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VII. PENSION FUND

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GLEN ELLYN POLICE PENSION FUND

The Police Pension Fund is a Pension Trust Fund and is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future.

The Glen Ellyn Police Pension Fund is organized under state statute (40 ILCS 5/3-101) to provide “for the benefit of its police officers and of their surviving spouses, children, and certain other dependents”. Our Police Pension Fund is administered by a five-member Pension Board as defined by statute, and includes two members (typically residents) appointed by the Village Board, two active police officers, and one current beneficiary.

Money used to pay for the benefits of retired police officers comes from three sources:

- Active Police Officers –Police officers contribute 9.91% of their base salary in accordance with state statute. Note – Police Officers do not participate or contribute to Social Security, but do pay a Medicare tax of 1.45% of salary.
- Investment Income – Income generated by the Fund’s investment holdings. The pension fund investment portfolio has a longer-term focus, and broader ranges of investments are permitted, than that used for general Village investments.
- Village Contribution – According to calculations performed by an independent actuary, this is the amount needed to fully fund the plan (from a long-term time perspective) based on a set of interest earnings rate, salary rate increase, mortality, and other assumptions. For Fiscal Year 2018, we are budgeting a \$1.96 million contribution, an increase of \$346,000 from the 2017 contribution. The contribution is made from the Village’s General Fund to the Police Pension Fund.

Retirement Benefits

The Police Pension Plan, set by State law, provides retirement benefits at age 50, with a minimum of 20 years of service, at a rate of one half the annual salary attached to the rank held on the last day of service. The annual pension increases by 2.5% of the annual salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such annual salary. Generally, upon the attainment of age 55, retired Police Officers receive an annual compounded increase in their pension of 3% each January 1st. Changes in law have modified this benefit for officers who began employment after January 1, 2011. These modified benefits include normal retirement age of 55, non-compounding CPI-based cost of living increases after age 60, and benefits based on the average salary over the last eight years. There are 36 beneficiaries receiving a monthly police pension from the Glen Ellyn Police Pension Fund.

FUND: POLICE PENSION FUND
DEPARTMENT: FINANCE

ORG	OBJECT	ACCOUNT DESCRIPTION	2018						% CHG 2017 ORG BUD
			2016 ACTUAL	2017 ORIG BUD	2017 REVISED BUD	2017 PROJECTION	2018 BUDGET		
9000 POLICE PENSION REVENUES									
9000	440700	POLICE PENSION EE CONTRIBUTION	\$ 347,368	\$ 340,000	\$ 340,000	\$ 344,000	\$ 355,000	4.4%	
9000	460100	INTEREST INCOME	7,536	8,000	8,000	8,000	10,000	25.0%	
9000	460700	INVESTMENT INCOME - FIXED INC	503,490	400,000	400,000	474,000	475,000	18.8%	
9000	460710	INVESTMENT INCOME-DIV/CAP	120,321	100,000	100,000	100,000	120,000	20.0%	
9000	460725	REALIZED GAIN/LOSS ON INVESTMEN	1,121,228	40,000	40,000	2,113,550	500,000	1150.0%	
9000	460730	UNREALIZED GAIN/LOSS ON INV	(163,462)	1,200,000	1,200,000	(300,000)	780,000	-35.0%	
9000	490700	TRANSFER TO POLICE PENSION	1,692,000	1,613,000	1,613,000	1,613,000	1,959,000	12.7%	
TOTAL	POLICE PENSION REVENUE		\$ 3,628,480	\$ 3,701,000	\$ 3,701,000	\$ 4,352,550	\$ 4,199,000	9.6%	
90000 POLICE PENSION EXPENSES									
90000	520600	DUES-SUBSCRIPTIONS-REG FEES	\$ 1,085	\$ 2,000	\$ 2,000	\$ 1,100	\$ 2,000	0.0%	
90000	520605	ASSOCIATION DUES	795	800	800	800	800	0.0%	
90000	520610	STATE OF IL FILING FEE	5,222	5,300	5,300	5,200	5,300	0.0%	
90000	520625	TRAVEL	1,369	1,500	1,500	1,500	1,500	0.0%	
90000	520700	LEGAL - GENERAL COUNSEL	415	500	500	700	700	40.0%	
90000	520800	INVESTMENT MANAGER/ADVISOR	39,292	50,000	50,000	70,600	52,500	5.0%	
90000	520815	CUSTODIAL ACCOUNT FEES	17,637	18,500	18,500	18,500	18,500	0.0%	
90000	520820	ACTUARIAL FEES	1,600	5,000	5,000	4,000	4,000	-20.0%	
90000	520830	ACCOUNTING SERVICES FEES	575	600	600	600	625	4.2%	
90000	520835	BANKING SERVICES	(79)	-	-	-	-	0.0%	
90000	520880	FIDUCIARY INSURANCE	4,451	4,700	4,700	4,526	4,800	2.1%	
90000	521055	PROFESSIONAL SERVICES - OTHER	690	-	-	800	1,000	0.0%	
90000	521205	SERVICE PENSIONS	1,676,063	1,800,000	1,800,000	1,794,000	1,991,000	10.6%	
90000	521210	DUTY DISABILITY PENSIONS	137,941	165,000	165,000	135,000	139,000	-15.8%	
90000	521215	SURVIVING SPOUSE PENSION	146,798	150,000	150,000	133,000	133,000	-11.3%	
90000	521220	EMPLOYEE CONTRIBUTION REFUND	3,017	30,000	30,000	80,000	30,000	0.0%	
TOTAL	POLICE PENSION EXPENSES		\$ 2,036,871	\$ 2,233,900	\$ 2,233,900	\$ 2,250,326	\$ 2,384,725	6.8%	
TOTAL	POLICE PENSION FUND		\$ 1,591,609	\$ 1,467,100	\$ 1,467,100	\$ 2,102,224	\$ 1,814,275	14.1%	

