

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 5816, as amended by HA 3**

April 7, 2014

SPONSOR (S): Senger - Drury

SYSTEM(S): General Provisions Article

FISCAL IMPACT: The fiscal impact of HB 5816, as amended by HA 3, cannot be determined as the number of members who will be impacted by felony forfeiture provisions added by HB 5816, as amended by HA 3, is not known.

SUBJECT MATTER: HB 5816, as amended by HA 3, proposes an addition to Illinois Pension Code. This bill makes certain types of felonies grounds for forfeiture of pension benefits.

FISCAL IMPACT: The fiscal impact of HB 5816, as amended by HA 3, cannot be determined as the number of members who will be impacted by felony forfeiture provisions added by HB 5816, as amended by HA 3, is not known.

COMMENT: Currently, each article of the Pension Code contains standardized felony forfeiture language under which a person who is convicted of a felony “relating to or arising out of or in connection with his or her service” shall be required to forfeit his or her pension. HB 5816, as amended by HA 3, adds language to the General Provisions Article that would make certain specified acts of public corruption and governmental theft grounds for forfeiture of pension benefits. The acts include intimidation by a public official, bribery, official misconduct, engaging in kickbacks, and other offenses.

Under HB 5816, as amended by HA 3, any member or participant of a pension fund or retirement system established under the Pension Code who is convicted or pleads guilty to a Class X or a Class 1 felony, will receive none of the benefits provided under the Code attributable to the service of said member or participant. If a member or participant is convicted of, or pleads guilty to a felony other than a Class X or a Class 1 felony, then their annuity or pension will be suspended for the duration of incarceration for that offense. Upon completion of their incarceration, benefits may be reinstated by the participant by filing a request for reinstatement of benefits through their applicable system. A person to which this bill applies is entitled to receive a refund of their unused employee contributions, such that those contributions are not necessary to maintain qualified plan status compliant with the federal Internal Revenue Code of 1986.

The provisions in this bill apply regardless to whether or not the participant was in active service on or after the effective date of this bill.

RSR:dkb

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