



IMRF Update

2026 Employer Rate Meeting

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*Interim Executive Director
& General Counsel*

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*Chief Financial
Officer*

June 25, 2026

Agenda

- **IMRF 101**
- **Financial Update**
- **2026 Strategic Focus**
- **Rate-making Principles**
- **Annual Documentation**
- **Closing Remarks**



IMRF 101



Illinois **M**unicipal **R**etirement **F**und

A defined benefit pension fund for employees of local government:

- Pension benefits
- Disability benefits
- Death benefits

An agent multiple employer plan:

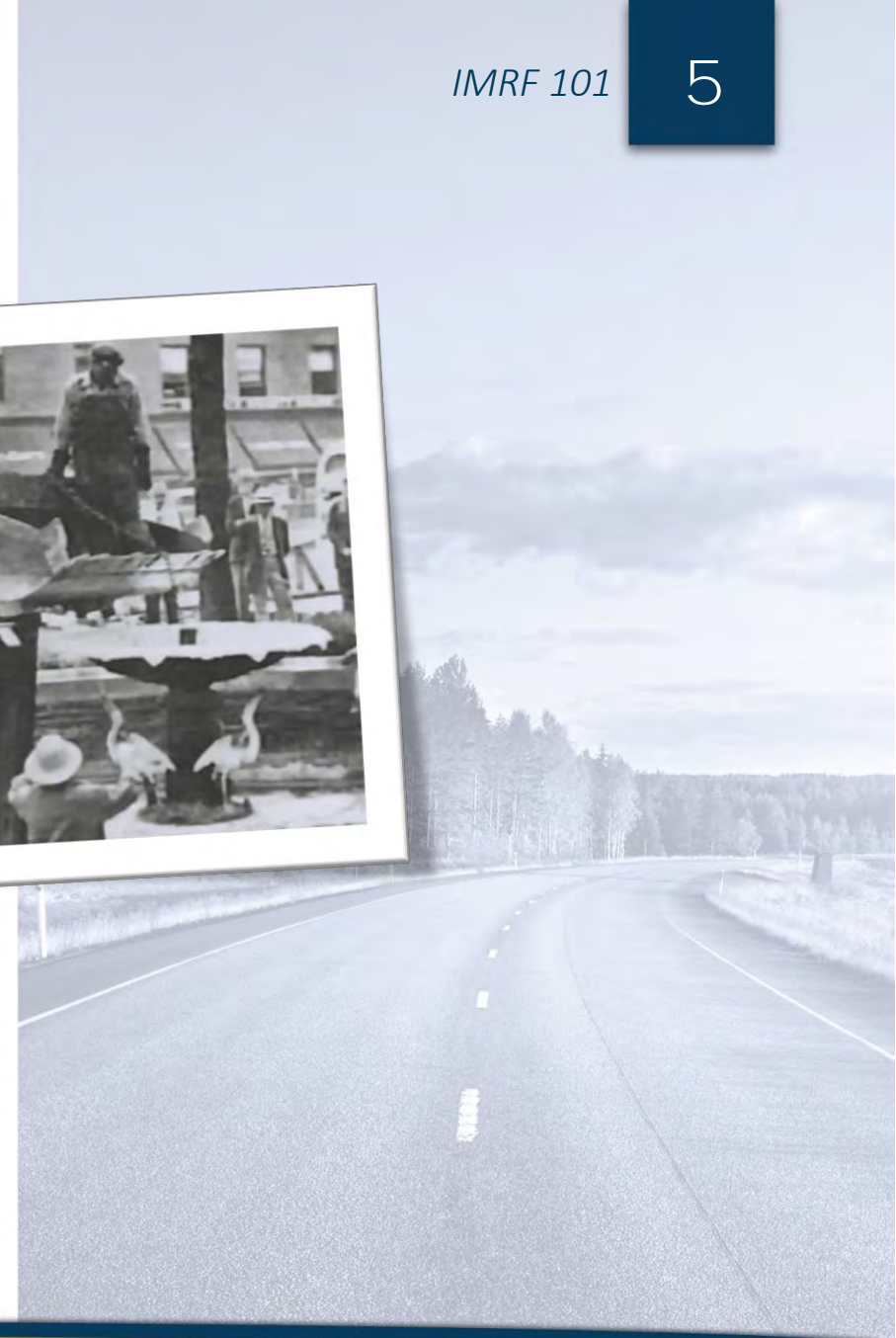
- Each employer funds its own employee benefits.



