

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 2554**

January 28, 2010

SPONSOR (S): Martinez – Lightford, et al.

SYSTEM(S): Illinois Municipal Retirement Fund

FISCAL IMPACT: Since the employees returning to service under SB 2554 will not be accruing service credit, there will be no cost to the employer.

SUBJECT MATTER: SB 2554 amends the IMRF Article of the Illinois Pension Code to make changes concerning conditions under which a person may return to employment and continue to receive his or her annuity.

FISCAL IMPACT: Since the employees returning to service under SB 2554 will not be accruing service credit, there will be no cost to the employer.

COMMENT:

Conditions Under Which a Person May Return to Employment and Continue to Receive Annuity:

Currently, retirement annuities are payable to a participating employee who, regardless of cause, is separated from the service of all participating municipalities and instrumentalities, provided:

1. He or she is at least age 55;
2. He or she is (i) an employee who was employed by any participating municipality or participating instrumentality which had not elected to exclude persons employed in positions normally requiring performance of duty for less than 1000 hours per year or was employed in a position normally requiring performance of duty for 600 hours or more per year prior to such election by any participating municipality or participating instrumentality under IMRF and is not entitled to receive earnings for employment in a position normally requiring performance of duty for 600 hours or more per year for any participating municipality and instrumentality; or (ii) an employee who was employed only by a participating municipality or participating instrumentality which had elected to exclude persons in positions normally requiring performance of duty for less than 1000 hours per year after the effective date of such exclusion or which are included under IMRF and had

elected to exclude persons in such positions and is not entitled to receive earnings for employment in a position normally requiring performance of duty for 1000 hours or more per year by such a participating municipality or participating instrumentality;

3. The amount of his or her annuity is at least \$10 per month; and
4. If he or she first became a participating employee after December 31, 1961, he or she has at least 8 years of service.

SB 2554 states that retirement annuities are payable to a participating employee who, regardless of cause, is separated from the service of all participating municipalities and instrumentalities, provided:

1. He or she is at least age 55;
2. He or she is not entitled to receive earnings for employment in a position requiring him or her to be a participating employee;
3. The amount of his or her annuity is at least \$10 per month; and
4. He or she has at least 8 years of service if he or she first became a participating employee after December 31, 1961.

Retirement Annuities Suspended During Employment

SB 2554 provides that if any person receiving an annuity becomes an employee again and receives earnings from employment in a position requiring him or her to become a participating employee, then the annuity payable to said employee will be suspended as of the first day of the month coincidental with or next following the date of employment.

Additional Contributions for Retirement Annuity Purposes

Currently, additional contributions for retirement annuity purposes are elected by the employee and cannot be in excess of 10%. The selected rate of payment of earnings as additional contributions for retirement annuity purposes is applicable to all earnings beginning on the first day of the second month following consent of the Board. SB 2554 provides that the selected rate of payment of earnings as additional contributions for retirement annuity purposes will be applicable to all earnings paid (rather than earnings beginning on the first day of the second month) following receipt by the Board of written notice of election to make such contributions.

Reimbursement by the State

SB 2554 amends the State Mandates Act to require implementation without reimbursement.

MDM:dkb

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