



**EMPLOYER
RATE MEETINGS**

2019

PRESENTED BY
Brian Collins

Executive Director

AND

Mark Nannini

Chief Financial Officer

RESPECT COURAGE
EMPATHY HONESTY
ACCOUNTABILITY
ACCURACY RESPECT
COURAGE EMPATHY
HONESTY ACCOUNTABILITY

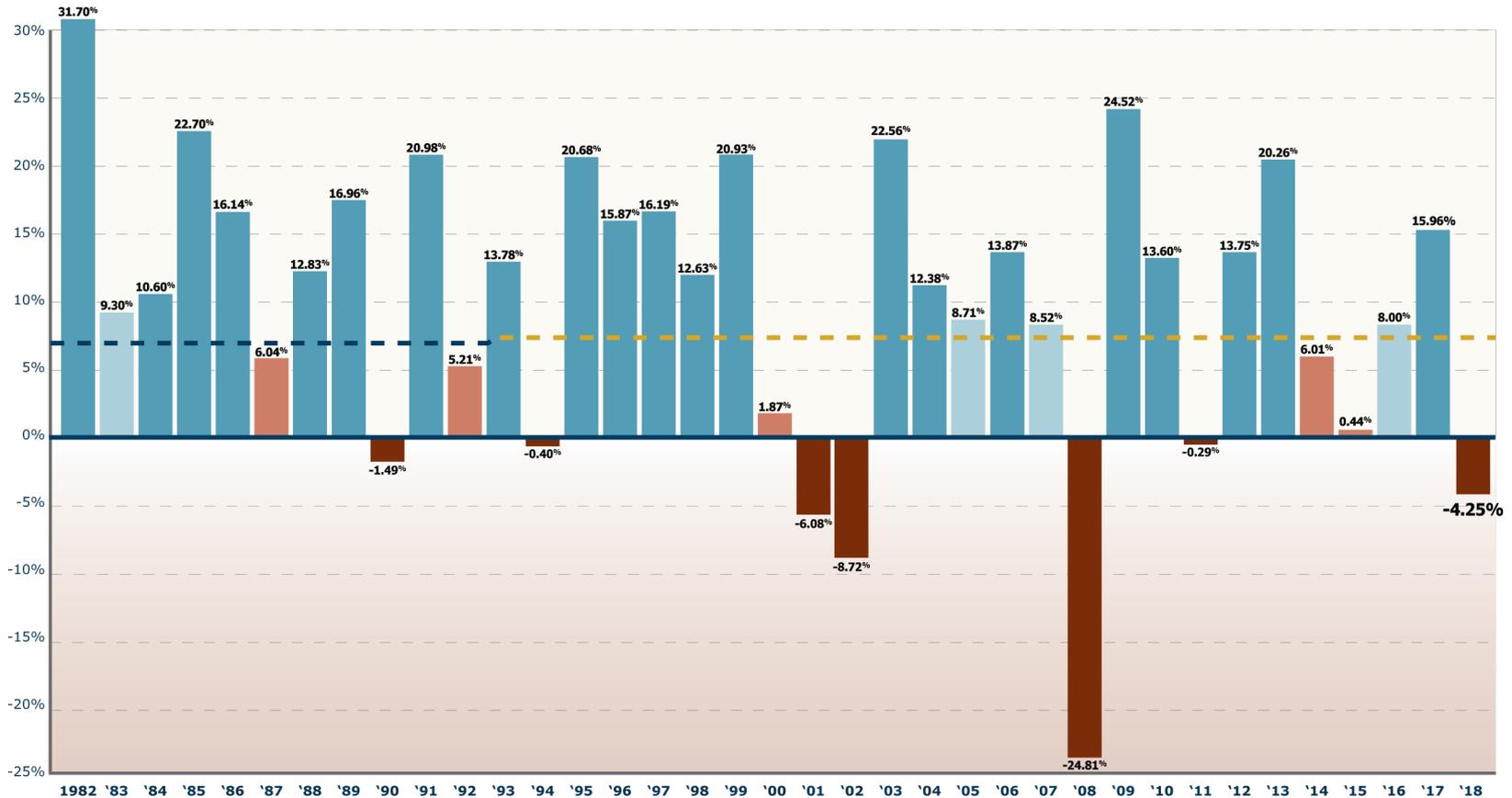
R E A A C H
RESPECT EMPATHY ACCOUNTABILITY ACCURACY COURAGE HONESTY

**At IMRF,
we REACH for our goals.**

These values guide IMRF to **REACH** our mission, vision, and goals. They define how we work and shape the expectations we have for our organization. Through our commitment to these values, our members, employers, and stakeholders across Illinois and beyond can feel confident in IMRF as a world-class pension provider.

- **2019 Update**
- **General Rate-Making Principles**
- **Annual Documentation**
- **Points to Remember**
- **Appendix**

This presentation is available for download at www.imrf.org.



7.0%
Assumed Rate of Return

7.5%
Assumed Rate of Return



7.25% IMRF's Current Assumed Rate of Return

**BILLION
ASSET LOSS**

(\\$1.76)

(4.25%)

**GROSS
RATE OF RETURN**

**BILLION
IN ASSETS**

\\$38.7

All figures are as of 12/31/2018.

(\$1.76)

**BILLION TOTAL
LOSS IN 2018**

(2.68)

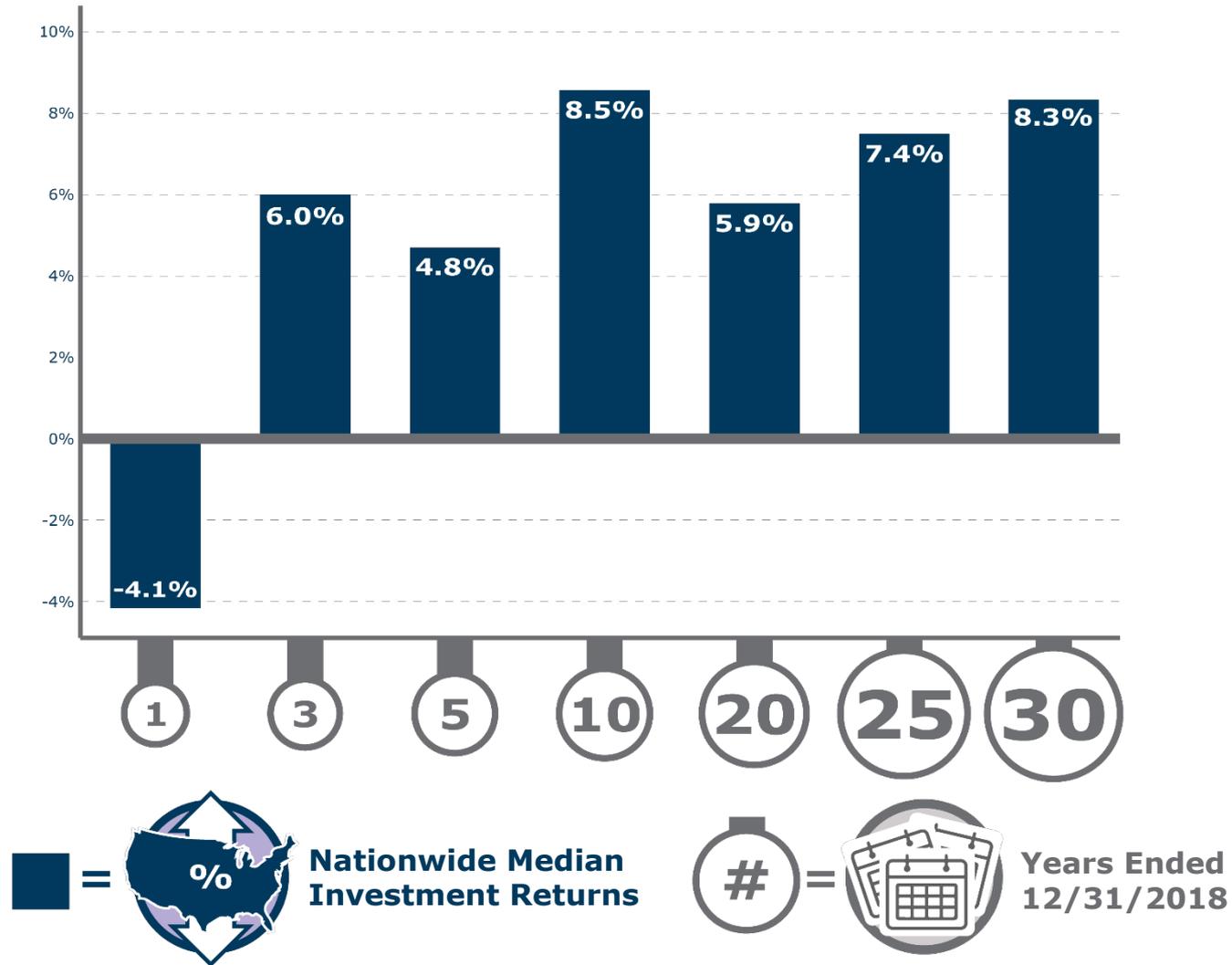
**BILLION COMBINED
7.5%* CREDIT TO:**

- **Annuitant Reserve**
- **Member Reserve**

(\$4.44)

