SB3807

LRB101 19678 RPS 69169 b

101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3807

Introduced 2/14/2020, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-168	from Ch. 108 1/2, par. 7-168
40 ILCS 5/7-173	from Ch. 108 1/2, par. 7-173
30 ILCS 805/8.44 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Provides that the amount of the separation benefit shall include interest credited to the end of the preceding calendar year for contributions made under provisions authorizing employees to make additional contributions for retirement annuity purposes, to the extent permitted by the Internal Revenue Code of 1986. Provides that employees who first participate in the Fund on or after 6 months after the effective date of the amendatory Act shall automatically contribute 3% of each payment of earnings as additional contributions for retirement annuity purposes beginning immediately upon enrollment in the Fund as a participating employee. Provides that employees may change such contributions to an amount not to exceed 10% of each payment of earnings at any time by written notice to the Board. Provides that the Board may limit the number of withdrawals of those additional contributions to an amount not less than once per calendar year and to charge an administrative fee to cover the costs of processing such withdrawals. Amends the State Mandates Act to require implementation without reimbursement. Effective January 1, 2021.

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FISCAL NOTE ACT MAY APPLY	PENSION IMPACT NOTE ACT MAY APPLY	STATE MANDATES ACT MAY REQUIRE REIMBURSEMENT

A BILL FOR

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Sections 7-168 and 7-173 as follows:

(40 ILCS 5/7-168) (from Ch. 108 1/2, par. 7-168)

Sec. 7-168. Separation benefits - Amount. The amount of the separation benefits shall be the sum of the employee's accumulated normal, survivor and additional contributions<u>, plus interest credited to the end of the preceding calendar year for contributions made under paragraph (2) of subsection (a) of Section 7-173, to the extent permitted by the federal Internal Revenue Code of 1986, as now or hereafter amended</u>.

(Source: P.A. 87-740.)

(40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

Sec. 7-173. Contributions by employees.

(a) Each participating employee shall make contributions to the fund as follows:

1. For retirement annuity purposes, normal contributions of 3 3/4% of earnings.

2. Additional contributions of such percentages of each payment of earnings, as shall be elected by the

employee for retirement annuity purposes, but not in excess of 10%. The selected rate shall be applicable to all earnings paid following receipt by the Board of written notice of election to make such contributions. Additional contributions at the selected rate shall be made concurrently with normal contributions.

Employees who first participate in the Fund on or after 6 months after the effective date of this amendatory Act of the 101st General Assembly shall automatically contribute 3% of each payment of earnings as additional contributions for retirement annuity purposes beginning immediately upon enrollment in the Fund as a participating employee. Employees may change such contributions to an amount not to exceed 10% of each payment of earnings at any time by written notice to the Board.

3. Survivor contributions, by each participating employee, of 3/4% of each payment of earnings.

(b) (Blank).

(c) Contributions shall be deducted from each corresponding payment of earnings paid to each employee and shall be remitted to the board by the participating municipality or participating instrumentality making such payment. The remittance, together with a report of the earnings and contributions shall be made as directed by the board. For township treasurers and employees of township treasurers qualifying as employees hereunder, the contributions herein required as deductions from salary shall be withheld by the school township trustees from funds available for the payment of the compensation of such treasurers and employees as provided in the School Code and remitted to the board.

(d) An employee who has made additional contributions under paragraph (a)2 of this Section may upon retirement or at any time prior thereto, elect to withdraw the total of such additional contributions including interest credited thereon to the end of the preceding calendar year, to the extent permitted by the federal Internal Revenue Code of 1986, as now or hereafter amended. <u>The Board has the ability to limit the number of such withdrawals permitted to an amount not less than once per calendar year and to charge an administrative fee to cover the costs of processing such withdrawals.</u>

(e) Failure to make the deductions for employee contributions provided in paragraph (c) of this Section shall not relieve the employee from liability for such contributions. The amount of such liability may be deducted, with interest charged under Section 7-209, from any annuities or benefits payable hereunder to the employee or any other person receiving an annuity or benefit by reason of such employee's participation.

(f) A participating employee who has at least 40 years of creditable service in the Fund may elect to cease making the contributions required under this Section. The status of the employee under this Article shall be unaffected by this election, except that the employee shall not receive any additional creditable service for the periods of employment following the election. An election under this subsection relieves the employer from making additional employer contributions in relation to that employee.

(Source: P.A. 97-333, eff. 8-12-11; 97-933, eff. 8-10-12; 98-218, eff. 8-9-13.)

Section 90. The State Mandates Act is amended by adding Section 8.44 as follows:

(30 ILCS 805/8.44 new)

Sec. 8.44. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 101st General Assembly.

Section 99. Effective date. This Act takes effect January 1, 2021.