



Glass Half Full- Understanding Your IMRF Benefits

**Presented by Morgan Johnson- Member Education
Counselor**

The background of the slide features a scenic landscape. On the left, a steep, forested mountain rises from a calm lake. The water reflects the surrounding greenery and the sky. On the right, another mountain slope is visible, partially obscured by a soft, golden-yellow light that creates a hazy, atmospheric effect. The overall color palette is dominated by greens, blues, and warm yellows.

Topics of the Day

- Introduction to IMRF
- Understanding Your Benefits
- How Your Pension is Calculated
- Voluntary Additional Contributions



Illinois
Municipal
Retirement
Fund

A defined benefit pension fund for employees of local government

- Pension benefits
- Disability benefits
- Death benefits



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





Locally Funded, Financially Sound.

- **About 3,062 units of government**
- **Membership breakdown**
 - 196,2859+ Active
 - 169,066+ Inactive
 - 158,379+ Benefit Recipients
- **Each employer funds retirement costs of its own employees**
- **Full funding goal**
- **Legally enforceable benefits**



2025 Pension Dollar



- IMRF does not receive any funding from the state of Illinois

Member Contributions

*Regular
4.5%*

*Mandated by IL
State statute*

- **Member contributions are tax-deferred**
- **Established by the Illinois Pension Code**

Average 2025 Employer Contributions

*Regular
6.65%*

*Employer Rates
change annually*

- Check out the Employer Rates section on www.imrf.org to understand more about how these rates are set.

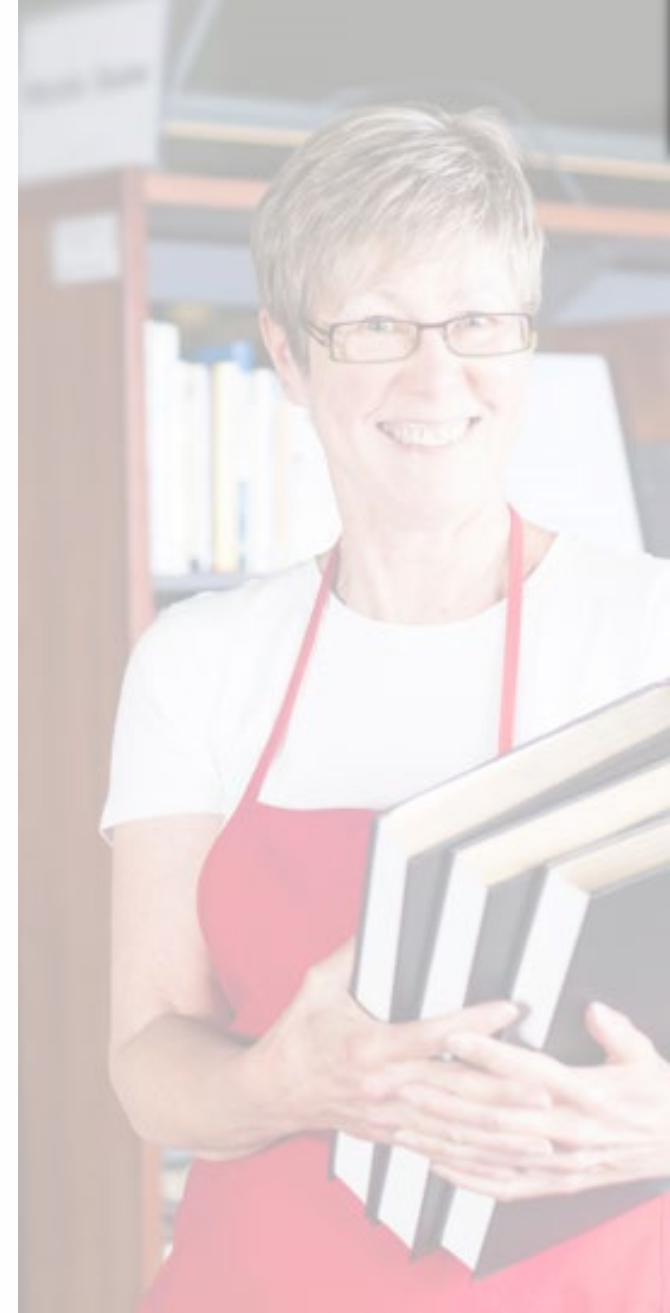
Enrollment in IMRF

- 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



IMRF Benefits

- Disability
- Death
- Retirement



IMRF Disability Protection

You're covered for IMRF disability 24/7 once you have 12 consecutive months of service

