

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 101ST GENERAL ASSEMBLY

BILL NO: **HB 3054**

February 19, 2019

SPONSOR (S): Andrade

SYSTEM(S): IMRF

---

**FISCAL IMPACT:** HB 3054 effectively doubles the penalty for employers that do not report to IMRF instances where an annuitant has returned to service and the retirement annuity should be stopped for the duration of that service. To the extent that the bill provides a greater incentive for employers to report to IMRF instances where annuities must be suspended when annuitants return to service, the bill should have a positive fiscal impact.

---

**SUBJECT MATTER:** HB 3054 amends the IMRF article of the Pension Code. The bill doubles the penalty for municipalities in cases where a retired member is re-employed and the municipality fails to notify the IMRF board so that the pension fund may suspend the retirement annuity during the period of service. This same penalty is applied to employers in cases where a member who retired under an early retirement incentive must forfeit his or her age and service enhancement by reason of return to active service.

**COMMENT:** IMRF's hourly standard for active service is 600 hours (or 1,000 hours for certain employees hired after 1981). Current law stipulates that if an IMRF annuitant returns to active service and meets the aforementioned hourly conditions and the municipality or participating instrumentality fails to notify the IMRF board to suspend the annuity during the period of the annuitant's service, the municipality or participating instrumentality must pay IMRF an amount equal to *one-half* of the total of any annuity payments made to the annuitant after the date the annuity should have been suspended, as determined by the IMRF board. HB 3054 changes this repayment penalty to the *total amount* of the annuity payments made after the date the annuity should have been suspended.

HB 3054 also subjects employers to the aforementioned full annuity-payback penalty in cases where IMRF annuitants who retired under an early retirement enhancement and whose age and service enhancement would, under current law, be subject to forfeiture

by reason of returning to work with an IMRF employer under the aforementioned minimum hourly standards.

DH:bj

LRB101 09915 RPS 55017 b