

EMPLOYER WORKSHOP

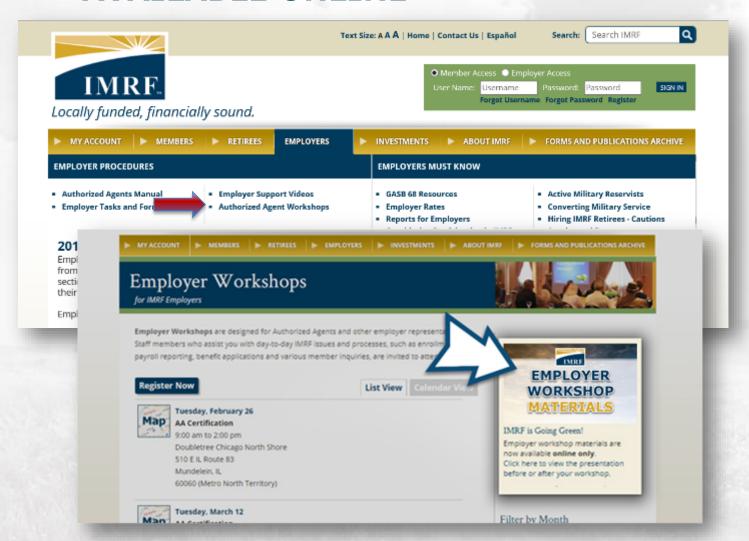
PRESENTED BY

IMRF Field Representative



Opening Remarks

EMPLOYER WORKSHOP MATERIALS ARE AVAILABLE ONLINE







Welcome!

TOPICS FOR TODAY'S DISCUSSION

- Introduction
- Authorized Agents
- Participation
- Enrollment
- Wage Reporting
- Benefits
- **Employer Contributions**





- About IMRF
- Legislative Updates
- **IMRF's Assumed Rate of Return**





IMRF STRENGTHS

- Highest quality retirement services
- Defined benefit pension plan
- An independent Board of Trustees
- Financial health

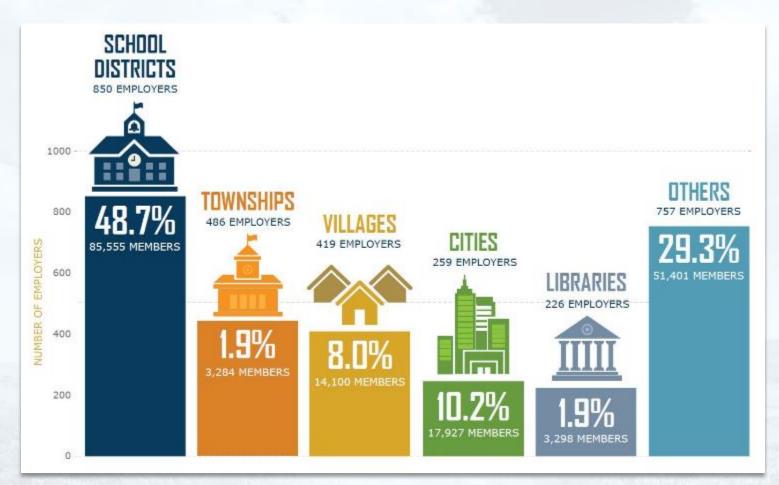


IMRF PENSION DOLLAR





IMRF SERVES 3,010 UNITS OF GOVERNMENT







IMRF BENEFITS ARE BACKED BY LEGISLATION







PENSION CODE UPDATES IN 2019

Public Act 101-0151 (House Bill 3446) allows members to retain disability eligibility if they have up to a three-month gap in employment prior to disability, and return to participation with a different employer. Prior to this law, the member had to return to the same employer to retain eligibility. This bill was part of the IMRF Board's 2019 Legislative Agenda.

Public Act 101-0492 (House Bill 2884) extends to members participating with certain educational employers the ability to roll over unused, unpaid sick leave between multiple employers. Currently, this ability only applies to members participating with school districts.

Public Act 101-0504 (House Bill 3263) requires IMRF to post certain employer cost and participation information on its website.

Public Act 101-0544 (Senate Bill 1236) prohibits an elected official who is receiving an IMRF pension based on service in the same position from also receiving a salary for that position. If the official was receiving an IMRF pension on August 23, 2019, effective at the beginning of their next term of office they must either suspend their IMRF pension or their salary will be reduced to zero.

Public Act 101-0546 (Senate Bill 1264) requires all pension systems to send an annual report to the State Treasurer's Office regarding unclaimed assets.



WAYS TO TRACK LEGISLATION CHANGES

www.imrf.org

See the "Laws Recently Passed" page

Legislative Update

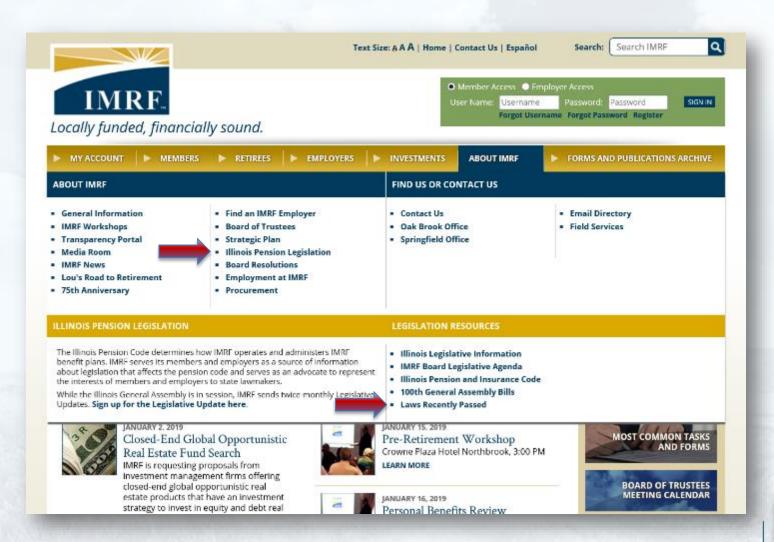
- Special emails sent when legislation changes
- Sign up at "Laws Recently Passed" page on imrf.org

Employer Digest

- Emailed monthly
- Link to archive of past editions at the bottom of each edition



TRACK LEGISLATION ON IMRF'S WEBSITE





SIGN UP FOR LEGISLATIVE UPDATE



INIRE
LEGISLATIVE UPDATE

Six bills affecting IMRF passed the General Assembly during the spring session. None of the bills were opposed by IMRF. No bills related to pension fund consolidation progressed during the spring session.

