



3 - Participation & Wages

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Sample Forms

Exhibits

3A	6.72	Suggested Resolution to Include Compensation Paid Under an Internal Revenue Code Section 125 Plan as IMRF Earnings
3B	6.73	Suggested Resolution to Include Compensation Directed into a Retirement Health Savings Plan as IMRF Earnings
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3D	SS-8	IRS Form Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding

Participation & Wages

Part 1 - Schools

3.00 Introduction

This section of the manual covers:

- School districts
- Educational cooperatives
- Educational service regions
- Educational service centers

This section explains which employees are covered by IMRF. Educational cooperatives and joint agreements may be formed in various ways. (See paragraph 3.46 Educational Cooperatives and Joint Agreements for details as to employment and coverage rules applicable to the various organizational types of educational cooperatives, since they vary.)

In order to participate in IMRF, a person must be an employee of an IMRF employer and meet the standards for participation.

Charter school staff are not employees of the local school district. Therefore, they cannot be members of IMRF.

3.10 Definition of Employee

In general, an employee is a person who, under the “usual common law rules applicable in determining the employer-employee relationship,” has the status of an employee. The most important part of this test is whether or not a person works under your direction and control as to the time and manner of work performance.

This section explains the employment relationship as it applies to positions that qualify for IMRF participation. Other positions which do not meet IMRF standards are discussed in the Social Security Appendix (Section 9).

3.10 A. Independent Contractors

The Internal Revenue Service has identified specific characteristics of an independent contractor. IMRF recommends before you identify an employee as an independent contractor, you file IRS Form SS-8 with the IRS (Exhibit 3D). The IRS will then make an official determination regarding the position. Contact the IRS at www.irs.gov or 1-800-829-1040 for more information about IRS Form SS-8.

A person performing services for you as an independent contractor is not an employee.

Please note: if a member retired under the IMRF Early Retirement Incentive (ERI), that member cannot return to work for an IMRF employer—even as an independent contractor. Severe financial penalties apply if an ERI retiree returns to work for an IMRF employer—including work as an independent contractor. See Paragraph 5.20 C. 16.

The most important tests of whether a person is an employee or an independent contractor are:

1. Whether the person is under your work direction and control as to the time and manner of work performance, and
2. Whether the person offers services to others during the same period and his/her business can experience a loss.

However, other facts must be considered and each situation judged upon the particular facts involved. The following guidelines are offered to help you make individual determinations:

Indicates an Employee	Indicates an Independent Contractor
Works prescribed hours	Sets own work hours
Works at your office or premises	Works in own office or premises
Does not generally offer services to the public	Generally offers services to public
You furnish tools, equipment	Furnishes own tools and equipment
You furnish assistants	Furnishes own assistants
Paid a salary or hourly wage	Paid on a per job basis
You furnish fringe benefits, such as paid sick days, group medical and life insurance, etc.	Does not participate in fringe benefits offered employees.
You carry liability insurance	Carries own liability insurance
You provide unemployment insurance and workers' compensation	

You cannot create an independent contractor relationship by merely designating a person an independent contractor. If you retain control over when and how a person works, that person remains an employee, even though you may enter into a contract which states that the person is an independent contractor. The actual working arrangements control, not the name given or the provisions of a written agreement.

Employers who attempt to avoid IMRF contributions by designating certain employees independent contractors or consultants, without changing the working conditions to give the employees the necessary independence of independent contractors, are subject to assessment for retroactive contributions. We caution you to carefully examine the classification of any persons who work a substantial time for you and are not classified as employees.

Public officials (other than school administrators who are members of Teachers' Retirement System), such as school treasurers and secretaries of school boards, are considered employees for IMRF purposes. They cannot be independent contractors because they are statutory officers.

3.10 B. Professionals and Consultants

Persons such as lawyers, physicians, dentists and other consultants who are engaged in the pursuit of an independent profession in which they generally offer their services to the public, are usually independent contractors and not employees. However, under certain circumstances they may be employees, particularly if they work full time for your unit of government, and are paid a salary rather than on a services rendered basis.

3.10 C. Exchange Aliens and Non-Immigrant Students

A limited number of persons are admitted to this country under special permission from the Immigration and Naturalization Service as non-immigrant students ("F" symbol on Form I-94) and exchange aliens ("J" symbol on Form I-94). Non-citizens seeking employment with you should show you their Form I-94 and special permission to work from the Immigration and Naturalization Service, which is recorded on their Form I-94, or special permission from the school with which they are connected on a Form I-583.

If you are shown their non-immigration Form I-94 with an "F" or "J" symbol and a copy of the special permission to work, these non-immigrant students and exchange aliens are not to be considered employees even

though they meet the 600-hour standard (see paragraph 3.20 A. General Requirements for IMRF Coverage). Their earnings should not be reported. If you are not shown their Form I-94 and a copy of this special permission, you should report their earnings in the same manner as other employees. Exchange teachers are an exception (see paragraph 3.40 J. Exchange and Foreign Teachers).

3.10 D. Members of Religious Orders (Nuns, Brothers, Etc.)

Members of religious orders are considered employees even though the order may have elected to provide Social Security coverage for its members directly. If their positions meet the 600-hour standard (see paragraph 3.20 A. General Requirements for IMRF Coverage), they are covered by IMRF. The only exception is when the religious order and the district arrange for the service by a member of an order, and the order designates one of its members to perform the service for the district. In that case, the member is not covered by IMRF.

3.10 E. Teachers

Employees working in positions requiring licensure are not covered by IMRF whether or not the teacher qualifies for participation in the Teachers' Retirement System.

3.10 F. Students

Students usually do not work in positions meeting the 600-hour standard (see paragraph 3.20 A. General Requirements for IMRF Coverage). Even if they do, those who work for the school district in which they are enrolled are not covered by IMRF (see Section 9 for an explanation of this exclusion). Students meeting the 600-hour standard and not meeting the exclusion are covered by IMRF.

3.10 G. Federally and State Financed Positions

In general, persons employed in positions for which the wages and salaries are paid in whole or in part by federal or state grants or reimbursement are considered employees. They are covered by IMRF in the same manner as employees paid out of local funds. They are considered employees of the district that employs them (hires, has right to fire, directs work, etc.) even though the payroll function is performed by some other organization.

3.10 H. Work Relief Programs

Persons who are in work relief programs under which they are not paid directly are not covered by IMRF. For instance, if a welfare or public assistance recipient performs work in order to qualify for assistance payments, the payments are not covered by IMRF.

3.10 I. Non-Citizens

Employees who are not United States citizens are covered by IMRF if they meet the 600-hour standard (see paragraph 3.20 A. General Requirements for IMRF Coverage). Those hired after November 6, 1986, should furnish you with verification of eligibility to work in the United States (Alien Registration Receipt Card I-551, called a "green card," or Employment Authorization Card I-688A).

3.10 J. No Minimum or Maximum Age

There is no minimum or maximum age for IMRF coverage.

3.10 K. Charter School Employees

Charter school staff are not employees of the local school district. Therefore, they cannot be members of IMRF.

3.20 Participating Members

Participation in IMRF is not optional for employees who meet the 600-hour standard. If an employee meets IMRF qualification standards, he or she must participate; this participation cannot be excused by the employer.

If a part-time employee meets the 600-hour standard, participation in IMRF is required whether or not the employee is entitled to other fringe benefits such as hospitalization insurance, group life insurance, etc.

Failure to require participation and make contributions can result in substantial charges for omitted member and employer contributions in the future. See Section 6.40 5 Omitted Service for further information about omitted service costs.

Employees are entitled to service credits toward their pensions even though the employer fails to deduct member contributions from their earnings.

If an employer incorrectly omits a member from IMRF coverage, the member can receive omitted service credit if he or she is participating in IMRF or in another public pension system covered under the Illinois Reciprocal Act.

To do so, the employer would correct the error by submitting IMRF Form 6.05, "Omitted Service Credit Verification." The member would pay the member contributions (interest charges may apply). Refer to paragraph 6.40 Past Service Credits/Member Account Corrections in this manual for more information.

3.20 A. General Requirements for IMRF Coverage (600-Hour Standard) in Schools

Enrollment Required

If a person is employed in a position normally requiring performance of duty for 600 hours or more in the next 12 months following the employee's date of hire, you must enroll that employee in IMRF. It is the expected annual hourly requirements that determine whether you should enroll the employee in IMRF; the employee's actual hours worked may be more or less than the hours expected. When conducting a good-faith evaluation of the hours the employee is expected to work, that evaluation will include a review of the written job description and the history of the position or the time required to do similar work. If you are unable to make a good faith determination of the requirements for the position, enroll the employee in IMRF.

The best practice is to complete the publication, "Should this Employee be Enrolled." Download and print this brochure from the IMRF website, www.imrf.org.

If an employee is enrolled in IMRF because the position was expected to require more than 600 hours in a year, but the employee actually works less than that, there is no need to reclassify the position retroactively. However, when this happens, the requirements of the position should be reevaluated to determine whether it should be reclassified prospectively. If a position consistently requires less than 600 hours annually, it must be reclassified and you must terminate the member's participation in IMRF.

Enrollment Prohibited

A person employed in a position normally requiring performance of duty for less than 600 hours in the next 12 months following the employee's date of hire may not participate in IMRF.

If the position was expected to require fewer than 600 hours in a year, but the employee actually works more than that, there is no need to reclassify the position retroactively. However, when this happens, the requirements of the position should be re-evaluated to determine whether it should be reclassified prospectively. If a position consistently requires more than 600 hours annually, it must be reclassified and you must enroll the employee in IMRF.

Periodic Reevaluations

Employer audits have found that, over time, positions (and the number of hours an employee works) change. The change can affect whether that position qualifies for IMRF. Therefore, it is important to review both participating and non-participating positions on an annual basis to determine if a position:

- Continues to meet/exceed 600 hours for IMRF participation
- Requires fewer hours and no longer meets 600 hours for IMRF participation
- Requires more hours and is now over 600 hours

When an employee works more or fewer hours than originally expected, you do not need to reclassify the position retroactively, if the initial determination included a good-faith evaluation. However, you should

carefully review the hourly requirements and the actual hours worked to determine whether the position will continue to require the same number of hours. You would then submit either a termination notice or enrollment notice, as required, as soon as you identify the change and reclassify the position. A position that consistently requires more or fewer hours than originally expected must be reclassified.

The publication, "Should this Employee be Enrolled" can serve as a guide when re-evaluating a position. This brochure should be used when a new employee is hired, is promoted or assumes a new position, or when an employee assumes additional responsibilities.

Seasonal Workers

The 600-hour standard is applied to seasonal workers based upon their positions' expected annual hours of duty. For example, a school employee who works during the school term only is classified by the hours the position is expected to require during the school term. Generally, in a 180-day school term, an employee expected to work three hours a day (540 hours a year) would not participate in IMRF. An employee working four hours each day (720 hours a year) would participate. The actual hours of work expected for the position are counted. This is true even if a position requires payment for a minimum number of hours even though not actually worked. For example, if the bus drivers' contract requires payment for a minimum of four hours per day, but a particular route requires three hours, it is only the three hours that is counted toward the hours expected.

12-Month Period

If an employee is hired during the school term, the 600-hour standard should be applied based upon the expected hours of duty for the next 12 months following the employee's date of hire, not the remainder of the school term or the calendar year.

Multiple Positions

If an employee works in more than one position for one school district, the hours of all his or her positions are combined in applying this 600-hour standard. If an employee is hired as a substitute, the hours to be assigned should be estimated to determine if the employee should be enrolled in IMRF. If you are unable to make a good-faith determination, a substitute should be enrolled.

Note: A special educational cooperative administered by an administrative school district or operating as its own administrative district under Section 10-22.31 of the School Code is under the 600-hour standard.

IMRF Plan Tiers

Public Act 96-0889 created a second tier of benefits for IMRF. Effective January 1, 2011, IMRF will assign a benefit "tier" to an employee when he or she is enrolled in IMRF. The tier is based on the member's participation date:

- a. Tier 1: Members enrolled in IMRF before January 1, 2011. If a Tier 1 member:
 - Stops participating in IMRF and is again enrolled in IMRF, the member will participate in Tier 1.
 - Changes IMRF employers, the member will participate in Tier 1.
 - Terminates participation, takes a refund of his or her contributions and is later enrolled in IMRF, the member will participate in Tier 1.
- b. Tier 2: Members **first** enrolled in IMRF on or after January 1, 2011
EXCEPTIONS: Members enrolled in IMRF on or after January 1, 2011, will participate in Tier 1 if the member:
 - Previously participated in IMRF or in a Reciprocal retirement system (even if the member took a refund of his or her contributions and has not yet repaid the refund) or
 - Purchases omitted service credit that creates a participation date before January 1, 2011.

3.20 B. Temporary Positions and Probationary Periods

An employee hired to work temporarily should be enrolled in IMRF unless the period of time the person will work will be less than 600 hours. If a temporary employee is hired to fill in for an indeterminate length of time, that employee should be enrolled in IMRF.

Employees hired on a probationary basis must be enrolled in IMRF as of the first day on the job if the position for which the person is hired will require more than 600 hours in the next 12 months. Probationary policies exempting employees from participation in IMRF for specified periods of time are not allowed by the Pension Code and are not recognized by IMRF.

3.20 C. Employees Working For More Than One School District

An employee working for two school districts must meet the 600-hour standard for each district. For example, if an employee works 400 hours per year for two districts under IMRF, the employee cannot participate with either district. If an employee is in a position requiring 800 hours for one district and 400 hours for another, he or she participates only through the first district. The only exception to this rule are school district treasurers (see paragraph 3.45 Other School Employees).

3.20 D. Retired Members

If a retired member returns to work in an IMRF qualifying position, you must enroll the retired member in IMRF and deduct IMRF member contributions from their earnings. The retired member's pension will be suspended while working (see 5.20 F. How the IMRF Pension is Affected by Returning to Work).

Employers must determine if a new hire is a person receiving an IMRF pension from previous employment.

Public Act 99-745 gives IMRF the authority to assess employers penalties for return-to-work violations, up to half of the annuity paid to the member during the return-to-work period.

Note: Simply reporting wages for a retired member who returns to work in a position that qualifies for IMRF will not result in IMRF suspending the member's pension. It is important to submit a notice of enrollment for a retired member who returns to work in a position that qualifies for IMRF. Contact IMRF before you enroll an IMRF retiree who is discovered to have been in a qualifying position and was not properly reported to IMRF.

If a retired member is not in a qualifying position

If a retiree will be working in a position that does not qualify for IMRF participation, the retiree may continue to receive his or her pension, provided that the retiree does not work over their hourly standard. However, both the employer and the retiree should monitor the actual hours worked to make sure the determination that the position is not qualifying is accurate and continues to reflect the actual experience. The Best Practice is to stop working when the retiree has reached 599 hours. If there is any question regarding the retiree's participation in IMRF, the retiree and the employer should jointly contact IMRF to discuss IMRF's return to work rules.

Public Act 98 - 0389 changed the rules for enrollment of retired IMRF members who return to work for an IMRF employer. Employers **must** enroll the retiree in IMRF once the retiree **actually** works 600 hours in a 12-month period instead of when the retiree's position is "normally expected" to work the hourly standard. This rule applies in all return-to-work cases, regardless of the hourly standard the retired member earned his or her pension under.

If a retired member returns on a contractual basis

A retired member who has an independent trade or business may be hired as an independent contractor (see 3.60 A. Independent Contractors). However, the retiree must truly be engaged in an independent trade or business, as defined by the Internal Revenue Service. IMRF may require proof that the person is an independent contractor. The Best Practice is to request an IRS opinion using their form SS-8 (Exhibit 3D, IRS Form SS-8). Merely designating a retiring or retired member as a consultant or independent contractor does not establish an actual independent contractor relationship.

Note: Different rules apply for members who first participate in IMRF or a reciprocal retirement system on or after January 1, 2012.

New Law: If a retired member performs services for his or her former IMRF employer on a contractual basis, the member's pension will be suspended during that contractual service. The retired member must inform IMRF of the contract and must inform the employer that he/she is receiving an IMRF pension. If the retired member does not inform IMRF and his/her employer, the retired member will be guilty of a Class A misdemeanor and required to pay a \$1,000 fine. Once the contractual work ends, the retired member's pension will resume.

If the member retired under IMRF Early Retirement Incentive (ERI)

A member who retired under the IMRF Early Retirement Incentive may not return to work for an IMRF participating unit of government in any capacity, including as an independent contractor. Refer to Section 5 for more information on ERI retirements.

You can also refer to Exhibit 5R, Return to Work and Effect on Tier 1 and Tier 2 Members Chart and Exhibit 5S, Public Act 98-0389 Return to Work Rules Chart.

3.20 E. Non-Citizens

A non-citizen may be considered an employee. Most immigrants are admitted as lawful permanent residents under Immigration Form 551 (commonly known as a green card). Their earnings are reported in the same manner as other employees. An exception is made for exchange aliens and non-immigrant students (see paragraph 3.10 C. Exchange Aliens and Non-Immigrant Students) and for some exchange teachers (see paragraph 3.40 J. Exchange and Foreign Teachers).

3.20 F. Annual Sick Leave as Required by the Illinois School Code

Section 24-6 of the Illinois School Code requires school districts to grant all employees eligible to participate in IMRF at least 10 days of sick leave at full pay in each school year. Each school district can determine the maximum number of sick days an IMRF member can accumulate. However, the maximum cannot be less than 180 days.

If your written personnel policies or a contract bargained with your employees has a less generous sick leave policy, the requirements of the Illinois School Code take precedence. If you have any further questions regarding the sick leave requirements of the School Code, you can call your Regional Superintendent of Schools.

3.40 Teachers

Licensed teachers working in positions requiring a license are members of the Teachers' Retirement System (TRS). Their earnings are reported to TRS.

Important: If you have a question about whether particular earnings paid to licensed teachers should be reported to TRS or IMRF, or whether a position is covered by TRS or IMRF, check with TRS first. If TRS advises you that the earnings should not be reported to TRS, check with IMRF.

TRS's address is:

State Teachers' Retirement System
P.O. Box 19253
2815 W. Washington Street
Springfield, Illinois 62794-9253
Phone: 877-927-5877 or 217-814-2000
Fax: 217-753-0394
<https://www.trsil.org>

3.40 A. Teacher - Definition

Teachers under TRS include persons who are licensed under the law governing licensure of teachers and who are employed to teach in a position for which licensure is required by the Illinois School Code.

