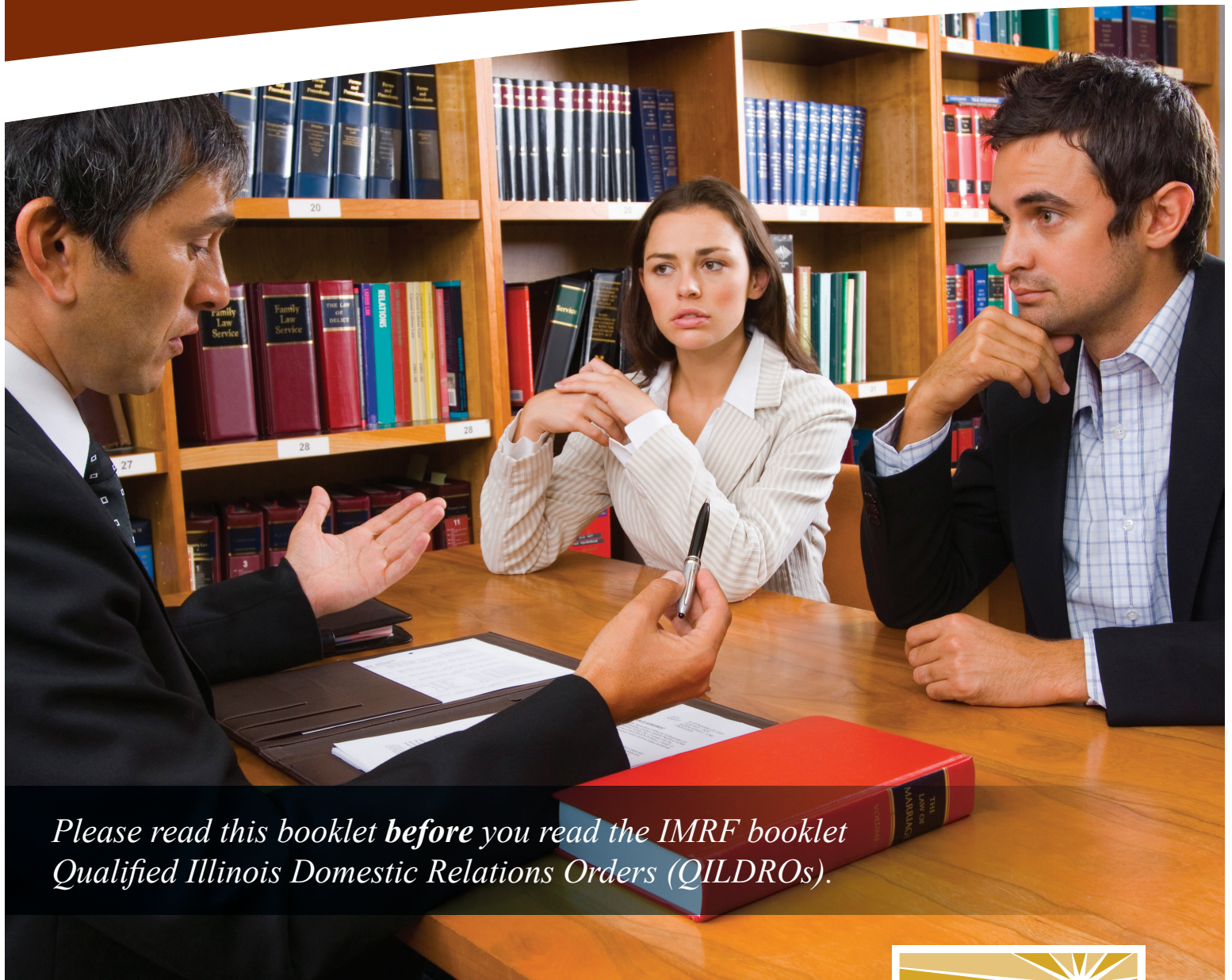


HOW DIVORCE CAN AFFECT YOUR IMRF BENEFITS



*Please read this booklet **before** you read the IMRF booklet
Qualified Illinois Domestic Relations Orders (QILDROs).*

Locally funded, financially sound.



IMRF is an Illinois public pension system for employees of local governments. It is a contributory defined benefit pension plan [401(a)] and is governed by Article 7 of the Illinois Pension Code [40 ILCS 5/7-101 *et seq.*].

For detailed information not covered in this text, consult the Illinois Pension Code. If there is any conflict between this booklet and applicable law/administrative rules, the law and/or administrative rules prevail.

