2025 REGIONAL CONFERENCE

Bloomington | O'Fallon

IMRF™

Understanding IMRF

Christine Fine, Employer Services Representative

Thursday, October 30, 2025

IASPA Illinois Association of School Personnel Administrators

ILLINOIS Association of School Business Officials

Agenda

- What is IMRF?
- Well-Funded & Sustainable
- Understanding Employers Rates
- Benefit Overview
- Closing Remarks

What is IMRF?

I llinois
M unicipal
R etirement
F und

A defined benefit pension fund for employees of local government.

- Pension benefits
- Disability benefits
- Death benefits

One of many pension systems in Illinois

STATE-FUNDED PENSION SYSTEMS

CHICAGO-FUNDED PENSION SYSTEMS

COOK COUNTY FUNDED PENSION SYSTEMS

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

- 352 separate pension funds
- Assets pooled for investment purposes

ILLINOIS FIREFIGHTERS' PENSION INVESTMENT FUND

- 295 separate pension funds
- Assets pooled for investment purposes

IMRF

- Second largest by Assets Under Management
- Largest by number of members
- Best funded state-wide system

IMRF is Neither Funded nor Managed by the State of Illinois

Funded by local government, investment returns, and member contributions

Managed by our Board of Trustees and defined by statute

Our Board of Trustees

4 ELECTED BY EMPLOYERS

Gwen Henry
Treasurer
DuPage County

David Miller
Executive Director
North Shore Water Reclamation District

Peter Stefan
Finance Director/Treasurer
Village of Lake in the Hills

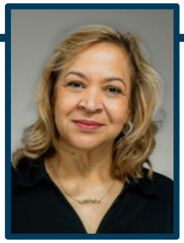
Brian Townsend
Village Manager
Village of Schaumburg

1 ELECTED BY RETIRED MEMBERS

William Stafford
Retired Chief Financial Officer
Evanston Township High School District 202

3 ELECTED BY MEMBERS

Douglas Cycholl
Fire Hydrant Foreman
City of Springfield



Natalie Copper
School-age Child Care Site-coordinator
Dawes School in Evanston

Jason Isaac
Lead Maintenance Technician
Champaign Unit 4 School District

P *President*

V *Vice President*

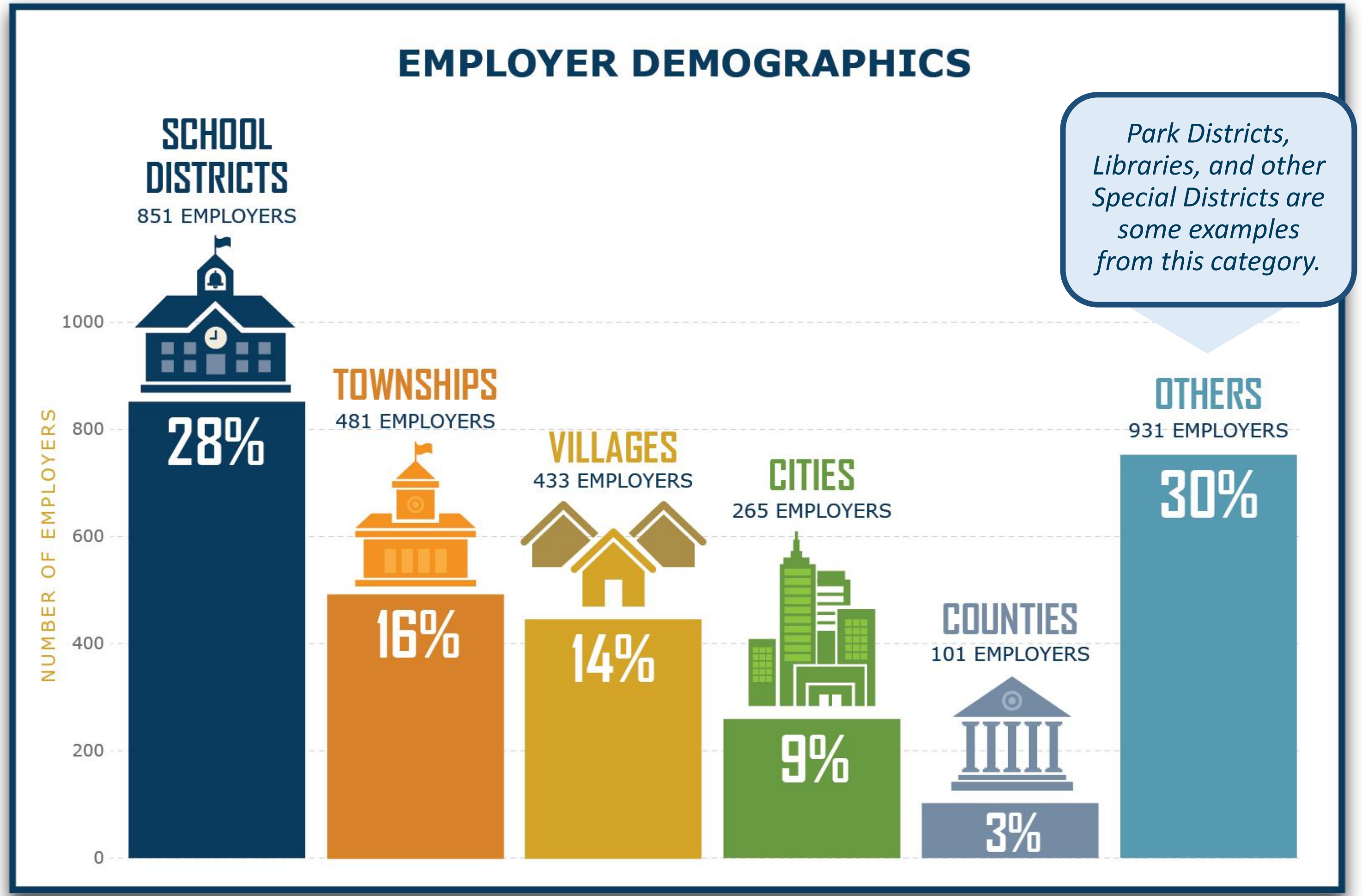
S *Secretary*

Created by the Illinois General Assembly

Governed by the Illinois Pension Code

- Began operating in 1941
- In response to economic conditions (Great Depression)
- Social Security was not available to public employees
- Started with 5 employers and $5,000 in assets

3,062 Total Employers



Participation is dictated by the Illinois Pension Code.

Members and Employers cannot opt out of IMRF.

IMRF's Membership

158,379
Retirees

169,066
Inactive Members

196,859
Active Members

524,304
TOTAL IMRF CUSTOMERS

Almost 10% of Illinois households

What do IMRF members do?