Teachers include:

- Classroom teachers
- School administrators
- Driver education teachers
- Chief School Business Official (CSBO)
- Adult education teachers (see paragraph 3.40 H. Adult Education and Night School Teachers)
- Athletic directors
- School librarians
- Teachers of home students
- School nurses (see paragraph 3.45 B. School Nurses)
- School psychologists (see paragraph 3.40 K. School Psychologists)
- Regional superintendents of schools
- Assistant regional superintendents of schools
- Licensed employees of a regional superintendent of schools office in educational programs serving one or more school districts

3.40 B. Teaching Positions Excluded From IMRF

IMRF does not cover any persons in “teaching positions,” whether or not the person is entitled to participate in TRS. A teaching position is one which requires that the person filling the position be licensed. If a person who is licensed works in a position not requiring a license, he or she may be eligible to participate in IMRF. Specific positions are discussed below.

3.40 C. Teaching Earnings

Teaching earnings include all payments made for teaching and supervising students, student activities, and other assignments which are part of the total educational program.

They include, but are not limited to:

- All earnings paid under a teaching contract
- All earnings paid for teaching summer school
- Earnings paid for coaching
- Earnings paid for after-school and Saturday teaching
- Earnings paid for supervision of cafeteria, lunchrooms, playground, school bus loading, etc.
- Earnings paid for counseling and supervising student clubs and organizations, and other student extra-curricular activities
- Employer payment of employee accounts receivable amounts due to labor contract litigation
- Retirement incentives, bonuses, severance pay, and contract buyouts received with or before the final payment of regular earnings

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- Earnings paid for chaperoning student trips, dances, and other student activities and events
 - Earnings for pre-term orientation, workshop and curriculum planning
 - All earnings of school administrators, including earnings as board secretary, treasurer, clerk, etc.
 - Employer-paid employee retirement contributions
 - Tax-sheltered annuities under Section 403(b) of the Internal Revenue Code
 - Payments to a cafeteria health plan under Section 125 of the Internal Revenue Code

3.40 D. Non-Teaching Earnings

Non-teaching earnings include only earnings for duties which are not related to the instruction or supervision of students, such as:

- Clerical duties in business office
- Ticket taking at school events
- Bus driving
- Janitorial work
- Ticket taking and score keeping at athletic events

A licensed teacher with sufficient non-teaching service to meet the 600-hour standard based on these earnings alone, is classified as an IMRF participating member.

3.40 E. Retired Teachers

Retired teachers who are employed in teaching positions during the regular school term are not under TRS, provided their employment does not exceed 120 paid days or 600 paid hours. They are not covered by IMRF during the school term even if not covered by TRS.

Retired teachers who are employed in non-teaching duties such as custodial, clerical, and maintenance are covered by IMRF if they meet the 600-hour standard.

3.40 F. Substitute Teachers

The teaching earnings of licensed substitute teachers are reported to TRS.

If you hire a non-licensed person to substitute in a position normally held by a licensed teacher, this person is not covered by IMRF because it is a teaching position. The person is not covered by TRS because he/she does not have a license.

3.40 G. ROTC Teachers

ROTC teachers who are licensed teachers are under TRS. A non-licensed person teaching ROTC is under IMRF.

3.40 H. Adult Education and Night School Teachers

Non-licensed personnel and licensed teachers' school earnings for adult education classes are reported to IMRF under the Regular plan if they meet the 600-hour standard. Earnings for night school classes are usually reported to IMRF if the 600 hour standard is met, however, if the night school instructor is required to hold a teaching license, the earnings are not reportable to IMRF.

3.40 I. Intern Teachers

If a school district pays a person who does not have a teacher's license for duties as a "teaching intern" or "student teacher," this is considered a teaching position. The earnings should not be reported to IMRF, even though the person is not eligible for TRS.

3.40 J. Exchange and Foreign Teachers

Teaching earnings of teachers admitted to the United States as exchange aliens by the Immigration and Naturalization Service under Form I-94 (stamped with a “J” symbol, see paragraph 3.10 C. Exchange Aliens and Non-Immigrant Students) are not reported to either TRS or IMRF. This is true of teaching earnings for both the regular school and summer school.

If a teacher from a foreign country who is not admitted as an exchange alien performs the duties of a classroom teacher, the earnings are covered by TRS if the teacher is licensed in Illinois. The teacher is not covered by IMRF even if ineligible for TRS.

3.40 K. School Psychologists

A licensed school psychologist is under TRS, and earnings are reported to TRS.

An “intern school psychologist” who has completed his or her academic work and is working to complete the requirements necessary for a license is considered to be in a teaching position. Those earnings are not reported to IMRF for any purpose, even though the person is ineligible for TRS.

3.40 L. Teachers of Homebound Students

Teachers who instruct homebound students are in teaching positions requiring a license and are covered by TRS.

If a teacher is hired as a tutor and paid directly by the student or student’s parents, the teacher is not considered a school employee. The teacher’s earnings are not reported to IMRF or TRS.

Even if a teacher is paid by the school, tutoring (other than teaching of homebound students) does not require a license and earnings for teachers who also do tutoring are not reportable to either TRS or IMRF.

3.40 M. Coaches

Compensation for coaching paid to a licensed person who also has teaching duties is reported to TRS. Teaching duties for any school district in Illinois are considered, not just teaching in the district in which the person is coaching. A person whose only school district duties are athletic coaching is not covered by TRS because the position of athletic coach does not require a license. This person is under IMRF and, if there is sufficient service to meet the 600-hour standard, is classified as an IMRF participating member.

3.45 Other School Employees

This section explains participation in IMRF by school employees other than teachers.

3.45 A. Teacher Aides (Paraeducators) and Paraprofessionals

Teacher Aides (paraeducators) and paraprofessionals who work in positions not requiring a license are not in teaching positions and not under TRS.

The positions listed below are under IMRF if they meet the 600 hour standard. A teacher aide working 3 ½ hours or more each school day in a 180 day school term would meet the 600 hour standard.

- Teacher Aides, teacher assistants, and paraeducators positions that do not require a license
- Paraprofessional positions requiring an Educational License with Stipulations with a paraprofessional educator endorsement.

If a teacher aide works some days as a substitute teacher, these earnings are not covered by IMRF. For TRS coverage, see paragraph 3.40 F. Substitute Teachers.

Retired teachers hired as teacher aides are not in teaching positions and are covered by IMRF if they meet the 600-hour standard.

A person with a teacher's license who is hired as a teacher aide is under IMRF (provided the 600-hour standard is met) if the teacher aide position does not require a teacher's license.

If the person spends part of the school day as a teacher and the remainder of the school day as a teacher aide, the teaching position is under TRS. The teacher aide portion should be judged separately. If this position alone meets the 600-hour standard, the person is under IMRF for the teacher aide earnings. It is possible for a person to be a member of TRS for teaching earnings and under IMRF for teacher aide earnings.

P.A. 94-0834 changed the Reciprocal Act to allow a former IMRF member who participated as a teacher aide within a school district and transferred to a position that is covered by TRS to retire under the Reciprocal Act even though the former teacher aide has less than 12 months of IMRF service credit. See Paragraph 5.50 Reciprocity.

Also, if a former paraeducator took a refund of his or her IMRF contributions, he or she can repay the refund, reinstate the service credit, and apply the service toward a Reciprocal pension. See Paragraph 6.40 3. Past Service Credits/Member Account Corrections Reinstatement.

3.45 B. School Nurses

Licensed school nurses (under Type 73 certificates) are under TRS. Their earnings are reported to TRS.

School nurses who are not licensed are under IMRF if they meet the 600-hour standard.

School nurses do not have a choice of participating in either IMRF or TRS. If they are licensed, they must be under TRS. If not licensed, they must be under IMRF. When a non-licensed school nurse is issued a Type 73 license, the nurse should be enrolled in TRS and terminate IMRF participation.

3.45 C. School Social Workers

Many school social workers are licensed and participate in TRS.

If a school does not require a license for a social worker and the employee does not have a school social work license, the social worker must participate in IMRF if he or she is required to work at least 600 hours a year.

If a social worker intern is working in what would be a licensed position in order to complete the requirements necessary for a license, that intern will not participate in IMRF. This is true if he or she works the minimum hourly standard or not.

3.45 D. Non-licensed Professional Employees

Professional employees employed in special education often are not licensed as teachers. These employees are under IMRF if their positions meet the 600-hour standard.

3.45 E. School Library Employees

Many school librarians are in licensed positions and under TRS. If librarians or assistants are not in positions requiring a license, they are under IMRF if they meet the 600-hour standard.

Students working in the library of the school in which they are enrolled are excluded (see paragraph 3.10 F. Students).

3.45 F. Bus Drivers

Bus drivers in positions normally requiring performance of duty for 600 hours or more per year are IMRF participating members.

In classifying the position, the hours a driver is expected to drive on student trips, athletic trips, and similar outings should be considered as well as the normal hours driving students to and from school and hours spent for care and maintenance of buses.

Time spent traveling from another daily job to school should not be considered.

For example, a driver who works three hours each school day would normally expect to work 540 hours in an 180-day school year. If the driver does no other driving or other work for the school district, the driver would not qualify for IMRF membership. However, if the driver is expected to work an additional 150 hours driving for special trips, this would result in 690 hours of service, and the driver would qualify.

The 600-hour standard should be applied to the expected hours to be worked, not the hours compensated. If a driver works three hours daily but is paid a "four-hour minimum," the three hours rather than the four is used in applying the 600-hour standard.

Bus drivers who furnish their own buses usually are not employees, but independent contractors.

3.45 G. School Crossing Guards

School crossing guards are usually employed by a city or village rather than by a school district. However, if a school district employs the crossing guards, they are considered employees of the school district in the same manner as other employees.

If the school district contributes funds to the city or village to pay all or part of crossing guard wages, but the city or village employs and directs them, they remain city or village employees.

3.45 H. Cafeteria Employees

Cafeteria food service employees in positions normally requiring performance of duty for 600 hours or more per year are IMRF participating members.

If a cafeteria employee works four hours a day in a 180-day school term, this would total 720 hours and the employee would participate. If the work day is three hours, then the expected hours for 180 days would be 540, and the employee would not participate.

3.45 I. Custodians

Custodians are IMRF participating members if they meet the 600-hour standard. The earnings of a custodian who is paid for working at special private functions in your school facilities should be reported. Even if the custodian is directly paid by the organization holding the special function, payments are considered IMRF earnings if the school district reserves the right to choose which custodian will be assigned to the position and to control the manner of working.

3.45 J. School Security Guards

Security guards employed by schools are classified in the same manner as other employees. If they meet the 600-hour standard, they participate in IMRF. Police officers hired as security guards by a school are classified in the same manner as other employees.

If a district contracts with a governmental unit or private security service which furnishes security services, then the security guards are employees of the governmental unit or security service furnishing the services.

3.45 K. School Treasurer

School treasurers are considered employees. If the position meets the 600-hour standard, the school treasurer is an IMRF participating member. If a person is a school treasurer for more than one school district, the combined hours should be used in applying the 600-hour standard.

Exception: Licensed school administrators who are Board of Education Treasurers (see paragraph 3.40 C. Teaching Earnings).

Township School Treasurers in Cook County and their employees may participate in IMRF as governmental units independent of school districts.

3.45 L. Secretary of Board of Education

A secretary of a board of education is considered an employee, whether or not a member of the board. If the secretary meets the 600-hour standard for the paid portion of the position (do not include the non-paid regular board of education duties for a board member-secretary), then the secretary should be enrolled as an IMRF member.

Exception: Licensed school administrators who are board of education secretaries (see paragraph 3.40 C. Teaching Earnings).

3.45 M. Vocational Rehabilitation Programs

School districts may administer vocational rehabilitation programs. If the students in these programs are paid as a part of their rehabilitation program for their work in the school, they are not considered employees, and they cannot participate in IMRF irrespective of the hours required by their job.

3.45 N. Eligible Students

Students are considered employees irrespective of their age. Their earnings are normally covered by Social Security only. See the exceptions for certain students working in schools (see paragraph 3.10 F. Students).

3.46 Educational Cooperatives and Joint Agreements

School districts may enter into joint agreements to form educational cooperatives to perform varied types of educational services. These may be structured in various ways. The function and structure are important in determining the employment relationship.

The various organizational types are described below.

3.46 A. Special Educational Cooperatives Under Section 10-22.31 of the School Code

Section 10-22.31 of the School Code authorizes school districts to enter into cooperative (or joint) agreements to furnish special education services for students of the cooperating districts. Under this section, the special education cooperative may be structured in one of two ways:

1. One of the school districts may be designated as the administrative district. If there are employees of the cooperative who are not employees of the administrative district, the governing board may elect to participate in IMRF independently as a separate legal entity in order to provide IMRF coverage for its employees.
2. If the board of the cooperative consists of one member of each participating school district, the cooperative agreement may designate the cooperative to act as "its own administrative district." In this case, it is considered a separate legal entity and is required to participate in IMRF independently.

3.46 B. Educational Cooperatives Under Section 10-22.31a of the School Code

Section 10-22.31a of the School Code authorizes school districts to enter into cooperative (joint) agreements with other school districts to establish any type of educational program which they can establish individually. In these cooperatives, one district is designated as the administrative district and is considered the employer of the cooperatives' employees.

3.46 C. Educational Cooperatives Under Section 3-15.14 of the School Code

All educational cooperatives established under Section 3-15.14 of the School Code are included in IMRF as separate reporting entities.

3.46 D. Vocational Education Cooperatives

Vocational educational cooperatives created under the Intergovernmental Cooperation Act and approved by the State Board of Education are required to report to IMRF as participating instrumentalities.

3.48 Educational Service Regions and Service Centers

3.48 A. Single County Educational Service Regions

Superintendents of educational service regions serving a single county are considered county officers. The superintendent and assistants, who are licensed, participate in the Teachers' Retirement System. Non-licensed employees are under IMRF if their positions meet the annual hourly standard applicable to the county.

Upon request of the County Board, any single county educational service region whose employees were previously reported to IMRF through the county, may be spun-off and designated as a separate reporting entity distinct from the county.

3.48 B. Consolidated Educational Service Regions

Consolidated educational service regions are independent legal entities and are under IMRF. The superintendent and assistants, who are licensed, participate in the Teachers' Retirement System.

3.48 C. Educational Service Centers Under Section 2-3.62 of the School Code

Section 2-3.62 of the School Code established Educational Service Centers. Service Centers which were not disbanded by Public Act 88-89 participate in IMRF.

Part II - Other than Schools

3.50 Introduction

This section, “Coverage / Part II - Other Than Schools,” covers all employers other than school districts, and explains which employees are covered by IMRF.

In order to participate in IMRF, a person must be an employee of an IMRF employer and meet the standards for participation.

3.60 Definition of Employee

In general, an employee is a person who, under the “usual common law rules applicable in determining the employer-employee relationship,” has the status of an employee. The most important part of this test is whether or not a person works under your direction and control as to the time and manner of work performance.

This section explains the employment relationship as it applies to positions that may qualify for IMRF participation. Other positions that do not meet IMRF standards are discussed in the Federal Taxes/Social Security Appendix (Section 9).

3.60 A. Independent Contractors

The Internal Revenue Service has identified specific characteristics of an independent contractor. IMRF recommends before you identify an employee as an independent contractor, you file IRS Form SS-8 (Exhibit 3D) with the IRS. The IRS will then make an official determination regarding the position. Contact the IRS at www.irs.gov or 1-800-829-1040 for more information about IRS Form SS-8.

A person performing services for you as an independent contractor is not an employee. Please note: if a member retired under the IMRF Early Retirement Incentive (ERI), that member cannot return to work for an IMRF employer, even as an independent contractor. Severe financial penalties apply if an ERI retiree returns to work for an IMRF employer, including work as an independent contractor. See Paragraph 5.20 C. 16.

The most important tests of whether a person is an employee or an independent contractor are:

1. Whether the person is under your work direction and control as to the time and manner of work performance, and
2. Whether the person offers services to others during the same period and his/her business can experience a loss.

However, other facts must be considered and each situation judged upon the particular facts involved. The following guidelines are offered to help you make individual determinations:

Indicates an Employee	Indicates an Independent Contractor
Works prescribed hours	Sets own work hours
Works at your office or premises	Works in own office or premises
Does not generally offer services to the public	Generally offers services to public
You furnish tools, equipment	Furnishes own tools and equipment
You furnish assistants	Furnishes own assistants
Paid a salary or hourly wage	Paid on a per job basis
You furnish fringe benefits, such as paid sick days, group medical and life insurance, etc.	Does not participate in fringe benefits offered employees.
You carry liability insurance	Carries own liability insurance
You provide unemployment insurance and workers' compensation	

You cannot create an independent contractor relationship by merely designating a person an independent contractor. If you retain control over when and how a person works, that person remains an employee, even though you may enter into a contract which states that the person is an independent contractor. The actual working arrangements control, not the name given or the provisions of a written agreement.

Employers who attempt to avoid IMRF contributions by designating certain employees independent contractors or consultants, without changing the working conditions to give the employees the necessary independence of independent contractors, are subject to assessment for retroactive contributions. We caution you to carefully examine the classification of any persons who work a substantial time for you and are not classified as employees.

Public officials (such as clerks, treasurers, etc.), whether elected or appointed, are considered employees for IMRF purposes.

3.60 B. Professionals and Consultants

Persons, such as lawyers, engineers, physicians, dentists, and other consultants, who are engaged in the pursuit of their independent professions in which they offer their services to the general public are usually independent contractors and not employees. However, under certain circumstances they may be employees, particularly if they perform their services at your offices at times designated by you, and are paid a salary rather than on a services rendered basis. A professional who does not meet the tests of a common-law employee may not be reported to IMRF even if the compensation is called salary.

3.60 C. Patients and Inmates in Hospitals, Nursing Homes, and Other Institutions

Hospital patients and inmates are not considered employees, even though they may perform some services for the institution. A patient is a person undergoing treatment or care. An inmate is a person living in an institution who was either committed or entered voluntarily.

3.60 D. Exchange Aliens and Non-Immigrant Students

A limited number of persons are admitted to this country under special permission from the Immigration and Naturalization Service as non-immigrant students or exchange aliens, under the non-immigration Form I-94. Generally, these people are not permitted to work other than for the university where they are studying or for the program for which they were admitted.

Non-immigrant students ("F" symbol on Form I-94) and exchange aliens ("J" symbol on Form I-94) should show you their Form I-94 and special permission to work from the Immigration and Naturalization Service, which is recorded on their Form I-94, or special permission from the school with which they are connected on a Form I-583. If you are shown their non-immigration Form I-94, with an "F" or "J" symbol and a copy of the special permission to work, these non-immigrant students and exchange aliens are not to be considered employees for either IMRF or Social Security purposes, and none of their earnings should be reported.

Federal law limits non-immigrant student status to five years. If you have an employee who is a non-immigrant student, ("F" symbol on Form I-94) for more than five years, that employee should be enrolled in IMRF and reported to Social Security beginning in the sixth year.

