

IMRF *UAAL Funding Recommendation

*UAAL – Unfunded Actuarial Accrued
Liability

IMRF – Illinois Municipal Retirement Fund

- Multi-employer retirement system which is not dependent on the State for funding
- Government entities must participate and follow IMRF rules for enrollment
- Covers non-certified staff expected to work 600 or more hours annually
- MCHS currently has 123 participant's with an annual payroll of \$4.4M
- 2023-24 contribution rate of 9.19% with approximately \$400,000 in contributions

Annual IMRF Rates - MCHS

2021 – 10.25%

2022 – 9.90%

2023 – 9.07

2024 – 9.19%

2025 – 9.21%

Employees must also contribute 4.5% of their wages – this rate does not change from year to year.

Each employer funds it's own employees' retirement benefits. Rates are made up of five parts:

- Death benefit contributions
- Disability benefit contributions
- Supplemental retirement contributions
- Normal retirement contributions
- Amortization of the unfunded liability contributions

MCHS Current Unfunded Liability: \$2,076,783

	12/31/2023 Valuation	\$750,000 Payment	\$1,000,000 Payment
Unfunded Liability	\$ 2,076,783	\$ 2,076,783	\$ 2,076,783
Payment	\$ -	\$ 750,000	\$ 1,000,000
Adjusted Unfunded	\$ 2,076,783	\$ 1,326,783	\$ 1,076,783
Multiply by 20 Yr Amortization	0.082250	0.082250	0.082250
Required Annual Contribution	\$ 162,558	\$ 109,128	\$ 88,565
Divided by Estimated Payroll	\$ 4,369,828	\$ 4,369,828	\$ 4,369,828
Unfunded Rate	3.72%	2.50%	2.03%
	<u>2025</u>	<u>2025</u>	<u>2025</u>
Normal Rate	4.67%	4.67%	4.67%
Unfunded Rate	3.72%	2.50%	2.03%
Disability Rate	0.16%	0.16%	0.16%
Death Rate	0.04%	0.04%	0.04%
Supplemental Rate	0.62%	0.62%	0.62%
ERI Rate			
Total Rate	9.21%	7.99%	7.52%

Recommendation for Consideration:

OPTION 1: Contribute \$1,000,00 to help fund IMRF UAAL
(Unfunded Actuarial Accrued Liability)

OR

OPTION 2: Contribute \$750,000 to help fund IMRF UAAL
(Unfunded Actuarial Accrued Liability)

Recommendation for Consideration:

OPTION 2: Contribute \$750,000 to help fund IMRF UAAL (Unfunded Actuarial Accrued Liability)

Based on recent tax objections we have seen, we are recommending using current Fund Balance to pay down our unfunded liability. While we are currently not over the 2 times the average annual expenditures, we do have funds available and believe the timing warrants looking at spending down this fund balance.

The district currently holds a \$2.1M fund balance in Fund 50. Fund 50 receives its funds from the levy and CPPRT which funds IMRF and Social Security. Illinois State Laws restrict which funds can be spent for certain items along with how and when they can be transferred.

IMRF has been roughly 40% with Social Security 60% of the Fund 50 expenditures over the last few years. 60% of the \$2.1M fund balance is \$840,000. Therefore we recommend Option 2.

Estimated Savings:

Valuation Date	Covered Payroll	% Reduction*	Savings
2023	4,213,435.00	1.22%	51,403.91
2024	4,466,241.10	1.22%	54,488.14
2025	4,723,049.96	1.22%	57,621.21
2026	4,923,779.59	1.22%	60,070.11
2027	5,133,040.22	1.22%	62,623.09
2028	5,287,031.43	1.22%	64,501.78
2029	5,445,642.37	1.22%	66,436.84
2030	5,609,011.64	1.22%	68,429.94
2031	5,777,281.99	1.22%	70,482.84
2032	5,950,600.45	1.22%	72,597.33
Total Savings			<u>\$628,655.19</u>

* This reduction would most likely increase over the years as we pay down our UAAL further. These savings will allow MCHS to continue to levy less for IMRF which will help to keep the tax rate steady.

QUESTIONS?