

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO:               **HB 4108**

March 2, 2012

SPONSOR (S):        D. Burke

SYSTEM(S):         Metropolitan Water Reclamation District Pension Fund

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**FISCAL IMPACT:** Both the disability benefit provisions and the refund-to-estate provisions in HB 4108 should have a positive fiscal impact on the MWRD pension fund. The disability benefit provisions should result in a lower amount of ordinary disability benefit payouts as employees would likely use sick time during the 30-day waiting period before the disability payment would begin.

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**SUBJECT MATTER:** HB 4108 amends the Metropolitan Water Reclamation Article of the Illinois Pension Code. The bill provides that an employee who first enters service on or after January 1, 2013 shall be entitled to an ordinary disability benefit after the 31<sup>st</sup> day of disability, provided the employee has exhausted all sick leave. The bill also makes changes to the amounts of refunds paid to the estates of deceased members in cases where the member's contributions have not been paid out in benefits prior to the member's death or the death of his or her spouse.

**FISCAL IMPACT:** Both the disability benefit provisions and the refund-to-estate provisions in HB 4108 should have a positive fiscal impact on the MWRD pension fund. The disability benefit provisions should result in a lower amount of ordinary disability benefit payouts as employees would likely use sick time during the 30-day waiting period before the disability payment would begin.

**COMMENT:** According to the MWRD pension fund, this bill is an attempt to encourage employees to save their sick time for short term illnesses and use Occupational Disability benefits for illnesses that are longer in duration. MWRD employees in service before June 13, 1997 do not have to undergo a waiting period before beginning occupational disability benefits; they need only submit a disability application if their sick time is depleted. HB 4108 would make occupational disability benefits payable on the 31<sup>st</sup> day after the disability begins. In the event an employee has adequate sick time, the employee will be enabled to use sick time during this 30 day period before the disability payments would commence.

HB 4108 also contains language pertaining to refunds on behalf of members who begin service on or after Jan. 1, 2013. The bill states that if employee contributions by these members have not been paid as a retirement annuity or a spouse's annuity before the death of the member and the death of his or her spouse, then a refund shall be paid in an amount equal to the excess of the contributions over the amounts paid on the annuities. The bill provides that if there are surviving children who are eligible for a child's annuity, then the refund will not be paid until the youngest child reaches age 23.

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