Public Act 101-0151 (House Bill 3446) allows members to retain disability eligibility if they have up to a three-month gap in employment prior to disability, and return to participation with a different employer. Prior to this law, the member had to return to the same employer to retain eligibility. This bill was part of the IMRF Board's 2019 Legislative Agenda.

Public Act 101-0473 (House Bill 2460) requires all public agencies and units of government in Illinois to consider specific sustainability goals.

Public Act 101-0492 (House Bill 2884) extends to members participating with certain educational employers the ability to roll over unused, unpaid sick leave between multiple employers. Currently, this ability only applies to members participating with school districts.

Public Act 101-0504 (House Bill 3263) requires IMRF to post certain employer cost and participation information on its website.

Public Act 101-0544 (Senate Bill 1236) prohibits an elected official who is receiving an IMRF pension based on service in the same position from also receiving a salary for that position. If the official was receiving an IMRF pension on August 23, 2019, effects at the beginning of their next term of office they must either suspend their IMRF pension or their salary will be reduced to zero.

Public Act 101-0546 (Senate Bill 1264) requires all pension systems to send an annual report to the State Treasurer's Office regarding unclaimed assets.

IMRF sends Legislative Updates via emal newsletter while the Illinois General Assembly is in session.
Sign up to recieve Legislative Updates at the "Illinois Pension Legislation" page on www.imrf.or

New Laws

- Public Act 100-1097 (introduced as SB 3119): This law prohibits IMRF participation by
 police chiefs who meet all of the following criteria:
 - Participated as a police chief in an Article 3 police pension fund in a city, village, or town.
 - Take a new job working with the same municipality for the police department or in an advisory capacity.
 - Have no IMRF service credit prior to August 26, 2018.
 (Note: IMRF will send additional information to employers who may be affected by this bill.)
- Public Act 100-0935 (introduced as SB 2884): This law allows IMRF to offer electronic voting
 options for its Employee and Annuitant Trustee elections. IMRF plans to postpone
 implementing an electronic voting system until after 2021, once we've completed an upgrade
 of our database. Any system we introduce will continue to allow members and annuitants to
 vote via paper ballot if they prefer.

Quick Links

Legislative Update Archive

Sign Up for Legislative Update Newsletter

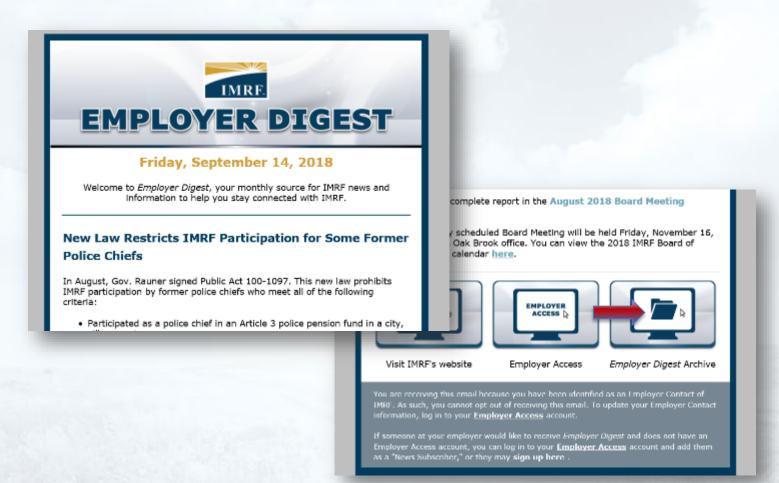
Vehicle Allowance changes (PA 100-411)

Learn more about Accelerated Payments





REVIEW EMPLOYER DIGEST









- The Role of an Authorized Agent
- Resources Available to You
 - imrf.org
 - Employer Access
 - Manual for Authorized Agent
 - Checklists
 - Employer Customer Service Line





WHAT IS AN AUTHORIZED AGENT?

- Key person in administering IMRF
- One per employer
- Discussed in Section 2 of the Manual for Authorized Agents
- Use IMRF Form 2.20 to appoint the Authorized Agent





THE ROLE OF AN AUTHORIZED AGENT

- **■** Enroll eligible employees as IMRF members
- **■** Ensure employer reports wages monthly
- Read and distribute memos, Employer Digest, and employer financial reports provided by IMRF
 - Establish New Subscribers who will receive the above information
 - Employer Access, "Contact Us," "Manage News Subscribers"
- Participate in IMRF Executive Trustee elections

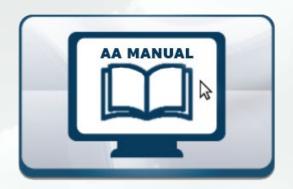




RESOURCES AVAILABLE TO YOU







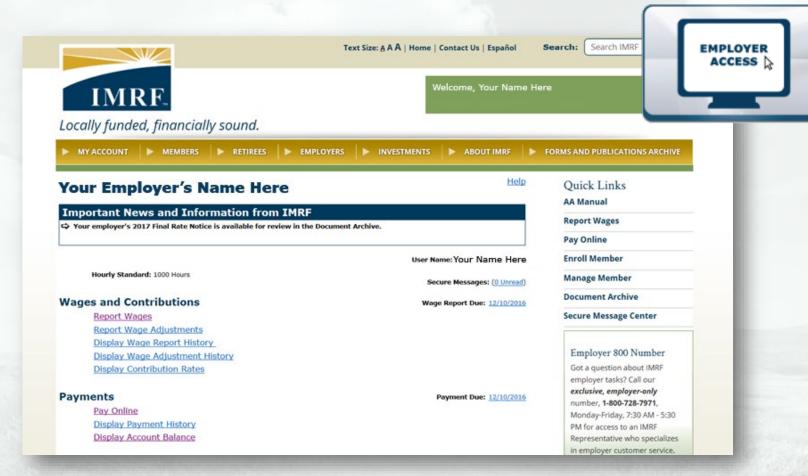
- Checklists & Memos
- Archive of Employer Digests
- Support Videos
- Webinars

