INSIGHTS

for retiring Elected County Officials

Locally funded, financially sound.
# Table of Contents

Introduction.................................................................................................................................................... i
Explanation of terms used in this booklet........................................................................................................ ii

## Your IMRF pension
- Your first pension payment .......................................................................................................................... 1
- Refunds paid at retirement ............................................................................................................................ 2
- Certificate of Benefits ................................................................................................................................ 3
- Direct deposit of your pension payment ........................................................................................................ 4
- IMRF benefit statement ............................................................................................................................... 6
- Pension increases under ECO ....................................................................................................................... 7
- Supplemental pension payment (13th Payment) ........................................................................................... 7
- Returning to work ...................................................................................................................................... 8
- Social Security and IMRF ............................................................................................................................. 9
- Impact of government and private pensions ............................................................................................... 11

## Your IMRF account
- Member Access .......................................................................................................................................... 12
- “Designation of Beneficiary for Annuitants” (Form 6.11A) ....................................................................... 13
- Address changes ....................................................................................................................................... 15

## Your IMRF survivor benefits
- IMRF ECO survivor benefits ..................................................................................................................... 16

## Impact of state and federal income taxes on your pension
- State income tax ........................................................................................................................................... 21
- Federal income tax ...................................................................................................................................... 22
- Form W-4P (Withholding Certificate for pension payments) .................................................................... 23
- General information about IMRF ............................................................................................................... 26

*Revised January 2020*
The purpose of this booklet is to provide you—a retiring IMRF ECO member—with information about your IMRF ECO pension benefits.

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

You can also find information about IMRF at www.imrf.org.

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

Join the IMRF Community!

Follow TheIMRF on Facebook, Twitter, and LinkedIn.
Explanation of terms used in this booklet

Listed below are some of the terms used in this booklet.

**Annuitant**

A person receiving an IMRF pension or surviving spouse pension.

**Effective Date of Retirement**

The date you are first entitled to receive your IMRF pension. IMRF pensions start as of the first day of the month after you stop participating in IMRF. The effective date, not the date of the first payment, is important when determining how you should calculate the taxable portion of your IMRF pension payments for federal income tax purposes.
Your first pension payment

Your first pension payment may include benefits for more than one month. IMRF determines, based on your earnings and the IMRF member contribution rate (Regular Plan: 4.50%; SLEP Plan: 7.50% (6.50% before June 1, 2006); ECO Plan: 7.50%), what your total contributions for your pension should have been. Depending upon your individual circumstances, your first payment may include a refund for overpaid previously taxed contributions or overpaid tax-deferred contributions. Likewise, if you have underpaid, a deduction was made from your first pension payment.

You may also receive separate payments for refunds of:

- Voluntary Additional Contributions and interest.
- Surviving spouse pension contributions and interest.
- Sheriff’s Law Enforcement Personnel (SLEP) program contributions and interest.

Find more information on taxation of these refunds on page 24.

Direct deposit of your pension payment

You will receive your pension payment through direct deposit. IMRF verifies the routing and account numbers of your financial institution on your direct deposit form.

If the verification is completed:

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

Read more about direct deposit on page 4.
Refunds paid at retirement

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

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

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

Payment options explained in your Option Letter
If you will receive a retirement refund, you will receive an Option Letter explaining your payment options. Typically, you will receive your Option Letter about six or eight weeks after you receive your final paycheck from your employer.

Federal income tax withholding on retirement refunds
If you will receive a retirement refund, please refer to page 24 for information on federal income tax withholding on refunds.
Certificate of Benefits
This document, which is mailed separately, contains useful information and should be kept with your important papers.

The Certificate of Benefits includes:

- The amount of your monthly pension.
- The effective date of your pension.
- The annual increase you can expect to receive next January and every January thereafter.

As a retired member, you are guaranteed the return of all pension contributions you made and interest which was credited to the date of your retirement. That is called your “guaranteed amount.” The Certificate of Benefits explains your guaranteed amount.

If you should die before you receive the entire return of your contributions and interest, the balance will be paid as part of a surviving spouse pension or as a lump sum death benefit to your beneficiaries.

Also included in your Certificate of Benefits is information regarding:

- Your survivor’s benefit and amounts payable at your death to your spouse and/or beneficiaries.
- How your pension will be taxed for federal income tax purposes (see page 22).
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 make changes to your direct deposit information by completing IMRF Form 1199, “Application for Direct Deposit,” quickly and easily through your Member Access account at www.imrf.org. You can also request Form 1199 by calling 1-800-ASK-IMRF (275-4673) or download the form at www.imrf.org.

You can enter or update your direct deposit information online quickly and easily through your Member Access account at www.imrf.org.

Changes

If you are simply changing account numbers (but staying with the same financial institution), you can call 1-800-ASK-IMRF (275-4673) and provide that change over the telephone. A new Form 1199 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 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 yearly payments and any deduction withheld (you will still receive a separate 1099-R 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

As a participating IMRF member, each year you received a Personal Statement of Benefits.

