Your Road to Retirement

Navigating the Retirement Process

for Regular Plan Tier 1 and Tier 2 Members

Presented by

Kelly Knoll



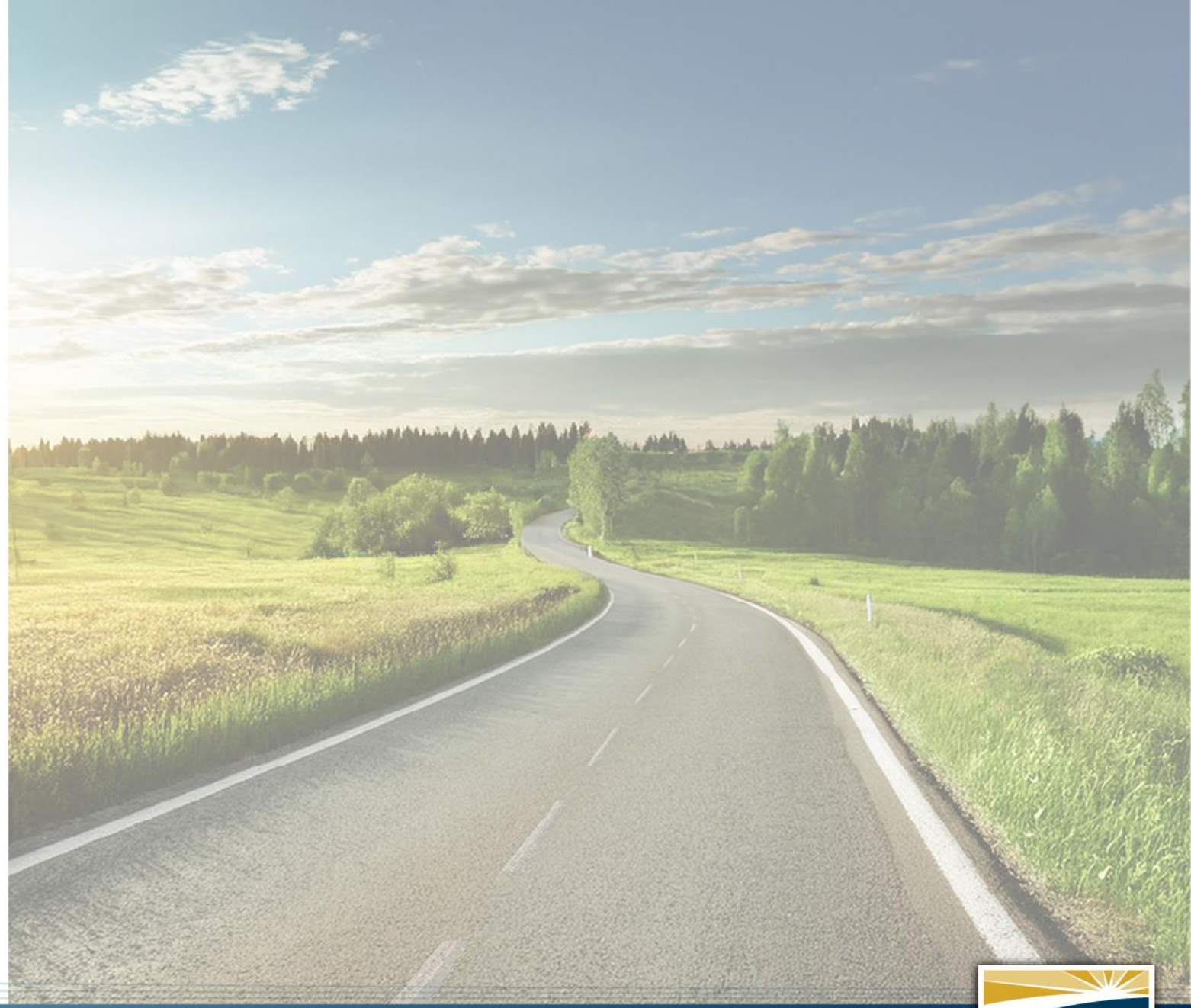
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Agenda

- Your Retirement Benefits
- Before You Retire
- After You Retire
- IMRF Online Resources



Your Retirement Benefits



IMRF Pension Dollar



Retirement Benefits



Member participation began prior to January 1, 2011

or



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

- 0.25% per month
- Reduction is permanent
- Smallest reduction is applied

AGE	REDUCTION	YEARS OF 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

- 0.50% per month
- Reduction is permanent
- Smallest reduction is applied

AGE	REDUCTION	YEARS OF 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
- 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

Each system applies its own formula and pays its prorated share.

