

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **SB 3651**

February 1, 2022

SPONSOR (S): Martwick

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

FISCAL IMPACT: The fiscal impact of SB 3651 is not known. CGFA staff has requested the number of employees whose pensionable salary might be increased by the greater of 6% or 1.5 times the CPI-U as a result of workers' compensation payments, and any contribution savings by IMRF employers that might result from exempting such increases from the current final average salary cap penalty provision. As of this writing, this information has not been provided. An updated note will be issued when that information becomes available.

SUBJECT MATTER: SB 3651 amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code to exclude workers' compensation earnings increases from the final average salary cap penalty that municipalities would have to pay to IMRF.

COMMENT: Under current law, the IMRF Article of the Pension Code provides that participating municipalities and instrumentalities will be required to pay the pension fund the present value of the increase in pension resulting from an increase in salary granted during an employee's final average salary period that is in excess of the greater of 6% or 1.5 times the annual increase in the Consumer Price Index-U. Current law provides that the fund exclude certain earnings increases from the penalty provision, such as payments for unused vacation time, and employment promotions that result in increased responsibility and workload, among other exemptions. SB 3651 amends the IMRF article to also exclude from the final average salary cap penalty any earnings increases resulting from periods in which the member was paid through workers' compensation.

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