



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

The “Fun” Details of Public Safety Pension Funds (Data, Documents, and Other Details)

Organizational Management

Principals of Public Finance

Presented By:

Jennifer Flores and Stephanie Masson

Actuarial

Audit

**Financial
Services**

Pension

Tax

Agenda

Kick-Off

- Introductions

Topics to Cover

- Records Management
 - Crash Course
 - Process
 - Digital Records
 - Disaster Response
 - Policies
 - Pension Documents and Files
- Pension Fund Details and Best Practices

Wrap-Up

- Q & A
- Contact Info



Per the Illinois Local Records Act

(50 ILCS 205/7) (from Ch. 116, par. 43.107) Sec. 7

“Except as otherwise provided by law,
no public record shall be disposed of
by any officer or agency unless the
written approval of the appropriate
Local Records Commission is first
obtained.”



Records Management Crash Course

Key Term:

Local Records Act

- Illinois Compiled Statute (50 ILCS 205)
- Defines a local record and what entities are bound by the statute
- Regulates the preservation and disposal of public records for all units of local government in Illinois

LOCAL GOVERNMENT (50 ILCS 205/) Local Records Act.

(50 ILCS 205/1) (from Ch. 116, par. 43.101)
Sec. 1. This Act may be cited as the Local Records Act.
(Source: P.A. 86-1475.)

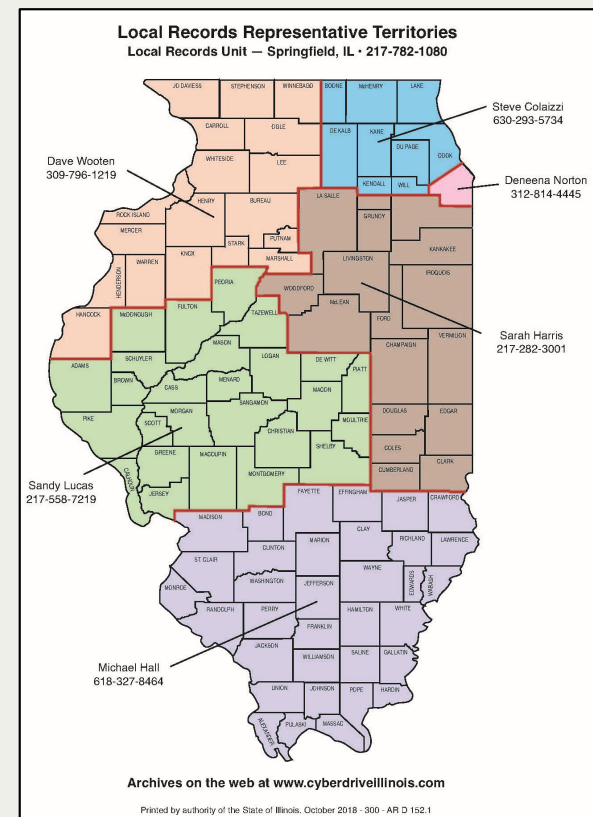
(50 ILCS 205/2) (from Ch. 116, par. 43.102)
Sec. 2. This Act declares that a program for the efficient and economical management of local records will promote economy and efficiency in the day-by-day recordkeeping activities of local governments and will facilitate and expedite governmental operations.
(Source: Laws 1961, p. 3503.)

Records Management Crash Course

Key Concept:

Who Oversees Records Management in Illinois?

- Secretary of State
 - Illinois State Archives
 - Records Management Division
- Local Records Commission
 - Downstate
 - Cook County



Records Management Crash Course

Key Term:

Application for Authority to Dispose of Local Records (a.k.a. APP)

- Filed inventory list of records approved by the designated Local Records Commission
- Defines records retention periods and records categories a local Board has in their possession

Secretary of State
Local Records Unit
Margaret Cross Norton Bldg.
Springfield, Illinois 62756
Telephone (217) 782-7076

Local Records Commission
Of Cook County, Illinois

Application No. [REDACTED]

APPLICATION FOR AUTHORITY TO
DISPOSE OF LOCAL RECORDS

Page 1 of 10

AGENCY [REDACTED]
ADDRESS [REDACTED]
CITY [REDACTED] ZIP [REDACTED]
PHONE [REDACTED]

Approval:
Local Records Commission
of Cook County, Illinois
County Building – Room 801
Chicago, Illinois 60602
(312) 603-7832

Zahra Ali
Chair

David Joens
Director, State Archives

January 10, 2023
Date

I hereby request authority to dispose of local government records according to the schedule below. I certify that any microfilm or digitized copies will be made in accordance with the standards of the Local Records Commission of Cook County and will be adequate substitutes for the original records.

[REDACTED] DECEMBER 9, 2022
Signature of Agency Head Date
Pension Board Secretary

RECORDS LISTED ON THIS APPLICATION MAY BE DISPOSED OF:

- After their individual retention period is complete,
- If they are correctly listed on a Records Disposal Certificate submitted to and approved by the Local Records Commission of Cook County thirty (30) days prior to disposal,
- Providing any local, state, and federal audit requirements have been met,
- As long, as they are not needed for any litigation either pending or anticipated.

THIS RECORDS RETENTION SCHEDULE DOES NOT RELIEVE LOCAL GOVERNMENT AGENCIES OF RETENTION REQUIREMENTS MANDATED BY OTHER STATE AND FEDERAL STATUTES AND/OR REGULATIONS. WHEN SUCH AN OBLIGATION DOES EXIST, THEN THE LONGER RETENTION PERIOD TAKES PRECEDENCE.