The average 2024 IMRF retiree

- Age 62.8
- Female
- Earned a salary of $47,327
- Government service of 20+ years
- Receives an annual pension of $23,856

84% of all IMRF retirees live in Illinois

IMRF’s economic impact across Illinois in 2024

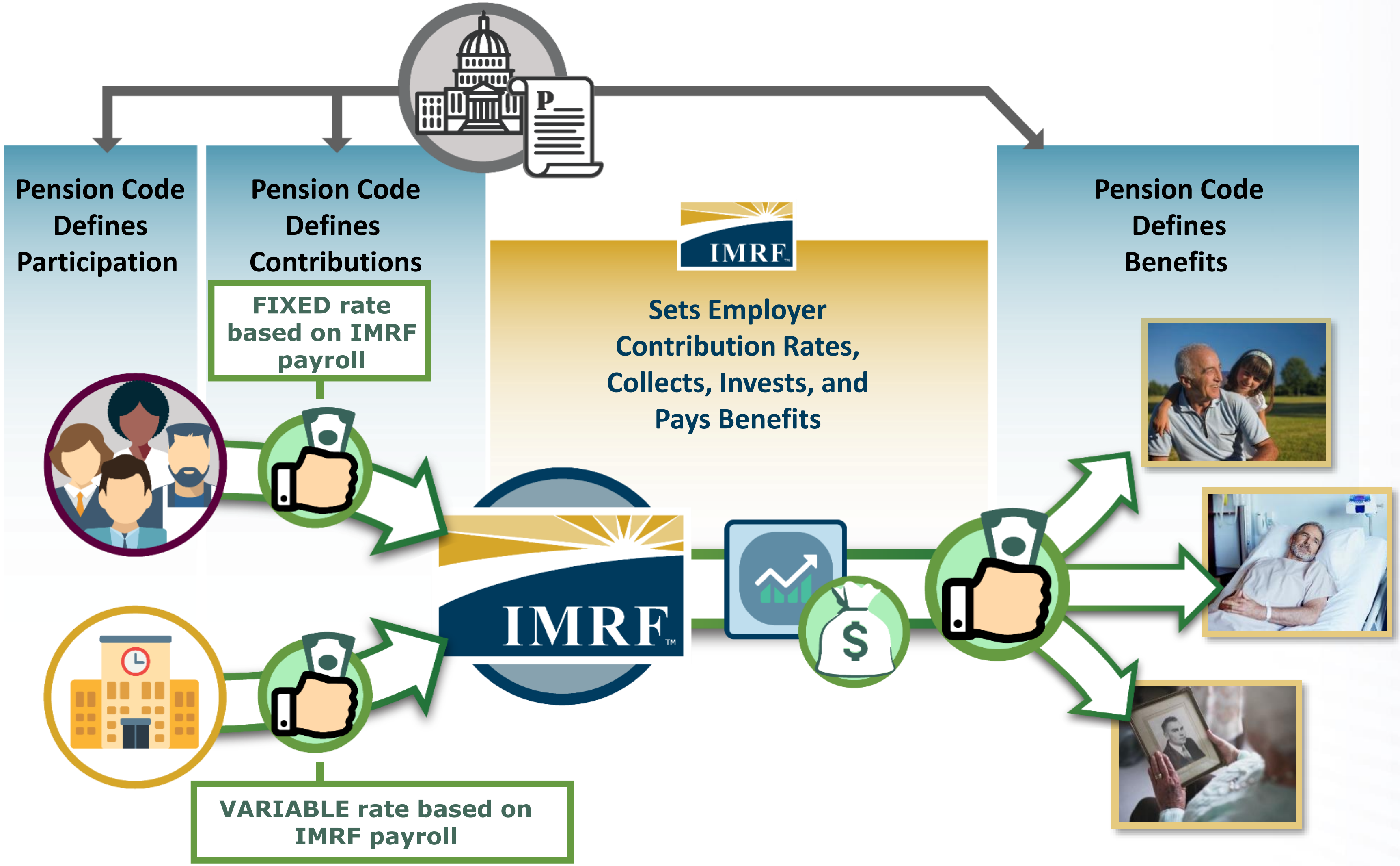
IMRF paid $2.459 billion to Illinois retirees

Payments generated $3.65 billion in economic activity*

IMRF supported creation of 24,255 jobs

*IMRF benefit payments times the U.S. Bureau of Economic Analysis Total Output Multiplier

