COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: SB 3652 January 25, 2022

SPONSOR (S): Martwick

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

FISCAL IMPACT: The number of IMRF members who retire under early retirement programs established by IMRF employers and later seek employment with IMRF employers is not known. CGFA staff has requested this information, but as of this writing, it has not yet been furnished. An updated impact note will be issued when this information is obtained. To the extent that SB 3652 results in the cancellation of retirement pensions that would otherwise be payable, the bill would have a slight positive impact upon the pension fund.

<u>SUBJECT MATTER</u>: SB 3652 amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code to provide that a person who retires under an early retirement incentive program created by an IMRF participating employer shall lose those incentives if he or she later obtains employment with or enters into a contract with any IMRF employer.

<u>COMMENT:</u> SB 3652 amends the IMRF Article of the Pension Code. Under current law, the IMRF Article of the Pension Code provides that if a participating employer creates an early retirement incentive program, employees who retire under such a program would lose those incentives if they later accept employment with any IMRF employer in a position for which participation in IMRF is required or is elected by the employee.

SB 3652 provides that employees who retire under an early retirement incentive program and who later accept employment or enter into a contract with any IMRF employer shall lose those incentives, regardless of the position of employment. In other words, the position that the annuitant would accept, whether permanently or on a contractual basis, would not have to be an IMRF-covered position, but merely one with an IMRF employer.

JK:bs LRB102 22513 RPS 31654 b