



2024 EMPLOYER RATE MEETINGS

PRESENTED BY

Brian Collins

Executive Director

and

Mark Nannini

Chief Financial Officer

Agenda

- IMRF 101
- Financial Update
- Rate-making Principles
- Annual Documentation
- Closing Remarks





Illinois
Municipal
Retirement
Fund

A defined benefit pension fund for employees of local government.

- Pension benefits
- Disability benefits
- Death benefits



Locally funded, financially sound.

Our Board of Trustees

4 ELECTED BY EMPLOYERS



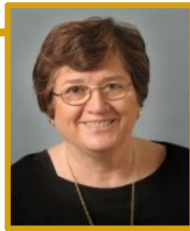
Sue Stanish
Director of
Finance
Naperville Park
District



Tom Kuehne
Finance
Director/Treasurer
Village of Arlington
Heights



David Miller
Executive
Director
North Shore Water
Reclamation District



Gwen Henry
Treasurer
DuPage County

1 ELECTED BY RETIRED MEMBERS

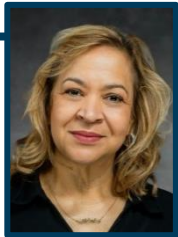


Louis Kosiba
Retired Executive Director
IMRF

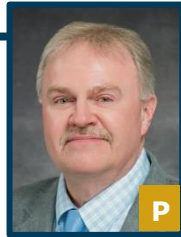
3 ELECTED BY MEMBERS



Douglas Cycholl
Fire Hydrant
Foreman
City of Springfield



Natalie Copper
School-age Child Care
Site-coordinator
Dawes School in Evanston



Peter Stefan
Finance
Director/Treasurer
Village of Lake in the Hills

P *President*

V *Vice President*

S *Secretary*

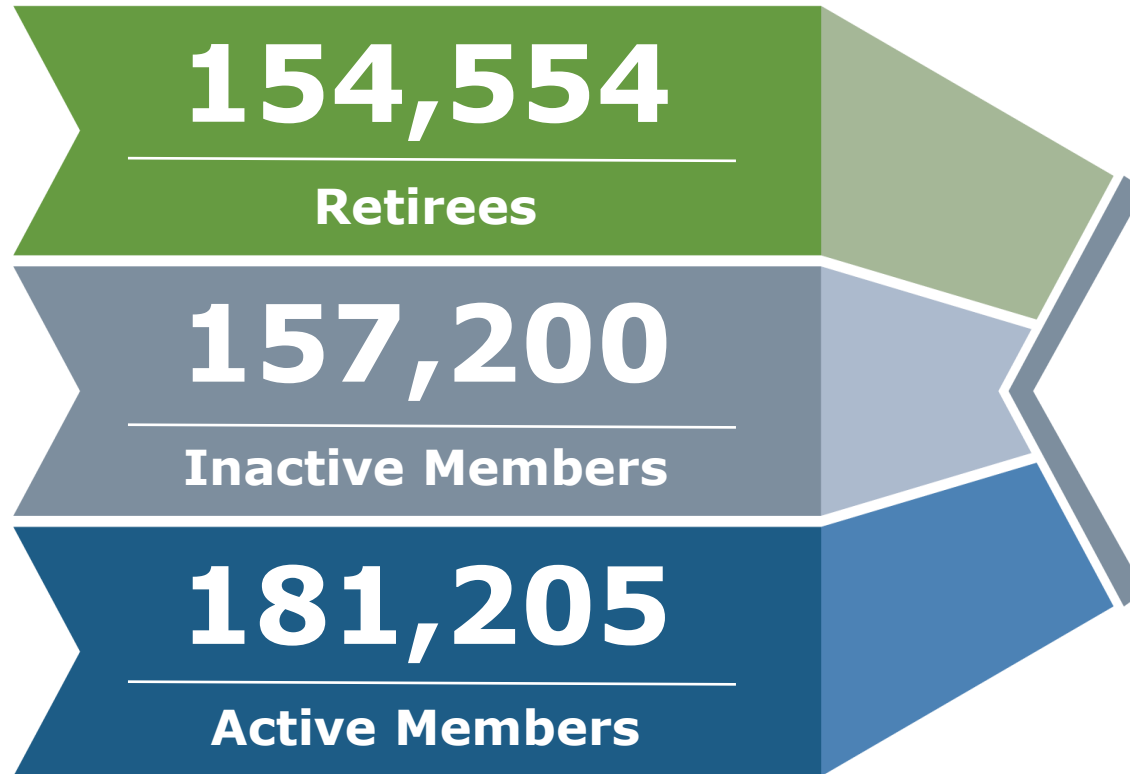
One Member Trustee position will be up for election in 2024.

If you want to run for Trustee, the candidate packet will be available on July 1, 2024, on **www.IMRF.org**