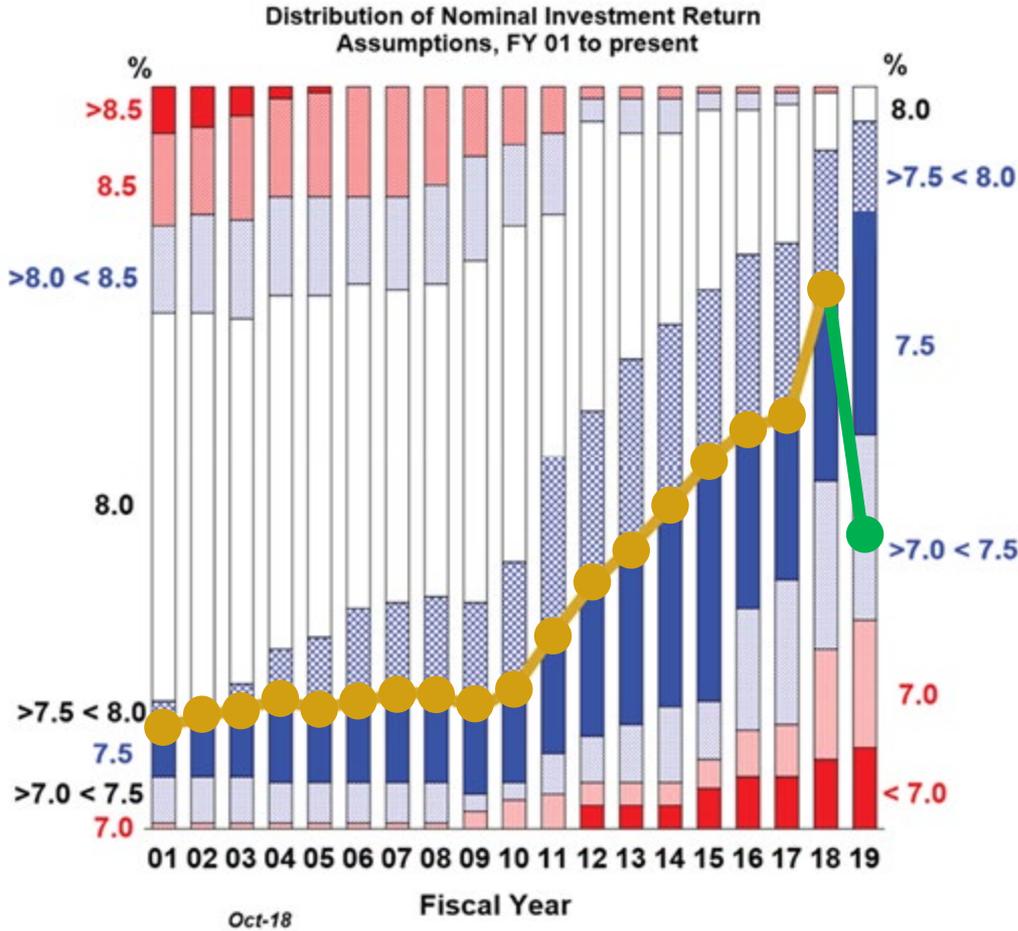
**BILLION CHARGE TO
EMPLOYER RESERVE**

**IMRF assumed rate of return as of 12/31/2018.*



According to Callan Associates

CHANGE IN ASSUMED RATE OF RETURN



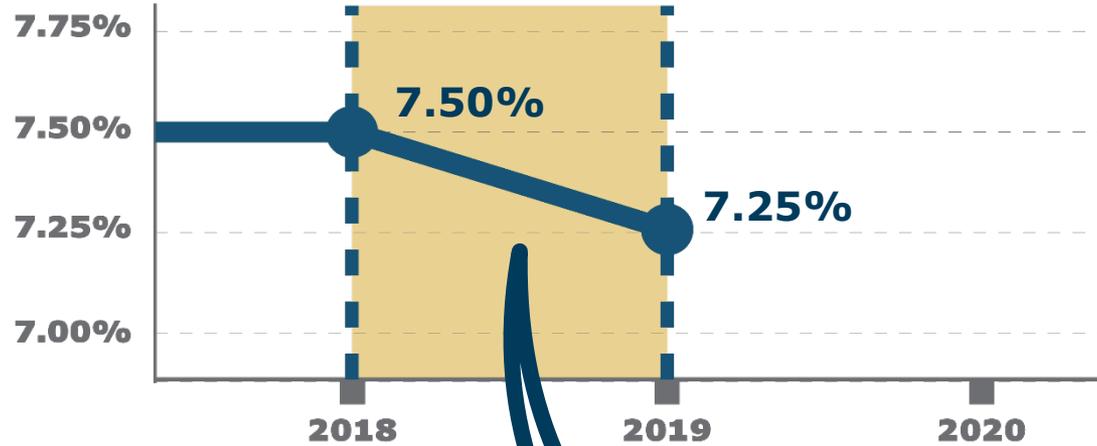
7.50%

IMRF's PRIOR ASSUMED RATE OF RETURN

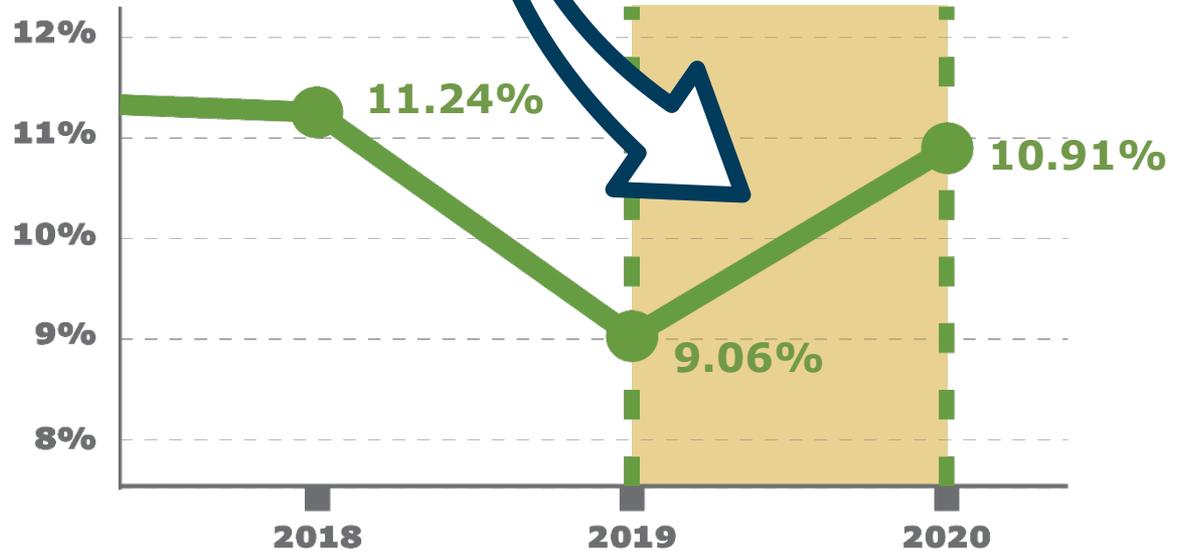
7.25%

IMRF's CURRENT ASSUMED RATE OF RETURN [FIRST IMPACTS 2020 BUDGET YEAR]

