Supplemental Benefit Payment ("13th Payment")

What is the 13th payment?
The supplemental benefit payment, also known as the "13th payment," is mailed to eligible retired members (or to their surviving spouses) every July. The supplemental monthly benefit payments are mailed out after the July benefit payments.

This additional payment does not affect a retired member's pension. If you receive a "13th payment," you will continue to receive your pension every month and your annual increase every January.

Who receives a 13th payment?
You are eligible for the 13th payment if your retirement effective date is July 1 of the previous year or earlier, and you have received IMRF pension benefits for the previous 12 consecutive months. For surviving spouse benefits, we consider both the number of months you have received a surviving spouse benefit and any period the member was receiving IMRF retirement benefits. You must also be receiving a regular July benefit payment.

Who pays for the 13th payment?
The 13th payment is paid for entirely by employer contributions. A special assessment provides that each IMRF employer contributes .62% of their payroll to pay for the 13th payment.

What is the amount of the 13th payment?
The percentage for the 13th payment is calculated after the June 1 pensions are processed (late May). The 13th payment is not the same amount as your usual monthly benefit payment. Each June we calculate the amount of the 13th payment. The amount of the 13th payment is based on:

1. How much we receive in employer contributions from the special assessment (.62%) mentioned above
   and
2. The total amount of all June 1st payments to everyone eligible for the 13th payment.

We divide the first number by the second number. For 2020, your 13th payment will be 26.085% of your June pension amount. The 26.085% was calculated as follows:

$ 49,073,933.15 (amount from employers)  
Divided by  
$ 188,127,725.34 (amount of eligible June 1 payments)  
Equals 26.085%
This means that everyone who is eligible will receive a 13th payment that is 26.085% of their usual benefit payment. For example—a member’s June 1st pension is $750.00. This amount is multiplied by the 26.085% from above calculation and will provide a 13th payment amount of $195.64.

Why does the percentage get smaller each year?
The reason why the 13th payment gets smaller each year is that the bottom number (amount of all eligible June 1 payments) is going up faster than the top number (amount of employer contributions from the special assessment). More of our retirees are retiring earlier, living longer and are receiving higher benefits.

When are the payment notifications mailed?
We always mail the 13th payment notification as soon as possible. The Illinois Pension code specifies that your regular monthly payment is payable on the first of the month. For the 13th payment, it just specifies that it is payable in July. However, as a service to our members, we try to print, fold and mail the payment notifications as soon as possible after the July 1st payment notifications are mailed. With Direct Deposit, your 13th payment may be in your account before you receive the notification.

Is the 13th payment taxable?
The 13th payment is a separate benefit from your usual pension. If you have any monthly exclusion from your certificate of benefits, it applies only to your usual monthly benefit—the 13th payment is always 100% taxable.

Withholding for Federal Income Tax
The amount of federal withholding is calculated using the same percentage used to calculate the payment you receive. For example, if the federal withholding on your June 1 monthly payment is $100.00 and the percent used for the supplemental payment is 26.085%, the withholding on the supplemental payment would be $26.09 ($100.00 multiplied by 26.085%).

Additional questions?
If you have any additional questions about the 13th payment, 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.