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In this booklet...

Divorce

Means dissolution of a marriage **or** civil union.

Spouse

Means spouse by marriage **or** civil union.

IMRF benefits can be divided in divorce

Your IMRF benefits can be considered marital assets, whether you are:

- An active IMRF member.
- Receiving an IMRF retirement pension.
- No longer participating in IMRF but left your contributions on file.

If you are considering a divorce, IMRF recommends you consult with your personal attorney. How your benefits get divided can be of considerable financial and legal significance to you. While IMRF can answer factual questions about your benefits, **we cannot give you legal advice**. You must rely on your attorney to advise you about dividing your IMRF benefits. Review this booklet carefully with your attorney.

To divide IMRF benefits, a QILDRO is required by law

If your spouse will get a portion of your IMRF benefits when you divorce, you will need to get a Qualified Illinois Domestic Relations Order (QILDRO).

A QILDRO (pronounced kwil-drō) document is a court order issued by an Illinois court. It directs IMRF to pay your alternate payee the portion of your IMRF benefits that you have agreed upon during your divorce negotiations. **By law, IMRF must have a valid QILDRO on file or we cannot pay your alternate payee.** IMRF cannot accept anything else in place of a QILDRO.

Alternate payee: The person who is paid part of your IMRF benefits under a QILDRO. An alternate payee is usually your former spouse, but can also be a current spouse, child, or other dependent.

This booklet does not discuss the QILDRO process. QILDROs are discussed in greater detail in the IMRF booklet *Qualified Illinois Domestic Relations Orders (QILDROs)*, available at www.imrf.org.

Which IMRF benefits can be included in a QILDRO?

Illinois law determines which benefits can be included in a QILDRO.

IMRF benefits that CAN be included in a QILDRO	IMRF benefits that CANNOT be included in a QILDRO
<ul style="list-style-type: none"> • Retirement benefit—Current pension payments if you are a retiree, future pension payments if you have not retired yet. • Contribution refunds—Separation refunds taken before you retire. Can only be taken if you stop participating in IMRF. • Partial refund of contributions—Refunds you may be eligible to take at the time you retire, such as SLEP, ECO, or surviving spouse contributions. Surviving spouse contributions are 16.67% of your total contributions. • Lump sum death benefits <p>Your QILDRO may apply to all or some of these benefits, depending on what is decided in the divorce. For detailed information about your IMRF benefits, review the information for your IMRF Plan and Tier at www.imrf.org.</p>	<ul style="list-style-type: none"> • Disability payments. IMRF cannot pay your alternate payee any part of disability payments. If you are on disability but eligible to retire, you must apply for and begin receiving your retirement benefits before we can pay your alternate payee. • 13th Payment. You receive this every July in retirement (once you have received 12 consecutive pension payments). If you agreed to pay your alternate payee a portion of your 13th Payment, you must pay your alternate payee directly—IMRF cannot pay this benefit to anyone but you. • Surviving spouse pension. Illinois law defines an eligible spouse. A QILDRO can never: <ul style="list-style-type: none"> - Include a surviving spouse pension for an alternate payee. - Prevent a surviving spouse pension from being paid to an eligible spouse.

IMRF does not provide health insurance, so there are no IMRF health insurance benefits that can be included in a QILDRO.

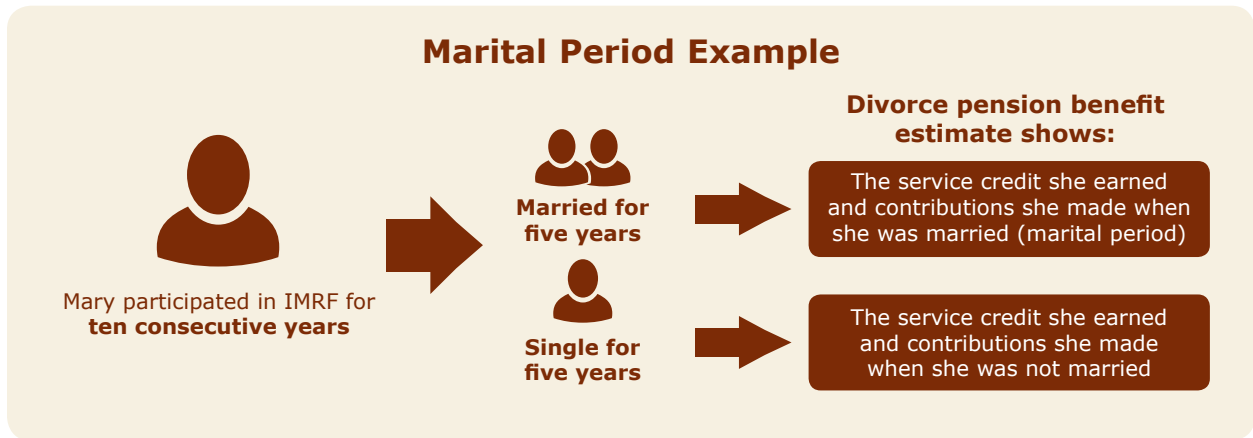
Request a Divorce Pension Benefit Estimate