Assumed Rate of Return

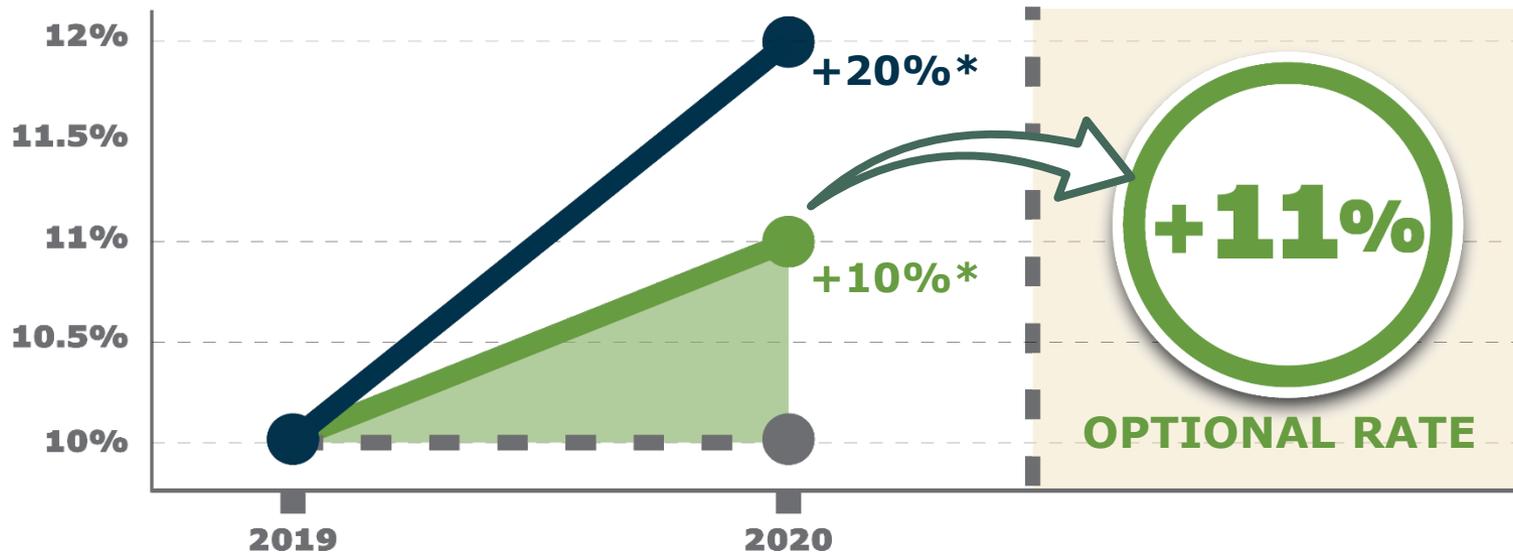


Average Employer Contribution Rate



		Investment Return Assumption
	Illinois Municipal Retirement Fund	7.25%
	Municipal Employees' Annuity Benefit Fund of Chicago	7.00%
	State Employees' Retirement System	7.00%
	Teachers' Retirement System	7.00%
	General Assembly Retirement System	6.75%
	Judges' Retirement System	6.75%
	State Universities Retirement System	6.75%

- IMRF recognizes the 2020 increase is significant.
- Employers may opt to pay the full rate or phase-in the increase.