Combined service meets vesting of all systems.

Request pension estimates from last system.

Submit application with each system.

Service Credit

What's included in the pension calculation?



- **Working for an IMRF employer**
  - full-time
  - part-time
  - reciprocal service
- **Being on IMRF disability**
- **Seasonal position**
- **Purchasing service credit**
- **Unused/unpaid sick time converted to service credit**

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

Unused/Unpaid Sick Time

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
- 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



IMRF Pension Amounts Are Based On...

Your Final Rate of Earnings (FRE)





Your Age at Retirement

Your Total Years of Service Credit





FRE

Final Rate of Earning







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

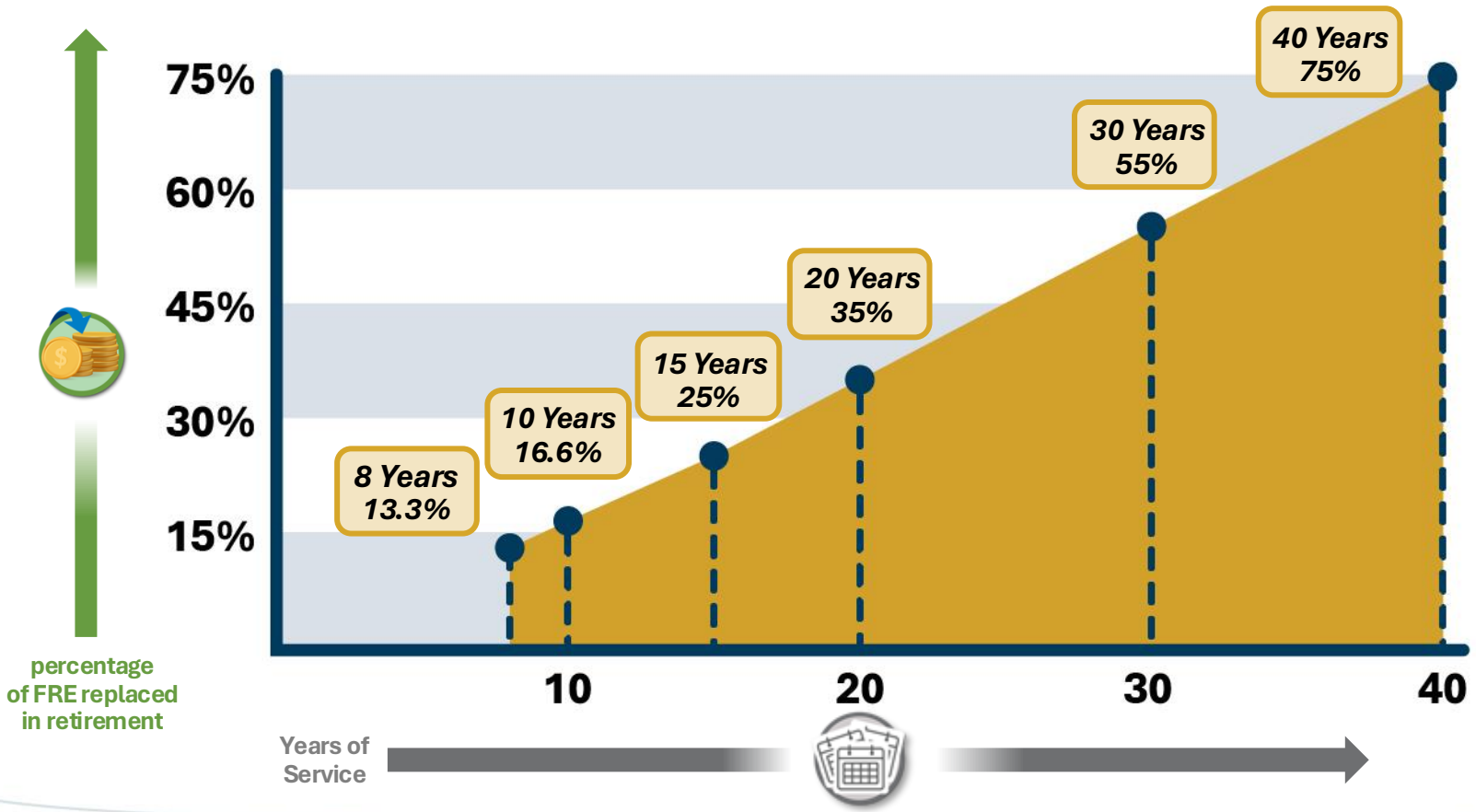
Regular Plan Tier 1 and Tier 2 Equation



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

Service Determines How Much of Your FRE is Replaced

Regular Plan Equation



TIER 1

Members vest at 8 years.

