

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 99TH GENERAL ASSEMBLY

BILL NO: **SB 2894**

April 4, 2016

SPONSOR (S): Clayborne Jr. – Martinez

SYSTEM(S): Illinois Municipal Retirement Fund

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**FISCAL IMPACT:** SB 2894 is expected to have a minimal fiscal impact on the IMRF Fund. The current total number of surviving spouse annuitants is 12,350. Of those, only 39 applied for the benefit more than 12 months after their spouse passed away (0.32%). According to *Table 1*, in each of the last 2 years, about ½ of a percent of the individuals who applied for a surviving spouse benefit, did so more than 12 months after their spouse had passed.

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**SUBJECT MATTER:** SB 2894 amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code by removing the one-year limit on backdating a survivor benefit.

**COMMENT:** Current law states that a surviving spouse annuity shall begin on the 1<sup>st</sup> day of the month following the month in which the participating employee died, upon a written application, provided that such date is not more than one year prior to the date that the Board received the application. SB 2894 removes the one-year restriction for retroactive payments of surviving spouse pensions only.

The amount of spouses that have applied for this benefit more than 12 months after his or her spouse has passed is relatively small, and the most common reasons for these delayed applications, according to IMRF, are grief and the lack of knowledge about the benefit. IMRF says this bill was initiated by a case where a man did not apply for his benefit until 3.5 years after his wife had passed away. He had been living with family and was unaware that he was entitled to surviving spouse annuity.

The following table depicts the frequency of applications made by surviving spouses more than 12 months after the death of their partners, for the years 2014 and 2015:

***Table 1***

<b>Year</b>	<b>Total Applications Filed</b>	<b>Applications Filed After 12+ Months Have Passed</b>	<b>% Of Late Applications</b>
2014	1,167	5	0.43%
2015	1,185	7	0.59%

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