



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 1268

February 5, 2025

SPONSOR(S): Villa

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT

SB 1268 increases the IMRF death benefit lump sum payment from \$3,000 to \$8,000 as of the effective date of the bill (January 1, 2026). IMRF's actuary estimated that the increase in employer contributions will be no more than .11% of system-wide payroll, for an estimated total increase of \$9.13 million in employer contributions across all IMRF employers.

SUBJECT MATTER: SB 1268 amends the Illinois Municipal Retirement Fund (IMRF) article of the Pension Code. This bill increases the amount of the lump-sum survivor death benefit from \$3,000 to \$8,000 after January 1, 2026, the effective date of the bill. The death benefit will remain at \$3,000 for members who retire prior to the bill's effective date, and no recalculations of benefits will be permitted for those members who retired before the effective date of the bill.

COMMENT: Under current law, the beneficiary (typically a surviving spouse or child) of a deceased IMRF member or annuitant is paid a \$3,000 lump sum death benefit in addition to a survivor's pension. The chart below breaks down the eligibility for the current lump sum death benefit paid to designated beneficiaries based upon the member's status:

Member Status at Death	Survivor Gets \$3,000 Lump-Sum Death Benefit?	Notes
Retired (Annuitant) Member	<input checked="" type="checkbox"/> Yes	Member was already receiving an IMRF pension.
Inactive, Vested Member (Dies After Retirement Age)	<input checked="" type="checkbox"/> Yes	Member was eligible for a pension but had not yet started receiving it.
Active, Vested Member (8+ Years of Service)	<input checked="" type="checkbox"/> Yes	Survivors get \$3,000 + either a survivor's pension or a lump sum (one year's salary + contributions).

For unvested members with at least a year of service, the beneficiary is given a lump sum equal to one year's salary plus the IMRF member's total contribution up to that point. For beneficiaries of IMRF members with less than a year of service credit, a lump sum of their total contribution is given. If the death is job related, the beneficiary also gets a lump sum equal to one year's salary.

SB 1268 increases the amount of this survivor lump sum death benefit to \$8,000 in all of the aforementioned categories as of the effective date of the bill (January 1, 2026). The bill does not provide for a recalculation of any benefits for persons who retire before the effective date.

RF:bs

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