



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *104<sup>th</sup> General Assembly*

BILL NO: **SB 2802**

February 6, 2026

SPONSOR: Holmes

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

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#### FISCAL IMPACT

**SB 2802 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 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.**

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SUBJECT MATTER: SB 2802 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.

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<br>(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<br>(Entitled to Retire) | Yes   | Survivors get \$3,000 regardless of whether a survivor annuity is payable.<br>If payable: survivors also get a survivor's pension<br>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 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.

SB 2802 is substantially identical to SB 1268 which was proposed earlier in the 104<sup>th</sup> GA.

AR:bs  
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