

**MEMORANDUM**  
**HUMAN RESOURCES DEPARTMENT**

**TO: Thomas Thomas, City Manager**

**SUBJECT: IMRF Auto Allowance**

**DATE: December 16, 2013**

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The Illinois Municipal Retirement Fund (IMRF) conducted an audit of the City of Rock Island on August 21 and 22.

One of the audit findings is auto allowance expenses are generally not considered as IMRF earnings. On October 7, city council received a memo recommending the adoption of IMRF Form 6.74 "Suggested Resolution to Include Taxable Expense Allowances as IMRF Earnings" for current and past employees receiving an auto allowance from the City. However, the motion died on the floor for lack of a second.

Based on this decision, seven (7) department directors (HR Director, CED Director, Finance Director, Police Chief, Fire Chief, MLK Director and Park Director) stopped receiving employer paid pension on the value of the auto allowance (\$4,800 per year). The annual cost for the auto allowance is \$33,600. Assuming the current IMRF pension rate of 12.60%, the employer pension cost is \$4,200 annually.

The auto allowance started in April 2003, the city manager and department directors were given \$400 per month and city provided vehicles were eliminated. This was done as a cost savings measure. Since this time, the employer and employee have paid IMRF pension on the auto allowance.

Pension funding for the auto allowance has already been provided by the employer and employee. If city council elects not to sign the resolution, current retirees will have to repay a pension overpayment and their pension will be reduced. There is no additional cost for the employer. For these reasons, IMRF form 6.74 is being recommended for approval by city council.

**Recommendation:** City Council executes a resolution for the adoption of IMRF Form 6.74 "Suggested Resolution to Include Taxable Expense Allowances as IMRF Earnings" for currently retired employees receiving a pension from IMRF.

Submitted by: John Thorson, Human Resources Director

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Approved by: Thomas Thomas, City Manager



# Suggested resolution to include taxable allowances as IMRF earnings

IMRF Form 6.74 (02/08)

PLEASE ENTER Employer IMRF I.D. Number

## RESOLUTION

Number \_\_\_\_\_

WHEREAS, standard member earnings reportable to the Illinois Municipal Retirement Fund do not include expense allowances; and

WHEREAS, the governing body of an IMRF participating unit of government may elect to include in IMRF earnings all taxable expense allowances; and

WHEREAS, the \_\_\_\_\_ of the  
BOARD, COUNCIL, etc.

\_\_\_\_\_ is authorized to include  
EMPLOYER NAME  
taxable expense allowances as earnings reportable to IMRF and it is desirable that it do so.

NOW THEREFORE BE IT RESOLVED that the \_\_\_\_\_ of the  
BOARD, COUNCIL, etc.

\_\_\_\_\_ does hereby elect to  
EMPLOYER NAME  
include as earnings reportable to IMRF taxable expense allowances effective \_\_\_\_\_  
EFFECTIVE DATE

BE IT FURTHER RESOLVED that \_\_\_\_\_ is authorized and directed  
CLERK OF SECRETARY OF THE BOARD  
to file a duly certified copy of this resolution with the Illinois Municipal Retirement Fund.

## CERTIFICATION

I, \_\_\_\_\_, the \_\_\_\_\_  
NAME CLERK OR SECRETARY  
of the \_\_\_\_\_ of the County of \_\_\_\_\_  
EMPLOYER NAME COUNTY  
State of Illinois, do hereby certify that I am keeper of its books and records and that the foregoing is a true and correct copy  
of a resolution duly adopted by its \_\_\_\_\_ at a meeting duly convened  
GOVERNING BODY  
and held on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

SEAL

CLERK OR SECRETARY OF THE BOARD

Illinois Municipal Retirement Fund  
Suite 500, 2211 York Road, Oak Brook Illinois 60523-2337  
Member Services Representatives 1-800-ASK-IMRF (1-800-275-4673)

[www.imrf.org](http://www.imrf.org)

IMRF Form 6.74 (02/08)

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