



***Lincolnwood Police Pension Board
Village of Lincolnwood
6900 N. Lincoln Avenue,
Lincolnwood, IL 60712
Agenda***

Thursday, January 23, 2014
2:00 PM
Village Council Chambers

1. Call to order
2. Approval of minutes
3. Discussion and possible action on modifying investment allocations-Wells Fargo/Madison
4. Discussion and possible action on modifying investment allocations -Graystone Consulting
5. Board approval of the Treasurer's Report and Board Expense Report
6. Discussion and possible action on the pension portability of Officer Eric Gronlund
7. Discussion and possible action on Annual COLA Adjustment for qualifying pensioners
8. Discussion and possible action on outsourcing pension payroll and tax service
9. Discussion of Municipal Compliance Report
10. Discussion and possible action concerning Trustee Training with Illinois Professional Firefighter Association
11. Discussion and possible action on fund transfer from Republic Bank to Bank Financial and deposit of employee contributions moving to Bank Financial
12. Completion and distribution of 1099's including an annual verification of benefits letter
13. Discussion and possible action on board rules concerning obtaining a credit card for expenses
14. Good of the Order
15. Public Forum



Lincolnwood Police Pension Board
Village of Lincolnwood
6900 N. Lincoln Avenue, Lincolnwood, IL 60712
Unapproved Regular Meeting Minutes

Wednesday, December 4th, 2013
Lincolnwood Police and Fire Training Room
6900 North Lincoln Avenue
Lincolnwood, Illinois

1. Call to Order

President O'Connor called the meeting to order at 1402 hours present are President O'Connor, Trustee Swanson, Trustee Perzov, Trustee Marwedel, Finance Director Merkel, Village Treasurer Greenstein.

2. Approval of Minutes

Trustee Swanson moved to approve the amended minutes from October 23rd, seconded by President O'Connor.

3. Discussion of Investments

Trustee Perzov spoke about the equities that increased 6.98 percent over the last two months. The fixed income also increased by .52 percent. Balance of total investments is 42.43 percent in equities and 57.57 percent in fixed income. Increase of 1.46 percent for the total fund assets. Board agreed to stay the course on the current investments

4. Expense Report

Trustee Swanson talked about not itemizing the individual pensioners and just inputting a lump sum of all pensioners' benefits and then itemizes the checks and bank accounts on the expense report.

5. Consideration and action relating to pension portability of Officer Gronlund

Trustee Swanson is going to attach the documents related to Gronlund's portability and make sure the personal information is redacted. It is Gronlund's decision whether he wants to buy back his time from Rock Falls.

6. Consideration and action regarding the annual increase for current pensioners

The 3% annual COLA increase will be added to the eligible pensioners' first check for 2014. Pensioners Lewandowski, LaMantia, and Weidner will not receive COLA in January because they are have not been retired for one year.

7. Consideration and action regarding acquiring a Credit card for Board expenses

Board discussed adopting the Village of Lincolnwood's policy for credit card usage. The Board Discussed obtaining a US bank cash back card.

8. Good of the order

Board discussed outsourcing the accounting and consolidating all of the funds into one bank. Board discussed continuing the work with the state archives and having a notarized letter making sure the pensioner is still alive.

9. Public Forum

Nothing to report

President Timothy O'Connor

Secretary Travis Raypole

Pension Board Expenses
10/01/2013 through 12/31/2013

Pension Payroll	396,226.25
IRS deductions from gross pay	68,945.91
Madison Fees	6,860.07
Lauterbach & Amen Fees	2,180.00
Training-Lorman	1,016.00
IPPFA Annual Dues	775.00
Office Supplies-1099 Forms/Tax Program	170.49
Bank Financial Service Fees	4.00
Total Expense for the quarter	\$476,177.72

2014-2015 Operating Budget

Budget Analysis

Police Pension Fund

801

2012	2013	2014	October	2014			2015
Actual	Actual	Adopted	2013	Projected	Account	Description	Proposed
-	-	-	2,238	5,875	801-810-519-5099	Other compensation	3,000
55,254	67,870	57,000	6,503	68,000	801-810-519-5320	Consulting	70,000
153	131	150	-		801-810-519-5560	Printing & copying services	-
775	750	750	-	1,500		Professional associations	1,500
-	6,141	5,000	-	5,000	801-810-519-5590	Training	5,000
36,011	12,446	30,000	5,128	6,000	801-810-519-5599	Other contractual	6,000
-	-	50	-		801-810-519-5640	Computer supplies	-
49	-	11,500	8,801	2,500	801-810-519-5700	Office supplies	2,500
-	6	25	-		801-810-519-5720	Postage	-
92,242	87,344	104,475	22,670	88,875		Commodities	88,000
1,296,285	1,393,755	1,578,705	697,381	1,650,000	801-820-519-5080	Pension - regular	1,880,000
223,032	211,271	186,108	-	242,100	801-820-519-5085	Pension - spouse/dependent	250,000
110,759	110,934	85,946	-	50,400	801-820-519-5090	Pension - disability	50,400
1,630,076	1,715,959	1,850,759	697,381	1,942,500		Pension Payments	2,180,400
1,722,318	1,803,303	1,955,234	720,051	2,031,375		Total	2,268,400

