



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 2802, as amended by SA 1

April 15, 2026

SPONSOR: Holmes

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT

SB 2802, as amended by SA 1, would increase the IMRF flat death benefit payment from \$3,000 to \$8,000 for deaths occurring on or after January 1, 2027, except for members who first retired prior to the effective date of the bill. Preliminary analysis by IMRF for SB 2802, as amended by SA 1, suggests a total first-year fiscal impact of \$8.76 million for the IMRF Regular plan and \$0.17 million for the SLEP plan, totaling \$8.93 million for IMRF employers.

SUBJECT MATTER: SB 2802, as amended by SA 1, amends Article 7 (IMRF) of the Illinois Pension Code by changing the flat death benefit from \$3,000 to \$8,000. The increased benefit shall apply to members who pass away on or after January 1, 2027. For members who first retired prior to the effective date, the benefit payment would remain \$3,000. Additionally, SB 2802, as amended by SA 1, opens eligibility for certain regional water commissions to become a participating instrumentality in IMRF, as long as the regional water commission completes the process required.

COMMENT: Under current law, the death of an annuitant, or in certain cases the death of a vested member who was entitled to retire, results in a flat \$3,000 death benefit payment to a beneficiary (typically a surviving spouse or child). The chart on the following page explains the eligibility for the current \$3,000 flat death benefit within IMRF based on the member's status at death:

Member Status at Death	Survivor Gets the \$3,000 Flat Death Benefit?	Notes
Annuitant Member	Yes	\$3,000 is paid upon death
Active, Vested Member (Entitled to Retire)	Yes (conditional)	Choice between survivor monthly pension + \$3,000 payment; or a lump sum (one year's salary + contributions).
Inactive, Vested Member (Entitled to Retire)	Yes	Survivors get \$3,000 regardless of whether a survivor annuity is payable. If payable: survivors also get a survivor's pension If not: survivors get a refund of accumulated 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 receives a lump sum equal to one year's salary.

SB 2802, as amended by SA 1, would increase the flat death benefit payments from \$3,000 to \$8,000 for deaths occurring on or after January 1, 2027, except that members who first retired prior to the effective date would remain subject to the current \$3,000 payment. The bill does not provide for a recalculation of any benefits for persons who retire before the effective date.

Additionally, SB 2802, as amended by SA 1, would open eligibility for certain regional water commissions to become participating instrumentalities within the IMRF system. In order to become a participating instrumentality within IMRF, the instrumentality must prove financial solvency, prove their financial ability to continue operations for ten years, pay to have an actuarial feasibility cost study conducted, and garner IMRF Board approval.

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