If you are not shown a Form I-94 and a copy of the special permission, you should report their earnings in the same manner as other employees.

3.60 E. Members of Religious Orders (Nuns, Brothers, Etc.)

Members of religious orders are considered employees even though the order also may have elected to provide Social Security coverage for its members directly, and if they meet the standard for participation, they should be enrolled in IMRF. The only exception is when the religious order and the employer arrange for the service of the member, and the member is required by the order to perform the service for the employer. In this case, the member is not an employee and is not covered by IMRF.

3.60 F. Students

Students who work and are paid by the school district in which they are enrolled are not considered employees. If they work for another IMRF employer (such as a city, village, park district, etc.), they are considered employees of the governmental unit for which they work.

3.60 G. Student Nurses

Services performed in a hospital or nurses' training school approved by state law by a student nurse who is enrolled and regularly attending classes in a nurses' training school, is not considered employment.

3.60 H. Federally and State Financed Positions

In general, persons employed in positions for which the wages and salaries are paid in whole or in part by federal or state grants or by reimbursements are considered employees. They are covered by IMRF in the same manner as employees paid out of local funds. They are considered employees of the governmental unit that employs them (hires, has the right to fire, directs work, etc.) even though the payroll function may be performed by some other organization.

3.60 I. Work Relief Programs

Persons who are in work relief programs under which they are not paid directly are not covered by IMRF or Social Security. For example, if a welfare or public assistance recipient performs work in order to qualify for assistance payments, the payments are not subject to Social Security or IMRF.

3.60 J. Non-Citizens

An employee who is not a United States citizen is covered by IMRF like a citizen if he or she meets the 600- or 1,000-hour standard (see paragraph 3.65 A. Annual Hourly Standard [600- or 1,000-Hour]).

Persons hired after November 6, 1986, should furnish the employer with verification of eligibility to work in the United States (Alien Registration Receipt Card I-551, called a "green card," or Employment Authorization Card I-688A).

3.60 K. No Minimum or Maximum Age

There is no minimum or maximum age for IMRF coverage.

3.65 Participating Members

Participation in IMRF is not optional for employees who meet the annual hourly standard. Exceptions to the participation requirement exist for the following positions:

- 3.65 E. Elected Officials
- 3.65 F. Paid Members of Elected Governing Body
- 3.65 I. City Hospital Employees

For all other employees, if he or she meets the requirements, enrollment in IMRF is mandatory and cannot be excused. Part-time employees meeting these requirements must be enrolled even though they are not entitled to other fringe benefits such as vacation days, sick leave, and hospitalization insurance.

Failure to require IMRF participation and to make contributions can result in substantial charges for omitted member and employer contributions in the future. See Section 6.40 5. Omitted Service for further information about omitted service costs. Even though you fail to deduct contributions from their earnings, employees are entitled to service credits toward their pensions and may pay for the omitted service at a later date. Your governmental unit will be responsible for the remainder of the pension cost.

3.65 A. General Requirements for IMRF Coverage (600 or 1,000 Hour Standard)

Enrollment Required

If a person is employed in a qualifying position, you must enroll that person in IMRF. A qualifying position is one that will normally require performance of duty for at least the employer's hourly standard during the next 12 months following the employee's date of hire.

Hourly Standard

The hourly standard is either 600 or 1,000 hours. School districts and special education cooperatives have a 600-hour standard. Non-school employers can have a 600-hour standard or can elect the 1,000-hour standard. To change from the 600 hour standard to the 1,000-hour standard, the governing body would adopt a resolution (IMRF Form 6.68, "A Resolution to Adopt the Annual 1,000-Hour Standard for IMRF Participation") and file a certified copy of the resolution with IMRF.

Once a governing body adopts the 1,000-hour standard, that standard cannot be revoked. For details, refer to 6.60 E. Adoption of the 1,000 Hour Standard (Form 6.68, Exhibit 6GG).

Learn more about the 1,000-hour standard below.

600-Hour Standard

A person employed in a position normally requiring performance of duty for 600 hours or more in the next 12 months following the employee's date of hire must participate in IMRF. It is the expected annual hourly requirements that determine participation; actual hours worked may be more or less than the hours expected. A good-faith evaluation of the hours expected will include a review of the written job description and the history of the position or the time required to do similar work. If you are unable to make a good faith determination of the requirements for the position, enroll the employee in IMRF.

The best practice is to complete the publication, "Should this Employee be Enrolled." Download and print this brochure from the IMRF Website, www.imrf.org.

If an employee is enrolled in IMRF because the position was expected to require more than 600 hours in a year, but the employee actually works less than that, there is no need to reclassify the position retroactively. However, when this happens, the requirements of the position should be reevaluated to determine whether it should be reclassified prospectively. If a position consistently requires less than 600 hours annually, it must be reclassified and you must terminate the member's participation.

Enrollment Prohibited

A person employed in a position normally requiring performance of duty for less than 600 hours in the next 12 months following the employee's date of hire may not participate in IMRF.

If the position was expected to require fewer than 600 hours in a year, but the employee actually works more than that, there is no need to reclassify the position retroactively. However, when this happens, the requirements of the position should be re-evaluated to determine whether it should be reclassified. If a position consistently requires more than 600 hours annually, it must be reclassified and you must enroll the employee in IMRF.

1,000-Hour Standard

The 1,000-hour standard can apply only on and after the date it is adopted and applies only to those employees hired after that date, who had not ever held an IMRF-qualifying position with that employer prior to the adoption of the 1,000-hour standard.

The 1,000-hour standard is applied in the same manner as the 600-hour standard. If a person is employed in a position normally requiring performance of duty for 1,000 hours or more in the next 12 months following the employee's date of hire, you must enroll that employee in IMRF. It is the expected annual hourly requirements that determine participation; actual hours worked may be more or less than the hours expected.

A good-faith evaluation of the hours expected will include a review of the written job description and the history of the position or the time required to do similar work. If you are unable to make a good faith determination of the requirements for the position, enroll the employee in IMRF.

The best practice is to complete the publication, "Should this Employee be Enrolled." Download and print this brochure from the IMRF Website, www.imrf.org.

If a person was classified as a non-member employee because he or she was expected to work less than 1,000 hours in a year but actually worked more than that, there is no need to reclassify the position retroactively. However, when this happens, the requirements of the position should be re-evaluated to determine whether it should be reclassified prospectively. If a position consistently requires more than 1,000 hours annually, it must be reclassified and you must enroll the employee in IMRF.

Enrollment Prohibited

A person employed in a position normally requiring performance of duty for less than 1,000 hours in the next 12 months following the employee's date of hire may not participate in IMRF.

If an employee is enrolled in IMRF because the position was expected to require more than 1,000 hours in a year, but the employee actually works less than that, there is no need to reclassify the position retroactively.

However, when this happens, the requirements of the position should be reevaluated to determine whether it should be reclassified prospectively. If a position consistently requires less than 1,000 hours annually, it must be reclassified and you must terminate the member's participation.

Periodic Reevaluations

Employer audits have found that, over time, positions (and the number of hours an employee works) change. The change can affect whether that position qualifies for IMRF. **Therefore, it is important to review both participating and non-participating positions on an annual basis to determine if the position:**

- Continues to meet/exceed your employer's hourly standard for IMRF participation
- Requires fewer hours and no longer meets your employer's hourly standard for IMRF participation
- Requires more hours and now meets your employer's hourly standard for IMRF participation

When an employee works more or fewer hours than originally expected, you do not need to reclassify the position retroactively, if the initial determination included a good-faith evaluation. However, you should carefully review the hourly requirements and the actual hours worked to determine whether the position will continue to require the same number of hours. You would then submit either a termination notice or enrollment notice, as required, as soon as you identify the change and reclassify the position. A position that consistently requires more or fewer hours than originally expected must be reclassified.

The publication, "Should this Employee be Enrolled" can serve as a guide when re-evaluating a position. This brochure should be used when a new employee is hired, is promoted or assumes a new position, or when an employee assumes additional responsibilities.

Multiple Positions

If an employee works in more than one position for one unit of government, the hours of all his or her jobs are combined when applying the hourly standard.

12-Month Period

If an employee is hired during the fiscal or calendar year, the hourly standard should be applied based upon the expected hours of duty for the next 12 months following the employee's date of hire, not the remainder of the fiscal or calendar year.

Count Actual Hours of Work

The actual hours of work expected for the position are counted. This is true even if a position requires payment for a minimum number of hours even though not actually worked. For example, if a contract requires payment for a minimum of four hours per day, but the particular assignment requires three hours, it is only the three hours that is counted toward the hours expected.

You can refer to the publication, “Should this Employee be Enrolled” to help you determine if an employee should or should not participate in IMRF.

IMRF Plan Tiers

Public Act 96-0889 created a second tier of benefits for IMRF’s Regular and Elected County Official (ECO) plans. Effective January 1, 2011, IMRF will assign a benefit “tier” to an employee when he or she is enrolled in IMRF’s Regular or ECO plan. The tier is based on the member’s participation date:

- a. Tier 1: Members enrolled in IMRF before January 1, 2011. If a Tier 1 member:
 - Stops participating in IMRF and is again enrolled in IMRF, the member will participate in Tier 1.
 - Changes IMRF employers, the member will participate in Tier 1.
 - Terminates participation, takes a refund of his or her contributions and is later enrolled in IMRF, the member will participate in Tier 1.
- b. Tier 2: Members **first** enrolled in IMRF on or after January 1, 2011
EXCEPTIONS: Members enrolled in IMRF on or after January 1, 2011, will participate in Tier 1 if the member:
 - Previously participated in IMRF or in a Reciprocal retirement system (even if the member took a refund of his or her contributions and has not yet repaid the refund) or
 - Purchases omitted service credit that creates a participation date before January 1, 2011.

The ECO Plan is closed to new members as of August 8, 2011. Elected county officials may not elect the ECO plan; counties may not adopt the ECO plan.

Public Act 96-1495 created a second tier for IMRF SLEP. A member’s participation date determines his or her tier.

- a. Tier 1: Members first enrolled in SLEP before January 1, 2011:
 - If a member ever participated in SLEP with any employer before January 1, 2011, that member always participates in Tier 1 even if that member terminated participation and took a refund of contributions.
- b. Tier 2: Members first enrolled in SLEP on or after January 1, 2011:
 - A member will participate in SLEP Tier 2 even if that member participated in Regular IMRF Tier 1 or Tier 1 with a reciprocal retirement system. Some SLEP members will be participants in both Regular plan Tier 1 and SLEP plan Tier 2.

3.65 B. Temporary Positions, Probationary Periods, and On-Call Duty

An employee hired to work temporarily should be enrolled in IMRF unless the period of time the person will work will be less than the employer’s hourly standard (600 or 1,000 hours). If a temporary employee is hired to fill in for an indeterminate length of time, that employee should be enrolled in IMRF.

Employees hired on a probationary basis must be enrolled in IMRF as of the first day on the job if the position for which the person is hired will require more than the employer’s hourly standard (600 or 1,000 hours) in the next 12 months.

Probationary policies exempting employees from participation in IMRF for specified periods of time are not allowed by the Pension Code and are not recognized by IMRF.

The time an employee is on-call is counted as work hours required by the position only if the following two conditions are satisfied:

1. The schedule and conditions of the on-call time are dictated by the employer and include mandatory availability and response requirements
and
2. The employee is paid at least minimum wage for the on-call time

On-call time not meeting both of these conditions is not counted toward the hourly standard.

On-call duty for which an employee is not directly paid, such as on-call hours of salaried employees or elected officials, does not count toward the hourly standard.

3.65 C. Employees Working for More than One IMRF Employer

Each employee must meet the applicable annual hourly standard for IMRF participation for each employer. In some instances, an employee may meet the standard for one employer but not another and will, therefore, participate only with one employer.

3.65 D. Retired Members

If a retired member returns to work in an IMRF qualifying position, you must enroll the retired member in IMRF and deduct full IMRF member contributions from his or her earnings. The retired member's pension will be suspended while working (see 5.20 F. How the IMRF Pension is Affected by Returning to Work).

Employers must determine if a new hire is a person receiving an IMRF pension from any previous employment.

Public Act 99-745 gives IMRF the authority to assess employers penalties for return-to-work violations, up to half of the annuity paid to the member during the return-to-work period.

Note: Simply reporting wages for a retired member who returns to work in a position that qualifies for IMRF will not result in IMRF suspending the member's pension. It is important to submit a notice of enrollment for a retired member who returns to work in a position that qualifies for IMRF. Contact IMRF before you enroll an IMRF retiree who is discovered to have been in a qualifying position and was not properly reported to IMRF.

If a retired member is not in a qualifying position

If a retiree will be working in a position that does not qualify for IMRF participation, the retiree may continue to receive his or her pension. However, both the employer and the retiree should monitor the actual hours worked to make sure the original determination that the position is not qualifying is accurate and continues to reflect the actual experience. The Best Practice is for the retiree to stop working when he or she has reached 599 or 999 hours, as applicable. If there is any question regarding the retiree's participation in IMRF, the retiree and the employer should jointly contact IMRF to discuss IMRF's return to work rules.

Public Act 98 - 0389 changed the rules for enrollment of retired IMRF members who return to work for an IMRF employer. Employers **must** enroll the retiree in IMRF once the retiree **actually** works 600 or 1,000 hours (depending on the employer's hourly standard) in a 12-month period instead of when the retiree's position is "normally expected" to work the hourly standard. This rule applies in all return-to-work cases, regardless of the hourly standard the retired member earned his or her pension under.

If a retired member returns on a contractual basis

A retired member who has an independent trade or business may be hired as an independent contractor (see 3.60 A. Independent Contractors). However, the retiree must truly be engaged in an independent trade or business, as defined by the Internal Revenue Service. IMRF may require proof that the person is an independent contractor. The Best Practice is to request an IRS opinion using IRS form SS-8 (Exhibit 3D). Merely designating a retiring or retired member as a consultant or independent contractor does not establish an actual independent contractor relationship.

Applies to members first participating in IMRF or a reciprocal retirement system on or after January 1, 2012; does not apply to SLEP members: If a retired member performs services for his or her former IMRF employer on a contractual basis, the member's pension will be suspended during that contractual service.

The retired member must inform IMRF of the contract and must inform the employer.

If the retired member does not inform IMRF and his/her employer, the retired member will be guilty of a Class A misdemeanor and required to pay a \$1,000 fine.

Once the contractual work ends, the retired member's pension will resume.

If the member retired under IMRF Early Retirement Incentive (ERI)

A member who retired under the IMRF Early Retirement Incentive may not return to work for an IMRF participating unit of government in any capacity, including as an independent contractor. Refer to Section 5 for more information on ERI retirements.

You can also refer to Exhibit 5R, Return to Work and Effect on Tier 1 and Tier 2 Members Chart and Exhibit 5S, Public Act 98-0389 Return to Work Rules Chart.

3.65 E. Elected Officials

Optional Participation

Paid elected officials are considered employees for IMRF purposes. Persons appointed to fill a vacancy in an elective office are classified as elected officials.

Elected officials whose positions meet the applicable annual hourly standard for participation may choose whether or not they want to participate in IMRF. They may elect to participate (use Form 6.21; see paragraph 6.60 D. Relating to Participation by Elected Officials in IMRF).

Effective January 1, 2018, all new governing body members must meet the 1,000 hour standard.

Employers with Internet access must enroll new members via Employer Access. If an elected official elects to participate in IMRF, IMRF requires the official's signature on the "Election To Participate For Qualifying Position" form. Therefore, as part of the online enrollment process, a pre-populated "Election To Participate For Qualifying Position" form is created. The employer will download the pre-populated form, sign it, have the elected official sign it and mail it to IMRF along with the signed enrollment form.

The election to participate cannot be rescinded. An elected official who elects to participate in IMRF is required to continue to participate if re-elected to subsequent terms of office.

If the elected position no longer qualifies for participation, the governing body should pass a resolution to terminate participation of the position. See Form 6.64T, Exhibit 6GG located in Section 6.

Establishment of retroactive service

When an elected official elects to participate, he or she may establish up to 50 months of service retroactively (see paragraph 6.40 Past Service Credits/Member Account Corrections).

Therefore, in order to avoid forfeiting any pension service credits, elected officials with a four-year term of office should decide at the beginning of their second term whether to join IMRF.

Verification of Qualification to Participate

IMRF is not in a position to determine the hourly requirements of members of a governing body.

It is the policy of the IMRF Board of Trustees to require that the governing body of the employer determine, by resolution, that the position of an elected official qualifies for IMRF participation before an official in the position begins participation. (See paragraph 6.60 D. Relating to Participation by Elected Officials in IMRF, and Form 6.64, Exhibit 6FF.)

Effective January 1, 2018, all new governing body members must meet the 1,000 hour standard.

Recertification of Positions

The IMRF Board also requires all employers with elected officials to re-certify the IMRF eligibility of their elected positions every two years.

A certified copy of the resolution should be filed with IMRF (See paragraph 6.60 D. Relating to Participation by Elected Officials in IMRF and Form 6.64, Exhibit 6FF.)

3.65 F. Paid Members of Elected Governing Body

1. County Board

Public Act 99-900, signed into law on August 26, 2016, alters IMRF participation requirements for all elected or appointed County Board members in Illinois.

The new legislation became immediately effective and alters the Illinois Pension Code in the following ways:

- Any person **first elected or appointed** as a County Board member after Friday, August 26, 2016, is not eligible to participate in IMRF with respect to that position.
- Any current County Board members who participate in IMRF must file on a monthly basis a detailed record of time spent on official County Board business. Failure to file a record will result in immediate loss of IMRF participation.
- Within 90 days of each election for County Board members, the County Board must pass a resolution affirming that the position of County Board member requires at least 600 or 1,000 hours of work (as appropriate for that County) in a 12-month period. Failure to adopt such a resolution will bar County Board members in that county from participating in IMRF.

Annually, participating County Board members need to satisfy the applicable hourly standard (600 or 1,000). Failure to do so will result in termination of participation.

IMRF Participation for County Board Members

A member of a County Board may participate in IMRF under the following conditions:

- a. The County Board member was first elected or appointed to the County Board before August 26, 2016 (the effective date of P.A. 99-900); and
- b. The County Board has on file with IMRF a current resolution approved by IMRF finding that the Board members are expected to work at least 600 or 1,000 hours (as appropriate) or more in a year, as specified at section 7-137.2(a) of the Illinois Pension Code; and
- c. While a member of the County Board, the County Board member has elected, in a written notice filed with IMRF, to participate in IMRF; and
- d. The County Board member files the time sheets in a form acceptable to IMRF and as provided by section 7-137.2(b).

