

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 3426**

March 8, 2011

SPONSOR(S): Harris, D. – Cole, et al.

SYSTEM(S): Illinois Municipal Retirement Fund

FISCAL IMPACT: The fiscal impact associated with HB 3426 has not been calculated, but it would have a positive impact on IMRF

SUBJECT MATTER: HB 3426 amends the IMRF Article of the Illinois Pension Code to require that lump sum payments for retirement, severance, or sick or vacation time must not be considered when computing the final rate of earnings for an IMRF employee.

FISCAL IMPACT: The fiscal impact associated with HB 3426 has not been calculated, but it would have a positive impact on IMRF.

COMMENT: Currently, there are multiple ways to compute the final rate of earnings for a participant of IMRF. The earnings rate for all periods of prior service are considered equal to the average earnings rate for the last 3 calendar years of prior service for which creditable service is received, or if there is less than 3 years of creditable prior service, the average for the total prior service period for which creditable service is received. In computing the final rate of earnings for out of state service and authorized leave, the earnings rate is the rate upon which service credits are granted. Periods of military leave are not considered when computing the final rate of earnings; but the earnings rate for all periods of disability are considered equal to the rate of earnings upon which the employee's disability benefits are computed for such periods. The earnings to be considered for each of the final three months of the final earnings period cannot exceed 125% of the highest earnings of any other month in the final earnings period and the annual amount of final rate of earnings must be the monthly amount multiplied by the number of months of service normally required by the position in a year. HB 3426 provides that lump sum payments for retirement, severance, or sick or vacation time must not be considered when computing the final rate of earnings for an IMRF employee.

HB 3246 amends the State Mandates Act to require implementation without reimbursement.

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