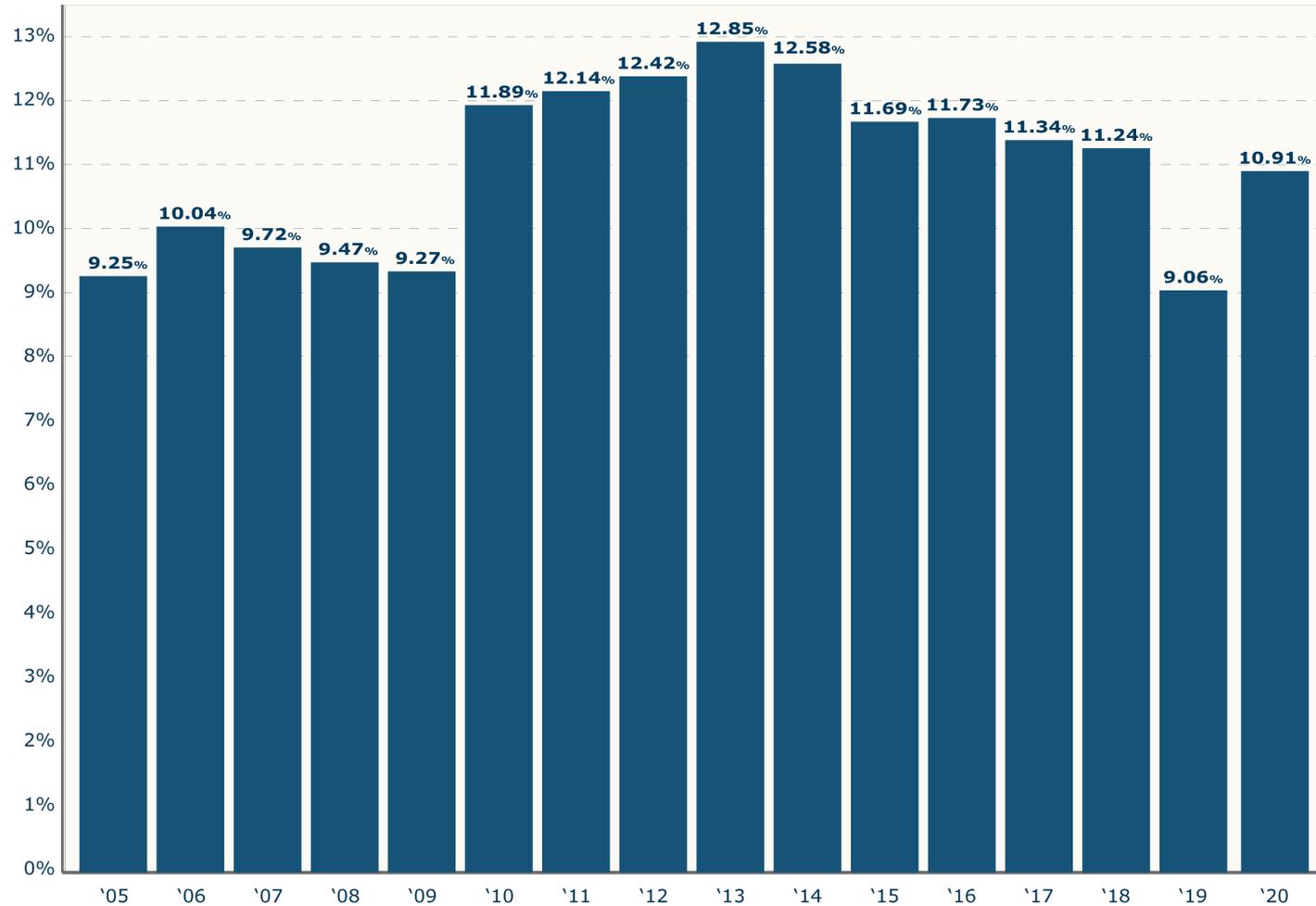


WITHOUT OPTIONAL PHASE-IN

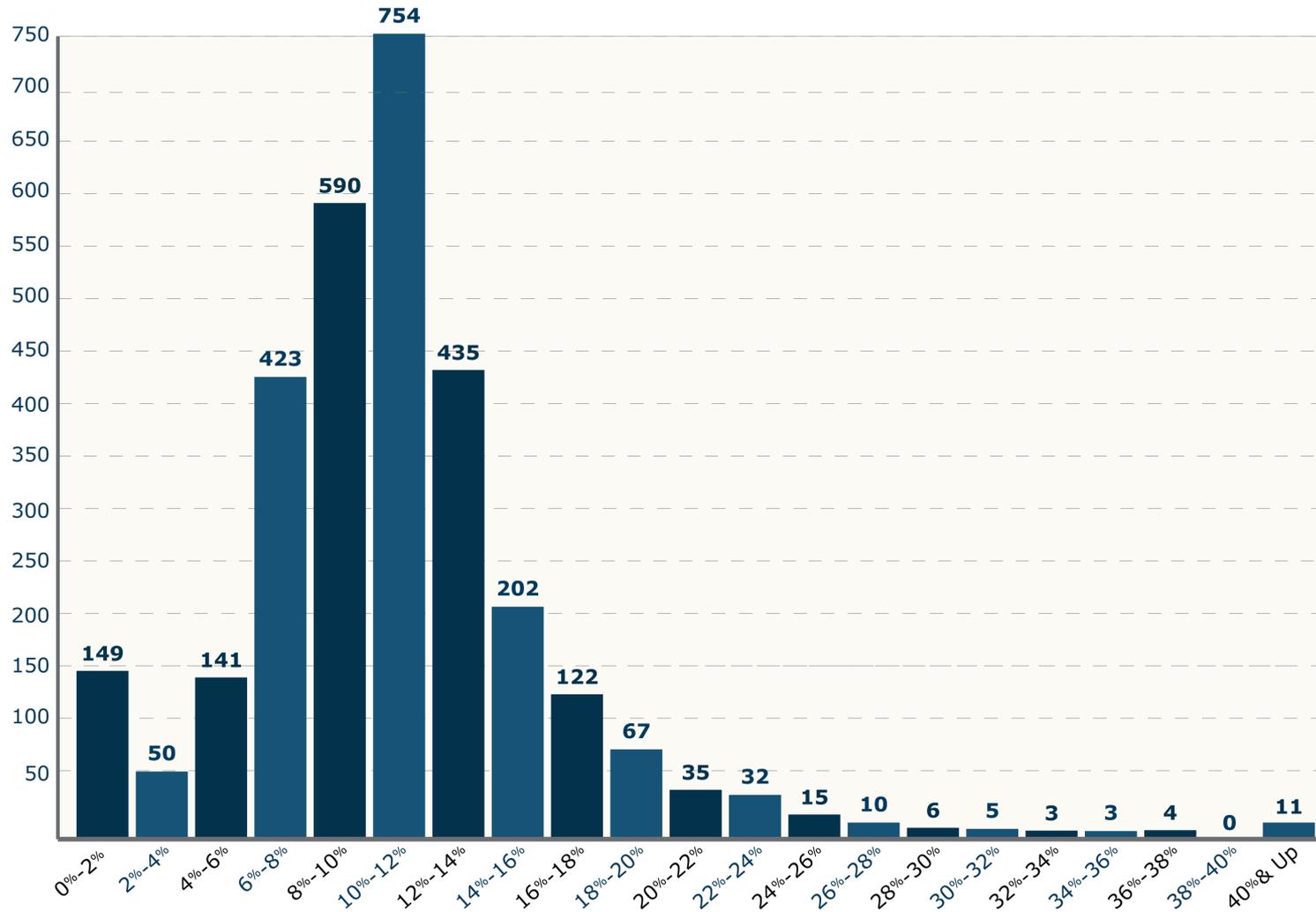


WITH OPTIONAL PHASE-IN

**% increase over prior year*



EACH EMPLOYER'S CONTRIBUTION RATE VARIES



Contribution rates as a percentage of active member payroll

AVERAGE COST PROJECTIONS FOR 2020

	REGULAR	SLEP	ECO
RETIREMENT	10.08%	21.65%	71.81%
DISABILITY & DEATH	.21%	.21%	.23%
13TH PAYMENT	.62%	.62%	.62%
SLEP SUPPLEMENTAL LIABILITIES	-	2.00%	-
TOTAL	10.91%	24.48%	72.66%

