



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 1825

February 27, 2023

SPONSOR (S): Villa

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT

The fiscal impact of SB 1825 is unknown because the number of cases and amount that would need to be reimbursed is not known for employees who have not properly separated from service. To the extent that IMRF would be reimbursed for payments that were previously the sole responsibility of the fund, there would be a positive impact upon IMRF.

SUBJECT MATTER: SB 1825 amends the Illinois Municipal Retirement Fund (IMRF) article of the Pension Code. This bill provides that in cases when an IMRF municipality or instrumentality fails to notify the IMRF board that an annuitant has not properly separated from active service, that municipality may be required to reimburse IMRF up to the full amount of the retirement annuity (rather than up to half the amount of the annuity under current law).

COMMENT: Under current law, an employee is entitled to a retirement annuity if they meet the required age and years of service pursuant to their Tier status, and if they are fully separated from the service of all participating IMRF municipalities and instrumentalities. The municipality or instrumentality is required to notify the IMRF Board if an employee no longer qualifies for an annuity due to the employee remaining in active service with an IMRF employer. Failure to notify the IMRF board in such situations may require the municipality or instrumentality to reimburse up to half of the total of any annuity payments made to the annuitant after the date the employee was no longer eligible. This reimbursement does not apply in cases when the annuitant returned to work for the employer for less than 12 months.

SB 1825 provides that if a municipality or instrumentality fails to notify the IMRF Board to suspend the annuity of an employee who no longer qualifies for the retirement annuity by virtue of that employee remaining in active service, then that municipality or instrumentality may be

required to reimburse the Fund for the entire amount of the costs of the annuity, less any amount repaid by the annuitant. This bill removes the exemption to reimburse annuities for employees who return to work for the IMRF employer for less than 12 months.

GR:bs

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