ANY RECORD ON THIS APPLICATION MAY BE MICROFILMED OR DIGITIZED AND THE RECORD DISPOSED OF IF THE RECORD IS MICROFILMED OR DIGITIZED IN ACCORDANCE WITH THE STANDARDS OF THE LOCAL RECORDS COMMISSION OF COOK COUNTY AND IF THE FILM OR DIGITIZED RECORD IS RETAINED FOR THE PRESCRIBED RETENTION PERIOD.

DISPOSAL OF RECORDS AFTER MICROFILMING OR DIGITIZING
MUST BE NOTED ON THE RECORDS DISPOSAL CERTIFICATE.

THIS APPLICATION AND ANY RELATED RECORDS DISPOSAL CERTIFICATES ARE TO BE RETAINED PERMANENTLY.

www.ilsos.gov/departments/archives/records_management/home.html



Records Management Crash Course

Understanding your agency's APP

- Application Number
- Item Number
- Records Series Title
- Recommended Retention Period

Other Items:

Volume, Annual Accumulation, Arrangement

Application No. [REDACTED]
Page 3 of 10

**APPLICATION FOR AUTHORITY
TO DISPOSE OF LOCAL RECORDS
(RECORDS RETENTION SCHEDULE)
(continued)**

Item No.	Record Series Title, Description and Recommendation
1.	<p><u>APPLICATIONS FOR AUTHORITY TO DISPOSE OF LOCAL RECORDS AND LOCAL RECORDS DISPOSAL CERTIFICATES</u></p> <p>Dates: 2013- Volume: Negligible Annual Accumulation: Negligible Arrangement: Chronological</p> <p>Recommendation: Retain permanently.</p>
2.	<p><u>ACTUARIAL FUNDING POLICIES</u></p> <p>Dates: 2012- Volume: Negligible/1.83 G.B. Annual Accumulation: Negligible/.2 G.B. Arrangement: Chronological</p> <p>Recommendation: Retain permanently.</p>
3.	<p><u>ACTUARIAL REPORTS AND TAX LEVIES</u></p> <p>Dates: 1990- Volume: Negligible Annual Accumulation: Negligible Arrangement: Chronological</p> <p>Recommendation: Retain for seven (7) years, then dispose of.</p>
4.	<p><u>ADMINISTRATIVE FILES AND MISCELLANEOUS CORRESPONDENCE, INCLUDING EMAIL CLASSIFIED AS GENERAL CORRESPONDENCE AND NOT RELATED TO ANOTHER RECORDS SERIES; COPIES, REFERENCE MATERIALS, PUBLICATIONS, ETC.</u></p> <p>Dates: 1975- Volume: 1 ¼ Cubic Feet/25 M.B. Annual Accumulation: Negligible/.1 M.B. Arrangement: Chronological</p> <p>Recommendation: Retain for one (1) year, then dispose of records no longer possessing any further administrative, fiscal, legal, and/or historical value.</p>



Records Management Crash Course

Key Term:

Disposal Certificate

- Compiled from APP and based on recommended retention periods
- Filed with the SOS Records Management Division for approval

Sample Records Disposal Certificate (DC):

RECORDS DISPOSAL CERTIFICATE

APPLICATION # 20-001

TO: Local Records Commission
Margaret Cross Norton Building
Springfield, IL 62766
217-782-7075

FROM: County Clerk/Recorder
275 W. Olive
P.O. Box 219
Jerseyville 62052

ADDRESS: (Spec. P.O. No.)
Jerseyville 62052

CONTACT TELEPHONE: (000) 000-0000

CONTACT EMAIL: XYZ@systems.gov

Directions:
1. Fill in all blanks and columns.
2. Application item numbers must be listed in numerical order.
3. Record series titles must be listed as they appear on application.
4. Sign and send certificate to above address sixty (60) days prior to disposal date.
5. Retain records until approved copy is returned.
6. This form can be found online at <http://www.sos.state.il.us>

APPLICATION ITEM NO.	RECORD SERIES TITLE	INCLUSIVE DATES (MONTH/YEAR)	VOLUME OF RECORDS (Cu. Ft. or MB/GB)
101	Administrative Files & Miscellaneous Correspondence, including email classified as General Correspondence and note related to another record series, reference materials, publications, and etc.	2019	Neg. 24 MB
103	Applications for Employment Unsolicited Solicited	2019 2018	1 CF Neg.
104	Audio Recordings of Meetings	1/2019 - 6/2019	Neg.
105	Bids, Specifications and Proposals Unsuccessful Bids Successful Bids Successful Bids (scanned)	2017 2010 1/2011 - 12/2019	2 CF 1 CF 3 CF
			Total Volume from all pages Cu. Ft. 5 MB/GB 24

If any of the above records are microfilmed, I hereby certify that they have been reproduced in compliance with standards given in Sections 4000.50 and 4500.20 of the Regulations of the Local Records Commissions.

If the records are digitized, I certify that they have been reproduced in compliance with standards given in Sections 4000.70 / 4500.70 and will be maintained in compliance with standards given in Sections 4000.80 / 4500.80 of the Regulations of the Local Records Commissions.

