

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 0488**

February 22, 2007

SPONSOR (S): Jacobs

SYSTEM(S): Illinois Municipal Retirement Fund

FISCAL IMPACT: The fiscal impact of SB 0488 cannot be calculated as the number of county probation officers that will elect sheriff's law enforcement employee (SLEP) status is not known. However, as the employer contribution rate for SLEP formula employees is greater than the employer contribution rate for regular formula employees, there will be a negative fiscal impact on the employing municipality.

SUBJECT MATTER: SB 0488 amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code to provide that a county probation officer may elect to participate in the Fund under the SLEP classification.

FISCAL IMPACT: The fiscal impact of SB 0488 cannot be calculated as the number of county probation officers that will elect sheriff's law enforcement employee (SLEP) status is not known. However, as the employer contribution rate for SLEP formula employees is greater than the employer contribution rate for regular formula employees, there will be a negative fiscal impact on the Fund.

COMMENTS: The Illinois Municipal Retirement Fund of the Illinois Pension Code contains a list of job classifications under which an IMRF participant may be considered eligible for SLEP pension classification. SB 0644 adds county probation officers to this list of eligible job classifications.

The SLEP pension requires a 7.5% employee contribution and results in a pension amount equal to 2.5% of the employee's final rate of earnings for each year of employment, up to a maximum annuity of 80% of the final rate of earnings. SLEP participants may retire with full benefits at age 50 with 20 years of SLEP service. A SLEP employee who has service in any other capacity may convert up to 10 years of that service into service as a SLEP employee by paying to the Fund an amount equal to the additional required employee contribution plus the additional required employer contribution plus interest at the prescribed rate from the date of service to the date of payment.

Regular IMRF employees pay a 4.5% employee contribution and receive a pension amount equal to: (1) 1.67% of the employee's final rate of earnings for each employment year from 1 through 15, plus (2) 2.0% of the employee's final rate of earnings for each employment year in excess of 15, up to a maximum annuity of 75% of the final rate of earnings. Regular formula employees are eligible for full benefits at age 60 with 8 or more years of service. These employees also may retire with full benefits at age 55 with 35 years of service.

SB 0488 also permits county probation officers electing SLEP status to have their service as a county probation officer prior to the date of this election deemed service as a SLEP by paying to the Fund the additional employee contributions, plus interest thereon at the prescribed rate from the date of service to the date of payment. The interest will be waived if the payment is made within 1 year. There is no limit on the number of years which may be converted. SB 0488 also allows a participating municipality to phase in any resulting conversion costs with payments over 5 years.

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