



Illinois Municipal Retirement Fund

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Member Services Representatives 1-800-ASK-IMRF

www.imrf.org

SPECIAL MEMORANDUM

Number: 317

Date: May 14, 2010

To: Authorized Agents of Counties

Subject: Public Act 96-0889, Second Tier of benefits for Elected County Official (ECO) Plan

On April 14, 2010, the governor signed Senate Bill 1946 (Public Act 96-0889). This new law creates a second tier of IMRF benefits for members who are first enrolled in IMRF on or after January 1, 2011.

This public act also created a second tier of ECO benefits for elected county officials who are first enrolled in IMRF on or after January 1, 2011, and who elect to participate in ECO.

This new law does **NOT** affect elected county officials currently participating in ECO or elected county officials who ever participated in IMRF or in a reciprocal system prior to the effective date of this legislation. These members remain in Tier 1.

This new law made no changes to benefits payable to current members of IMRF's Sheriff's Law Enforcement Personnel (SLEP) plan. However, if a county sheriff is newly enrolled into IMRF on or after January 1, 2011, and elects to participate in ECO, he or she will participate in ECO Tier 2.

Enclosed you will find a chart that provides a comparison between ECO Plan Tier 1 and Tier 2.

Estimated impact of Tier 2 on employer contribution rates

The normal cost for ECO Tier 2 will be less than the current normal cost of 17.24%. The impact of ECO Tier 2 on an individual employer's rate will depend on the number of ECO Tier 2 members in its workforce.

Employers will see the impact of ECO Tier 2 beginning with their 2013 rates. The 2013 ECO plan rate will be a blended rate covering both ECO Tier 1 and Tier 2 members.

Analysis continues

IMRF continues to analyze this legislation and work with our sister reciprocal systems to ensure consistent interpretation. IMRF will be updating our communications to reflect this new Tier 2. There has been discussion that the General Assembly may work on a "trailer bill" that could include technical corrections and which may impact the current provisions of this new tier.

Questions?

If you have any questions, please call an IMRF Member Services Representative at 1-800-ASK-IMRF (1-800-275-4673) 7:30 A.M. to 5:30 P.M., Monday through Friday or send IMRF a Secure Electronic Message.

Sincerely,

Louis W. Kosiba
Executive Director



Illinois Municipal Retirement Fund

Public Act 96-0889

Comparison of Revised Elected County Official (ECO) Plan Tier 1 and Revised ECO Plan Tier 2

Revised December 8, 2010

County Sheriffs who are **newly enrolled** in IMRF on or after January 1, 2011, and who elect to participate in ECO, will participate in ECO Tier 2.

	Revised ECO Plan Tier 1	Revised ECO Plan Tier 2
Eligibility	<ul style="list-style-type: none"> Elected county officials currently participating in the Revised ECO Plan. Elected county officials enrolled in IMRF after January 26, 2000, but before January 1, 2011, and elect to participate in ECO. Elected county officials who previously participated in IMRF or in a reciprocal system and return to participation and elect to participate in Revised ECO. 	<p>Elected county officials first enrolled in IMRF on or after January 1, 2011.</p> <p>EXCEPTION: Elected county officials with any current or previous IMRF or reciprocal retirement system participation (with the exception of the Judges' Retirement System and the General Assembly Retirement System) and who are enrolled in IMRF and elect ECO after January 1, 2011, will participate in Revised ECO Tier 1.</p>
Vesting for an ECO pension	8 years in the same elected county office with the same county	8 years in the same elected county office with the same county to qualify for the ECO formula but 10 years of total service credit to vest for a pension.
Normal Retirement Age	55	62
Earliest Retirement Age	Age 55 with eight years of any combination of service credit (Regular, SLEP, and/or ECO). An ECO member must hold the same elected county position in the same county for a minimum of eight years to qualify for the ECO retirement formula.	Age 62 with 10 years of any combination of service credit (Regular, SLEP, and/or ECO). An ECO member must hold the same elected county position in the same county for a minimum of eight years to qualify for the ECO retirement formula but must have at least 10 years of total service credit to retire.



