

RESOLUTION NO. 25-R-83

**A RESOLUTION ADOPTING A PENSION FUNDING POLICY
FOR THE CITY OF ROLLING MEADOWS**

WHEREAS, the City of Rolling Meadows (“City”) provides retirement, disability, and survivor benefits for its sworn Police Officers and Firefighters through the Police and Firefighters’ Pension Funds (the “Funds”), as established under Articles 3 and 4 of the Illinois Pension Code; and

WHEREAS, the City recognizes the long-term obligation to ensure the fiscal health and sustainability of the Funds in order to provide secure benefits for participants and beneficiaries; and

WHEREAS, the City Council finds it essential to adopt a formal Pension Funding Policy to guide funding practices in a disciplined, transparent, and actuarially sound manner; and

WHEREAS, the adoption of such a Policy will promote intergenerational equity, enhance transparency, improve the City’s long-term financial planning, and support the City’s credit standing with rating agencies; and

WHEREAS, the City Council has reviewed the Pension Funding Policy attached hereto as Exhibit A and finds that its adoption is in the best interests of the City, its taxpayers, and its employees.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Rolling Meadows, Cook County, Illinois, as follows:

SECTION 1. The Pension Funding Policy attached hereto as Exhibit A is hereby adopted as the official Pension Funding Policy of the City of Rolling Meadows.

SECTION 2. The Finance Director, in coordination with the City Manager, shall be responsible for implementing this Policy, including ensuring that contributions to the Funds are budgeted, approved, and made consistent with the Policy guidelines.

SECTION 3. This Resolution shall be in full force and effect immediately upon its passage and approval, in the manner provided by law.

AYES: Boucher, Reyez, Koehler, McHale, Budmats, O’Brien, Vinezeano

NAYS: 0

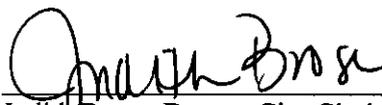
ABSENT: 0

PASSED AND APPROVED this 28th day of October, 2025.



Lara Sanoica, Mayor

ATTEST:



Judith Brose, Deputy City Clerk

The City of Rolling Meadows

Pension Funding Policy

Approved by Resolution (#25-R-83)

I. Purpose

The Pension Funding Policy (“Policy”) establishes comprehensive guidelines to ensure the sustainable funding of the City of Rolling Meadows’ Police and Firefighters’ Pension Funds (“Funds”). These Funds provide retirement, disability, and survivor benefits as defined in the Illinois Pension Code. The Policy provides a framework for systematic, disciplined contributions that maintain fiscal responsibility, ensure the long-term solvency of the Funds, and preserve the City’s credit quality.

II. Objective

The objective of this Policy is to:

- a) Ensure sufficient assets are accumulated to meet current and future pension obligations.
- b) Provide predictable, actuarially sound contributions that balance long-term sustainability with affordability.
- c) Promote intergenerational equity so that taxpayers receiving services bear the cost of the pension benefits earned by employees during their active working years.
- d) Support the City’s long-term financial planning and credit rating stability.

III. Goals and Parameters

The City will adhere to the following guidelines in funding its pension obligations:

- a) Actuarially Determined Contributions (ADC): Contributions will be based on an actuarially determined amount that includes both the normal cost of benefits and the amortization of unfunded liabilities.

- b) Amortization Policy: Unfunded Actuarial Accrued Liabilities (UAAL) will be amortized using a Level Percentage of Payroll method. As of 2025, the amortization period is 16 years, moving to a rolling 15-year period beginning in 2026.
- c) Asset Valuation: Pension assets will be valued using a 5-year smoothing method to moderate the effect of market volatility, subject to a corridor of 80%–120% of market value.
- d) Funding Target: While state law requires 90% funding by 2040, the City targets actuarially sound funding levels above this minimum to reduce long-term costs and improve funded ratios.
- e) Contribution Timing: Contributions will be made in equal installments during the fiscal year, with year-end adjustments if needed.

IV. Legal Constraints and Other Limitations

Funding practices will comply with the Illinois Pension Code (Articles 3 and 4). Nothing in this Policy shall invalidate or impair the legality of contributions properly authorized by the City Council in compliance with state law.

Authority and Purpose of Contributions

The Illinois Pension Code requires municipalities to annually fund police and firefighter pensions at least at statutory minimum levels. As a home-rule community, Rolling Meadows adopts this Policy to establish a higher, actuarially determined standard that enhances the fiscal sustainability of the Funds.

Administration

1. Transparency and Reporting
 - a) The City will publish actuarial valuation reports annually and provide them to the Pension Fund Boards, City Council, and the public.
 - b) The City's Annual Comprehensive Financial Report (ACFR) will disclose funded status, contribution levels, and assumptions.
 - c) Contributions will be approved annually by City Council through the budget process.

2. Policy Review

- a) This Policy will be reviewed every five years, or sooner if actuarial assumptions, statutory requirements, or funding practices change materially.
- b) Recommended changes will be presented to City Council for consideration and adoption.

Pension Funding Considerations

1. Intergenerational Equity: Costs will be allocated to the taxpayers who benefit from the services provided by employees during their tenure.
2. Contribution Stability: Contributions will be managed to maintain consistency as a percent of payroll and avoid excessive volatility.
3. Rating Agency Relations: Maintaining a sustainable pension funding plan supports the City's credit rating. Pension funding progress will be communicated to rating agencies as part of overall financial planning.
4. Risk Management: The City recognizes risks inherent in pension funding (e.g., investment volatility, longevity trends, payroll growth) and incorporates actuarial smoothing and conservative assumptions to mitigate these risks.