IMRF is Neither Funded or Managed by the State of Illinois



IMRF's Membership



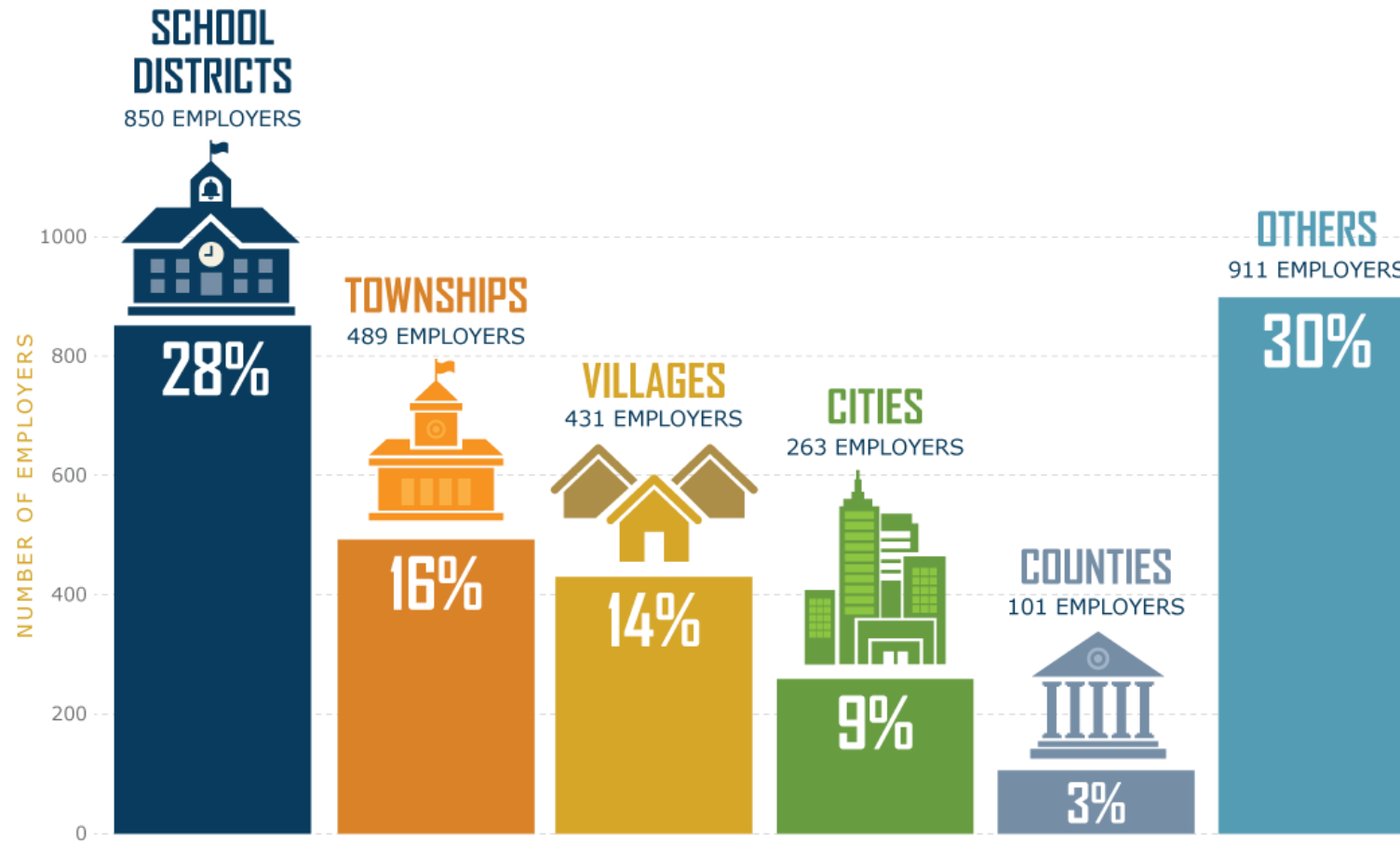
492,959

**TOTAL IMRF
CUSTOMERS**



**Almost 10% of
Illinois households**

Employer Demographics



3,045

Total Employers

Technology Project Status Update

Launched New Pension Administration System

Go Live

March 4, 2024



Employer Access Unique User

Accounts Created

9,095



April 2024 & May 2024

Contributions Received

\$135,726,945



April 2024 & May 2024

Benefit Payments Sent

\$444,880,859



Financial Update

The FY 2023 figures in this presentation are preliminary estimates.

These figures will be finalized in our 2023 Annual Comprehensive Financial Report that will be published on our website.

2023 Financial Results

**\$6.2
BILLION**

2023 Portfolio Increase

**13.2%
RETURN**

2023 Net Investment Return

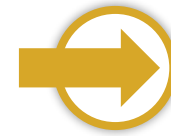
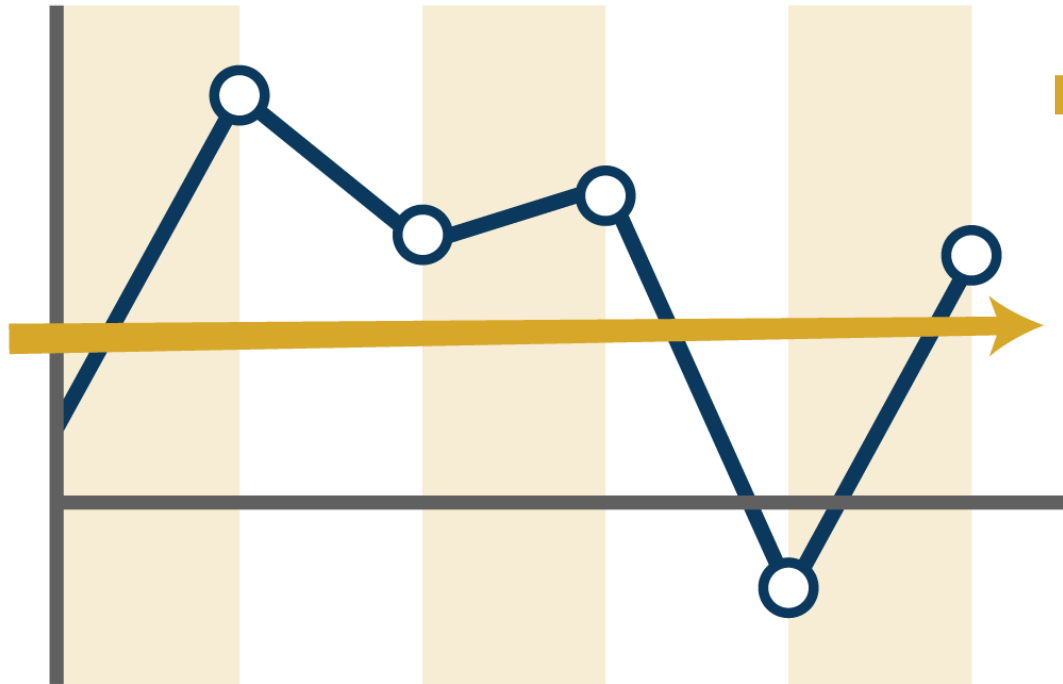
**\$52.0
BILLION**

Investments as of 12/31/2023



Locally funded, financially sound.

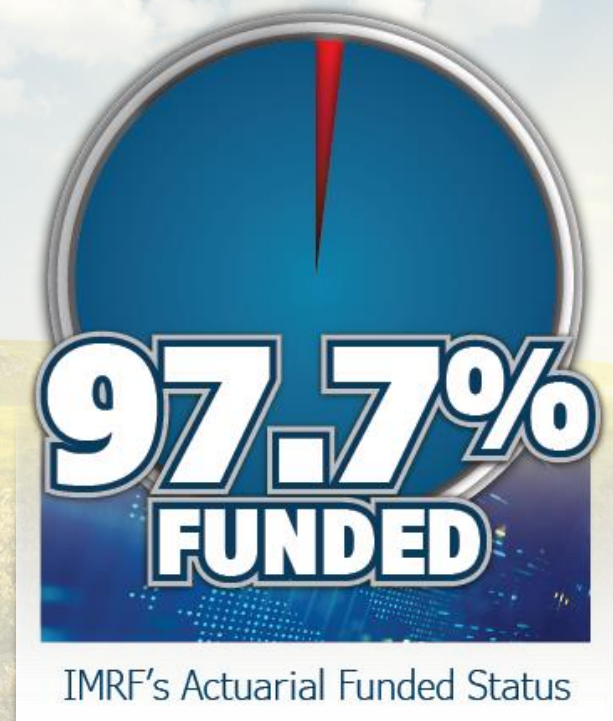
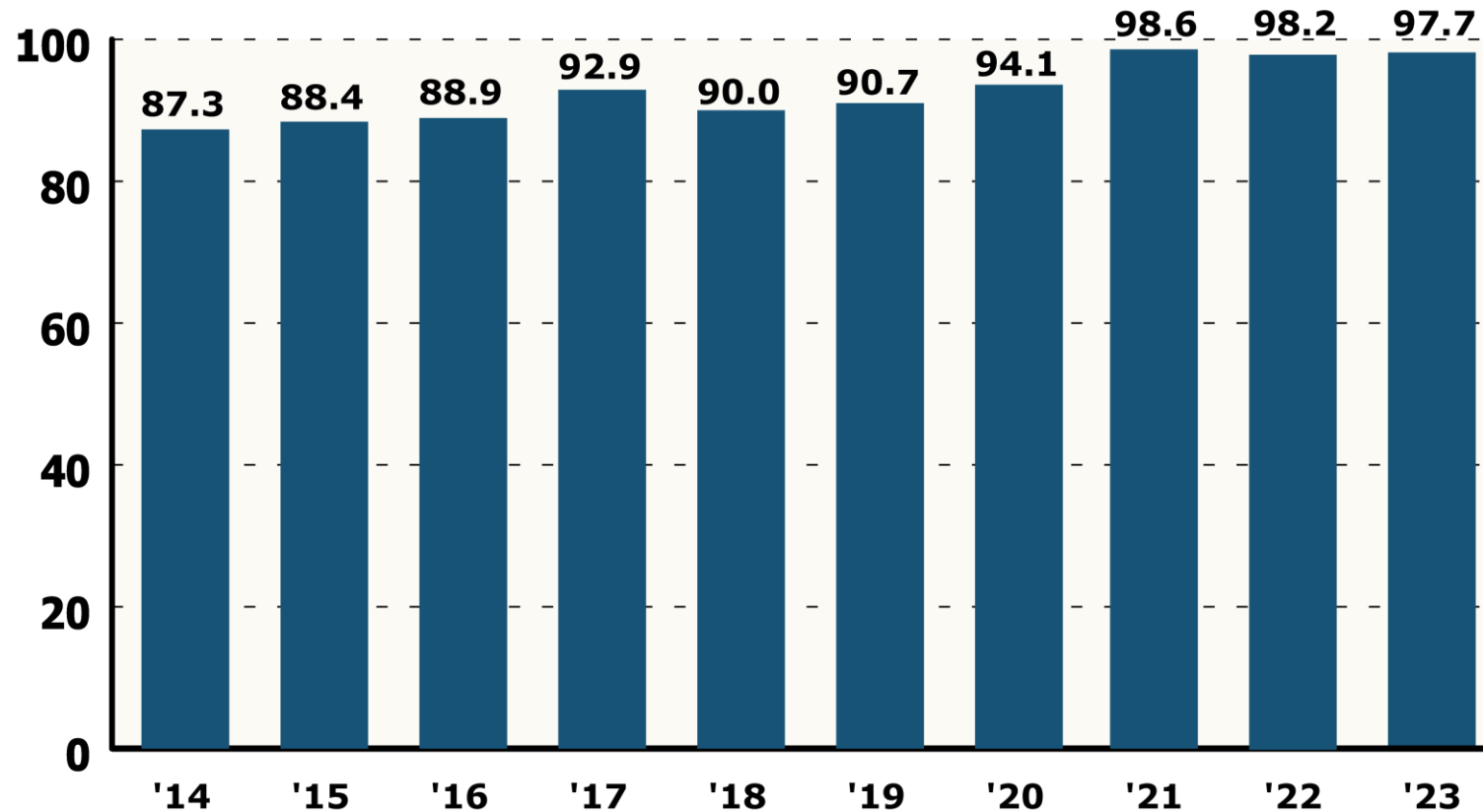
Rate Impact From Investment Results are Smoothed Over a 5-year Period