As an IMRF retiree, you will receive an IMRF Benefit Statement every year in late November. Your statements will include information such as:

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

Please note: You will not receive a Benefit Statement in the first year you retired—you will begin receiving Benefit Statements starting the year after you retired. For example, if you retired during 2020, you will receive your first annual IMRF Benefit Statement in November 2021.
Pension increases under ECO

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

Example: *A pension of $800 per month with an effective date of April 1, 2020.*

The pension was in effect for 9 months in 2020, so the first year increase is prorated. The monthly increase, beginning January 1, 2021, would be:

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

9 months out of 12 = 75%

$24 \times 75\% = $18 (prorated increase for 9 months)

On January 1, 2022, and every January 1 after that, the pension would increase $24 per month—the full 3% increase.

Supplemental pension payment (13\textsuperscript{th} Payment)

After the first full year of retirement, you will receive a supplemental payment each July in addition to your usual pension payment. This supplemental pension payment is known as the 13\textsuperscript{th} Payment or a “supplemental benefit payment.”

In order to be eligible for the supplemental pension payment in July of a year, you must have retired on or before June 30 of the previous year. To be eligible for the supplemental pension payment in July 2020, you must have retired on or before June 30, 2019.
Returning to work

If you decide to go back to work for any IMRF employer, there are certain rules you should understand.

Before you decide to accept any position with any IMRF employer, you should contact IMRF to learn how many hours a year you can work before you MUST participate in IMRF and stop receiving your pension.

A recent change in the law now requires you to keep track of the hours you work. (Refer to the “Returning to Work After Retirement” brochure included in this mailing for more information about this law.)

Do not depend on your employer to know IMRF’s return-to-work rules. You are responsible for contacting IMRF to learn if your new position will require you to participate in IMRF and require IMRF to stop your pension payments. You will be responsible for repaying IMRF for any pension payments you received but were not entitled to and any unpaid member contributions that should have been made.

Please consider the consequences of working for an IMRF employer BEFORE you return to work. CALL IMRF before you make your decision about this very important matter.
Social Security and IMRF

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

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

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

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

continued...
Social Security and IMRF (continued)

If your Social Security benefit is reduced

If a Social Security representative tells you your Social Security benefit will be reduced, tell him or her:

- Both IMRF and you participate in Social Security through an agreement between the state of Illinois and the Secretary of Health and Human Services under Section 218 of the Social Security Act.
- You made full contributions in Social Security since you began employment or since your employer joined IMRF, whichever occurred first.

If the Social Security representative still insists your benefit will be reduced, write down his or her name. Then request to speak with the assistant manager of your local office. Also write down his or her name. If the assistant manager has not cleared up the matter, call IMRF at 1-800-ASK-IMRF (275-4673) for additional assistance.

Also, you need to follow up after you receive your first Social Security check. At that time, call your local office and ask how the amount was calculated. Make sure it was not reduced. If it was, you will want to have it corrected.

It is important to get the name of each Social Security representative you speak with so Social Security personnel can learn about IMRF and correct any errors they may make in advising you and calculating your benefits.
Impact of government and private pensions

I receive a private pension from a company I retired from several years ago. Will that private pension affect any my IMRF?

The private pension will not affect any IMRF benefits you may 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.
Your IMRF Account

Member Access
With Member Access, you can securely view up-to-date, detailed information about your IMRF account.

When you have an online Member Access account, you can:

• View your pension payment history and payment detail.
• View and update beneficiary information.
• Change your federal tax withholding or your direct deposit instructions.
• Change your contact information (including your address and phone number).
• View documents such as your annual 1099-R tax forms and your annual IMRF Benefit Statement—often earlier than you receive paper copies in the mail.
• Register for retiree workshops.

How to sign up
Applying for an account is easy—go to www.imrf.org and look for the green box in the upper right hand corner, then click “Register.” (For your security and privacy, you cannot request or receive a user ID and password by phone or email.)
Designation of Beneficiary for Annuitants (Form 6.11A)

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

As an IMRF retiree, you have different IMRF death benefits and must complete a different form: Form 6.11A, “Designation of Beneficiary for Annuitants.”

Surviving spouse pension/child’s pension

State law determines if your spouse is eligible for a surviving spouse pension and if your children are eligible for a child’s pension.

$3,000 lump sum death benefit

You are free to name anyone as beneficiary for the $3,000 lump sum death benefit. You can name your spouse as co-beneficiary with other co-beneficiaries. As a co-beneficiary, your spouse would share the IMRF $3,000 death benefit.

You can also name any person(s), whether or not a relative, or any church, trust, charity, or organization as primary beneficiary(ies).