IMRF’s structure set by state law



Well-Funded & Sustainable

2024 Financial Results

$5.1 BILLION

2024 Investment Gain

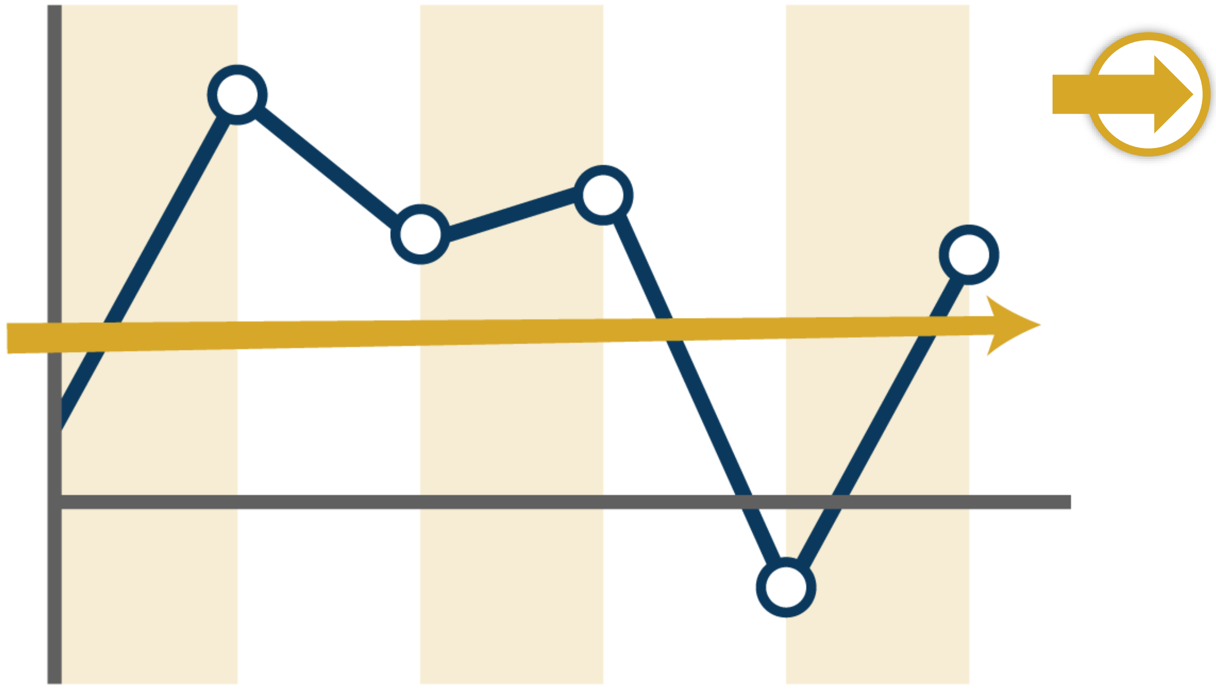
9.2% RETURN

2024 Net Investment Return

$55.2 BILLION

Investments as of 12/31/2024

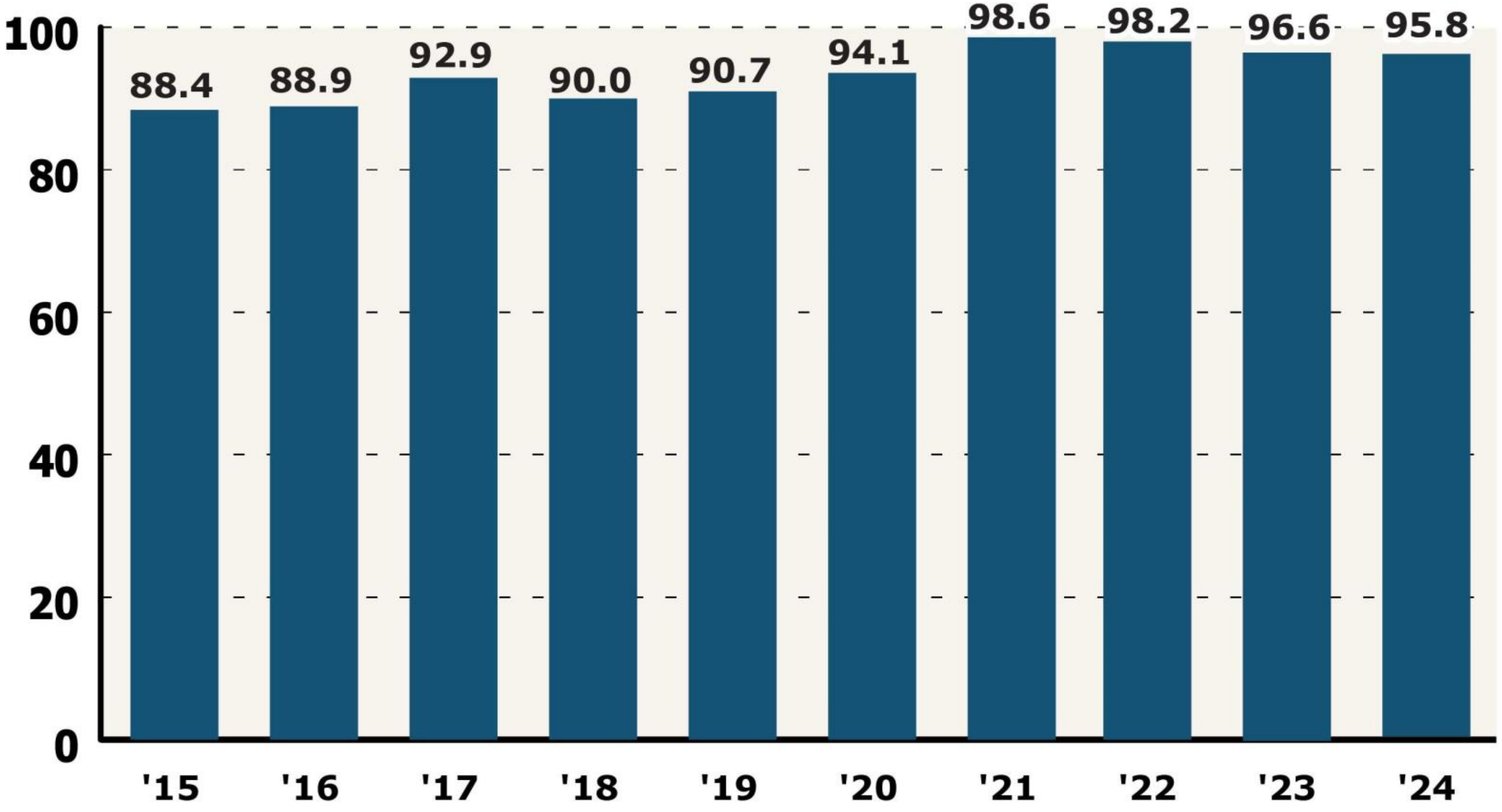
Rate Impact From Investment Results are Smoothed Over a 5-year Period



This arrow represents the impact of IMRF's investment results on employer contribution rates

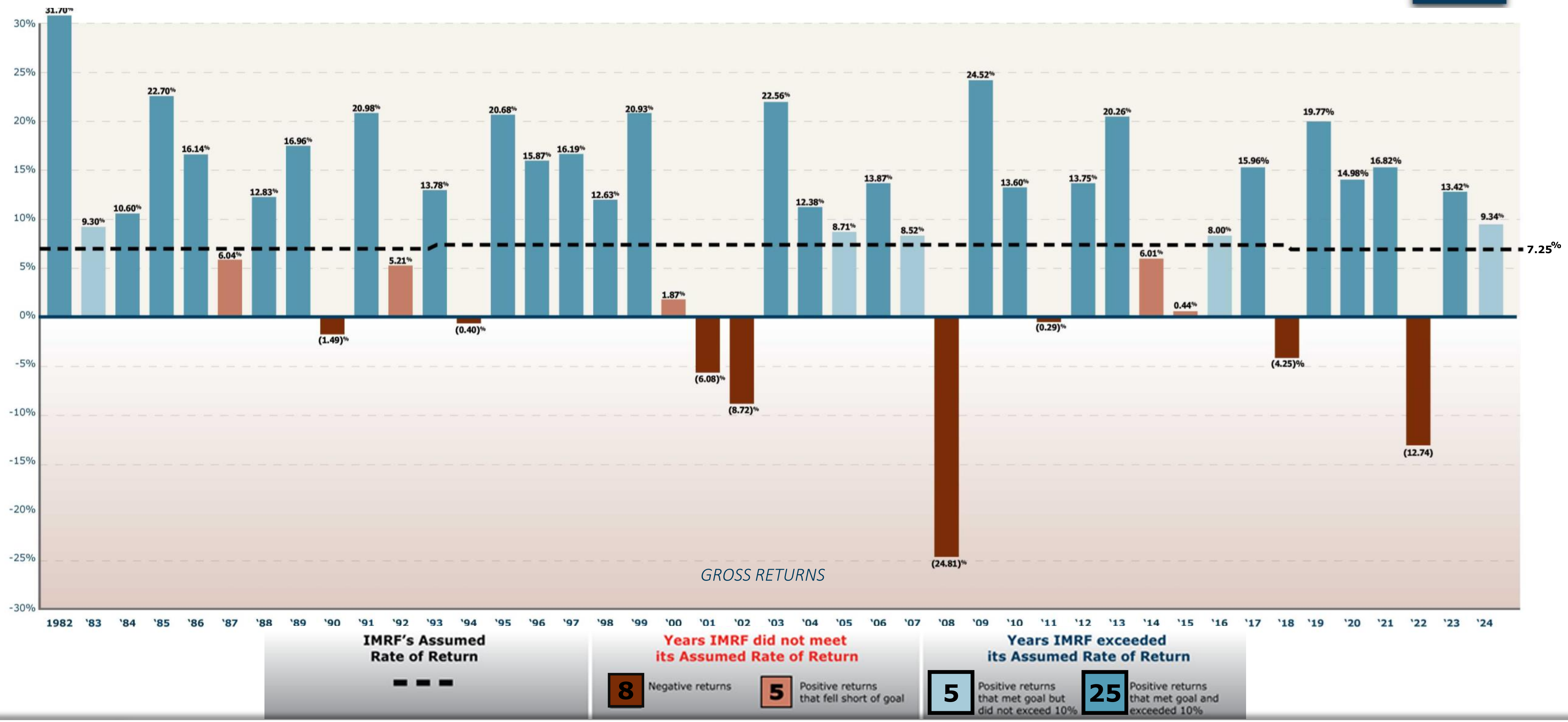
- **Only 1/5th of the investment gain/loss is recognized annually**
- **There is a two-year lag before investment results impact employer rates**