Documentation of Time Worked on County Business

The time sheets required by section 7-137.2(b) must:

- a. Contain a detailed record of the time the County Board member spent on official government business during each month of the year specifically setting forth the date, length of time, and type of official government business performed; and
- b. Be filed with the County's fiscal officer (or designee) monthly, by the 10th day of the month following the reporting month. The form may be in either electronic or paper format and will be considered late if filed after the 20th day of the month following the reporting month. A time sheet must be filed each month, even if the County Board member is reporting no hours worked in that month; and
- c. Evidence the County Board member worked at least the number of hours required for IMRF participation with the County (either 600 or 1000 hours) on an annual basis. The reporting year will begin as of the later of August 26, 2016 or the month the County Board member took office.

Definition of Official Government Business

Official government business is defined as:

- Attendance at County Board and committee meetings;
- Preparation for County Board and committee meetings;
- Meetings and communication with County staff;
- Meetings and communication with constituents;
- Meetings and communication with other elected officials;
- Attendance at official County functions;
- Attendance at meetings of other local governmental Boards related to County business;
- Attendance at meetings of civic and commercial organizations related to County business;
- Other activities related to County business, including office hours at the County administration building.

Official government business does not include:

- Activities related to campaigning for public office;
- Activities defined as "prohibited political activity" at section 1-5 of the State Officials and Employees Ethics Act (5 ILCS 430/1-1 et seq.);
- Time spent "on-call" or informally available to constituents.

Travel time:

Travel for which reimbursement would be paid to County employees under the County's personnel policies may be included as official government business.

Termination of IMRF Participation

An IMRF-participating County Board member who fails to file the time sheets required by section 7-137.2 or who files the time sheets late for more than 2 consecutive months will become ineligible and IMRF participation will be terminated.

Termination of IMRF participation for failure to file or late filing will be irrevocable.

If the County Board fails to adopt the required IMRF participation resolution within 90 days after an election, the entire Board will become ineligible, and IMRF participation will end for those Board members in IMRF, as

of the last day of the last month in which the resolution could have been adopted. Termination of participation for failure to adopt the required resolution will be irrevocable.

IMRF Participation Opt-Out

An individual County Board member may opt-out of current IMRF participation in lieu of filing the time sheets required by section 7-137.2. The opt-out must be in writing, signed by the official and will be irrevocable after it is received by IMRF. Individual opt-outs will not impact the IMRF participation of other members of the County Board.

Verification of Qualification to Participate

IMRF is not in a position to determine the hourly requirements of members of a governing body.

It is the policy of the IMRF Board of Trustees to require that the governing body of the governmental unit determine, by resolution, that the positions require performance of duty for the applicable annual hourly standard before an official in the position participates. The resolution must indicate whether the employer is under the 600-hour or 1,000-hour standard.

A certified copy of the resolution should be filed with IMRF (See paragraph 6.60 D. Relating to Participation by Elected Officials in IMRF and Form 6.64, Exhibit 6FF).

Recertification of Positions

The IMRF Board also requires all employers with elected officials to re-certify the IMRF eligibility of their elected positions every two years.

A certified copy of the resolution should be filed with IMRF (See paragraph 6.60 D. Relating to Participation by Elected Officials in IMRF and Form 6.64, Exhibit 6FF.)

2. City Council, Village Board, and Board of Town Trustees

Optional Participation

Members of an elected governing body may elect to participate in IMRF if their positions meet the applicable hourly standard. Persons appointed to fill vacancies are considered elected officials for this purpose.

If the 1,000 annual hourly standard is applicable, barring highly unusual circumstances, the governing body positions will not qualify for participation. Effective January 1, 2018, all new governing body members must meet the 1,000 hour standard.

In determining the hourly requirements of the positions of governing body members, you should consider not only attendance at official meetings, but also meetings and telephone calls with constituents and other officers and employees, attendance at civic functions in an official capacity, and attendance at meetings of municipal organizations.

Hours actually spent working should be counted, but hours spent “on call” are not considered when determining the expected hourly requirements of elected positions, nor is time spent traveling from home to meeting sites.

Members of an elected body must file Form 6.21, “Election to Participate” (see paragraph 6.10 C. Member Paid Irregularly), if they wish to participate. The election to participate may not be rescinded.

IMRF requires employers with Internet access to enroll new members via Employer Access. If an elected official elects to participate in IMRF, IMRF requires the official’s signature on the “Election To Participate For Qualifying Position” form. Therefore, as part of the online enrollment process, a pre-populated “Election To Participate For Qualifying Position” form will be created. The employer will download the pre-populated form, sign it, have the elected official sign it and mail it to IMRF along with the signed enrollment form.

Definition of Official Government Business

Official government business is defined as:

- Attendance at governing body Board and committee meetings;
- Preparation for governing body Board and committee meetings;
- Meetings and communication with governing body staff;
- Meetings and communication with constituents;
- Meetings and communication with other elected officials;
- Attendance at official governing body functions;
- Attendance at meetings of other local governmental Boards related to governing body business;
- Attendance at meetings of civic and commercial organizations related to governing body business;
- Other activities related to governing body business, including office hours at the governing body administration building.

Official government business does **not** include:

- Activities related to campaigning for public office;
- Activities defined as “prohibited political activity” at section 1-5 of the State Officials and Employees Ethics Act (5 ILCS 430/1-1 et seq.);
- Time spent “on-call” or informally available to constituents.

Travel time:

Travel for which reimbursement would be paid to governing body employees under the governing body’s personnel policies may be included as official government business.

Establishment of retroactive service

When a member of an elected governing body elects to participate, he or she may establish up to 50 months of service retroactively (see paragraph 6.40-4 Past Service Credits/Member Account Corrections).

Certain elected officials have the option of purchasing more than 50 months of retroactive service credit **if** the governing body **passed a resolution before January 1, 2002**, allowing such purchase (see paragraph 6.40-4 Past Service Credits/Member Account Corrections).

Verification of Qualification to Participate

IMRF is not in a position to determine the hourly requirements of members of a governing body.

It is the policy of the IMRF Board of Trustees to require that the governing body of the governmental unit determine, by resolution, that the positions require performance of duty for the applicable annual hourly standard before an official in the position participates. The resolution must indicate whether the employer is under the 600-hour or 1,000-hour standard.

A certified copy of the resolution should be filed with IMRF (see paragraph 6.60 D. Relating to Participation by Elected Officials in IMRF and Form 6.64, Exhibit FF).

Effective January 1, 2018, all new governing body members must meet the 1,000 hour standard.

Recertification of Positions

The IMRF Board also requires all employers with elected officials to re-certify the IMRF eligibility of their elected positions every two years.

A certified copy of the resolution should be filed with IMRF (See paragraph 6.60 D. Relating to Participation by Elected Officials in IMRF and Form 6.64, Exhibit 6FF.)

3.65 G. Paid Members of Appointed Governing Body (Airport Authority Board, River Conservancy Board, Sanitary District Board, Etc.)

Members of governing bodies who are appointed rather than elected are classified in the same way as regular employees. If they are paid and meet the applicable annual hourly standard, they must participate.

Verification of Qualification to Participate

IMRF is not in a position to determine the hourly requirements of members of an appointed governing body.

It is the policy of the IMRF Board of Trustees to require that the governing body of the governmental unit determine, by resolution, that the positions require performance of duty for the applicable annual hourly standard before the members in the position participate. The resolution must indicate whether the employer is under the 600-hour or 1,000-hour standard. For more information, see Form 6.64A Exhibit 6GG.)

Effective January 1, 2018, all new governing body members must meet the 1,000 hour standard.

Recertification of Positions

The IMRF Board also requires all employers with compensated appointed governing bodies to re-certify the IMRF eligibility of these positions every two years.

A certified copy of the resolution should be filed with IMRF. For more information, see Form 6.64A Exhibit 6GG.

3.65 H. Appointed Officials

Officials, who are appointed rather than elected, such as village clerks and treasurers, are considered the same as other employees. If they meet the applicable annual hourly standard, they must participate.

In applying the 600 or 1,000 annual hourly standard, you should consider not only the time spent performing official duties of the office, but also any additional appointed position the employee may hold with the employer.

Effective January 1, 2018, all new governing body members must meet the 1,000 hour standard.

3.65 I. City Hospital Employees

Employees of city hospitals who meet the applicable annual hourly standard may elect to participate in IMRF (Form 6.21; see paragraph 6.10 E. Election to Participate for Qualifying Position), but are not required to do so.

Employers with **Internet access** are required to enroll new members via Employer Access.

If a city hospital employee elects to participate in IMRF, IMRF requires the employee's signature on the "Election To Participate For Qualifying Position" form. Therefore, as part of the online enrollment process, a pre-populated "Election To Participate For Qualifying Position" form will be created. The employer will download the pre-populated form, sign it, have the city hospital employee sign it and mail it to IMRF along with the signed, pre-populated enrollment form.

The election to participate may not be rescinded. If they elect to participate, they may establish up to 50 months of retroactive IMRF qualifying service (see paragraph 6.40-4 Past Service Credits/Member Account Corrections).

3.65 J. Non-Citizens

A non-citizen is considered an employee. Most immigrants are admitted as lawful permanent residents under INS Form I-551, commonly known as a green card. However, even if aliens illegally entered this country, they are still considered employees.

Non-citizens' earnings are reported in the same manner as other employees. An exception is made for exchange aliens and non-immigrant students (see Paragraph 3.60 D. Exchange Aliens and Non-Immigrant Students).

3.70 Governmental Functions Included

Employers are responsible for reporting earnings of all employees of departments, boards, commissions, or other governmental functions legally a part of the governmental unit.

Generally, all functions for which a governing body levies taxes, or functions which are included in the budget, are considered a part of a governmental unit, even though some of these have their own boards or commissioners.

3.70 A. Cities, Villages, and Incorporated Towns

1. All municipal officers and employees of regular offices and departments are under IMRF if their positions qualify. Employees of semi-autonomous units listed below are also included:
 - Public libraries operating under the Illinois Local Library Act (see paragraph 3.70 F. Libraries)
 - Board of election commissioners
 - Community centers
 - Utilities owned by municipalities
 - City hospitals (see paragraph 3.70 D. Hospitals, Sheltered Care and Nursing Homes, and Sanitariums)
 - Mental health boards or commissions
 - Public health departments
2. The following governmental units are not a part of a municipality:
 - Public libraries operating under the Public Library District Act (see paragraph 3.70 F. Libraries)
 - Park and recreation districts operating under the Park District Code
 - Hospitals operating under the Hospital District Act (see paragraph 3.70 D. Hospitals, Sheltered Care and Nursing Homes, and Sanitariums)
 - Water commissions or water and sewer commissions serving more than one municipality
 - Public health districts
 - Water distribution systems operated by public water districts

3.70 B. Counties

1. All county officers are under IMRF if their positions qualify. The following semi-autonomous units are considered a part of the county, and their employees should be reported as county employees. See section 3.65 F. 1. about participation of county board members.
 - Mental health boards (commonly known as the 708 board; see paragraph 3.70 E. Mental Health Boards [708 Boards])
 - County detention homes
 - County nursing and shelter care homes (see paragraph 3.70 D. Hospitals, Sheltered Care and Nursing Homes, and Sanitariums)
 - County hospitals
 - Board of election commissioners

-
- County health departments (if serving only one county)
 - Superintendents of single-county regional office of education for non-licensed employees (see paragraph 3.48 A. Single County Educational Service Regions)
 - Certain programs administered by superintendent of single county regional office of education (see paragraph 3.48 A. Single County Educational Service Regions)
 - County zoning commissions
 - County unit road districts
 2. The following are not considered part of the county:
 - Public building commissions
 - Public housing authorities
 - Regional planning commissions serving more than one county
 - Regional councils of public officials
 - Multi-county regional offices of education (see paragraph 3.48 B. Consolidated Educational Service Regions)
 - Regional office of education established as a separate reporting entity distinct from the County (see paragraph 3.48 A. Single County Educational Service Regions).

Common-law employees appointed by the judge or judges of a judicial circuit to work in a particular county and paid out of county funds are considered county employees. Typical are public defenders and their assistants and probation officers.

3.70 C. Townships

1. The following are considered part of the township:
 - All township officers and their employees
 - Township road commissioners and road district employees, except consolidated township road districts serving more than one township
 - General assistance offices
 - Township mental health boards or commissions (see paragraph 3.70 E. Mental Health Boards [708 Boards])
 - Township libraries (see paragraph 3.70 F. Libraries)
 - Township cemeteries, irrespective of the form of organization (run by township, cemetery trustees, or cemetery board of managers)
 - Township hospitals (see paragraph 3.70 D. Hospitals, Sheltered Care and Nursing Homes, and Sanitariums)
2. The following are not considered part of a township:
 - Multi-township assessment districts that are separate governmental units
 - Consolidated township road districts serving more than one township
 - Township library districts (see paragraph 3.70 F. Libraries)
 - Township hospitals operating under a board of directors (see paragraph 3.70 D. Hospitals, Sheltered Care and Nursing Homes, and Sanitariums)
 - Multi-township cemeteries

These units may participate in IMRF as independent legal entities.

3.70 D. Hospitals, Sheltered Care and Nursing Homes, and Sanitariums

Hospitals operated as a part of local government are included.

1. County hospitals operating under Public Non-Sectarian Hospital Act (55 ILCS 5/5-7001 to 5-7003) are included as a part of the county. Employees are reported as county employees.
2. Municipal (city) hospitals operating under the Illinois Municipal Code (65 ILCS 5/11-23-1) are considered a part of the municipality. Their employees are reported as municipal employees (see paragraph 3.65 I. City Hospital Employees).
3. City and village tuberculosis sanitariums operating under the Illinois Municipal Code (65 ILCS 5/11-29) are part of the city or village. Their employees are reported as city or village employees.
4. Township hospitals operating under Article 175 of the Township Code (60 ILCS 1/175-5 to 1/175-20) are considered a part of the township. Their employees are reported as township employees.
5. Township hospitals operating under a board of directors (60 ILCS 1/170-5 to 1/170-60) are independent units of government. They may join IMRF independently. Their employees are not township employees but employees of the township hospital.
6. Hospitals operating under the Hospital District Law (70 ILCS 910/1 to 910/25) are independent units of government and may participate in IMRF.
7. County tuberculosis sanitariums operating under the County Tuberculosis Sanitarium Act (55 ILCS 5/5-23001 to 5/5-23043) are independent units of government if they are supported by more than one county, and may not participate in IMRF. If they are supported by only one county, their employees are considered employees of the county they serve.
8. Tuberculosis sanitariums operating under the Tuberculosis Sanitarium District Act (70 ILCS 920/0.01 to 920/14) are independent units of government and may participate in IMRF.
9. County nursing homes, sheltered care homes, and infirmaries operating under the County Home Act (55 ILCS 5/5-21001 to 5/5-21013) are considered a part of the county. Their employees are reported as county employees.

3.70 E. Mental Health Boards (708 Boards)

Employees of a mental health board (commonly known as a 708 Board) operating under the Community Mental Health Act (405 ILCS 20/0.1 to 20/13) are considered employees of the municipality (county, city, village, township, etc.) that formed the board and levies the tax to support it.

Because mental health boards no longer provide mental health care on a continuing basis, employees of other organizations (such as not-for-profit corporations) that provide mental health services are employees of these separate organizations. They are not considered employees of the county or municipality establishing the mental health board.

3.70 F. Libraries

1. Libraries operating under the Illinois Local Library Act (75 ILCS 5/1-0.1 to 5/5-9) are a part of the municipality (city, village, incorporated town, or township) that levies taxes for it, even though the library has its own board of trustees. Its employees are considered to be employees of the municipality. Village libraries operating under the Village Library Act (75 ILCS 40/0.01 to 40/5) are part of the village, and their employees are considered village employees.
2. Libraries operating under the Public Library District Act of 1991 (75 ILCS 16/1-1 to 16/55-5) are independent units of government and may participate in IMRF as independent units.
3. If a city, village, or incorporated town or township library is converted to a library district, IMRF participation for library employees will continue while the library provides retirement program coverage, but for no longer than 547 days after the district is established. The library district may elect to participate

in IMRF as a separate unit of government. Ask IMRF for a bulletin explaining how the district may elect to participate.

4. Library systems operating under the Illinois Library Systems Act (75 ILCS 10/1 to 10/16) may participate as independent legal entities.

3.70 G. Intergovernmental Agreements

As of July 1, 1988, entities formed under the Intergovernmental Cooperation Act may elect to participate in IMRF. Cooperatives should not take any action prior to contacting IMRF and obtaining a copy of the IMRF publication, "Questions and Answers for Units of Government Considering Participation."

3.80 Police Officers

This section explains coverage for police officers, including local police pension funds, and Social Security coverage. Coverage rules vary from employer to employer, and therefore, we identify each employer individually.

3.80 A. Police Officers – Definition

"Police officers" as used in this section refers to all persons who are performing police protection duties in cities, villages, and incorporated towns. In governmental units that have a board of fire and police commissioners, it includes all police officers (full-time, special, part-time, etc.) appointed by the board, and auxiliary police officers and police appointed by the mayor, president, or manager.

In other governmental units it includes commissioned police officers given the power of arrest. Police officers include persons commissioned as police officers who work as police matrons or radio operators, or who perform clerical and communication duties, provided their positions require that they be commissioned. It does not include persons who do not have the power of arrest working in the police department.

3.80 B. Police Officers in Cities, Villages, and Incorporated Towns

Police officers in cities, villages, and incorporated towns with populations over 5,000 in population (and therefore required by law to form a police pension fund) or that have elected by referendum to form a police pension fund are not under IMRF. Police officers in governmental units with populations under 5,000, and without a police pension fund may participate in IMRF if their positions meet the employer's hourly standard. There are no age restrictions on participation in a police pension fund, and a police chief or police officer may be enrolled irrespective of age or physical fitness if he or she meets the other requirements for enrollment.

If you have any questions about your police pension fund, please contact:

Illinois Department of Insurance
Public Pension Division
320 West Washington - 4th Floor
Springfield, Illinois 62767
Tel: (217) 782-7542

Social Security coverage of police officers varies among cities, villages, and incorporated towns, depending upon their population when, and the circumstances under which, they came under Social Security.

See Section 6.40 15. for more information on funding newly-created police pension funds.

We have grouped the cities, villages, and incorporated towns into five groups to explain the applicable IMRF and Social Security coverage rules. For governmental units without police officers, these coverage rules will apply if police officers are hired.

1. "Group I" Police Officers

These governmental units have established a police pension fund or are required by law to do so. They first came under Social Security either in 1957 as a member of IMRF or when they joined IMRF thereafter.

Police officers do not participate in IMRF because

The governmental units

- have established a police pension fund
or
- are required by law to establish a fund.

Police officers are not in IMRF even if they do not participate in the local police fund. (See the exception for police officers performing non-police protection duties, 3.80 D. Non-Police Earnings).

