



Illinois Municipal Retirement Fund

2211 York Road Suite 500 Oak Brook IL 60523-2337

Service Representatives 1-800-ASK-IMRF

www.imrf.org

GENERAL MEMORANDUM

Number: 555

Date: May 31, 2007

To: All Authorized Agents

Subject: Eligible sick leave for conversion to service credit

Executive Summary

The Illinois Pension Code allows retiring members to convert up to 240 days of unused, unpaid sick leave to service credit. For every 20 days (or fraction thereof), a member can receive one month of service credit.

However, the sick leave must meet certain criteria. The member must not have received compensation **of any kind**—including payment of amounts less than the member's regular salary—for the sick leave. And the sick leave must have been accumulated under a **written plan** established by the employer and available to all employees or to a class of employees.

Background

The Illinois Pension Code (ILCS 7/5-139(a)8) allows retiring members to convert unused, unpaid sick leave to service credit. A member can convert up to 240 days; he or she receives one month of service credit for every 20 days (or fraction thereof) of unused, unpaid sick leave up to a maximum of one year of pension credit. For example, if a member has 20 days of sick leave, he or she can receive one month of service credit; if he or she has 21 days of sick leave, two months of service credit, etc.

However, the Pension Code requires certain criteria be met:

- The member's pension effective date must be no later than 60 days following his or her last day of IMRF participation.
- The member must not have received compensation of any kind—including payment of amounts less than the member's regular salary—for the sick leave.

May 31, 2007

Eligible sick leave for conversion to service credit

Page 2 of 2

- The sick leave must have been accumulated under a written plan that was established by the employer and which is available to all employees or to a class of employees.

Examples of eligible sick leave

The following are examples of sick leave plans under which unused, unpaid sick leave may be converted to service credit:

1. An employer maintains two separate sick leave plans, one for employees of a bargaining unit and one for non-unionized employees.
2. An employer maintains a plan which allows accumulation of sick leave days up to a maximum of 100 days, and any days over that number may be accumulated only for conversion to service credit.
3. An employer cashes out accumulated sick leave at the rate of \$25 per day for all days in excess of 100 (under this plan, the first 100 days may be converted to service credit).
4. An employer cashes out 10% of accumulated sick leave days at the member's own salary rate if the member accumulates 50 days or more, 25% of accumulated days if the member has 100 days or more, 50% of accumulated days if the member has 200 days or more (the remaining uncompensated days may be converted to service credit).
5. An employer allows terminating employees to convert accrued vacation and/or personal leave to sick leave days.

Employer "gifts" of sick leave not eligible

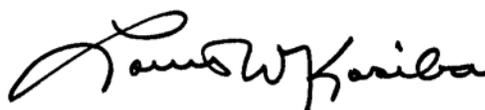
Under the Illinois Pension Code, an employer may not simply grant sick leave solely to allow a retiring member to convert the sick leave to service credit. Therefore, an employer may not "gift" sick leave to a member if the sick leave was not accumulated in the usual manner, i.e., under a written plan established by the employer and available to all employees or to a class of employees.

For example, an employer has an agreement with a union that it will provide to retiring members an additional 100 days of sick leave to be used solely to enhance their retirement benefit. That sick leave was not accumulated in the usual manner and the member may not convert those days to service credit.

Questions

If you have any questions about the use of unused, unpaid sick leave, please call an IMRF Member Services Representative at 1-800-ASK-IMRF (1-800-275-4673), Monday through Friday, 7:30 a.m. to 5:30 p.m.

Sincerely,



Louis W. Kosiba
Executive Director