Actuarial Funded 10-year Trend

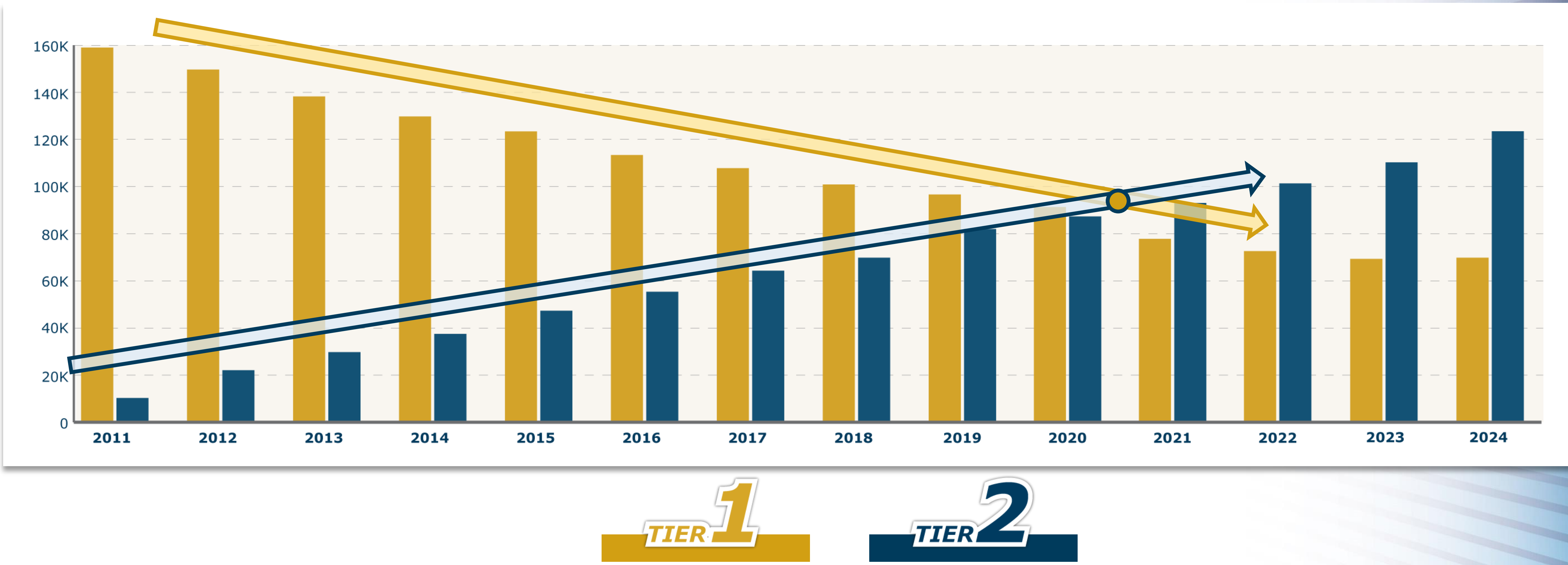


IMRF's Actuarial Funded Status

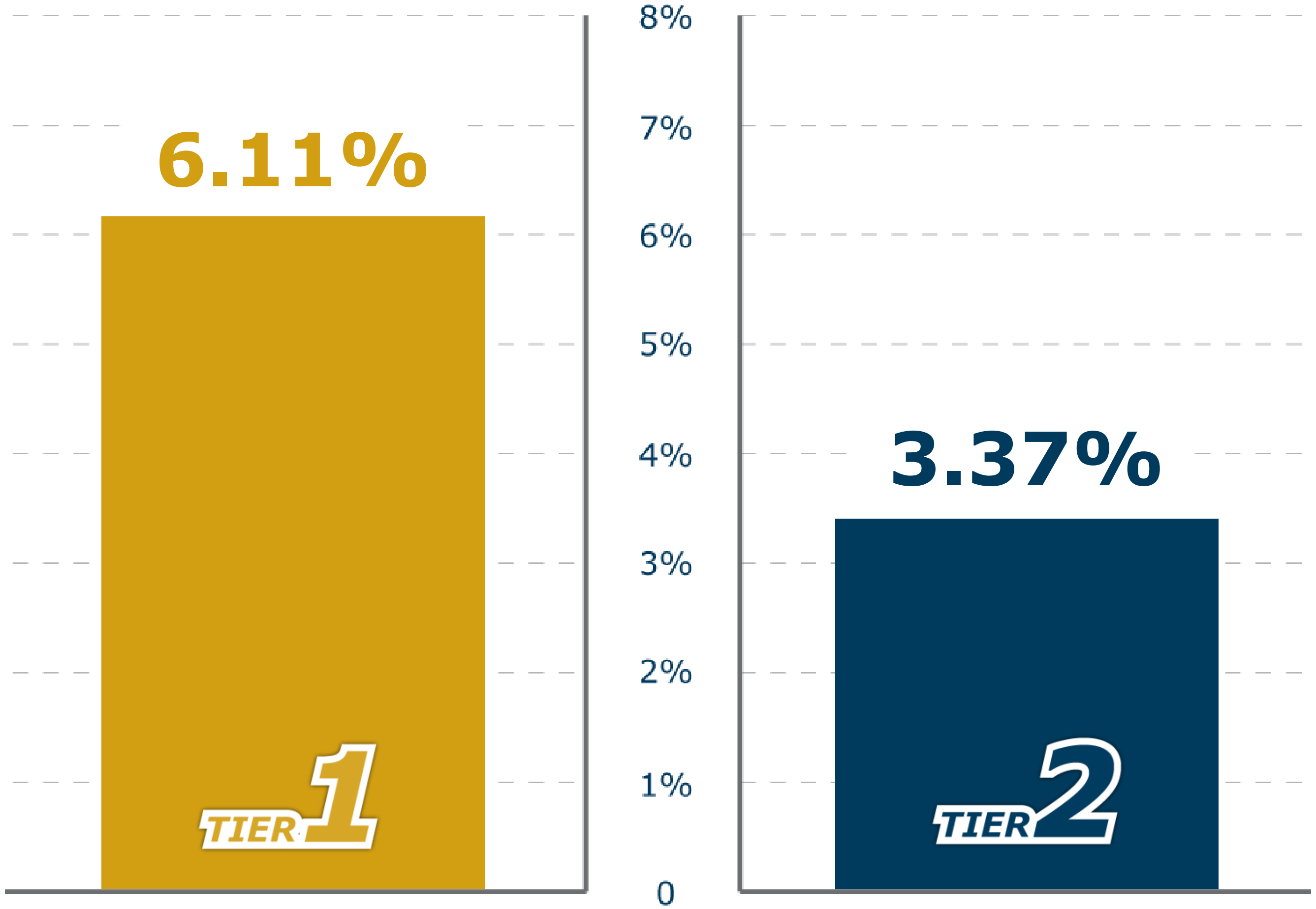
Gross Investment Returns *Strong But Volatile*