Created by the
Illinois General Assembly

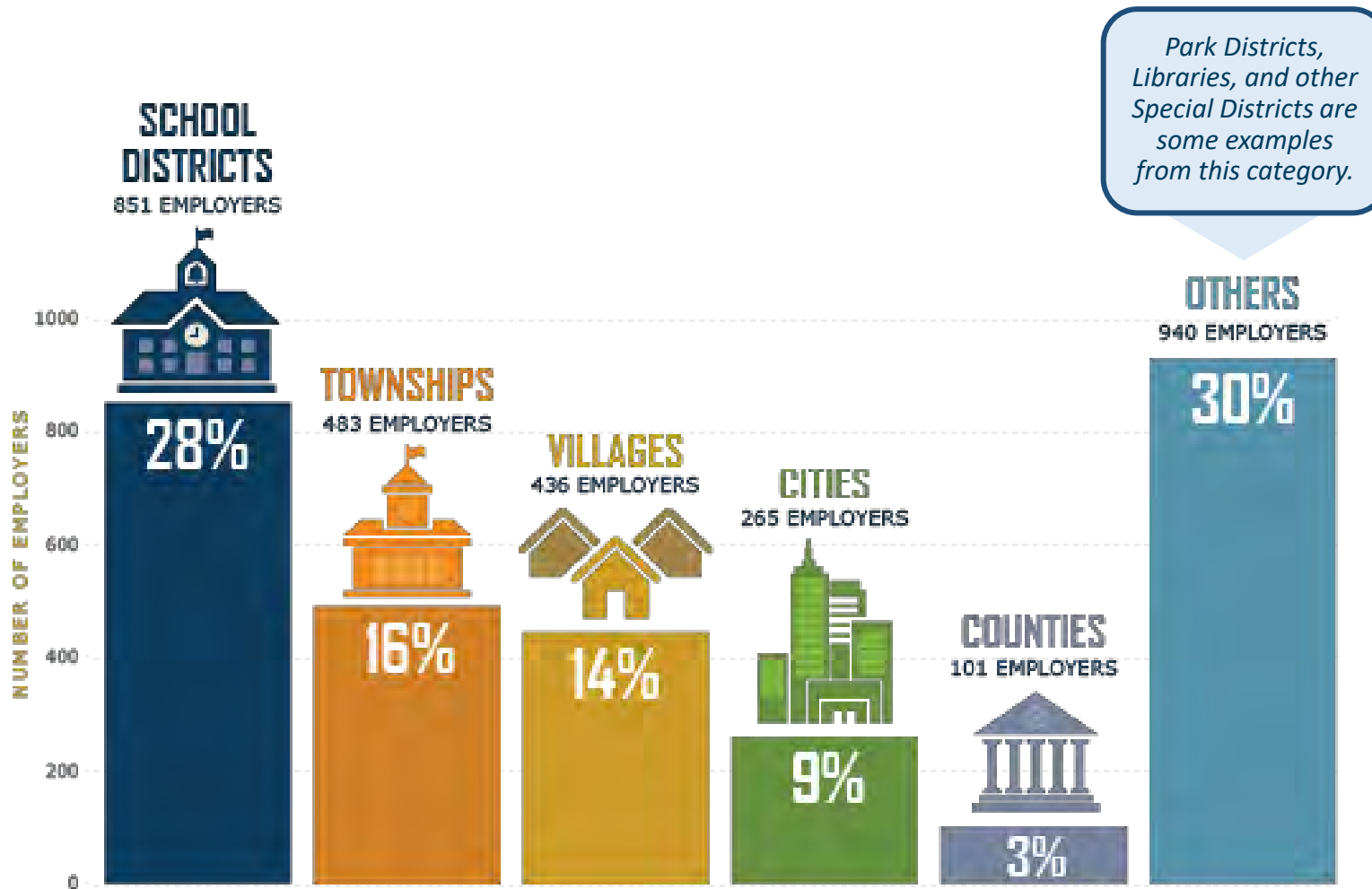
Governed by the Illinois Pension Code

- Began operating in 1941.
- Created in response to economic conditions (Great Depression).
- Social Security was not available to public employees.
- Started with 5 employers and \$5,000 in assets.



Locally funded, financially sound.

3,076 Total Employers



Park Districts, Libraries, and other Special Districts are some examples from this category.

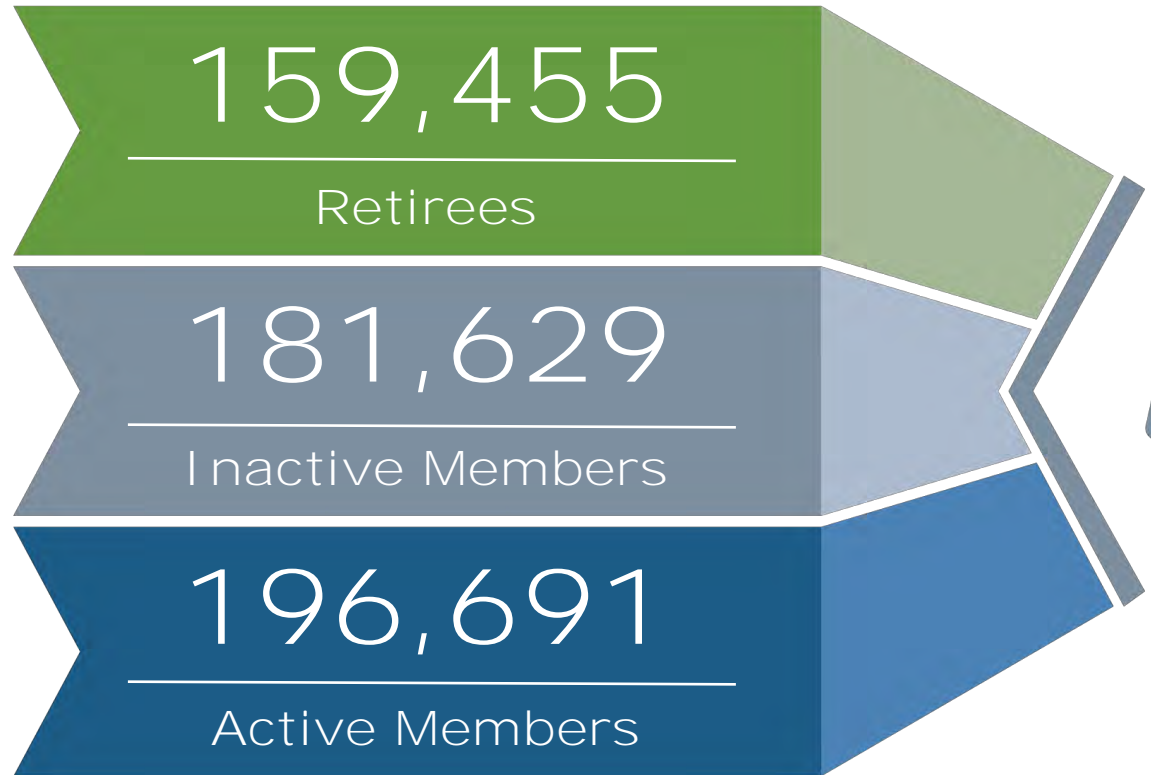
Participation is dictated by the Illinois Pension Code.

Members and Employers cannot opt out of IMRF.



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IMRF's Membership



537,775

TOTAL IMRF CUSTOMERS



Almost 10% of Illinois households



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IMRF is Neither Funded nor Managed by the State of Illinois



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Our Board of Trustees

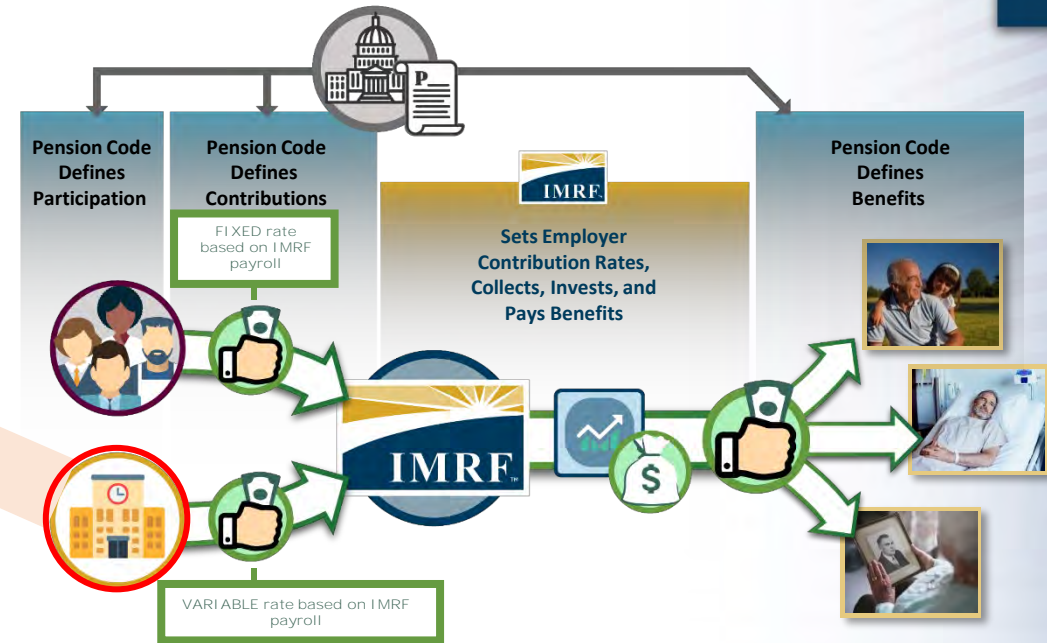
- **Four Elected by IMRF Employers**
- **One Elected by IMRF Retirees**
- **Three Elected by IMRF Active Members**



Why is IMRF different?

IMRF enforcement authority

- **Employers pay required contributions monthly:**
 - Long history of commitment.
- **IMRF Board has authority to enforce payment by:**
 - Intercepting funds due to employers from State Comptroller.
 - Intercepting real estate taxes due to employers from their County Treasurer.
 - Suing in Circuit Court.



Our Journey of Excellence



Why the Baldrige Criteria?

