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VIII. PENSION FUND

Pension Trust Funds are used to account for resources that are required to be held in trust for the members and beneficiaries of particular benefit plans. The Village of Glen Ellyn has one pension trust fund for the Glen Ellyn Police Pension Fund, a defined benefit pension fund.

Glen Ellyn Police Pension Fund	8-1
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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. The portfolio has a targeted annual return of 6.5%.
- 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 2022, we are budgeting a \$2.06 million contribution, which is the same as the prior year. 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. In 2020, Public Act 101-0610 modified the Tier 2 benefits including the final average salary computation, the pensionable salary cap, and survivor benefits. There are 39 beneficiaries receiving a monthly police pension from the Glen Ellyn Police Pension Fund.

Downstate Public Safety Pension Consolidation

At the end of 2019, Public Act 101-0610 consolidated the assets of the downstate fire and police pension funds into two consolidated funds (one for police and one for fire). This law mandates the transfer of Glen Ellyn’s investment assets into the consolidated fund. An exact date of the transfer is not known, but it is likely to occur in 2022. The consolidated fund will be responsible for the investing and actuarial assumptions. The Glen Ellyn Police Pension Board will retain local authority

for benefit determination and distribution (including disability awards). The 2022 budget assumes that the fund will continue to hold and manage assets through the end of 2022 as the date of the transfer is unknown.

FUND: POLICE PENSION FUND
DEPARTMENT: FINANCE

ORG	OBJECT	ACCOUNT DESCRIPTION	2020 ACTUAL	2021 ORIG BUD	2021 REV BUD	2021 PROJECTION	2022 BUDGET	\$ CHG FROM 2021 ORIG BUD	% CHG FROM 2021 ORG BUD	\$ CHG FROM 2021 PROJ	% CHG FROM 2021 PROJ
9000 POLICE PENSION REVENUES											
9000	440700	POLICE PENSION EE CONTRIBUTION	388,009	383,000	383,000	392,000	411,600	28,600	7.5%	19,600	5.0%
9000	460100	INTEREST INCOME	1,746	5,000	5,000	7,850	5,000	-	0.0%	(2,850)	-36.3%
9000	460700	INVESTMENT INCOME - FIXED INC	289,194	350,000	350,000	287,500	170,000	(180,000)	-51.4%	(117,500)	-40.9%
9000	460710	INVESTMENT INCOME-DIV/CAP	387,548	325,000	325,000	410,000	223,450	(101,550)	-31.2%	(186,550)	-45.5%
9000	460725	REALIZED GAIN/LOSS ON INVESTMENTS	473,132	500,000	500,000	490,000	650,000	150,000	30.0%	160,000	32.7%
9000	460730	UNREALIZED GAIN/LOSS ON INV	2,040,511	965,000	965,000	2,040,000	1,260,000	295,000	30.6%	(780,000)	-38.2%
9000	489000	MISCELLANEOUS REVENUE	226	-	-	42,000	-	-	0.0%	(42,000)	-100.0%
9000	490700	TRANSFER TO POLICE PENSION	1,959,000	2,059,000	2,059,000	2,059,000	2,059,000	-	0.0%	-	0.0%
TOTAL POLICE PENSION REVENUE			5,539,366	4,587,000	4,587,000	5,728,350	4,779,050	192,050	4.2%	(949,300)	-16.6%
90000 POLICE PENSION EXPENSES											
90000	520600	DUES-SUBSCRIPTIONS-REG FEES	1,055	2,000	2,000	1,500	2,000	-	0.0%	500	33.3%
90000	520605	ASSOCIATION DUES	795	800	800	800	800	-	0.0%	-	0.0%
90000	520610	STATE OF IL FILING FEE	5,769	6,000	6,000	6,564	6,000	-	0.0%	(564)	-8.6%
90000	520625	TRAVEL	-	1,300	1,300	200	1,000	(300)	-23.1%	800	400.0%
90000	520700	LEGAL - GENERAL COUNSEL	526	700	700	500	500	(200)	-28.6%	-	0.0%
90000	520800	INVESTMENT MANAGER/ADVISOR	94,688	84,000	84,000	83,000	84,000	-	0.0%	1,000	1.2%
90000	520815	CUSTODIAL ACCOUNT FEES	7,500	12,500	12,500	7,500	7,500	(5,000)	-40.0%	-	0.0%
90000	520820	ACTUARIAL FEES	3,183	5,300	5,300	3,200	5,300	-	0.0%	2,100	65.6%
90000	520830	ACCOUNTING SERVICES FEES	675	725	725	675	725	-	0.0%	50	7.4%
90000	520880	FIDUCIARY INSURANCE	4,940	5,300	5,300	5,680	6,000	700	13.2%	320	5.6%
90000	521055	PROFESSIONAL SERVICES - OTHER	-	700	700	1,000	1,000	300	42.9%	-	0.0%
90000	521205	SERVICE PENSIONS	2,110,939	2,224,400	2,224,400	2,161,500	2,297,000	72,600	3.3%	135,500	6.3%
90000	521210	DUTY DISABILITY PENSIONS	87,176	88,000	88,000	87,500	88,000	-	0.0%	500	0.6%
90000	521215	SURVIVING SPOUSE PENSION	281,503	300,000	300,000	300,000	300,000	-	0.0%	-	0.0%
90000	521220	EMPLOYEE CONTRIBUTION REFUND	92,501	30,000	30,000	540,000	100,000	70,000	233.3%	(440,000)	-81.5%
TOTAL POLICE PENSION EXPENSES			2,691,250	2,761,725	2,761,725	3,199,619	2,899,825	138,100	5.0%	(299,794)	-9.4%
CHANGE IN NET POSITION - POLICE PENSION FUND			2,848,116	1,825,275	1,825,275	2,528,731	1,879,225				

