

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **SB 1310**

February 22, 2017

SPONSOR (S): Haine

SYSTEM(S): Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT: The fiscal impact is not known but is expected to be minimal.

SUBJECT MATTER: SB 1310 amends IMRF Article of the Illinois Pension Code. It enables certain Tier 2 members to opt out of pension service.

COMMENT: Certain current or future Tier 2 members could choose to opt out of pension service in IMRF, except for those with respect to service as sheriff's law enforcement employees. Details are summarized below.

- Current Tier 2 members
 - Tier 2 members who first began employment on or after the age of 57 could elect to terminate pension service.
 - The election shall be irrevocable and made by December 31, 2017.
 - Receive a refund of member contributions with interest earned at the effective rate in exchange for termination of pension benefits.

- Future Tier 2 members
 - Tier 2 members who first began employment on or after the age of 57 and the effective date of this legislation could choose not to participate in pension service.
 - The election must be made before any contributions made for a future Tier 2 member.

Under current law, current Tier 2 employees who wish to apply for a separation refund would get a refund of employee contributions with no interest.

JB:dkb

LRB100 07209 RPS 17269 b