- Provides a structured approach to ensure we achieve our Mission and Vision.
- Offers a framework for consistent process improvement.
- Introduces best practices and global trends in an evolving environment.

800
COMMERCE



NEW LOCATION

800 COMMERCE DR ■ OAK BROOK IL 60523

Conveniently located next to I-88 and the Oak Brook Mall



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Financial Update

2025 Financial Results

**\$6.4
BILLION**

2025 Portfolio Increase

**14.7%
RETURN**

2025 Net Investment Return

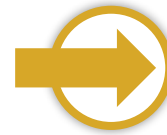
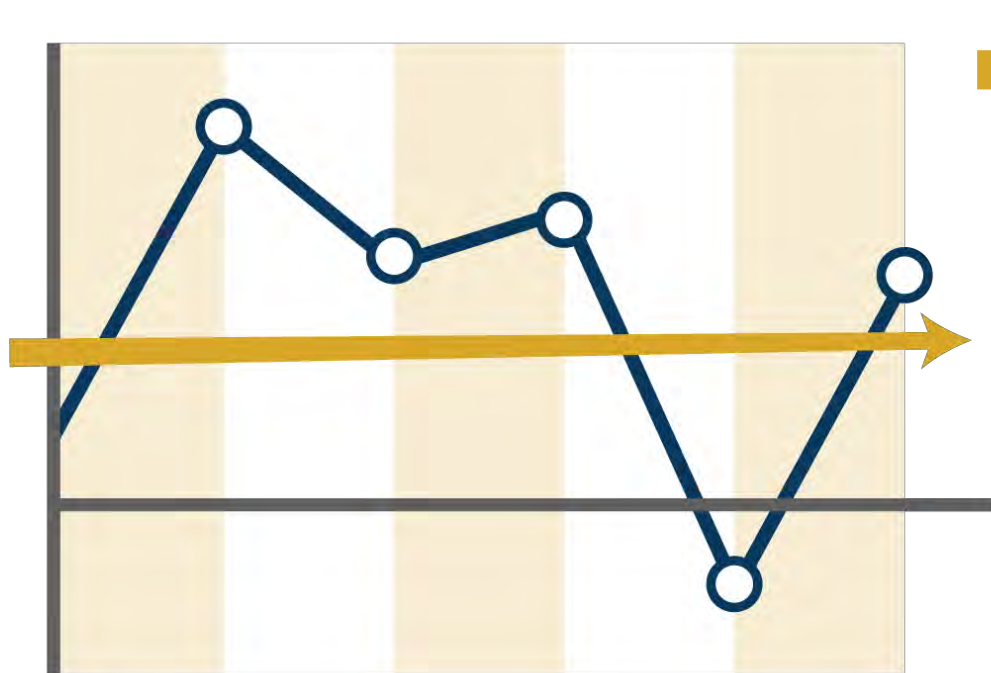
**\$61.7
BILLION**

Investments as of 12/31/2025



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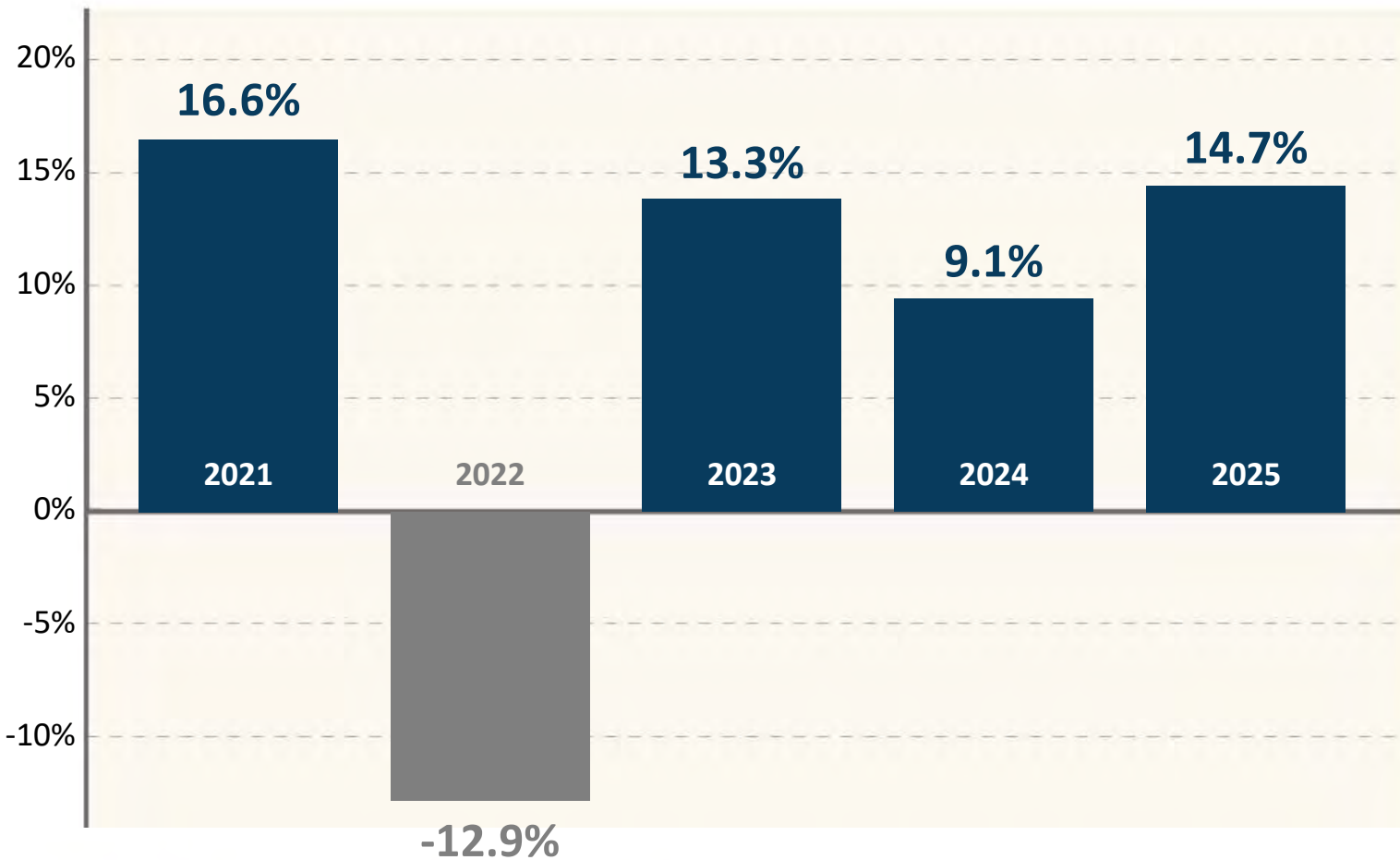
Rate Impact From Investment Results are Smoothed Over a 5-year Period



This arrow represents the smoothing of 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.

