

IMRF Pension Fund

Mission Statement

It is the mission of the Illinois Municipal Retirement Fund to provide retirement benefits for all retired non-sworn City employees and their beneficiaries.

Primary Functions → The primary function of the IMRF Fund is to account for all benefits for retired non-sworn City employees and their beneficiaries through employer and employee contributions.

Fund Highlights

Based on sound professional actuarial advice and adequate funding, former employees are able to draw retirement benefits from the plan.

Budget Summary

| IMRF PENSION FUND BUDGET SUMMARY | | | | | |
|---|-----------------------|---------------------------|-----------------------|---------------------------|------------------------|
| APPROPRIATION | 2007 <u>ACTUAL</u> | 2008 <u>BUDGET</u> | 2008 <u>ACTUAL</u> | 2009 <u>BUDGET</u> | INCREASE (DECREASE) |
| PERSONNEL | \$5,585,062 | \$6,306,831 | \$5,947,533 | \$6,432,496 | \$125,665 |
| CONTRACTUAL | 285 | 250 | 317 | 250 | 0 |
| OTHER | 0 | 125,000 | 125,000 | 0 | (125,000) |
| TOTAL | <u>\$5,585,347</u> | <u>\$6,432,081</u> | <u>\$6,072,850</u> | <u>\$6,432,746</u> | <u>\$665</u> |
| RATES APPLIED | | | | | |
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| IMRF | 8.99 | 9.89 | 9.93 | 9.59 | 9.35 |
| SOCIAL SEC | 7.65 | 7.65 | 7.65 | 7.65 | 7.65 |
| TOTAL | <u>16.64</u> | <u>17.54</u> | <u>17.58</u> | <u>17.24</u> | <u>17.00</u> |
| FUNDING SOURCE | | | | | |
| | 2008 <u>AMOUNT</u> | 2008 <u>PERCENTAGE</u> | 2009 <u>AMOUNT</u> | 2009 <u>PERCENTAGE</u> | |
| PROPERTY TAXES | | | | | |
| IMRF FUND | \$3,568,275 | 56.5 | \$3,734,567 | 58.0 | |
| REPLACEMENT TAXES | 496,000 | 7.9 | 433,400 | 6.7 | |
| INTERFUND TRANSFERS | 2,242,806 | 35.5 | 2,264,779 | 35.2 | |
| INTEREST INCOME | 10,000 | 0.1 | 10,000 | 0.1 | |
| TOTAL | <u>\$6,317,081</u> | <u>100.0</u> | <u>\$6,442,746</u> | <u>100.0</u> | |

Budget Analysis

The Social Security rate, last increased in 1990 to 7.65%, remains unchanged for 2009. While the taxable wage base for the 1.45% Medicare portion continues to be unlimited, the ceiling for Social Security (6.2%) increases from 2008's \$102,000 to 2009's \$104,500.

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The 2009 IMRF rate decreases to 9.35% from 2008's 9.59% (-2.5%). Combining IMRF and Social Security, the 2009 rate is 17.00%, a -1.4% decrease. The City's IMRF plan is 74.8% funded (five year smoothing value – market value). Funding for the City's Police and Fire plans is 81.9% and 71.6% respectively (market value).

The property tax rate for IMRF and Social Security retirement is unlimited by statute. The 2009 estimated rate is 17.6 cents, an increase from the prior year's 17.1 cents.

Five Year Financial Forecast

The 2010-2014 five-year forecast assumes that retirement costs will increase 5% annually due to salary adjustments, that the Social Security and IMRF rates will remain constant, that the Social Security base will continue to increase incrementally and that the revenue mix of property and transfer reimbursements will remain constant.

However, given the performance of the 2008 equity markets, if there is not a reversal of the year to date performance, then the 2010 contribution requirement will increase approximately 34% (IMRF only) and 18% (combined) for the plan. This would represent approximately 3¢ on the tax rate and, since the City is subject to the PTELL (tax cap) law, this would require a like dollar amount decrease in the City's other operating activities.

IMRF FUND 2010-2014 FINANCIAL FORECAST (IN 000'S)

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenues | \$6,700 | \$7,035 | \$8,442 | \$8,864 | \$9,307 |
| Expenses | <u>6,690</u> | <u>7,025</u> | <u>8,430</u> | <u>8,852</u> | <u>9,295</u> |
| Excess (Deficit) | <u>10</u> | <u>10</u> | <u>12</u> | <u>12</u> | <u>12</u> |
| Beginning Balance | <u>(102)</u> | <u>(92)</u> | <u>(82)</u> | <u>(70)</u> | <u>(58)</u> |
| Ending Balance | <u>(\$92)</u> | <u>(\$82)</u> | <u>(\$70)</u> | <u>(\$58)</u> | <u>(\$46)</u> |
| Property Tax Rates (in cents) | 17.9 | 18.9 | 22.7 | 23.5 | 24.2 |