

FUNDAMENTALS

IMRF

ACTIVE MEMBER UNDER 40 EDITION

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Do you have one of these types of past service? Buying it back could increase your pension!

Because the amount of IMRF service credit you have is part of what determines the size of your pension, buying back past service could make a big difference to your retirement income. But what kinds of past service can you purchase?

“Time that you want to buy versus time that you’re able to buy aren’t necessarily the same thing,” said IMRF Field Representative Tecya Anderson. “Members sometimes think they can simply buy time, not understanding the time has to be credited under certain circumstances.”

State law determines the kinds of past service members can purchase. Do any of these service types apply to you?

Reinstated service (paying back a refund)

Reinstated service is the most common type of past service that IMRF members purchase. If you worked for another IMRF employer in an IMRF-eligible position, but took a refund of your member contributions when you left that job, you may be eligible to buy that service back by paying back your contributions plus interest.

“Some people forget that they worked for an IMRF employer in the past, or they forget that they’ve taken a refund,” Anderson said. “Fortunately, IMRF has very good records, so if they do have a question, we can produce a copy of the refund application.”

Once you’ve worked for your current IMRF employer for two years, you become eligible to buy back past service, and IMRF sends you a letter letting you know about your previous refunded service—a great opportunity to follow up and learn more.

Did you know...?

With IMRF’s approval, one way to pay for past service is with a rollover from a qualified pension plan, a traditional IRA, an IRC section 457 plan, or an IRC section 403(b) plan. See IMRF Form 6.01 for more details.

Omitted service

Omitted service occurs when you worked in a position qualified for IMRF, but your employer failed to enroll you as an IMRF member. To qualify for purchasing omitted service, your past position can’t just be any position with an IMRF employer. It has to have met the hourly standard, which means you must have worked at least 600 or 1,000 hours per year, depending on the employer.

If you think you may qualify for omitted service, your first step should be to go to your former employer to gather more information about how many hours you worked and when. If your employer hasn’t kept that data, you could look at W-2s for that specific employer, or request a personal statement of benefits from Social Security to get information about what you were paid while you were working for that employer.

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For more information about buying back past service, including additional eligibility requirements, how to pay for past service, and what forms to use, visit www.imrf.org/past-service, or download our *Purchasing IMRF Past Service* booklet at www.imrf.org/memberpubs.



Do you have past service?

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Military service

Not everyone realizes that IMRF members who have served in the U.S. military may have the option of converting military service into IMRF service if their employer has adopted a resolution allowing it. If your military service took place before you joined IMRF, you may have the option of purchasing two to four years of service credit, depending on which resolution your IMRF employer has adopted.

The cost to purchase IMRF service credit for your time spent in the military would be member and employer contributions plus interest, based on your first date of participation in IMRF and first salary earned as an IMRF member.

If you think you may have military service that you wish to purchase, contact 1-800-ASK-IMRF (275-4673) for more information.

Prior service

If you were already working for your employer when it joined IMRF, and were granted the maximum free service (20% of your service up to five years), you may

If you purchase your service after you retire, the benefit enhancement will be effective the first of the month following the date IMRF receives your payment. There is no retroactive enhancement for payments made after retirement.

still be able to purchase your remaining service.

Retroactive service

Elected officials who held an office qualifying for IMRF and now wish to participate in IMRF can purchase up to 50 months of previous elected official service credit.

Benefit Protection Leave

If you took a leave of absence from your job, Benefit Protection Leave may enable you to purchase service for the time you were away (up to 12 months over the course of your IMRF career) if your employer's governing body approves it.

"Benefit Protection Leave can be used in conjunction with FMLA. Let's say a person is taking time off to care for mom or dad or a spouse, and during

some of the time they're off they're not receiving a paycheck. Well, they're not going to receive service credit from IMRF in the months they are not receiving a paycheck. The Benefit Protection Leave helps to solve that issue," Anderson said.

Additionally, it can be used to close gaps in service credit if a member was unaware of or didn't qualify for IMRF disability (which also protects service credit but can only be applied retroactively for six months).

Out-of-state service

"People ask about reciprocity with other states or even with the federal government, but out-of-state service is very narrow in its definition—it only applies to forfeited local government service," Anderson said. "They have to have cashed it out of the other retirement system, so they can't double dip and use that same service for a pension with the other state along with service in IMRF."

IMRF will be able to tell you if your service qualifies under these guidelines, but ultimately, this type of service is only available for purchase with the approval of your employer's governing board, which is uncommon. ■

Mary Member's reinstated service

In many cases, purchasing past service can significantly add to your monthly pension. Consider the case of Mary Member:

- Took a refund of \$10,879.54
- Cost to reinstate her 76 months of service: \$17,863.69
- Retired at age 60
- Recouped reinstatement cost in 18 months

**MARY'S
MONTHLY
BENEFITS**

\$3,202

WITHOUT
REINSTATED
SERVICE

**\$977
INCREASE**

\$4,179

WITH
REINSTATED
SERVICE

How do I know if I should buy back my past service?

Whether purchasing past service is worth it to you financially is a question only you can answer, but IMRF provides several tools to help you decide.