This arrow represents the impact of IMRF's investment results on employer contribution rates

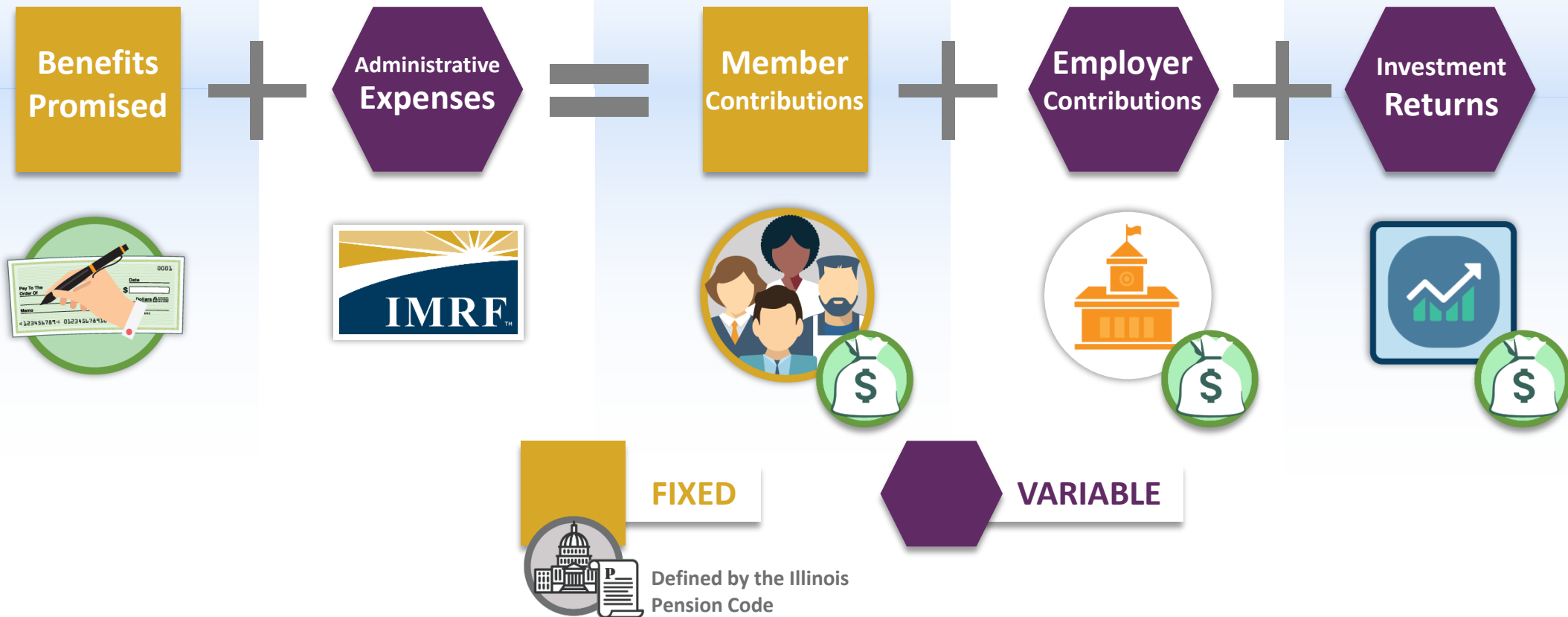
- Only 1/5th of the investment gain/loss is recognized annually
- There is a two-year lag before investment results impact employer rates

Actuarial Funded 10-year Trend



Rate-making Principles

The Defined Benefit Cost Equation

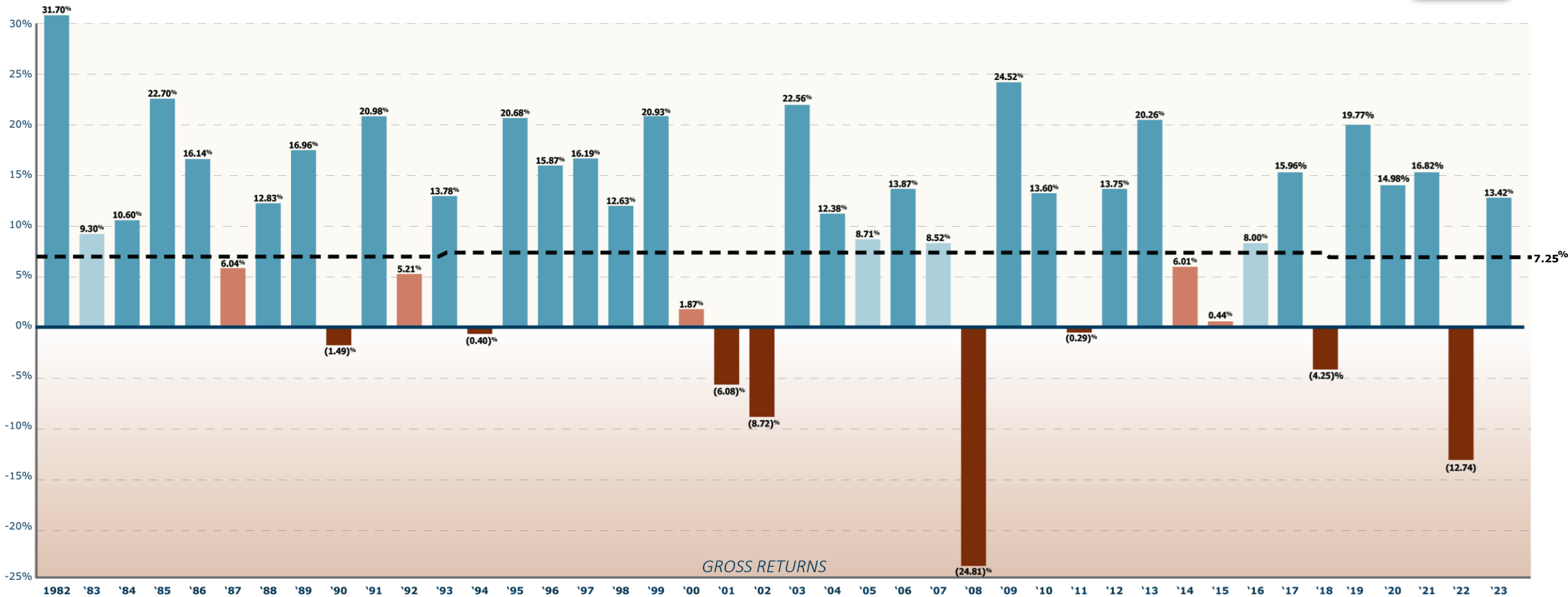


Actuaries Use Principle Assumptions to Determine Rates



- Investment Return
- Retirement Age
- Marital Status
- Mortality of Active Members
- Mortality of Retired Members
- Disability
- Separations/Refunds
- Payroll Increases

Gross Investment Returns: Strong But Volatile



IMRF's Assumed
Rate of Return

Years IMRF did not meet
its Assumed Rate of Return

8

Negative returns

5

Positive returns
that fell short of goal

Years IMRF exceeded
its Assumed Rate of Return

4

Positive returns
that met goal but
did not exceed 10%

25

Positive returns
that met goal and
exceeded 10%



Locally funded, financially sound.