To help decide how your IMRF benefits will be divided, you and your attorney will need to review your Divorce Pension Benefit Estimate from IMRF. The information in this estimate will help you complete your QILDRO.

Your customized divorce estimate includes:	Your customized divorce estimate does NOT include:
<ul style="list-style-type: none">• All your service credit and contribution history that IMRF has on file at the time of the estimate.• A future estimated pension amount at your earliest unreduced retirement age (if you are a vested active or vested inactive IMRF member).• The amount of your current benefit (if you are a retired IMRF member).• The IMRF benefits you earned, broken out by marital period and single (non-marital) period. You and your attorney can use this information to negotiate how to divide your IMRF benefits.	<ul style="list-style-type: none">• An equivalent “lump sum value” of your retirement pension. We do not provide an estimated lump sum value for divorce purposes, because by law you can never receive a lump sum payout for the value of your pension.• Possible future events, other than your future estimated standard pension amount (if you are not yet retired). This projected amount only uses the total amount of service credit and contributions you have on file as of the date we calculate the estimate. It does not project future service credit, salary increases, purchases of service, etc.

We'll need your marriage dates

When you request your divorce estimate, be prepared to tell us the total time period you were married to your current spouse. When you were married **and** participating in IMRF is your marital period for the purpose of this estimate.



If you have a “gap in service” during which you left IMRF participation, this gap period will **not** be included in your estimate.

How to request your estimate

You can request your divorce estimate by email through the Secure Message Center in Member Access, or you can call an IMRF Member Services Representative at 1-800-ASK-IMRF (275-4673). You should **not** use information from any other estimates you may have received from IMRF—you must use information from a customized Divorce Pension Benefit Estimate. IMRF will prepare this estimate at no cost to you.

Allow up to 45 days for estimate

It may take up to 45 days after your request to receive your estimate. Please request your estimate at least six weeks before you need to complete your QILDRO.

Plan ahead! We are unable to accommodate rush requests for an upcoming court date.

Who else can get this estimate?

We cannot provide a Divorce Pension Benefit Estimate to your alternate payee or anyone else—including attorneys—unless we have either your written consent or a subpoena. A subpoena must be accompanied by a \$20.00 fee, paid to IMRF by check or money order.

How your benefits are paid through a QILDRO

A QILDRO requires IMRF to split your IMRF benefits at the time they are actually paid to you. Your alternate payee cannot receive any payments from IMRF before you do, and can never “empty out” your IMRF account.

If you are not retired yet

Contribution refund (separation refund)

Your alternate payee cannot be paid his or her portion of a separation refund until you apply for your refund. We cannot pay your alternate payee but keep your portion at IMRF. Keep in mind that you must leave your IMRF employer, stop participating in IMRF, and meet the additional refund requirements to take a refund. (For more information about refund eligibility requirements, review the benefit information that applies to your IMRF Plan and Tier at www.imrf.org).

Contribution refunds can only be paid as a single lump sum. Your alternate payee can choose to receive refund payments as a direct payment or a rollover.

Future retirement

If you are planning to retire in the future with an IMRF pension, your alternate payee cannot be paid his or her portion of your pension payments until you have applied for retirement and are receiving your portion of the monthly pension. Retirement benefits can only be paid as recurring monthly payments—they can never be paid as a lump sum.

If your QILDRO also includes any refunds at retirement you are eligible for, these cannot be paid to your alternate payee until you apply for your retirement and receive them. Under a QILDRO, refunds at retirement can only be paid as a lump sum.

If you are already retired

If you divorce after you are already receiving an IMRF benefit, your alternate payee can expect to be paid his or her portion of your monthly pension approximately 60 days after we receive a valid QILDRO (and Calculation Order if required, see page 6). Retirement benefits can only be paid as recurring monthly payments—they can never be paid as a lump sum.