Available Cash Analysis

Available, January 1, 2017	\$ 27,380,278
Preliminary FY2017 inflow / (outflow)	\$ 2,102,224
Budgeted FY2018 inflow / (outflow)	\$ 1,814,275
Projected Available, December 31, 2018	<u>\$ 31,296,777</u>

**FUND: POLICE PENSION FUND
DEPARTMENT: FINANCE**

ACCOUNTS FOR:	2018 BUDGET
9000 POLICE PENSION REVENUES	
9000 440700 - POLICE PENSION EE CONTRIBUTION	355,000
PROJECTS A 2.5% INCREASE ON EST. ACTUAL ALIGNED WITH POLICE CONTRACT	355,000
9000 460100 - INTEREST INCOME	10,000
CONSERVATIVE BUDGET ESTIMATE BASED UPON 2017 ESTIMATE	10,000
9000 460700 - INVESTMENT INCOME - FIXED INC	475,000
BASED ON EST. ACTUAL AND ACHIEVING A 6.5% RETURN	475,000
9000 460710 - INVESTMENT INCOME-DIV/CAP	120,000
ESTIMATED BASED UPON ANTICIPATED 2017 ESTIMATED ACTUAL	120,000
9000 460725 - REALIZED GAIN/LOSS ON INVESTME	500,000
BASED ON HISTORICAL RESULTS AND ACHIEVING 6.5% INVESTMENT RETURN	500,000
9000 460730 - UNREALIZED GAIN/LOSS ON INV	780,000
BASED UPON ACHIEVING A 6.5% INVESTMENT RETURN	780,000
9000 490700 - TRANSFER TO POLICE PENSION	1,959,000
BASED UPON INVESTMENT RETURN OF 6.5%	1,959,000
TOTAL POLICE PENSION REVENUES	4,199,000
90000 POLICE PENSION EXPENSES	
90000 520600 - DUES-SUBSCRIPTIONS-REG FEES	2,000
TRAINING FPR TRUSTEES REQUIRED BY ILLINOIS STATUTES	2,000
90000 520605 - ASSOCIATION DUES	800
ILLINOIS PUBLIC PENSION FUND ASSOC MEMBERSHIP WHICH ALLOWS TRUSTEES TO ATTEND TRAINING AT REDUCED RATES	800
90000 520610 - STATE OF IL FILING FEE	5,300
FEE FOR SUBMISSION OF ANNUAL REPORT TO THE ILLINOIS DEPARTMENT OF INSURANCE	5,300
90000 520625 - TRAVEL	1,500
COVERS TRAVEL EXPENSES FOR TRUSTEES WHILE AT REQUIRED TRAINING	1,500

**FUND: POLICE PENSION FUND
DEPARTMENT: FINANCE**

ACCOUNTS FOR:	2018 BUDGET
90000 520700 - LEGAL - GENERAL COUNSEL	700
INCIDENTAL LEGAL EXPENSES	700
90000 520800 - INVESTMENT MANAGER/ADVISOR	52,500
INVESTMENT CONSULTANT FEES	52,500
90000 520815 - CUSTODIAL ACCOUNT FEES	18,500
CUSTODIAL BANKING EXPENSES	18,500
90000 520820 - ACTUARIAL FEES	4,000
ENROLLED ACTUARY ENGAGED TO CALCULATE THE ANNUAL CONTRIBUTION TO PENSION FUND AND PROVIDE REQUIRED INFO FOR ANNUAL AUDIT	4,000
90000 520830 - ACCOUNTING SERVICES FEES	625
PREPARATION OF ANNUAL REPORT SUBMITTED TO THE DEPARTMENT OF INSURANCE	625
90000 520880 - FIDUCIARY INSURANCE	4,800
ANNUAL INSURANCE PREMIUM - BASED OF PRIOR YEAR INCREASES OF 5-6%	4,800
90000 521055 - PROFESSIONAL SERVICES - OTHER	1,000
MEDICAL EVALUATION AND OTHER INCIDENTAL EXPENSES	1,000
90000 521205 - SERVICE PENSIONS	1,991,000
INCLUDES KNOWN PENSION PAYMENTS AN ESCALATOR FOR NEW RETIREMENTS	1,991,000
90000 521210 - DUTY DISABILITY PENSIONS	139,000
ESTIMATED DUTY DISABILITY PENSION PAYMENTS FOR 2018. ASSUMES NO NEW OCCURENCES	139,000
90000 521215 - SURVIVING SPOUSE PENSION	133,000
SURVIVING SPOUSE PENSION COSTS; ONE LESS PENSION THAN 2017 BUDGET	133,000
90000 521220 - EMPLOYEE CONTRIBUTION REFUND	30,000
CONTRIBUTION REFUNDS REQUIRED BY STATUTES. REFUNDS HAVE RANGED FROM \$20,000-\$74,000	30,000
TOTAL POLICE PENSION EXPENDITURES	2,384,725