

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 101ST GENERAL ASSEMBLY

BILL NO: **SB 2337**

January 13, 2020

SPONSOR (S): McConchie

SYSTEM(S): Illinois Municipal Retirement Fund

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**FISCAL IMPACT:** There is no readily available information pertaining to the fiscal impact of SB 2337, because the legislation gives municipalities complete discretion in developing alternative retirement plans. According to IMRF, current IMRF members are fully coordinated with Social Security, and there is no Social Security exemption in IMRF for public safety participants. IMRF indicates that if an employer were to opt out of IMRF participation for new employees, an employee who would otherwise participate in IMRF would be mandatorily enrolled in Social Security, as is currently the case for all IMRF members.

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**SUBJECT MATTER:** SB 2337 amends the Illinois Municipal Retirement Fund Article of the Pension Code to allow municipalities to provide an alternative retirement plan other than the one defined under IMRF for new employees.

**COMMENT:** SB 2337 amends the Pension Code to allow the governing bodies of municipalities to offer an alternative retirement plan instead of or in addition to the existing schedule of benefits under IMRF for new employees. The alternative benefits may be defined benefit, defined contribution, or have components of both. The alternative plan is not required to provide disability, survivor, or other federally permitted benefits other than Social Security coverage. SB 2337 specifies that the municipality need not provide any benefits at all, other than mandatory Social Security coverage. Service credits received under an alternative plan may not be transferred to other pension funds or retirement systems. Offering an alternative plan does not allow municipalities to diminish or impair the benefits of participants in the existing retirement plan.

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