Number of Active Regular Plan Members



2025 Regular Plan Average Normal Cost



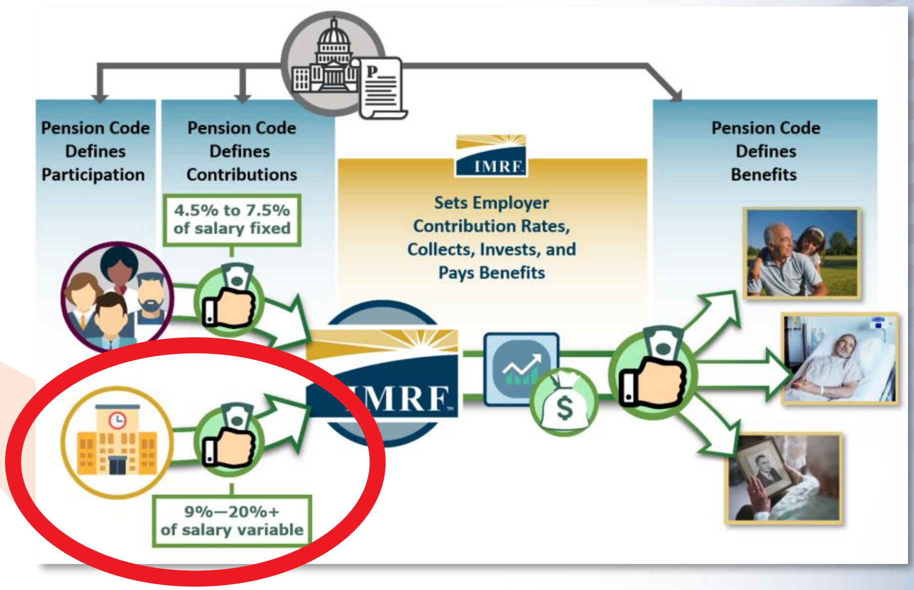
TIER 2

Tier 2 went into effect in 2011 to reduce retirement costs for Illinois

All new members start in Tier 2

Tier 2 costs 45% less than Tier 1

Why is IMRF different?



IMRF enforcement authority

- **Employers pay required contributions monthly**
  - Long history of commitment
- **IMRF board has authority to enforce payment**
  - Intercept funds due employer from State Comptroller
  - Intercept real estate taxes due employer from County Treasurer
  - Sue in Circuit Court

Understanding Employer Rates

The Defined Benefit Cost Equation

Benefits Promised − **Administrative Expenses** = **Member Contributions** + **Employer Contributions** + **Investment Returns**

FIXED

Defined by the Illinois Pension Code

VARIABLE

Actuaries Use Principle Assumptions to Determine Rates

- Investment Return
- Retirement Age
- Marital Status
- Mortality of Active Members
- Mortality of Retired Members
- Disability
- Separations/Refunds
- Payroll Increases

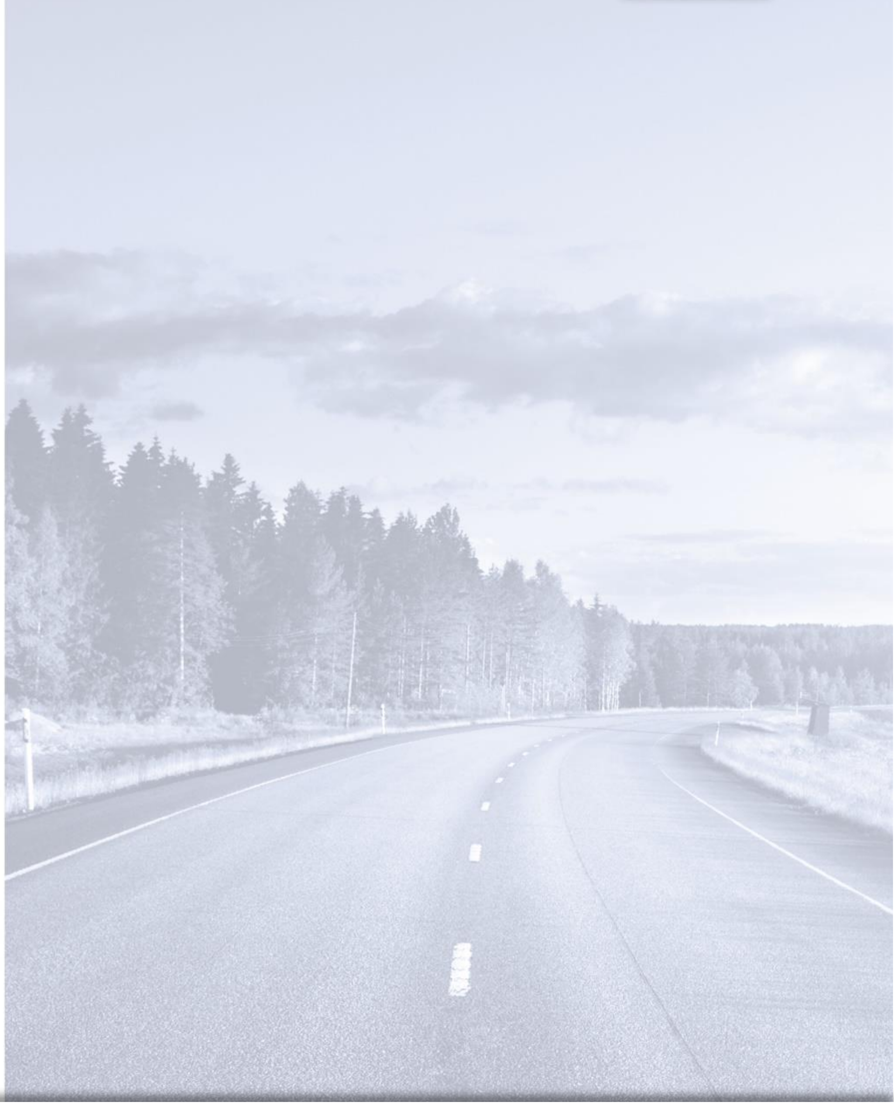
Understanding IMRF's Investment Approach