Available Cash Analysis

Available, January 1, 2021	35,631,521
Preliminary FY2021 inflow / (outflow)	2,528,731
Budgeted FY2022 inflow / (outflow)	1,879,225
Projected Available, December 31, 2022	<u>40,039,477</u>

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

ACCOUNTS FOR:	2022 BUDGET
9000 POLICE PENSION REVENUES	
9000 440700 - POLICE PENSION EE CONTRIBUTION	411,600
PROJECTS A 2.25% INCREASE ON EST. ACTUAL	411,600
9000 460100 - INTEREST INCOME	5,000
CONSERVATIVE BUDGET ESTIMATE	5,000
BASED UPON 2020 EST.	
9000 460700 - INVESTMENT INCOME - FIXED INC	170,000
BASED ON EST. ACTUAL AND ACHIEVING A 6.5% RETURN	170,000
9000 460710 - INVESTMENT INCOME-DIV/CAP	223,450
ESTIMATED BASED UPON	223,450
ANTICIPATED 2020 EST.	
9000 460725 - REALIZED GAIN/LOSS ON INVESTMENT	650,000
BASED ON HISTORICAL RESULTS AND	650,000
ACHIEVING 6.5% INVESTMENT RETURN	
9000 460730 - UNREALIZED GAIN/LOSS ON INV	1,260,000
BASED UPON ACHIEVING A 6.5% INVESTMENT	1,260,000
RETURN	
9000 490700 - TRANSFER TO POLICE PENSION	2,059,000
BASED UPON INVESTMENT RETURN OF 6.5%	2,059,000
TOTAL POLICE PENSION REVENUES	4,779,050
90000 POLICE PENSION EXPENSES	
90000 520600 - DUES-SUBSCRIPTIONS-REG FEES	2,000
TRAINING FOR TRUSTEES REQUIRED BY	2,000
ILLINOIS STATUTES	
90000 520605 - ASSOCIATION DUES	800
ILLINOIS PUBLIC PENSION FUND ASSOC	800
MEMBERSHIP WHICH ALLOWS TRUSTEES TO	
ATTEND TRAINING AT REDUCED RATES	
90000 520610 - STATE OF IL FILING FEE	6,000
FEE FOR SUBMISSION OF ANNUAL REPORT TO	6,000
THE ILLINOIS DEPARTMENT OF INSURANCE	
90000 520625 - TRAVEL	1,000
COVERS TRAVEL EXPENSES FOR TRUSTEES	1,000
WHILE AT REQUIRED TRAINING	
90000 520700 - LEGAL - GENERAL COUNSEL	500
INCIDENTAL LEGAL EXPENSES	500

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

ACCOUNTS FOR:	2022 BUDGET
90000 520800 - INVESTMENT MANAGER/ADVISOR	84,000
MARQUETTE CONSULTANT FEES	50,000
OTHER MANAGER FEES	34,000
90000 520815 - CUSTODIAL ACCOUNT FEES	7,500
CUSTODIAL BANKING EXPENSES	7,500
90000 520820 - ACTUARIAL FEES	5,300
ENROLLED ACTUARY ENGAGED TO CALCULATE	3,300
THE ANNUAL CONTRIBUTION TO PENSION FUND	
AND PROVIDE REQUIRED	
INFO FOR ANNUAL AUDIT	
ADDITIONAL ACTUARIAL WORK AS REQUESTED	2,000
BY BOARD	
90000 520830 - ACCOUNTING SERVICES FEES	725
PREPARATION OF ANNUAL REPORT SUBMITTED	725
TO THE DEPARTMENT OF INSURANCE	
90000 520880 - FIDUCIARY INSURANCE	6,000
ANNUAL INSURANCE PREMIUM - BASED OF	6,000
PRIOR YEAR INCREASES OF 5-6%	
90000 521055 - PROFESSIONAL SERVICES - OTHER	1,000
MEDICAL EVALUATION AND OTHER INCIDENTAL	1,000
EXPENSES	
90000 521205 - SERVICE PENSIONS	2,297,000
INCLUDES KNOWN PENSION PAYMENTS AN	2,297,000
ESCALATOR FOR NEW RETIREMENTS	
90000 521210 - DUTY DISABILITY PENSIONS	88,000
ESTIMATED DUTY DISABILITY PENSION	88,000
PAYMENTS	
90000 521215 - SURVIVING SPOUSE PENSION	300,000
SURVIVING SPOUSE PENSION COSTS	300,000
90000 521220 - EMPLOYEE CONTRIBUTION REFUND	100,000
CONTRIBUTION REFUNDS REQUIRED BY	100,000
STATUTES. REFUNDS HAVE RANGED FROM	
20,000-\$74,000 DEPENDENT ON NUMBER OF REQUESTS	
TOTAL POLICE PENSION EXPENSES	2,899,825