IMRF Pension Dollar

The IMRF Pension Dollar
Pensions are a shared responsibility.

Every dollar paid to IMRF retirees comes from three sources:

66¢

IMRF Investment
Earnings

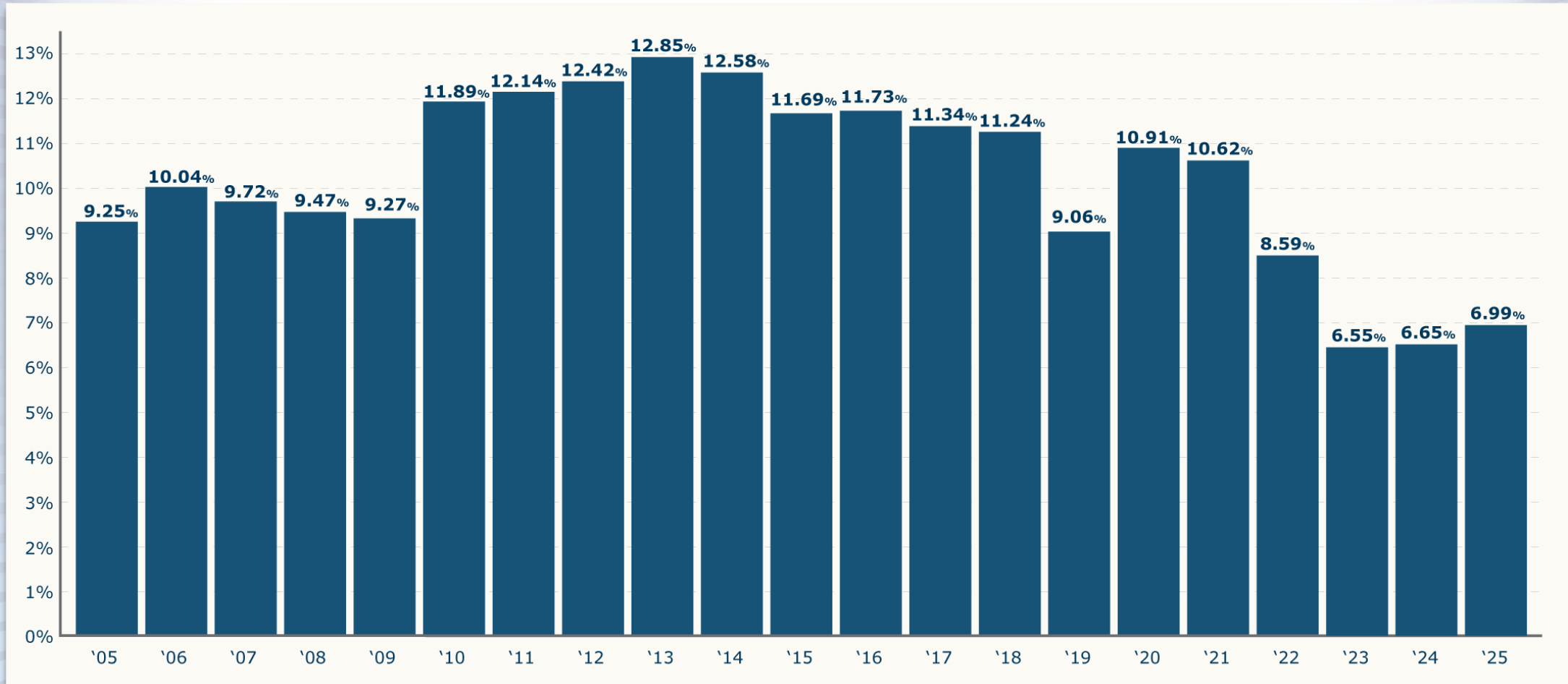
23¢

IMRF
Employers

11¢

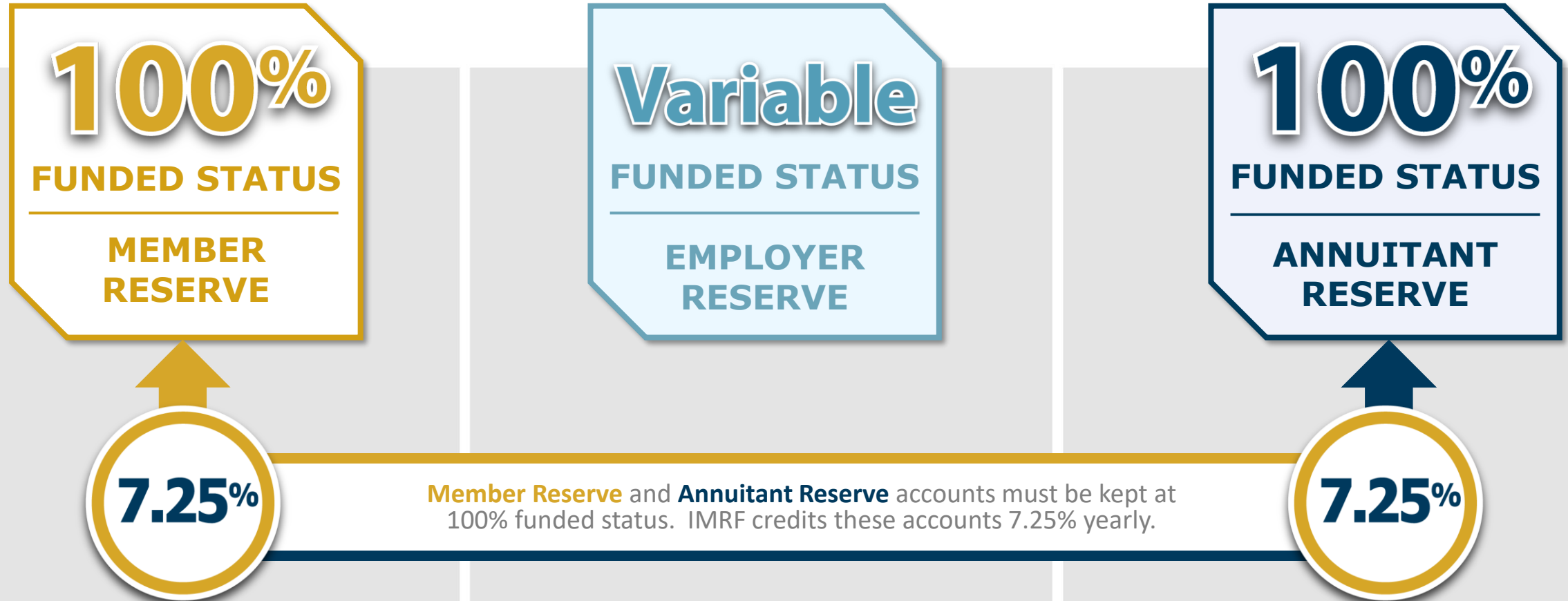
IMRF
Members

Average Regular Plan Employer Contribution Rates



Reserve Accounts and Funded Status

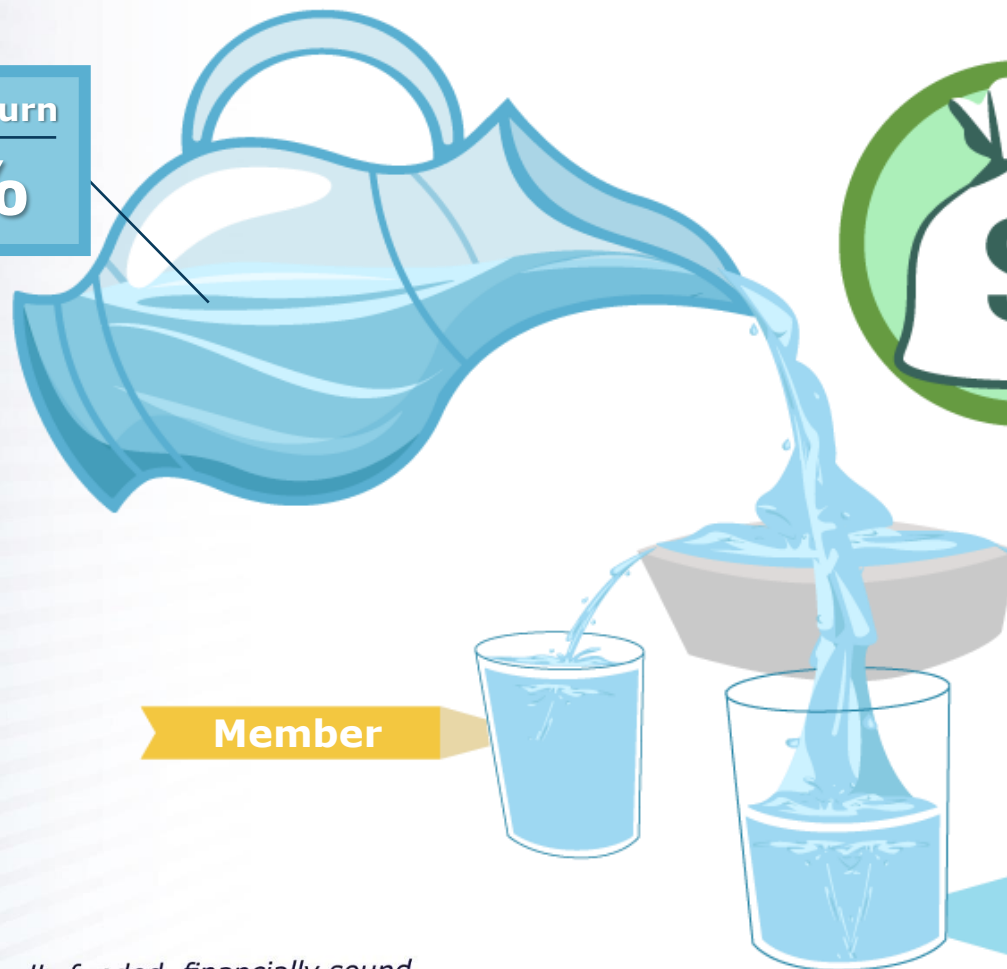
Employer Reserve serves as a “Balancing Account.”



Investment GAIN Distribution in 2023

Investment Return

13.2%



Member Reserve
\$0.521 Billion

Employer Reserve
\$2.514 Billion

Annuitant Reserve
\$2.234 Billion

Figures do not include member and employer contributions or transfers to Annuitant Reserves.

Member

Annuitant

Employer

**As an agent multiple employer plan,
each employer has a separate reserve account.**

**EACH EMPLOYER
HAS ITS OWN
RESERVE ACCOUNT**

**Your employer pays for the retirement benefits of
only its employees.**

How your employer reserve account works.

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

**Your employer's finances have no relationship
to the pension assets and liabilities of IMRF's
other 3,045 employers.**

If an employer is less than 100% funded on an actuarial basis as of 12/31/2023...



Taxing Bodies

- 18-year closed amortization period to pay off any unfunded liability



Instrumentalities

- 10-year reopening period to pay off any unfunded liability
 - Recalculated every year (unlimited time to achieve 100% funded status)

5 Parts of the Employer Rate

Each part is calculated separately and used for specific purposes designated by state law.

- Normal Retirement Contributions
- Disability Benefit Contributions
- Death Benefit Contributions
- Supplemental Retirement Contributions (“13th Payment”)
- Unfunded Liability Contributions



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.

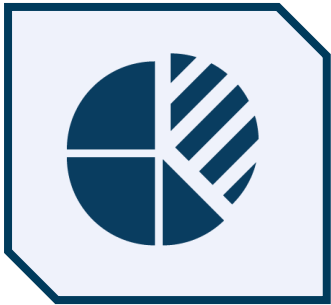


Your specific employer's rate is designed to achieve a 100% funding level.

- **100% funding means your employer will have all the funds needed to pay its pension obligations when its employees retire.**



Actuarial Assumptions



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 Defined

- 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 Defined

- Price inflation = 2.25%
- Wage inflation = 2.75%
- Payroll growth = 2.50%
- Investment return assumption = 7.25%





Non-economic Assumptions Defined

- Mortality rates
 - Before retirement
 - After retirement
- Disability rates
- Rates of retirement
