

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 3405**

February 24, 2010

SPONSOR(S): Raoul

SYSTEM(S): Illinois Municipal Retirement Fund

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**FISCAL IMPACT:** There is no discernable fiscal impact associated with SB 3405.

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**SUBJECT MATTER:** SB 3405 amends the IMRF Article of the Illinois Pension Code to make changes in provisions concerning Social Security taxes and to make changes concerning cross-references to provisions concerning amortization of unfunded obligations.

**FISCAL IMPACT:** There is no discernable fiscal impact associated with SB 3405.

**COMMENT:** Currently, each participating municipality and each participating instrumentality submit payments of contributions for Social Security purposes as required by the board and the State Agency established by the Social Security Enabling Act. Contributions of covered employees of IMRF for Federal Social Security purposes are paid to the State Agency in amounts and at a time designated by State laws and regulations. SB 3405 provides that each participating instrumentality and each participating municipality will make payment of contributions for Social Security purposes on behalf of covered employees and covered municipalities and participating instrumentalities as required by applicable State and federal laws and regulations. In addition, SB 3405 clarifies that each employee will make contributions for Federal Social Security taxes, for periods during which he or she is a covered employee, as required by the Social Security Enabling Act and State and federal law. SB 3405 authorizes that each participating municipality and instrumentality will deduct all normal and additional contributions for federal Social Security taxes as required by the Social Security Enabling Act from each payment of earnings payable to each employee who is entitled to any earnings, and remit all normal and additional contributions immediately to the board.

SB 3405 amends the State Mandates Act to require implementation without reimbursement.