I hereby certify that, in compliance with authorization received from the Local Records Commission, the records listed above will be disposed of on or after:

Date: _____ Approved by LSGB: _____

Signature: Jane Doe, Clerk/Recorder Date: _____
First name and title on the above

Prepared by: Jane Doe
(Signature required only if records have been microfilmed or digitized)

Prepared by: Winston Salem, Deputy Clerk

Printed by authority of the State of Illinois, December 2018 — 1M — LR 4.14



Records Management Crash Course

Understanding the Records Disposal Certificate

- Application Item Number
- Record Series Title
- Inclusive Dates (Month/Year)
- Volume of Records
 - Cubic Foot = 1 standard bankers box
 - Less than 1/2 cubic foot = Negligible

RECORDS DISPOSAL CERTIFICATE

TO: Local Records Commission
Margaret Cross Norton Building
Springfield, IL 62796
217-782-7075

APPLICATION #: [REDACTED]
COUNTY: Cook
FROM: [REDACTED]
(Agency Director)
(Street, P.O. Box)
(City, ST)
CONTACT TELEPHONE: [REDACTED]
EMAIL: jilores@lauterbachamenc.com

Directions:

1. Fill in all blanks and columns.
2. Application item numbers must be listed in numerical order as they appear on application.
3. Record series titles must be listed as they appear on application.
4. Sign and send certificate to above address.
5. Retain records until approved copy is returned.
6. This form can be found online at lrc.gov.

APPLICATION ITEM NO.	RECORD SERIES TITLE	INCLUSIVE DATES (MONTH/YEAR)	VOLUME OF RECORDS (Cu. Ft. or MB/GB)
3.	Actuarial Reports and Tax Levies**	1990-2023 ✓	Neg
4.	Administrative Files, Misc Correspondence	1975-2021 ✓	Neg / 20 MB
5.	Affidavits of Continued Eligibility	2018-2021 ✓	Neg.
7.	Bids, Specifications and Proposals - Successful	1991-2002 ✓	Neg.
7.	Bids, Specifications and Proposals - Unsuccessful	1991-2019 ✓	Neg.
9.	Board of Trustees Letters of Resignation	1989-2020 ✓	Neg.
10.	Daily, weekly and monthly reports**	1975-2022 ✓	.5 cu ft. /25 KB
10.	Annual and YTD Reports**	1975-2022 ✓	2 cu feet/100 KB
11.	Disability Case Files	1975-2019 ✓	Neg.
12.	Election Records	1989-2021 ✓	Neg.
13.	Freedom of Information Act Requests and Denials	2014-2020 ✓	Neg.
21.	Notice of Board Meeting Dates	1989-2021 ✓	Neg.
22.	Payroll Listing	1989-2022 ✓	Neg.
23.	Personnel Rosters	1990-2022 ✓	Neg.
24.	State and Federal Tax Statements - All of forms	2001-2015 ✓	Neg.
25.	Tax Identification Number	1995-2020 ✓	Neg.
26.	Trustee Training Certificates**	2011-2023 ✓	Neg.
27.	Vendor Contracts and Agreements	1994-2002 ✓	Neg.

** Records in this series have been converted to a digital format. Hard copies will be destroyed with a digital copy to serve as record.

16

DISPOSITION APPROVED

Total Volume from all pages
Cu. Ft. 4.5
MB/GB 125K

I hereby certify that, in compliance with authorization received from the Local Records Commission, the records listed above will be disposed of on or after:

3/14/2023 [REDACTED]

Approved by LRS [REDACTED]
Signature of the Agency Official [REDACTED]
Submission Date 2/13/23

Print Agency Official name and title on line above
Prepared by: Lauterbach & Amen, LLP

(Signature required only if records have been microfilmed or digitized.)

Printed by authority of the State of Illinois, November 2021 — 1 — LR 4.15



Records Management Crash Course

RECORDS DISPOSAL CERTIFICATE

APPLICATION #: [REDACTED]
 COUNTY: Cook
 FROM: [REDACTED]
 (Agency Division)
 (Street, P.O. Box)
 CONTACT TELEPHONE: [REDACTED]
 (City, State)
 EMAIL: jlfiores@lauterbachamen.com

RECEIVED
 FEB 14 2023
 COOK REC. COMM.

Directions:
 1. Fill in all blanks and columns.
 2. Application item numbers must be listed in numerical order.
 3. Record series titles must be listed as they appear on application.
 4. Sign and send certificate to above address.
 5. Retain records until approved copy is returned.
 6. This form can be found online at ilsos.gov.

APPLICATION ITEM NO.	RECORD SERIES TITLE	INCLUSIVE DATES (MONTH/YEAR)	VOLUME OF RECORDS (Cu. Ft. or MB/GB)
3.	Actuarial Reports and Tax Levies**	1990-2023 <input checked="" type="checkbox"/>	Neg.
4.	Administrative Files, Misc Correspondence	1975-2021 <input checked="" type="checkbox"/>	Neg. / 20 MB
5.	Affidavits of Continued Eligibility	2018-2021 <input checked="" type="checkbox"/>	Neg.
7.	Bids, Specifications and Proposals - Successful	1991-2002 <input checked="" type="checkbox"/>	Neg.

**** Records in this series have been converted to a digital format. Hard copies will be destroyed with a digital copy to serve as record.**

24.	State and Federal Tax Statements - All of forms	2001-2015 <input checked="" type="checkbox"/>	Neg.
25.	Tax Identification Number	1995-2020 <input checked="" type="checkbox"/>	Neg.
26.	Trustee Training Certificates	2011-2023 <input checked="" type="checkbox"/>	Neg.
27.	Vendor Contracts and Agreements	1994-2002 <input checked="" type="checkbox"/>	Neg.