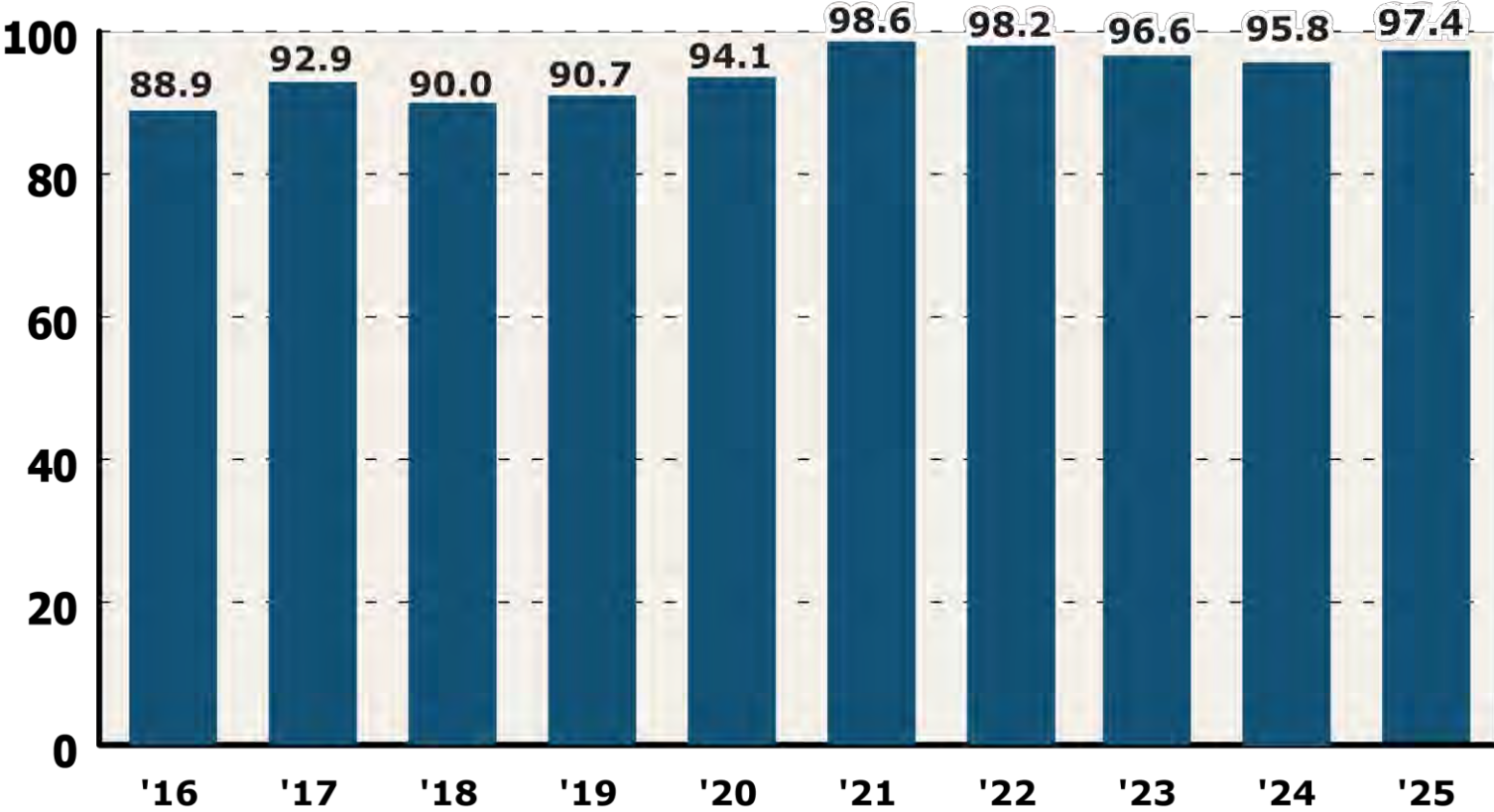
Net Investment Return Over The Last 5 Years



Is your Employer over 100% Funded?

- 4 of the last 5 years have exceeded the 7.25% assumed rate of return.
- As a result, some Employers are more than 100% funded.
- Funds are held in reserve to pay future benefits.

Actuarial Funding Level 10-year Trend



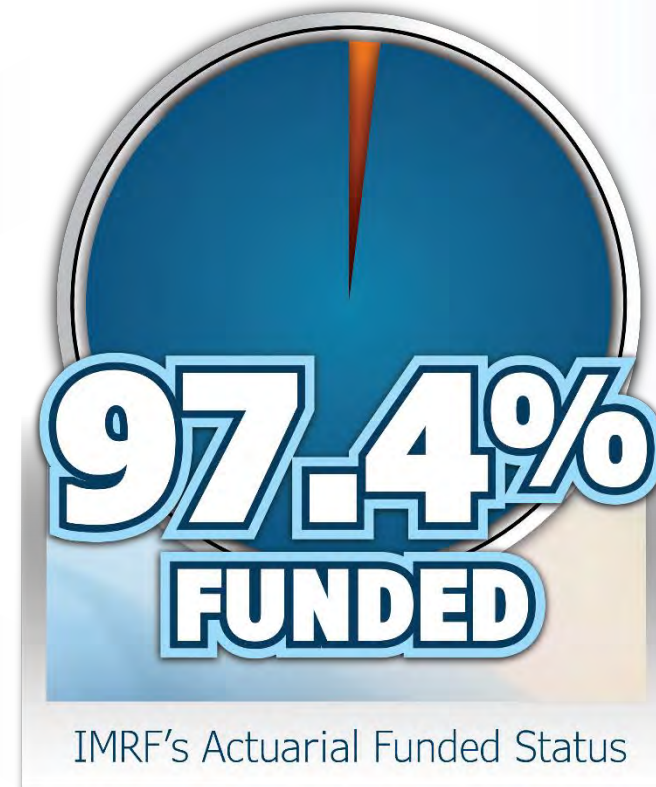
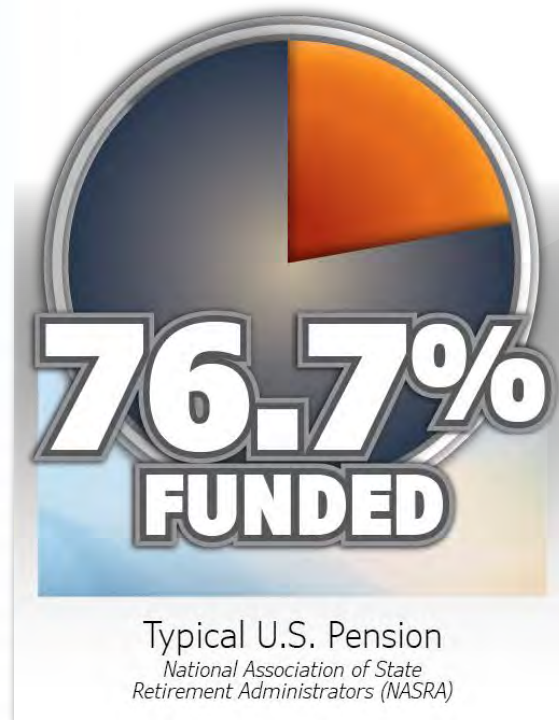
97.4%
FUNDED