- Rates of separation from employment (Refunds)
- Marriage probabilities of active members



Actual Experience Compared to Actuarial Assumptions

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.



Annual Documentation

There are two main purposes for our documentation

- Projects your future costs
- Financial reporting

View your Employer Reserve Statement in Employer Access



Your employer's 2023 Employer Retirement Reserve Statements are now available in [Employer Access](#) in the "Display Annual Documents" section.

These statements may include:

- Employer Retirement Reserve Statement for 2023 for your employer's regular reserve account
- ECO Retirement Reserve Statement if your employer participates in the Elected County Official (ECO) plan
- SLEP Retirement Reserve Statement and/or SLEP Enhancement Reserve Statement if your employer participates in the Sheriff's Law Enforcement Personnel (SLEP) plan
- ERI Retirement Reserve Statement if your employer offered the IMRF Early Retirement Incentive (ERI)



Projects your future costs

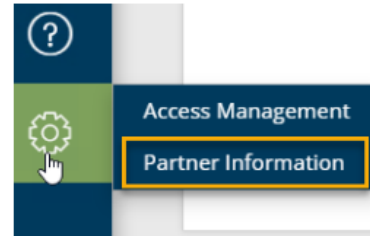
This statement shows your employer's funds on deposit as of January 1

- Credits
- Debits
- Adjustments

View Your Employer Rate Information in Employer Access



To view this information in new Employer Access, click on the gear icon in the toolbar on the left side of the Employer Access homepage, and then click Partner Information.



On the Partner Information page, shown below, enter your employer number where it says Partner Code. Click on the Contributions tab. To filter by year, enter the appropriate effective date. Add the components shown in the right column under Contribution Rate to determine your preliminary rate.

Administration / Partner Information

Partner Information

Partner Code:

CONTACT METHODS INDICATORS RESERVES **CONTRIBUTIONS**

Contribution Rates

All selected **Filter by year**

From: 01-01-2024 To:

Year	Effective Date	Rate Type	Contribution Rate
2024	01-01-2024	Employer supplemental benefit payment contribution	0.62%
2024	01-01-2024	REG Employer retirement funding adjustment contribution	0.34%
2024	01-01-2024	REG Employer death contribution	0.16%
2024	01-01-2024	REG Employer retirement normal contribution	4.73%
2024	01-01-2024	REG Employer disability contribution	0.08%
Add your components			5.93%
			Total



Projects your future costs

Log onto Employer Access to see your employer's rate for the year

- Preliminary Rates were posted in April
- Final Rates will be posted in November



Locally funded, financially sound.