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Reduction in pension	ECO pension not subject to reduction	ECO pension not subject to reduction
	<p>Reduction applies only if any portion of pension based on Regular service credit.</p> <ul style="list-style-type: none"> • Retire between age 55 and 60 with less than 30 years of Regular service credit: pension reduced 1/4% for each month under age 60. • Retire between age 55 and 60 with at least 30 but less than 35 years of Regular service credit: pension reduced by lesser of 1/4% for each month <ul style="list-style-type: none"> ○ Under age 60 or ○ Of service credit less than 35 years. • Retire with 35 or more years of Regular service credit and at least age 55: no reduction. 	<p>Reduction applies only if any portion of pension based on Regular service credit.</p> <ul style="list-style-type: none"> • Retire between age 62 and 67 with less than 30 years of Regular service credit: pension reduced 1/2% for each month under age 67. • Retire between age 62 and 67 with at least 30 but less than 35 years of Regular service credit: pension reduced by lesser of 1/2% for each month <ul style="list-style-type: none"> ○ Under age 67 or ○ Of service credit less than 35 years. • Retire with 35 or more years of Regular service credit and at least age 62: no reduction.
Final Rate of Earnings	<p>Average of the highest consecutive 48 months of ECO service in the last 10 years held in a specific office with the same county.</p> <p>A separate ECO FRE is calculated for each elected county position held.</p> <p>125% rule applies: Wages for each of the last three months cannot be more than 25% greater than the highest earnings in any of the first 45 months.</p>	<p>Average of the highest consecutive 96 months of ECO service in the last 10 years held in a specific office with the same county.</p> <p>A separate ECO FRE is calculated for each elected county position held.</p> <p>125% rule applies: Wages for each of the last three months cannot be more than 25% greater than the highest earnings in any of the first 93 months.</p>
Cap on reportable wages	<p>None for members first participating before January 1, 1996. \$245,000 annually (in 2010) for all others</p>	<p>Wages do not include compensation in excess of \$106,800 (in 2011). That amount will be increased annually by the lesser of 3% or one-half of the increase in the Consumer Price Index (urban) for the preceding September.</p>



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Voluntary Additional Contributions	Members may contribute up to an additional 10% of their salary.	Members may contribute up to an additional 10% of their salary (up to the wage cap).
Annual Pension Increase	3% of the original amount	The lower of 3% or one-half of the increase in the Consumer Price Index (urban) for the preceding year of the original amount. If the CPI decreases or is zero, no increase is paid.
Eligibility for Annual Pension Increase	First January following retirement effective date. First year increase prorated if effective date other than January 1.	Increase not paid until the later of age 67 or after one year of receiving pension.
Surviving Spouse Pension Annual Increase	Payable on January 1. 3% of the original amount.	Payable on January 1. The lower of 3% or one-half of the increase in the Consumer Price Index (urban) for the preceding year of the original amount. If the CPI decreases or is zero, no increase is paid.
Early Retirement Incentive	<ul style="list-style-type: none"> • Requires governing body resolution. • Member must be at least age 50 and have 20 years of service. • Member can purchase between one month and five years of service; increases member's age and service for retirement calculation purposes. 	<ul style="list-style-type: none"> • Requires governing body resolution. • Member must be at least age 57 and have 20 years of service. • Member can purchase between one month and five years of service; increases member's age and service for retirement calculation purposes.

The following provisions did not change under PA 96-0889	
	Member contribution rate: <i>(not made for wages in excess of the wage cap)</i>
	Pension formula
	13th Payment
	Survivor benefits <i>(except as noted above)</i>
	Disability Benefits <i>(salary used to calculate benefit subject to wage cap)</i>
	Money Purchase formula