago. Will that private pension affect any of my IMRF or Social Security benefits?
The private pension will not affect any IMRF benefits you may receive. Whether it will affect any Social Security benefits depends on whether or not you contributed to Social Security while you were working.

A private pension from a job not covered by Social Security may result in lower Social Security benefits.

A private pension from a job covered by Social Security should not reduce any Social Security retirement or survivor’s benefit you are entitled to receive.

I receive a government pension from a position I retired from several years ago. Will that government pension affect any of my IMRF or Social Security benefits?
A government pension will not affect any IMRF benefits you may receive. Whether it will affect any Social Security benefits depends on whether or not you contributed to Social Security while you were working in the government position. A government pension from a job not covered by Social Security may result in lower Social Security benefits. A government pension from a job covered by Social Security should not reduce any Social Security benefits you are entitled to receive.

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

continued...
Social Security (continued)

It is your responsibility to ensure that you are paid the full Social Security benefit you are entitled to receive.

IMRF Member Service Representatives can help you if your local Social Security office is attempting to reduce your benefits when a reduction should not be made.

When talking with your Social Security representative, please be sure to write down his or her name in case you need to contact an IMRF Member Service Representative at 1-800-ASK-IMRF (275-4673) for additional assistance with this matter.

Also, you need to follow up after you receive your first check for a Social Security retirement, spouse, or survivor’s benefit. At that time, call your local office and ask how the amount was calculated. It is important to get the name of each Social Security representative you speak with so that Social Security personnel can learn about IMRF and correct any errors they may make in advising you and calculating your benefits.

If you remarry or enter into a new civil union
You should notify IMRF promptly if you remarry or enter into a new civil union. Even though there will be no change in your pension, we need to know if there has been a name or address change.
**Member Access**

With Member Access, you can view up-to-date information about your IMRF account. When you have a Member Access account, you can:

- View your pension payment history and payment detail.
- View documents such as your annual 1099-R tax forms and your annual benefit statement.
- Change your contact information (including your address).
- Change your federal tax withholding.
- Change your direct deposit instructions.
- Register for retiree workshops.

**How to sign up**

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

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

Although your payments will be deposited directly, **IMRF will continue to mail your income tax statements and other correspondence.** If these documents are returned to us due to a change of address and the post office does not provide us with a new address, **your pension will be suspended.**

You can change your address online quickly and easily through your Member Access account at www.imrf.org.

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

You can also request an “Annuitant Information Change” form by calling 1-800-ASK-IMRF (275-4673).

If an address change form is not available, any written notice will be acceptable. We require your personal signature to change mailing addresses if you submit your change of address in writing. This is done for your protection. Please include the last four digits of your Social Security number on any written correspondence you send to IMRF. (Remember to let us know if any other information changes, such as your phone number.)

**If someone else submits a change of address for you**

A person legally appointed, such as a conservator, guardian, or trustee, can sign an address change only after receipt of a copy of their appointment.

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

A portion of a member’s monthly pension (and in some cases, a survivor’s pension) is a return of the member’s own contributions. If upon your death any remaining member contributions and interest have not been paid as retirement or survivor’s pension payments and a child’s pension is not payable:

- IMRF will pay any remaining member contributions and interest to the primary beneficiary(ies) designated by the deceased retired member and on file with IMRF.

- If no first named beneficiary survives, IMRF will pay any remaining member contributions and interest to the secondary beneficiary(ies) designated by the deceased retired member and on file with IMRF.

- If a benefit is payable upon your death and no primary beneficiary or secondary beneficiary survives, any remaining member contributions and interest will be paid to your estate.

If the total pension payments (retirement and survivor) have exceeded member contributions and interest, no benefit will be payable upon your death.
State income tax

Illinois state tax
Your survivor’s pension is not subject to Illinois state income tax.

If you do not live in Illinois, check with the department of revenue in your state of residence to find out:

• If your pension is subject to state tax
  and
• How it must be reported on your state income tax return.

IMRF will not honor any request to withhold state income tax for states outside of Illinois.
Federal income tax

Withholding on “Lump-Sum Distributions” to a surviving spouse

If you receive the $3,000 lump sum death benefit, as the member’s spouse you may “roll over” the taxable portion of the payment directly to an IRA or other qualified pension plan (civil union spouses and non-spouse beneficiaries may roll over the taxable portion of the payment only to an inherited IRA). If you do not roll over the payment, IMRF is required to withhold 20% of the taxable portion of the payment for federal income tax purposes.

