

# 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 |                    |                    |                    |                    |                   |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
|                                  | 2007               | 2008               | 2009               | 2010               | INCREASE          |
| APPROPRIATION                    | <u>ACTUAL</u>      | <u>ACTUAL</u>      | <u>BUDGET</u>      | <u>BUDGET</u>      | <u>(DECREASE)</u> |
| PERSONNEL                        | \$5,585,062        | \$5,947,533        | \$6,432,496        | \$6,904,771        | \$472,275         |
| CONTRACTUAL                      | 285                | 317                | 250                | 250                | 0                 |
| OTHER                            | <u>0</u>           | <u>125,000</u>     | <u>0</u>           | <u>0</u>           | <u>0</u>          |
| TOTAL                            | <u>\$5,585,347</u> | <u>\$6,072,850</u> | <u>\$6,432,746</u> | <u>\$6,905,021</u> | <u>\$472,275</u>  |
| RATES APPLIED                    |                    |                    |                    |                    |                   |
|                                  | <u>2006</u>        | <u>2007</u>        | <u>2008</u>        | <u>2009</u>        | <u>2010</u>       |
| IMRF                             | 9.89               | 9.93               | 9.59               | 9.35               | 12.53             |
| SOCIAL SECURITY                  | <u>7.65</u>        | <u>7.65</u>        | <u>7.65</u>        | <u>7.65</u>        | <u>7.65</u>       |
| TOTAL                            | <u>17.54</u>       | <u>17.58</u>       | <u>17.24</u>       | <u>17.00</u>       | <u>20.18</u>      |
| FUNDING SOURCE                   |                    |                    |                    |                    |                   |
|                                  | 2009               |                    | 2010               |                    |                   |
| PROPERTY TAXES                   | <u>AMOUNT</u>      | <u>PERCENTAGE</u>  | <u>AMOUNT</u>      | <u>PERCENTAGE</u>  |                   |
| IMRF FUND                        | \$3,734,567        | 58.0               | \$3,149,196        | 45.5               |                   |
| REPLACEMENT TAXES                | 433,400            | 6.7                | 308,100            | 4.5                |                   |
| INTERFUND TRANSFERS              | 2,264,779          | 35.2               | 3,447,725          | 49.9               |                   |
| INTEREST INCOME                  | <u>10,000</u>      | <u>0.1</u>         | <u>10,000</u>      | <u>0.1</u>         |                   |
| TOTAL                            | <u>\$6,442,746</u> | <u>100.0</u>       | <u>\$6,915,021</u> | <u>100.0</u>       |                   |

## Budget Analysis

The Social Security rate, last increased in 1990 to 7.65%, remains unchanged for 2009. The taxable wage base for the 1.45% Medicare portion continues to be unlimited; the ceiling for Social Security (6.2%) remains unchanged from 2009's \$106,800.

The 2010 IMRF rate increases to 12.53% from 2009's 9.35% (34.0%) due to the performance of equity markets. Combining IMRF and Social Security, the 2010 rate is 20.18%, an 18.7% increase. 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).

# IMRF Pension Fund

The property tax rate for IMRF and Social Security retirement is unlimited by statute. The 2010 estimated rate is 15.0 cents, a decrease from the prior year's 17.8 cents.

## **Five Year Financial Forecast**

The 2011-2015 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. Given the performance of the equity markets, the IMRF rate and consequently the City's expense may need to increase during this time period.

### IMRF FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

|                                  | <u>2011</u>  | <u>2012</u>  | <u>2013</u>  | <u>2014</u>  | <u>2015</u>  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenues                         | \$7,261      | \$7,624      | \$8,005      | \$8,405      | \$8,825      |
| Expenses                         | <u>7,250</u> | <u>7,613</u> | <u>7,994</u> | <u>8,394</u> | <u>8,814</u> |
| Excess (Deficit)                 | <u>11</u>    | <u>11</u>    | <u>11</u>    | <u>11</u>    | <u>11</u>    |
| Beginning Balance                | <u>74</u>    | <u>85</u>    | <u>96</u>    | <u>107</u>   | <u>118</u>   |
| Ending Balance                   | <u>\$85</u>  | <u>\$96</u>  | <u>\$107</u> | <u>\$118</u> | <u>\$129</u> |
| Property Tax Rates<br>(in cents) | 15.8         | 16.3         | 16.9         | 17.4         | 18.0         |

**CITY OF ROCKFORD  
NEXT YEAR/CURRENT YEAR BUDGET ANALYSIS  
IMRF RETIREMENT FUND**

|                                       | <b>2008<br/>BUDGET</b> | <b>2008<br/>ACTUAL</b> | <b>2009<br/>BUDGET</b> | <b>9 MO<br/>ACTUAL</b> | <b>ESTIMATE<br/>2009<br/>ACTUAL</b> | <b>2010<br/>BUDGET</b> | <b>CHANGE<br/>09-10</b> |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------------------|------------------------|-------------------------|
| 71251 IMRF Retirement                 | 6,306,831              | 5,947,533              | 6,432,496              | 4,603,931              | 6,138,575                           | 6,904,771              | 472,275                 |
| <i>TOTAL PERSONNEL</i>                | 6,306,831              | 5,947,533              | 6,432,496              | 4,603,931              | 6,138,575                           | 6,904,771              | 472,275                 |
| 72282 Audit                           | 250                    | 317                    | 250                    | 169                    | 225                                 | 250                    | -                       |
| <i>TOTAL CONTRACTUAL</i>              | 250                    | 317                    | 250                    | 169                    | 225                                 | 250                    | -                       |
| 77737 Equity Transfer                 | 125,000                | 125,000                | -                      | -                      | -                                   | -                      | -                       |
| <i>TOTAL OTHER</i>                    | 125,000                | 125,000                | -                      | -                      | -                                   | -                      | -                       |
| <b>TOTAL IMRF<br/>RETIREMENT FUND</b> | <b>6,432,081</b>       | <b>6,072,850</b>       | <b>6,432,746</b>       | <b>4,604,100</b>       | <b>6,138,800</b>                    | <b>6,905,021</b>       | <b>472,275</b>          |