- Forms
- Secure Messaging
- Employer Specific Information
- Document Archive

Guide for administering IMRF

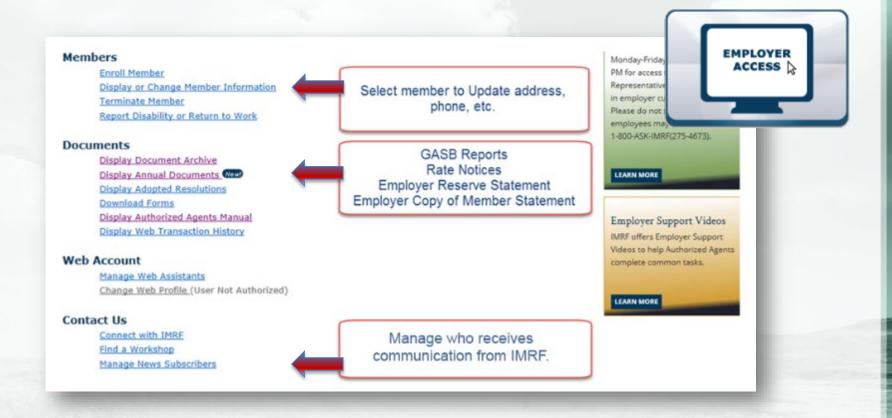


INTRODUCTION TO EMPLOYER ACCESS



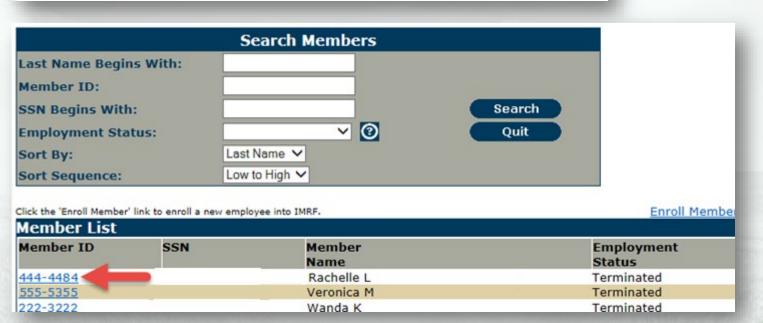


INTRODUCTION TO EMPLOYER ACCESS



HOW TO LOCATE A MEMBER ID

Members Enroll Member Display or Change Member Information Terminate Member Report Disability or Return to Work







TIPS & TRICKS FOR EMPLOYER ACCESS



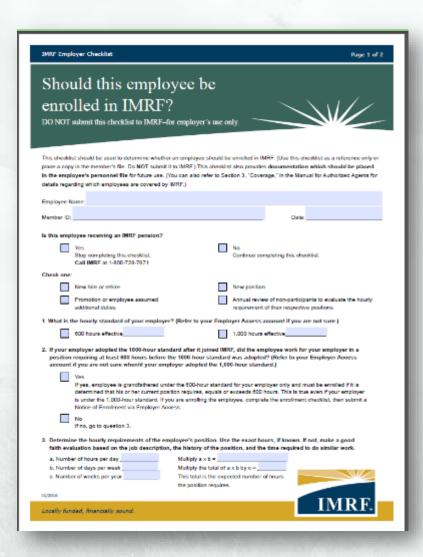
- Use correct MID to identify employee
- Mistakes can be fixed
- 5 incorrect login attempts during any month will result in 24 hour lockout
- Remember to change password every 30 days



HOW TO FIND IMRF SUPPORT VIDEOS



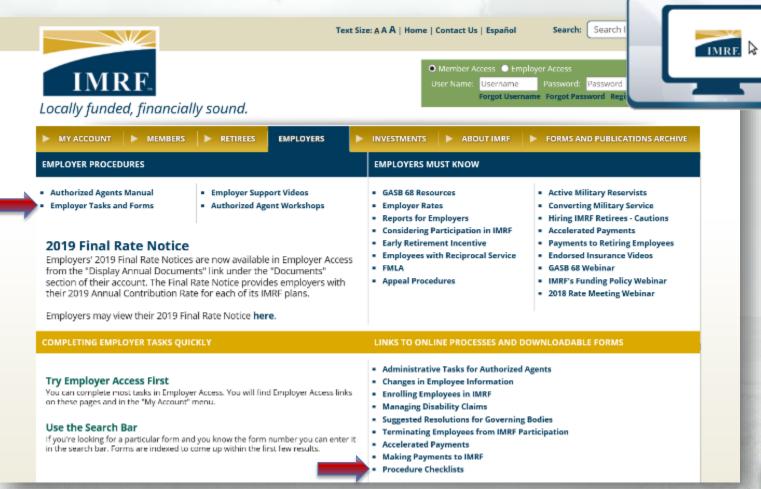
WHAT PROCEDURES HAVE A CHECKLIST?



- Enrollment
- Participation
- Disability
- Retirement
- Death
- Termination



HOW TO FIND PROCEDURE CHECKLISTS



EMPLOYER CUSTOMER SERVICE LINE



EMPLOYER LINE

Members call: 1-800-ASK-IMRF (275-4673)









www.imrf.org



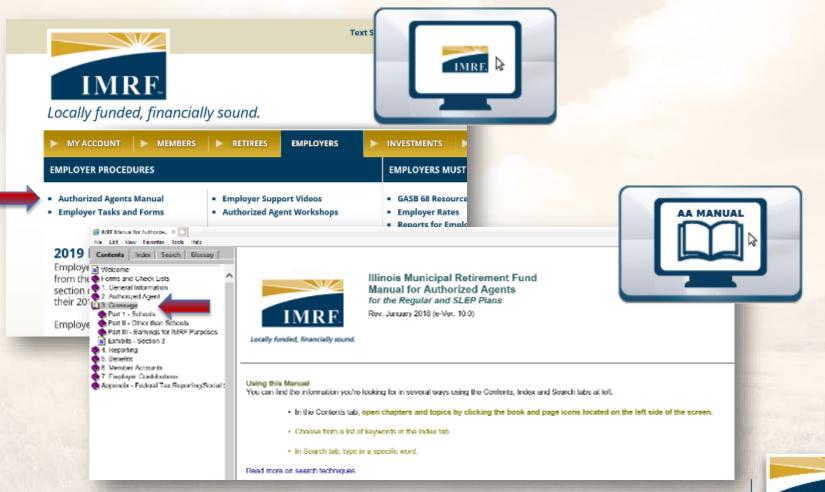




- **Understanding the Different IMRF Plans**
- Member Eligibility



DEFINED IN SECTION 3 OF THE AUTHORIZED AGENTS MANUAL



TIER 1 & TIER 2 BENEFIT PLANS



Member participation began prior to January 1, 2011



Member participation began on or after January 1, 2011



WHO QUALIFIES TO BE ENROLLED IN IMRF?

