



# Looking for an easy way to save additional retirement income?

## Enroll in IMRF's Voluntary Additional Contribution program!

- You may contribute up to a maximum of 10% of your earnings to the Voluntary Additional Contribution program. At retirement, you can take your Voluntary Additional Contributions as a lump sum or as an additional monthly pension.
- Voluntary Additional Contribution interest is credited differently from a traditional savings account:
  - A traditional savings account credits interest on the current amount in the account.
  - IMRF credits interest at the end of the year on the beginning of the year amount. Therefore, you will not earn any interest the first year you begin making Voluntary Additional Contributions.
- Voluntary Additional Contributions are after tax—they are not tax-deferred like usual IMRF member contributions. Some members may be better served by contributing a portion of their salary on a pre-tax (tax-deferred) basis to their employer's deferred compensation plan, e.g., 457 or 403(b).
- The rate of interest paid is currently 7-1/2%. This interest rate can change in the future. If the interest rate changes, IMRF will not notify Voluntary Additional Contribution participants of the change.
- Unlike the Voluntary Additional Contributions themselves, the interest credited to your Voluntary Additional Contribution account is tax-deferred.
- Although you can apply for a refund of your Voluntary Additional Contributions at any time, IMRF discourages such refunds. If you are seeking a short-term savings vehicle, Voluntary Additional Contributions may not be the right choice.

### Interest example (assumes 7.50% interest rate does not change)

January 1, 2013 opening balance .....	\$0.00
VA Contributions made during 2013 .....	\$400.00
Interest credited on December 31, 2013 based upon	
January 1, 2013 balance of \$0 x 7.50%.....	\$0.00
January 1, 2014 opening balance .....	\$400.00
VA Contributions made during 2014 .....	500.00
Interest credited on December 31, 2014 based upon	
January 1, 2014 balance of \$400 x 7.50%.....	\$30.00
January 1, 2015 opening balance	
2013 VA contributions .....	\$400.00
2013 interest.....	\$0.00
2014 VA contributions .....	\$500.00
2014 interest.....	\$30.00
Total January 1, 2015 opening balance .....	\$930.00
Interest credited on December 31, 2015 based upon	
January 1, 2015 balance of \$930 x 7.50%.....	\$69.75

*Although the Voluntary Additional Contribution program offers you an easy way to save for retirement, **only you know if it is right for you.** If you are uncertain about making Voluntary Additional Contributions or the tax consequences of Voluntary Additional Contribution refunds, you should contact your financial advisor.*

### **Participating in the Voluntary Additional Contribution (VAC) program**

- You choose to participate in the VAC program by completing IMRF Form 6.30, “Election to Make Voluntary Additional Contributions.”
- If you choose to participate in VAC, your employer **must** allow you to do so by ensuring the after-tax contributions are withheld from your salary. The employer must also report and transmit your VAC to IMRF.
- VAC are deposited in a separate account for each member. These accounts are not matched by the employer.

### **Withdrawals/Refunds**

- To request a refund of Voluntary Additional Contributions (VAC), please fill out IMRF Form VARF, “Request for Refund of Voluntary Additional Contributions (VAC).”
- **If you are CURRENTLY EMPLOYED by an IMRF Employer:**
  - ***You will NOT be paid interest*** on a VAC refund if you are currently employed by an IMRF employer. Your interest will remain on account and continue to earn interest. You will be eligible for a refund of the interest when you stop working for your IMRF employer or when you apply for your IMRF Pension.
    - You may choose to continue or stop making VA Contributions after receiving a refund. You may indicate your choice on the IMRF VARF Form.
    - You must receive a refund of **all** of your VA Contributions on deposit. You may not receive a partial refund.
- **If you are NO LONGER EMPLOYED by an IMRF Employer:**
  - ***You will receive a refund of all of your VA Contributions, including any interest*** on your account, because you are no longer employed by an IMRF employer.
    - You must receive a refund of **all** of your VA Contributions on deposit. You may not receive a partial refund.
      - If you are less than age 59-1/2, the taxable portion of the refund (the interest earned) will be subject to income tax penalties. You can avoid these income tax penalties by rolling over the taxable portion into an IRA or other qualified retirement plan. Unless the taxable portion is directly rolled over, federal law requires IMRF to make a 20% tax withholding.
    - When you stop working for your IMRF employer and if you apply for a refund of your usual IMRF member contributions (a “separation refund”)—your Voluntary Additional Contributions (with interest) **must** be refunded at the same time.

### **Retiring with VA contributions**

- At retirement Voluntary Additional Contributions may be:
    - Taken in a lump sum,
- OR**
- Applied to a monthly annuity if your VAC balance is \$4,500 or more.

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