The relationship between years of service and FRE are the same for both Tier 1 and Tier 2

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

Before You Retire



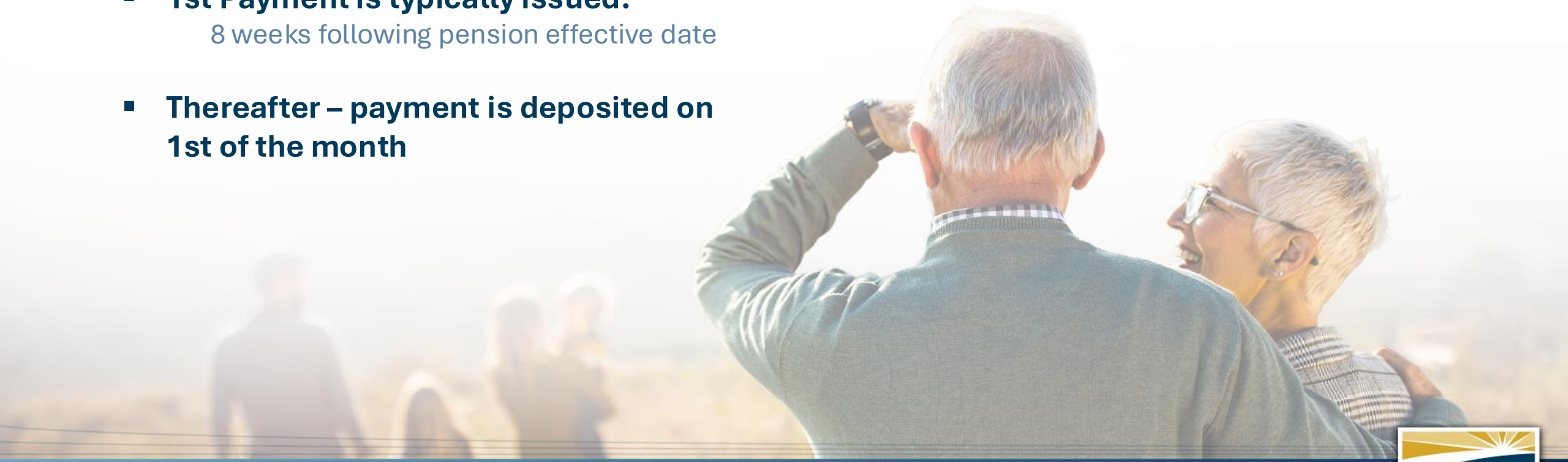
Applying for Your Pension

- **Submit Pension Application**
  - 30 days in advance of your termination
  - Application for IMRF Pension, Application for Direct Deposit, W-4P Tax Withholding & Designation of Beneficiary
- **Apply Online or Paper**
- **Require a Copy of Your:**
  - Birth Certificate
  - Marriage Certificate/Civil Union Certificate or
  - Divorce Decree
  - Optional: Spouse Birth Certificate



After You Retire

- **Pension is effective on 1st of the month following termination date**
- **1st Payment is typically issued:**
  8 weeks following pension effective date
- **Thereafter – payment is deposited on 1st of the month**
- **An estimated pension is paid to members until IMRF receives final wages from employer**