DISPOSITION APPROVED

Total Volume from all pages
 Cu. Ft. 4.5
 MB/GB 125K

16

If any of the above records are microfilmed, I hereby certify that they have been reproduced in compliance with standards given in Sections 4000.50 and 4500.50 of the Regulations of the Local Records Commissions.
 If the records are digitized, I certify that they have been reproduced in compliance with standards given in Sections 4000.70 / 4500.70 and will be maintained in compliance with standards given in Sections 4000.80 / 4500.80 of the Regulations of the Local Records Commissions.

I hereby certify that, in compliance with authorization received from the Local Records Commission, the records listed above will be disposed of on or after:
 3/14/2023
 Approved by I.R.C.S.
 Signature of Agency Official: [REDACTED] Submission Date: 2-13-23

Print Agency Official name and title on line above
 Prepared by: Lauterbach & Amen, LLP

Printed by authority of the State of Illinois, November 2021 — 1 — LR 4.15

Understanding the Records Disposal Certificate

- Destroying hard copy records that have been converted to digital
- Special notations
- Additional signatures
- Exceptions



Records Management Crash Course

RECORDS DISPOSAL CERTIFICATE

APPLICATION #: [REDACTED]
 COUNTY: Cook
 FROM: [REDACTED]
 CONTACT TELEPHONE: [REDACTED]
 EMAIL: jlflores@lauterbachamenc.com

TO: Local Records Commission
 Margaret Cross Norton Building
 Springfield, IL 62756
 217-782-7075

Directions:
 1. Fill in all blanks and columns.
 2. Application item numbers must be listed in numerical order.
 3. Record series titles must be listed as they appear on application.
 4. Sign and send certificate to above address.
 5. Retain records until approved copy is returned.
 6. This form can be found online at lraos.gov.

APPLICATION ITEM NO.	RECORD SERIES TITLE	INCLUSIVE DATES (MONTH/YEAR)	VOLUME OF RECORDS (Cu. Ft. or MB/GB)
3	Actuarial Reports and Tax Levies**	1990-2023 ✓	Neg
4	Administrative Files, Misc Correspondence	1975-2021 ✓	Neg. / 20 MB
5	Affidavits of Continued Eligibility	2018-2021 ✓	Neg.
7	Bids, Specifications and Proposals - Successful	1991-2002 ✓	Neg.
7	Bids, Specifications and Proposals - Unsuccessful	1991-2019 ✓	Neg.

RECEIVED FEB 14 2023
 REC. COMM.

25.	Tax Identification Number	1995-2020 ✓	Neg.
26.	Trustee Training Certificate**	2011-2023 ✓	Neg.
27.	Vendor Contracts and Agreements	1994-2002 ✓	Neg.

** Records in this series have been converted to a digital format. Hard copies will be destroyed with a digital copy to serve as record.

DISPOSITION APPROVED

Total Volume from all pages
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 MB/GB 125K

16

If any of the above records are microfilmed, I hereby certify that they have been reproduced in compliance with standards given in Sections 4000.50 and 4500.50 of the Regulations of the Local Records Commissions.
 If the records are digitized, I certify that they have been reproduced in compliance with standards given in Sections 4000.70 / 4500.70 and will be maintained in compliance with standards given in Sections 400.33 / 4500.33 of the Regulations of the Local Records Commissions.

I hereby certify that, in compliance with authorization received from the Local Records Commission, the records listed above will be disposed of on or after:
 3/14/2023

Approved by I.R.C.B.
 Signature of Agency Official: [REDACTED] Submission Date: 2-13-23

Print Agency Official name and title on line above
 Prepared by: Lauterbach & Amen, LLP

(Signature required only if records have been microfilmed or digitized.)

Printed by authority of the State of Illinois, November 2021 — 1 — LR 4.15

** Records in this series have been converted to a digital format. Hard copies will be destroyed with a digital copy to serve as record.

Destroying hard copy records that have been converted to digital

- Applies to short term retention documents
- Must sign second signature line
- Must asterisk each applicable *Records Series Title* and denote that records have been digitized



Records Management Crash Course

Exceptions to Disposal of Digitally Converted Records

Permanent retention records

- Minutes
- Agendas
- Board meeting packets
- Audit reports
- Application for Membership
- Proof of last payment
- Rules and Regulations
- Investment Policy Statements



Records Management Crash Course

Exceptions to Disposing of Digitally Converted Records

Permanent retention records

- Why can't digital records replace permanent retention records?
 - Must be maintained for **at least** 100 years
 - Technology is ever evolving but paper never goes out of style!



