PRE-RETIREMENT WORKSHOP WEBINAR
COVID-19 and IMRF

IMRF is secure, agile, and proactive.

IMRF wants all stakeholders to know the organization is making changes that prioritize the health and safety of its members, employers, and staff, in response to the COVID-19 coronavirus pandemic.

At the same time, all stakeholders should have confidence IMRF will continue to deliver all its most critical business processes, including delivering promised benefit payments, processing new applications and enrollments, and managing the new contributions and existing investments entrusted to the pension fund.
Supplement Pre-Retirement Information Page

Member Workshops and Materials

For Active IMRF Members

Member Workshops Online for 2020!
For the health and safety of all involved, we will be offering our Pre-Retirement GetSetFull Workshops online. They will be interactive webinars for IMRF members. IMRF members will have the opportunity to ask questions. These workshops are free to all IMRF members.

2020 Pre-Retirement Workshop Webinar

Plan Your Retirement
Pre-Retirement Workshops are intended for members within five years of retirement. We will address the steps you must take before and during the IMRF retirement application process.
Topics of the Day

- Learn about your benefits
- Encourage you to review your records
- Understand how your benefits are calculated
- Review steps to get your pension
- Learn what you need to do before you retire
- Learn what to expect after you retire
Many Resources Available Online

A great tool for employees!
- Pension calculations
- Wage & service information
- Personal Benefit Review registration
- Beneficiary changes
- Retirement & disability applications
- Address updates
Understanding Your Pension
Enrollment in IMRF

- Enrollment is based on number of hours expected to be worked during a 12 month period.

- Each employer has a specific hourly standard.

600 HOUR STANDARD

OR

1,000 HOUR STANDARD

Understanding Your Pension
Member participation began prior to January 1, 2011

OR

Member participation began on or after January 1, 2011

Locally funded, financially sound.
How is Your Pension Funded?

- Regular plan members pay 4.5% of their paycheck.
- Contributions are tax-deferred.
What is Your IMRF Pension Amount Based On?

- **Final Rate of Earnings (FRE)**
- **Years & Months of Service**
- **Age at Retirement**
How Do IMRF Employees Earn Service Credit?

- Working for an IMRF employer
  - Full-time
  - Part-time
- Being on IMRF disability
- Seasonal position
- Unused/unpaid sick time converted to service credit
  - can not be used to vest
- Purchasing service credit

- Military Service
- Reinstatement
- Retroactive
- Omitted
- SLEP Conversion
- Benefit Protection Leave
- Out of State
Unused/Unpaid Sick Time

Based on your employer’s sick time policy, upon termination

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<th>Duration</th>
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<td>221-240</td>
<td>12 months</td>
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Did You Know?

- Full days are applied
- Pension effective date needs to be within 60 days of the IMRF termination date
- Final employer only, unless retiring from certain educational employers
Regular Plan Benefits

Eligibility
- 8 years service
- Age 60 (unreduced)

Reduction if under age 60 or less than 35 years of service
- 0.25% per month
- Reduction is permanent
- Smallest reduction is applied
- Age 55 (earliest age)
Regular Plan Benefits

Eligibility
• 10 years service
• Age 67 (unreduced)

Reduction if under age 67 or less than 35 years of service
• 0.5% per month
• Reduction is permanent
• Smallest reduction is applied
• Age 62 (earliest age)
Pension Calculation
Pension Calculation

**Average of your highest consecutive**

*48 months*  

**Final Rate of Earnings**  

**Average of your highest consecutive**

*96 months*

**Over the last 10 years of earnings**
Service Determines How Much of Your FRE is Replaced

1-2/3% For each of your first 15 years

+ 2% For each year after your 15th

= % of your FRE Replaced

Each year and month of service is used in the calculation of your pension.
Service and FRE % Comparison

- Years of Service: 8, 10, 16, 24, 32, 40
- FRE %:
  - 15%: 13.3%
  - 30%: 26.9%
  - 45%: 42.9%
  - 60%: 58.9%
  - 75%: 75%
How Can You Get a Pension Estimate?

You can use the pension calculator.

Here’s how to find it...
Online Estimate – Member Access

The estimate you can print from the online calculator will look different than one we mail you, but it has the same information.
Starting Your Retirement
IMRF has identified critical junctures when you should take action to make sure that everything is in order when you retire. Resources that can help you as you make your way through these steps include www.imrf.org and IMRF Member Access. If you have additional questions, contact us at 1-800-ASK-IMRF (275-4673).

