

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 3076**

March 10, 2011

SPONSOR (S): Harris, D. – Hays, et al.

SYSTEM(S): IMRF

FISCAL IMPACT: HB 3076 should have a positive fiscal impact for IMRF, as municipalities will be required to contribute funding when employees' earnings are more than 6% higher than the previous year when the a year is used in computing benefits.

SUBJECT MATTER: HB 3076 Amends the IMRF Article of the Illinois Pension Code. Under this legislation, when the amount of a participating employee's earnings for any calendar year used to determine their retirement annuity exceeds their earnings from the previous year by more than 6%, the participating municipality/instrumentality must pay the fund the current value of the increase in benefits resulting from it that is over 6%. Earnings resulting from overtime/overload increases that push total earnings over 6% are not included.

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COMMENT: HB 3076 seeks to limit the impact of late-career earnings increases on pension liabilities for IMRF employers by encouraging the municipalities/instrumentalities to shoulder the costs of earnings increases for employees above 6% over the previous year. However, it recognizes the impact of overtime/overload and takes special mention to not include those factors in a total increase of earnings for employees that is 6% above the previous year.

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