

GLEN ELLYN POLICE PENSION FUND

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 citizens appointed by the Village Board, two active police officers, and one current beneficiary of a Glen Ellyn Police pension.

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

- Active Police Officers – Each officer pays 9.91 percent of their base salary as an on-going contribution into the fund (there are 39 budgeted sworn officer participants). This is expected to generate about \$240,000 in fiscal year 2005/06. Effective in January, 2001 the contribution from police officers was increased from 9.00 percent to 9.91 percent of salary in accordance with certain benefit “betterments” approved by the Illinois General Assembly which also increased required taxpayer support. 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 \$17 million in investment assets. The pension fund investment portfolio has a longer-term focus than that used for general Village investments. As a result, returns are expected to be somewhat higher than what would be experienced by Village operating funds. For FY06, a 7.5% return assumption is used which would generate \$1,275,000 on the Fund’s \$17 million in assets. Returns for the last four fiscal years FY01, FY02, FY03 and FY04 averaged 11.7%, 5.2%, 5.4% and 4.9% respectively.
- 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 FY06, the actuarially determined contribution by the taxpayers is \$608,000, up 19% or \$95,000 from the FY05 contribution of \$513,000, and more than double (179%) from the \$218,000 contribution of 7 years ago. Recent benefit increases (mandated by the State), low investment returns, and salary increases were the more significant contributors to the higher contribution rate for FY06. At the completion of the actuary’s latest report (4/30/04) the Pension Fund was 72% of “fully funded” status.

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. As of March, 2005, there are 29 beneficiaries receiving a monthly police pension from the Glen Ellyn Police Pension Fund at an annual cost of approximately \$1,000,000.