December 3, 2013

Eric Gronlund
% Lincolnwood Police Pension Fund
Lincolnwood, IL

RE: Transfer of Creditable Service from Rock Falls Police Department

Dear Mr. Gronlund:

We have been asked to calculate the transfer of your 2 years, 7 months, 5 days of creditable service (September 1, 2010 through April 5, 2013) from the Rock Falls Police Department to the Lincolnwood Police Department.

COST SUMMARY

Records indicate you did not receive a refund of your contributions of \$10,202.33 from the Rock Falls Police Pension Fund.

The Rock Falls Police Pension Fund is then required to transfer to the Lincolnwood Police Pension Fund your contributions into the fund plus 6% interest from the date of each contribution to the date of the transfer request. In addition, the Rock Falls Police Pension Fund is required to match this amount. Your contributions plus 6% interest plus the match of both by the Rock Falls Police Pension Fund, result in a required transfer **from the Rock Falls Police Pension Fund to the Lincolnwood Police Pension Fund of \$22,953.18 as of December 31, 2013.**

Per 40 ILCS 5/3-110(d)(2)&(3), if the "receiving" pension fund (Lincolnwood) determines that the amount being transferred from the "prior" pension fund (Rock Falls) is less than the "true cost" to establish this length of service with the receiving fund, then the police officer must pay to the receiving fund the difference between the true cost and the amount transferred from the prior fund. The True Cost to transfer your time from Rock Falls, as calculated by the Lincolnwood Police Pension Fund's actuary, is \$34,443.00. Subtracting the money due from the Rock Falls Police Pension Fund, **there will be a remaining balance due from you to the Lincolnwood Police Pension Fund of \$11,490.00.**

Per Public Act 096-0297 (passed in August 2009) you now have the option of (1) paying this True Cost difference and receiving credit for the full period of service being transferred or (2) not paying the True Cost difference and receiving a "prorated" transfer of service.

OPTIONS

OPTION 1 – Paying the True Cost Difference / Receiving Full Service Transfer The True Cost balance of \$11,490.00 can be paid lump sum or in equal installments for a period of up to 5 years. The installments can be made as a payroll deduction, but the balance accrues interest until it is paid in full (specifically, interest is assessed at 6% compounded annually on the unpaid balance). I have calculated repayment schedules for your reference, which reflect the per-paycheck deductions and interest accrued, if the balance is paid over one year through five years (the maximum period allowable per statutes). To summarize these schedules:

Repayment period	Per paycheck deduction	Total interest paid
1 year (26 bi-weekly payments)	\$454.77	\$334.02
2 years (52 bi-weekly payments)	\$234.20	\$688.40
3 years (78 bi-weekly payments)	\$160.76	\$1,049.28
4 years (104 bi-weekly payments)	\$124.11	\$1,417.44
5 years (130 bi-weekly payments)	\$102.17	\$1,792.10

OPTION 2 - Not Paying the True Cost Difference / Receiving Partial Service Transfer If you elect to not pay the True Cost Difference, you will receive a transfer of creditable service credit of **1 year, 8 months, 23 days**:

Creditable service from Rock Falls converted to Lincolnwood:

Lincolnwood months = Rock Falls months x (Rock Falls transfer/True Cost)

Lincolnwood months = 31.16 months x (\$22,953.18 / \$34,443.00)

Lincolnwood months = 31.16 months x (.6664)

Lincolnwood months = 20.76 months (1 year, 8 months, 23 days)

ACTION

Please note that you have 14 days from receipt of this letter to

- a. Provide an irrevocable written authorization to transfer creditable service to the Lincolnwood Police Pension Fund (a copy will be sent by the Fund to the Rock Falls Police Pension Fund)
- b. Submit a written request to the Lincolnwood Police Pension Fund to withdraw your application for transferring creditable service (a copy will be sent by the Fund to the Rock Falls Police Pension Fund)

Per Section 4404.90 of the Administrative Code, if you fail to do either by the 15th day, your request is automatically withdrawn. A copy of the authorization and withdrawal forms are enclosed with this letter for your convenience – **please complete and return *only* the form reflecting your election.** Please contact me at (630) 393-1483 if you have any questions.