Retirement Options

When you retire, you may need to make the following elections…

If you are under age 62 when you retire…

Under Age 62: Optional Pension

If you have no spouse when you retire…

Surviving Spouse Refund

If you have participated in the VAC program…

Voluntary Additional Contributions



If you are under age 62 when you retire…

Optional Pension

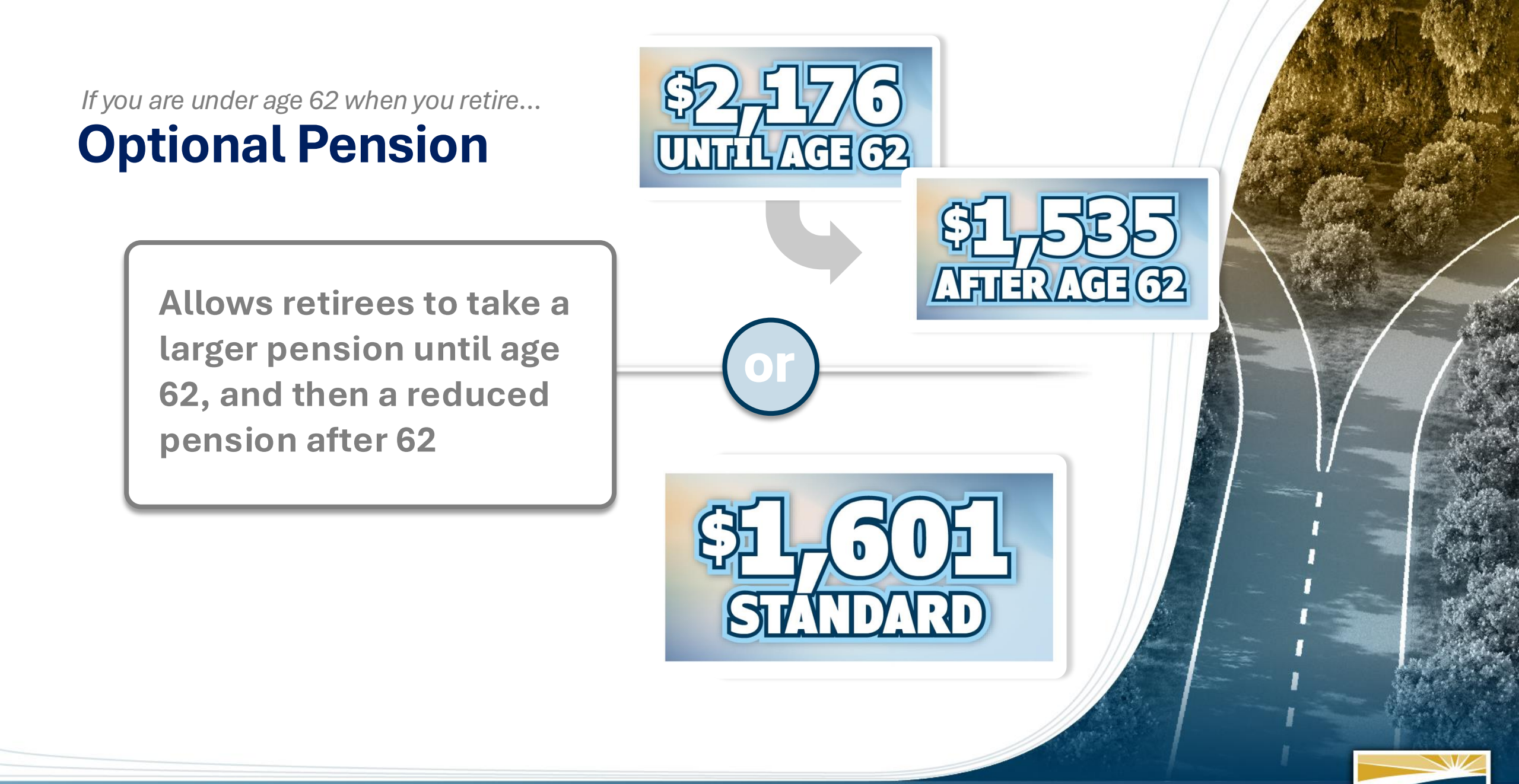
Allows retirees to take a larger pension until age 62, and then a reduced pension after 62

$2,176 UNTIL AGE 62

$1,535 AFTER AGE 62

or

$1,601 STANDARD



If you have no spouse when you retire…

Surviving Spouse Refund



Supplementary Lifetime monthly Annuity Payments

or



Lump Sum Payment

- Minus federal taxes
- You can rollover lump sum to a qualified retirement account



If you have participated in the VAC program …

Voluntary Additional Options



Supplementary Lifetime monthly Annuity Payments

- requires a minimum of $4,500 balance at retirement

or



Lump Sum Payment

- there will be a tax liability on the “taxable” portion unless that portion is rolled over



