



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *103<sup>RD</sup> General Assembly*

BILL NO: SB 2914

January 30, 2024

SPONSOR (S): Villa

SYSTEM: Illinois Municipal Retirement Fund (IMRF) Article

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#### **FISCAL IMPACT:**

**SB 2914 allows for elected officials to receive service credit for elective service even if they do not elect to participate in IMRF with respect to that service, provided the employer and the elected official continues to make member contributions for that period of service. Also, there must be no break in service between the elected official's prior position with that IMRF employer and their elected service. Since member and employer contributions would have been made for the period of service of the elected official, there would be no fiscal impact to the pension fund.**

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**SUBJECT MATTER:** SB 2914 amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. This bill provides that in cases where an elected official does not make an affirmative election to continue participation in IMRF when transitioning from a non-elective office to an elective office with the same employer, the member may still receive service credit for their elected position rather than a refund of contributions for the elective service.

**COMMENT:** Under current law, a person holding an elective office must elect to participate in IMRF to receive service credit for that elective service. If they do not make an affirmative election to participate in the Fund, they would not be eligible to receive service credit for that service.

SB 2914 provides that a person who holds an elective office and did not elect to participate in the Fund for that elected position may still receive service credit for that position if the following conditions are met: the member participated in a non-elected position with the employer with which they are now an elected official prior to becoming an elected official; both the member and the employer have continued to make the required contributions for that period of service;

and there is no gap in service credit between the two positions. So, in essence, this type of elective office service credit can only be established when transitioning seamlessly from one IMRF-covered position to another.

This bill is an initiative of IMRF that is meant to address situations that occur mostly in smaller municipalities. For example, a participating member works in a non-elected job, such as a public works director and then gets elected to office, such as a mayor, with the same IMRF employer. Since the member has previously participated in IMRF, neither the elected official nor the employer realizes the member needs to make an affirmative election to participate in the Fund for the elected position. IMRF says that such small municipalities can go months or years without realizing this error, the only redress for which is a refund of member contributions for the elective service. SB 2914 addresses this situation by allowing the elected official's continued deduction and remittance of member contributions for this time to be considered their election to continue in IMRF with respect to the elective service.

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