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Revised January 2020
Introduction

The purpose of this booklet is to provide you—a retiring IMRF Tier 2 member—with information about your IMRF pension.

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.
Your IMRF Pension

Your first pension payment

Your first pension payment may include benefits for more than one month. Depending upon your individual circumstances, your first payment may also include a refund for overpaid contributions. Likewise, if you have underpaid contributions in your account, 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.

For information on taxation of these refunds, please turn to page 21.

Direct deposit of your pension payment

You will receive your pension payments 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
You will receive a refund of your spouse contributions plus interest if you were
• Single, widowed, or divorced when you retired,
  or
• Married or in a civil union, but the marriage or civil union occurred less than one year before you stopped participating in IMRF.

Voluntary Additional Contributions
If you made Voluntary Additional Contributions while you were working, you can receive your Voluntary Additional Contributions in a lump sum or as an additional monthly pension.

Sheriff’s Law Enforcement Personnel (SLEP) members
SLEP members who do not qualify for a SLEP pension receive a Regular IMRF pension and a refund of their SLEP contributions plus interest.

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 21 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
- An explanation of your pension’s annual increase (see page 7)

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

If you should die before you receive the return of all of your member 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 (see page 16).

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 19)
Direct deposit of your pension payment

You receive your pension payments by direct deposit. We believe direct deposit is the most efficient payment method available. With direct deposit, your pension payment is

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

You can make changes to your direct deposit information by completing a “Application for Direct Deposit” form quickly and easily through your Member Access account at www.imrf.org. Or, you can complete an “Application for Direct Deposit” form by calling 1-800-ASK-IMRF (275-4673), or downloading 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 “Application for Direct Deposit” form is required if you change financial institutions.

Questions?

For additional information you can visit IMRF’s website at www.imrf.org or contact a Member Services Representative 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 increase (if any)
- 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

As an 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 increase, if any
- 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 IMRF Benefit Statement from in November 2021.
Pension increases under Tier 2
You will receive annual increases once

- You reach age 67
  
or
- After you receive one year of benefit payments, whichever is later.

Your pension is then increased each January 1 by the lower of

- 3%
  
or
- One-half of the increase in the Consumer Price Index-Urban (CPI-U) for the preceding year.

The increase is based on the original amount of your pension. It is not compounded.

If the CPI-U decreases or is zero, no increase is paid.

Supplemental pension payment (13th 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 13th Payment or a “supplemental benefit payment.” This payment will not be the same amount as your usual benefit payment, but will be a percentage of your usual payment amount that will vary from year to year.

To be eligible for the supplemental benefit 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.
Tier 2 retirees: 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. That is to say, your IMRF benefits are never reduced because you receive Social Security benefits. Your Social Security benefits generally are not reduced because you receive IMRF benefits. The only exception to this rule is if you 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, there is substantial confusion by Social Security employees on this point. This is especially true for school district employees, because teachers do not participate in Social Security.

It is your responsibility to ensure that you receive the full Social Security benefit you are entitled to. IMRF Member Services 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 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 my IMRF? A government pension will not affect any IMRF benefits you may receive.
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

While you were working as a participating member of IMRF, you completed a “Designation of Beneficiary” form. On this form, you named your beneficiary(ies) for the IMRF death benefit. Read more about survivor benefits on page 16.

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

**Surviving spouse pension**
State law determines if your spouse is eligible for a surviving spouse 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...
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 current. Changes in your marital or civil union status or the death of a person you named 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(ies), 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 the “Designation of Beneficiary for Annuitants” form 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: The IMRF member is the only person who may sign and/or change a “Designation of Beneficiary for Annuitants” form. Any other representative acting on behalf of the member, including a Power of Attorney, guardian, conservator, trustee, or representative payee, cannot change or sign a designation of beneficiary. If anyone other than the member signs or changes a “Designation of Beneficiary for Annuitants” form, it is invalid and will not be accepted.
Address changes

Although your pension 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 you haven’t told us about, or if the post office notifies us of a forwarding address that you have not directly told us about, 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.)

If someone else submits a change of address for you

An address change can be signed by a person legally appointed, such as a conservator, guardian, or trustee, only after IMRF receives a copy of their appointment.

An address change also can be signed by your representative payee only if IMRF has an up-to-date copy of their appointment on file.

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

Public Act 96-1513 was effective June 1, 2011, and gave the rights of marriage available under Illinois Law to parties in a civil union. Therefore, the partner of a member who enters into a civil union have the same rights as a spouse of a married member.

Lump sum death benefit

Upon your death, IMRF will pay a $3,000 lump sum death benefit to your primary beneficiary(ies), or if no primary beneficiary survives, to your secondary beneficiary(ies) designated by you.

Surviving spouse benefits

A surviving spouse pension will be payable if you and your spouse were married or in a civil union for at least one year prior to the date you stopped participating in IMRF and on the effective date of your pension.

If you have no spouse or your spouse is not eligible for a surviving spouse pension, your designated beneficiary(ies) would receive any member contributions and interest you had not received as a pension plus the $3,000 lump sum death benefit.

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

Divorce refers to the dissolution of a marriage or civil union. If when you retired your spouse was eligible for a surviving spouse pension but you are divorced after your pension begins, your former spouse remains eligible for a surviving spouse pension.

You can update your beneficiary(ies) quickly and easily through your Member Access account at www.imrf.org.

Surviving spouse pension—eligible spouse dies before member

If your spouse was eligible for a surviving spouse pension, but that spouse dies and you remarry, your new spouse could be eligible for a surviving spouse pension.

Your new spouse will be eligible if your:

• Previous eligible spouse is deceased
  and

• Current spouse was married to or in a civil union with you at least one year prior to your death.
State income tax

**Illinois state tax**

Your pension is not subject to Illinois state income tax.

If your state of residence is other than Illinois, you should check with that state’s department of revenue to find out

- If your pension is subject to state tax
  
  and

- How 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.

The money you used to pay your member contributions to IMRF was deducted from your pay checks without being taxed. Therefore, your entire pension will be subject to federal income tax.

continued...
Federal income tax (continued)

Form W-4P: Withholding Certificate for pension payments

Because pension payments are taxable, you are required by the Internal Revenue Service (IRS) 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 how much money should be withheld from your pension payments, 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, IMRF is required to withhold an amount based upon the IRS tax tables. The amount withheld 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.

Your withholding can be changed 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:

• 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 refund, 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% of it.

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 for individual members.
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 from your payments. The information on this form should be used for filing your federal and state income tax returns.

Filing federal taxes

You must use Internal Revenue Service Form 1040 or Form 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 taxpayers. Eligible taxpayers are either:

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

In addition, your adjusted gross income must be below certain 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.

You can view your Form 1099-R quickly and easily through your Member Access account at 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).
1-800-ASK-IMRF (275-4673)

www.imrf.org