

URBANA SCHOOL DISTRICT #116 BUSINESS OFFICE MEMO

TO: Don Owen, Superintendent

FROM: Carol Baker
Chief Financial Officer

DATE: October 2, 2015

RE: Military Service Credit

The Urbana Board of Education may consider adopting a resolution allowing IMRF members to purchase service credit for time spent in the military. Allowing members to convert military service to IMRF service is optional.

A member may earn service credit under two different circumstances:

- 1) The member earned military service before his or her first date of IMRF participation or member did not return to IMRF participation within 90 days of discharge.
- 2) Military leave interrupted the member's IMRF participation and member returned to IMRF participation within 90 days of discharge.

Members can purchase up to 4 years of military service credit under this provision. The cost to a member varies widely depending on when the military service occurred, when the member began IMRF participation, and the member's salary upon participation.

TOTAL COST OF THE PROGRAM - MEMBER COST = EMPLOYER COST

A survey was sent to all current IMRF employees to gauge interest, and only 5 expressed interest in this program. We followed-up with these individuals to request additional information so estimated costs could be determined. Only 3 provided details so the cost could be estimated. Based on their information provided, the estimated potential cost for these 3 alone would be \$140,442. This would be paid through future employer IMRF rates.

Assuming this resolution would be available into the future, there is no way to estimate the future cost that the District would incur. If the Board is interested, a resolution could be placed on the agenda for the October business meeting.

As a comparison, TRS allows purchase of military time at any time at no cost to the employer. There is nothing the employer has to approve to allow this to occur.