Investments are managed prudently

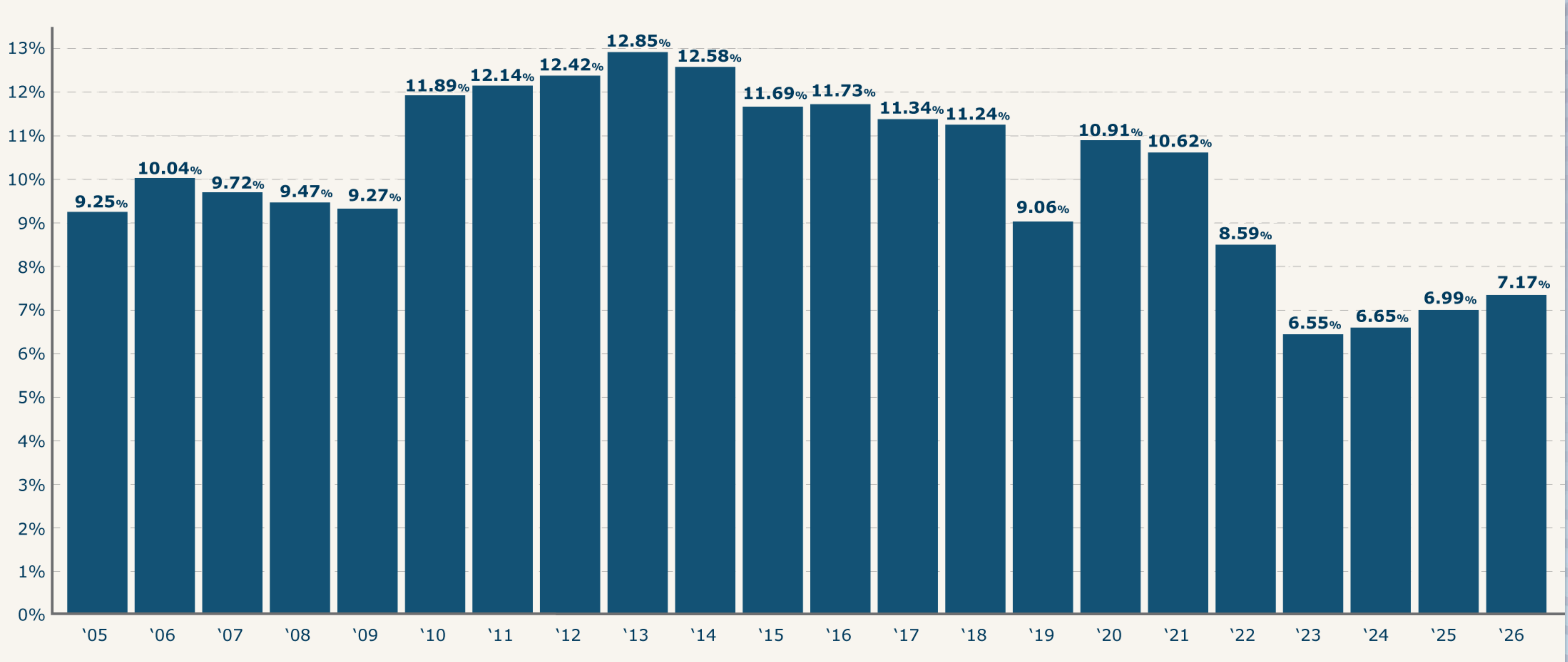
- Overseen by IMRF staff
- 1 Investment consultant firm
- About 142 professional investment firms

Investment fees are managed prudently

IMRF	VS	*Average Public Pension Fund*
31 basis points		**47 basis points**



Average Regular Plan Employer Contribution Rates



Reserve Accounts and Funded Status

Employer Reserve serves as a "Balancing Account."

100%
FUNDED STATUS
MEMBER RESERVE

Variable
FUNDED STATUS
EMPLOYER RESERVE

100%
FUNDED STATUS
ANNUITANT RESERVE

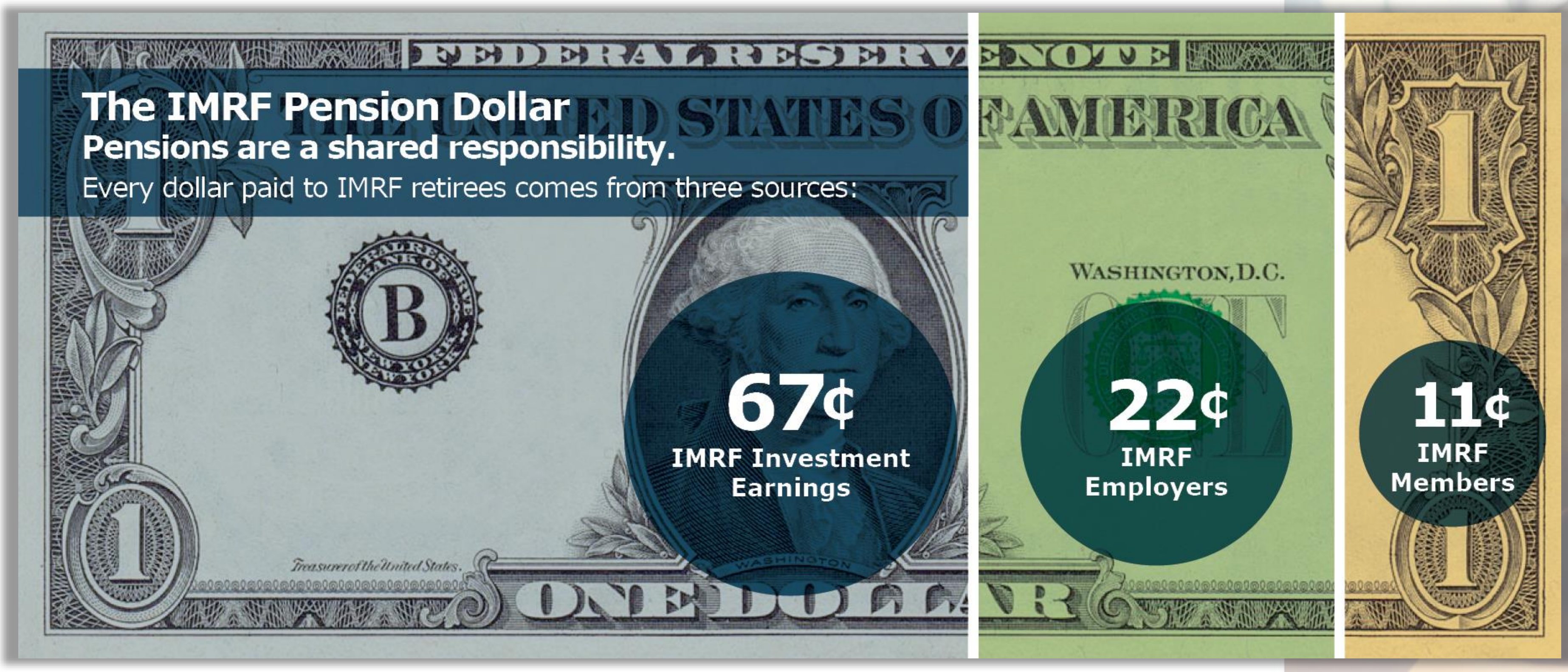
7.25%

Member Reserve and **Annuitant Reserve** accounts must be kept at 100% funded status. IMRF credits these accounts 7.25% yearly.