Exception: If your police chief is part-time but works enough hours to qualify for IMRF, the chief will participate in the IMRF Regular plan.

Police officers are not covered by Social Security when they are:

- participating in the police fund
or
- participating in IMRF
or
- provided an alternative pension plan

Police officers are covered by Social Security when they are:

- not participating in either the police fund, IMRF, or an alternative plan

If a regular employee who participates in IMRF also serves as a part-time, special, or auxiliary police officer, only his or her earnings as a regular employee are IMRF earnings. The police earnings are not reported to IMRF, but are reported to Social Security.

Police Chief

The Pension Code allows some full-time police chiefs to participate in IMRF as Sheriff's Law Enforcement Personnel (SLEP) members. For more information on this, please refer Paragraph 3.80C.

A full-time police chief must choose between the police pension fund and IMRF SLEP within the first three months of employment, if the chief intends to participate in either. Police chiefs who first become a participating employee on or after January 1, 2019 are prohibited from opting into IMRF SLEP as police chief.

A chief who does not participate in your local police pension plan or in IMRF is covered by Social Security unless the municipality provides an alternative plan. A chief in the police pension fund, IMRF, or who has an alternative plan provided by the municipality is not covered for Social Security.

Group I Governmental Units for Police Coverage Include:

Alsip	Ford Heights	Oak Forest
Alton	Forest Park	Oak Lawn
Arlington Heights	Forest View	Oak Park
Aurora	Fox Lake	Orland Park
Batavia	Franklin Park	Ottawa
Beach Park	Freeport	Palos Heights
Belleville	Galesburg	Palos Hills
Bellwood	Geneva	Palos Park

Belvidere	Glen Ellyn	Paris
Berwyn	Glencoe	Park Forest
Bloomington	Glenview	Park Ridge
Bloomington	Godfrey	Pekin
Blue Island	Granite City	Peoria
Bolingbrook	Gurnee	Peru
Bradley	Hampshire	Pontoon Beach
Bridgeview	Harrisburg	Princeton
Brookfield	Harvey	Prospect Heights
Buffalo Grove	Hawthorn Woods	Quincy
Burbank	Hickory Hills	Rantoul
Cahokia	Highland Park	Richton Park
Cairo	Highwood	River Forest
Calumet City	Hinsdale	River Grove
Calumet Park	Hodgkins	Riverdale
Campton Hills	Hoffman Estates	Riverside
Canton	Homewood	Robbins
Carbondale	Inverness	Rochelle
Carpentersville	Jacksonville	Rock Island
Centralia	Johnsburg	Rockford
Centreville	Joliet	Rolling Meadows
Champaign	Kankakee	Rosemont
Channahon	Kenilworth	Round Lake Beach
Chicago Heights	Kewanee	Schaumburg
Cicero	LaGrange	Schiller Park
Clinton	LaGrange Park	Skokie
Coal City	Lake Forest	South Beloit
Collinsville	Lansing	Spring Grove
Colona	LaSalle	Springfield
Crete	Lemont	St. Charles
Creve Coeur	Libertyville	Steger
Crystal Lake	Lincoln	Sterling
Danville	Lincolnshire	Streamwood
Darien	Lindenhurst	Streator
Decatur	Lombard	Sycamore
Deerfield	Macomb	University Park
DeKalb	Marion	Urbana
DesPlaines	Mattoon	Venice
Dixon	Maywood	Vernon Hills
Dolton	McCook	Volo
Downers Grove	Melrose Park	Washington Park
East Alton	Midlothian	Waukegan
East Moline	Moline	West Frankfort
East Peoria	Monee	Western Springs
East St. Louis	Monmouth	Wheaton
Edwardsville	Mt. Prospect	Willowbrook
Elgin	Mt. Vernon	Wilmette
Elk Grove Village	Mt. Zion	Winnetka
Elmhurst	Naperville	Wood River
Elmwood Park	Norridge	Woodridge
Evanston	North Chicago	Woodstock
Evergreen Park	Northlake	Worth

2. “Group II” Police Officers

These governmental units had established a police pension fund or were required by law to do so at the time they entered into a Social Security agreement with the State Social Security Unit before they joined IMRF.

Police officers do not participate in IMRF because

The governmental units

- have established a police pension fund
or
- are required by law to establish a fund

Police officers are not in IMRF even if they do not participate in the local police fund. (See the exception for police officers performing non-police protection duties, 3.80 D. Non-Police Earnings).

Exception: If your police chief is part-time but works enough hours to qualify for IMRF, the chief will participate in the IMRF Regular plan.

Police officers are not covered by Social Security when they are:

- participating in the police fund
or
- participating in IMRF
or
- provided an alternative pension plan

Police officers are covered by Social Security when they are:

- not participating in either the police fund, IMRF, or an alternative plan

If a regular employee who participates in IMRF also serves as a part-time, special, or auxiliary police officer, only his or her earnings as a regular employee are IMRF earnings. The police earnings are not reported to IMRF but are reported to Social Security.

Police Chief

The Pension Code allows some full-time police chiefs to participate in IMRF as Sheriff’s Law Enforcement Personnel (SLEP) members. For more information on this, please refer to Paragraph 3.80C.

A full-time police chief must choose between the police pension fund and IMRF SLEP within the first three months of employment, if the chief intends to participate in either. Police chiefs who first become a participating employee on or after January 1, 2019 are prohibited from opting into IMRF SLEP as police chief.

A chief who does not participate in your local police pension plan or in IMRF is covered by Social Security unless the municipality provides an alternative plan. A chief in the police pension fund, IMRF, or who has an alternative plan provided by the municipality is not covered for Social Security

Group II Governmental Units for Police Coverage Include:

Barrington	Jerseyville	Pana
Bartonville	Justice	Peoria Heights
Beardstown	Kildeer	Pontiac
Bensenville	Lawrenceville	Posen

Benton	Lincolnwood	Robinson
Bourbonnais	Loves Park	Rock Falls
Broadview	Lyons	Romeoville
Carlinville	Machesney Park	Salem
Carmi	Madison	Savanna
Charleston	Markham	Shorewood
Chester	Mendota	South Chicago Heights
Crest Hill	Metropolis	Spring Valley
DuQuoin	Morris	Stickney
Effingham	Morton Grove	Summit
Fairfield	Mt. Carmel	Taylorville
Fairview Heights	Murphysboro	Tinley Park
Flora	Niles	Vandalia
Flossmoor	Normal	Villa Park
Glendale Heights	Northbrook	Watseka
Harwood Heights	North Riverside	Westchester
Herrin	Oak Brook	Wheeling
Hillside	Olney	Zion
	Orland Hills	

3. “Group III” Police Officers

These governmental units were not required by law to establish a police pension fund and had not established a police pension fund by referendum when they entered into a Social Security agreement with the State Social Security Unit before they joined IMRF. Currently these governmental units are under 5,000 in population and have not formed a police pension fund, according to IMRF records.

Police officers in these governmental units participate in IMRF and are covered by Social Security, including:

- Full-time police officers
- Part-time police officers who occupy positions that meet the annual hourly standard
- Police chief, if the position meets annual hourly standard
- Other police officers (auxiliary, special, etc.) who occupy positions that meet the annual hourly standard.

Covered by Social Security but do not participate in IMRF:

- Police officers in positions that do not meet the annual hourly standard.

A change in group

When a governmental unit reaches a population of 5,000 or forms a police pension fund, its police force may no longer participate in IMRF. A governmental unit reaching 5,000 must form a police pension fund if it has any full-time police officers. If you have a special census that brings you to a population of 5,000 or more, or establish a police pension fund by referendum, please advise IMRF. A change to Group IV may be required.

For information on this, contact:

Illinois Department of Insurance
Public Pension Division
320 West Washington - 4th Floor
Springfield, Illinois 62767
Tel: (217) 782-7542

Group III Governmental Units for Police Coverage Include:

Abingdon	Georgetown	Odin
Albany	Germantown	Okawville
Aledo	Germantown Hills	Oquawka
Allendale	Gibson City	Oreana
Alorton	Gifford	Orion
Altamont	Gilman	Palestine
Andalusia	Glasford	Paw Paw
Annawan	Goodfield	Pawnee
Arcola	Grand Tower	Paxton
Argenta	Grant Park	Pearl City
Aroma Park	Granville	Pecatonica
Arthur	Grayville	Peotone
Ashton	Greenup	Percy
Assumption	Griggsville	Pierron
Astoria	Hamilton	Pittsfield
Atlanta	Hampton	Pleasant Hill
Atwood	Hanna City	Pocahontas
Auburn	Harristown	Polo
Augusta	Hartford	Port Byron
Aviston	Havana	Potomac
Bannockburn	Henry	Princeville
Barry	Herscher	Prophetstown
Bedford Park	Heyworth	Rapids City
Beecher	Hillsboro	Red Bud
Bellevue	Hinckley	Richmond
Bethany	Hopedale	Ridge Farm
Blue Mound	Hudson	Ridgway
Bluffs	Indian Head Park	Riverton
Bluford	Jerome	Riverwoods
Bridgeport	Johnston Park	Roanoke
Brighton	Jonesboro	Rochester
Buckley	Kincaid	Roodhouse
Buda	Kirkland	Roseville
Bunker Hill	Kirkwood	Rossville
Bushnell	Lacon	Roxana
Byron	Ladd	Rushville
Camargo	Lake Barrington	Sandoval
Cambridge	Lakewood	Sauget
Camp Point	LaMoille	Sesser
Carbon Cliff	Lebanon	Shabbona
Carlyle	Leland	Shawneetown
Carrier Mills	Lena	Shiloh
Carrollton	LeRoy	Smithton
Carthage	Lewistown	South Pekin
Casey	Lexington	South Roxana
Catlin	Liberty	Sparta
Central City	Louisville	St. Anne
Cerro Gordo	Mackinaw	St. Jacob
Chenoa	Macon	St. Joseph
Chrisman	Malta	Steeleville
Christopher	Manhattan	Stillman Valley
Cisne	Manito	Stockton

Cissna City	Mansfield	Stonington
Coal Valley	Marissa	Sumner
Cobden	Maroa	Tamaroa
Coffeen	Marquette Heights	Tamms
Colchester	Marshall	Thornton
Cordova	Martinsville	Tilton
Coulterville	Mason City	Toledo
Cowden	Mazon	Tolono
Crainville	McLean	Tonica
Crossville	McLeansboro	Toulon
Dallas City	Mendon	Tower Hill
Dalton City	Metamora	Tremont
Deland	Milford	Trenton
Delavan	Millstadt	Valmeyer
DePue	Minier	Vienna
DeSoto	Minonk	Villa Grove
Divernon	Momence	Virden
Dunlap	Morrison	Wadsworth
Dupo	Moweaqua	Walnut
Dwight	Mt. Carroll	Warren
East Dubuque	Mt. Morris	Warsaw
Easton	Mt. Pulaski	Waverly
Edinburg	Nashville	Wayne City
El Paso	Neoga	Weldon
Fairbury	New Athens	West City
Flanagan	New Baden	Westfield
Forrest	New Berlin	Westville
Fox River Grove	Newark	White Hall
Franklin	Newton	Winchester
Freeburg	Niantic	Windsor
Fulton	Noble	Winnebago
Galena	Norris City	Woodhull
Galva	Oblong	Wyanet
Genoa	Odell	

4. "Group IV" Police Officers

These governmental units were not required by law to establish a police pension fund and had not established a police pension fund by referendum when they entered into a Social Security agreement with the State Social Security Unit before they joined IMRF. They now have a police pension fund or are required by law to establish a fund.

Police officers do not participate in IMRF because

The governmental units

- have established a police pension fund
- or
- are required by law to establish a fund

Police officers are not in IMRF even if they do not participate in the local police fund. (See the exception for police officers performing non-police protection duties, 3.80 D. Non-Police Earnings).

Exception: If your police chief is part-time but works enough hours to qualify for IMRF, the chief will participate in the IMRF Regular plan.

Covered by Social Security

- All police officers are covered by Social Security, whether or not they participate in the police pension fund.

If a regular employee who participates in IMRF also serves as a part-time, special, or auxiliary police officer, only his or her earnings as a regular employee are IMRF earnings. The police earnings are not reported to IMRF.

Police Chief

The Pension Code allows some full-time police chiefs to participate in IMRF as Sheriff's Law Enforcement Personnel (SLEP) members. For more information on this, please refer Paragraph 3.80C.

A full-time police chief must choose between the police pension fund and IMRF SLEP within the first three months of employment, if the chief intends to participate in either. Police chiefs who first become a participating employee on or after January 1, 2019 are prohibited from opting into IMRF SLEP as police chief.

Regardless of pension plan status, the police chief is covered for Social Security.

Group IV Governmental Units for Police Coverage Include:

Addison	Hazelcrest	Oswego
Algonquin	Highland	Palatine
Anna	Hillsboro	Pickneyville
Antioch	Huntley	Plainfield
Barrington Hills	Island Lake	Plano
Bartlett	Itasca	Rockton
Berkeley	Lake Bluff	Roscoe
Bethalto	Lake in the Hills	Roselle
Braidwood	Lake Villa	Round Lake
Burr Ridge	Lakemoor	Round Lake Park
Carol Stream	Lake Zurich	Sandwich
Carterville	Lisle	Sauk Village
Cary	Lockport	Savoy
Caseyville	Lynwood	Shelbyville
Chatham	Mahomet	Silvis
Cherry Valley	Manteno	South Barrington
Chicago Ridge	Marengo	South Elgin
Clarendon Hills	Marseilles	South Holland
Columbia	Mascoutah	Staunton
Country Club Hills	Matteson	Sugar Grove
Countryside	Milan	Swansea
East Dundee	Minooka	Troy
Elburn	Mokena	Warrenville
Eldorado	Montgomery	Washington
Eureka	Monticello	Waterloo
Frankfort	Morton	Wauconda
Geneseo	Mundelein	Westmont
Gilberts	McHenry	West Chicago
Glen Carbon	New Lenox	West Dundee
Glenwood	North Aurora	Willow Springs
Grayslake	Northfield	Wilmington
Greenville	Oak Brook Terrace	Winfield
Hampshire	O'Fallon	Winthrop Harbor
Hanover Park	Oglesby	Wood Dale
Harvard	Olympia Fields	Yorkville

5. “Group V” Police Officers

These governmental units were not required by law to establish a police pension fund and had not established a police pension fund by referendum when they came under Social Security either in 1957 as a member of IMRF or when they joined IMRF thereafter. Currently these governmental units are under 5,000 in population and have not formed a police pension fund, according to IMRF records.

Police officers in these governmental units are under IMRF but not under Social Security.

Police officers in these governmental units participate in IMRF, including:

- Full-time police officers
- Part-time police officers who occupy positions that meet the annual hourly standard
- Police chief, if the position meets annual hourly standard
- Other police officers (auxiliary, special, etc.) who occupy positions that meet the annual hourly standard.

Part-time police officers whose positions do not require the hourly standard are not under IMRF. Unless the municipality has provided an alternative pension plan for officers not eligible for IMRF, they are covered by Social Security.

A change in group

When a governmental unit reaches a population of 5,000 or forms a police pension fund, its police force may no longer participate in IMRF. A governmental unit reaching 5,000 must form a police pension fund if it has any full-time police officers. If you have a special census that brings you to a population of 5,000 or more, or establish a police pension fund by referendum, please advise IMRF. A change to Group I may be required.

For information on this, contact:

Illinois Department of Financial and Professional Regulation
Division of Insurance
Pension Fund Division
320 West Washington - 4th Floor
Springfield, Illinois 62767
Tel: (217) 782-7542

Group V Governmental Units for Police Coverage Include:

Avon	Gorham	Newman
Beckemeyer	Green Oaks	Oregon
Breese	Green Rock	Pingree Grove
Cortland	Green Valley	Poplar Grove
Diamond	Hainesville	Rockdale
Durand	Hammond	Seneca
East Hazel Crest	Hebron	South Wilmington
Elwood	Hometown	Sullivan
Forsyth	Kingston	Tower Lakes
Gardner	Leland Grove	Tuscola
Godley	Mark	Zeigler

3.80 C. Police Chiefs

“Police chief” means the head of the department only and does not extend to deputies, assistants, etc. Rules for police chiefs vary, depending upon the governmental unit employing them and whether or not they are eligible to join a police pension fund. The rules are set forth under each group.

Certain chiefs of police may choose to participate in IMRF as Sheriff’s Law Enforcement Personnel (SLEP) members or in their local police pension plan. This option is available only to appointed police chiefs of cities, towns and villages that have:

- a. Already established a police pension fund, or
- b. Just formed a new police pension plan.

The election to join the SLEP program or the police pension fund, or to join neither SLEP nor the police pension fund, is a decision the police chief must make within the first three months of his or her appointment to the position, or within three months of the formation of the new police pension fund. Police chiefs who first become a participating employee on or after January 1, 2019 are prohibited from opting into IMRF SLEP as police chief.

If a police chief elects to participate in IMRF’s SLEP plan, he or she may transfer police service previously established in any Illinois police pension fund to IMRF. The service transferred in would also be recognized as SLEP service credit. (Please refer to Paragraph 6.40.13.)

Also, once a police chief elects to participate in IMRF’s SLEP plan, that decision may not be revoked. As long as he or she performs police duties for any IMRF employer, the employee will be required to participate in the SLEP plan. Before the police chief makes a final decision, he or she should review and evaluate the benefits of the police fund and the SLEP program to determine which plan is most advantageous.

If the police chief elects to join the police pension fund, he or she can decide to join SLEP at a later date if he or she is still a police chief for a qualifying IMRF employer.

If the police chief decides to join neither the IMRF SLEP program nor the police pension fund, he or she will not be able to join SLEP at a later date.

Social Security coverage for a police chief opting into SLEP remains the same as if the chief was in the police pension plan. Police chiefs electing to participate in IMRF as SLEP members are not covered by Social Security unless they are employed by a governmental unit classified under Group 4. Please refer to Paragraph 3.80B for the names of the governmental units classified under Group 4.

The following police chiefs are not entitled to become SLEP members:

- Police chiefs with IMRF municipalities that have no local police pension plan and are not required by law to form one (under 5,000 population).
- Police chiefs with IMRF municipalities that have a police pension plan, but the chief chose not to enroll in the police pension plan when eligible to do so, and did not enroll in SLEP within the first three months of employment.
- Police chiefs with municipalities that do not participate in IMRF.
- Acting, temporary, interim, deputy or any position other than an appointed police chief.

3.80 D. Non-Police Earnings

Groups I, II, and IV

If a police officer works in an additional position in your governmental unit which is not in the Police Department, this position should be judged separately from the police duties.