Sincerely,



Allison R. Barrett

Encl.

CC: Lincolnwood Police Pension Fund
Rock Falls Police Pension Fund

Irrevocable Authorization and Agreement to Transfer Creditable Service (Portability)

By signing below, I submit my final and irrevocable request to transfer creditable service from the _____ Police Pension Fund ("Prior Pension Fund") to the _____ Police Pension Fund ("Current Pension Fund") per 50 IAC 4404.90.

I have been presented with the cost to reinstate my service with my Prior Pension Fund, and agree to remit the cost in full. I have been presented with the option to either (1) remit the True Cost balance to my Current Pension Fund and receive credit for the full service being transferred or (2) remit no money to my Current Pension Fund and receive service credit reduced in lieu of payment of the True Cost balance.

I formally and irrevocably elect to pursue the transfer as follows (select one):

_____ Option 1- LUMP SUM – I will remit the True Cost balance to my Current Pension Fund in a lump sum payment and receive credit for the full service being transferred. I understand that the transfer is not complete until all monies are paid in full. I understand that if the True Cost balance is not paid in full within the time allotted, all of the creditable service being transferred will be lost. It may not be transferred to another pension fund and may not be reinstated with my Prior Pension Fund.

_____ Option 1- INSTALLMENTS - I will remit the True Cost balance to my Current Pension Fund via installment payments and receive credit for the full service being transferred. I understand that the transfer is not complete until all monies are paid in full. I understand that if the True Cost balance is not paid in full within the time allotted, all of the creditable service being transferred will be lost. It may not be transferred to another pension fund and may not be reinstated with my Prior Pension Fund.

_____ Option 2 – I elect not to remit the True Cost balance to my Current Pension Fund and I understand I will receive service credit with the Current Pension Fund reduced in lieu of payment of the True Cost balance.

I understand that a copy of this Authorization will be forwarded to my Prior Pension Fund by my Current Pension Fund within 7 days of receipt. I further understand that my Prior Pension Fund must, within 30 days of receipt of this signed Authorization, transfer the designated creditable service time to my Current Pension Fund along with the payment of all monies required to be transferred per 50 IAC 4404.73.

I understand that I must provide this completed authorization form to my Current Pension Fund within 14 days of receiving their notification of the cost and payment options for this transfer. I understand that if I fail to notify them by the 15th day, my initial portability application to transfer the designated service is automatically withdrawn.

Officer Name _____

Officer Signature _____ Date of Signature _____

**Final Authorization to Withdraw Request for
Transfer of Creditable Service (Portability)**

By signing below, I submit my final and irrevocable request to withdraw my application to transfer creditable service from the _____ Police Pension Fund to the _____ Police Pension Fund per 50 IAC 4404.90.

I have been presented with the costs to reinstate my service with my prior pension fund, if applicable, and to complete the True Cost payments to my current pension fund, and I formally and irrevocably elect to withdraw my application for portability.

Officer Name _____

Officer Signature _____

Date of Signature _____

For Office Use Only:

Received by Pension Fund on _____

Received by
Name _____

Signature _____

Received by L&A on _____ By _____

November 25, 2013

VILLAGE OF LINCOLNWOOD POLICE PENSION FUND

Summary of Transfer Costs

<u>Name</u>	<u>DOB</u>	<u>Current DOH</u>	<u>Current Salary</u>	<u>Prior DOH</u>	<u>DOT</u>	<u>Refund Date</u>	<u>Refund</u>	<u>Officer Payback To Transfer</u>	<u>Prior Fund To Transfer</u>	<u>Officer True Cost</u>
Eric Gronlund	04/05/87	04/08/13	\$55,906	09/01/10	04/05/13		\$10,202		\$22,953	\$11,490

¹ Determined by Prior Fund

Determined as of November 1, 2013, Interest Rate: 7.0%, Salary Increases: 5.0%

Percentage of eligible service to be transferred without True Cost payment: 66.64% [\$22,953 / (\$22,953 + \$11,490)]

First, the officer is responsible for refunding to his or her prior fund the "Officer Payback" amount. Secondly, the prior fund is responsible for transferring to the officer's current fund the "Prior Fund To Transfer" amount. Finally, the officer is responsible for paying to his or her current fund the "Officer True Cost" amount. The "Officer True Cost" represents the additional liability experienced by the current fund as a result of the additional service being transferred, net of the amount transferred by the prior fund. The actuarial accrued liabilities or reserves were calculated in compliance with Section 4404.50(a), (b) and (c).

