

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 5914**

March 18, 2014

SPONSOR(S): Brady

SYSTEM(S): Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT: The fiscal impact of HB 5914 is presently indiscernible to IMRF. To the extent that there is a fiscal impact, it will depend on whether employers grant more or less than the current standard of 20% of prior service plus the ability to purchase more; compared to current law, those employers who grant more will incur a cost, and those who grant less will realize a savings.

SUBJECT MATTER: HB 5914 amends the Illinois Municipal Retirement Fund article of the Illinois Pension Code by allowing participating municipalities and instrumentalities thereof decide the limit of how much service for prior credit their employees gain upon initially joining IMRF.

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COMMENT: As of current law, IMRF requires participating municipalities and participating instrumentalities to provide 20% of an employee's service, up to 5 years of credit. IMRF allows these employees to procure any amount of credit up to the rest of their service if they provide a commensurate employee contribution.

HB 5914 allows municipalities and instrumentalities who join IMRF after the effective date of this bill to decide 1) how much credit for prior service their employees receive at the employer's expense and 2) how much the employees can purchase on their own, with limits on either at the employer's discretion.

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