7.25%

Benefit Overview

IMRF Pension Dollar



Pensions are calculated based on two key factors

A member's Final Rate of Earnings (FRE)

and

Total years of service a member has worked

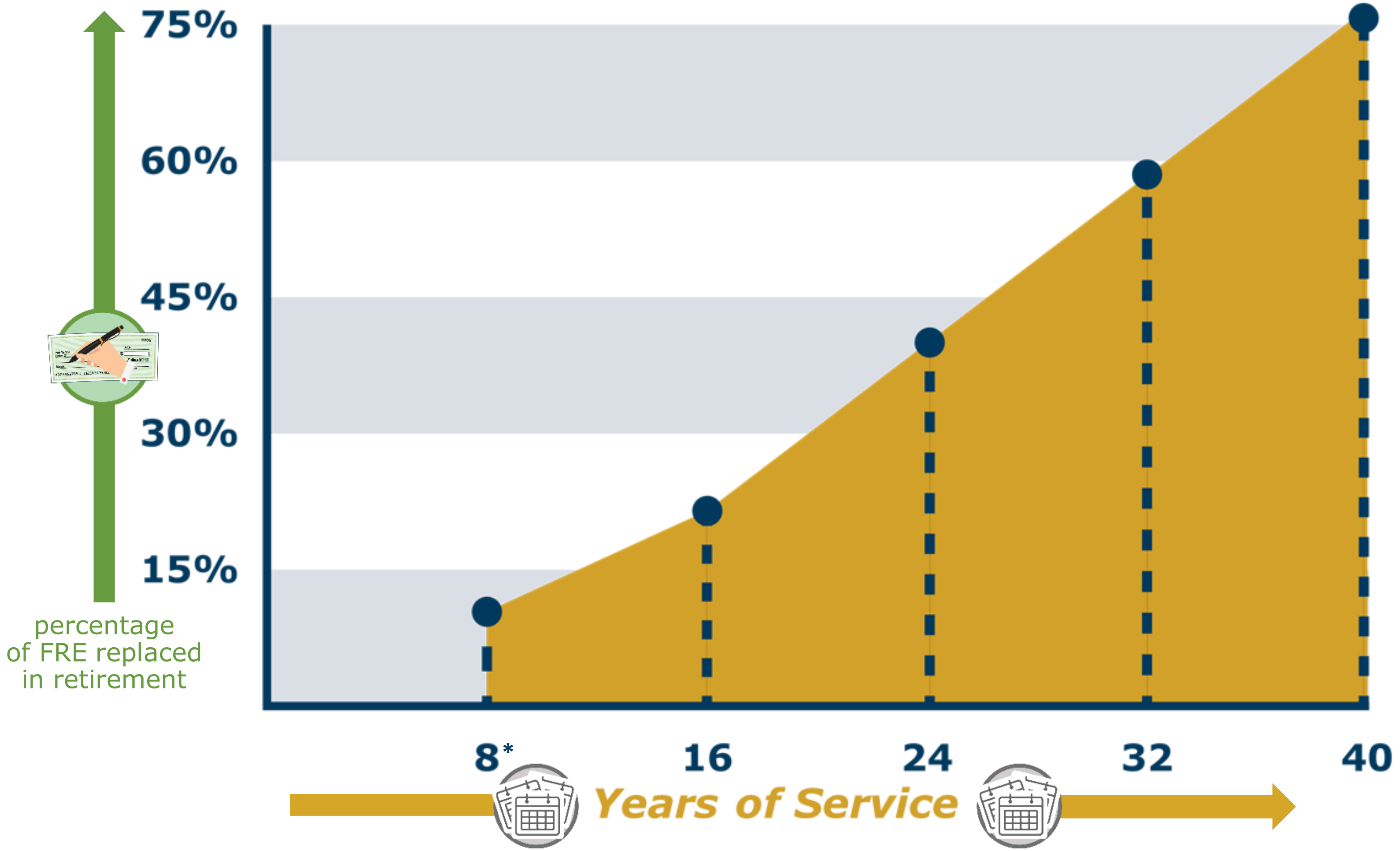
Member participation began
prior to January 1, 2011

Member participation began
on or after January 1, 2011

How is the FRE determined?

- **FRE is calculated based on end-of-career salary**
- **IMRF takes an average salary based on rules set by the member's Tier**
  - Tier 1: Average of the highest consecutive **4 years** within the last 10 years.
  - Tier 2: Average of the highest consecutive **8 years** within the last 10 years.
  - More information is available at **www.imrf.org**

FRE vs years of service comparison



** Tier 1 members vest at 8 years as shown. Tier 2 members vest at 10 years.*
The relationship between years of service and FRE are the same for both Tier 1 and Tier 2.

Pension Increases

Cost of Living Adjustment (COLA)

TIER 1

3% increase each January

- Based on original pension
- First year pro-rated

TIER 2

Lesser of 3% or ½% of CPI URBAN

- 2025 increase is 1.2%
- After age 67

Surviving Spouse Pension

TIER 1

50%

of your benefit payment

OR

TIER 2

66 2/3%

of your benefit payment

Earn Service Credit through Reciprocity

Have you worked for an employer with another Illinois pension system?

- Cook County Employees
- Cook County Forest Preserve
- General Assembly
- Judges
- Laborers' Annuity & Benefit Fund of Chicago
- Chicago Teachers'
- Chicago Park Employees'
- Municipal Employees of Chicago
- Metropolitan Water Reclamation
- State Employees'
- State Teachers'
- State Universities

How Reciprocity Works

- **Minimum of one year service per system**
  - Exception for teaching assistants exists
- **Combined service meets vesting of all systems**
- **Each system pays its prorated share**
- **Submit application with each system**
- **Request pension estimates from last system**

Is the Voluntary Additional Contribution (VAC) Plan Right for You?

Optional Contributions

- Up to 10% of IMRF earnings
- These contributions are after-tax
- Currently earn interest at the rate of 7.25%
- Credited annually based on previous January 1 balance

Voluntary Additional Contribution Interest Example	
Year 1 January 1 Opening Balance	**$0.00**
VA Contributions made during Year 1	$400.00
Interest credited on Year 1 December 31 based upon January 1 opening balance of $0 x 7.25%	$0.00
Year 2 January 1 Opening Balance	**$400.00**
VA Contributions made during Year 2	$500.00
Interest credited on Year 2 December 31, based upon January 1 opening balance of $400 x 7.25%	$29.00
Year 3 January 1 Opening Balance	**$929.00**
VA contributions made during Year 3	$600.00
Interest credited on Year 3 December 31, based upon January 1 opening balance of $929 x 7.25%	$67.35
Year 4 January 1 Opening Balance	**$1,596.35**

Voluntary Additional Contribution Example

VAC SALARY CONTRIBUTION COMPARISON

Both members started contributing to VAC at age 25 and earned $31,500 with 2% raises each year before retiring at age 67.

SALARY CONTRIBUTION 1%	SALARY CONTRIBUTION 5%
Total Benefit **$107,625** or **$802** monthly*	Total Benefit **$538,127** or **$4,010** monthly*
Interest **$86,470**	Interest **$432,351**
His Contributions **$21,155**	Her Contributions **$105,776**
*gross for life with increases according to your Tier	*gross for life with increases according to your Tier

Your VAC Contributions

- **You can withdraw your contributions anytime.**
  - If taken before retirement you can only withdraw your contributions, none of the interest accrued.
- **No partial refunds while working**