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

DRL Doyle Rowe LTD

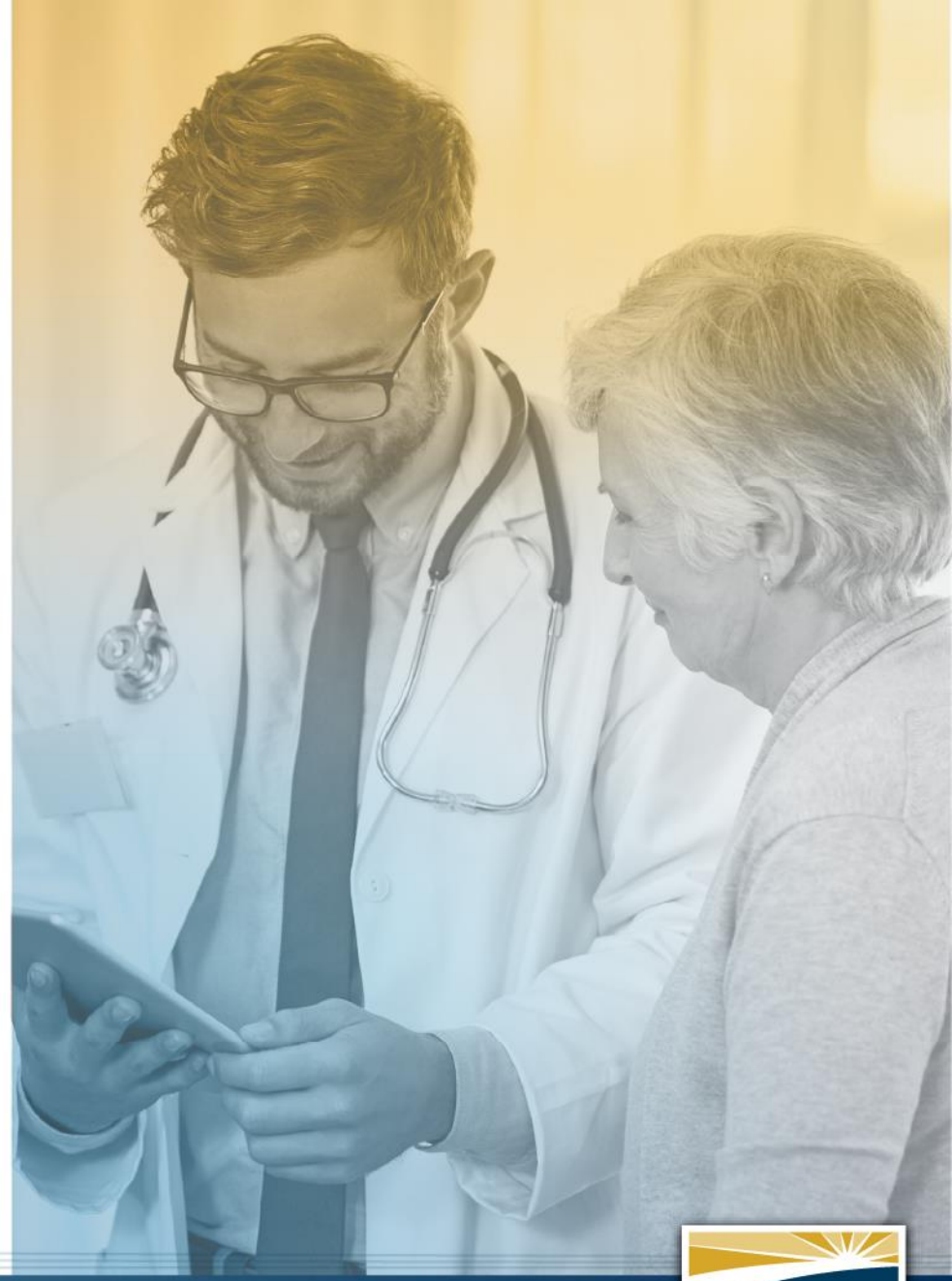
DRL administers of voluntary medical, prescription drug, dental, vision and long term care plans available to IMRF retirees

Health Insurance

1-800-564-7227

IMRF

- **IMRF does not offer health insurance**
- If you continue under your employer's health insurance, or you partake in any Doyle Rowe coverage, we can make those insurance deductions from your IMRF pension



IMRF

Life 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

NCPERS
Serving Public Pensions Since 1941

National Conference on Public Employee Retirement Systems

Life Insurance

1-800-525-8056

IMRF

- **IMRF does not offer life insurance**
- This plan must be adopted by your employer, it will not be available to all IMRF members
- You can only sign up for NCPERS Life Insurance as a member, you can continue it as a retiree



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After You Retire



Pension Increases

Cost of Living Adjustments
COLA

TIER 1

3%

Increase each January

- Based on original pension
- First year prorated
- Starts immediately

TIER 2

Lesser of 3% or ½ of increase of CPI URBAN

Increase each January

- Based on original pension
- 2026 increase is 1.500%
- Starts after age 67 or after 12 pension payments

13th Payment

What is it?

