

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 4960**

January 19, 2010

SPONSOR (S): Poe

SYSTEM(S): IMRF

FISCAL IMPACT: There is no discernable fiscal impact associated with HB 4960.

SUBJECT MATTER: HB 4960 amends the IMRF Article of the Illinois Pension Code to change the provisions defining and specifying the manner of designating a beneficiary. In addition, HB 4960 makes changes in provisions concerning elections to exclude certain employees from participation and eligibility for benefits and provisions concerning amortization of a participating municipality's or participating instrumentality's unfunded obligation.

FISCAL IMPACT: There is no discernable fiscal impact associated with HB 4960.

COMMENT:

Clarification of the Definition of Beneficiaries

Currently, "beneficiary" means the surviving spouse of an employee or of an employee annuitant, or if no surviving spouse survives, the person or persons designated by a participating employee or employee annuitant, or if no person so designated survives or if no designation is on file, the estate of the beneficiary annuitant. In addition, "beneficiary" means the estate of a surviving spouse annuitant where the employee or employee annuitant filed no designation, or no person designated survives at the death of a surviving spouse annuitant. HB 4960 provides that "beneficiary" also means any person or persons, trust, or charity designated as a beneficiary by an employee, former employee who has not yet received a retirement annuity or separation benefit, or employee annuitant. HB 4690 states if no designation is on file or no beneficiary so designated survives, "beneficiary" means the estate of the employee, former employee who has not yet received a retirement annuity or separation benefit, or employee annuitant. In addition, HB 4690 clarifies that "beneficiary" also means any person or persons, trust, or charity designated as a beneficiary by a beneficiary annuitant, or if no designation is on file or no beneficiary so designated survives, the estate of the beneficiary annuitant.

Amortization Schedule for Municipalities and Instrumentalities with No Active Employees

Currently, each participating municipality and each participating instrumentality will make payment to the fund if it has no participating employees with current earnings, an amount payable which, over a period of 20 years will amortize, at the effective rate for that year, any negative balance in its municipality reserve resulting from the award. HB 4960 makes changes to provide that each participating municipality and each participating instrumentality shall make payment to the fund if it has no participating employees with current earnings, an amount payable which, over a *closed* period of 20 years for participating municipalities and 10 years for participating instrumentalities will amortize, at the effective rate for that year, any unfunded obligation.

Amortization Schedule for Municipalities and Instrumentalities with Fewer than Seven Employees

HB 4960 provides that each participating municipality and each participating instrumentality shall make payment to the fund if it has fewer than 7 participating employees or a negative balance in its municipality reserve, the greater of (A) an amount payable that, over a period of 20 years, will amortize at the effective rate for that year any unfunded obligation or (B) the amount required by applying the municipality contribution rate to each payment of earnings paid to each of its participating employees.

Venue for Administrative Law Review Hearings

Currently, the provisions of the Administrative Review Law, all amendments and modifications, and the rules adopted pursuant to said provisions apply to and govern all proceedings for the judicial review of final administrative decisions of the IMRF retirement board. HB 4960 adds that the venue for actions brought under the Administrative Review Law shall be any county in which the Board maintains an office or the county in which the member's plaintiff's employing participating municipality or participating instrumentality has its main office.

Elimination of Ballot Envelopes for Board Elections

HB 4960 removes the requirement that the Board of Trustees must prepare and send ballot envelopes to the employees and annuitants eligible to vote for employee and annuitant trustees.