- Income and service protection
- Protects your retirement and death benefits
- Includes pregnancy
- 30-day waiting period, earnings from employer must stop, workers' comp and Social Security disability offsets



Active Member Death Benefit Payments

Less than 1 year of service

- Return member contributions
- Job-related death—also includes 1 year of earnings

More than 1 year of service and Active

- 1 year's earnings + member contributions and interest

Vested and Active

- Eligible spouse can choose survivor pension or lump sum





OR



***Member participation began
prior to January 1, 2011***

***Member participation began
on or after January 1, 2011***



Regular Plan Benefits



Eligibility

- 8 years service
- Age 55 (earliest age),
Age 60 (unreduced)



Reduction if under age 60 or less than 35 years of service

- .25% per month
- Reduction is permanent
- Smallest reduction is applied

AGE	REDUCTION	SERVICE
60	0%	35
59	3%	34
58	6%	33
57	9%	32
56	12%	31
55	15%	30



Regular Plan Benefits

■ *Eligibility*

- 10 years service
- Age 62 (earliest age),
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	REDUCTION	SERVICE
67	0%	35
66	6%	34
65	12%	33
64	18%	32
63	24%	31
62	30%	30

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**



What is Your IMRF Pension Amount Based On?



**Final Rate of
Earnings (FRE)**



**Years & Months
of Service**



**Age at
Retirement**



Earnings

- **Reported monthly, and they include:**
 - Regular wages
 - Overtime and vacation pay
 - Back pay and sick pay
 - Bonuses and awards
 - 403(b), 457 Plan do not reduce contributions to IMRF
- **Reportable up to 1 month after your participation terminates**
- **Wage cap**
 - Tier 1 –\$350,000 in 2025 if enrolled after January 1, 1996
 - Tier 2 –\$127,283.01 max in 2025





How Do You 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
 - cannot be used to vest
- Purchasing service credit

- Military Service
- Reinstatement
- Retroactive
- Omitted
- Benefit Protection Leave
- Out of State

Unused/Unpaid Sick Time

Did You Know?

- Full days are applied
- Pension effective date must be within 60 days of terminating IMRF participation
- Final employer only, unless retiring from certain educational employers
- Cannot be used to vest

1-20	1 month
21-40	2 months
41-60	3 months
61-80	4 months
81-100	5 months
101-120	6 months
121-140	7 months
141-160	8 months
161-180	9 months
181-200	10 months
201-220	11 months
221-240	12 months

