

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 4076**

January 29, 2020

SPONSOR (S): Cabello

SYSTEM(S): General Provisions Article

FISCAL IMPACT: IMRF, which has the largest population of elected officials of all systems governed under the Pension Code (2,090 members), reports that the bill would have no discernible impact as participation by elected officials is optional under current law, provided members meet the required hourly standard for their employer. IMRF requires employers to make contributions such that the employee's retirement benefit is 100% funded at the time of retirement. Therefore, a given member's participation, or lack thereof, does not have a material actuarial impact to the overall health of the system.

The General Assembly Retirement system's actuary currently assumes that 50% of new members will opt out of the retirement system. GARS says there would be a slight increase in State contributions if all future members were prohibited from participation, as State contributions to GARS are made as a percentage of payroll under P.A. 88-593, the 1995 funding law. A lower participant payroll would necessitate a higher State contribution. The amount of the increase in State contributions would need to be calculated by the system's actuary.

SUBJECT MATTER: HB 4076 amends the General Provisions Article of the Pension Code to not allow elected officials elected on or after the bill's effective date to participate in any pension fund governed under the Pension Code.

COMMENT: HB 4076 holds that an elected official elected or appointed on or after the bill's effective date may not participate in any pension fund or retirement system governed under the Pension Code. Participation in IMRF is optional for elected officials under current law. Likewise, participation in GARS is currently optional for members of the Illinois General Assembly.

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