If the additional position requires fewer hours worked than the annual hourly standard per year, it is under Social Security only. If the additional position meets the hourly standard, those earnings are covered by IMRF and Social Security.

Group III

Non-police earnings of IMRF participating members should be included as earnings on the monthly reports. Non-police earnings of a police officer who does not meet the annual hourly standard are covered by Social Security only.

Group V

Non-police earnings of IMRF participating members should be included as earnings on the monthly reports and also be reported to the IRS as Social Security wages. Non-police earnings of a police officer who does not meet the annual hourly standard are covered by Social Security only.

3.80 E. School Crossing Guards

Civilian crossing guards hired by municipalities are not police officers. If they meet the annual hourly standard, they are covered by IMRF.

3.80 F. Parking Personnel

Parking regulators, parking attendants, and parking meter personnel who have limited powers to issue tickets for parking violations but do not have general police powers, are not considered police officers. If they meet the annual hourly standard, they are covered by IMRF.

3.80 G. Park District Police

Police officers in park districts having a police force are covered by IMRF in the same manner as other employees. Park district police are not covered by the Police Pension Fund Act.

3.80 H. Police Officers Serving as Security Guards

Police officers often are assigned to security duties at schools, parks, and private property, such as shopping centers. If this is a part of their regular police duties and they are paid by the governmental unit, this is considered police protection duty even if they receive additional pay for it.

Off-duty police officers working as security guards for school districts, park districts, or shopping centers are normally considered employees of the district or shopping center. However, if the school district, park district, or shopping center contracts with a governmental unit to provide security services, and the management of the governmental unit (such as the police chief) determines which police officers will be assigned to the school, the police officers remain employees of the governmental unit, even though it does not pay them.

The governmental unit must determine if the police officers assigned as security guards are to be classified as police officers with police duties or security guards performing limited non-police security duties.

3.80 I. Forest Preserve District Rangers (Police)

These officers are commonly referred to as forest rangers. Forest preserve districts must report rangers' earnings to IMRF in the same manner as other employees. Forest preserve districts have the option to adopt the Sheriff's Law Enforcement Personnel (SLEP) plan for their forest rangers. The forest rangers will participate in the Regular plan unless their District adopts the SLEP plan.

The following forest preserve districts have adopted the SLEP plan:

- Lake County Forest Preserve District
- DuPage County Forest Preserve District
- Will County Forest Preserve District

3.80 J. Airport Police

The earnings of airport police are reported to IMRF in the same manner as other employees, unless the officers are city or village employees participating in a local police pension plan. The governing body of the unit of government employing the airport police has the option to adopt the Sheriff's Law Enforcement Personnel (SLEP) plan for the airport police.

3.80 K. Sheriff's Police and Deputy Sheriffs

Sheriff's police and deputy sheriffs are not covered by the Police Pension Fund Act, and therefore are covered by IMRF.

Deputy Sheriffs

The Illinois statutes contain specific provisions for appointment of deputy sheriffs. For a deputy sheriff to participate in SLEP, he or she should satisfy each of the following eight criteria:

- A. Work "full-time" in the office of the Sheriff ("full-time" is determined by local personnel policies—usually 35 to 40 hours per week, 52 weeks a year)
 - a. Have been appointed by the Sheriff
 - b. The appointment must be in writing and signed by the Sheriff
 - c. Take an oath or affirmation in the same form as required of Sheriff (which is to be filed in the office of the County Clerk)
 - d. The appointment cannot exceed the number of appointments allowed by the county board
 - e. If a Merit Commission exists under the "Sheriff's Merit System Act," then the person must be certified by the Commission as qualified for appointment
 - f. Was never classified as a conscientious objector by a local selective service draft board
 - g. Must be a U.S. citizen.

If the sheriff does not follow these explicit statutory provisions in appointing deputy sheriffs, IMRF suggests that the employer not enroll the Deputy Sheriff as a SLEP member until it consults its State's Attorney. It may be necessary to have a court determine whether or not the Deputy Sheriff is qualified to be a SLEP member.

Deputy

A full-time deputy who meets the qualifications for deputy sheriffs may participate in SLEP even though the deputy may be designated a bailiff, desk sergeant, process server or communications operator.

County sheriffs

These are elected officials who may choose to participate in IMRF. If they do elect to participate, they participate in the SLEP plan and are subject to the rules applicable to SLEP members.

Certain county sheriffs elected to participate in the IMRF Elected County Official (ECO) Plan.

The ECO Plan is closed to new members as of August 8, 2011. Elected county officials may not elect the ECO plan; counties may not adopt the ECO plan.

If a county sheriff did not elect to participate at the beginning of his or her first term, retroactive service for up to 50 months may be established by payment of the retroactive contributions plus interest when he or she elects to participate. The county sheriff would use IMRF Form 6.04, "Application for Retroactive Service Credit," to establish the service (view Exhibit 6G). (See Section 6.40.)

Chief Deputy

A chief deputy in a full-time position must participate in IMRF under the SLEP plan, whether or not a Merit Commission exempts the position from coverage.

Correctional officers

Correctional officers may be deputized as regular deputies if the total number of deputies does not exceed the number authorized by the County Board and, where applicable, certified by the Merit Commission. If deputized, the correctional officers would participate in the SLEP plan.

Correctional officers who are not deputized as regular deputies are not eligible to participate in SLEP. The employee should be enrolled as a Regular plan member if he or she meets the hourly standard applicable to Regular members. (See Section 3.65.)

Auxiliary deputies

Auxiliary deputies, appointed pursuant to Section 3-6012 of the Counties Code, are not covered under the SLEP plan. Auxiliary deputies are not authorized to receive a salary but are reimbursed for expenses, and thus cannot be enrolled as IMRF members.

Special deputies

Special deputies appointed pursuant to Section 3-6011 of the Counties Code, are not covered under the SLEP plan. If a special deputy works enough hours to meet the hourly standard (see Section 3.65), he or she should be enrolled as a Regular plan member.

3.85 Firefighters

We explain the coverage of firefighters. We include IMRF, local fire pension funds, and Social Security coverage. Coverage rules vary from employer to employer, and therefore, we identify each employer individually.

3.85 A. Firefighters - Definition

“Firefighters,” as used in this section, refers to all persons who perform fire protection duties. In governmental units that have a board of fire and police commissioners, it includes all firefighters (full-time, part-time, volunteer, etc.) appointed by the board. In other governmental units it includes all persons designated as firefighters or performing fire protection duties.

3.85 B. Firefighters in Cities, Villages, Incorporated Towns, and Fire Protection Districts

Firefighters in governmental units required by law to form a fire pension fund (most cities, villages and incorporated towns over 5,000 in population) or that have elected by referendum to form a fire pension fund, are not under IMRF.

Firefighters in governmental units with populations under 5,000, and without a fire pension fund are under IMRF. Firefighters in a fire protection district with a full-time department are not under IMRF.

“Group I” Firefighters

These governmental units have established a fire pension fund or are required by law to do so. They first came under Social Security either in 1957 as a member of IMRF or when they joined IMRF thereafter.

Firefighters do not participate in IMRF because the governmental units

- have established a fire pension fund
or
- are required by law to establish a fund.

Firefighters are not in IMRF even if they do not participate in the local fire fund. (See the exception for firefighters performing non-fire protection duties, 3.85 D. Non-Fire Earnings).

Exception: If your fire chief is part-time but works enough hours to qualify for IMRF, the chief will participate in IMRF.

Firefighters are not covered by Social Security when they are:

- participating in the fire fund
or
- participating in IMRF
or
- provided an alternative pension plan

Firefighters are covered by Social Security when they are:

- not participating in either the fire fund, IMRF, or an alternative plan

If a regular employee who participates in IMRF also serves as a part-time firefighter, only his or her earnings as a regular employee are IMRF earnings. The firefighting earnings are not reported to IMRF but are reported to Social Security.

Fire Chief

A fire chief who participates in the fire pension fund is not covered for Social Security.

A chief who does not participate in the fire pension fund is covered by Social Security unless the municipality provides an alternative pension plan.

Prior to 1995, a fire chief who was ineligible to participate in the fire pension plan because of age or physical condition participated in IMRF. Exclusions for age and physical fitness were removed from the Fire Pension Fund Act, therefore, fire chiefs hired after June 30, 1995, are ineligible to participate in IMRF.

Group I Governmental Units for Fire Coverage Include:

Algonquin/Lake in the Hills	Elmhurst	Mt. Zion
Alsip	Elmwood Park	Naperville
Alton	Evanston	North Chicago
Arlington Heights	Evergreen Park	Northlake
Aurora	Ford Heights	Oak Forest
Batavia	Forest Park	Oak Lawn
Beach Park	Forest View	Oak Park
Belleville	Fox Lake	Orland Park
Bellwood	Franklin Park	Ottawa
Belvidere	Freeport	Palos Hills
Berwyn	Galesburg	Paris
Bloomington	Geneva	Park Forest
Bloomington	Glencoe	Park Ridge
Blue Island	Glenview	Pekin
Bolingbrook	Godfrey	Peoria
Bradley	Granite City	Peru
Bridgeview	Gurnee	Princeton
Brookfield	Hampshire	Prospect Heights
Buffalo Grove	Harrisburg	Quincy
Burbank	Harvey	River Forest
Cairo	Hickory Hills	Riverdale
Canton	Highland Park	Robbins

Carbondale	Highwood	Rochelle
Carpentersville	Hinsdale	Rock Island
Centralia	Hoffman Estates	Rockford
Champaign	Homewood	Rolling Meadows
Chicago Heights	Jacksonville	Schaumburg
Clinton	Joliet	Schiller Park
Cicero	Kankakee	Skokie
Coal City	Kewanee	South Beloit
Collinsville	LaGrange	Springfield
Crystal Lake	Lake Forest	St. Charles
Danville	Lansing	Sterling
Darien	LaSalle	Streamwood
Decatur	Lemont	Streator
Deerfield	Libertyville	Sullivan
DeKalb	Lincoln	Sycamore
DesPlaines	Lombard	University Park
Dixon	Macomb	Urbana
Dolton	Marion	Washington Park
Downers Grove	Mattoon	Waukegan
East Alton	Maywood	West Frankfort
East Moline	McCook	Western Springs
East Peoria	Melrose Park	Wheaton
East St. Louis	Midlothian	Wilmette
Edwardsville	Moline	Winnetka
Elgin	Monmouth	Wood River
Elk Grove Village	Mt. Prospect	Woodstock
	Mt. Vernon	Worth

Fire Protection Districts

Fire protection district firefighters in all districts, irrespective of population, come under the rules that apply to governmental units with 5,000 or more in population.

Addison	Cherry Valley	Lockport Township	Palos Heights
Algonquin/Lake in the Hills	Countryside	Long Grove	Plainfield
Antioch Township	Darien-Woodridge	Manhattan	Pleasantview
Barrington-Countryside	Deerfield-Bannockburn	Marshall	Prospect Heights
Bartlett/Countryside	East Dundee	Minooka	Roberts Park
Beach Park	Elburn/Countryside	Morris	Signal Hill
Bensenville	Frankfort	Neoga	Sullivan
Bloomington	Glen Carbon	New Lenox	Sugar Grove
Bristol-Kendall	Grayslake	North Aurora	Tri-State
Byron	Greater Round Lake	North Maine	Troy
Cary	Huntley	North Palos	Warrenville
Central Stickney	Itasca	North Park	Wauconda
Chatham	Lemont	Norwood Park	West Chicago
	Leyden	Oswego	Wood Dale
	Lisle-Woodridge	Palatine Rural	

“Group II” Firefighters

These governmental units had established a fire pension fund or were required by law to do so at the time they entered into a Social Security agreement with the State Social Security Unit before they joined IMRF.

Firefighters do not participate in IMRF because the governmental units

- have established a fire pension fund
or
- are required by law to establish a fund

Firefighters are not in IMRF even if they do not participate in the local fire fund. (See the exception for firefighters performing non-fire protection duties, 3.85 D. Non-Fire Earnings).

Exception: If your fire chief is part-time but works enough hours to qualify for IMRF, the chief will participate in IMRF.

Firefighters are not covered by Social Security when they are:

- participating in the fire fund
or
- participating in IMRF
or
- provided an alternative pension plan

Firefighters are covered by Social Security when they are:

- not participating in either the fire fund, IMRF, or an alternative plan

If a regular employee who participates in IMRF also serves as a part-time firefighter, only his or her earnings as a regular employee are IMRF earnings. The firefighting earnings are not reported to IMRF but are reported to Social Security.

Fire Chief

A fire chief who participates in the fire pension fund is not covered for Social Security.

A chief who does not participate in the fire pension fund is covered by Social Security unless the municipality provides an alternative pension plan.

Prior to 1995, a fire chief who was ineligible to participate in the fire pension plan because of age or physical condition participated in IMRF. Exclusions for age and physical fitness were removed from the Fire Pension Fund Act, therefore, fire chiefs hired after June 30, 1995, are ineligible to participate in IMRF.

Group II Governmental Units for Fire Coverage Include:

Beardstown	Kildeer	Olney
Bensenville	Lyons	Peoria Heights
Benton	Mendota	Pontiac
Bourbonnais	Metropolis	Robinson
Broadview	Markham	Rock Falls
Charleston	Morris	Romeoville
DuQuoin	Morton Grove	Salem
Effingham	Mt. Carmel	Savanna
Fairfield	Murphysboro	Taylorville
Fairview Heights	Niles	Villa Park
Herrin	Normal	Westchester
Hillside	Northbrook	Wheeling
Jerseyville	North Riverside	Zion
Justice	Oak Brook	

“Group III” Firefighters

These governmental units were not required by law to establish a fire pension fund and had not established a fire pension fund by referendum when they entered into a Social Security agreement with the State Social Security

Unit before they joined IMRF. Currently these governmental units are under 5,000 in population and have not formed a fire pension fund, according to IMRF records.

Firefighters in these governmental units participate in IMRF and are covered by Social Security, including:

- Full-time firefighters
- Fire chief, if the position meets annual hourly standard
- Other firefighters (part-time, volunteer, etc.) who occupy positions that meet the annual hourly standard.

Covered by Social Security but do not participate in IMRF:

- Firefighters in positions that do not meet the annual hourly standard.

A change in group

When a governmental unit reaches a population of 5,000 or forms a fire pension fund, its firefighters may no longer participate in IMRF. A governmental unit reaching 5,000 must form a fire pension fund if it has even one full-time firefighter. If you have a special census that brings you to a population of 5,000 or more, or establish a fire pension fund by referendum, please advise IMRF. A change to Group IV may be required.

For information on this, contact:

Illinois Department of Insurance
Public Pension Division
320 West Washington - 4th Floor
Springfield, Illinois 62767
Tel: (217) 782-7542

Group III Governmental Units for Fire Coverage Include:

Abingdon	Albany	Aledo
Allendale	Alorton	Altamont
Annawan	Arcola	Argenta
Aroma Park	Arthur	Ashton
Assumption	Astoria	Atlanta
Atwood	Auburn	Augusta
Aviston	Barrington Hills	Barry
Bedford Park	Beecher	Bellevue
Bethany	Blue Mound	Bluford
Bluffs	Brighton	Buckley
Bridgeport	Bushnell	Byron
Bunker Hill	Cambridge	Camp Point
Camargo	Carlyle	Carrier Mills
Carbon Cliff	Caseyville	Carthage
Carrollton	Cerro Gordo	Catlin
Casey	Christopher	Chenoa
Central City	Clay City	Cisne
Chrisman	Coffeen	Coal Valley
Cissna Park	Cowden	Colchester
Cobden	Crossville	Cordova
Coulterville	Deland	Dallas City
Crainville	DeSoto	Delavan
Dalton City	Dupo	Divernon
DePue	East Dundee	Dwight
Dunlap	Energy	Easton
East Dubuque	Eldorado	Elkville
Edinburg	Eureka	Enfield
Elmwood	Farmer City	Fairbury
Erie	Forrest	Farmington

Farina	Freeburg	Fox River Grove
Flanagan	Galva	Fulton
Franklin	Germantown Hills	Genoa
Galena	Gilman	Gibson City
Georgetown	Grand Tower	Glasford
Germantown	Grayville	Grant Park
Gifford	Griggsville	Greenfield
Goodfield	Hanna City	Hamilton
Greenup	Henry	Harristown
Hampton	Indian Head Park	Hartford
Havana	Johnston City	Herscher
Heyworth	Kirkland	Hinckley
Hopedale	Lake Barrington	Island Lake
Jerome	LaMoille	Jonesboro
Kincaid	Lena	Kirkwood
Ladd	Lexington	Lake Villa
Lakewood	McLeansboro	Lacon
Lebanon	Manito	LeRoy
Lewistown	Marissa	Louisville
Lovington	Martinsville	Mackinaw
Macon	Mendon	Malta
Manhattan	Millstadt	Mansfield
Marengo	Momence	Marquette Heights
Marshall	Mt. Morris	Mason City
Mazon	Nashville	Metamora
Milford	New Baden	Minier
Minonk	Niantic	Morrison
Mt. Carroll	Oakbrook Terrace	Mt. Pulaski
Moweaqua	Odin	Neoga
New Athens	Oquawka	Newark
Newton	Oswego	Noble
Norris City	Pawnee	Oblong
Odell	Pearl City	Okawville
Olympia Fields	Pierron	Oreana
Orion	Pleasant Hill	Palestine
Palos Park	Potomac	Paw Paw
Paxton	Prophetstown	Pecatonica
Peotone	Richmond	Pittsfield
Plainfield	Riverton	Pocahontas
Polo	Rochester	Port Byron
Princeville	Roanoke	Rapids City
Red Bud	Roseville	Ridge Farm
Ridgway	Round Lake Park	Roodhouse
Riverwoods	St. Anne	Rossville
Roscoe	Sandoval	Roxana
Round Lake	Shabbona	St. Jacob
Rushville	Shelbyville	Sauget
St. Joseph	South	Shawneetown
Sesser	South Roxana	Jacksonville
Sheffield	Stillman Valley	Sparta
Smithton	Sugar Grove	Stockton
South Pekin	Steeleville	Sumner
Tamaroa	Stonington	Thornton
Tilton	Tamms	Tolono
Tonica	Toledo	Toulon
Tremont	Tower Hill	Valmeyer

Vienna	Trenton	Virden
Wadsworth	Villa Grove	Warren
Warsaw	Walnut	Waverly
West City	Wayne City	Weldon
Whitehall	Westfield	Westville
Windsor	Wilmington	Winchester
Wyandot	Winnebago	Woodhull

“Group IV” Firefighters

These governmental units were not required by law to establish a fire pension fund and had not established a fire pension fund by referendum when they entered into a Social Security agreement with the State Social Security Unit before they joined IMRF. They now have a fire pension fund or are required by law to establish a fund.