Enrollment is based on number of hours expected to be worked during a 12 month period

600 Hour Standard

1,000 Hour Standard

- School Districts
- Special Education Cooperative
- Employers who have not adopted the 1,000 hour standard

- Employers who have adopted the 1,000 hour standard
- All governing body members enrolled 1/1/2018 or after



EMPLOYEE STATUS

Consider these different status possibilities when enrolling or changing a members status

- Full-time, part-time, temporary
- Seasonal
- Age
- Member Tier
- Multiple positions
- Participation is required; it's a condition of employment except for
 - Elected officials
 - City hospital employees (Form 6.21)





MULTIPLE POSITIONS & IMRF ELIGIBILITY





Position 1

- Bus driver
- 500 hours
- School District 83

Position 2

- Lunch monitor
- 200 hours
- School District 83

Position 1

- Bus driver
- 400 hours
- School District 112

Position 2

- Bus Driver
- 400 hours
- School District 233



PROBLEM POSITIONS

- Bus drivers
- Elected positions
- Police & Fire
- Sheriff Law Enforcement Personnel (SLEP)
- Students
- Police Chief
- Grant-funded positions
- Substitutes
- Attorneys
- Independent contractors, consultants, and contract employees



Participation **ELECTED OFFICIALS**



If elected position qualifies for IMRF, elected official can choose to participate

- IMRF Form 6.21 (each time re-elected)
- If this form is submitted, election to participate is irrevocable
- IMRF General Memo 683



GOVERNING BOARD PARTICIPATION

Effective 1/1/2018, new members elected or appointed to a governing body position are subject to the 1,000 hour standard (even if your employer uses the 600 hour standard).

- Mayors
- Village presidents
- City council members
- Village boards
- County board chairman positions
- Township supervisors
- Appointed board members



Participation

COUNTY BOARD PARTICIPATION

1,000 hour standard does not include county board chairman position if elected by voters county-wide.

County Board positions recertify eligibility every two years

- IMRF Form 6.64
- Recertify within 90 days of election

New county board members cannot participate as of 8/26/2016.





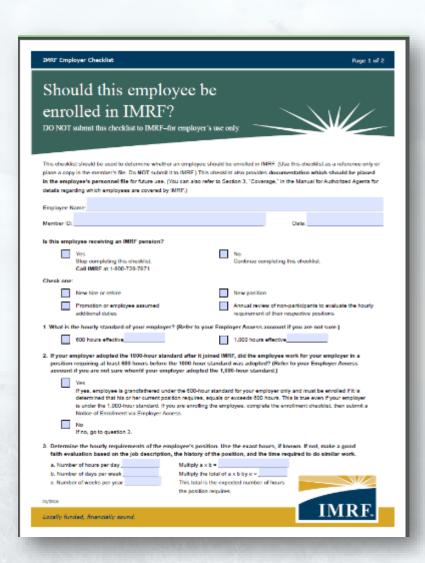


- Helpful Checklists
- New Member Packet
- Member Access
- **Learning Opportunities for New Members**
- Terminations





SHOULD THIS EMPLOYEE BE ENROLLED?

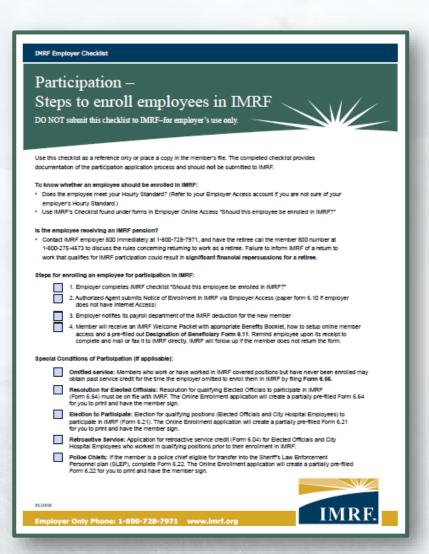


- Document all employees' eligibility
- Hourly standard
- New hire or retiree?
- Determine work schedule
- Enroll or don't enroll accordingly





PARTICIPATION CHECKLIST



- Steps to enroll
- Special conditions
- Helps avoid retiree return to work issues
 - Employer liability
 - Provides documentation for audit







EMPLOYER ENROLLMENT ISSUES

Pension Code mandates participation

Regularly audit hours worked by employees

Timely enrollment reduces future employer cost

- Omitted service
- Suspended wage issues

Tier assignment determined by IMRF

 May be changed if additional information received after enrollment

Pension funding begins immediately







NEW MEMBER PACKET



Mailed to newly enrolled members

- MID assigned
- Member benefit booklet
- Member Access login & setup information
- New Member Checklist
- VAC information
- Information about IMRF





Enrollment MEMBER ACCESS



A great tool for employees!

- Pension calculations
- Wage & service information
- Personal Benefit Review registration
- Change Beneficiary
- Retirement & Disability Applications
- Address updates





LEARNING OPPORTUNITIES FOR EMPLOYEES

- Workshops, registration is required
 - Glass Half Full Workshop
 - Pre-retirement Workshop
 - Personal Benefit Reviews phone and in-person
- Employers may attend
 - Learning opportunity
 - Find out what is expected
- Dates and locations are online and in newsletters





TERMINATING EMPLOYEES

Submit ASAP, benefits are held up if there's a delay

If employee does not leave employment

- Submit online termination
- Submit second termination when employee leaves
- Reduction In Force (RIF), postpone submission of termination

Respond as soon as possible if IMRF requests a termination

Must report unused/unpaid sick days for all terminations





DO YOU HAVE OTHER QUESTIONS?









Wage Reporting WHAT WILL WE COVER NEXT?

- Contributions
- Earnings
- Reporting





Wage Reporting MEMBER CONTRIBUTIONS

Regular 4.5%

SLEP 7.5%

- Member contributions are tax-deferred
- Established by the Illinois Pension Code





VOLUNTARY ADDITIONAL CONTRIBUTIONS PLAN (VAC)

Optional Contributions

- Up to 10% of IMRF reportable earnings, after tax
- Currently earn interest at the rate of 7.25%
 - Credited annually based on previous January 1 balance
- IMRF Form 6.30

Based on IMRF wages, does not deduct

- from SLEP Tier 2 overtime
- from wages over Tier 2 cap (\$115,928.92)
- If employee has over 40 years of service and has stopped contributing, do not withhold VAC





Wage Reporting 2020 EMPLOYER CONTRIBUTIONS

Regular 10.91%

SLEP 24.48%

Employers fund their own employees' retirement costs





2019 EMPLOYER CONTRIBUTIONS

Employer rate components

- Retirement costs
 - Over/under funded
- Disability
- Death
- Supplemental pension payment

Rate change occurs January 1

Remember to change rate in payroll!





