



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104TH General Assembly*

BILL NO: SB 2826, as engrossed

May 8, 2026

SPONSOR (S): Balkema (Deuter)

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT

SB 2826, as engrossed, would have little to no fiscal impact, as the amended language codifies the current practice prohibiting prearranged returns to service into statute and addresses non-IMRF-covered positions, such as those not meeting the statutory hourly requirements (600 or 1,000 hours annually). Also, SB 2826, as engrossed, would prevent those who have creditable service through employment by IMRF from serving as a Trustee for that fund. With the regard to this provision, it would have no fiscal impact.

SUBJECT MATTER: SB 2826, as engrossed, amends the IMRF Article of the Illinois Pension Code, specifically the IMRF Board of Trustees provisions, by disqualifying employees or former employees of IMRF who have earned creditable service from serving on the Board. SB 2826, as engrossed, further amends the IMRF Article to allow separating participating employees of IMRF to receive a retirement annuity as long as that participating employee has not prearranged to return to service in the participating municipality from which they retired.

COMMENT:

Under current law there are 8 members of the Board of Trustees:

- 4 Trustees who are executive officers of participating employers
- 3 Trustees who are active members
- 1 Trustee who is an annuitant

SB 2826, as engrossed, prevents members of the fund who, at any point in time, gained creditable service by working directly for IMRF from serving as a trustee on the Board.

SB 2826, as engrossed, is an IMRF initiative. According to IMRF, the intent is to prevent a conflict of interest where trustees with service credit may defraud the fund for personal gain. As of January 16th, 2026, no current member of the IMRF Board of Trustees has any service credit through IMRF employment, thus the bill would have no impact on current Trustees.

In order to be eligible for a separation benefit, participating employees of IMRF are currently prohibited from taking employment of any kind with any IMRF employer within the 60-day separation period following their separation from a participating municipality or instrumentality. Upon separation from the service of all participating municipalities and instrumentalities, any participating employee who has applied is eligible for a separation benefit, as long as the participating employee is:

- Not entitled to a retirement annuity;
- Entitled to a retirement annuity of less than \$100 a month; or
- Entitled to a retirement annuity, but wishes instead to purchase credit in another retirement plan.

SB 2826, as engrossed, amends the IMRF article to allow any participating employee of IMRF to be eligible for a separation benefit if they have separated from the service of the participating municipality or instrumentality with which the participating employee last participated in the Fund (instead of all participating municipalities and instrumentalities) and has met the conditions referenced above.

Under current law, a participating employee, regardless of cause, who is separated from the service of all participating municipalities and instrumentalities shall be entitled to a retirement annuity (including reduced early retirement) if the participating employee is:

- A member eligible for early retirement based on age: at least age 55 (Tier 1 regular), age 62 (Tier 2 regular), or age 50 (SLEP Tier 1 and 2; for Tier 1 SLEP, age 50 applies to both full and reduced retirement);
- Not entitled to receive earnings for employment in a participating position;
- Eligible for an annuity in an amount of at least \$10 per month; and
- A member with at least 8 years of service (Tier 1) or 10 years of service (Tier 2).

SB 2826, as engrossed, amends the IMRF article to allow a participating employee, regardless of cause, who is separated from the participating municipality or instrumentality from which the participating employee is seeking to retire (instead of all participating municipalities and instrumentalities) to be eligible for a retirement annuity, if the previously mentioned requirements are met, and the participating employee has not prearranged to return to the service of a participating municipality or instrumentality from which the participating employee retired. According to IMRF, the prohibition on a prearranged return to service with the last employer already exists in IMRF administrative rules, and the change would codify that administrative rule into statute.

Basically, an IMRF member currently must separate from the service of all IMRF employers within the 60-day separation period (even from non-IMRF-covered positions that do not meet the hourly requirements to qualify as IMRF positions), whereas, under SB 2826, as engrossed, an IMRF member could work for another IMRF employer within the 60-day period, provided the position is not IMRF-covered and the member did not prearrange a return to the employer from which the member retired.

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