



LAKE COUNTY FOREST PRESERVES
www.LCFPD.org

Preservation, Restoration, Education and Recreation

DATE: October 6, 2016

MEMO TO: S. Michael Rummel, Chair
Finance and Administrative Committee

Agenda Item# 9.5

FROM: Mary E. Kann
Director of Administration

RECOMMENDATION: Recommend approval of a Resolution for Illinois Municipal Retirement Fund ("IMRF") Benefit Protection Leave.

STRATEGIC DIRECTION SUPPORTED: Organizational Sustainability

FINANCIAL DATA: Any financial impact would be reflected in the District's IMRF Employer Contribution rate calculations if the employee finalizes the purchase of the service credit.

BACKGROUND: In 1990, a District employee took an approximately four-month disability leave, but remained employed by the District. At that time, the District human resources department apparently did not submit to IMRF the form necessary to reflect the fact that the employee was on a "benefit protection leave," a type of leave recognized by IMRF, which allows an employee to continue to accrue service benefits. In addition, IMRF has no record of any IMRF contributions being made on behalf of the employee during this time period. As a result, the employee did not earn IMRF service credit during his four-month medical absence. The employee is still employed by the District.

IMRF allows a member to retroactively approve a benefit protection leave, so the employee may gain the lost service credit, if the member's governing board, by resolution, approves the leave of absence and the estimated cost of such leave and if the secretary certifies that the leave and cost have been approved. The attached resolution would accomplish this purpose. After approval of the resolution, the employee would be allowed to purchase these four months of service.

REVIEW BY OTHERS: Executive Director, Chief Operations Officer, Director of Finance, Manager of Human Resources & Risk, Corporate Counsel.

PRESENTER: Mary E. Kann

**LAKE COUNTY FOREST PRESERVE DISTRICT
LAKE COUNTY, ILLINOIS**

**A RESOLUTION APPROVING ILLINOIS MUNICIPAL RETIREMENT
FUND BENEFIT PROTECTION LEAVE**

WHEREAS, in 1990, a District employee, Stanley Frahm (the "Employee") took an approximately four-month disability leave, but remained employed by the District; and

WHEREAS, at that time, the District did not submit to the Illinois Municipal Retirement Fund ("IMRF") the form necessary to reflect the fact that the employee was on a "benefit protection leave," a type of leave recognized by IMRF, which allows an employee to continue to accrue service benefits; and

WHEREAS, because of this omission, the Employee did not receive four months of service credit with IMRF during his absence; and

WHEREAS, IMRF allows a member to retroactively approve benefit protection leave without penalty to service credit, if the member's governing body approves the leave and the cost thereof by resolution; and

WHEREAS, the District desires to retroactively approve benefit protection leave for the Employee and the cost thereof;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois THAT:

Section 1. Recitals. The recitals set forth above are incorporated as part of this Resolution by this reference.

Section 2. Award of Service Credit. The District hereby approves (i) the IMRF's Benefit Protection Leave Form, accounting for four months of missing IMRF service by the Employee, in substantially the form attached hereto (the "Form") (ii) the Employee's leave, as reflected in the Form (the "Leave"), and (iii) the estimated cost to the employer, as reflected in the Form (the "Cost").

Section 3. Certification. The District's Director of Administration is hereby authorized and directed to certify the Cost, as reflected in the Form. The Board Secretary is hereby authorized to certify that the District Board of Commissioners approved the Leave and the Cost on the date hereof, as reflected in the Form.

Section 4. Effective Date. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED this ____ day of _____, 2016.

AYES:

NAYS:

APPROVED this ____ day of _____, 2016.

Ann B. Maine, President
Lake County Forest Preserve District

ATTEST:

Julie Gagnani, Secretary
Lake County Forest Preserve District

Exhibit No. _____



IMRF BENEFIT PROTECTION LEAVE

IMRF Form 6.32 (Rev. 02/2013)

Avoid delays—read all instructions before completing this form.