Alternative Payment Schedules \$11,490; 6.0% APR; bi-weekly installments; 26 payments per year):


<u>Years</u>	<u>Payments</u>	<u>Payment</u>
5	130	\$102.17
4	104	\$124.11
3	78	\$160.76
2	52	\$234.20
1	26	\$454.78

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600




**ILLINOIS POLICE AND FIREFIGHTERS' PENSION FUNDS
BENEFITS ADMINISTRATION SERVICES**




 Pension Benefit Calculations

- Review of Existing Calculations for Accuracy of Payment and Accuracy of Reporting on IDOI Annual Compliance Report
- Calculation of On-Going Benefits, Including Estimates
- Example Calculation Enclosed

 Process of Monthly Disbursements Via Check or ACH Payments


- Pension Payments
- Remittance of Deductions (Federal Tax, Insurance, Child Support, Tax Levy, Etc.)
- Contribution Refunds (See Below)
- QILDRO's (See Below)
- Vendor Payments


 Monthly Reporting


 Pension Fund Contributions

- Track Contributions by Active Members, Including Pre-Tax Versus After-Tax Totals
- Process Refunds, Including Required IRS Notice of Tax Implications

 Processing of Qualified Illinois Domestic Relations Orders (QILDRO's)

 Calculations for Transfer of Creditable Service ("Portability") for Police Officers

 Calculations for Creditable Service Buy-Back/Retirement Benefits Under Multiple Funds ("Reciprocity") for Firefighters

 Internal Revenue Service Reporting

- Obtain an Employer Identification Number Exclusive to the Pension Fund, if Applicable
- Notice of Withholding (W-4P) and Instructions Sent to Pensioners
- Determine Taxability of Benefits
- Process Monthly IRS Tax Deposits
- Prepare and Remit Annual Tax Forms to Pensioners and Vendors (1099R, 1099MISC)
- File Annual Payroll Tax Returns with IRS (1099R, 1099MISC, 1096, 945)

REVIEWED AND APPROVED BY PENSION FUND:

Trustee: Date: _____ Name: _____ Signature: _____

Treasurer: Date: _____ Name: _____ Signature: _____

Pension Calculation Data

Name	<u>Pensioner Name</u>
Social Security Number	<u>xxx-xx-1234</u>
Birth Date	<u>08/11/60</u>
Entry Date	<u>10/14/84</u>
Retirement Date	<u>05/05/11</u>
Effective Date of Pension	<u>05/06/11</u>
Age at Retirement Date	<u>50</u>
Years of Creditable Service Earned	<u>26</u>
Applicable Salary	<u>\$86,750.00</u>
Amount of the Originally Granted Monthly Pension	<u>\$4,698.96</u>
Nontaxable Amount of Annual Pension	<u>\$437.88</u>
Distribution Code	<u>7</u>

Pension Calculation History

Date	Description	Amount of Change	Amount of Monthly Pension	Amount of Annual Pension	Nontaxable Amount of Annual Pension
05/06/11	Original Benefit (prorated)		3,941.06		
06/01/11	Original Benefit		4,698.96	56,387.52	255.43
09/01/15	First Increase	599.12	5,298.08	63,576.96	437.88
01/01/16	Annual 3% COLA	158.94	5,457.02	65,484.24	437.88
01/01/17	Annual 3% COLA	163.71	5,620.73	67,448.76	437.88
01/01/18	Annual 3% COLA	168.62	5,789.35	69,472.20	437.88
01/01/19	Annual 3% COLA	173.68	5,963.03	71,556.36	437.88
01/01/20	Annual 3% COLA	178.89	6,141.92	73,703.04	437.88
01/01/21	Annual 3% COLA	184.26	6,326.18	75,914.16	437.88
01/01/22	Annual 3% COLA	189.79	6,515.97	78,191.64	437.88
01/01/23	Annual 3% COLA	195.48	6,711.45	80,537.40	437.88
01/01/24	Annual 3% COLA	201.34	6,912.79	82,953.48	437.88
01/01/25	Annual 3% COLA	207.38	7,120.17	85,442.04	437.88