GASB 50 Disclosure Statement

GASB 50 RSI Information for Employers

EMPLOYER NUMBER: 000000
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)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/23	\$5,661,533	\$7,818,256	\$2,156,723	72.41	\$2,735,596	78.84
12/31/22	\$5,494,133	\$7,640,717	\$2,146,584	71.91	\$2,440,390	87.96
12/31/21	\$4,864,464	\$6,525,565	\$1,661,101	74.54	\$2,313,911	71.79

On a market value basis, the actuarial value of assets as of December 31, 2023 is \$6,181,885. On a market basis, the funded ratio would be 79.07%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with this sample employer. 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
- Separate report for each plan

GASB 68 Disclosure Statement



Financial reporting

This statement also shows market funded status.

- Used by employers who do GAAP reporting
- This funded status includes retirees
- Will be HIGHER for more employers

Schedule of Changes in Fiduciary Net Position

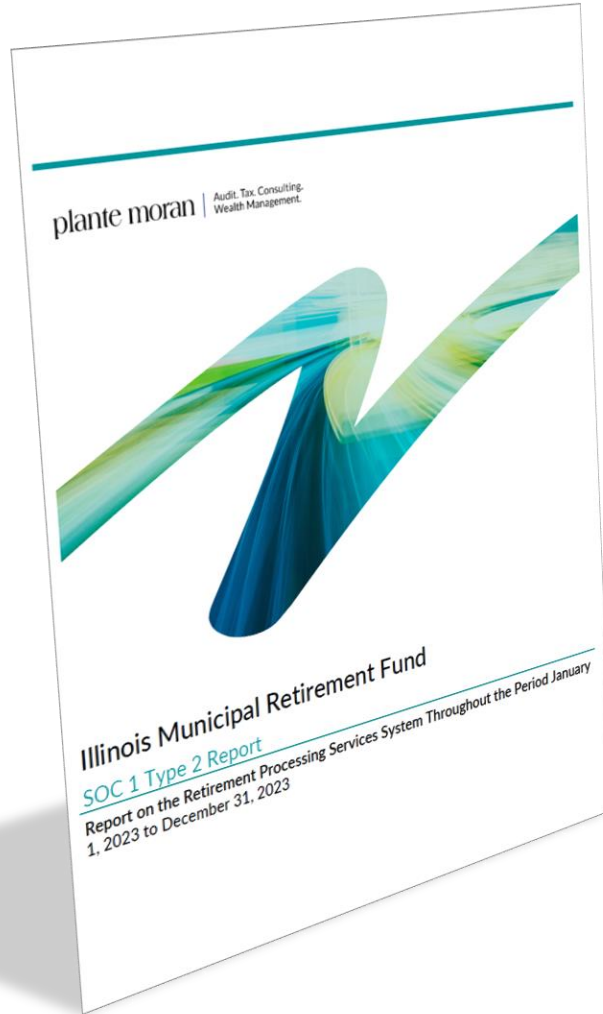


Financial reporting

**This statement shows
Fiduciary Net Position by
employer**

- Available in June
- Needed by employers who GAAP report
- Supplements the IMRF ACFR

SOC-1 Type 2 Report



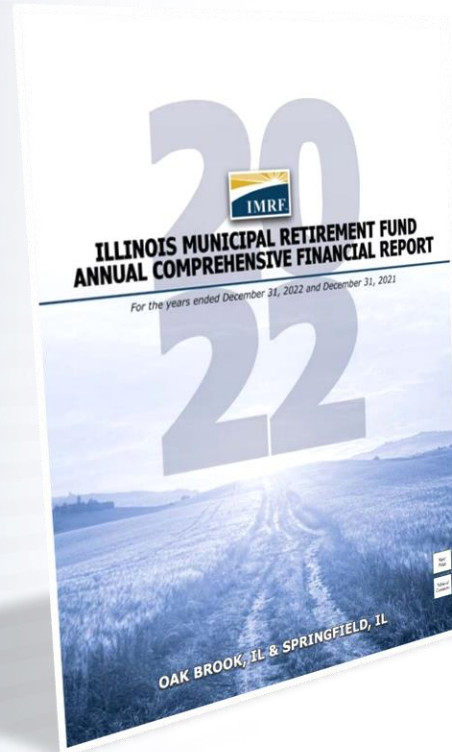
Financial reporting

This statement verifies IMRF's strict internal controls

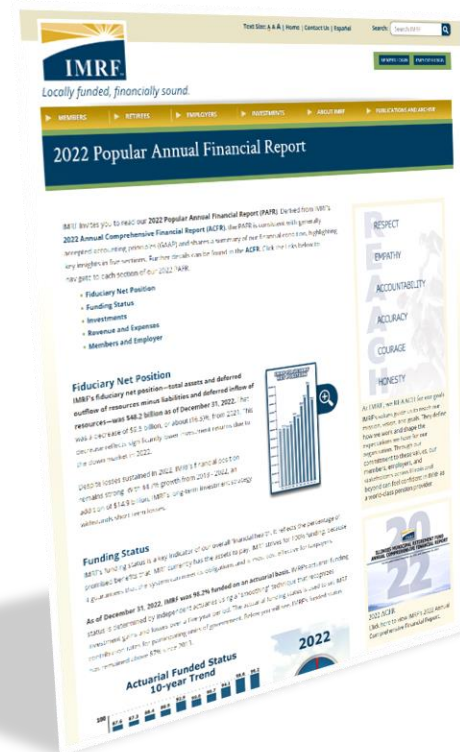
- Available in March
- Relieves your auditors from having to test IMRF data

GFOA "Triple Crown" Award Winner

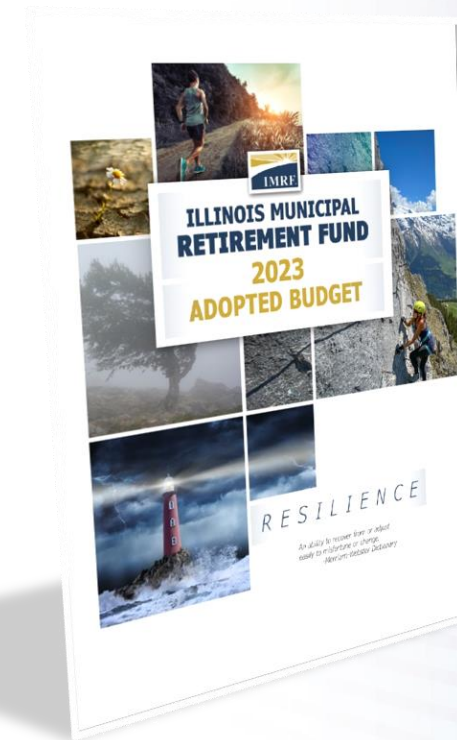
*Annual Comprehensive
Financial Report (ACFR)*



