



Illinois Municipal Retirement Fund

2211 York Road Suite 500 Oak Brook IL 60523-2337

Service Representatives 1-800-ASK-IMRF

www.imrf.org

GENERAL MEMORANDUM

Number: 560

Date: September 4, 2007

To: All Authorized Agents

Subject: Public Act 95-0530

Executive Summary

On August 28, 2007, the governor signed Senate Bill 65 (Public Act 95-0530) into law. The new law allows:

- Current members of IMRF who have less than eight years of local police pension fund service to transfer their police pension fund service into IMRF
- Current members of a local police pension fund to transfer up to seven years and 11 months of IMRF service into their police pension fund
- Certain members of the State Employees Retirement System (SERS) alternative formula plan to transfer up to five years of their IMRF SLEP service into SERS

The **applications for transfers to and from local police pension funds** must be received by IMRF **no later than December 31, 2007**. No deadline exists for transfers to SERS.

Transfers to and from local police pension fund

Old law Provided a brief window during which former members of IMRF or of a local police pension fund who had less than eight years of service credit could transfer their service to their current pension fund. The window closed on January 1, 2006.

New law Provides a brief window during which former members of IMRF or of a local police pension fund can transfer some of their service to their current pension fund. **Applications must be received no later than December 31, 2007.**

The cost to the member is different under this new legislation. Under the old law, the amount of service credit transferred to the member's current pension fund was prorated based upon the amount of employer contributions, member contributions, and interest transferred.

Under this new law, the cost to the member for this transfer is the difference between how much money is transferred from the member's former pension fund to his or her current pension fund and the contributions that would have been required had the service

been earned in the current pension fund. (If more money is received than would have been required, no refund is payable.)

Transfer from local police pension fund to IMRF

Current IMRF members can transfer their local police pension fund service to IMRF by completing IMRF Form 6.90, "Article 3 Police Pension Fund Transfer to IMRF Under Public Act 95-0530."

The form can be downloaded from the IMRF website, www.imrf.org. Members without web access can request the form by calling 1-800-ASK-IMRF (1-800-275-4673). **IMRF must receive the member's application no later than December 31, 2007.**

Current IMRF members who took a refund of their local police pension fund service may repay the refund, reinstate the service, and transfer the service to IMRF. The member should contact the local police pension fund to begin the reinstatement process.

Transfer from IMRF to local police pension fund

Current local police pension fund members who wish to transfer their IMRF service to their local police pension fund would complete IMRF Form 6.91, "IMRF Transfer to Article 3 Police Pension Fund Under Public Act 95-0530."

The form can be downloaded from the IMRF website, www.imrf.org. Members without web access can request the form by calling 1-800-ASK-IMRF (1-800-275-4673). **IMRF must receive Form 6.91 no later than December 31, 2007.**

If the former IMRF member took a refund of his or her IMRF service credit, the member can repay the refund at a reduced interest rate and reinstate the service. The former member can indicate that he or she has service to reinstate on Form 6.91.

The member's cost to reinstate the service will be calculated using a reduced interest rate of 6% (instead of the normal 7.50%). Once the member receives a Past Service Payment Schedule from IMRF, he or she will have 90 days from the date of the Payment Schedule **or** December 31, 2007 — **whichever is later** — in which to repay the refund for the reinstated service. The reinstated service can then be transferred to the member's current police pension fund or left on deposit with IMRF.

Please note: if a former member reinstates his or her IMRF service at the reduced interest rate but chooses not to transfer the service to his or her current police pension fund, IMRF cannot return the member's payment for the reinstatement. He or she will be required to submit IMRF Form 5.10, "Application for Separation Refund," and will be subject to required tax withholding and other limitations explained on Form 5.10.

In addition, the Internal Revenue Code prohibits IMRF from paying a refund to a former member if he or she continued working for the same employer after terminating IMRF participation.

We've enclosed a poster municipalities can post in their Police Departments to inform their employees of this new law.

Transfers to State Employees' Retirement System

Old law Reciprocity does not exist between IMRF Sheriff's Law Enforcement Personnel (SLEP) service and most participants in the State Employees' Retirement System (SERS) Alternative Formula plan. If a member has IMRF SLEP and SERS Alternative Formula service credit, that service cannot be combined to calculate an Alternative Formula or SLEP pension. Former IMRF SLEP members who participate in SERS as controlled substance inspectors or investigators for the Office of the State's Attorneys Appellate Prosecutor can transfer their SLEP service to SERS.

New law Former IMRF members who participated in SLEP but now participate in SERS as a state police officer, conservation police officer, or, investigator for Secretary of State may transfer their IMRF SLEP service to SERS. SERS can accept up to five years of transferred service. They can also reinstate their refunded SLEP service at a reduced interest rate.

To transfer the service, the member would complete IMRF Form 6.92, "IMRF Transfer to State Employees Retirement System (SERS Alternative Retirement Formula Plan) Under Public Act 95-0530." The form can be downloaded from the IMRF website, www.imrf.org. Members without web access can request the form by calling 1-800-ASK-IMRF (1-800-275-4673). The member can apply for this transfer at any time; **there is no deadline for application.**

If the member took a refund of his or her IMRF service credit, the member can repay the refund at a reduced interest rate and reinstate the service. The former member can indicate that he or she has service to reinstate on Form 6.92.

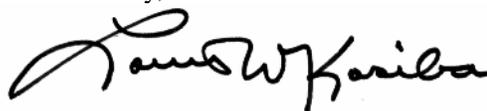
The member's cost to reinstate the service will be calculated using a reduced interest rate of 6% (instead of the normal 7.50%). Once the member receives a Past Service Payment Schedule from IMRF, he or she can repay the refund at any time in order to transfer the service; no deadline exists for repayment of the refund.

However, if the member reinstates the SLEP service at the reduced interest rate, the reinstated service must be transferred to SERS; it cannot remain on deposit with IMRF.

Questions

If you have any questions regarding Public Act 95-0530, please call 1-800-ASK-IMRF (1-800-275-4673), Monday through Friday, 7:30 a.m. to 5:30 p.m.

Sincerely,



Louis W. Kosiba
Executive Director



Do you have service in IMRF and your local police pension fund?

Recent legislation may help you increase your future pension

Under Public Act 95-0530,

- IMRF members can transfer local police pension fund service into IMRF
- Local police pension fund members can transfer IMRF service into their police pension fund

Want more information?

This new law **limits who can transfer service and the amount** of service that can be transferred. Learn more by visiting the IMRF website, www.imrf.org, or call 1-800-ASK-IMRF (1-800-275-4673).

Took a refund of your IMRF service?

You can repay the refund and reinstate the service. The reinstated service can then be transferred to your police pension fund or left on deposit with IMRF.



For
more
information

Call
1-800-ASK-IMRF
or visit
www.imrf.org

Applications to transfer service must be received *before December 31, 2007*

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2211 York Road, Suite 500, Oak Brook IL 60523-2337
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