IMRF's Actuarial Funded Status



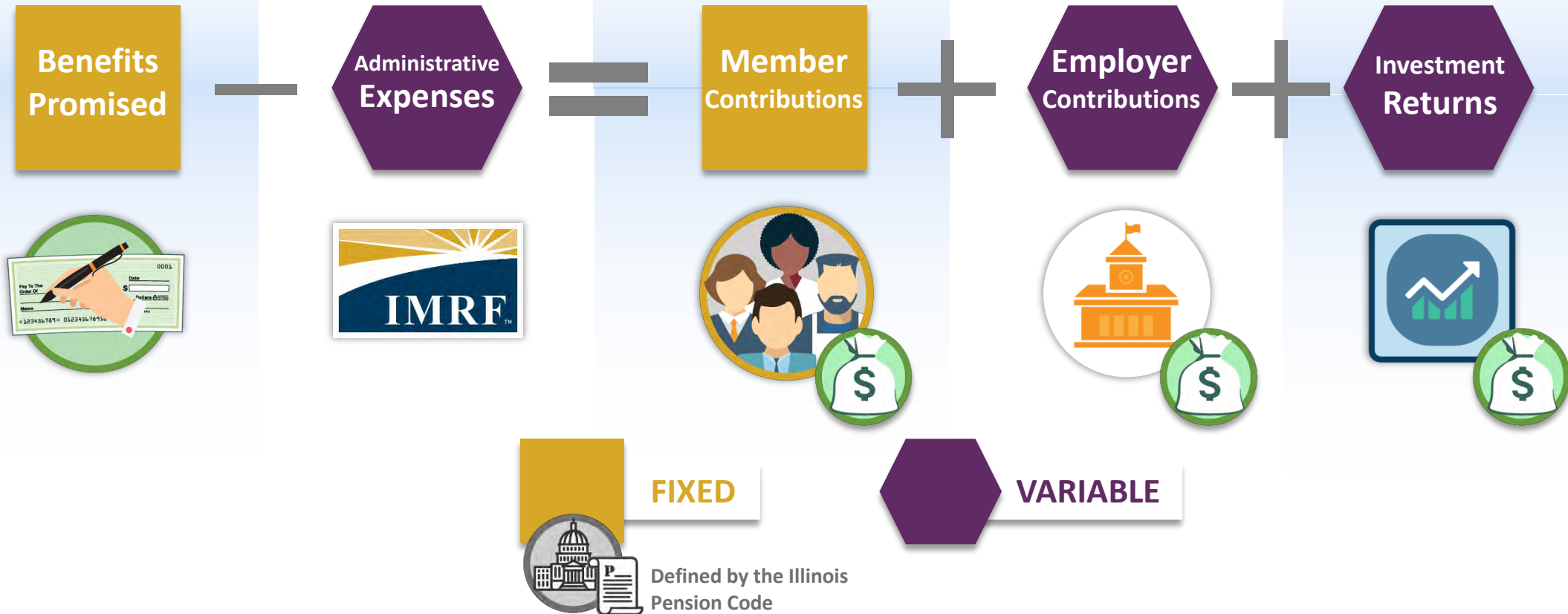
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Actuarial Funding Level Compared to the National Average



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The Defined Benefit Cost Equation