Records Management Process

Step 1
Inventory
Records

Step 2
Submit to
State
Archivist

Step 3
Meet with
State
Archivist

Step 4
Submit
Disposal
Certificate

Step 5
Prepare for
and dispose
of records



Records Management Process



Before	During	Checkpoint	Evaluate
<p>Prepare your study approach and pick your checkpoint(s).</p> <p>Tools used to prep:</p> <p>Where to study?</p> <p>When to study?</p> <p>How long to study?</p> <p>Break/study schedule?</p> <p>Materials needed?</p> <p>Accountability?</p> <p>Pick checkpoint times:</p> <p>Time 1: _____</p> <p>Time 2: _____</p> <p>Time 3: _____</p>	<p>What strategies will you use to help maintain attention while studying?</p> <p><input type="checkbox"/> Self-Script</p> <p><input type="checkbox"/> Thought Pad</p> <p><input type="checkbox"/> Attention Checks</p> <p><input type="checkbox"/> Pomodoro Technique</p> <p><input type="checkbox"/> Study Partner</p> <p>_____</p> <p>_____</p>	<p>Stop and check your progress. Need to make any changes?</p> <p>1) Check-point 1: _____</p> <p><input type="checkbox"/> Completed objective(s)</p> <p><input type="checkbox"/> Used selected strategies</p> <p>Rate your attention: 1 2 3 4 5</p> <p>Needed change: _____</p> <p>2) Check-point 2: _____</p> <p><input type="checkbox"/> Completed objective(s)</p> <p><input type="checkbox"/> Used selected strategies</p> <p>Rate your attention: 1 2 3 4 5</p> <p>Needed change: _____</p> <p>3) Check-point 3: _____</p> <p><input type="checkbox"/> Completed objective(s)</p> <p><input type="checkbox"/> Used selected strategies</p> <p>Rate your attention: 1 2 3 4 5</p> <p>Needed change: _____</p>	<p>What work</p> <p>What did</p> <p>What got</p> <p>What can</p> <p>Reward:</p>

Sort records categorically

Member Files
 Minutes
 Agendas
 Actuary Reports
 Financial Reports
 Administrative Files
 Invoices, Receipts and Paid Bills

Arrange each category

Chronological
 Numerical
 Alphabetical

Create an inventory of records

Records Categories
 Earliest year of record
 Volume of records



Records Management Process

Securely Disposing of Agency Records

Administrative Code: Title 44

Any records that contains sensitive personal information must be destroyed in such a way that reconstruction or retrieval of the information would not be possible.

Sensitive Information May Consist of:

- Social Security Number
- Driver's License Number
- Name
- Birthdate

Destruction Methods May Consist of:

- Burning
- Shredding (specifics: cross-shredder or 3/8 inch width)



Digital Records Conversion

Why convert to digital?

- Efficient
- Accessible
- Secure
- More Organized
- Easily Searchable
- Not limited by physical space



Records Management Crash Course

To digitize or not to digitize...that is the question!

Permanent retention records

- What is the value to converting permanent retention records to digital if they must be kept in paper?
 - Digital redundancies provide a back up
 - Digital records are easily accessible, transferrable and secure



Digital Records Conversion

Preparing for Digital Records Conversion

Where will records be stored?

- Municipal or Department servers
 - Dedicated drive with restricted access
- Cloud application
 - Service fees
 - Security
 - Additional redundancy
- External hard drive
 - Back up drives
 - Only Available for Select records

Other details...

- Naming conventions
- Records for conversion
- Maintenance
 - Frequency
 - Responsibility
- Who will Convert the records
 - In-house or Third party
- File Types



Digital Records Conversion



Why convert to digital?

Your agency ran out of storage for your tangible records.

The Board decides to use a third-party storage facility to keep historical records...but there's a fire and all records are destroyed *without a digital copy to replace them.*

Photo Credit: FOX 32 Chicago – Access Document Storage Facility (Bartlett, Illinois)



Safe & Secure Recordkeeping

Tangible Records

- Water damage
- Fire damage
- Document integrity
- Accidental destruction
- Unauthorized use/access

Digital Records

- Storage method
- File types
- Email/cyber security
- Accidental destruction
- Unauthorized use/access



Records Management Disaster Response



Scenario:

A water main breaks in the basement of your department where your Board keeps the Pension Files.

The files are kept in banker's boxes and plastic tote bins.

What do you do?



Records Management Disaster Response

First Step:

- Manage the disaster as quickly as possible.
 - Mold will grow quickly and will render the records hazardous
 - Plastic bins DO NOT keep moisture out of paper



Records Management Disaster Response

Second Step:

- Control and assess the damage
 - Is anything salvageable?
 - How much has been irreparably damaged?
 - Separate salvageable from unsalvageable
 - DO NOT dispose of any records...yet



Records Management Disaster Response

Step Three:

- Contact the Secretary of State's Archives division to advise of the damage.
 - The APP will be used to determine the amount of loss
 - A disposal certificate will be required
 - Written explanation and photographs may need to be provided

www.ilsos.gov/departments/archives/records_management/home.html



Records Management Policy

[AGENCY NAME]

RECORD RETENTION POLICY

(Effective [DATE])

Purpose

The [AGENCY NAME] has adopted this Record Retention Policy (“Policy”) in order to manage the retention and disposal of records in a systematic and consistent manner. Fundamental to this Policy is the Record Retention Schedule, which is attached as Exhibit A and incorporated by reference. The purpose of this Policy is to ensure the reasonable and good faith retention and disposal of records created by or under the control of the Agency. The overriding objective of the Agency is to retain all records in a digital format whenever feasible.

Record Retention

The Record Retention Schedule identifies the length of time that each type of record should be maintained, regardless of the format of the record. Any Agency employee or any other person who is in possession of records belonging to the Agency who is uncertain as to what records to retain or destroy, when to do so, or how to destroy them, must seek assistance from the Fund’s Record Supervisor.

