



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 5540**

March 13, 2026

SPONSOR (S): Weber

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT

At this time, HB 5540 would have an indeterminable negative fiscal impact on the Fund. Creating a 6% interest charge for late annuity payments would increase costs to IMRF to the extent that delayed payments occur, and the number of such late payments cannot be determined ahead of time.

According to IMRF's written memo, HB 5540 would require IMRF to establish additional administrative processes to calculate and apply interest on delayed payments and to ensure compliance with the remittance of retiree health insurance premiums. IMRF indicates that implementing these requirements could require staff time and resources that may otherwise be used to address current operational challenges.

SUBJECT MATTER: HB 5540 amends the IMRF Article of the Illinois Pension Code to create a 6% interest charge for late annuity payments to IMRF participants. This bill also amends the Illinois Insurance Code to require IMRF to continue remitting retiree health insurance premiums during periods in which pension payments are delayed.

COMMENT: Currently, there is not a penalty in statute in the event that an annuity payment is delayed and not made to an annuitant when the payment becomes payable. HB 5540 establishes a requirement that an interest amount equal to 6% of the delayed payment be added to the annuity payment if it is made to an annuitant more than one month after that annuity payment became payable.

In March 2024, IMRF implemented a new core pension administration system, "Horizon," as part of a modernization effort. Following the transition, operational issues have been

encountered, including delays in benefit payments. HB 5540 appears to be introduced in response to these issues.

According to IMRF's written memo, IMRF expressed concerns that the changes by the bill could redirect staff time and resources that may otherwise be used to address current operational challenges.

HB 5540 also adds language to the Illinois Insurance Code directing IMRF to promptly remit premium payments for the group insurance plan, regardless of whether the employee's monthly pension payment has been paid to that employee, if the employee has elected to have the monthly premium deducted from that monthly pension payment.

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