A Supplemental Pension payment funded by your employer's contributions.

How much will it be?

A percentage base on your June Payment.

In 2026 was 22.697%.

When will you get it?

It will be included with your July pension check every year.

Eligibility begins after you've received your 12th pension payment

Taxes & Social Security

Your pension is subject to Federal Tax

- Questions about how to fill out the W4P tax withholding form must be answered by your financial advisor
- IMRF cannot offer tax advice

Illinois does not currently tax pensions

Moving to another state?

- Subject to tax in your state

No reduction in Social Security or IMRF

- Section 218 agreement



Considering Working After Retirement?

Separation of Service Requirement

To begin receiving pension payments, you MUST:

- Stop working for any IMRF employer in any capacity
- No pre-arrangement to return to work with any IMRF employer
- Must wait at least 60 days after your pension effective date
- Changes taking effect for retirements on or after January 1, 2027



Considering Working After Retirement?

Don’t rely on information from someone else. Call IMRF directly.



- You should contact IMRF before you return to work
- Restricted to number of hours permitted to work within a year

If you violate these rules, you will be required to repay any pension payments received.





Surviving Spouse Pension

TIER 1

50%

of your benefit

- Eligible for COLA increases each year
- Eligible for 13th payment each year

TIER 2

66 & 2/3%

of your benefit

- Eligible for COLA increases each year
- Eligible for 13th payment each year

Death Benefit Increase Effective in 2027

Legislation was signed into law that increases the lump sum (burial) death benefit from $3,000 to $8,000 for beneficiaries of:

- Vested active and vested inactive members who are eligible for the burial benefit.
- Retirees with a first retirement effective date of January 1, 2027 or later.



IMRF Online Resources



Navigating Our Online Resources



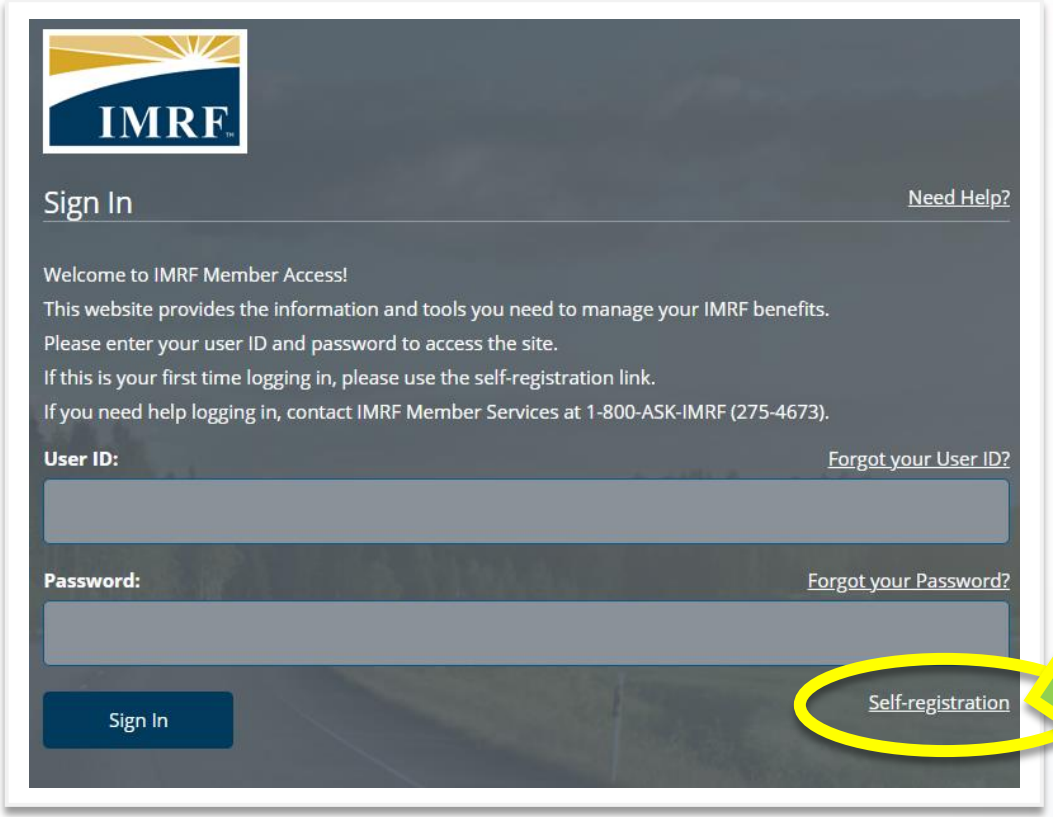
www.imrf.org is a great place to start. It's filled with helpful links and information for Members