How Your Pension is Calculated



Final Rate of Earnings

VS



Average of your highest consecutive
***48 months**

Average of your highest consecutive
***96 months**

****** Over the last 10 years of earnings

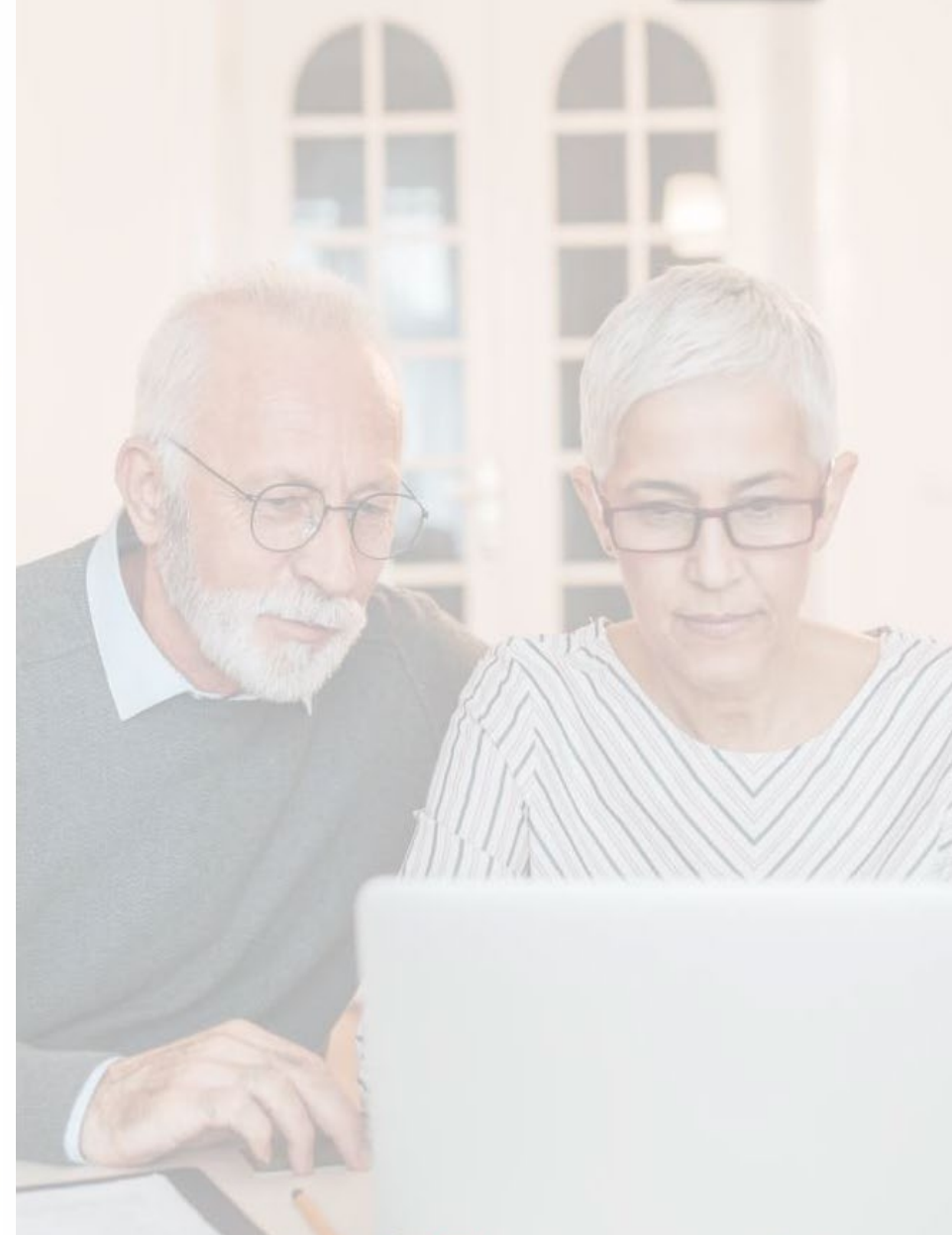
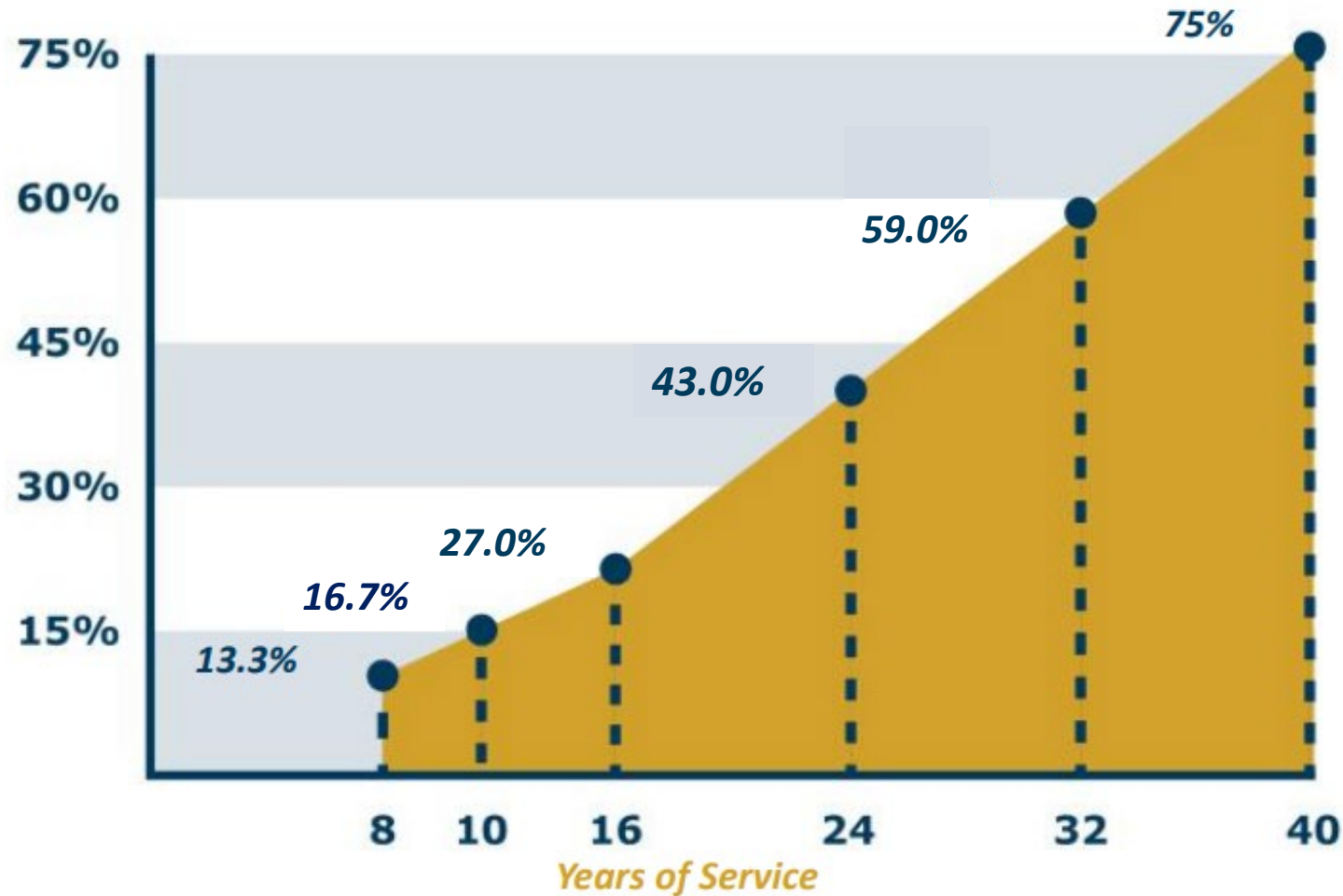