Record Supervisor

The Record Supervisor shall be an entity retained by the Agency or an employee appointed by the Fund’s Executive Director and shall be responsible for administering and ensuring compliance with this Policy, including but not limited to the following:

- Ensuring the proper storage and retrieval of records and coordinating with outside vendors where appropriate.
- Destroying records whose retention period has expired.
- Periodically reviewing this Policy and the Records Retention Schedule and recommending changes to the Executive Director.
- Notifying the Executive Director of any noncompliance with this Policy.

Agency Information

Pension Fund Name

Policy Effective/Adoption Date

Responsible Party:

President

Secretary

Administrator

Authorized Individuals

Board Members

Admins

Municipal Members (IT)



Records Management Policy

Records

A record is defined as any material prepared or received by the Agency in the course of business. A record includes any format upon or in which the information is placed, stored, used or distributed, and paper. Electronic records must be managed in the same manner as paper records. Examples of records include but are not limited to:

- Appointment books and calendars
- Audio and video recordings
- Contracts
- Emails, chats, and text messages
- Invoices
- Correspondence
- Final memoranda and reports
- Board meeting minutes
- Participant and annuitant forms and applications
- Agency policies
- Investment reports
- Financial reports
- Accounting records
- Magnetic tape
- Postings on the Fund's website and postings on social media

Records shall be retained in accordance with the Record Retention Schedule. If a record fits within two or more categories, then it should be retained for the longest retention period that applies or is most analogous to the records in question. The Record Supervisor shall determine the appropriate category for any record. In general, a record should not be retained beyond the period indicated in the Record Retention Schedule. However, the Record Supervisor has discretionary authority to retain records longer than the periods prescribed in this Record Retention Schedule if there is a valid business reason (or a litigation hold or other special situation) that calls for continued retention.

Non-Records

Non-records are preliminary materials that are used to produce records, such as reminders, to-do lists, informal notes, and preliminary or interim drafts of correspondence or reports. Non-records also include spam, junk mail, advertisements, catalogs, trade journals, and other publications from third parties that require no action and extra copies of records preserved only for convenience or reference. Non-records do not need to be retained and can be destroyed or permanently deleted.

Define Records:

This section identifies every record type that an agency may encounter and is a direct list from the Secretary of State's Archives Division

Define Non-Records:

This refers to transitory records and/or "reference materials"



Records Management Policy

What should be included on a Records Management Policy?

- Define what information your organization must keep as a record
 - Digital Records: Email, fax, instant message, PDF, video
 - Paper Records: Book, map, document
- Transitory Messages
 - Consists of material that is created primarily to communicate information of short-term value are not required to be kept as a local record.



Records Management Policy

Storage of Records

Records must be stored in a safe, secure, and accessible manner. Any documents that are essential to the Agency's business operations during an emergency must be duplicated and/or backed up at least once per week and maintained off site.

Destruction/Deletion

Tangible records should be destroyed by shredding or some other means that will render them unreadable. The Record Supervisor will specify how to destroy tangible records that cannot be shredded. Electronic records shall be deleted in the manner specified by the Record Supervisor and coordinated with the Fund's information technology vendor. When there are multiple copies of records, all should be destroyed after the appropriate retention period. Except when an original, fully executed hard-copy record exists, the electronic version of a record is considered the official version for record retention purposes.

Compliance

Every employee of the Agency is required to comply with this Policy. Training will be provided by the Records Supervisor annually to ensure familiarity with its provisions. Questions about this Policy should be directed to the Record Supervisor. An employee's failure to comply with this Policy may result in discipline, up to and including termination.

Storage of Records:

Records should be maintained in a manner that is secure and accessible.

Destruction/Deletion:

Records, especially those with sensitive material, must be destroyed in a specific manner.



Records Management Policy

What should be included on a Records Management Policy?

- The procedures for managing those records
 - How often are records reviewed
 - How often are records disposed of
 - Process for records destruction
 - ❖ Records should be shredded or burned in accordance with the Administrative Code for the Board's county (Cook or Downstate)



Implementing a Records Management Policy

What should be included on a Records Management Policy?

- Potential items to consider including:
 - Where records are stored (onsite, offsite, digitally)
 - ❖ If stored offsite, include contact information
 - Who has access to the records and how are they secured
 - Disposal log – who filed a disposal certificate and when



Be Proactive...Not Reactive

Final Thoughts:

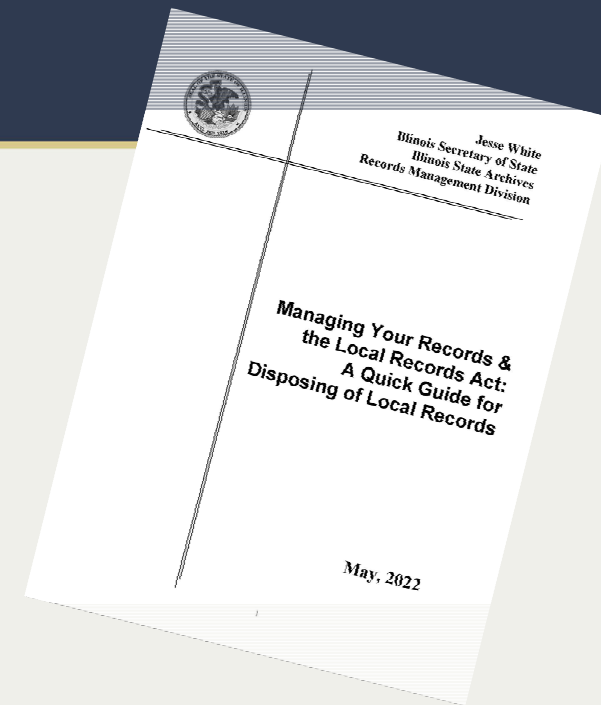
- Don't wait for a disaster to happen
- Actively and frequently file documents
- Organize Records Consistently
 - Use a categorical organization
 - Implement alphabetical/chronological/numerical filing arrangements
- Control Volume
 - Eliminate copies, blank forms and transitory messages



