

REMINDER

A monthly guide about IMRF topics of interest.

ROUTE TO:

IMRF funds and Social Security levies

- | | |
|---|---|
| <input type="checkbox"/> Director | <input type="checkbox"/> Personnel/HR |
| <input type="checkbox"/> Manager | <input type="checkbox"/> Data Processing |
| <input type="checkbox"/> Department Head(s) | <input type="checkbox"/> Payroll Dept. |
| <input type="checkbox"/> Authorized Agent | <input type="checkbox"/> Accounting/Finance |
| <input type="checkbox"/> Assistant to AA | <input type="checkbox"/> Other |

IMRF audits occasionally identify employers improperly using funds from the IMRF levy to pay Social Security contributions. *This practice is prohibited by law and can result in serious consequences for the employer.*

The IMRF tax levy is unlike certain other funds, such as a general fund, where resources may be transferred to meet budgetary needs. The Illinois Pension Code specifically states that revenue from the tax levy shall be used only for employer IMRF contributions and may not be transferred for any other use. This ensures that the employer adequately funds its IMRF pension obligations.

IMRF funds cannot be used to pay Social Security contributions

Generally, when an employer has been identified as diverting IMRF funds to other expenditures, the funds have been used to pay Social Security contributions.

However, by law the employer *may NOT*:

- Use funds from the IMRF levy to make Social Security contributions.
- Use the same levy to tax for IMRF and Social Security costs.

If an employer uses IMRF monies to make Social Security contributions, the employer will be forced to reimburse its IMRF fund. This might require diverting monies earmarked for other essential services to reimburse the IMRF fund.

For additional information

Please forward this *Reminder* to the person in your organization who oversees the IMRF tax levy. For further details on the IMRF tax levy, refer to [Section 7-171 of the Illinois Pension Code](#) (40 ILCS 5/7-171). Employers may also review [Section 7.25 \(“Tax Levy for Employer Contributions”\)](#) in IMRF’s *Manual for Authorized Agents* for additional information.