Death benefits (for members and retirees)

Lump sum death benefits are the only death benefits that can be included in a QILDRO. If your QILDRO instructs IMRF to pay any lump sum death benefits to your alternate payee, your alternate payee will be paid first, before any beneficiaries you have named on your IMRF Designation of Beneficiary form.

Your alternate payee can choose to receive lump sum benefit payments as a direct payment or a rollover. Your alternate payee may also choose to receive this death benefit as an annuity, if the amount is sufficient to convert to a monthly annuity of at least \$10.00 a month.

Any remaining lump sum benefits after the QILDRO has been paid will then be paid to your beneficiaries. If you do not have a valid beneficiary form on file, any remaining lump sum benefits will be paid to your estate.

You may also need a Calculation Order before benefits can be paid

When completing your QILDRO you will choose between two calculation methods for each benefit type you are dividing: dollar amount or percentage.

If you have any percentages in your QILDRO, we cannot pay your alternate payee until we also receive a court-certified Calculation Order. In some cases we also cannot pay you without a valid Calculation Order. The dollar amount and percentage calculation methods and Calculation Orders are discussed in detail in the IMRF booklet Qualified Illinois Domestic Relations Orders (QILDROs), available at www.imrf.org.

What can affect the alternate payee's share?

Several things can affect your alternate payee's share of benefits, including:

Giving up your future pension by taking a refund

If your QILDRO states your alternate payee is to receive a portion of your pension and you choose to take a separation refund instead of retiring, your alternate payee will not receive a monthly benefit amount even if it is included in the QILDRO.

By taking a refund before retirement you give up your right to an IMRF pension. Since you will not be receiving a pension, your alternate payee cannot receive one because a pension benefit no longer exists. If you meet all of the requirements to take a separation refund, a QILDRO cannot prevent you from doing so.

If someone else is eligible for your surviving spouse pension

A surviving spouse pension can never be included in a QILDRO, and a QILDRO has no effect on the amount of a surviving spouse pension or who qualifies to receive one. However, if someone other than your alternate payee is eligible for your surviving spouse pension, this can affect the amount your alternate payee receives as a death benefit (see page 8).

If we do not have your alternate payee's current address

Your alternate payee must keep his or her address current with IMRF. When the time comes to pay your alternate payee, we will send your alternate payee an address verification form to the last address we have on file. If we do not receive a signed address verification form back from your alternate payee, we cannot pay him or her. We will hold your alternate payee's payment for 180 days after we send the verification form.

If it has been 180 days and we still have not heard from your alternate payee, your alternate payee forfeits these payments. We will begin including them in your benefit payments, starting with the first payment that we held back. We will continue to include these forfeited payments and pay you your full amount of benefits until we hear from your alternate payee.

If your alternate payee contacts us at a later time, we will begin the QILDRO payments as of the next payment after they have contacted us. Your alternate payee will not receive any "back payments" that were missed, since they were paid to you.

A return to work can suspend payments

In order for your alternate payee to receive a portion of your monthly pension payment, you must always be receiving your portion as well. If your pension is suspended for a return to work situation, your alternate payee's payments will also be suspended. They will resume once you re-retire and begin receiving your payments again.

Payments will not be made to your alternate payee's estate

If your alternate payee predeceases you, your retirement benefit will revert to the full amount. No QILDRO benefits are payable to your alternate payee's estate.

QILDROs, remarriage, and surviving spouse pensions

Illinois law defines who is eligible for an IMRF surviving spouse pension—a QILDRO has no effect on who can receive a surviving spouse pension.

Active Members

If you are an active member and you remarry, your new spouse may be eligible for a surviving spouse pension. Your new spouse will be eligible if:

- You are vested for an IMRF pension.
- You have been married to your new spouse for at least one year prior to your death.
- You named your new spouse as your only primary beneficiary on your IMRF Designation of Beneficiary form.

This means that if your QILDRO states that your alternate payee is to receive a portion of your IMRF lump sum death benefits, the amount of these benefits will depend upon what payment choice your eligible surviving spouse chooses for the death benefit.

- If your eligible surviving spouse chooses a surviving spouse pension, then your alternate payee will only receive a portion of the \$3,000 lump sum death benefit. There will be no portion of a lump sum of your salary or contributions payable to your alternate payee.
- If your eligible surviving spouse chooses a lump sum payment instead of a surviving spouse pension, your alternate payee will be paid their portion of all lump sum death benefits available, before any lump sum payments are made to your eligible spouse/other beneficiaries.

