

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 3757**

March 5, 2015

SPONSOR (S): Andrade

SYSTEM(S): IMRF

---

**FISCAL IMPACT:** According to IMRF, the full burden of return-to-work violations falls solely upon the retiree, even in cases where the employer might be at fault in ascertaining or determining the retiree's IMRF status. IMRF says this bill is needed to allow the pension fund to weigh the evidence in cases of violations of return-to-work restrictions and determine any contributing factors as to the reasons why the violation occurred.

IMRF cites one recent example of a member who now owes IMRF \$100,000 because of a return-to-work violation. In this particular case, the municipality assured the retiree that the position he or she was to assume was not a covered position, when in fact it was covered. IMRF says this bill would give municipalities an incentive to properly investigate the IMRF status of a position before making a determination as to whether an annuitant would violate the return-to-work requirements by taking such a position.

---

**SUBJECT MATTER:** HB 3757 amends the Illinois Municipal Retirement Article of the Pension Code. The bill addresses annuitant return-to-work situations where an employer fails to notify IMRF so that the annuity can be suspended during the annuitant's time as a covered employee.

**FISCAL IMPACT:** According to IMRF, the full burden of return-to-work violations falls solely upon the retiree, even in cases where the employer might be at fault in ascertaining or determining the retiree's IMRF status. IMRF says this bill is needed to allow the pension fund to weigh the evidence in cases of violations of return-to-work restrictions and determine any contributing factors as to the reasons why the violation occurred.

IMRF cites one recent example of a member who now owes IMRF \$100,000 because of a return-to-work violation. In this particular case, the municipality assured the retiree that the position he or she was to assume was not a covered position, when in fact it was covered. IMRF says this bill would give municipalities an incentive to properly investigate the IMRF status of a position before making a determination as to whether an annuitant would violate the return-to-work requirements by taking such a position.

COMMENT: Under current law, if an IMRF annuitant resumes full-time employment such that he or she must participate in IMRF, the annuitant's pension is suspended for the duration of the period of employment in question. The annuitant is entitled to a supplemental annuity arising from the work that led to the suspension of annuity payments. Pursuant to current law, an employee is considered to be a participating employee in IMRF if he or she meets the IMRF employer's annual hourly standard, which is either 600 hours or 1,000 hours, depending on the employer.

HB 3757 provides that if an annuitant must be reclassified as a participating employee and the municipality or participating instrumentality fails to notify IMRF so that the annuity can be suspended, then the participating instrumentality or municipality may be required to reimburse IMRF for an amount up to the total of annuity payments made to the annuitant after the annuity should have been suspended, less any amount actually repaid by the annuitant.

DH:dkb

LRB099 09735 EFG 29945 b