

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 6021, as amended by HA 1,** April 7, 2016
SPONSOR(S): Yingling – Willis, et al.
SYSTEM(S): Illinois Municipal Retirement Fund (IMRF), State Universities
 Retirement System (SURS), Teachers' Retirement System (TRS)

FISCAL IMPACT: The fiscal impact of HB 6021, as amended by HA 1, cannot be determined as the precise number of members who would be impacted by this proposal is difficult to discern because it is not known how many qualified members would make this election. The Teachers' Retirement System stated that the survivor contribution should cover the cost of the benefit program, and should not result in an increased cost. However, the Illinois Municipal Retirement Fund foresees a minimal fiscal impact, and the State Universities Retirement System stated that it is not possible to measure the extent of a fiscal impact from this bill.

SUBJECT MATTER: HB 6021, as amended by HA 1, amends the Illinois Municipal Retirement Fund, State Universities, and Downstate Teachers articles of the Illinois Pension Code to enable annuitants that have received a refund of survivor annuity contributions to repay the refund and re-establish credit towards a survivor's annuity.

COMMENT: As of current law, members of IMRF, SURS, and TRS may elect to receive a refund of their survivors annuity credits upon retirement. This option entitles members who do not have a qualifying spouse to a substantial one-time, lump-sum payment.

HB 6021, as amended by HA 1, is similar to HB 2520 that was introduced last year in that it enables members who have taken this refund to repay the refund, with interest at the respective fund's assumed rate of return, thereby re-establishing a survivor's annuity for a now-eligible spouse. This provision rectifies scenarios where an annuitant first marries or remarries after retirement. HB 6021, as amended by HA 1, adds to this by allowing members who retired prior to civil unions/marriage equality passing in Illinois, who then got married under those provisions to repay their surviving spouse refund and re-establish eligibility for the benefit. The window of opportunity for these members is 12 months, beginning 5 months after this bill is passed. They must pay the full refund amount, plus interest compounded at the current actuarially assumed rate. It's applicable to three groups who retired prior to the effective date of Civil Unions and Marriage Equality statutes:

1. Those who entered in to a civil union in Illinois;

2. Those who married under the Marriage Equality Act after that date; or
3. Those who were married or entered into a civil union in another jurisdiction prior to that relationship being recognized in Illinois, which was then recognized by those Acts.

It's only applicable to these three funds because the other systems have permanent provisions in their statutes allowing retirees who marry after retirement to repay a surviving spouse refund.

JL:dkb

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