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

You can complete your “Designation of Beneficiary” form quickly and easily through your Member Access account at www.imrf.org.

continued...
Designation of Beneficiary (continued)

Changes
You may change your primary and secondary beneficiaries at any time. The designation form with the most current date revokes any previous beneficiary designations. Be sure to keep your designation of beneficiary form current. Changes in your marital or civil union status or the death of a person you name as a beneficiary are examples of when you should submit a new designation of beneficiary with IMRF promptly.

If you wish to change your beneficiary designation, you can sign in to your Member Access account or you can call 1-800-ASK-IMRF (275-4673). You can also download a PDF of Form 6.11A at www.imrf.org.

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

Please note: You are the only person who may sign and/or change a “Designation of Beneficiary for Annuitants” (Form 6.11A). Any other representative acting on your behalf, including a Power of Attorney, guardian, conservator, trustee, or representative payee, cannot change or sign a designation of beneficiary. If anyone other than the member signs or changes this form, it is invalid and will not be accepted.
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 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 IMRF Form 6.20R, “Annuitant Information Change,” 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.)

---

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

---

**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.

Also, an address change can be signed by your representative payee only if IMRF has an up-to-date copy of their appointment on file.
ECO Survivor Benefits

If you die while receiving an ECO pension:

• If your spouse and/or children are eligible (see below), IMRF will pay them a monthly pension.

• If your spouse and/or children are not eligible (see below), they will receive any remainder of your member contributions and interest you had not received as a pension.

• If you have no spouse or children, IMRF will pay your designated beneficiary(ies) any remainder of your member contributions and interest you had not received as a pension.

• IMRF will pay a $3,000 death benefit is to your designated beneficiary.

If you do not have a valid “Designation of Beneficiary” form on file with IMRF, the $3,000 death benefit will be paid to your estate.

You can complete your “Designation of Beneficiary” form quickly and easily through your Member Access account at www.imrf.org.
ECO SURVIVOR BENEFITS

Eligibility for a surviving spouse pension/child’s pension

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

- If an ECO plan member’s spouse is eligible for an ECO surviving spouse pension, he or she can choose benefits payable under the ECO plan or under the Regular IMRF plan.

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

Divorce

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

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

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

- If the spouse is caring for the member’s minor, unmarried children, the spouse will receive (age 50 requirement does not apply) the greater of:
  - A monthly pension equal to 66-2/3% of the pension the member had been receiving,

  or

  - A monthly pension equal to the lesser of:

  - 30% of the ECO member’s salary plus 10% of the salary for each minor unmarried child,

  or

  - 50% of the ECO member’s salary

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

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

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

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

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

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

• If there is no surviving spouse, if the spouse is not eligible, or if an eligible spouse dies, a child’s pension is payable to the member’s minor (under age 18) unmarried children:

  – A monthly pension equal to 20% of the pension the member had been receiving for each child. (The maximum total monthly benefit payable to all children cannot exceed the lesser of 50% of the member’s ECO salary last reported to IMRF or 75% of the member’s pension.)

• A child’s pension is discontinued at:

  – Age 18

  or

  – Marriage, whichever occurs first.

• Adopted children are treated the same as natural children if proceedings for adoption commenced one year before date of death.

• Stepchildren (not adopted) are not eligible for a child’s pension.
State income tax

**Illinois state tax**

Your 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

Federal income tax withholding

Your retirement pension, beginning with your first payment, is subject to federal income tax.

However, a portion of your pension payment is a return of your own member contributions:

1. Previously taxed contributions

   If you made contributions to IMRF before 1984, they were deducted from your pay checks after the money was taxed. That portion of your monthly pension payment is not subject to federal income tax.

2. Tax deferred contributions

   If you made contributions to IMRF in 1984 or later, the money you used to pay those contributions was deducted from your pay checks without being taxed. In that case, your entire pension will be subject to federal income tax.
Federal income tax (continued)

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.

You can update your withholding instructions quickly and easily through your Member Access account at www.imrf.org.
Federal income tax (continued)

Federal tax withholding on retirement refunds

If you will receive a lump sum payout at retirement (see page 2) the Internal Revenue Code (IRC) directs how IMRF must handle those payments.

According to the IRC, a lump sum distribution at retirement is a:

- Refund of surviving spouse contributions plus interest upon retirement if the retiree has no eligible spouse.
- Refund of SLEP contributions plus interest upon retirement if the retiree does not qualify for a SLEP pension.

If you are receiving a lump-sum distribution, you can “roll over” the taxable portion of the refund directly to an IRA or another qualified pension plan.

If you do not directly roll over the taxable portion of the refund, then IMRF must withhold 20%.

The 20% withholding rate is fixed by law. You may apply the 20% to your tax liability for the year in which you received the payment. The actual amount you owe in taxes may be larger or smaller and will vary by individual.
Federal income tax (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 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 questions about the taxability of your pension, please contact the Internal Revenue Service or your tax consultant.

**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 contacting your tax advisor.

---

You can view your Form 1099-R quickly and easily through your Member Access account at [www.imrf.org](http://www.imrf.org).
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).
This Page Left Intentionally Blank