IMRF EARNINGS

Submit report and payments monthly

Due on the 10th of following month

IMRF wages reportable through calendar month after termination

 Termination date is June 1, wages paid through July 31 are reported

Section 3.96 of the Authorized Agents Manual

- Regular wages
- Overtime
- Vacation
- Back pay & sick pay

- Bonuses & awards
- 403(b), 457 Plan do not reduce IMRF contributions





EMPLOYER OPTIONAL EARNINGS

- IRC Sec 125 Comp as reportable earnings
- Retirement health savings plan as reportable earnings
- **■** Taxable expense allowances
 - Vehicle allowances for employees enrolled after 8/25/2017 are not reportable
- Cash related to health insurance
- Reportable by employer resolution only





DO NOT REPORT THESE EARNINGS

- Workers' compensation payments (Unless supplemented)-Call IMRF Legal
- Tier 1 wages in excess of \$285,000 if member participation started after January 1, 1996
- Tier 2 participants, 2020 limit is \$115,928.92
- SLEP Tier 2 overtime





REPORTING & ONLINE PAYMENT PROCESS

- 1. Enter information or upload file
- 2. Validate file
 - Fix errors
 - Missing employees
 - New employees that need to be enrolled
- 3. Send file
- 4. Make payment online
 - First Data Corporation, separate user ID and PIN
 - Contact at (800) 332-4125
- 5. Questions? Use Secure Messaging!





REVIEW WHAT YOUR ARE REPORTING

- Audit your payroll
- Are employer optional wages being reported? If so, is the proper resolution on file?
- Review payroll deductions

"The way it's always been..."
...may not be correct!





POSSIBLE ISSUES

Employer Audit Findings

- Section 125 & expense allowance reporting
 - Resolutions needed
- Enrollment & omitted employee concerns
- Retiree Return-to-Work Situations
- Elected officials
 - Box 13 of W-2 must be checked regardless of participation if position qualifies
- Contractual issues, such as attorneys
- Use of IMRF Tax Levy





Wage Reporting POSSIBLE ISSUES

Wage Reporting Issues

- Suspended wages
- Corrections for
 - Court order
 - Military reporting—called to Active Duty
- Adjustments online
 - Report correct wages and contributions
- Credit and charge advices





Wage Reporting DO YOU HAVE OTHER QUESTIONS?









- Refunds
- Past Service
- Disability
- Death
- Retirement Plans
 - VAC
 - Early Retirement
 - Returning to work
 - IMRF Endorsed Insurance Providers





REFUNDS WHEN SOMEONE TERMINATES

- **■** Employers submit online termination
- Members can leave contributions on file or take a refund
- Member applies for a refund online or uses IMRF Form 5.10
 - Member contributions only
 - IRS taxes
 - Rollovers
 - Refund can't be paid to a member who is in a non-qualifying position with the same employer
- Encourage members to contact IMRF at 1-800-ASK-IMRF about options





DISABILITY BENEFIT ELIGIBILITY

- 12-months of consecutive service
- Disability expected to last more than 30 days
- Compensation from Employer stop
- Resignation will impact eligibility
- Date of disability determined by doctor
- 50% of last 12 months' earnings
- Offsets
 - Social Security Disability, unreduced Social Security pension
 - Workers' compensation
- Disability protects future benefits







DISABILITY TYPES

Temporary

- All claims begin as temporary
- Includes maternity and alcoholism
- Does not include self-inflicted
- Normal earnings are substituted
- Service continuation

Total and Permanent

IMRF evaluates for eligibility





DISABILITY APPLICATION

- 1. Member applies for disability benefits
 - Online or Form 5.40
- 2. Employer's Statement, Form 5.41
 - Submit if member will be off more than 30 days
 - Must be complete and timely
 - After submitted, IMRF sends a packet to the member with forms to complete
- 3. Physician's Certification, Form 5.42
- 4. Submit Form 5.45 when employee returns to work





EMPLOYER ROLE IN DISABILITY



- Missing members on IMRF report?
 Error message is a clue to do something
- Submit Form 5.41 when employee is off work on medical leave
- Don't wait for the member to apply
- Refer members with questions directly to IMRF





DEATH BENEFIT BASED ON MEMBER STATUS

Active Member

- Contributions, interest, and one year's salary
- Employer submits online termination
 - Report sick days and reportable wages

Inactive Member

- Contributions plus interest
- Submit online termination if not sent previously

Retiree

- \$3,000 lump sum + surviving spouse pension
- Notify IMRF





DEATH BENEFIT PAYMENTS

- **\$3,000**
- Surviving spouse pension*



50% of member's benefit payment



66% of member's benefit payment



^{* -} Married or entered into a Civil Union one year (365 days) prior to last day of IMRF participation

⁻ If no spouse any balance will be refunded



REMIND MEMBERS TO KEEP BENEFICIARY INFORMATION CURRENT!

- Member's Personal Statement of Benefits
 - List primary beneficiary information



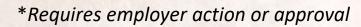
- **■** Member Access
 - Shows complete beneficiary information
- Default beneficiary is member's estate





PURCHASE OF SERVICE

- Applications must be received while the member is in an active, participating status.
- One payment for any amount of service following termination date is allowed
- **■** Types of service that members can purchase
 - Military*
 - Reinstatement
 - Retroactive
 - Omitted*
 - SLEP Conversion
 - Benefit Protection Leave*
 - Out of State*







PROCESS FOR ACQUIRING PAST SERVICE



Submit application while participating



Payment information will be mailed to you



Request comparative estimates with and without additional service





PAST SERVICE EMPLOYER ISSUES

- Employer costs are factored into employer contribution rate
 - Two-year lag after member purchases service
- Employer resolution or approval may be required
- **■** Contributions and cost
 - Determined by Pension Code
 - Vary by type of service





REGULAR PLAN BENEFIT



Eligibility

- 8 years service
- Age 60 (unreduced)

Reduction if under age 60 or less than 35 years of service

- 0.25% per month
- Reduction is permanent
- Smallest reduction is applied
- Age 55 (earliest age)





REGULAR PLAN BENEFIT



Eligibility

- 10 years service
- Age 67 (unreduced)

Reduction if under age 67 or less than 35 years of service

- 0.5% per month
- Reduction is permanent
- Smallest reduction is applied
- Age 62 (earliest age)





Benefits **SLEP PLAN BENEFIT**





Eligibility

- 20 years service
- Age 50

2.5% for each year of service

- 20 years = 50% 24 years = 60%
- 28 years = 70% 32 years = 80%

48 month Final Rate of Earnings





Benefits **SLEP PLAN BENEFIT**





Eligibility

- 10 years service
- Age 55 (unreduced)
- 2.5% for each year
- Maximum benefit of 75% with 30 years

Reduction if under 55

- 0.5% per month
- Reduction is permanent
- Smallest reduction applied

Age 50 (earliest age)

 96 month Final Rate of Earnings (overtime not included)





FINAL RATE OF EARNINGS (FRE)

Both plans are calculated based on the earnings of your last 10 years of service.



