

HB1471



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB1471

by Rep. Kevin A. McCarthy

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-205

from Ch. 108 1/2, par. 7-205

30 ILCS 805/8.35 new

Amends the IMRF Article of the Illinois Pension Code. Makes changes in the way the annuity reserve is calculated if a retiring employee has accumulated service in more than one participating municipality or participating instrumentality. Amends the State Mandates Act to require implementation without reimbursement. Effective January 1, 2012.

LRB097 05390 JDS 45447 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 7-205 as follows:

6 (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

7 Sec. 7-205. Reserves for annuities. Appropriate reserves
8 shall be created for payment of all annuities granted under
9 this Article at the time such annuities are granted and in
10 amounts determined to be necessary under actuarial tables
11 adopted by the Board upon recommendation of the actuary of the
12 fund. All annuities payable shall be charged to the annuity
13 reserve.

14 1. Amounts credited to annuity reserves shall be derived by
15 transfer of all the employee credits from the appropriate
16 employee reserves and by charges to the municipality reserve of
17 those municipalities in which the retiring employee has
18 accumulated service. If a retiring employee has accumulated
19 service in more than one participating municipality or
20 participating instrumentality, the aggregate municipality
21 charges for non-concurrent service shall be calculated as
22 follows:

23 (A) for purposes of calculating the annuity reserve, an

1 annuity will be calculated based on service and adjusted
2 earnings with each employer (without regard to the vesting
3 requirement contained in subsection (a) of Section 7-142);
4 and

5 (B) the difference between the municipality charges
6 for the actual annuity granted and the aggregation of the
7 municipality charges based upon the ratio of each from
8 those calculations to the aggregated total from paragraph
9 (A) of this item 1.

10 Aggregate municipality charges for concurrent service
11 shall be prorated based on the employee's earnings. The
12 municipality charges for retirement annuities calculated under
13 subparagraph a of subparagraph 1 of subsection (a) of Section
14 7-142 shall be prorated based on actual contributions ~~prorated~~
15 ~~on a basis of the employee's earnings in case of concurrent~~
16 ~~service and creditable service in other cases.~~

17 2. Supplemental annuities shall be handled as a separate
18 annuity and amounts to be credited to the annuity reserve
19 therefor shall be derived in the same manner as a regular
20 annuity.

21 3. When a retirement annuity is granted to an employee with
22 a spouse eligible for a surviving spouse annuity, there shall
23 be credited to the annuity reserve an amount to fund the cost
24 of both the retirement and surviving spouse annuity as a joint
25 and survivors annuity.

26 4. Beginning January 1, 1989, when a retirement annuity is

1 awarded, an amount equal to the present value of the \$3,000
2 death benefit payable upon the death of the annuitant shall be
3 transferred to the annuity reserve from the appropriate
4 municipality reserves in the same manner as the transfer for
5 annuities.

6 5. All annuity reserves shall be revalued annually as of
7 December 31. Beginning as of December 31, 1973, adjustment
8 required therein by such revaluation shall be charged or
9 credited to the earnings and experience variation reserve.

10 6. There shall be credited to the annuity reserve all of
11 the payments made by annuitants under Section 7-144.2, plus an
12 additional amount from the earnings and experience variation
13 reserve to fund the cost of the incremental annuities granted
14 to annuitants making these payments.

15 7. As of December 31, 1972, the excess in the annuity
16 reserve shall be transferred to the municipality reserves. An
17 amount equal to the deficiency in the reserve of participating
18 municipalities and participating instrumentalities which have
19 no participating employees shall be allocated to their
20 reserves. The remainder shall be allocated in amounts
21 proportionate to the present value, as of January 1, 1972, of
22 annuities of annuitants of the remaining participating
23 municipalities and participating instrumentalities.

24 (Source: P.A. 89-136, eff. 7-14-95.)

25 Section 90. The State Mandates Act is amended by adding

1 Section 8.35 as follows:

2 (30 ILCS 805/8.35 new)

3 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
4 of this Act, no reimbursement by the State is required for the
5 implementation of any mandate created by this amendatory Act of
6 the 97th General Assembly.

7 Section 99. Effective date. This Act takes effect January
8 1, 2012.