*Popular Annual
Financial Report (PAFR)*



*Budget
Document*



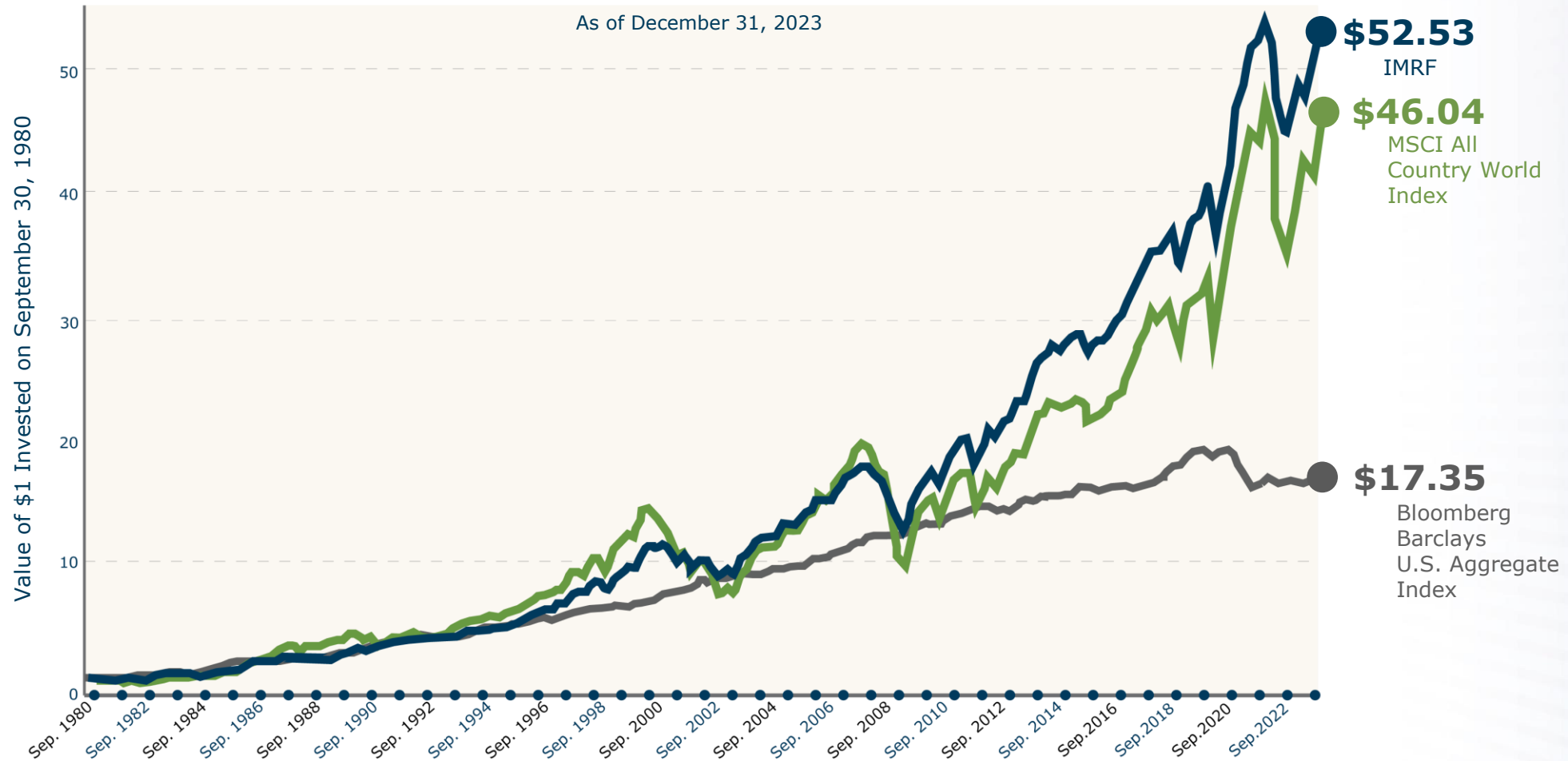
IMRF is one of just four public pensions in North America to receive the "Triple Crown" honor.



Locally funded, financially sound.

Closing Remarks

Growth of \$1 Since 1980



Locally funded, financially sound.



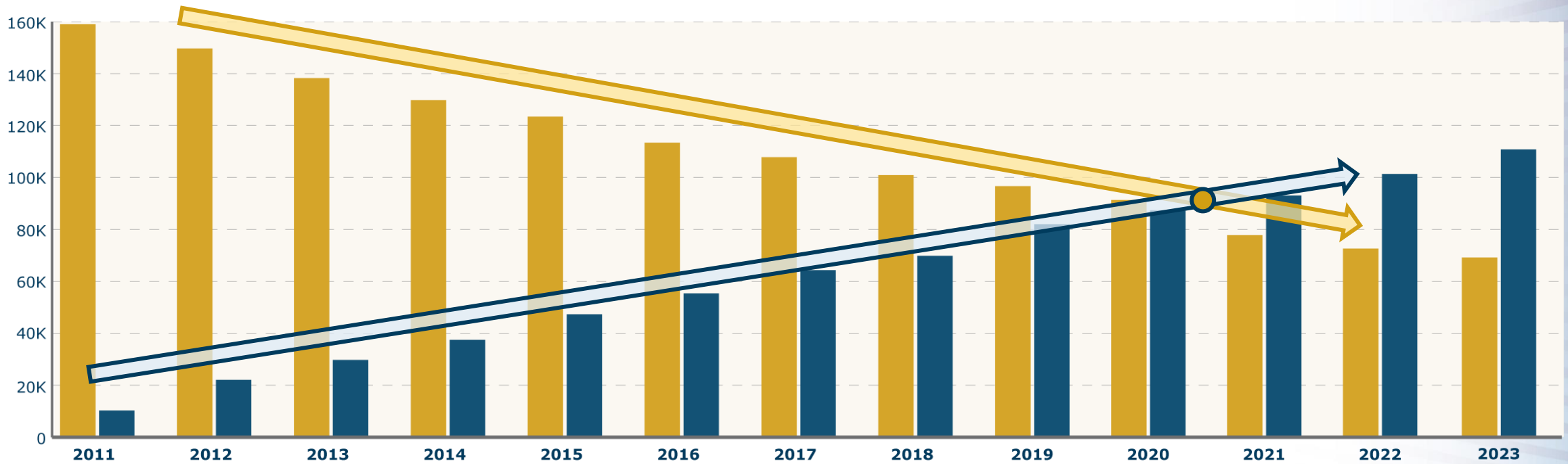
OR



***Member participation began
prior to January 1, 2011***

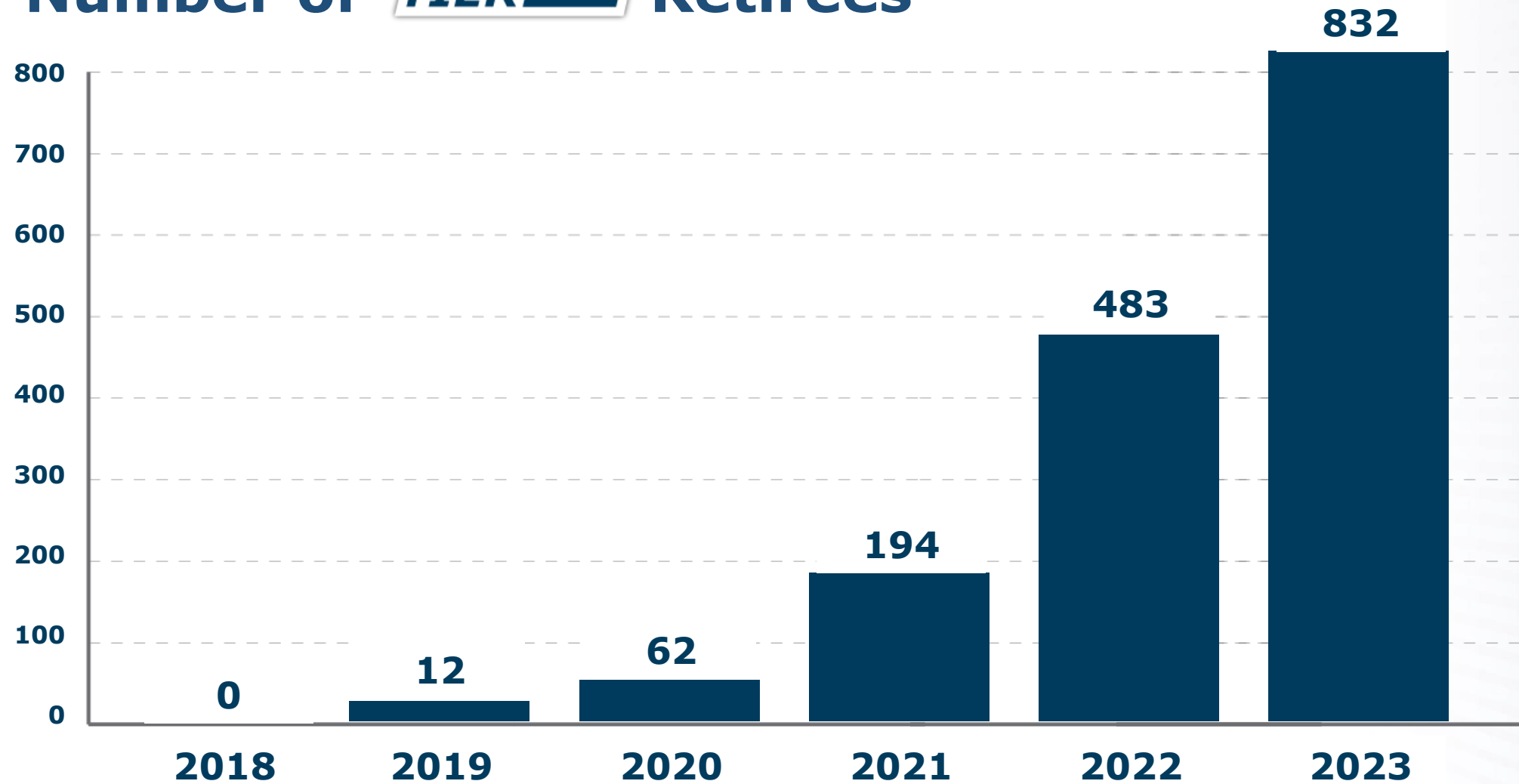
***Member participation began
on or after January 1, 2011***