Average of your highest consecutive 48 months



Average of your highest consecutive **96 months**





PENSION INCREASES

Cost of living adjustment (COLA)



3% increase each January

- Based on original pension
- First year pro-rated



Lesser of 3% or half of CPI URBAN

- 2020 increase is 0.85%
- After age 67





Benefits OPTIONAL PENSION

- Larger benefit up to age 62
- Smaller benefit after age 62
- Computed individually
- Estimated Standard Pension until final paycheck is reported to IMRF, then option letter is mailed







SUPPLEMENTAL PENSION PAYMENT



Eligibility

- Need to be retired at least 12 months
- Paid in July

Amount

Varies each year





MAXIMUM PENSION PAYMENTS

- Maximum pension payments are different in each plan
 - Regular Plan 40 years 75%
 - SLEP Tier 1 32 years 80%
 - SLEP Tier 2 30 years 75%
- Members with 40 or more years of service
 - Can stop all contributions (Form 6.24)
 - VAC contributions stop with this election
 - Freeze final rate of earnings
 - Disability and death benefits continue





UNUSED/UNPAID SICK DAYS

- **■** Employers report sick days on termination notice
- Based on your written sick leave policy
- 1 month for every 20 days (1 year maximum)
- **Last employer**
 - Portability for certain educational employers
- Pension needs to be effective within 60 days
- Cannot be used to meet eligibility requirements





UNUSED/UNPAID SICK DAYS

Receive service credit for your unused and unpaid sick days

1-20	1 month	121-140	7 month
21-40	2 months	141-160	8 months
41-60	3 months	161-180	9 months
61-80	4 months	181-200	10 months
81-100	5 months	201-220	11 months
101-120	6 months	221-240	12 months





HOW RECIPROCITY WORKS

- Minimum of 1 year service per system
 - Exception for teaching assistants
- Combined service meets vesting requirements
- Higher earnings usually used
- Each system uses own formula and pays its prorated share
- Member submits retirement application with each system





SYSTEMS THAT SHARE RECIPROCITY



- Chicago Park Employees'
- Chicago Teachers'
- Cook County Employees
- Cook County Forest
 Preserve District

- General Assembly
- IMRF
- Judges
- Laborers' Annuity & Benefit Fund
- Metropolitan Water Reclamation District
- Municipal Employees of Chicago
- State Employees'
- State Teachers'
- State Universities





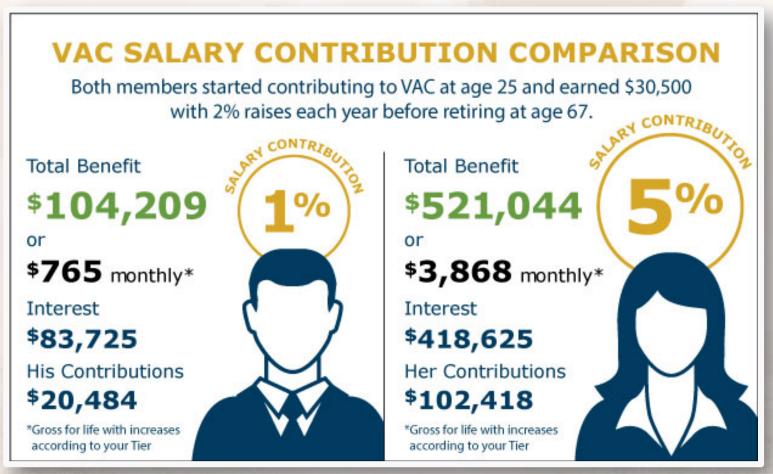
SPECIAL NEEDS OR REVERSIONARY ANNUITY

- Retiree reduces pension to provide an additional annuity to someone else upon death
 - Set up at time of retirement
 - Irrevocable
 - One beneficiary
 - Call IMRF for estimate





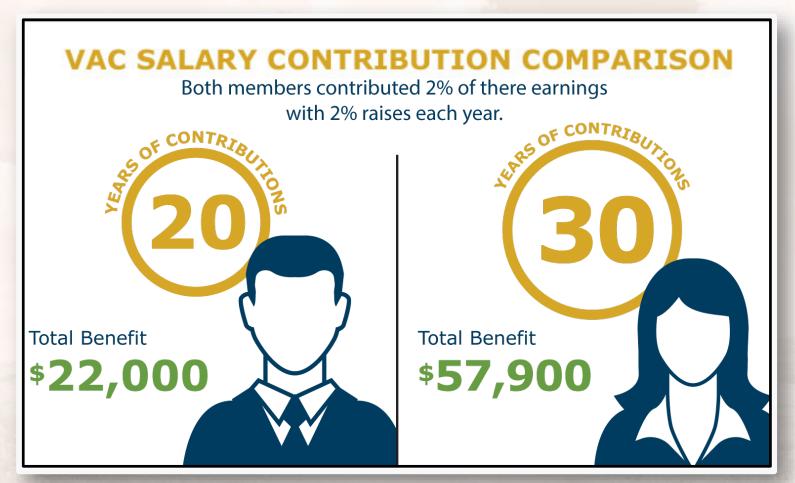
VAC PARTICIPATION EXAMPLE 1







VAC PARTICIPATION EXAMPLE 2









EARLY RETIREMENT INCENTIVE (ERI)

- **ERI is employer optional**
- 1 year window
- **■** Employee eligibility
 - Tier 1: Age 50 and 20 years
 - Tier 2: Age 57 and 20 years



- Contact your Field Representative
- Employer and member booklets are online







IMRF ERI MEMBER BENEFITS

- Add up to 5 years age and service to retirement computation
- **■** Member cost
- Member payments
- Return-to-work restrictions







RETURNING TO WORK MAY AFFECT PENSION BENEFITS OF IMRF RETIREES

■ You must call IMRF at 1-800-728-7971 if you hire or re-hire an IMRF retiree!



- Potential employer liability
- Retiree must call IMRF too!
- If retiree does not qualify for IMRF, don't deduct IMRF contributions





HEALTH INSURANCE CONTINUATION



Illinois Insurance Code

■ PA 86-1444

Department of Insurance

Contact the Consumer Service
 Division 877-527-9431 (toll free)

COBRA is a federal provision





ENDORSED INSURANCE PLANS



Doyle Rowe, Ltd.

