

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 2972**

March 14, 2016

SPONSOR (S): Harmon – Martinez, et al.

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

FISCAL IMPACT: According to IMRF, the precise fiscal impact would not be measurable for now, but slightly positive. The table below presents the number of retirees between FY 2013 to FY 2015 depending upon the amount of their monthly pensions: less than \$30, between \$30 and \$100, and those earning under \$30 a month who have chosen to take a separation benefit (refund). Under SB 2972, those earning less than \$100 a month would be eligible for a separation benefit in lieu of an annuity.

	FY 2013	FY 2014	FY 2015
Number of retirees who received a pension of less than \$30/month	5	5	2
Number of retirees who received a pension of between \$30 and \$100/month	35	33	31
Number of retirees earning less than \$30 a month who opted to receive a refund	0	0	1

SUBJECT MATTER: SB 2972 increases the limitation on a lifetime monthly retirement annuity to \$100 from \$30 so that an employee whose annuity is less than \$100 may elect to take a separation benefit in lieu of the retirement annuity.

COMMENT: Under the current law, an employee who receives a monthly retirement annuity of less than \$30 may elect to take a separation benefit. The \$30 limit has been in place since January 1, 1962, which has not reflected an increase in the cost of living. SB 2972 raises the minimum monthly retirement annuity from \$30 to \$100 for purposes of qualifying for a separation benefit. If an employee decides to take a separation benefit, he or she will receive a lump-sum payment (refund) of his or her contributions without interest.

JB:dkb

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