Pension Calculation History - Continued

Date	Description	Amount of Change	Amount of Monthly Pension	Amount of Annual Pension	Nontaxable Amount of Annual Pension
01/01/26	Annual 3% COLA	213.61	7,333.78	88,005.36	437.88
01/01/27	Annual 3% COLA	220.01	7,553.79	90,645.48	437.88
01/01/28	Annual 3% COLA	226.61	7,780.40	93,364.80	437.88
01/01/29	Annual 3% COLA	233.41	8,013.81	96,165.72	437.88
01/01/30	Annual 3% COLA	240.41	8,254.22	99,050.64	437.88
01/01/31	Annual 3% COLA	247.63	8,501.85	102,022.20	437.88
01/01/32	Annual 3% COLA	255.06	8,756.91	105,082.92	437.88
01/01/33	Annual 3% COLA	262.71	9,019.62	108,235.44	437.88
01/01/34	Annual 3% COLA	270.59	9,290.21	111,482.52	437.88
01/01/35	Annual 3% COLA	278.71	9,568.92	114,827.04	437.88
01/01/36	Annual 3% COLA	287.07	9,855.99	118,271.88	437.88
01/01/37	Annual 3% COLA	295.68	10,151.67	121,820.04	437.88
01/01/38	Annual 3% COLA	304.55	10,456.22	125,474.64	437.88
01/01/39	Annual 3% COLA	313.69	10,769.91	129,238.92	437.88
01/01/40	Annual 3% COLA	323.10	11,093.01	133,116.12	437.88
01/01/41	Annual 3% COLA	332.79	11,425.80	137,109.60	437.88
01/01/42	Annual 3% COLA	342.77	11,768.57	141,222.84	437.88
01/01/43	Annual 3% COLA	353.06	12,121.63	145,459.56	437.88
01/01/44	Annual 3% COLA	363.65	12,485.28	149,823.36	437.88
01/01/45	Annual 3% COLA	374.56	12,859.84	154,318.08	255.10
01/01/46	Annual 3% COLA	385.80	13,245.64	158,947.68	0.00
01/01/47	Annual 3% COLA	397.37	13,643.01	163,716.12	0.00
01/01/48	Annual 3% COLA	409.29	14,052.30	168,627.60	0.00
01/01/49	Annual 3% COLA	421.57	14,473.87	173,686.44	0.00
01/01/50	Annual 3% COLA	434.22	14,908.09	178,897.08	0.00
01/01/51	Annual 3% COLA	447.24	15,355.33	184,263.96	0.00
01/01/52	Annual 3% COLA	460.66	15,815.99	189,791.88	0.00
01/01/53	Annual 3% COLA	474.48	16,290.47	195,485.64	0.00
01/01/54	Annual 3% COLA	488.71	16,779.18	201,350.16	0.00
01/01/55	Annual 3% COLA	503.38	17,282.56	207,390.72	0.00

Creditable Service [5/3-110.]

Entry Date	<u>10/14/84</u>
Termination/Retirement Date	<u>05/05/11</u>
Years of Creditable Service Earned	<u>26</u>
Plus - Specify _____	_____
Less - Specify _____	_____
Total Creditable Service	<u><u>26</u></u>

Salary for Pension Calculation [5/3-125.1.]

Salary @ Last Day of Service	<u>\$86,750.00</u>
------------------------------	--------------------

Contributions [5/3-125.1.]

Pre - Tax Contributions	<u>\$73,542.50</u>
After - Tax Contributions	<u>\$14,960.57</u>
Total Contributions	<u><u>\$88,503.07</u></u>

Spousal Information

Status	<u>M</u>
If Married at Date of Retirement	
Spouse's Name	<u>Spouse's Name</u>
Spouse's Social Security Number	<u>xxx-xx-9876</u>
Spouse's Date of Birth	<u>09/10/61</u>
Date of Marriage	<u>10/05/92</u>

SAMPLE POLICE PENSION FUND**Pensioner Name**

Pension Calculation Worksheet

Retirement 20-50

Required Information

Applicable Salary	<u>\$86,750.00</u>
Age @ Retirement Date	<u>50</u>
Creditable Service	<u>26</u>
If Greater Than 20 Years	
Number of Years 21 to 30 - Maximum of 10 Years	<u>6</u>

Applicable Pension Percentage

Creditable Service Years 1 to 20	<u>50.00%</u>
Creditable Service (# of Years 21 to 30) x (2.5%)	<u>15.00%</u>
Total Creditable Service (Maximum = 75%)	<u>65.00%</u>

Amount of Originally Granted Pension

Annual = Applicable Salary x Percentage	<u>\$56,387.50</u>
Monthly	<u>\$4,698.96</u>

Increases in Pension [5/3-111.1. (d) & (f)]

The initial increase is granted the latter of (a) the month after the member turns 55 or (b) the month after the member has been retired for one full year.