- Login to **Member Access**
- The Members tab has information about pension calculations, converting reciprocal service, disability benefits, and more.
- Create a **Member Access** Account
- Member Access Learning Center

Getting Started

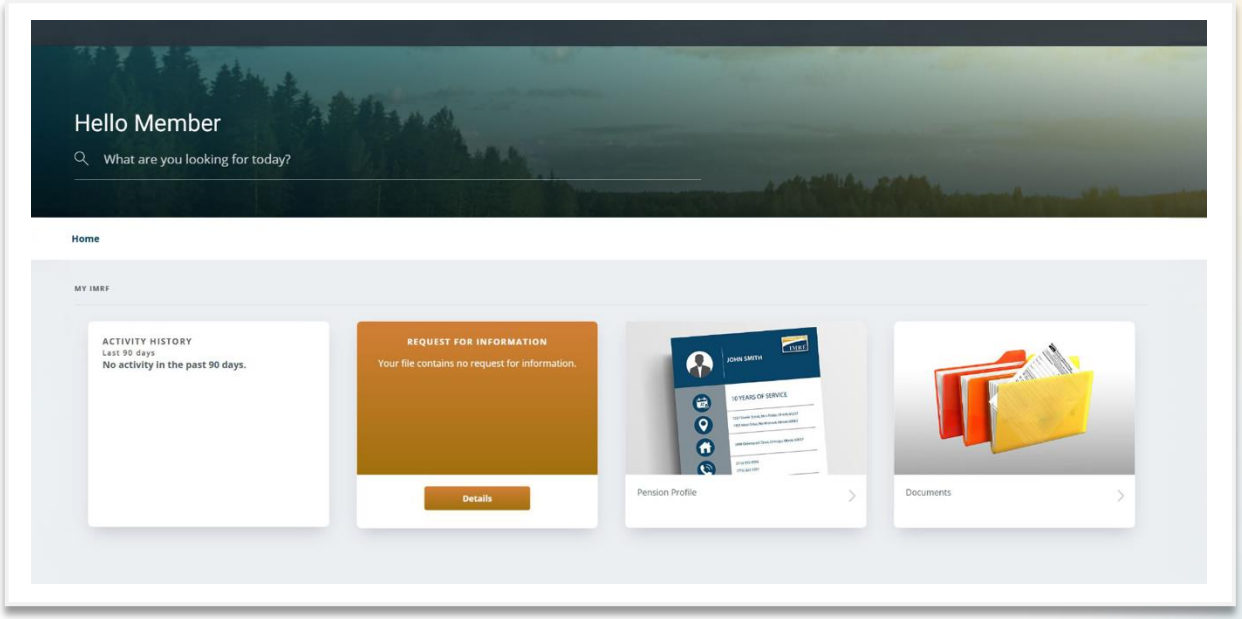
MEMBER ACCESS

- You must have a personal email on file with IMRF to register
- Other helpful tips here



All Your Personalized Information is in…

MEMBER ACCESS



- Send IMRF a secure message
- Update your contact information
- Apply for refunds, disability benefits, and retirement
- Track a claim
- Download your annual statement
- Download personalized forms to update your IMRF account
- Choose your notification preferences
- Change or update your beneficiaries

Recap

- Your Retirement Benefits
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We want your feedback!



We value your opinion and want to hear about your experience.

Please complete a short survey by scanning the QR Code.

Your responses will be completely confidential.

Thanks for joining us!

Member Services Phone
1-800-ASK-IMRF (1-800-275-4673)
Monday–Friday, 7:30 am – 5:30 pm