Firefighters do not participate in IMRF because

The governmental units

- have established a fire pension fund
- or
- are required by law to establish a fund

Firefighters are not in IMRF even if they do not participate in the local fire fund. (See the exception for firefighters performing non-fire protection duties, 3.85 D. Non-Fire Earnings).

Exception: If your fire chief is part-time but works enough hours to qualify for IMRF, the chief will participate in IMRF.

Covered by Social Security

All firefighters are covered by Social Security, whether or not they participate in the fire pension fund.

If a regular employee who participates in IMRF also serves as a part-time firefighter, only his or her earnings as a regular employee are IMRF earnings. The firefighting earnings are not reported to IMRF.

Fire Chief

A fire chief, whether participating in the fire fund or not, is covered for Social Security.

Prior to 1995, a fire chief who was ineligible to participate in the fire pension plan because of age or physical condition participated in IMRF. Exclusions for age and physical fitness were removed from the Fire Pension Fund Act, therefore, fire chiefs hired after June 30, 1995, are ineligible to participate in IMRF.

Group IV Governmental Units for Fire Coverage Include:

Addison	Grayslake	Palatine
Algonquin	Greenville	Posen
Anna	Hanover Park	Roselle
Barrington	Harvard	Sauk Village
Bartlett	Hazelcrest	Shiloh
Carol Stream	Hillsboro	Silvis
Cary	Itasca	South Chicago Heights
Chatham	Lake Zurich	South Elgin
Chicago Ridge	Lisle	South Holland
Clarendon Hills	Marseilles	Swansea
Country Club Hills	Mascoutah	Troy
Countryside	Matteson	Warrenville
Elburn	McHenry	Wauconda
Flossmoor	Mokena	West Chicago

Frankfort
Gilberts
Glen Carbon
Glenwood

Montgomery
Mundelein
New Lenox
North Aurora

West Dundee
Westmont
Willow Springs
Winfield
Wood Dale

“Group V” Firefighters

These governmental units were not required by law to establish a fire pension fund and had not established a fire pension fund by referendum when they came under Social Security either in 1957 as a member of IMRF, or when they joined IMRF thereafter. Currently these governmental units are under 5,000 in population and have not formed a fire pension fund, according to IMRF records.

Firefighters in these governmental units are under IMRF but not under Social Security.

Firefighters in these governmental units participate in IMRF, including:

- Full-time firefighters
- Fire chief, if the position meets annual hourly standard
- Other firefighters (part-time, volunteer) who occupy positions that meet the annual hourly standard.

Part-time firefighters whose positions do not require the hourly standard are not under IMRF. Unless the municipality has provided an alternative pension plan for firefighters not eligible for IMRF, they are covered by Social Security.

A change in group

When a governmental unit reaches a population of 5,000 or forms a fire pension fund, its firefighters may no longer participate in IMRF. A governmental unit reaching 5,000 must form a fire pension fund if it has even one full-time firefighter. If you have a special census that brings you to a population of 5,000 or more, or establish a fire pension fund by referendum, please advise IMRF. A change to another group may be required. For information on this, contact:

Illinois Department of Insurance
Public Pension Division
320 West Washington Street - 4th Floor
Springfield, Illinois 62767
Tel: (217) 782-7542

Group V Governmental Units for Fire Coverage Include:

Andalusia
Avon
Beckemeyer
Breese
Channahon
Cortland
East Hazel Crest
Diamond
Durand
Forsyth
Gardner
Godley

Gorham
Green Oaks
Green Rock
Green Valley
Hammond
Hebron
Hodgkins
Kenilworth
Kingston
Mark
Newman
Oglesby

Oregon
Pingree Grove
Poplar Grove
Rockdale
Seneca
South Wilmington
Sullivan
Tower Lakes
Tuscola
Venice
Zeigler

Group VI Firefighters

These governmental units are over 5,000 in population but do not have a fire pension fund. They are not required to form a fire pension fund because they do not employ at least one full-time firefighter.

Part-time firefighters in these governmental units participate in IMRF, if they occupy positions that meet the hourly standard, including:

- Employee firefighters
- Compensated volunteers
- Fire chief

Firefighter coverage for Social Security depends on the circumstances under which the governmental unit first came under Social Security. Firefighters are not covered by Social Security in governmental units that first obtained Social Security coverage in 1957 as a member of IMRF or when they joined IMRF thereafter. Firefighters are covered by Social Security in governmental units that first obtained Social Security coverage through an agreement with the State Social Security Unit before they joined IMRF.

Governmental units with firefighters who participate in IMRF but **are not covered** by Social Security are:

Calumet Park	Richton Park	Stickney
Central Stickney Fire Protection District	River Grove	Summit
Crete	Riverside	Tinley Park
LaGrange Park	Steger	

Governmental units with firefighters who participate in IMRF and **are covered** by Social Security are:

Berkeley	Morton	Northfield	Savoy
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A change in group

A Group VI governmental unit must form a fire pension fund if it has even one full-time firefighter. If you hire a full-time firefighter, please advise IMRF. Firefighters, including those not eligible for the fire pension fund, will no longer be eligible for IMRF. A change in Group will be required. For information on this, contact:

Illinois Department of Insurance
Public Pension Division
320 West Washington Street - 4th Floor
Springfield, Illinois 62767
Tel: (217) 782-7542

3.85 C. Fire Chiefs

Rules for fire chiefs vary, depending upon the governmental unit employing them and whether or not they participate in a fire pension fund. The rules are set forth under each group. "Fire chief" means only the head of the department and does not extend to deputies, assistants, etc.

3.85 D. Non-Fire Earnings

Groups I, II, and IV

If a firefighter works in an additional position in your governmental unit which is not in the Fire Department, this position should be judged separately from fire duties.

If the additional position is one meeting the annual hourly standard, the employee should be reported as an IMRF participating member and Social Security participant for the additional position. If the position does not meet the hourly standard, the position is covered under Social Security only.

Group III

Non-fire earnings of IMRF participating members are included with fire earnings on the monthly report. Earnings for a firefighter whose position does not meet the annual hourly standard are reported for Social Security only.

Group V

Non-fire earnings of IMRF participating members should be included as earnings on the monthly reports and also be reported to the IRS as Social Security wages. Non-fire earnings of a firefighter who does not meet the annual hourly standard are covered by Social Security only.

Group VI

Non-fire earnings of IMRF participating members should be included with fire earnings on the monthly report and be covered by Social Security even if the fire earnings are not covered by Social Security.

3.85 E. Volunteer Firefighters**Group I**

Volunteer firefighters' earnings are not reported to IMRF. If a regular employee is also a volunteer firefighter, report only his or her regular earnings for IMRF coverage. Volunteer firefighters with no pension plan are covered by Social Security.

Groups II and IV

Volunteer firefighters' earnings should not be reported to IMRF. Volunteer firefighters' earnings must be reported for Social Security. If a regular employee is also a volunteer firefighter, report only his or her regular earnings for IMRF coverage.

Group III

Volunteer firefighters whose positions meet the annual hourly standard are covered by IMRF and Social Security. If not, they are covered by Social Security only. If a regular employee is also a volunteer firefighter, his or her firefighter earnings should be reported with Regular Plan earnings.

Group V

Volunteer firefighters whose positions meet the annual hourly standard are covered by IMRF. They are not covered for Social Security. Volunteer firefighters with no pension plan are covered by Social Security.

Group VI

Volunteer firefighters whose positions meet the annual hourly standard are covered by IMRF. See Section 3.85B Group VI for Social Security reporting.

All Groups

Volunteer firefighters may be covered for the Medicare portion of Social Security. Contact the Internal Revenue Service for advice on who is covered and reporting requirements.

3.85 F. Fire Prevention Bureaus

If a firefighter is assigned fire prevention duties, this is normally considered a part of his or her fire protection duties.

However, if a separate fire prevention bureau is established by ordinance, the employees are usually not considered persons engaged in "fire protection duties." If an off-duty firefighter works in the fire prevention bureau, he or she is not usually considered a firefighter when performing these duties.

3.90 Park District Employees

Park districts typically have unique employment relationships because of their recreational programs.

3.90 A. Seasonal And Summer Employees

Park districts commonly hire part-time employees, such as teachers and students, for summer recreation programs. Normally, these positions are not covered by IMRF because they do not require sufficient service to meet the annual hourly standard.

In some cases, such as golf course employees, the positions may meet the annual hourly standard, and these employees should be reported and enrolled as IMRF participating members.

3.90 B. Part-Time Recreation Instructors

Park districts often hire part-time instructors for recreation programs such as arts and crafts, ice skating, tennis, etc. If they are hired to handle a particular program on a program-to-program basis, each hiring should be considered separately to determine the expected hourly requirements of the position. If the instructor teaches a regular series of programs, all the expected hours for all programs in a 12-month period should be considered.

Normally, park districts should not classify part-time recreation instructors as independent contractors. This is not a valid classification unless the relationship is clearly one of a contractor rather than an employee.

In order to have an independent contractor relationship, it is generally necessary that:

- The park district does not retain the right to control the manner in which the program is conducted
- The instructor is not subject to discharge during the course of the program
- The park district does not carry liability insurance for the instructor, who carries his or her own insurance like any other independent contractor, and
- The instructor has the right to hire substitutes when ill or otherwise unable to instruct.

3.90 C. Village and City Police Working In Parks

If a park district hires off-duty city or village police officers for security work in parks, the police officers may be:

- Employees of the park district, if the park district hires each police officer individually and retains the right to discharge them from duty.
- Employees of the city or village, if the police chief or police department assigns the police officer to the duty and retains the right to discharge him or her from this duty, even though the park district pays the police officer (see paragraph 3.80 G. Park District Police).

3.90 D. Park District Rangers or Police

Park district rangers or police in those park districts that have their own security force are classified in the same manner as other park district employees.

3.95 Special Recreation Joint Agreements

Special recreation joint agreements, created and operating under Section 8-10b of the Park District Code, **without** an administrative district, must participate in IMRF if they were created on or after January 1, 1980.

Special recreation joint agreements created before that date may participate by amending the joint agreement.

Special recreation joint agreements operating **with** an administrative district may not participate in IMRF. Staff members of joint agreements with administrative districts do not participate in IMRF unless they are employees of the administrative district.

Part III Earnings for IMRF Purposes

3.96 Introduction

The Illinois Pension Code provides that the IMRF Board of Trustees defines what constitutes IMRF earnings and subsequently, what earnings are to be used in the calculation of IMRF benefits.

IMRF earnings are equal to the total paid to an employee for personal services or official duties as an employee up to the limit set by the Internal Revenue Code for qualified pension plans. In 2017, this limit is \$270,000.

Note: Limit does not apply to members who began participation on or before Jan 1, 1996. This amount includes compensation, fees, allowances and other emoluments paid for official duties. Also included is the money value of any board, lodging and other allowances provided to the member in lieu of cash.

3.96 A. Earnings Definition

Earnings do not include any compensation in excess of \$270,000 (in 2017). **Note:** Limit does not apply to members who began participation before 1996.

For members participating in Regular Tier 2, and SLEP Tier 2 earnings do not include compensation in excess of \$112,408.42 (in 2017). That amount will be increased annually by the lesser of 3% OR one-half of the increase in the Consumer Price Index (urban) for the preceding 12 months as of September.

In addition, for members participating in SLEP Tier 2, compensation for overtime is not included in reportable wages.

The basic rule is that most forms of compensation for personal services paid during the employment relationship and through the first calendar month after termination of employment are included as IMRF earnings. Exceptions exist and they are noted on the following pages.

For example, if an employee terminates on June 15, but is paid for sick, vacation or personal time in July, those earnings are reportable to IMRF. However, if the member's earnings are paid in August (or later), those earnings are not reportable to IMRF.

Another example: If a member retires on June 30 but receives compensation in July and in August, the July payment is reported to IMRF, but the August payment is not. Also, the member will still receive his or her July pension payment even though earnings are reported for July. Compensation for IMRF earnings purposes includes, but is not limited to, the following:

- Cash payments for personal services
- Overtime pay (overtime pay is not reportable for SLEP Tier 2)
- Salary paid to employees on vacation
- Salary paid to employees on sick leave
- Longevity pay
- Back salary awards received during the employment relationship
- Contract settlement payments (retroactive pay) received during the employment relationship
- Bonuses and awards
- Retirement incentives
- Value of employer provided housing and meals (cash value to be determined by employer)
- Value of personal use of employer-provided vehicle (cash value to be determined by employer)
- Pay for personal leave and other paid leaves of absence during the employment relationship

- Supplements paid directly by the employer in addition to workers' compensation
- Workers' compensation benefits, only when those benefits are supplemented by the employer
- Compensation deferred under Internal Revenue Code sections 401(k), 403(b), and 457 (including contributions made in lieu of health insurance)
- Compensation deferred under Internal Revenue Code section 414(h)
- Employer payment of member contributions to IMRF (except employer payment of member ERI cost, see Section 6.)
- Payments made to public safety employees under any salary continuation mandated by law
- Salary paid to an elected official during the entire period the official holds office, whether or not the official is able to perform the duties of the office
- Lump sums paid on account of the death of a member (paid no later than the first calendar month after the month of death)

3.96 B. Source of Earnings

All wages, salaries and fees paid to IMRF members by IMRF employers are considered IMRF earnings regardless of the source of the funds. Amounts paid from money derived from property taxes, miscellaneous revenues, federal grants, and state reimbursements should all be reported as IMRF earnings.

3.96 C. Taxable Income and Social Security Wages

Certain types of compensation are considered IMRF earnings even though not taxable income or Social Security wages. Conversely, certain types of compensation are not included as IMRF earnings even though taxable and reportable as Social Security wages.

You should refer to pertinent IRS publications to determine the tax and Social Security treatment of all types of compensation. We refer to several IRS publications in the following paragraphs. To order these publications, go to the IRS website at www.irs.gov or call the IRS toll-free number 1-800-TAX-FORM (1-800-829-3676).

3.96 D. Constructive Payment and Receipt

Earnings are "constructively received" by an employee when the employee is entitled to payment under regular payroll procedures and when the funds are set apart, even though the employee is actually paid at a later time.

For example, in June a payroll check is issued to an IMRF member, but the check is returned because of an error. In July, a replacement check is issued to the member. You should report the amount as a June payment.

If you delay payment to an employee at the employee's request (such as delaying wage payments until next calendar year), the amount is considered to be constructively paid to and received by the employee in the year the employee was entitled to payment, not the year paid. The amount should be reported to IMRF for the month the employee was entitled to payment, and included on the W-2 form for that year, not the year paid.

For example, an IMRF member asks you to delay a December 2011 wage payment until January 2012. The amount should be reported to IMRF for December 2011 and not January 2012. Also, the amount should be included on the W-2 form for 2011, not 2012.

However, if an employment contract provides that the payment shall be delayed, it constitutes earnings when paid. You would report it to IMRF for the month in which the employee received the payment.

3.96 E. Payment by Another Entity

Report all earnings and wages paid to your employees for work for your unit of government even though you may not pay them. If you have the final authority to direct and control the employee, and have the power to hire and fire the employee, payments to the employee, even though made by another entity, must be reported.

3.96 F. Non-Cash Earnings (Wages-In Kind)

Non-cash compensation, commonly called fringe benefits, is generally not considered IMRF earnings with several notable exceptions.

Certain types of non-cash compensation are taxable income and Social Security wages even though they are not reportable to IMRF. You should refer to the pertinent IRS publications to determine the tax and Social Security treatment of all items of compensation paid or provided to your employees.

Paragraph 4.24 C. Non-Cash Earnings explains the withholding and reporting procedures for any non-cash compensation which is to be reported to IMRF as earnings.

1. Meals

The value of meals furnished to employees is not considered IMRF earnings if:

- A. Furnished on the employer's premises, or
- B. Furnished for the convenience of the employer.

Meals furnished before or after working hours or on non-work days generally are not considered to be furnished for the convenience of the employer.

If the employee has the option of receiving meals or cash, the value of the meals is considered IMRF earnings.

Tax treatment of meals is explained in IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits."

2. Lodging

The value of lodging furnished to employees is not considered IMRF earnings if:

- A. Furnished on the employer's premises,
- B. Furnished for the convenience of the employer, and
- C. The employee is required to accept the lodging as a condition of employment and cannot accept cash or other compensation instead.

If the lodging is furnished under any other circumstances, the value is considered IMRF earnings. Cash allowances for lodging are also considered earnings. Tax treatment of lodging is explained in IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits."

3. Uniforms and Clothing Allowances

Amounts paid to members to buy uniforms are excluded from IMRF earnings, unless the employer acts to allow reporting of taxable expense allowances. See paragraph 3.96FF.

4. Tuition Payments

Tuition payments are excluded from IMRF earnings.

5. Vehicle Use

- a. **Business use of a personal vehicle:** Vehicle allowances paid to compensate for the business use of a personal vehicle are not IMRF earnings. This is true even if the allowance is a flat amount paid monthly, unless the employer acts to allow reporting of taxable expense allowances. See also Section 3.96 FF.

If prior to November 17, 2017 an employer adopted a resolution allowing IMRF reporting of vehicle allowances, the employer can only report those allowances for employees who first began participation in IMRF before August 25, 2017. IMRF will not accept any new employer resolutions for vehicle allowances on or after November 17, 2017.

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- b. **Personal use of a vehicle furnished by an employer:** The value of the personal use of a vehicle furnished by an employer is considered IMRF earnings. The value is to be determined in the same manner as in determining value for income tax and Social Security tax on W-2 statements. We call your attention to these items:
1. Use of an employer vehicle to commute to work is arbitrarily valued at \$1.50 per employee for each one-way trip, other than control employees (executive personnel) whose use is valued at fair market value.
 2. Specified record keeping requirements are issued by the IRS. The method of valuing vehicle use is explained in IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits."
 3. Personal Use of Listed Property - See Section 3.96 F. 6 about Personal Use of Listed Property.
- c. **Reimbursements made for vehicle and travel expenses** under an accountable plan are never reportable. Non-taxable expense reimbursements are not included as earnings and are not to be reported to IMRF. This is true even if an employer elected to make taxable expense allowances reportable.

Please see the [Vehicle Allowances as IMRF Earnings Quick Reference Card](#) for further explanation.

6. Personal Use of Listed Property

Personal use of certain employer-provided equipment (computers, etc., called "listed property" by the IRS) must be reported to the IRS as taxable income. The taxable value of this personal use is not IMRF earnings and is not reported to IMRF unless the employer acts to allow taxable expense allowances as IMRF earnings (see 3.96 FF). Personal use of employer-provided vehicles is an exception to the rule (See Section 3.96 F. 5.)

7. Awards, Prizes, Etc.

Cash awards, prizes, and bonuses constitute IMRF earnings and are reportable to IMRF.