Retired Members

If you divorce after you retire and were married for at least one year before you terminated IMRF participation (and were still married on the effective date of your retirement), your ex-spouse remains eligible for your surviving spouse pension, even if you remarry.

For more information about death benefits and surviving spouse pension, please review the benefit information that applies to your IMRF Plan and Tier at www.imrf.org.

Keep your IMRF beneficiary form up to date

Now is a good time to review and update your IMRF beneficiary information. The fastest way to do this is online through Member Access. The form is also available on our website, or you can call us at 1-800-ASK-IMRF (275-4673) and request a copy be mailed to you.

The best way to view and update your beneficiary information is through your secure Member Access account at www.imrf.org.

To ensure your alternate payee receives the death benefits agreed upon in the divorce, they should be specified in the death benefit section of the QILDRO. QILDRO lump sum death benefit payments are paid to your alternate payee first, before any remaining benefits are paid to beneficiaries you named on your IMRF Designation of Beneficiary form.

Protecting your personal information

For security reasons, we recommend the following changes when considering divorce:

- Change the password to your Member Access account.
- Change the password to the email address you currently have in Member Access, or change the email address you have in your Member Access account.
- Change your address, phone number, beneficiary, and banking information online through Member Access.
- If you suspect someone is trying to access your IMRF information without your consent, call an IMRF Member Services Representative and ask that a security flag be placed on your account.

When does IMRF provide benefit information to others?

IMRF provides benefit information to others when:

- We receive a subpoena and the required fee.
- We have your written authorization.
- If your QILDRO contains percentages, we provide information to you, your alternate payee, and the attorney of record when:
 - We first receive and accept your valid QILDRO.
 - You apply for a benefit that is included in your QILDRO.

Please allow 45 days to receive any requested information from IMRF. We are unable to accommodate “rush” requests for information.

Taxes

IMRF benefits are subject to federal tax. Any federal tax liabilities for benefit payments divided by a QILDRO are split proportionately between you and your alternate payee.

If you are considering the Optional plan

If you are a Tier 1 member or Tier 2 SLEP member and are considering retiring under the Optional Plan, the amount of your pension when it is reduced at age 62 must still be enough to pay your alternate payee the full amount specified in the original QILDRO. While your pension amount will be reduced at age 62, your alternate payee’s amount will remain constant—it will not be reduced. **If your reduced pension amount isn’t enough to cover the alternate payee’s amount, you will not be eligible to retire under the Optional plan.**

For more information about the Optional plan for Tier 1 members or Tier 2 SLEP members, review your IMRF benefit booklet (available at www.imrf.org).

If you have reciprocal service

IMRF can only provide information about your IMRF benefits, and can only process QILDROs for your IMRF benefits. If you have reciprocal service credit with another Illinois public pension, you will need to contact that system for information and estimates.

If you have already divorced

If you have already divorced and your ex-spouse is entitled to share your retirement benefits, it may be possible to request an Illinois court to enter a QILDRO. This is true even if your divorce occurred in another state. Please consult with your personal attorney if you are in this situation.

If you are considering a Special Needs Annuity

With the Special Needs Annuity option, you choose to receive a smaller IMRF pension so you can provide a lifetime pension for someone else upon your death. The eligibility to retire with a Special Needs Annuity is determined on a case-by-case basis if you have a QILDRO. Contact IMRF for more information.

Can you have more than one QILDRO?

You can have more than one QILDRO on file. QILDROs are honored in the order they are received.

For detailed information about the QILDRO process, please review the IMRF booklet *Qualified Illinois Domestic Relations Orders (QILDROs)* available at www.imrf.org. You and your attorney will need to review the QILDRO booklet for information about QILDROs and how to properly complete and file them.

General Information about IMRF

The main IMRF office is located in Oak Brook:

Illinois Municipal Retirement Fund

2211 York Road

Oak Brook, IL 60523-2337

Member Services Representatives: 1-800-ASK-IMRF (275-4673)

Member Services Representatives are available Monday through Friday, 7:30 AM to 5:30 PM Central Time. Appointments are required for walk-ins.

Regional Counseling Center

If you live in the Sangamon County area, you can also visit IMRF's Regional Counseling Center in Springfield:

3000 Professional Drive, Suite 101

Springfield, IL 62703

Information about IMRF and your benefits can also be found at www.imrf.org.

Oak Brook Office

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

**Springfield Regional
Counseling Center**

3000 Professional Drive
Suite 101
Springfield, IL 62703

**Member Services Representatives
1-800-ASK-IMRF (275-4673)**

www.imrf.org