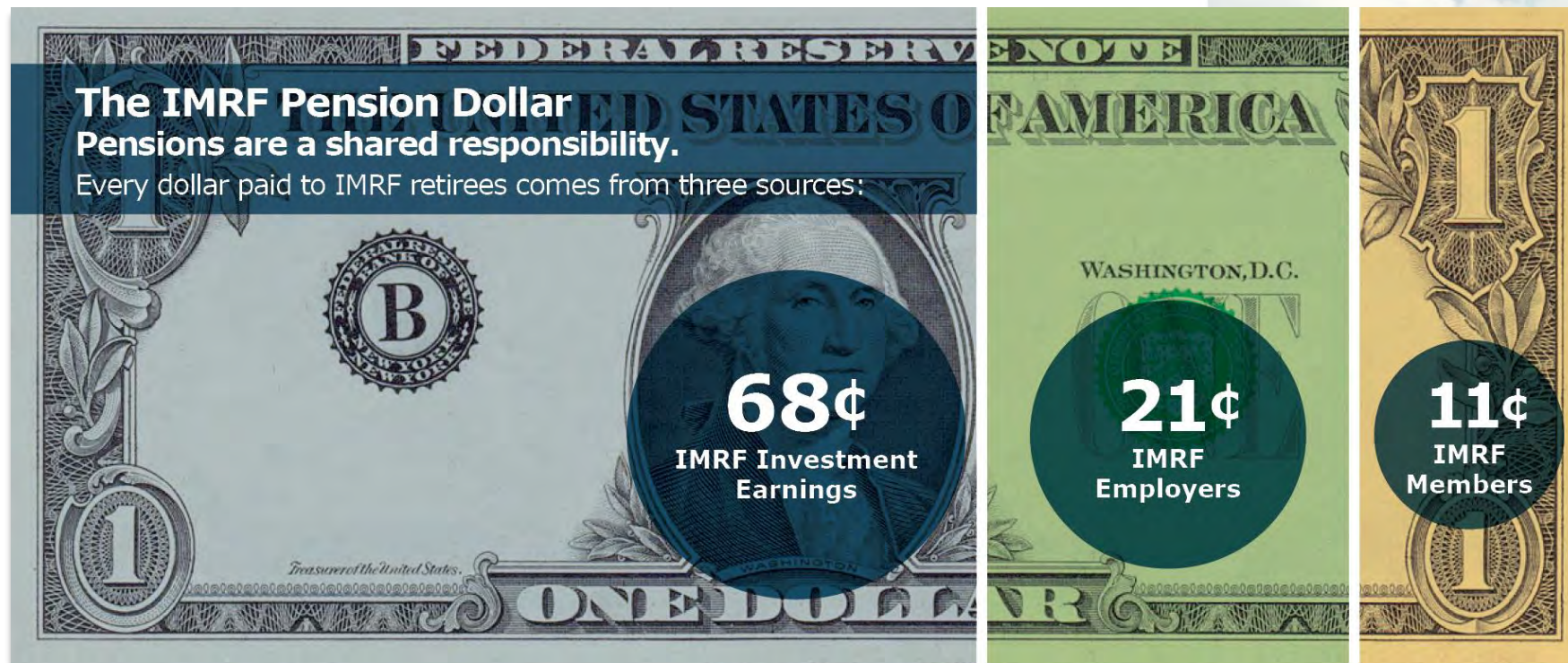


Actuaries Use Assumptions to Determine Rates



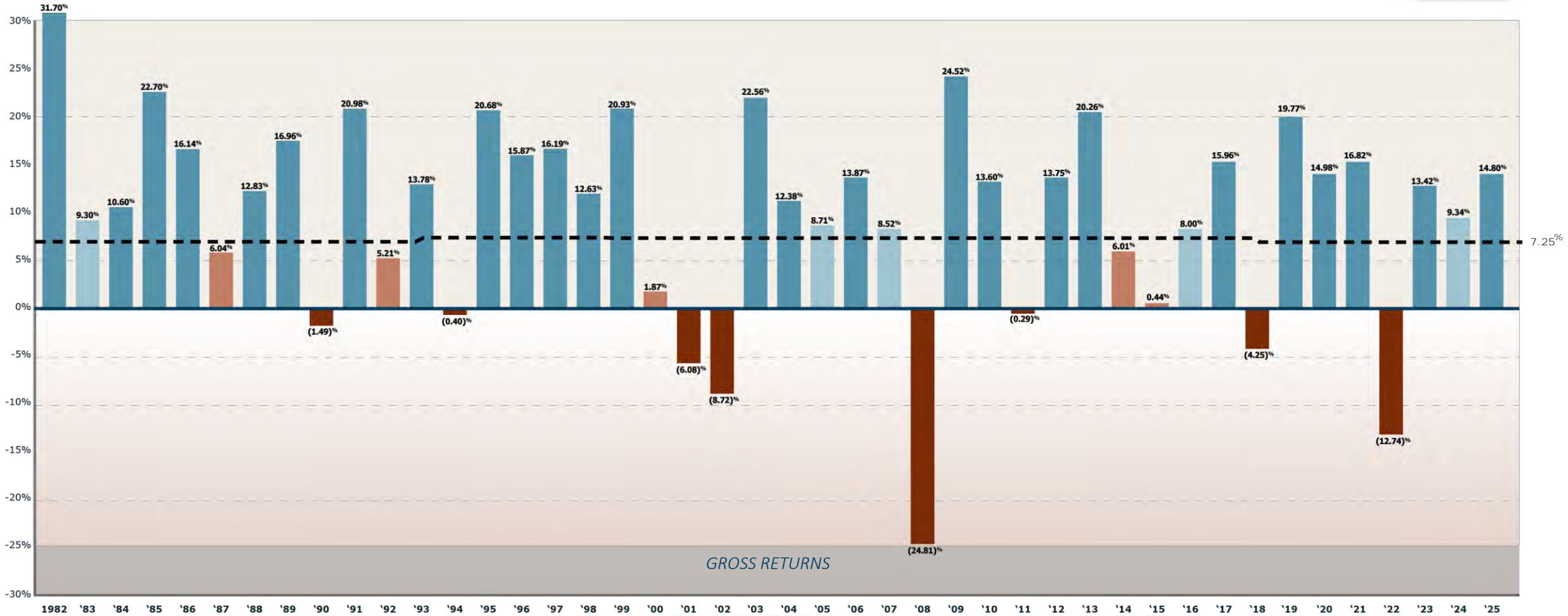
- Investment Return
- Retirement Age
- Marital Status
- Mortality of Active Members
- Mortality of Retired Members
- Disability
- Separations/Refunds
- Payroll Increases

Pension Dollar



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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

5

Positive returns that met goal but did not exceed 10%

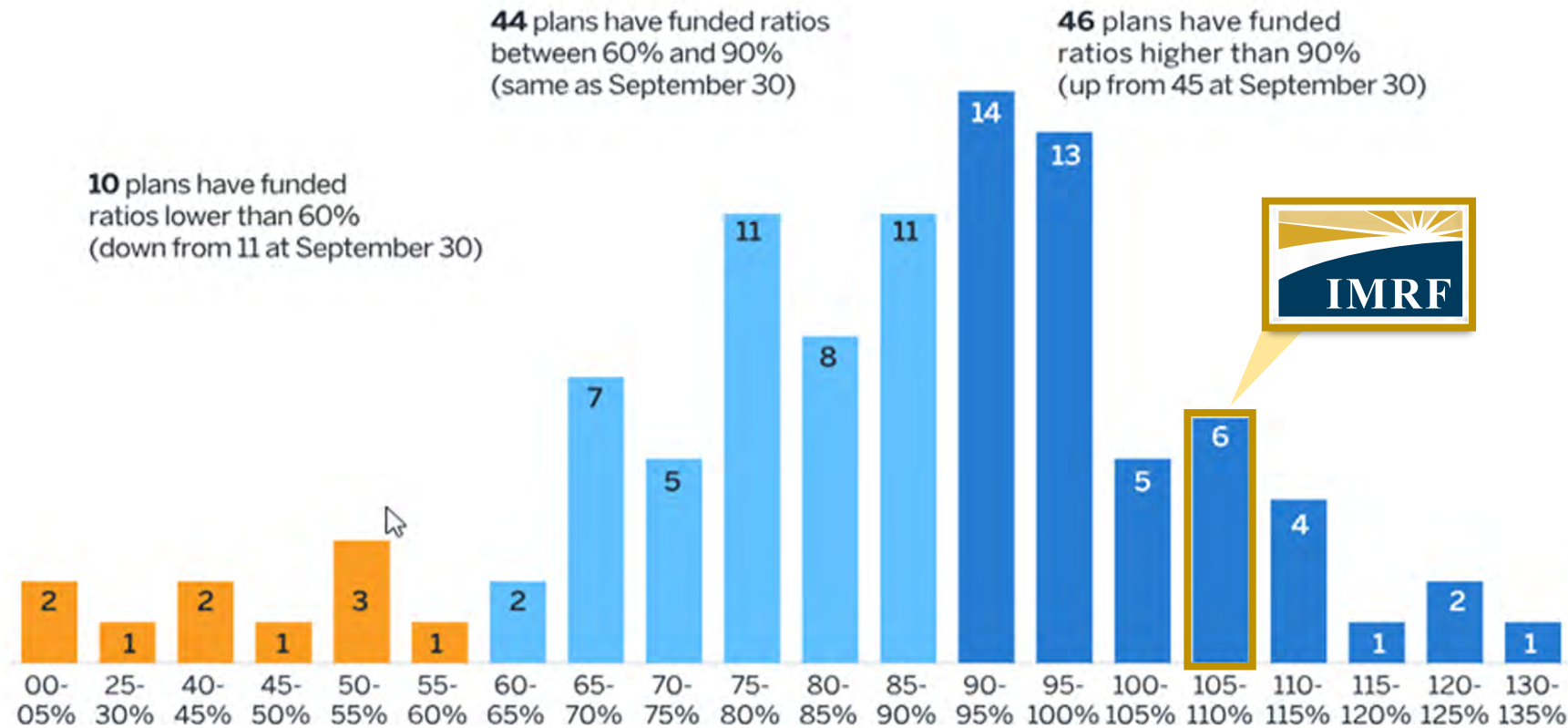
26

Positive returns that met goal and exceeded 10%



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Comparing 101 Public Pension Funds Based on Market Funding Ratio



IMRF is one of the top 14 funds in this group.

Market Funding Ratios – As of October 31, 2025. Based on Milliman’s 2024 Public Pension Funding Study



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2026 Strategic Focus

2026 Strategic Focus

■ We hear you:

- Customer service has not met member or employer expectations since our system conversion.

■ Our 2026-2028 Strategic Plan is centered on customer service improvement.

●●● **BETTER** ●●●
EVERY DAY

**SUSTAINABLE
MOMENTUM** *not
immediate perfection.*



2026 Strategic Focus

Priorities for 2026

● Integrating New Staff

● Improving Technology Systems

● Optimizing Business Processes



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2026 Strategic Focus



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Rate-making Principles

Reserve Accounts and Funded Status

Employer Reserve serves as a “Balancing Account.”

