

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 98TH GENERAL ASSEMBLY

BILL NO: **HB 5816, as amended by HA 2**

April 7, 2014

SPONSOR (S): Senger - Drury

SYSTEM(S): General Provisions Article

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**FISCAL IMPACT:** The fiscal impact of HB 5816, as amended by HA 2, cannot be determined as the number of members who will be impacted by felony forfeiture provisions added by HB 5816, as amended by HA 2, is not known.

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**SUBJECT MATTER:** HB 5816, as amended by HA 2, proposes an addition to Illinois Pension Code. This bill makes certain types of felonies grounds for forfeiture of pension benefits.

**FISCAL IMPACT:** The fiscal impact of HB 5816, as amended by HA 2, cannot be determined as the number of members who will be impacted by felony forfeiture provisions added by HB 5816, as amended by HA 2, is not known.

**COMMENT:** Currently, each article of the Pension Code contains standardized felony forfeiture language under which a person who is convicted of a felony “relating to or arising out of or in connection with his or her service” shall be required to forfeit his or her pension. HB 5816, as amended by HA 2, adds language to the General Provisions Article that would make the conviction or a guilty plea to a Class X felony or a Class 1 felony grounds for forfeiture of pension benefits.

Under HB 5816, as amended by HA 2, any member or participant of a pension fund or retirement system established under the Pension Code who is convicted of these crimes will receive none of the benefits provided under the Code attributable to the service of said member or participant. If a member or participant is convicted of, or pleads guilty to a felony other than a felony resulting from acts of public corruption as specified in the Criminal Code of 2012, then their annuity or pension will be suspended for the duration of incarceration for that offense. Upon completion of their incarceration, benefits may be reinstated by the participant by filing a request for reinstatement of benefits through their applicable system. A person to which this bill applies is entitled to receive a refund of their unused employee contributions, such that those contributions are not necessary to maintain qualified plan status compliant with the federal Internal Revenue Code of 1986. HB 5816, as amended by HA 2, would also allow a board of trustees to take additional action against those that are convicted, or that plead guilty to a felony, however, the actions that they take shall not be less severe than the provisions in this bill.

The provisions in this bill apply regardless to whether or not the participant was in active service on or after the effective date of this bill.

RSR:dkb

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