Records Management Resources

For additional resources on:

- Records Management Guidelines
- Document Requirements
- Disaster Procedures



Visit the Secretary of State's website at:

https://www.ilsos.gov/departments/archives/records_management/home.html



Active Member Records

- **Required per Illinois Department of Insurance:**

- Application for Membership
- Member's Birth Certificate

- **Additional documents:**

- Marriage Certificate/Civil Union
- Current Spouse Birth Certificate
- Dependents Birth Certificate
- Dissolution of Marriage
- QILDRO Documents
- Transfer of Creditable Service
- DD-214 Military Service Discharge



Keeping Records Current

Affidavits of Continued Eligibility

- **Affidavits are mailed on an annual basis**
 - Confirms member/surviving spouse/alternate payee is collecting their own benefit
 - Gathers the most up to date information
- **Affidavits should be sent to anyone receiving a pension benefit**
 - Member
 - Surviving Spouse
 - QILDRO Recipient



Records Management

Q&A?



Pension Fund Details and Best Practices

What We Will Cover!

- Pension Basics
- Employee Contributions
- Pensionable Salary
- Reciprocity and Portability
- Taxability of Pension Benefits
- Best Practices



Pension Fund Details and Best Practices

Pension Basics

Pension Fund structure driven by:

- Size of district / municipality
- Statute (“Article”) of the Illinois Compiled Statutes (ILCS)
 - Article 3 (“downstate”) = police (5,000-500,000)
 - Article 4 (“downstate”) = fire (5,000-500,000)
 - Article 5 (Chicago) = police (> 500,000)
 - Article 6 (Chicago) = fire (> 500,000)
 - Article 7 = IMRF
 - Article 14 = SERS
 - Article 15 = SURS



Pension Fund Details and Best Practices

Pension Basics

The Rule Book:

- 40 ILCS 5/1 & 1A (Administrative Code)
- 40 ILCS 5/3 (Police)
- 40 ILCS 5/22B (The Police Officer's Pension Investment Fund)
- 40 ILCS 5/4 (Fire)
- 40 ILCS 5/22C (The Firefighters' Pension Investment Fund)



Pension Fund Details and Best Practices

Pension Basics

Reminder of Tier 1 vs Tier 2 Definition

Anyone who **first** joins a Pension Fund under **this article** after **01/01/2011** is Tier 2

- **First** joins (prior fund status is irrelevant)
- Under **this article**
 - Downstate Police = Article 3
 - Downstate Fire = Article 4
 - IMRF = Article 7
- After **01/01/2011**



Pension Fund Details and Best Practices

Employee Contributions – The Details

- Police 9.91%
- Fire 9.455%*
- Pensionable earnings **ONLY**
- Impact taxability of active member earnings *and* pension benefits

**or 10.455% if combining service thru reciprocity*



Pension Fund Details and Best Practices

Employee Contributions – The Details

Refunds

- “Give to Get” concept
- Cannot receive if > 20 years creditable service
- (version of) IRS Notice 402(f) **MUST** be provided to member requesting a refund of contributions → *tax implications!*
- Refund can be remitted directly to member *or* rolled-over to another qualified plan, *or* both



Pension Fund Details and Best Practices

Employee Contributions – The Details

Refunds – Remitted Directly to Member:

- **After-tax** contributions
 - 100% to member, no tax penalty
- **Pre-tax** contributions
 - Must withhold 20% in federal tax
 - Member may owe additional penalty on 1040 form



Pension Fund Details and Best Practices

Employee Contributions – The Details

Refunds – Roll-over to Qualified Plan:

- **After-tax & pre-tax** contributions are eligible
 - No tax penalty on rolled-over amounts
- Eligibility of receiving plan is member's responsibility
 - Must be another IRS "Qualified Plan"
 - "Trustee to trustee roll-over"



Pension Fund Details and Best Practices

Pensionable Salary – The Details

- *Not* the same as actual salary
- The amount on which contributions are calculated
- Annual salary cap for Tier 2 members
- Department of Insurance FAQ (“Salary”)
<https://insurance.illinois.gov/Applications/Pension/FAQ.aspx>



Pension Fund Details and Best Practices

Pensionable Salary – The Details

Includes

- Base pay attached to rank
- Longevity
- Education Stipend

Maybe

- Holiday pay (if unconditional)
- Temporary pay (only after one continuous year)

Excludes

- Uniform / auto allowances
- Overtime (almost always)



Pension Fund Details and Best Practices

Pensionable Salary – The Details

Tier 1

- Fire
 - “salary attached to the rank held by him or her in the fire service at the date of retirement”
- Police
 - “salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater”
 - *Obtain direction from Pension Board attorney if salary is less on last day than any time during prior 12 months*



Pension Fund Details and Best Practices

Pensionable Salary – The Details

Tier 2

- Same for Fire and Police
- “Final Average Salary” = the greater of:
 - a) average monthly salary obtained by dividing the total salary of the member during the **48** consecutive months of service within the last **60** months of service in which the total salary was the highest by the number of months of service in that period, *or*
 - b) using **96** and **120** months, respectively



Pension Fund Details and Best Practices

Reciprocity and Portability – The Details

Reciprocity Overview

What is Reciprocity?