Service Determines How Much of Your FRE is Replaced

Each year and month of service is used in the calculation of your pension.



Service and FRE % Comparison





Voluntary Additional Contributions

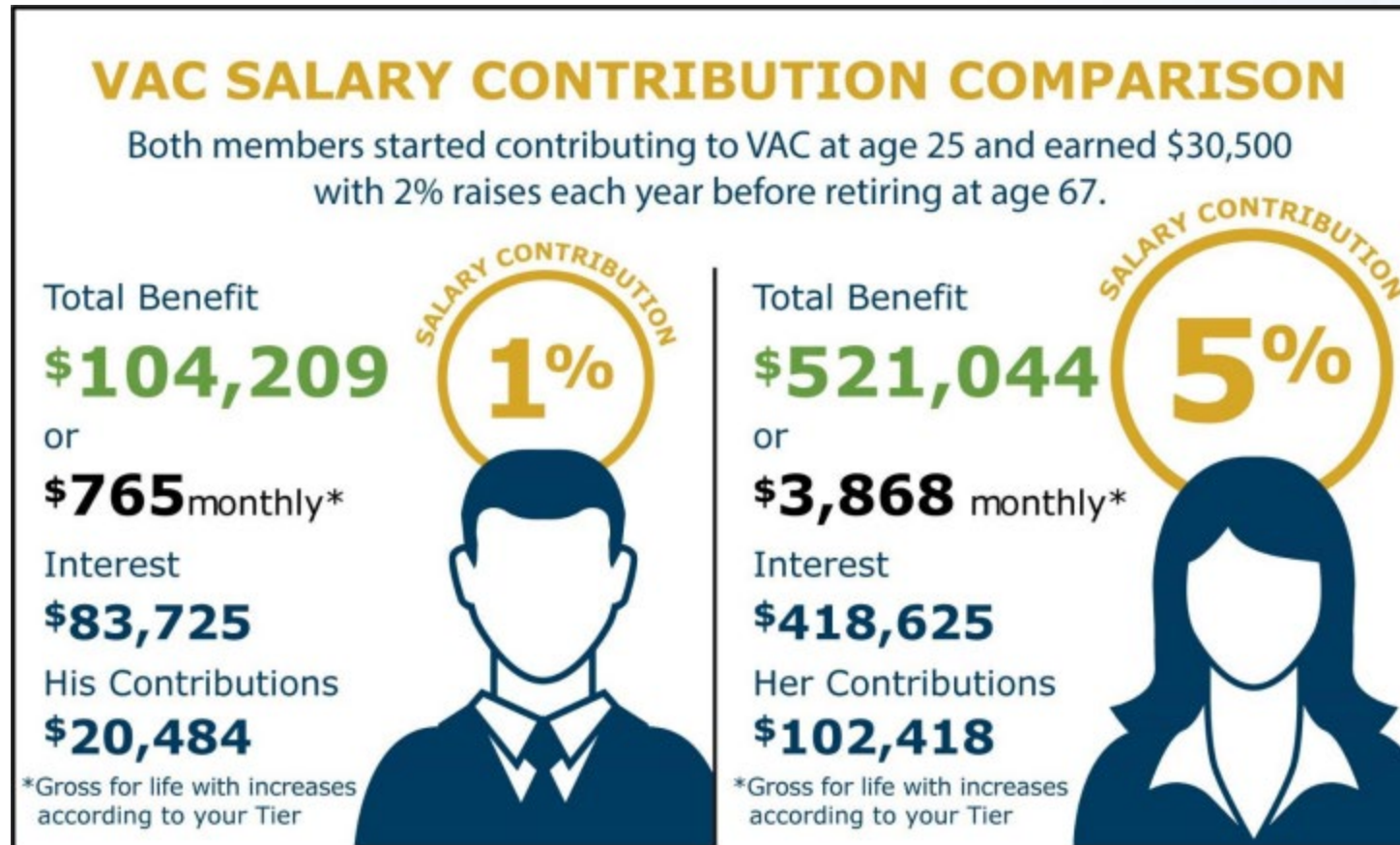
Is the Voluntary Additional Contribution (VAC) Plan Right for You?