- **1**-800-564-7227
- www.doylerowe.com/IMRFEndorsedPlans



National Conference on Public Employee Retirement Systems (NCPERS) Life Insurance

- **1**-800-525-8056
- https://www.mybensite.com/imrf/





Benefits **DO YOU HAVE QUESTIONS?**









- Employer Funding
- Salary Spiking
- Accelerated Payments
- Pension Impact Statement
- Open Meetings Act
- Payments to Retired Employees
- IMRF Tax Levy





EMPLOYER FUNDING

IMRF has three sources of income:

FIXED

MEMBER CONTRIBUTIONS

Fixed by state statute



EMPLOYER CONTRIBUTIONS

Fluctuates based on investment returns



INVESTMENT INCOME

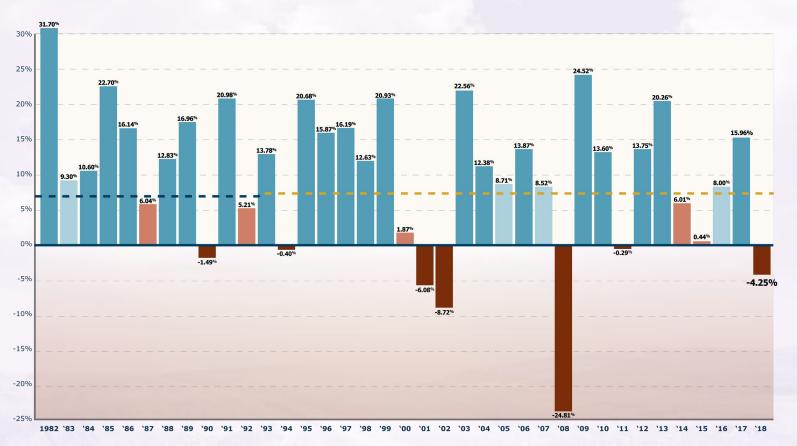
Assumed to be 7.25%

Will fluctuate





GROSS RETURNS OVER A 37-YEAR PERIOD



21 periods > 9.99%

- 5 periods = 7.24% 0%
- 4 periods = 9.99% 7.25% 7 periods < 0%





Employer Contributions EMPLOYER RATE COMPONENTS

- **■** Retirement: Regular, SLEP
- Disability
- Death
- **Supplemental Payment**
- **■** ERI*
- **SLEP Enhancement**





YOUR EMPLOYER CONTRIBUTION RATE

- Unique to your employer
- Based on your employer's assets and pension obligations
- 2020 rates are based on end of year balances as of 12/31/2018
- **■** 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 3,016 employers.





PENSION FUNDING BASICS

■ The cost of the pension is intended to be prefunded over the working career of the member.

■ Unfunded amounts arise from:

- Changes in the plan
- Investment returns less than assumed rate of return
- Changes in actuarial assumptions (such as mortality tables)





Employer Contributions AMORTIZATION* OF EMPLOYER COST

- Taxing Entity: 30 Years (closed—23 years in 2020)
- Instrumentality: 10 Years (rolling)

*Gradual elimination of pension liability.





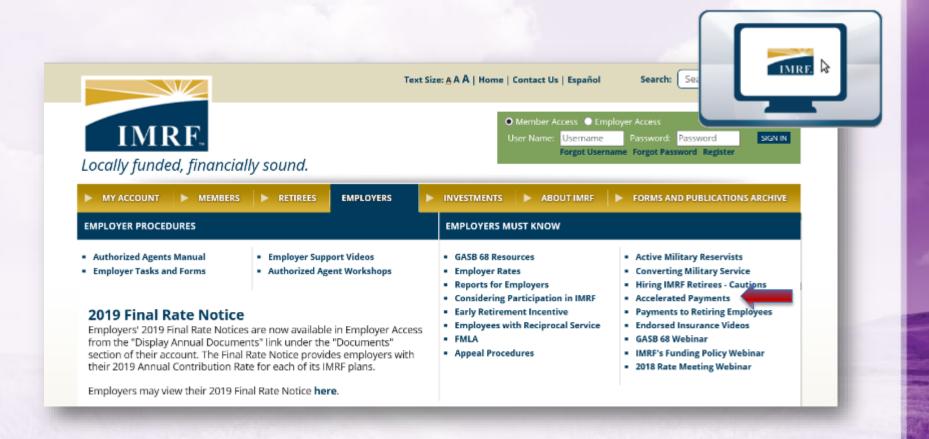
SALARY SPIKING

- The Illinois Pension Code currently limits the effect of salary spiking.
 - 125% limit on the Final Rate of Earnings
 - Accelerated Payments
- Spiking salary in the Final Rate of Earnings (FRE) period causes the total pension payment to increase, thus INCREASING THE EMPLOYER COST.
- SPIKING MAY BE UNINTENTIONAL
 - School districts paying final year's wages over 10 months
 - Increasing earnings due to payouts of sick, vacation, longevity and retirement incentives
 - Members who opt out of Section 125 plans that have not been reported to IMRF.





SPREADSHEET TO ESTIMATE AP







ACCELERATED PAYMENTS

		Wages				Wages
		For Pension	Increase	6%	Excess	As Entered
Base Year	Feb 2014 to Jan 2015	59,308.38				59,308.38
Year 1	Feb 2015 to Jan 2016	62,112.07	2,803.69	3,558.50	-	62,112.07
Year 2	Feb 2016 to Jan 2017	65,836.24	3,724.17	3,726.72	-	65,836.24
Year 3	Feb 2017 to Jan 2018	68,269.89	2,433.65	3,950.17	-	68,269.89
Year 4	Feb 2018 to Jan 2019	73,135.19	4,865.30	4,096.19	769.11	73,135.19
		328,661.77			769.11	328,661.77

- Looks at each 12 month period in the FRE
- For each period, looks for wages that are more than 6% greater (or 1½ times the CPI-U if greater) than the previous period
- Invoice if AP is greater than \$5,000
- Quarterly statements

Note: The CPI-Urban is October to September, which is the same period used for the Tier 2 cap.





Employer Contributions ACCELERATED PAYMENTS

- Overtime
- Promotion
- **■** Increase in hours
- Vacation payouts if paid during last 90 days of the Final Rate of Earnings period
- Exemptions





Employer Contributions PENSION IMPACT STATEMENT

Public Act 97-0609 effective January 1, 2012

Employers must request a Pension Impact Statement *before* increasing the earnings of an officer, executive, or manager by 12% or more.