Requirements for IMRF Benefit Protection Leave

1. In order to apply for leave service, you must still be employed in an IMRF-covered position.
2. You are allowed to establish a maximum of 12 months of Benefit Protection Leave over your entire IMRF career.
3. To qualify, the unit of government with which you were employed during the leave period, **must certify** the Benefit Protection Leave.

Maintaining Eligibility for IMRF Benefits

If this completed form is on file with IMRF, you will maintain eligibility for disability or death benefits if you meet the following requirements:

A. Disability benefits are payable if the disability occurs during the leave period and if:

- (1) You have at least one year of contributing service other than the leave, have continuous service (including the Benefit Protection Leave) of one year prior to the date of disability, and this form has been filed prior to the date of disability;

or

- (2) You have at least five years of service credit (which may include noncontributing prior service credit), the last year of which immediately precedes the leave, and this form has been filed prior to the date of disability;

or

- (3) You qualify under clauses (1) or (2) above but you:
 - a. had an interruption in service of less than three months with the same employer in the 12 months preceding the date of disability and were not paid a separation benefit;

or

- b. had any interruption in service after 20 or more years of creditable service but were not paid a separation benefit and returned to service prior to the date of disability.

Note: In order to receive disability benefit payments, you will have to pay for the Benefit Protection Leave Service.

B. Death benefits are payable if death occurs during the Benefit Protection Leave period only if you have at least one year of creditable service in addition to the service granted for the leave. Your cost of the leave up to the date of death will be deducted from the IMRF death benefit.

C. Retirement service credit for the period of absence (not to exceed 12 months) is granted only after you pay the IMRF contributions plus interest. Remember, you must still meet the IMRF vesting requirement to qualify for a pension.

Instructions for Completing this Form

1. Member Information

Enter the requested information, including a daytime telephone number.

2. Certification by Member

Enter the dates of the leave and number of months of leave. Sign and date where indicated. If the end date is not known, refer to the "Leave of Absence with Future End Date" section on page 2.

3. Enter the name and ID number of the employer at the time of the leave.

4. Certification by Authorized Agent

Your employer's IMRF Authorized Agent enters the requested information.

5. Certification by Clerk or Secretary of Governing Body

Clerk or secretary of your employer's governing body **must certify** the Benefit Protection Leave.

Note: This application will **NOT** be processed if you submit it without the Authorized Agent and governing body certification.

How do you pay for the Leave?

1. **Your costs (member contributions) for the leave period** are calculated by multiplying your average monthly earnings by the number of months of the leave of absence. *Determine the monthly average by adding the IMRF reported earnings for the 12 months prior to the leave and dividing by twelve.* The member cost is based upon IMRF member contributions applicable to your Plan, plus interest.

2. **IMRF will mail you a Past Service Payment Schedule** which offers two payment plan options for establishing the past service:

Option 1 - Lump Sum Payment Plan

The Lump Sum Payment Plan allows you to pay the total cost with a single payment and purchase all past service at once.

Option 2 - Unit Payment Plan

The Unit Payment Plan allows you to purchase one or more months at a time. You may pay as often as you like, buying credit from your earliest to your most recent month of service. However, you may not buy more months than indicated on the Past Service Payment Schedule.

3. **Do you want to use funds from an IRA or another pension plan to pay for the leave?**

You may pay for service with a qualified pension plan as defined by Section 401a, 457, 403b, etc. of the Internal Revenue Code, or with a traditional individual retirement account ("IRA"). Please complete and submit IMRF Form 6.01, "Request for Rollover Approval," for determination of eligibility.

NOTE: If your Leave of Absence has a **future end date**, you will NOT receive a Past Service Payment Schedule. However, you WILL receive an estimate of the cost of the Leave. **Do not send in payment** based on the estimate.

Payment is only accepted after a formal Past Service Payment Schedule is sent to you.

See section below for more information about Leave of Absence with Future End Date.

Employer's Cost

The employer's contribution for leave service is made through future contribution rates. Therefore, a separate employer payment is not required. The actuary will take

the service into account when annually determining the employer contribution rate.

Leave of Absence with Future End Date

Members and employers should pay special attention to Benefit Protection Leaves that end at a future date. If an exact future date is indicated, the application will be processed and an estimated cost will be based upon the member returning at that time.

