



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 2913

January 31, 2024

SPONSOR (S): Villa

SYSTEM: Illinois Municipal Retirement Fund (IMRF) Article

FISCAL IMPACT

SB 2913 would have no fiscal impact upon IMRF. Current law states that if an IMRF employer fails to notify the IMRF Board about suspending an annuity due to an annuitant's improper separation from service or resumption of service in an IMRF-covered position, then any resultant overpayments of annuities are the responsibility of the annuitant. This bill gives the IMRF Board the flexibility to determine how much the employer or annuitant is responsible for repayment of the annuity overpayment after reviewing the totality of circumstances. The requirement that the entirety of any annuity overpayment must be repaid to IMRF would not change with enactment of this bill.

SUBJECT MATTER: SB 2913 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 or resumed active service in a position that requires mandatory IMRF participation, that the IMRF Board may assign proportionate responsibility for reimbursement of annuity overpayments between the municipality or instrumentality and the annuitant (rather than the annuitant repaying the entirety of the annuity overpayment under current law).

COMMENT: Under current law, an IMRF annuitant must be separated from service from the IMRF employer from which he or she retired for a period of 60 days, after which they are allowed to return to work for any IMRF employer and maintain their pension, so long as they do not meet the hourly standard of 599 hours for mandatory IMRF participation. If the member doesn't properly separate from the prior IMRF employer or returns to work in a qualified IMRF position but isn't re-enrolled in IMRF, the amount of any pension paid to that member must be

returned to IMRF as an overpayment. Current law places the onus for any overpayment entirely on the annuitant.

SB 2913 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 either returning to a mandatory IMRF-covered position or failing to properly separate from the previous employer, the IMRF Board may assign proportionate responsibility between the municipality and the annuitant to reimburse the Fund for the entire amount of the annuity overpayment, less any amount repaid by the annuitant. The bill is an initiative of IMRF, and the fund maintains that this flexibility would allow it to determine whether the employer or annuitant (or some appropriate combination thereof) is culpable for any repayment of an annuity overpayment.

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