2016

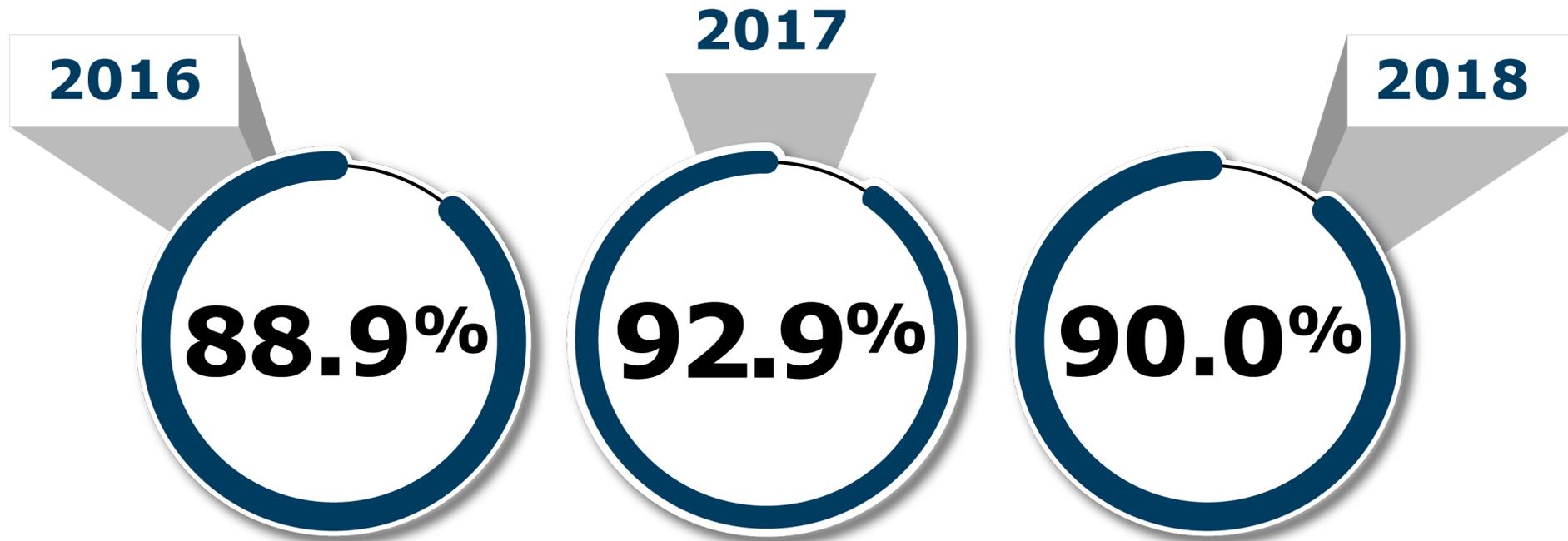
88.9%

2017

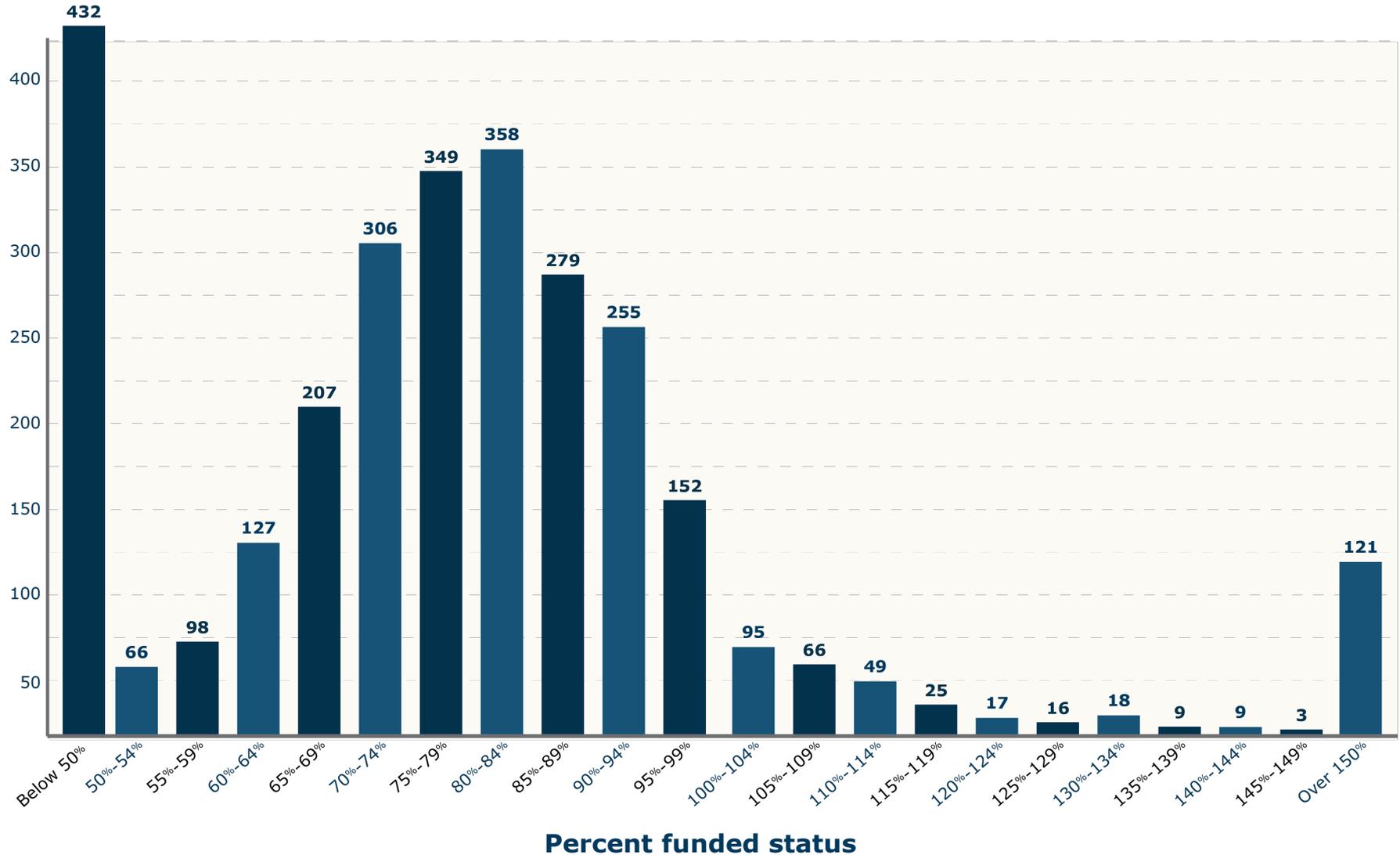
92.9%

2018

90.0%



EACH EMPLOYER'S FUNDED STATUS VARIES



**BILLION IN GROSS
INVESTMENT INCOME**

\$2.8

8.06%

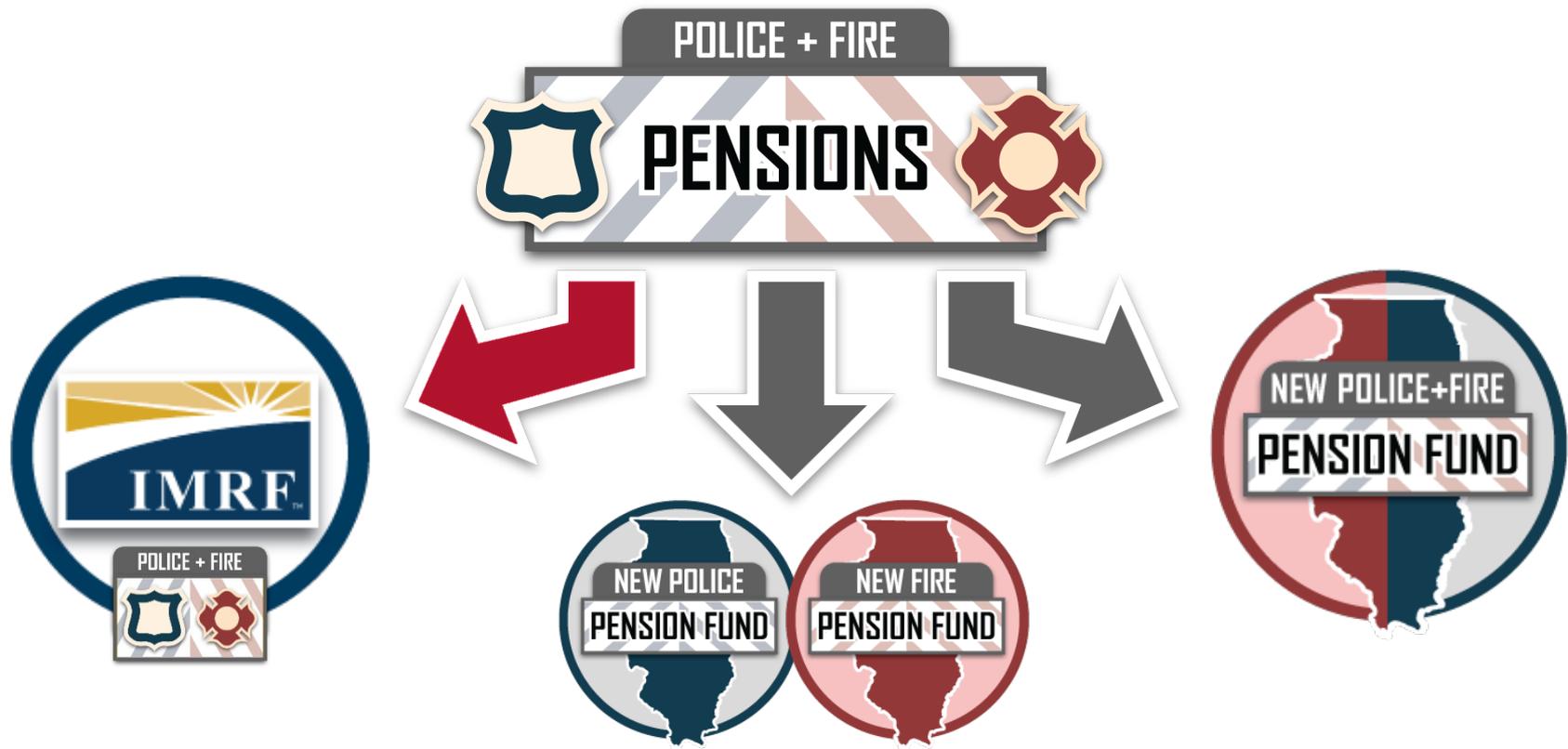
**GROSS INVESTMENT
RATE OF RETURN**

**BILLION
IN ASSETS**

\$41.5

All figures are calculated through 2/28/2019.

653 Individual



IMRF is monitoring and advocating for your interests.

 *The IMRF Board of Trustees opposes legislation consolidating P&F pensions into IMRF.*

- **IMRF is modernizing the technologies and processes it uses to administer the pension system.**
- **The project will improve the way employers and members interact with IMRF.**
- **More transactions will go online, enabling faster and more modern communication.**
- **IMRF will share information as the project progresses.**
- **IMRF plans to implement the new system in 2021.**
- **To support this initiative, encourage your members to create Member Access accounts!**

Do you understand how IMRF determines how much your employer needs to contribute every month?

Your employer pays for the retirement benefits of only it's employees.

How your Employer Reserve Account works:

- **Credited with contributions made by your employer**
- **Credited investment gain or loss made on contributions**
- **Debited retirement costs of your employees**

Your employer's finances have no relationship to the pension assets and liabilities of IMRF's other 3,000 employers.

HOW IS YOUR EMPLOYER'S RATE CALCULATED?

1

IMRF provides demographic and financial data as of year-end to IMRF's actuaries.

2

Actuaries apply assumptions to the demographic and financial data.

3

The actuaries then produce an Actuarial Valuation for IMRF.

4

Actuaries rely on the Valuation to set contribution rates for each employer.

IMRF had \$38.7 Billion in assets as of 12/31/2018 spread across 3 main accounts.



Employer Reserve serves as a “Balancing Account.”



100%
FUNDED STATUS

**MEMBER
RESERVE***



Variable
FUNDED STATUS

**EMPLOYER
RESERVE**



100%
FUNDED STATUS

**ANNUITANT
RESERVE***



*Member Reserve and Annuitant Reserve accounts must be kept at 100% funded status. IMRF credits these accounts 7.25% yearly.



Assumptions are used to calculate how much money needs to be set aside to fund future benefits.



IMRF Board sets assumptions:

- Economic and Demographic
- Updated every three years

Demographic Assumptions:

- Active members that quit (withdrawal rates)
- Disability for active members
- Retirement for active members
- Merit and longevity pay for active members
- Mortality for active members, retirees, and their beneficiaries

Economic Assumptions:

- Price inflation = 2.5%
- Wage inflation = 3.25%
- Payroll growth = 2.5%
- Lowered investment return assumption from 7.5% to 7.25%

What happens when IMRF's actual experience does not align with its economic and demographic actuarial assumptions?

Any variance between our assumptions and our actual experience impacts your contribution rates.

Some variances are out of your control as an employer.

Example:

IMRF assumes a certain percentage of your workforce will file for disability at some point.

If in reality, a greater percentage of your workforce files for disability over time, this will increase your employer contribution rate in future years.

Some variances are in your control as an employer.

Example:

IMRF assumes that your workforce's wages will grow by 3.25% annually. If your workforce's wages grow by 5% annually, this will increase your employer contribution rate in future years.

There are two main purposes for our documentation.