If you've discovered that you have past service you can buy, you may be wondering if the benefits of purchasing that service will be worth the cost. Different types of past service have different associated costs, and the longer it's been since your service occurred, the more expensive it is to buy back.

To help figure out whether buying back past service is to your advantage, we recommend that you:

- Begin by completing the form for your type of past service (available at www.imrf.org/memberforms) and apply. You will receive a payment schedule that will give you exact figures for what your costs will be. **You are in no way obligated to purchase any or all of the service credit just because you receive a payment schedule.** This schedule is only generated so that you'll know your costs.
- Call 1-800-ASK-IMRF (275-4673) and request two pension estimates from IMRF: one with the purchased past service added, and one without.
- Compare the amount of your monthly payments with and without the added service, and calculate how long it would take to recover your reinstatement cost once you start receiving your pension. (See our *Purchasing IMRF Past Service* booklet, available at www.imrf.org/memberpubs, for detailed instructions on how to make this calculation.)

"Keep in mind that, except for omitted service, every year the cost to buy back your service increases because interest is added," said Senior Past Service Data Examiner LaDawn Goodwin. "If you can afford to purchase it, if you are interested in buying it, it's best to do it now rather than wait until later." ■

IMRF named Plan Sponsor of the Year

On Thursday, March 28, IMRF won the 2019 Plan Sponsor of the Year Award at *PLANSPONSOR Magazine's* Excellence in Retirement Awards ceremony in New York City.



The magazine recognized IMRF as the top public defined benefit plan in the United States.

"The Plan Sponsor of the Year annual award program recognizes retirement plan sponsors that show a commitment to their participants' financial health and retirement success," according to PLANSPONSOR. "The award is given in many categories to recognize all plan types, so any plan sponsor can be eligible."

IMRF, serving public employees in Illinois communities since

1941, earned this year's designation for a high funding level, disciplined investment approach, and focus on continuous improvement.

"This is a great honor and it means a lot to us because it shows that a defined benefit plan can work," Executive Director Brian Collins said.

Read more about the magazine, the award, the categories, and the criteria at www.plansponsor.com.

Board of Trustees

2019 Employee Trustee election

This fall, active IMRF members like you are scheduled to elect one Employee Trustee to the IMRF Board of Trustees.

This Trustee will serve a five-year term that will run January 1, 2020, through December 31, 2024.

According to Illinois law, the election will only be held if more than one candidate has been nominated for the position. If only one candidate is nominated, that candidate will be confirmed as the Trustee at the December Board meeting.

If the Employee Trustee election is held, ballots will be included with the fourth quarter issue of *Fundamentals*. This packet will include instructions and the date when ballots must be returned to IMRF in order to be counted.

An eight-member Board of Trustees governs IMRF. It consists of four Executive Trustees, three Employee Trustees, and one Annuitant Trustee.

What does it take to be an Employee Trustee?

Serving on the IMRF Board of Trustees is first and foremost about trust. Trustees are fiduciaries responsible for the governance and oversight of IMRF. They are obliged to act solely for the benefit of IMRF members and beneficiaries.

Those who wish to run for Employee Trustee must:

- Be vested in IMRF as of December 31, 2019;
- Gather at least 350 signatures of those who participated in IMRF during July 2019; and
- Submit your nominating petition between August 1, 2019, and September 16, 2019.

Nominating petitions, procedures, and additional information on running for Employee Trustee will become available for download at www.imrf.org beginning June 30, 2019.

Member Access LETS YOU SAFELY & EASILY...



Protect your loved ones by updating your IMRF beneficiaries



Sign up for a "Your Glass is Half Full" workshop and learn about your benefits



File for IMRF disability or apply to reinstate past service



Ask us a question day or night and hear back in 48 hours



Estimate your future IMRF pension



Make sure your IMRF contributions were reported correctly

...AND SO MUCH MORE!

Sign up today at www.imrf.org! Look for the green box in the upper right corner, click "Register," and follow the instructions.



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FUNDAMENTALS

is published quarterly for active members
of IMRF under age 40.

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1-800-ASK-IMRF (275-4673) • www.imrf.org

**Your Glass is Half Full:
Understanding Your IMRF Benefits**

At this two-hour workshop for young and new members, an IMRF Field Representative will explain Voluntary Additional Contributions, IMRF disability benefits, and other ways IMRF can benefit you right now!

2019 Workshop Dates & Locations

| | DATE | LOCATION | STARTS AT |
|------------|-------------|------------------|-----------|
| JUL | 7/23 (Tue) | Dundee | 5 PM |
| | 7/23 (Tue) | Moline | 5 PM |
| AUG | 8/13 (Tue) | Fairview Heights | NOON |
| | 8/13 (Tue) | Mount Prospect | 5 PM |
| SEP | 9/03 (Tue) | Joliet | 1 PM |
| | 9/05 (Thu) | Springfield | 5 PM |
| | 9/17 (Tue) | Oak Park | 5 PM |
| DEC | 9/17 (Tue) | Peoria | 6 PM |
| | 10/01 (Tue) | Naperville | 6 PM |
| DEC | 12/03 (Tue) | Gurnee | 6 PM |

View the most current list at www.imrf.org/glass-half-full.
If you have a Member Access account, you can register online!
If not, call IMRF at 1-800-ASK-IMRF (275-4673).