**PRE-RETIREMENT BENCHMARKS**

- **Any Age**: 2 Years Prior
- **1 Year Prior**: 1 Month Prior
- **3 Months Prior**: 1 Month Prior
- **Begin Receiving Your Pension**: 0 Months Prior

Locally funded, financially sound.
Apply for Your Pension

- Submit Pension Application
  - 30 days in advance of your termination
- Apply Online or Paper
- Requires a Copy of Your:
  - Birth certificate
  - Marriage certificate or
  - Divorce Decree
Once You’ve Applied for the Pension - What’s Next?

You will receive information about your upcoming retirement:

- It will be mailed about two weeks after your Pension Application is received.
- You will find answers to many common questions about your retirement process, along with information about topics like taxes and health insurance options after retirement.
After You Retire

- **Pension is effective** on 1st of month following termination date

- 1st Payment is **typically issued** in the first half of the month following termination

- Thereafter – payment is deposited on 1st of the month

- An estimated pension is paid until IMRF receives final wages from employer
After final wages are reported by your employer, an “Option Letter” will be mailed to you.

**Retirement Option Letter**

**MID: 912-0920**

Dear Member:

We recently received your Application for Retirement Annuity. We have processed the application and you will begin receiving your IMRF pension under the Standard payment plan. Your benefit may increase if additional wages are reported.

Since you are under age 62, you are eligible to receive your pension under the Optional payment plan. Both the Standard pension and Optional pension are explained under "IMRF PENSION PAYMENT SELECTIONS" on the next page.

Please review the choices, sign and return the Selection form. You will receive your pension under the Standard payment plan unless you return your signed Selection form no later than 90 days from 11/15/2018.

After 90 days from 11/15/2018, you lose the ability to choose between the Standard and Optional pension payment plans.

**IMPORTANT:** If you select the Optional pension, you CANNOT change your mind at a later date. Once you select the Optional pension, your decision is irrevocable. You will NOT be able to revoke your choice and your survivors, after your death, will NOT be able to revoke your choice.

If you do nothing, IMRF will assume you wish to receive your pension under the Standard pension payment plan.
Optional Pension

Allows retirees to take a larger pension until age 62, and then a reduced pension after.

**Standard benefit**

- $1,601

**OR**

**Optional benefit until age 62**

- $2,176

**After age 62**

- $1,535
Spousal Refund Options

If you are not married at time of retirement...

- Lump sum payment - minus federal taxes
- Lifetime monthly annuity payments
- Rollover lump sum to a qualified retirement account
Voluntary Additional Contribution Plan (VAC)

If you contributed to VAC program...

- **Lifetime monthly annuity payments**
  - requires minimum of $4,500 balance at retirement

- **Lump sum payment (if selected)**
  - there will be a tax liability on the “taxable” portion unless that portion is rolled over.

- **Rollover to qualified retirement account**
Special Needs Annuity

Also known as Reversionary Annuity

Reduce your pension to provide an additional annuity to someone else upon death

Options based on tier and marital status

- Set up at time of retirement
- Irrevocable
- One beneficiary
- Call IMRF for estimate
During Your Retirement
Pension Increases

Cost of Living Adjustment (COLA)

3% increase each January
- Based on original pension
- First year pro-rated

Lesser of 3% or ½% of CPI URBAN
- 2020 increase is .85%
- After age 67
Supplemental Pension Payment

How much is the payment?

- Varies each year
- In 2020 was 26.085% of the June payment
Taxes & Social Security

- Federal Tax
- State of Illinois does not currently tax pensions
- Moving to another state? Subject to tax in your state
- No reduction in SS or IMRF
- Section 218 agreement
Returning to Work for an IMRF Employer During Retirement?

- You must call IMRF at 1-800-275-4673 before you can return to work!

- Don’t rely on info from someone else, call IMRF directly for information.

- There could be a costly financial penalty.
Health Insurance Continuation

- Ask your employer about your options.

- There are state and federal laws in place to help you bridge the gap between working and retirement.
Surviving Spouse Pension

**Tier 1**

50% of your benefit payment

**Tier 2**

66% of your benefit payment
More Information Available on the Website About These Topics

- Reciprocal Service
- SLEP – Sheriff’s Law Enforcement Plan
- Endorsed Insurance Plans
What We’ve Covered Today

- Retirement benefits through IMRF
- How your benefits are calculated
- What you need to do before you retire
- What to expect after you retire
Questions & Answers
Thank you for joining us.

Any other questions?
Member Services Call Center
7:30am – 5:30pm, Monday – Friday
1-800-ASK-IMRF (275-4673)
www.imrf.org

Please complete the survey coming to your email later today.