100%
FUNDED STATUS
MEMBER RESERVE

Variable
FUNDED STATUS
EMPLOYER RESERVE

100%
FUNDED STATUS
ANNUITANT RESERVE

7.25%

7.25%

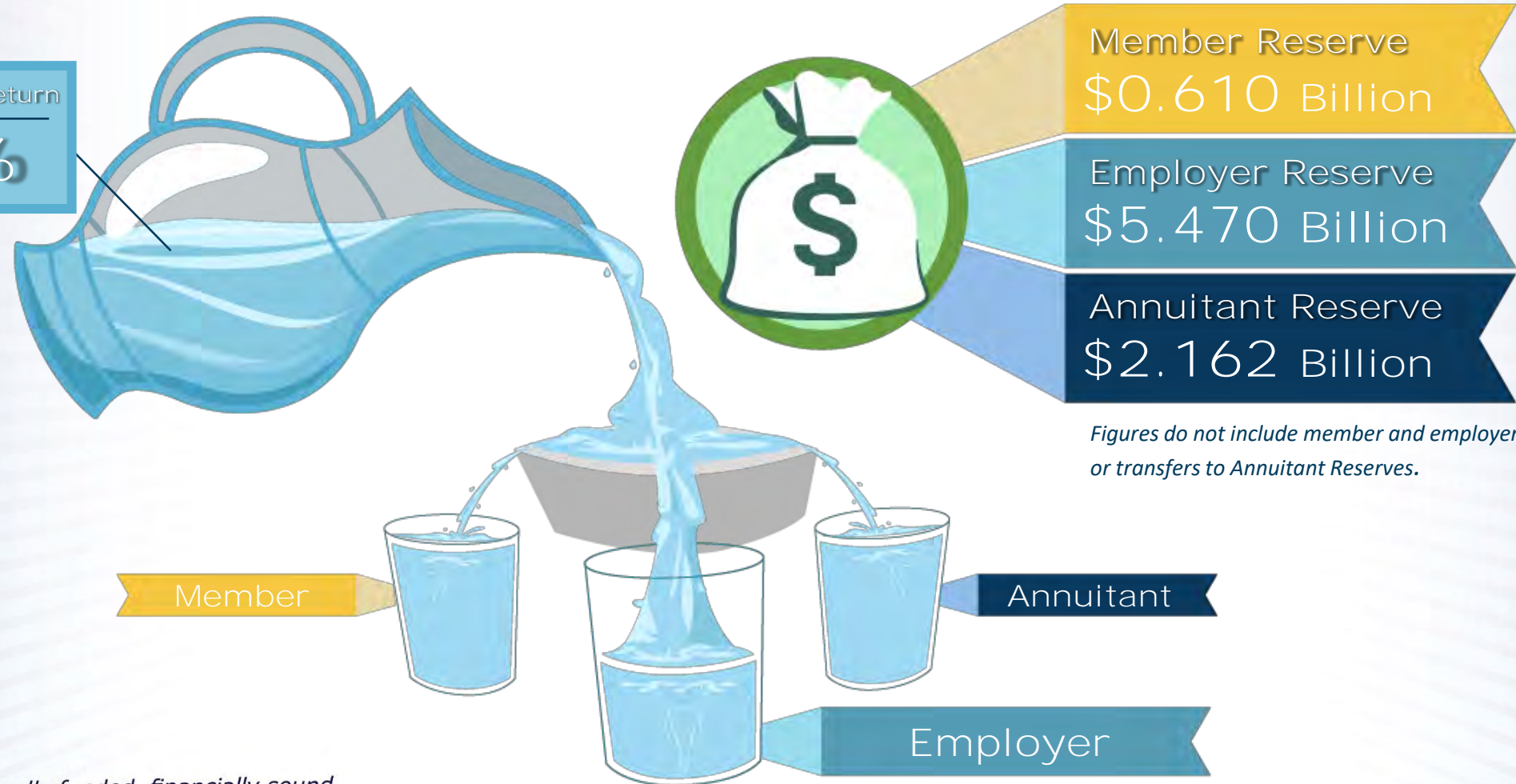
Member Reserve and Annuitant Reserve accounts must be kept at 100% funded status. IMRF credits these accounts 7.25% yearly.



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Investment GAIN Distribution in 2025

Net Investment Return
14.7%



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

Member

Annuitant

Employer



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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 3,076 employers.



If an employer is less than 100% funded on an actuarial basis **as of 12/31/2025...**



Taxing Bodies

- 16-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

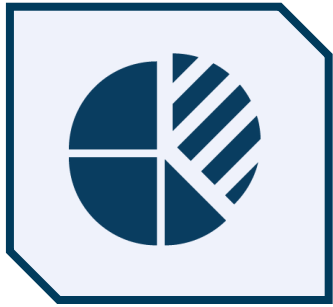
The actuaries then produce an actuarial valuation for IMRF.

4

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



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 3 years



Demographic Assumptions Defined

- Investment risk
- Asset/Liability mismatch
- Contribution risk
- Salary and payroll risk
- Longevity risk
- Members terminate, retire, or become disabled at rates that vary from the assumptions





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
- Rates of disability
- 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.



Actual Experience Compared to Actuarial Assumptions

- The Board of Trustees adopted a new layered amortization beginning December 31, 2026.
- Initial rate impact will be for the 2027 valuation that will impact 2029 rates.
- Rate impact expected to be minimal.
- Helps as we strive for 100% funding.
- Layered amortization is an actuarial best practice.



Annual Documentation

*There are two main purposes
for our documentation:*

- **Projections of your future costs**
- **Financial reporting**

Employer Reserve Information Now Available

**You can access your updated
information in Employer Access.**

**You are encouraged to review your
Employer Reserve Account information:**

- REG
- SLEP
- ECO
- ERI



Projects your
future costs

**Employer Access shows your
employer's funds on deposit
as of January 1:**

- Credits
- Debits
- Adjustments

See Page 45
**How to get your
reserve information**



Preliminary Employer Rate Information Now Available

IMRF no longer produces Preliminary or Final Rate Notice Letters:

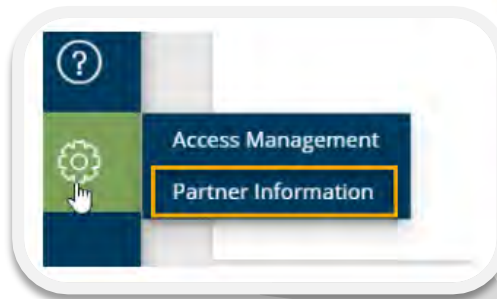
- You can access your specific employer's rate information on Employer Access.



Projects your future costs

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

- Preliminary Rates are already posted.
- Final Rates will be posted in November.



Administration / Partner Information

Partner Information

Partner Code: 00000

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%
			5.93%
			Total

Add your components

See Page 45
How to get your
Employer rate info



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IMRF Documentation Employers Need for Financial Reporting

GASB 50 Disclosure Statement

- Shows your funded status broken out by plan.
- Each plan has its own report.

GASB 68 Disclosure Statement

- Needed by employers who GAAP report.
- This funded status includes retirees.
- Funding level will be HIGHER for more employers.

Schedule of Changes in Fiduciary Net Position

- Needed by employers who GAAP report.
- Supplements the IMRF ACFR.
- Finalized following Board approval in May.

SOC-1 Type 2 Report

- Verifies IMRF's strict internal controls.
- Relieves your auditors from having to test IMRF data.

See Page 45
How to get
your annual
documentation



How to Find Your Employer's Specific Information

- Employer Reserve Information
- Employer Rate Information
- How to use the Document Generator



Text Size: A A A | Home | Contact Us Search:

MEMBER LOGIN EMPLOYER LOGIN

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MEMBERS RETIREES EMPLOYERS INVESTMENTS ABOUT IMRF PUBLICATIONS AND ARCHIVE

Find Important Information

for IMRF Employers

Your new Employer Access account contains important information. View the video tutorial below to learn how to find your employer rate.