Project your future costs:

- Employer Reserve Statements
- Rate Notices



Financial reporting:

- GASB Statements & Reporting
- SOC-1 Type 2 Report



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www.imrf.org

2018 EMPLOYER RETIREMENT RESERVE STATEMENT
REGULAR RESERVE ACCOUNT

PAGE: 1

EMPLOYER NBR: 00000
PHONE NUMBER: 000-111-2222

VILLAGE OF ANYWHERE
EMILY EMPLOYER, TREASURER
123 ANY STREET
ANYWHERE, IL 12345

PHONE NUMBER: 618-288-8006

FIELD REP.....: MANDY BEEDIE

NORMAL COST	6.810	DISABILITY	.140
FUNDING ADJ OVR/UND	5.140	DEATH	.160
RETIREMENT	11.950	SUPPLEMENTAL PENSION	.620

OPENING BALANCE, JANUARY 1, 2017 13,510,319.35
INTEREST ON OPENING BALANCE - RATE: 7.500% 1,013,273.95
EMPLOYER RETIREMENT CONTRIBUTIONS (11.950% X 17,017,954.97) 2,033,645.49
RESIDUAL INVESTMENT LOSS CHARGE 321,925.18-
CHARGE/CREDIT MISC MBR ADJ 207.71-
CORRECTION OF ER CONTRIBUTIONS 3,724.94
CREDIT ER FOR RET RESERVE CONT 2,825,053.56



Projects your future costs

This statement shows your employer's funds on deposit as of January 1.

- Credits
- Debits
- Adjustments

IMRF Preliminary Notice of Illinois Municipal Retirement Fund
Contribution Rate for Calendar Year 2020

Date April 2019
Employer name VILLAGE OF SAMPLEVILLE Employer No. 00000

The IMRF Board of Trustees adopted an optional phase-in rate for 2020 for the Regular plan only. Shown below are member contribution rates, and your employer's 2020 preliminary actuarial determined contribution (ADC) rate(s) and optional phase-in rate.

IMRF ADC Contribution Rates	
Regular	
Member Contributions (tax-deferred)	4.50%
Employer Contributions	
• Retirement Rate	5.95%
Normal Cost	4.04%
Funding Adjustment <over> under	9.99%
Net Retirement Rate	
• Other Program Benefits	
Death	0.16%
Disability	0.09%
Supplemental Benefit Payment	0.62%
Early Retirement Incentive	0.00%
• TOTAL EMPLOYER RATE	10.86%

Below is the 2020 optional phase-in rate:

IMRF Optional Phase-In Contribution Rate	
Regular	
TOTAL EMPLOYER RATE	9.78%

For the Regular plan, you may select the ADC rate, optional phase-in rate, or a rate between the two. Please provide your rate selection by Friday, August 30, 2019, via email to Dianne Green, Employer/Member Data Unit Supervisor at adgreen@imrf.org. If IMRF does not receive your selection by this date, we will assume your employer has selected the ADC rate. This rate will be reflected on your Final Notice of Illinois Municipal Retirement Fund Contribution Rate for Calendar Year 2020, scheduled for release in November 2019.

For more information about the Preliminary Notice of IMRF Contribution Rates for Calendar Year 2020, view your secure messages in Employer Access. If you have any questions, please contact Employer/Member Data Unit Supervisor Dianne Green at 630-706-4234 or Finance Relations Manager Audrey Brown-Pryce at 630-706-4246.



Projects your future costs

These statements show your employer's rate for the coming year.

- "Preliminary Rate Notice" from April explains the Phase-In option

- **Email Dionne Green, Employer/Member Data Unit Supervisor at dngreen@imrf.org with your 2020 rate selection.***
- **If IMRF does not hear back from you by August 30, we will assume you will have chosen the actuarially determined contribution (ADC) rate.**

**IMRF encourages employers with the financial capability to pay the normal rate.*

Employer # 00000

GASB 50 RSI Information for Employers

Anywhere County
EMPLOYER NUMBER: 00000R
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/18	\$27,426,050	\$40,584,280	\$13,158,230	67.58	\$17,017,955	77.32
12/31/17	\$25,815,545	\$42,185,293	\$16,369,748	61.20	\$17,536,916	93.34
12/31/16	\$29,947,108	\$44,175,603	\$14,228,495	67.79	\$16,350,449	87.02

On a market value basis, the actuarial value of assets as of December 31, 2018 is \$26,797,059. On a market basis, the funded ratio would be 66.03%.

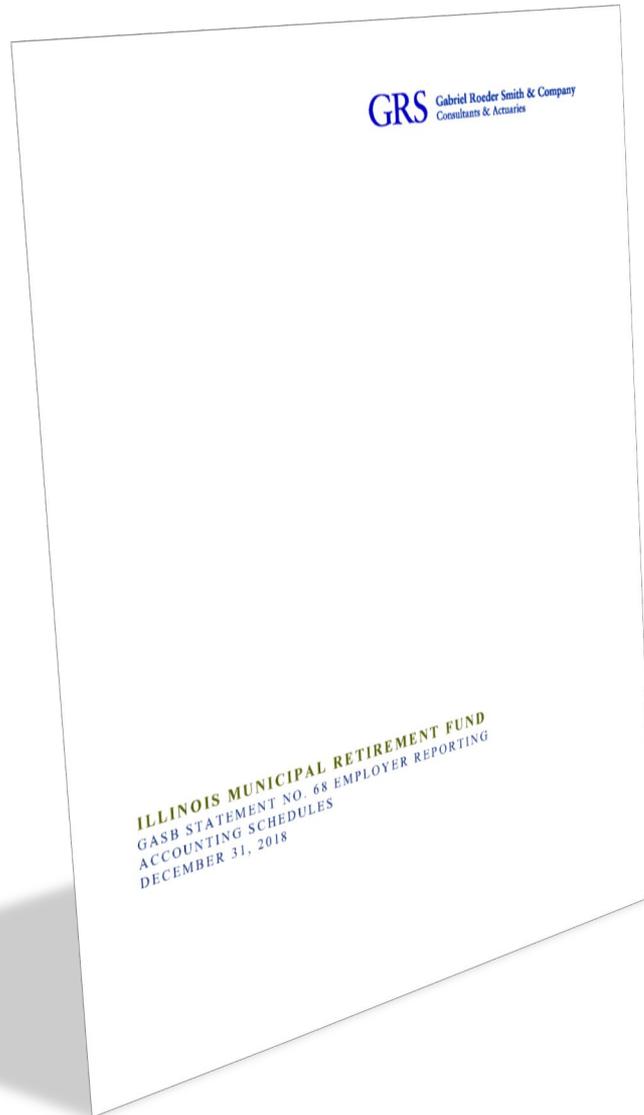
The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Anywhere County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.



Financial reporting

This statement shows your funded status.

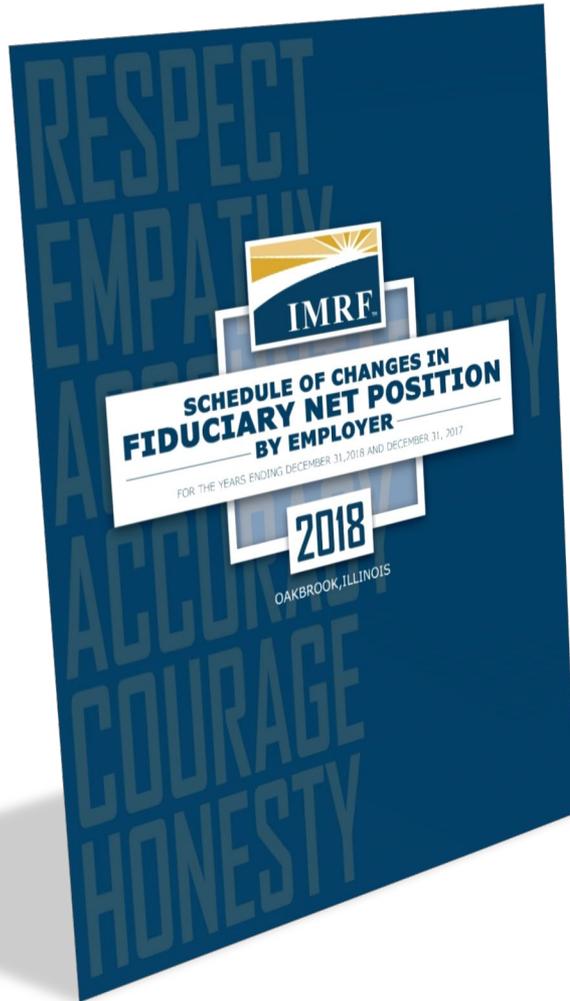
- Does not include retirees
- Shows status broken out by plan



Financial reporting

This statement also shows funded status.