- It is an opportunity for Article 4 Firefighters (members) to combine service time with more than one Article 4 pension fund
- Applies to both Tier 1 & Tier 2 members

What is Reciprocity NOT?

- It is NOT a transfer of service time



Pension Fund Details and Best Practices

Reciprocity and Portability – The Details

Reciprocity Overview

Illinois Compiled Statutes

- 40 ILCS 5/4 (Downstate Fire)
- Sec. 4-109.3 Employee Creditable Service
- Link to 4-109.3:

<https://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=004000050K4-109.3>

With Article 4 to Article 4 reciprocity, the firefighter leaves service in each pension fund in which they participated and ultimately receives a pension from multiple funds.

(yes, a pension can be paid from more than two pension funds!)



Pension Fund Details and Best Practices

Reciprocity and Portability – The Details

Reciprocity Overview

- Requirements for an Article 4 to Article 4 combination of service time:
 - Must have at least 1 year of service with prior Fund(s)
 - Must have at least 3 years of service with final Fund
 - Must purchase all time with a prior Fund but does not have to purchase time from all prior Funds
 - If hired after 07/01/2004, must notify all Funds and the Illinois Department of Insurance (IDOI) of intent within 21 months from the most recent date of hire



Pension Fund Details and Best Practices

Reciprocity and Portability – The Details

Reciprocity Overview

- Disability Calculations:
 - Line of Duty / Non Duty Disability
 - Full benefit paid by Current Fund
 - Occupational Disease Disability
 - Benefit paid by all Funds to which reciprocity payments have been completed
 - Each Fund pays a prorated share based upon length of service
 - Benefit based off of final Fund salary



Pension Fund Details and Best Practices

Reciprocity and Portability – The Details

Portability Overview

What is Portability?

- It is an opportunity for Article 3 Police Officers to transfer service time from one Article 3 pension fund to another



Pension Fund Details and Best Practices

Reciprocity and Portability – The Details

Portability Overview

Illinois Compiled Statutes

- 40 ILCS 5/3 (Downstate Police)
- Sec. 3-110.7 Transfer Between Article 3 Funds
- Link to 3-110.7:

<https://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=004000050K3-110.7>

With Article 3 to Article 3 portability, the police officer moves all service time and money from the prior Fund and ultimately receives a pension from only the final Fund.

(yes, an officer can move their time more than once!)



Pension Fund Details and Best Practices

Reciprocity and Portability – The Details

Portability Overview

- Requirements for Article 3 to Article 3 Transfer of creditable service:
 - Must be active with an Article 3 Fund
 - Must have at least 2 years of service with prior Fund, unless:
 - Left due to lay-off
 - Left prior to 08/17/1997
 - All amounts due are paid



Pension Fund Details and Best Practices

Taxability of Pension Benefits – Important!!

Re-Employment After Retirement

- If member is < 59 ½ years old *and*
- Has no clearly defined separation of service

- Re-employed with same Employer (muni/district) as
 - Full or part time
 - Employee or independent contractor
 - Same or different position
- 1099R Box 7 = “1”
 - Likely a **10% tax penalty**
 - Member can claim exemption on Form 5329

Pension Fund's responsibility to report on 1099R; member's responsibility to claim exemption.



Pension Fund Details and Best Practices

Best Practices

- New Hires
- Payroll
- Bargaining Unit Contract Settlement
- Benefits
- Purchases and Combinations
- Retirees/Pensioners
- Records Management



Pension Fund Details and Best Practices

Best Practices

- New Hires
 - Inform new employees that that have military service about option to purchase
 - Helpful if New Hire Form has a space for member to note prior service in an Article 3 or 4 fund
 - If prior service noted, can share with member the opportunities to combine/transfer service, provide forms, document this communication



Pension Fund Details and Best Practices

Best Practices

- Payroll
 - Periodic Internal Review
 - Consider Third Party Review
 - Setup a “paycheck” test
 - Encourage employees to review and understand their paystubs 😊
 - Carefully review pay codes and deduction codes for proper setup after a change in payroll system / software / providers
- Contributions
 - Maintain accurate records of member contributions by pay period and methods other than payroll deduction (i.e. direct payment).
 - Remember the “Give-To-Get” theory



Pension Fund Details and Best Practices

Best Practices

- Bargaining Unit Contract Settlement
 - Carefully review (and re-review) retro pay calculations and corresponding contributions
 - Review Status of Retirements and Terminations for Possible Recalculations Needed
- Benefits
 - Prepare and distribute benefit summaries to employees
 - Educate active members, their significant others and staff involved with pay and benefits on a regular basis



Pension Fund Details and Best Practices

Best Practices

- Purchases and Combinations
 - Maintain records of all communication and calculations related to reciprocity and portability transactions
 - Place reciprocity and portability on board agenda for approval and note details in the minutes for future reference
 - Verify that member still paying the 10.455% from time to time
 - Have Rules and Regulations defining the process for payments of amounts due from members for purchases and transfers
 - Consider have a separate pay code for the 1% -- or making description very clear if one code for 10.455%
- Retirees/Pensioners
 - Affidavits of Continued Eligibility
- Records Management



Pension Fund Details and Best Practices

Q&A?



**Thank you for the
opportunity to share!**

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