PENSION IMPACT STATEMENT

IMRF Form 3.22 (03/2012)	STATEMENT (P.A. 97-0609)
Public Act 97-0609 requires employers to request a "Pension increasing the earnings of an officer, executive, or manager by	
The Pension Impact Statement will provide Effect the earnings increase could have on the member's pe Estimated "Accelerated Payment" (amount employer will be member's retirement. (The Accelerated Payment is due who increases.)	required to pay immediately upon the
Once the employer receives the Pension Impact Statement fro salary increase will be required to sign and return the Pension	
Employers will be required to pay IMRF the \$25 cost associated Statement.	ed with preparing the Pension Impact
EMPLOYER NAME	EMPLOYER NUMBER
MEMBER NAME	IMRE MEMBER ID OR LAST 4 DIGITS OF SSM
MEMBER MARITAL STATUS SINGLE MARRIED CIVIL UNION DIVORCED WIDOWED	ESTIMATED RETIREMENT DATE (MONTH/YEAR)
MEMBER SALARY PRIOR TO INCREASE	ss
MEMBER SALARY AFTER THE INCREASE	s
ESTIMATED PERCENTAGE INCREASE IN MEMBER'S ANNUAL SALARY	%
ESTIMATED DATE (MONTH AND YEAR) OF INCREASE	(MONTHYEAR)
NAME OF AUTHORITY APPROVING THE INCREASE (Print Name) (Will sign and return the Pension Impact Statement)	TITLE (Print Title) (e.g., Board President, Board Chair, Director)
ERTIFICATION BY AUTHORIZED AGENT: I certify that the salary information agreement with the governmental unit's records.	n and salary increase for the above named member is
SIGNATURE OF AUTHORIZED AGENT*	DATE
f understand that any person who knowlingly makes any false statement or fal- funicipal Retirement Fund in an attempt to defraud MRF is guilty of a Class 3	
IMRF	1. II. 00F00 0007
Suite 500 2211 York Road Oak Broc Employer-Only Phone: 1-800-728-7971 • Member Services Representatives:	
mployer-Only Phone: 1-800-728-7971 • Member Services Representatives: WWW.Wnrf.org	I-800-ASK-IMRF (1-800-275-4673) Fax 630-368-53

Request for Pension Impact Statement

IMRF Form 3.22

IMRF will provide the resulting effect the salary increase could have:

- On the employee's pension
- On the estimated
 Accelerated Payment
 due from the employer
 at the employee's
 retirement to IMRF





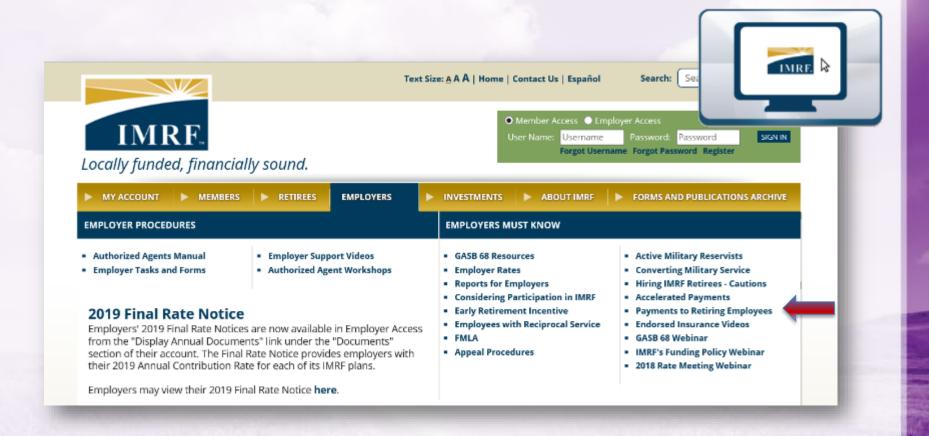
Employer Contributions OPEN MEETINGS ACT

- Requires IMRF employers to certify certain payments made to retiring members before they can be paid
- Consult your legal counsel if you have questions
- IMRF pension cost estimation spreadsheet is online





PAYMENTS TO RETIRING EMPLOYEES







USE OF IMRF TAX LEVY

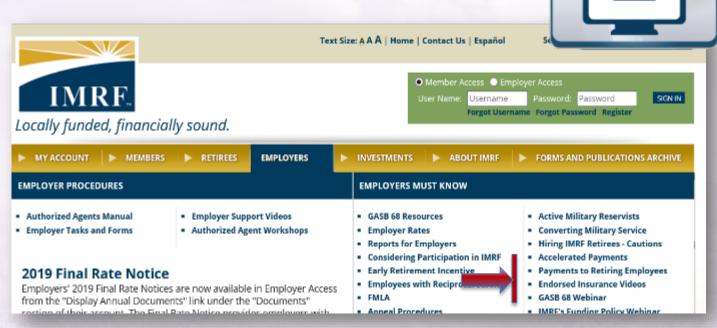


- Pension Code section 7-171(b) gives IMRF participating municipalities the authority to levy a tax to fund IMRF employer contributions.
- Amount of levy is limited to the employer IMRF contributions (Sections 7-171 and 7-172).
- **Employer Social Security contributions may not be** paid from the IMRF levy (PA 84-1472).
- Municipality must account for the funds raised by the IMRF levy separately from all other fund accounts including the Social Security Account [Section 7-171(h)].
- Municipality should not make inter-fund loans from the IMRF Fund. If it does, the loan must be repaid before end of the fiscal year [7-171(h)].



EMPLOYER WEBINARS

- IMRF's funding policy
- GASB 68
- Endorsed insurance





IMRE.



Closing Remarks

WHAT WE COVERED TODAY

- Introduction
- Authorized Agents
- Participation
- **Enrollment**
- Wage Reporting
- Benefits
- **Employer Contributions**





Closing Remarks **DO YOU HAVE OTHER QUESTIONS?**







Closing Remarks

PLEASE TAKE OUR WORKSHOP SURVEY



Your feedback is important to us!

- Helps make improvements to our workshop and materials
- Helps gauge your interest in these topics
- Keeps us on track as a world class organization





Closing Remarks

EMPLOYER WORKSHOP MATERIALS ARE AVAILABLE ONLINE





THANK YOU FOR ATTENDING!

Please fill out surveys and provide your feedback!

Your presenter today was

XXXXXXXXX XXXXXXXXXXXXX, IMRF Field Representative