- Used by Employers who do GAAP reporting
- Includes retirees
- Will be HIGHER than GASB 50 for most employers



Financial reporting

This statement shows Fiduciary Net Position by employer.

- Comes out in May
- Needed by ER's who GAAP report



Financial reporting

This statement verifies IMRF's strict internal controls.

- Available in March
- Relieves your auditors from having to test IMRF data



**The IMRF Pension Dollar
Pensions are a shared responsibility.**

Every dollar paid to IMRF retirees comes from three sources:

62¢

IMRF Investment
Earnings

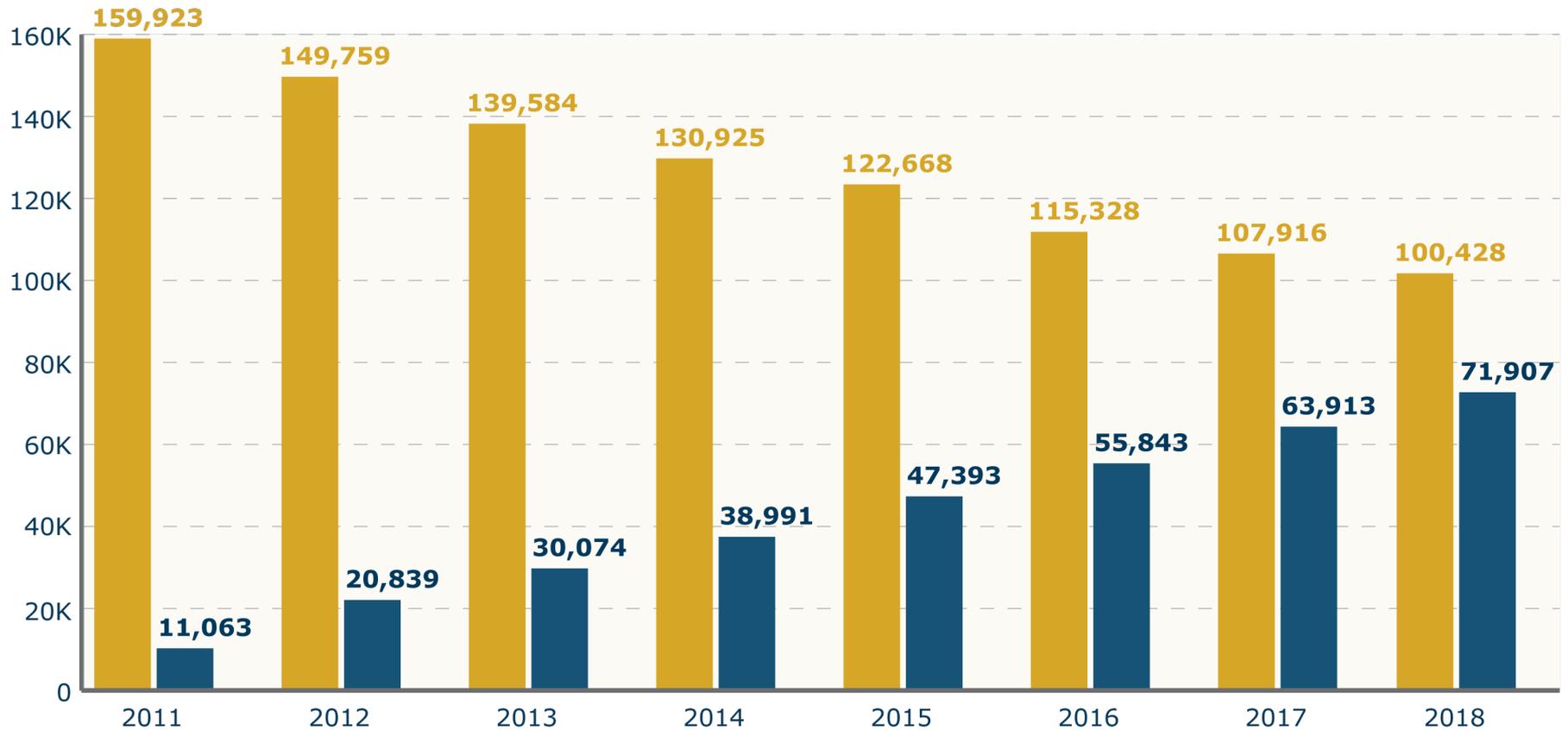
26¢

IMRF
Employers

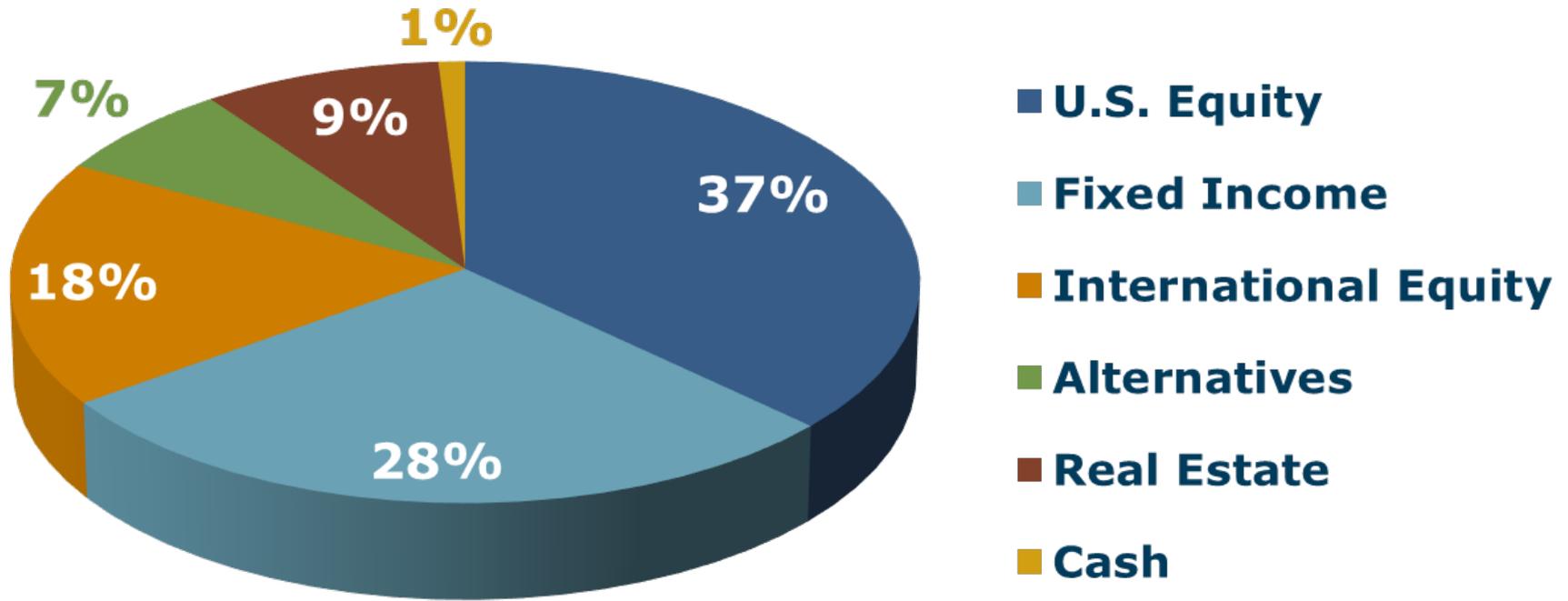
12¢

IMRF
Members

NUMBER OF ACTIVE REGULAR PLAN MEMBERS



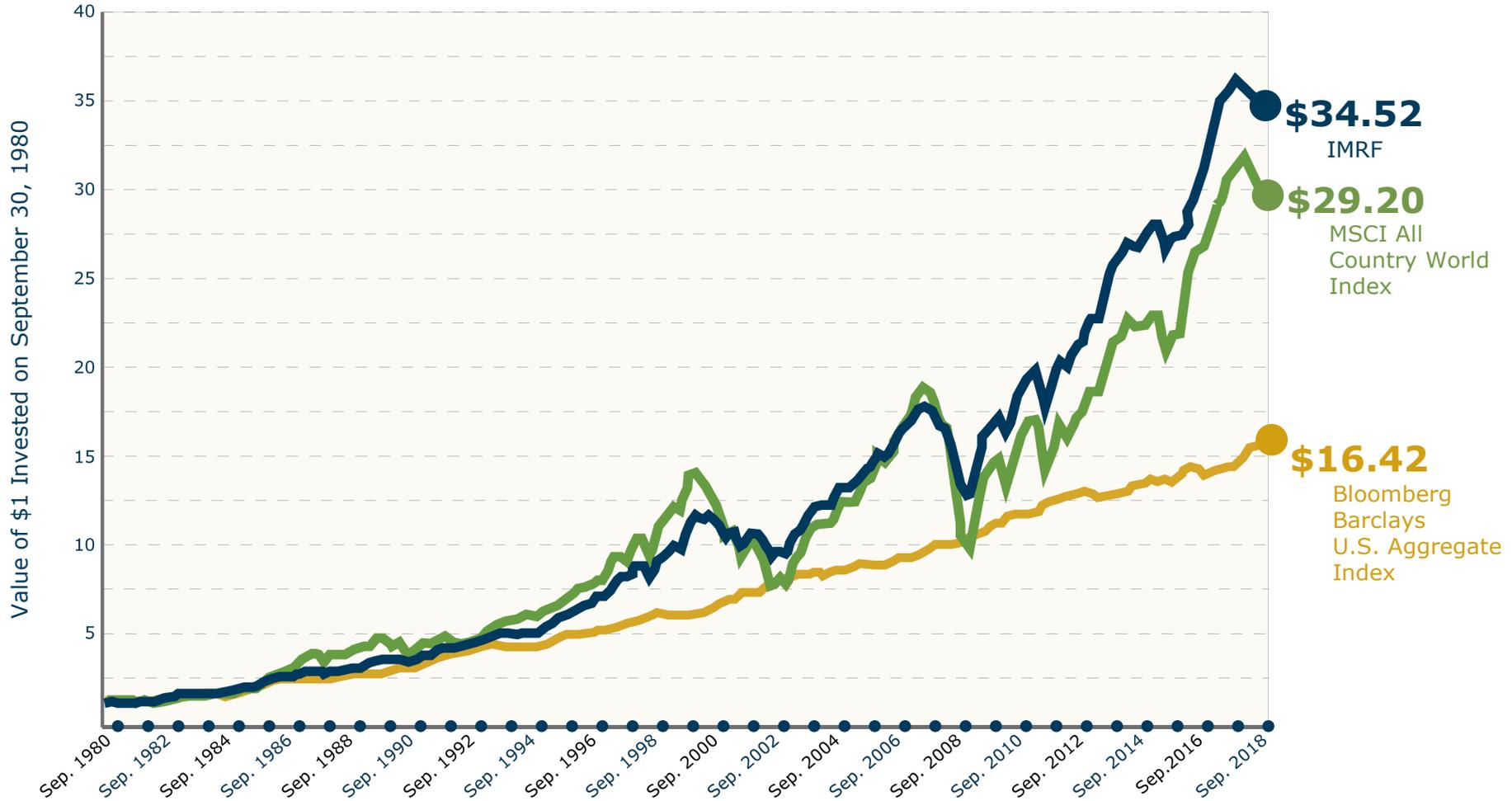
IMRF'S TARGET ASSET ALLOCATION



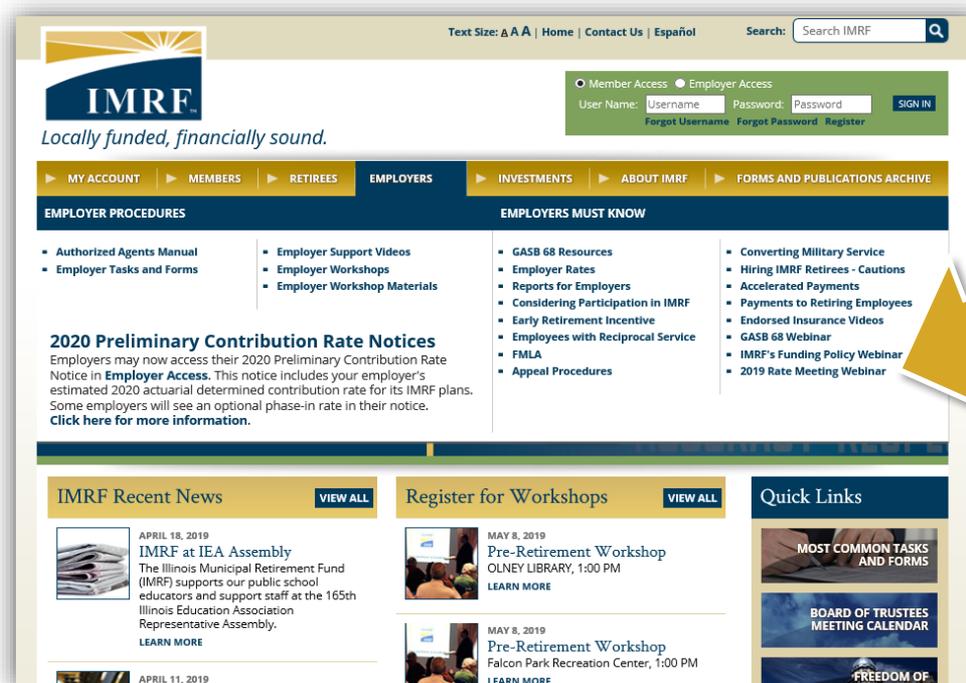
Points to Remember

GROWTH OF \$1

40