8. Gifts

Non-cash (in-kind) gifts to employees are not IMRF earnings and are never reportable to IMRF. Gift cards are considered to be gifts and are not reportable to IMRF.

9. Life Insurance

Life Insurance paid for by the employer is not IMRF earnings and not reportable to IMRF. This includes the taxable value of life insurance provided in excess of \$50,000.

10. Health Insurance

The value of health insurance is not IMRF earnings and is never reported to IMRF.

For cash payments made separately from salary and made in lieu of employer-provided health insurance or in association with or related to healthcare benefits, see Section 3.96 W. 5. Cash Payments Related to Health Insurance.

11. Health Savings Accounts (HSA Insurance Plans)

Employer contributions to Health Savings Accounts (established in connection with high deductible insurance) are not reportable.

For more information on employee contributions to Health Savings Accounts, see Section 3.96 W. 2 "High Deductible Health Savings Accounts (connected to high deductible insurance plans)."

12. Other Types of Health Insurance Savings Accounts

Employer contributions to the following type of accounts are not reportable wages.

- Post Employment Health Plan (PEHP)
- Retirement Health Savings account (RHSA), unless the employer has a resolution for the wages to be reportable
- Voluntary Employee Beneficiary Association (VEBA)
- Plan designed to fund future health costs or benefits under any section of the IRS code

13. Wellness Incentives

Cash given to an employee under a wellness program is not reportable to IMRF. Incentives other than cash are not reportable.

3.96 G. Payments After Death

Compensation (wages, sick and/or vacation) made payable to a spouse or other beneficiary of a deceased member is reported if the payment is paid within one month after the month the employee died (e.g., death date of March 23, payments made in March and April are reportable). If the payment is made after IMRF has paid a lump sum death benefit, the amount should not be reported as IMRF earnings. However, if the employer makes a payment to a spouse or beneficiary, and the payment represents a death benefit payment from the employer, (e.g., from a self insurance plan), that payment is not reportable to IMRF.

3.96 H. Social Security Pensioners

Payments made to employees who work in IMRF qualified positions and also are drawing Social Security benefits are considered IMRF earnings. These employees (other than elected officials and city hospital workers) cannot elect not to participate in IMRF.

3.96 I. Severance Pay, Retirement Pay, and Incentives

Payments made to an employee during the employment relationship and through the first calendar month after termination of employment for retirement or termination pay or as a retirement incentive are IMRF earnings.

Payments made after the first calendar month after termination of employment do not constitute IMRF earnings regardless of what they are or when they were earned or when the agreement was made to make the payments. For example, if a member terminates on June 15 but is paid in July, those earnings are reportable to IMRF. However, if the member is paid in August (or later), those earnings are not reportable to IMRF.

If an employer pays the member cost for the IMRF Early Retirement Incentive (ERI), that payment is not considered IMRF earnings. For more information, see paragraph 6.60 O. For Employer Pick-Up (Payment) of Member Contributions.

3.96 J. Sick Pay

Direct Payments by Employer

Compensation for sick leave is reportable to IMRF if it is paid to a current employee. However, if a member's employment is terminated, payments for sick time are reported only if paid at termination or through the first calendar month after termination.

For example, if a member terminates on June 15 but is paid for sick time in July, those earnings are reportable to IMRF. However, if the member's sick pay is paid in August (or later), that payment is not reportable to IMRF.

Insurance Company Payments

No payments made by insurance companies are considered IMRF earnings.

Self-Insured Plans

Payments made from an insurance pool, by a self-insurance administrator or other third party payer or through any type of plan in the nature of insurance are not IMRF earnings.

Retirement Pay

Termination, severance, or retirement payments made to an employee retiring because of disability are considered earnings if paid at termination of employment or through the first calendar month after termination. This includes accumulated sick leave payoffs, termination pay and accumulated vacation pay. Anything paid after the first calendar month after retirement is not IMRF earnings. See paragraph 3.96 A. Earnings Definition.

3.96 L. Tax-Sheltered Annuities (IRC Sec. 403(b))

School district employees and some other educational employees may purchase tax-sheltered annuities and have the cost tax-deferred under Section 403(b) of the Internal Revenue Code. Contributions to deferred compensation plans, such as an IRC section 403(b) plan, are included as IMRF earnings and must be reported to IMRF. This is true regardless of the source of the contributions, whether paid via a cafeteria plan, or whether paid by the employer in lieu of health insurance.

3.96 M. Qualified Deferred Compensation Plans (IRC Sec. 457)

IMRF employers may enter into qualified deferred compensation agreements under Section 457 of the Internal Revenue Code. Contributions to deferred compensation plans, such as an IRC section 457 plan, are included as IMRF earnings and must be reported to IMRF. Contributions to these plans **do not reduce an employee's IMRF wages** but do reduce an employee's salary for tax purposes, even though the Internal Revenue Code may call them "employer contributions."

Contributions to a 457 plan are always reportable to IMRF, regardless of the source of the funds, whether paid via a cafeteria plan, or whether paid by the employer in lieu of health insurance.

3.96 N. 401(a) Pension Plans

Contributions made to an IRC section 401(a) plan (such as to ICMA's 401(a) supplemental pension plan) are not reported to IMRF. Contributions to other supplemental retirement plans (except 401(k), 403(b), and 457 plans) are not reported to IMRF.

3.96 O. 401(k) Salary Reduction Plans

IMRF employers are not permitted to establish plans under Section 401(k) of the Internal Revenue Code. However, plans established prior to May 6, 1986, may be continued. Tax-deferred amounts deposited in a 401(k) trust are considered IMRF earnings.

3.96 P. Expense Reimbursement and Allowances

Travel and business expense payments and expense allowances are not considered IMRF earnings, unless the employer acts to allow reporting of taxable expense allowances. See paragraph 3.96FF.

3.96 Q. Allowance for Moving Expenses

Payments to employees for reimbursement of moving expenses are not considered IMRF earnings, unless the employer acts to allow reporting of taxable expense allowances. See paragraph 3.96FF.

3.96 R. Workers' Compensation

Workers' compensation, by itself, is not reportable as IMRF earnings. But when an employer supplements a workers' compensation payment, both the supplement and the basic workers' compensation payment must be reported to IMRF. Regardless of the amount of the employer's supplement or how the supplement is paid, the workers' compensation payment is reportable.

For example, if an employer supplements the workers' compensation by 33-1/3% allowing the employee to be paid 100% of salary (33-1/3% by the employer and 66-2/3% by the insurance carrier), the entire 100% is reported to IMRF. This allows the member's account to be credited with 100% of wages and not just the 33% provided by the employer.

If an employer makes a one-time payment of compensation to an employee who is receiving workers' compensation, the workers' compensation and the employer's one-time payment are both reported to IMRF for the month in which the payment is made.

3.96 S. Advance Earned Income Credit (EIC) Payments

As of December 31, 2010, low-paid employees can no longer receive advance payment of Earned Income Tax Credit (EITC). General information about Earned Income Tax Credit for employers and employee is available at the IRS website.

3.96 T. Education and Public Labor Relations Act Retroactive Payments

The Illinois Educational Labor Relations Act regulates labor relations and collective bargaining for educational employees and the Illinois Public Labor Relations Act does the same for other public employees. Both acts apply to employers with 20 or more employees. These acts may result in retroactive or lump sum payments. These include:

Retroactive Salary Settlements

A labor contract settlement may be made retroactive to an earlier date. If so, the lump sum paid for the retroactive period is considered IMRF earnings when paid to an actively participating member and is not allocated to the retroactive period.

If a retroactive payment is made more than one calendar month after a member has terminated, retired or is no longer actively participating, do not report the amount as IMRF earnings.

For example, if a member terminates on June 15 but is paid a retroactive payment in July, those earnings are reportable to IMRF. However, if the retroactive payment is paid in August (or later), that payment is not reportable to IMRF.

Back Pay Under Grievance Procedures

The acts provide that contracts may contain binding grievance procedures. If an employee is awarded back pay pursuant to grievance arbitration, the amount paid is considered IMRF earnings.

If the award specifically states that the back pay is to be allocated to a prior period and identifies the back pay period and the amount allocable to each pay period (the months and amount allocated for each month), the actively participating member will receive IMRF service credit for those months.

If the award is for a lump sum and does not indicate the period and allocation amounts, the payment is considered IMRF earnings when paid to an active member. Under these circumstances, the member will not receive IMRF service credit for months without earnings.

Back Pay Ordered By Labor Board

If an actively participating member is awarded back pay by the appropriate labor board, it is considered IMRF earnings.

If the award specifically states that the back pay is to be allocated to a prior period and identifies the back pay period and the amount allocable to each pay period (the months and amount allocated for each month), the actively participating member will receive IMRF service credit for those months.

If the award is back pay in a lump sum without indicating the period and allocation amounts, the payment is considered earnings when paid to an active member. Under these circumstances, the IMRF member will not receive IMRF service credit for months without earnings.

The same rules apply to awards confirmed or directed by a court on appeal.

Other Monetary Awards Or Settlements

If the parties settle an employment dispute with a lump sum payment without designating its nature, the payment is presumed to be IMRF earnings when paid to an active member. The member will not receive IMRF service credit for months without earnings.

However, non-wage items, such as medical insurance or medical cost paid to wrongfully discharged employees who lost medical coverage, are not considered IMRF earnings. Also not considered IMRF earnings are awards of interest or attorneys' fees.

Damage awards, such as damage payment for violation of civil rights laws, are not considered IMRF earnings and should not be reported.

3.96 U. Back Pay Other Than Illinois Labor Relations Acts

Back pay is current payment to a current or former employee for services performed in a prior period. It also includes payment for non-work periods under federal or state laws intended to create or protect employment relationships and right to wages (such as unlawful refusal to hire or unlawful discharge), as well as increases in pay (such as wage and hours violations on overtime pay).

Back pay awarded under a federal or state statute or by court or administrative agency order is considered earnings and will be allocated to prior periods if the order/award specifies that it is to be allocated and states the allocation amounts and time periods. However, for the back pay to be considered IMRF earnings, the recipient must be an employee and actively participating at the time the award is paid.

A lump sum settlement of a claim which does not identify the settlement amount as back pay and does not identify the period covered, constitutes IMRF earnings for an active member but cannot be allocated to the previous months even though approved by a court or agency. The member will not receive IMRF service credit for months without earnings.

Back pay without any award or sanction by a court or administrative agency and not based upon a state or federal statute is considered IMRF earnings when paid to an active member, and cannot be allocated to the previous months. The member will not receive IMRF service credit for months without earnings.

Back pay awarded to a person who is no longer employed or no longer actively participating, and who is not re-employed or re-enrolled under the award, is not considered IMRF earnings and is not reportable to IMRF.

3.96 V. Employer Payment of Employee Social Security Tax

If an employer pays an employee's Social Security tax and does not withhold the tax from the employee, the amount of the tax constitutes additional IMRF earnings and is subject to IMRF member contributions.

3.96 W. Cafeteria and Flexible Pay Plans

1. Section 125 Cafeteria Plans

Cafeteria plans may be established under Section 125 of the Internal Revenue Code. Unless an employer acts to allow reporting, compensation paid under a cafeteria plan is not reportable to IMRF.

A Section 125 cafeteria plan is an employer-sponsored plan set up in compliance with Section 125 of the IRS code that allows members to pay certain eligible expenses (i.e. health) using pre-tax funds.

This plan allows employers to offer a choice of salary or specified nontaxable fringe benefits from which participating employees may select. The plan may be funded with employer contributions, employee contributions (deducted from an employee's paycheck before taxes are paid) or a combination of both.

A suggested form for a resolution to include cafeteria plan compensation in IMRF earnings is shown in Form 6.72, "Suggested Resolution to include Compensation paid under an Internal Revenue Code Section 125 Plan as IMRF Earnings" (Exhibit 3A). This resolution, when adopted, may not be changed or revoked for current employees but only for new hires.

2. High Deductible Health Savings Accounts (connected to high deductible insurance plans)

Employer contributions to Health Savings Accounts or other plans to reimburse employees for medical expenses not covered under a high deductible health insurance plan are not reportable to IMRF.

If the employer wants to report to IMRF the compensation directed into the Health Savings Accounts or other plans by the employee, its governing body must let IMRF know by adopting a resolution, Form 6.72, "Suggested Resolution to include Compensation paid under an Internal Revenue Code Section 125 Plan as IMRF Earnings," Exhibit 3A.

3. Retirement Health Savings Plans

Retirement Health Savings Plans are employer-sponsored health benefit savings vehicles that allow pre-tax savings for the cost of medical expenses (health insurance premiums, co-pays, prescription costs, etc.) after retirement.

Contributions to a Retirement Health Savings Plan are not included as IMRF earnings, and therefore not reportable to IMRF.

If the employer wants to report to IMRF the compensation directed into the Retirement Health Savings plan, its governing body must let IMRF know by adopting a resolution, Form 6.73, "Suggested Resolution to Include Compensation Directed into a Retirement Health Savings Plan as IMRF Earnings," Exhibit 3B.

4. Other Flexible Pay Arrangements

Compensation directed into a premium conversion plan or flexible spending account is not IMRF earnings unless the employer elects to include it in earnings by governing body resolution.

A suggested form for a resolution including premium conversion plan or flexible spending account compensation in IMRF earnings is shown at Exhibit 3A. This resolution, when adopted, may not be changed or revoked for current employees but only for new hires.

5. Cash Related to Health Insurance

Either of the following payments related to health insurance or healthcare benefits are IMRF reportable earnings, provided that an IMRF employer's governing body passes a resolution allowing cash payments for health insurance to be reported as IMRF earnings.

- Cash payments made separately from salary and made in lieu of employer-provided health insurance.
- Cash payments made separately from salary and made in association with or related to healthcare benefits.

If an employer offers cash payments in lieu of or related to healthcare benefits as mentioned above, the employer is required to pass a resolution allowing cash payments for health insurance to be reported as IMRF earnings. The resolution must be kept on file with IMRF. The employer may use IMRF Form 6.75, "Suggested Resolution to Include Cash Payments Related to Health Insurance as IMRF Earnings" or the governing body may draft and adopt their own resolution that is consistent with IMRF Form 6.75. Please see Exhibit 6BBB, Form 6.75 "Suggested Resolution to Include Cash Payments Related to Health Insurance as IMRF Earnings." Read more in the [FAQ: Board Resolution 2017-12-17, Cash Payments in Lieu of or Related to Healthcare Benefits](#)

If an employer's governing body does not adopt a resolution to allow IMRF reporting, any cash payments made separately from salary in lieu of or related in any way to healthcare benefits cannot be reported as IMRF earnings.

This does not apply to employers that do not offer cash payments nor intend to offer cash payments in lieu of or related to healthcare benefits as mentioned above.

3.96 X. Elected Official Compensation

Elected officials remain in office until they resign, are officially removed, or their term expires. Occasionally, a totally disabled elected official will remain in office even though unable to work. The compensation paid to such an official is included as earnings until resignation, removal, or expiration of the term of office.

3.96 Y. Law Enforcement and Firefighters Disability Compensation

Payments made to police officers, firefighters, deputy sheriffs, and other law enforcement and safety officers under the Public Employee Disability Act (5 ILCS 345/0.01 *et seq.*) are considered earnings. These payments, which are a continuation of regular salary up to one year, must be reported to IMRF.

3.96 Z. Loans to Employees - Interest Free or Below Market Interest

Interest free loans or loans at interest rates below market are not considered IMRF earnings and are not reportable to IMRF. Forgiven loans are also not reportable to IMRF.

3.96 AA. Tip Income

If an IMRF employer operates a facility (such as a golf course or restaurant) and employees receive tips from customers, the tips constitute IMRF earnings to the same extent as they are taxable income and Social Security wages. IRS Publication 531, “Reporting Tip Income” explains tax treatment of tip income.

3.96 BB. Bonus Payments to Clerks, Treasurers, Coroners and Assessors

Assessors, deputy assessors, supervisors of assessments and members of boards of assessment review are eligible for a variety of bonuses/awards from the State of Illinois. The bonuses/awards of \$250 and \$500 are not reportable to IMRF. The bonus of \$3,000 is reportable.

County clerks, circuit clerks, county treasurers, coroners, and sheriffs derive yearly payments from the State of Illinois. This payment is IMRF earnings and must be reported to IMRF.

Please refer to paragraph 4.24 C. Non-Cash Earnings for details on how to report these payments.

3.96 CC. Independent Contractors

Payments made to independent contractors are not reported to IMRF.

Payments which are not regular salary, but are made under a contract separate from the employment relationship, and are paid to an employee who is engaged in an outside trade or profession, are not reportable to IMRF.

3.96 DD. Stipends for Jurors and Election Judges

If a member serves on a jury or as an election judge,

- Wages paid to the member by the employer for that time is reportable to IMRF
- Stipends paid to the member from the election authority or the court for service on a jury or as an election judge is not considered IMRF earnings and is not reportable to IMRF.

If the election authority is the member's employer e.g., a county or municipality, any stipend for service on a jury or as an election judge is not considered IMRF earnings and is not reportable to IMRF

3.96 EE. Employer Pays Member Contributions

Normally, IMRF member contributions are deducted from a member's salary before taxes are deducted.

Some employers pay all or a part of all of the member's IMRF contribution. In that case, those “employer paid member contributions” are considered a salary increase—or a raise—to the member. This raise is considered income for all payroll tax purposes, i.e. IMRF and Social Security.

If an employer chooses to pay all or part of the member contribution, the employer cannot use funds from the IMRF tax levy. This limitation is stated in the Illinois Pension Code [40 ILCS 5/7-171(h), 40 ILCS 5/7-173.2(b)].

Refer to paragraph 4.24 I. Employer Paid Member Contributions for information on determining a member's IMRF earnings if the employer pays all of the member's IMRF contribution.

3.96 FF. To Include Taxable Expense Allowances as IMRF Earnings (Form 6.74, Exhibit 6XX)

Expense allowances are not included as IMRF earnings, and therefore not reportable to IMRF. However, an employer may elect to include taxable expense allowances in IMRF reportable earnings. The governing body must adopt a resolution to include taxable expense allowances as IMRF earnings by adopting a resolution (Form 6.74, Exhibit 6XX).

Personal use of employer-provided vehicle is an exception to the rule; see Section 3.96 F. 5. b.

If prior to November 17, 2017 an employer adopted a resolution allowing IMRF reporting of vehicle allowances, the employer can only report those allowances for employees who first began participation in IMRF before August 25, 2017. IMRF will not accept any new employer resolutions for vehicle allowances on or after November 17, 2017.

Non-taxable expense reimbursements are not included as earnings and are not to be reported to IMRF. This is true even if an employer elected to make taxable expense allowances reportable.