The amount of the initial increase is equal to 1/12 of 3% of the original monthly benefit, times the number of full months that have elapsed since the pension began.

Date of Initial Increase	<u>09/01/15</u>
Amount of Initial Increase (monthly)	<u>\$599.12</u>

Subsequent increases are granted every January 1st in the amount of 3% of the current benefit.

Personal Data

Age @ Retirement Date	50
Age of Spouse @ Retirement Date, if Applicable	49
	99

IRS Notice 98-2 "The Simplified Method"

The simplified method must be used by annuitants and by pension funds to report the taxable portion of pension payments on Form 1099-R. Under the simplified method the pensioner recovers his or her investment in the pension in level amounts over the expected number of monthly payments determined from the table. The new table applies to distributions with annuity starting dates after December 31,1997.

The portion of each monthly pension payment that is excluded from gross income is a level dollar amount determined by dividing the investment in the pension by the number of annuity payments according to the table.

The employee's investment in the pension is generally the total amount of after-tax contributions made to the pension plan by the employee. The dollar amount to be excluded from taxable income does not change, even when the amount of the pension payment changes (for example with COLA increases or due to a reduced survivor annuity after the death of the pensioner).

Expected # of Payments - Table (Marital Status @ Time of Retirement)

Single	
Age When Annuity Begins	Expected # of Monthly Payments
55 and Under	360
56 - 60	310
61 - 65	260
66 - 70	210
71 and Over	160

Married	
Comb. Age When Annuity Begins	Expected # of Monthly Payments
110 and Under	410
111 - 120	360
121 - 130	310
131 - 140	260
141 and Over	210

Taxability Calculation

After - Tax Portion of Contributions	\$14,960.57
Expected # of Monthly Payments from the Table	410
Tax Free Portion of Monthly Pension = After - Tax Contributions / Expected # of Monthly Payments	\$36.49
Tax Free Portion of Annual Pension = Tax Free Portion of Monthly Pension x 12	\$437.88

ILLINOIS ARTICLE 3 - POLICE PENSION FUND CLIENTS

Barrington	Glenview	Oak Brook
Barrington Hills	Glenwood	Oak Forest
Batavia	Gurnee	Oak Lawn
Belvidere	Hanover Park	Oak Park
Bensenville	Harvard	Olympia Fields
Berwyn	Hazel Crest	Oswego
Blue Island	Highland Park	Palos Heights
Bolingbrook	Hillside	Plainfield
Braidwood	Hinsdale	Prospect Heights
Broadview	Hodgkins	Richton Park
Buffalo Grove	Homewood	River Forest
Burbank	Johnsburg	Riverdale
Burnham	LaGrange Park	Rock Falls
Carol Stream	Lake Forest	Rolling Meadows
Carpentersville	Lake Zurich	Roselle
Cary	Lansing	Round Lake Park
Chicago Heights	Lincoln	St. Charles
Chicago Ridge	Lincolnshire	South Elgin
Cicero	Lockport	South Holland
Country Club Hills	Lombard	Steger
Crest Hill	Markham	Sugar Grove
Darien	Matteson	Vernon Hills
DeKalb	Mattoon	Wauconda
Des Plaines	Maywood	Waukegan
Dolton	Melrose Park	West Chicago
East Dundee	Midlothian	Westchester
Edwardsville	Mokena	Westmont
Elgin	Morton Grove	Wheaton
Elmwood Park	Mundelein	Willow Springs
Forest Park	New Lenox	Wilmington
Flossmoor	North Chicago	Winthrop Harbor
Franklin Park	Northlake	Wood Dale
Geneva		Worth



LINCOLNWOOD POLICE PENSION FUND

Services		Cost
Benefits Administration Processing of Payments IRS Reporting		\$250 - Monthly \$375 - Annually

There is a one-time setup cost for the beneficiary records of \$2,500.

VILLAGE OF LINCOLNWOOD, ILLINOIS
POLICE PENSION FUND

HOUSE BILL 5088 - MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED

APRIL 30, 2013

December 11, 2013

Members of the Pension Board of Trustees
Lincolnwood Police Pension Fund
Lincolnwood, Illinois

Enclosed please find a copy of your Municipal Compliance Report for the Lincolnwood Police Pension Fund for the year ended April 30, 2013. We have prepared the report with the most recent information available at our office. Should you have more current information, or notice any inaccuracies, we are prepared to make any necessary revisions and return them to you.