Number of Active Regular Plan Members

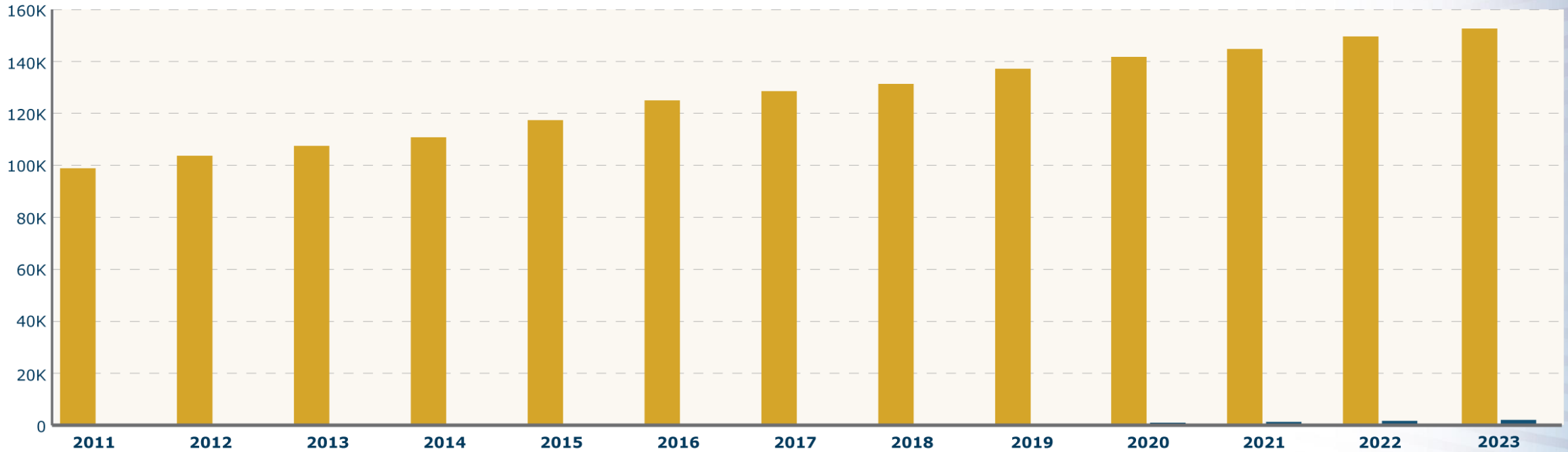
**TIER 1****TIER 2**

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Number of **TIER²** Retirees



Number of Active Regular Plan Retirees



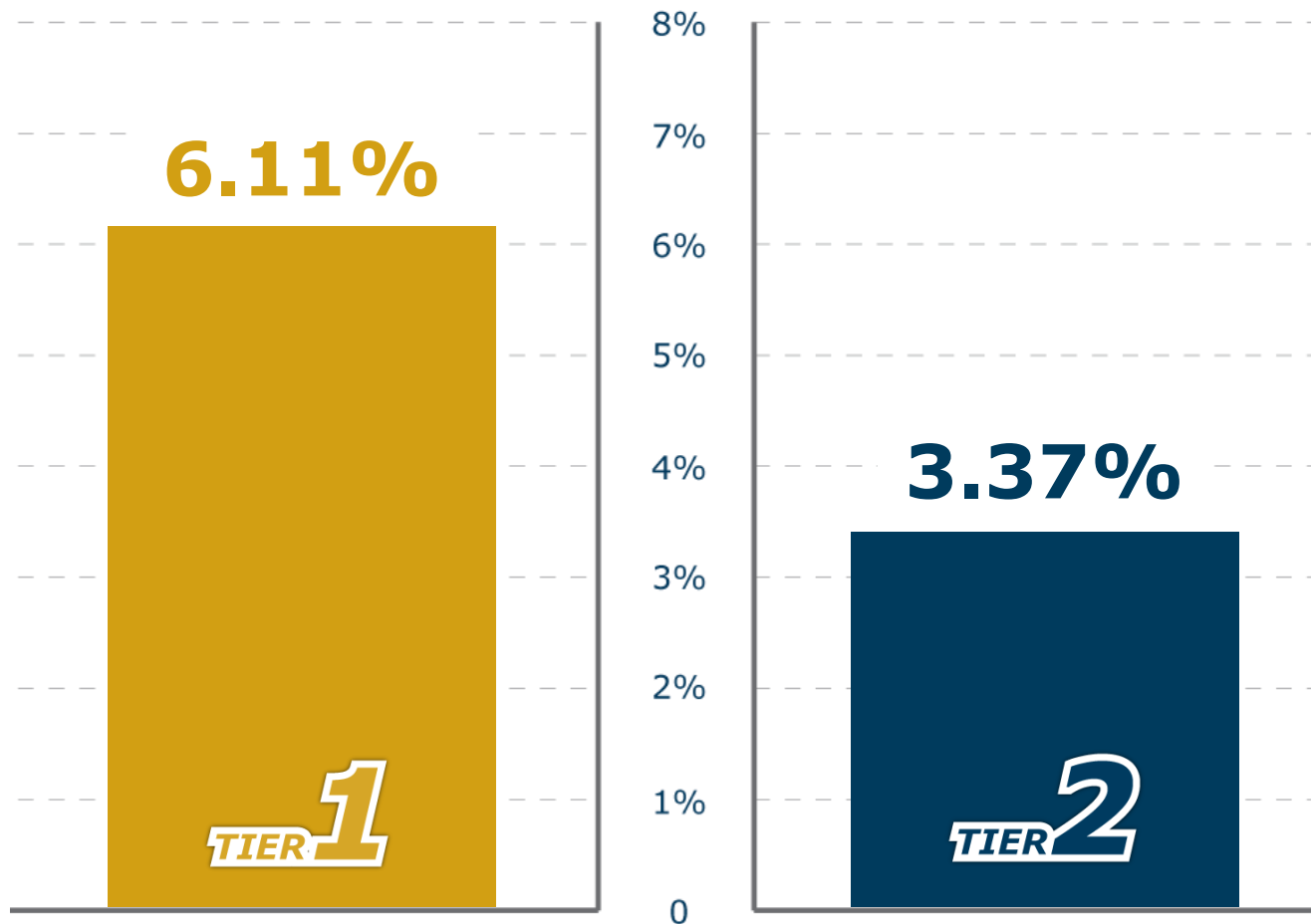
TIER 1

TIER 2



Locally funded, financially sound.

2024 Regular Plan Average Normal Cost

**TIER 2**

*Tier 2 went into effect
in 2011 to reduce
retirement costs for
Illinois*

*All new members
start in Tier 2*

*Tier 2 costs 45%
less than Tier 1*

Questions?

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