Training Topic	Format	
Locate your Employer Rate in Employer Access	VIDEO	PPT
View Annual Documentation (GASB 50, GASB 68, SOC-1 Type 2 Report)	VIDEO	
Locate Employer Reserve Statement	VIDEO	

Employer Resources

- [EALC Home](#)
- [Employer Access Management](#)
- [Wage Report Procedures](#)
- [Wage Adjustment Procedures](#)
- [Manage Member Events](#)
- [Documents and Reports](#)
- [Pay Online Procedure](#)
- [Find Important Information](#)
- [Secure Messages](#)
- [Employer Access FAQs](#)
- [Employer Checklists](#)
- [2025 Final Rate Notice Generator](#)

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The IMRF website provides a brief summary of IMRF benefits and the administration of those benefits. IMRF members' and employers' rights and obligations are governed by Article 7 of the Illinois Pension Code. Statements on the IMRF website are general, and the Illinois state law governing IMRF is complex and specific. If a conflict arises between information in the IMRF website and the law, all decisions are based on the law.

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GFOA “Triple Crown” Award Winner

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



- ***Annual Comprehensive Financial Report (ACFR)***
- ***Popular Annual Financial Report (PAFR)***
- ***Budget Document***

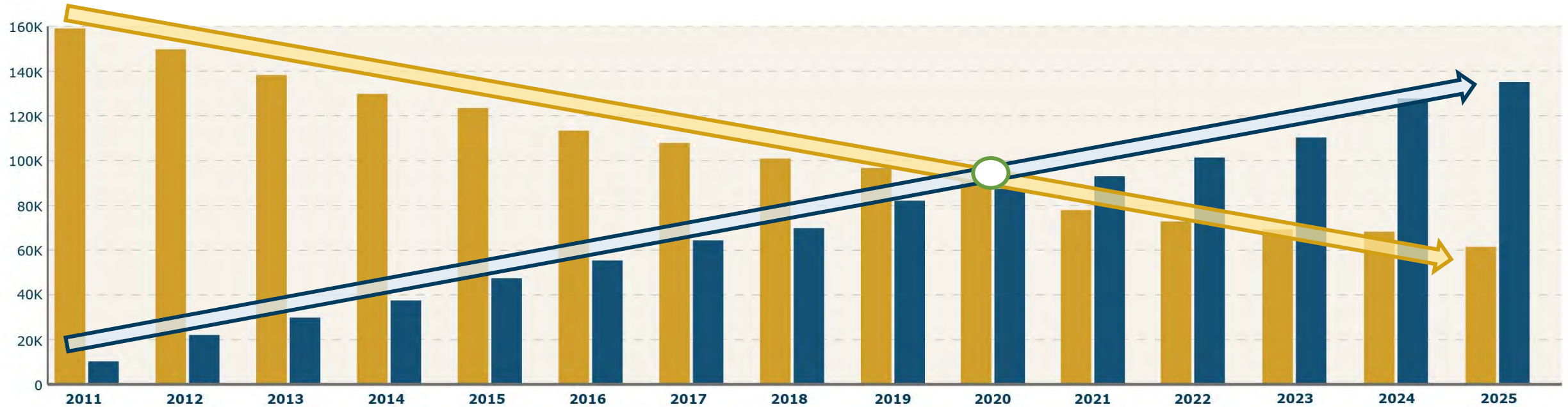
Closing Remarks

Growth of a Dollar Invested in IMRF through 2025



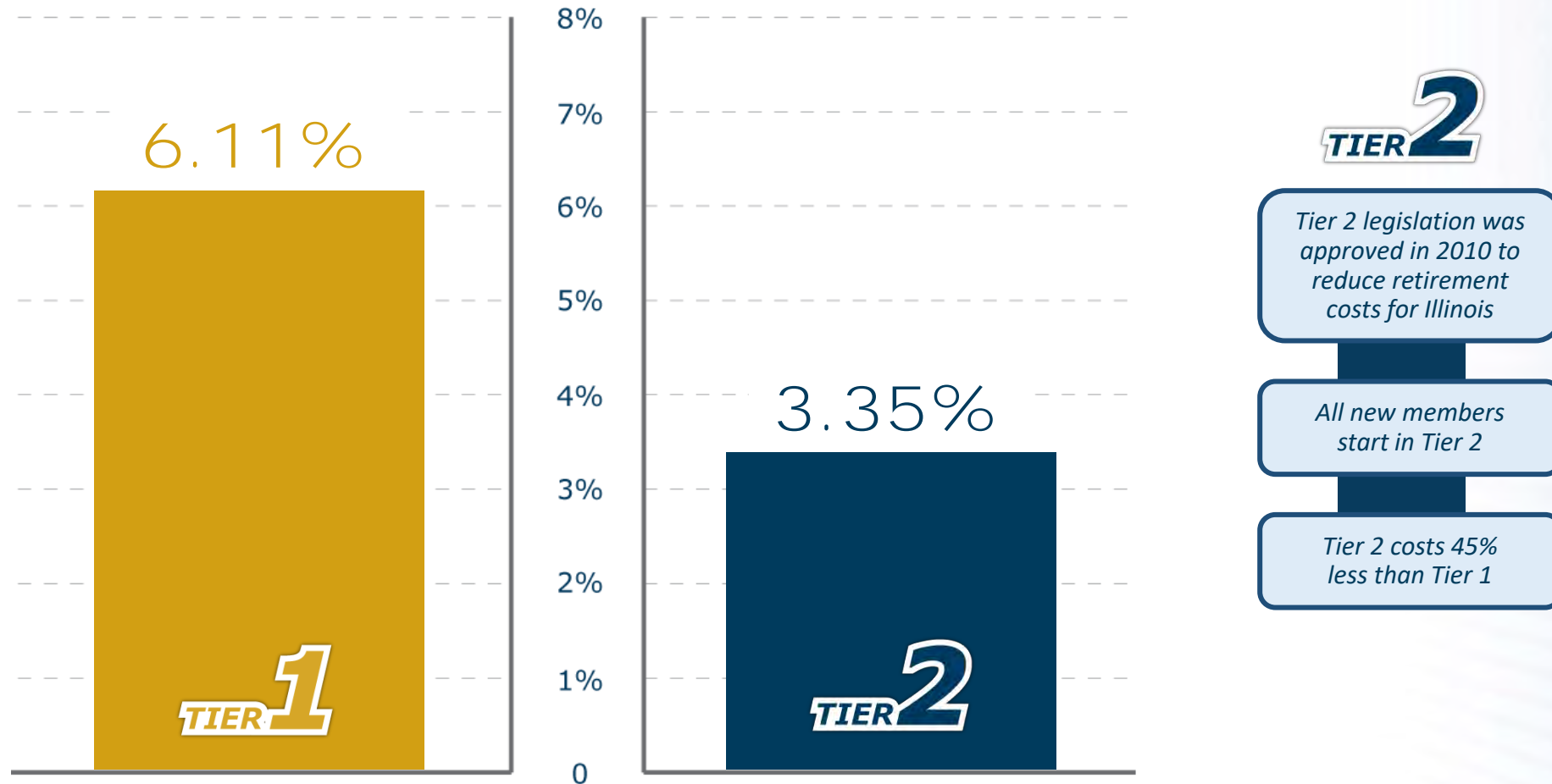
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Number of Active Regular Plan Members



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2025 Regular Plan Average Normal Cost



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Key Takeaways

- **IMRF is financially strong.**
- **Growth in Tier 2 membership reduces costs.**
- **IMRF committed to improving customer service.**



Questions?



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