Important: If the member **returns earlier or later** than that date, the cost indicated on the **estimate letter will be incorrect**. Please advise IMRF's Past Service Unit as soon as possible.

If an **exact future date is not indicated**, IMRF cannot process the application until an exact date is known. To protect the member's death and disability benefits, the employer should submit the leave form with a cover letter explaining that the

- (1) exact date is unknown at this time and
- (2) employer will send a copy of the leave form with the exact date when it is known.

IMRF will delay processing and will not issue a Payment Schedule to the member until the employer submits the end date of the leave. **Please note: IMRF will not send a reminder to request the end date.**

Estimating the cost of a leave with a future end date

In order to estimate the cost of a Benefit Protection Leave that has a future end date, it is important for the employer to indicate the amount of pay, if any, the member will be paid in the month the member returns from the leave. Enter this amount in "Estimated/ Exact Earnings to be Reported in the Month the Employee Returns to Work" (Question 6 under "Certification by Authorized Agent") on the form.

Illinois Municipal Retirement Fund

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

Member Services Representatives 1-800-ASK IMRF (1-800-275-4673) Fax: (630) 706-4289

www.imrf.org



IMRF BENEFIT PROTECTION LEAVE

IMRF Form 6.32 (Rev. 02/2013)

Avoid delays— read all instructions before completing this form.

PLEASE PRINT - You may also enter information into the PDF Form 6.32 at www.imrf.org.
Print, sign, and mail or fax the form to IMRF (contact information below).

MEMBER'S LAST NAME	FIRST NAME	MIDDLE INITIAL (JR.SR.II,ETC)	IMRF MEMBER ID OR LAST 4 DIGITS OF SSN
STREET (MAILING) ADDRESS		CITY, STATE AND ZIP	DAYTIME TELEPHONE NUMBER (with area code) ()
CURRENT EMPLOYER		EMPLOYER IMRF I.D. NUMBER	

CERTIFICATION BY MEMBER

I certify that I will be (or have been) on leave of absence beginning _____ and ending _____,
DATE (MM/DD/YYYY) DATE (MM/DD/YYYY)
for a total of _____ months. (Indicate on Line 2 below)

I understand that service credit (not more than 12 months) for this leave cannot be established until I have paid my IMRF member contributions in an amount equal to the approximate contributions I would have made if actively employed during the leave of absence, plus interest (if applicable).

MEMBER SIGNATURE X	DATE (MM/DD/YYYY)
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EMPLOYER AT TIME OF LEAVE	EMPLOYER IMRF I.D. NUMBER
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CERTIFICATION BY AUTHORIZED AGENT

I certify that (1) I have calculated the estimated employer cost of the above member's leave, (2) I have advised the governing body of the amount of such cost and (3) that it will be paid through future monthly contributions.

1. Average Monthly Earnings <i>(Determine the monthly average by dividing by 12 the IMRF reported earnings for the 12 months prior to the leave)</i>	\$	
2. Number of Months Leave <i>(limited to 12 months)</i>		
3. Total estimated earnings that would have been paid during the leave of absence <i>(line 1 times line 2)</i>	\$	
4. Average Employer Cost Rate	X 11.00%	
5. Estimated cost of this leave to employer <i>(line 3 times 11%)</i>	\$	
6. Estimated/exact earnings to be reported when the employee returns to work <i>(see bottom of previous page)</i>	Month in which earnings amount will be reported	Amount \$
AUTHORIZED AGENT SIGNATURE X	DATE (MM/DD/YYYY)	

CERTIFICATION BY CLERK OR SECRETARY OF GOVERNING BODY

I certify that at a regular or special meeting held on _____, the _____'s
DATE (MM/DD/YYYY) EMPLOYER
Governing Body approved the leave of absence stated herein and the estimated employer cost as herein determined.

SIGNATURE X	CLERK OR SECRETARY	DATE (MM/DD/YYYY)
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APPLICATION WILL NOT BE PROCESSED WITHOUT AUTHORIZED AGENT AND BOARD CERTIFICATION

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