



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 4384**

February 13, 2026

SPONSOR: Cabello

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT

HB 4384 amends the IMRF article to increase the Tier 2 SLEP salary cap to \$145,649.97 plus the lesser of 3% of that amount or the full CPI-U, beginning January 1, 2027. Each year thereafter, the annual increase in the cap would be the lesser of 3% or the full CPI-U (rather than ½ of the CPI-U under current law).

As of the end of 2025, IMRF reports that approximately 1% of active Tier 2 SLEP participants (65 out of 4,710) have pensionable salaries over the current cap of \$129,192.26. Accordingly, HB 4384 would have a negative, but negligible impact on IMRF's liabilities due to the small number of affected members.

SUBJECT MATTER: HB 4384 amends the IMRF Article of the Illinois Pension Code to increase the Tier 2 Sheriff's Law Enforcement Personnel (SLEP) salary cap beginning January 1, 2027, to \$145,649.97 plus the lesser of 3% of that amount or the **full CPI-U, and to provide for annual increases thereafter by the same formula (rather than the lesser of 3% or ½ of the CPI-U under current law). This amendatory Act may be referred to as the Pension Equity Act.**

COMMENT: Under current law, the Tier 2 pensionable salary cap for IMRF participants, including IMRF SLEP members, was initially set at \$106,800 in Calendar Year (CY) 2011. This amount has increased annually by the lesser of 3% or ½ of the CPI-U and is currently capped at \$129,192.26 as of CY 2026.

In contrast, Tier 2 public safety employees under Articles 3 and 4 (Downstate Police and Fire) and Articles 5 and 6 (Chicago Police and Fire) are subject to a higher salary cap of \$145,649.97 for CY 2026, which increases annually by the lesser of 3% or the **full** CPI-U.

P.A. 104-0065 (effective August 1, 2025) aligned the Tier 2 salary cap structure for Articles 5 and 6 with that applicable to Articles 3 and 4. However, unlike Articles 3 and 4, where the salary cap adjusts on January 1 of each calendar year, the revised base cap for Articles 5 and 6 became effective July 1, 2025. Accordingly, in CY 2026, the cap of \$141,407.74—the amount that applied to Articles 3 and 4 in CY 2025—applies to Articles 5 and 6 from January 1 through June 30, 2026, and the updated cap of \$145,649.97 takes effect July 1, 2026.

HB 4384 would place IMRF Tier 2 SLEP participants on the same salary cap structure as other Tier 2 public safety employees under Articles 3 through 6 beginning January 1, 2027. In other words, starting in CY 2027, the cap would equal \$145,649.97 (the CY 2026 salary cap for Articles 3-6) plus the lesser of 3% or the **full** CPI-U, and henceforth the annual increase would be the lesser of 3% or the **full** CPI-U. A comparison between current law and HB 4384 is provided in the table below:

Table 1

	Current Law		HB 4384
Fund/Plan	IMRF	Articles 3-6	IMRF SLEP
CY 2026 Salary Cap	\$129,192.26	\$145,649.97*	N/A
CY 2027 Salary Cap	\$129,192.26 plus lesser of 3% or half of the CPI-U	\$145,649.97 plus lesser of 3% or the full CPI-U	
Annual Increase	lesser of 3% or half of the CPI-U	lesser of 3% or the full CPI-U	

*For Articles 5 & 6, the annual adjustment occurs each July 1 rather than January 1. For example, the CY 2026 cap of \$145,649.97 becomes effective July 1, 2026. From January 1 through June 30, 2026, the cap is \$141,407.74.

HB 4384 is nearly identical to HB 4390, with the only substantive difference being that the changes in HB 4390 retroactively apply to Tier 2 SLEP members for benefits earned during 2012 through 2026 based on the Article 3 (Downstate Police) salary cap, whereas HB 4384 applies prospectively beginning January 1, 2027.

RF:bs

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