The President and Secretary of the Pension Fund are required to sign the report on page 3. If not already included with the enclosed report, please also include a copy of the Pension Fund's most recent investment policy.

The signed House Bill 5088 - Municipal Compliance Report must be provided to the Municipality before the tax levy is filed on the last Tuesday in December. We are sending the report via email to promote an environmentally-friendly work atmosphere.

If you have any questions regarding this report please contact Matt Beran at 515.556.4052 or mberan@lauterbachamen.com.

Respectfully submitted,



LAUTERBACH & AMEN, LLP

**VILLAGE OF LINCOLNWOOD, ILLINOIS
POLICE PENSION FUND**

**House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2013**

The Pension Board certifies to the Board of Trustees of the Village of Lincolnwood, Illinois on the condition of the Pension Fund at the end of its most recently completed fiscal year the following information:

- 1) The total assets of the fund and their current market value of those assets:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Total Assets	<u>\$ 17,093,985</u>	<u>\$ 16,417,077</u>
Market Value	<u>\$ 17,093,985</u>	<u>\$ 16,417,077</u>

- 2) The estimated receipts during the next succeeding fiscal year from deductions from the salaries of police officers and from other sources:

Estimated Receipts - Employee Contributions	<u>\$ 277,800</u>
Estimated Receipts - All Other Sources	
Investment Earnings	<u>\$ 1,196,600</u>
Municipal Contributions	<u>\$ 1,141,231</u>

- 3) The estimated amount required during the next succeeding fiscal year to (a) pay all pensions and other obligations provided in Article 3 of the Illinois Pension Code, and (b) to meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:

(a) Pay all Pensions and Other Obligations	<u>\$ 2,169,300</u>
(b) Annual Requirement of the Fund as Determined by:	
Illinois Department of Insurance	<u>\$ N/A</u>
Private Actuary- Timothy W. Sharpe, Actuary	
Recommended Municipal Contribution	<u>\$ 1,141,231</u>
Statutory Municipal Contribution	<u>\$ 1,141,231</u>

**VILLAGE OF LINCOLNWOOD, ILLINOIS
POLICE PENSION FUND**

**House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2013**

- 4) The total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Net Income Received from Investment of Assets	\$ 694,736	\$ 383,008
Assumed Investment Return		
Illinois Department of Insurance	N/A	N/A
Private Actuary- Timothy W. Sharpe, Actuary	7.00%	7.00%
Actual Investment Return	4.15%	2.36%

- 5) The total number of active employees who are financially contributing to the fund:

Number of Active Members	<u>32</u>
--------------------------	-----------

- 6) The total amount that was disbursed in benefits during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits:

	<u>Number of</u>	<u>Total Amount Disbursed</u>
(i) Regular Retirement Pension	22	\$ 1,393,755
(ii) Disability Pension	1	\$ 110,934
(iii) Survivors and Child Benefits	7	\$ 211,271
Totals	30	\$ 1,715,960

**VILLAGE OF LINCOLNWOOD, ILLINOIS
POLICE PENSION FUND**

**House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2013**

7) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Department of Insurance	<u>N/A</u>	<u>N/A</u>
Private Actuary- Timothy W. Sharpe, Actuary	<u>47.58%</u>	<u>48.34%</u>

8) The unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability:

Unfunded Liability:

Illinois Department of Insurance	<u>\$ N/A</u>
Private Actuary- Timothy W. Sharpe, Actuary	<u>\$ 18,084,678</u>

The accrued liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and the actuarial assumptions employed in the valuation. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets.

9) The investment policy of the Pension Board under the statutory investment restrictions imposed on the fund.

Investment Policy - See Attached.

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL POLICE
PENSION FUND COMPLIANCE REPORT

The Board of Trustees of the Pension Fund, based upon information and belief, and to the best of our knowledge, hereby certify pursuant to §3-143 of the Illinois Pension Code 40 ILCS 5/3-143, that the preceding report is true and accurate.

Adopted this _____ day of _____, 2013

President _____ Date _____

Secretary _____ Date _____

**VILLAGE OF LINCOLNWOOD, ILLINOIS
POLICE PENSION FUND**

**House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2013**

INDEX OF ASSUMPTIONS

- 1) Total Assets - as Reported in the Audited Financial Statements for the Years Ended April 30, 2013 and 2012.

Market Value - Same as Above.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended April 30, 2013 plus 5% Increase (Actuarial Salary Increase Assumption) Rounded to the Nearest \$100.

