COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 5914, as amended by HA 1,** May 5, 2014

SPONSOR(S): Brady, D.

SYSTEM(S): Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT: The fiscal impact of HB 5914, as amended by HA 1, is presently indiscernible to IMRF. To the extent that there is a fiscal impact, it will depend on whether employers grant more or less than the current standard of 20% of prior service plus the ability to purchase more; compared to current law, those employers who grant more will incur a cost, and those who grant less will realize a savings.

<u>SUBJECT MATTER</u>: HB 5914, as amended by HA 1, amends the Illinois Municipal Retirement Fund article of the Illinois Pension Code by allowing participating municipalities and instrumentalities thereof to decide the limit of how much service for prior credit their employees gain upon initially joining IMRF.

FISCAL IMPACT: The fiscal impact of HB 5914, as amended by HA 1, is presently indiscernible to IMRF. To the extent that there is a fiscal impact, it will depend on whether employers grant more or less than the current standard of 20% of prior service plus the ability to purchase more; compared to current law, those employers who grant more will incur a cost, and those who grant less will realize a savings.

<u>COMMENT</u>: As of current law, IMRF requires participating municipalities and participating instrumentalities to provide 20% of an employee's service, up to 5 years of credit. IMRF allows these employees to procure any amount of credit up to the rest of their service if they provide a commensurate employee contribution.

HB 5914, as amended by HA 1, allows municipalities and instrumentalities who join IMRF after the effective date of this bill to decide 1) how much credit for prior service their employees receive at the employer's expense and 2) how much the employees can purchase on their own, with limits on either at the employer's discretion.

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