If you receive the $3,000 but ask IMRF to make the check payable to an IRA or other qualified plan, IMRF is not required to withhold the 20% for federal income taxes. Instead, the entire $3,000 is “rolled over” to the IRA or other qualified plan.

The 20% withholding is fixed by law. If you receive the $3,000 and do not roll over the taxable portion, you may apply the 20% to your tax liability for the year in which the payment is made.

PA 96-1513, (Illinois Religious Freedom Protection and Civil Union Act, effective June 1, 2011) gives couples in a civil union the same state of Illinois rights and protections entitled to married couples.

Under current federal law, spouses by civil union and non-spouse beneficiaries may only roll over lump-sum distributions to an inherited IRA. For amounts not rolled over, IMRF will withhold 20%.

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Federal income tax information (continued)

Annual Tax Statement—Form 1099-R
Every January IMRF will provide you with a 1099-R tax statement showing the gross amount of benefits you received the previous year. This form also will indicate the taxable portion of your survivor’s pension as well as any federal income tax that may have been withheld. Use this information for filing your federal and state income tax returns.

Filing federal taxes
You must use Internal Revenue Service Form 1040 or Form 1040-SR, “U.S. Individual Income Tax Return,” when you file your annual federal tax return.

IMRF cannot offer tax assistance
IMRF is not in a position to offer tax assistance; if you have specific questions about the Simplified Method or general questions about the taxability of your pension, please contact the Internal Revenue Service or your tax consultant.
**Employer death benefit**
The $3,000 employer funded death benefit (see page 7) is taxable as income and IMRF will report it as such on IRS tax form 1099-R.

**How to report the employer funded death benefit**
You would report the employer funded death benefit as income on your Form 1040 or Form 1040-SR, “U.S. Individual Tax Return.” This benefit, along with any other pension income, would be reported on the line designated “Total pensions and annuities.”

Further instructions for reporting employer funded death benefits are provided with your Form 1040 or Form 1040-SR.

**Credit for the elderly or the disabled**
The IRS allows a credit for eligible tax payers. Eligible taxpayers are either:

- Age 65 or greater
- or
- Totally and permanently disabled

In addition, your adjusted gross income must be below IRS limits.

To see if you are eligible for this credit, you can request IRS Publication 524, “Credit for the Elderly or the Disabled,” by calling 1-800-TAX-FORM (829-3676) or by discussing this with your tax advisor.
Form W-4P: Withholding Certificate for Pension Payments

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

**Amount of withholding**

IMRF cannot determine the amount of withholding that is right for a particular member. If you are not sure about the amount, you should talk with your tax consultant.

**If you do not return Form W-4P**

- If your pension during 2020 exceeds $2,095 a month, by law IMRF must withhold an amount based upon the IRS tax tables. That amount is based on a married individual claiming three withholding allowances.
- If your monthly pension payments during 2020 are $2,095 or less, no federal tax will be withheld.

The dollar amount ($2,095) is adjusted each year by the IRS.

You can change your withholding at any time simply by completing a new Form W-4P. Generally, if we receive your revised Form W-4P before we process your next payment, the change will be effective for that payment.
**General Information about IMRF**
The main IMRF office is located in Oak Brook:

IMRF  
2211 York Rd.  
Oak Brook, IL 60523-2337  
Member Services Representatives:  
1-800-ASK-IMRF (275-4673)

Member Services Representatives are available Monday through Friday, 7:30 AM to 5:30 PM Central Time. Appointments are required for walk-ins.

**Regional Counseling Center**
If you live in the Sangamon County area, you can also visit IMRF’s Regional Counseling Center in Springfield:

3000 Professional Dr., Ste. 101  
Springfield, IL 62703

Information about IMRF and your benefits can also be found at [www.imrf.org](http://www.imrf.org).
Oak Brook Office
2211 York Rd.
Ste. 500
Oak Brook, IL 60523-2337

Springfield Regional Counseling Center
3000 Professional Dr.
Ste. 101
Springfield, IL 62703

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

www.imrf.org