Estimated Receipts - All Other Sources

Investment Earnings - Cash and Equivalents and Investments as Reported in the Audited Financial Statements for the Year Ended April 30, 2013, times 7% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

Municipal Contributions - Recommended Tax Levy Requirement as Reported by Timothy W. Sharpe, Actuary, Actuarial Valuation for the Year Ended April 30, 2012.

- 3) (a) Pay all Pensions and Other Obligations - Total Deductions as Reported in the Audited Financial Statements for the Year Ended April 30, 2013, plus a 25% Increase, Rounded to the Nearest \$100.

(b) Annual Requirement of the Fund as Determined by:

Illinois Department of Insurance - No April 30, 2012 Actuarial Valuation available at the time of this report.

Private Actuary

Recommended Amount of Tax Levy as Reported by Timothy W. Sharpe, Actuary in the April 30, 2012 Actuarial Valuation.

Statutorily Required Amount of Tax Levy as Reported by Timothy W. Sharpe, Actuary in the April 30, 2012 Actuarial Valuation.

**VILLAGE OF LINCOLNWOOD, ILLINOIS
POLICE PENSION FUND**

**House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2013**

INDEX OF ASSUMPTIONS - Continued

- 4) Net Income Received from Investment of Assets - Investment Income (Loss) net of Investment Expense, as Reported in the Audited Financial Statements for the Years Ended April 30, 2013 and 2012.

Assumed Investment Return

Illinois Department of Insurance - Current and Preceding Fiscal Year Interest Rate Assumption - No April 30, 2012 or 2011 Actuarial Valuations available at the time of this report.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Timothy W. Sharpe, Actuary, April 30, 2012 and 2011 Actuarial Valuations.

Actual Investment Return - Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning and End of Year Cash and Cash Equivalents and Investments as Reported in the Audited Financial Statements for the Fiscal Years Ended April 30, 2013, 2012 and 2011.

- 5) Number of Active Members - Illinois Department of Insurance Annual Statement for April 30, 2013 - Schedule P.
- 6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for April 30, 2013 - Schedule P for Number of Participants and Expense page 1 for Total Amount Disbursed.
- (ii) Disability Pension - Same as above.
- (iii) Survivors and Child Benefits - Same as above.

**VILLAGE OF LINCOLNWOOD, ILLINOIS
POLICE PENSION FUND**

**House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2013**

INDEX OF ASSUMPTIONS - Continued

7) The Funded Ratio of the Fund:

Illinois Department of Insurance - Current and Preceding Fiscal Year Net Present Assets - No April 30, 2012 or 2011 Actuarial Valuations available at the time of this report.

Private Actuary - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the Timothy W. Sharpe, Actuary, April 30, 2012 and April 30, 2011 Actuarial Valuations.

8) Unfunded Liability:

Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) - No April 30, 2012 Actuarial Valuation available at the time of this report.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Timothy W. Sharpe, Actuary in the April 30, 2012 Actuarial Valuation.



Lincolnwood Police Pension Board
Village of Lincolnwood
6900 N. Lincoln Avenue,
Lincolnwood, IL 60712

January 1, 2014

Dear

In the spring of 2013, the Lincolnwood Police Pension Fund was audited by the Illinois Department of Insurance (IDOI). The audit indicated several areas of improvement and changes required of the Board. The audit and the response from this Board can be viewed at the IDOI website (insurance.illinois.gov). Keeping our files updated is one of our mandates.

Annual verification of your status as a beneficiary fulfills one of our obligation as fiduciaries of the fund. It will also allow us to notify you of any pending changes in pension law and forward to each member, related information from the Illinois Public Pension Fund Association and the Illinois Public Pension Advisory Committee. It will allow us to use your email correspondence to update your withholding, bank routing numbers for direct deposit along with your home address and phone number. Please complete, sign and mail this form using the self-addressed stamped envelope included.

I strongly encourage each pensioner to complete and return this form. Without your signature, any changes will require you to appear in person or forward a signed and notarized request.

When I took over as the Pension Board President, I was told to "always treat our retirees like family". Please consider this request in that light, our goal is to provide the most professional service to our members while ensuring the health and welfare of our fund.

Sincerely

A handwritten signature in blue ink, appearing to read "Timothy P O'Connor", is written over a light blue rectangular background.

Timothy P O'Connor

Pension Board President



***Lincolnwood Police Pension Board
Village of Lincolnwood
6900 N. Lincoln Avenue,
Lincolnwood, IL 60712***

Annual Verification of Beneficiary

Name (printed) _____

Address _____

Phone Number _____

Email Address _____

You may share the above information with other pensioners

Signature/Date _____