

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

REVISED

BILL NO: **HB 0804, as engrossed**

April 26, 2007

SPONSOR(S): McGuire – Boland (Wilhelmi)

SYSTEM(S): Illinois Municipal Retirement Fund

FISCAL IMPACT: The impact of HB 0804, as engrossed, cannot be determined as the number of members who will purchase military service credit is unknown.

SUBJECT MATTER: HB 0804, as engrossed, amends the Illinois Municipal Retirement Fund article of the Pension Code to allow participating employees to purchase up to 4 years of creditable service for service in the armed forces of the United States.

FISCAL IMPACT: The impact of HB 0804, as engrossed, cannot be determined as the number of members who will purchase military service credit is unknown.

COMMENT: Currently, IMRF members can receive service credit for up to 24 months of military service that is not preceded by IMRF Employment. P.A. 90-448, which became effective on August 16, 1997, allowed members to purchase up to 24 months of military service credit by making contributions to the fund equal to: (i) the employee contributions that would have been required had the service been rendered as a member, plus (ii) an amount determined by the board to be equal to the employer's normal cost of the benefits accrued for that military service, plus (iii) interest on items (i) and (ii) from the date of first membership in the Fund to the date of payment. The Act stipulated that if payment was made during the 6-month period that began 3 months after the effective date, the required interest would be calculated at the rate of 2.5% per year, compounded annually, otherwise, the required interest rate would be calculated at the regular interest date.

HB 0804, as engrossed, allows members of IMRF to purchase up to 48 months of service credit for military service. The member must be a participating employee in service on or after its effective date, and must: apply to IMRF in writing and provide evidence of the military service that is satisfactory to the Board; obtain the written approval of the current employer; and make the employee and employer contributions (normal cost), plus regular interest from the date of first membership to the date of payment.

HB 0804 amends the State Mandates Act to require implementation without reimbursement.

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