

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 2896, as engrossed**

May 24, 2016

SPONSOR (S): Althoff – Martinez, et al. (Andrade, Jr.)

SYSTEM(S): Illinois Municipal Retirement Fund

FISCAL IMPACT: SB 2896, as engrossed, is likely to reduce potential losses to the IMRF Pension Fund. When an annuitant continues to receive annuities after returning to service, it is difficult to return the overpaid amount back to the Fund. It is difficult to discern a fiscal impact, as it is not possible to foresee how often an employer would fail to notify the Board when annuitants return to active service. However, IMRF is currently dealing with two cases where annuities were paid that should have been suspended. Both cases combine to a little over \$400,000 in funds that should not have been paid.

SUBJECT MATTER: SB 2896, as engrossed, amends the IMRF Article of the Pension Code by proposing that in cases where an employer fails to notify the Board when an annuitant should have his/her annuity suspended the employer would be required to reimburse the Fund.

COMMENT: SB 2896, as engrossed, amends the IMRF Article of the Illinois Pension Code. This bill states that if an employer knowingly fails to notify the Board to suspend the annuities of an annuitant who returns to service, the employer may be required to reimburse the Fund. The reimbursement amount will be less than or equal to half of the total of all annuity payments that have been made to the annuitant, after the date that the annuity should have been suspended. The annuitant would be responsible for the remaining reimbursement. This is not applicable if the annuitant returned to work for less than 1 year.

In addition, this bill would require IMRF to notify all annuitants that they must immediately notify the Fund if they return to work for any participating employer, and these notifications must occur no less than annually. IMRF will also be responsible for developing and maintaining a system to track annuitants who return to work for an IMRF employer. IMRF will be required to notify the annuitant and employer of the limitations on returning to work provided by this bill, at least once per year.

JL:dkb

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