



Illinois Municipal Retirement Fund

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Member Services Representatives 1-800-ASK-IMRF

www.imrf.org

GENERAL MEMORANDUM 598

Preliminary Notice of IMRF Contribution Rate for Calendar Year 2011

(Read the complete Memorandum at www.imrf.org)

Executive Summary

Each employer's "Preliminary Notice of Illinois Municipal Retirement Fund Contribution Rate for Calendar Year 2011" will be available the week of April 5, 2010.

- The notice shows the actuarial required contribution rate, or "ARC," for 2011 for each employer plan as well as the optional phase-in plan rate, if applicable. Out of the 3,008 employers in the Regular plan, 58% will *not* be offered a phase-in rate since their ARC is lower than the phase-in rate.
- The higher ARC rate was calculated by IMRF's actuaries and reflects the recovery of your employer's actuarial accrued unfunded liability.
- The lower rate, the optional phase-in contribution rate, is based upon the IMRF Board of Trustees' phase-in plan.
- Beginning in 2010, employers who choose to contribute less than the ARC will be required to record a net pension obligation (NPO) on their books for the difference between what they actually contributed and what would have been contributed using the ARC.

To help employers determine their NPO, IMRF developed an Excel spreadsheet which will assist you in doing the calculation. Employers with Internet access can download the spreadsheet from www.imrf.org. Employers without Internet access can request a copy of the spreadsheet on CD by contacting IMRF Employer Account Analyst Corey Lockwood at 630-706-4226.

- Employers have until August 31, 2010, to select their 2011 contribution rate. Please advise IMRF **in writing** (fax 630-368-5398, email coreylockwood@imrf.org, or U.S. Postal mail) of your selection. **If IMRF does not receive a written response from an employer by August 31, 2010, we will assume the employer has selected the optional phase-in rate.**
- While the phase-in rate is lower and results in lower contributions currently, it does result in higher contributions over the long term due to the additional carrying costs on the resulting higher unfunded liability. IMRF encourages employers who have the financial capability to contribute at the higher level.
- If an employer is concerned with its ability to sustain a commitment to a higher contribution level, it could select the lower phase-in rate for 2011 and make additional voluntary contributions to reduce its unfunded liability. This would allow the employer to reduce its long term pension costs while maintaining maximum flexibility to manage its contribution rate in future years.
- **If an employer wishes to contribute an amount above the optional phase-in rate in connection with the normal monthly wage reporting process, contact IMRF.**
- Employers should carefully consider their selection of their 2011 contribution rate since the rate selected for 2011 will impact the choices that will be available in 2012.