Optional Contributions

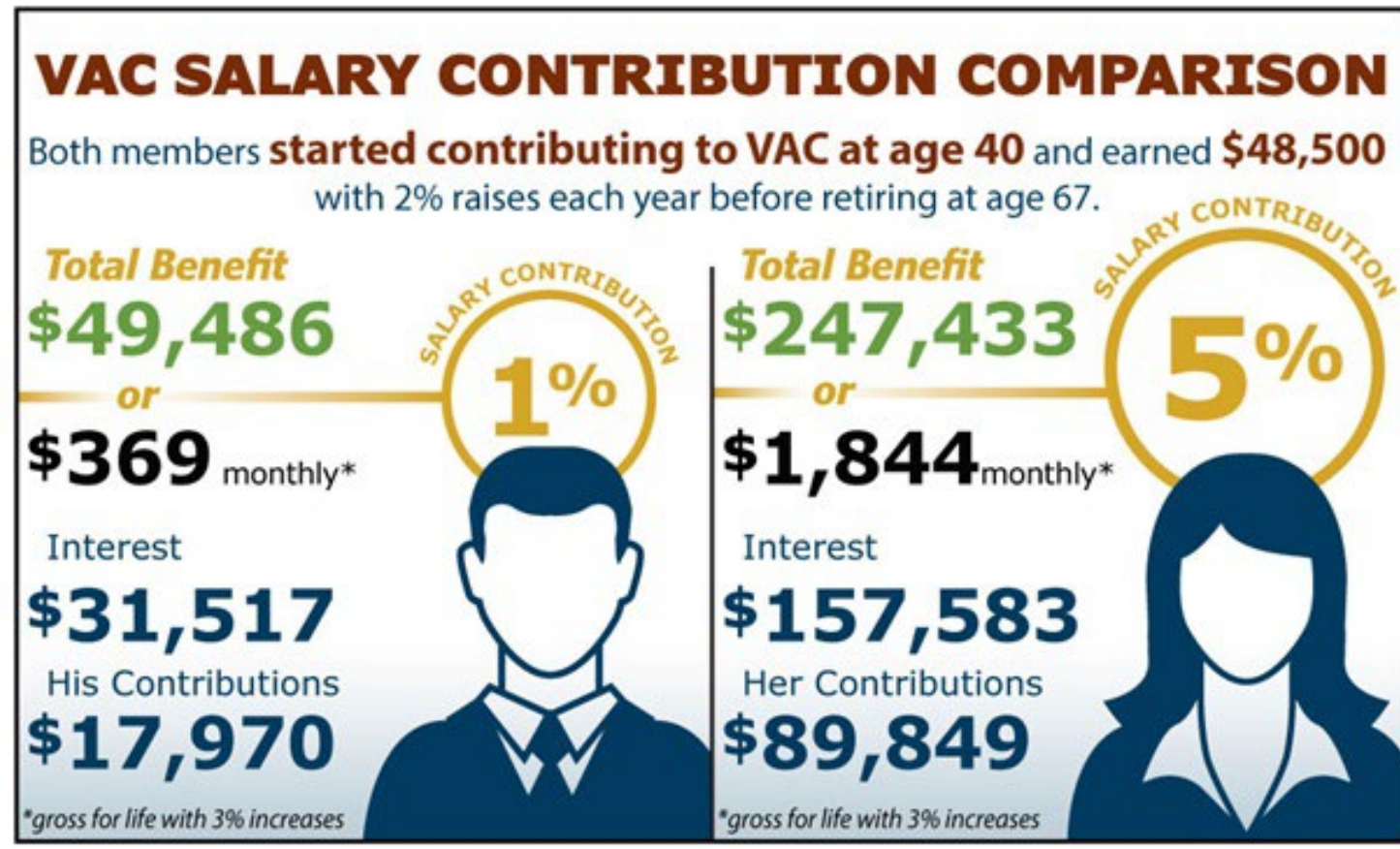
- Up to 10% of IMRF earnings
- These contributions are after-tax
- Currently earn interest at the rate of 7.25%
- Credited annually based on previous January 1 balance
- IMRF Form Election to Make or Change Voluntary Additional Contributions

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



Voluntary Additional Contribution Example



Your VAC Contributions

- **You can withdraw your contributions anytime.**
 - If taken before retirement you can only withdraw your contributions, none of the interest accrued if still active with IMRF.
 - If taken before retirement and no longer working with IMRF, contributions and interest will be paid.
- **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 a qualified retirement account**

Taking an IMRF Refund



If you stop working for your IMRF employer, you can have 100% of your IMRF contributions returned to you.

- Rollover to other plans
- Paid directly to you
- Taxes and additional tax if under 59-1/2
- Or leave your contributions in IMRF
- Many other IMRF employers





What We've Covered Today

- **Introduction to IMRF**
- **Understanding Your Benefits**
- **How is Your Pension Calculated?**
- **Voluntary Additional Contributions**



Thank you for joining us!

Any other questions?

Member Services Contact Center

7:30am – 5:30pm, Monday – Friday

1-800-ASK-IMRF (275-4673)

www.imrf.org



SCHOOL
NUTRITION
ASSOCIATION

ILSNA

ONLINE LEARNING

QUESTIONS & ANSWERS

To Receive Credit for Today's Seminar

- 1 Remain logged in for the entire webinar**
- 2 Complete the Survey***
(please make sure that info@ilsna.net is added to your address book)





TRITON
ASSOCIATION