VAC Options

If you contribute to VAC program, here are your options when you retire…

- **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**

Closing Remarks

IMRF was operating on a burning platform

A Conversion of Unmatched Complexity

500,000+
Members

3,400+
Individual Pension Plans

ADMIN SYSTEM

700M
Data Records
••••• & •••••
70M
Lines of Code

Customer Service Update

Service substantially improved

- Increased hiring
- Refined processes
- Improved training

Continuing to grow our on-demand resources

- Online Learning Centers
- Employer Access
- Member Access

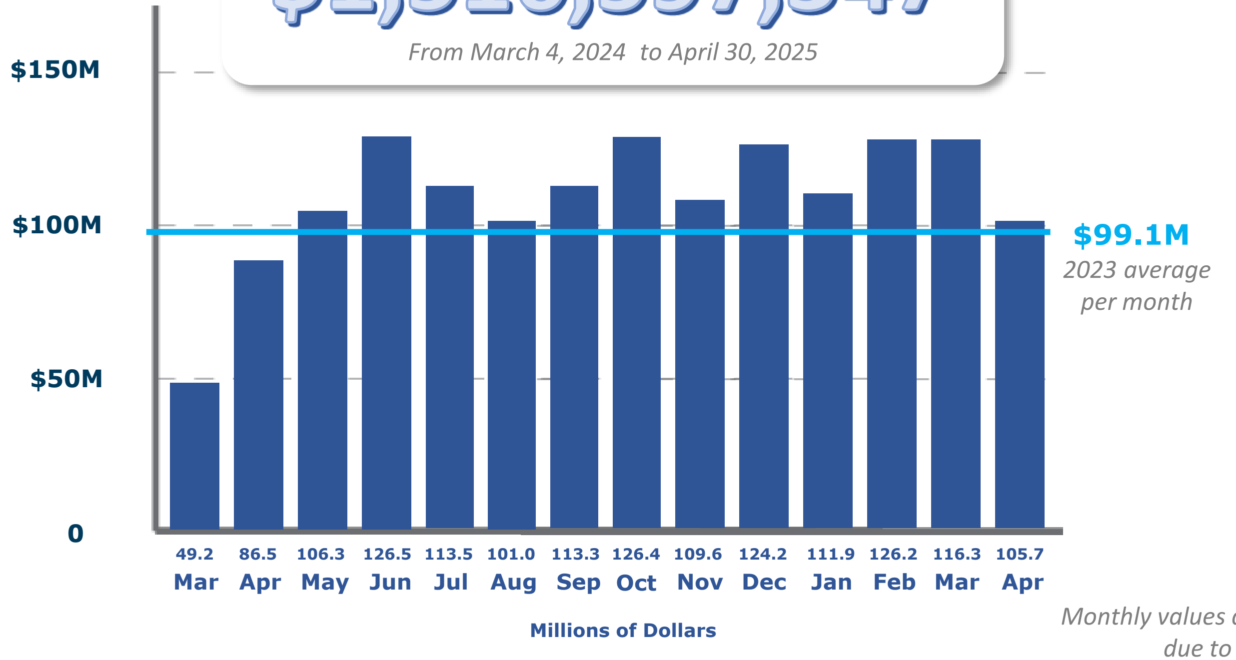
Over a Year Since New System Implementation

Receiving Contributions and Making Payments

Total contributions received from employers

$1,516,597,347

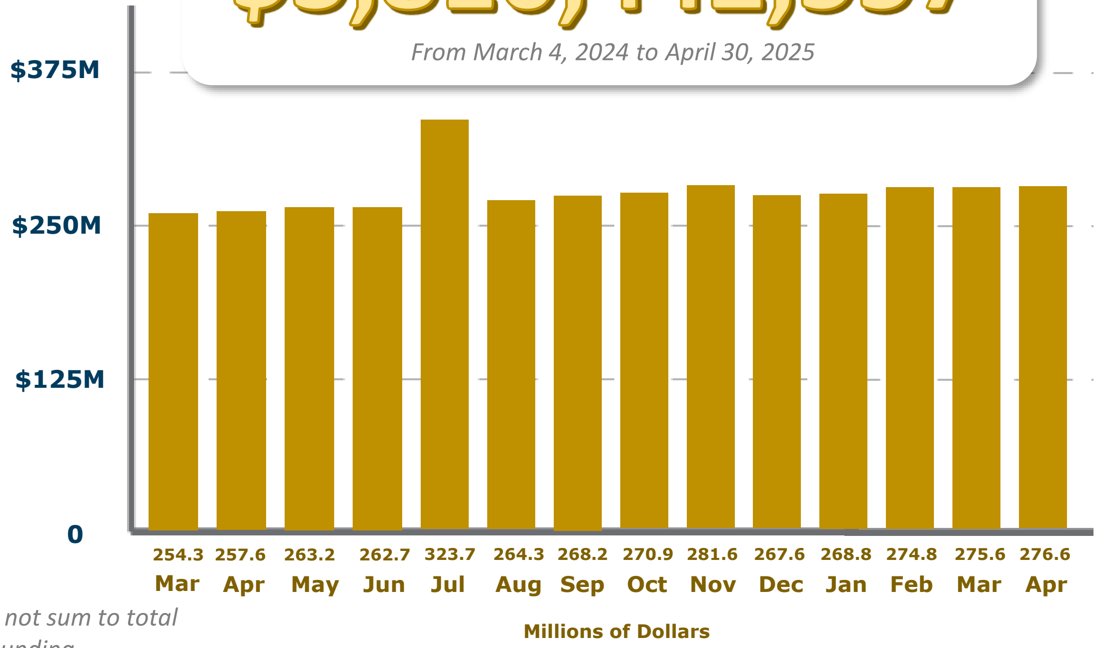
From March 4, 2024 to April 30, 2025



Total payments made

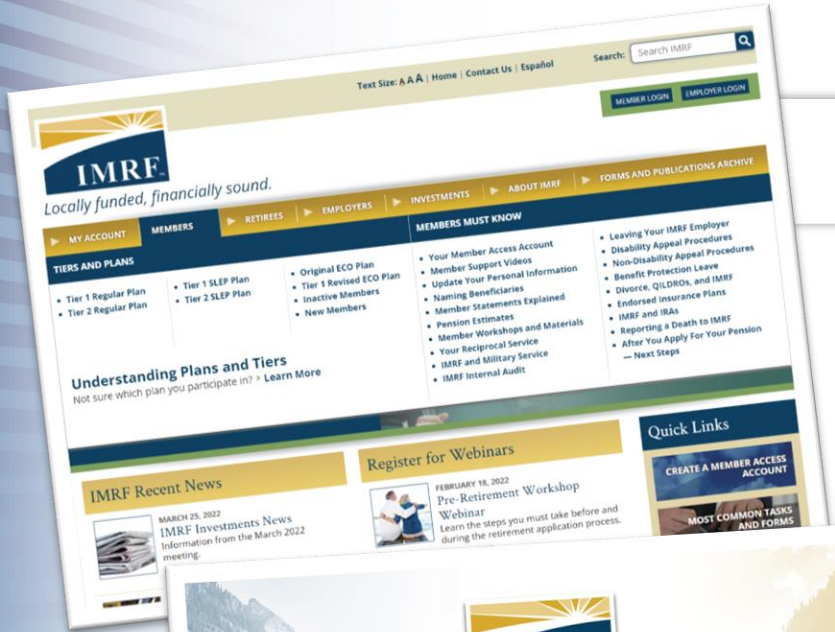
$3,810,442,557

From March 4, 2024 to April 30, 2025



Monthly values do not sum to total due to rounding

Helpful tips about IMRF customer service



www.imrf.org

Contact center

Employer-only, dedicated phone line

Online Workshops

A real commitment to real people

Questions?

Feel free to contact us with any additional questions.

Christine Fine

Employer Services Representative

Email: cfine@imrf.org