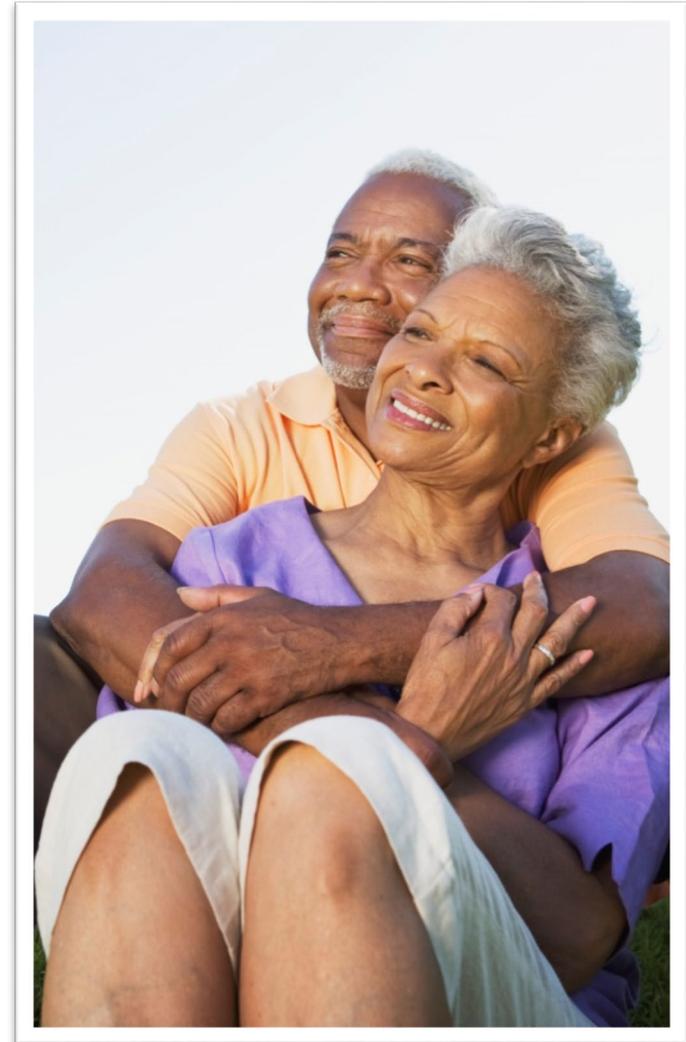
- A recording of this webinar will be available later this month on www.imrf.org.
- View the recording by visiting the website and clicking the menu link below.



QUESTIONS



- **IMRF is an agent, multiple employer system.**
 - “Entry Age Normal” valuation system
- **This means your pension funds will be there when you need them.**
 - Prefunded



To efficiently and impartially develop, implement, and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers in a prudent manner.

Adopted September 26, 1991



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Phone: 630-368-5345

Employer 800-number

1-800-728-7971

IMRF website

www.imrf.org

- Rate Meeting Presentation
- Comprehensive Annual Financial Report
- Annual Budget
- Preliminary Rate Notice – (Phase-in Rate)
- GASB 68 Resource Page
- GASB 50 (Employer Access)
- SOC-1 Document (Employer Access)