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Legislation



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Legislation introduced to eliminate "13th payment"

On March 14, legislation was introduced to eliminate the IMRF supplemental benefit payment, also known as the 13th payment.

House Amendment #1 to House Bill 3898 would terminate the 13th payment for all present and future annuitants effective January 1, 2015. The legislation is sponsored by State Rep. Deborah Conroy (D-Villa Park).

IMRF staff believes that the Illinois Constitution protects the benefits of current and retired IMRF members, and that this protection extends to the 13th payment.

IMRF staff will analyze the proposal in the coming days and share information with the IMRF Board of Trustees. As with all legislation that involves IMRF, the Board of Trustees will take a position whether to support, oppose, or remain neutral on the legislation.

In order to become law, HB 3898 would need to be passed out of committees in the House and Senate, and be approved by a majority of legislators in both the House and the Senate before being sent to the Governor for his signature.

IMRF will keep you informed throughout the process.

Media reports have characterized the 13th payment as a "bonus." This is inaccurate. It is a form of deferred compensation intended to help offset inflation. It was granted to retirees after significant negotiation by employee and employer groups, and approved by the Illinois General Assembly in 1992.

The Illinois Pension Code requires each IMRF employer to contribute .62% (62 hundredths of 1%) of its annual IMRF payroll to support the 13th payment. During 2013, the average IMRF employer contributed \$14,148 to fund the benefit.

The 13th payment is mailed to eligible retired members every July. During 2013, the average 13th payment to an IMRF retiree was \$343.

At the end of 2013, IMRF had \$33 billion in assets and was 96% funded on a market basis.

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IMRF Online provides a brief summary of IMRF benefits and the administration of those benefits. IMRF members' and employers' rights and obligations are governed by Article 7 of the Illinois Pension Code. Statements in these publications are general, and the Illinois state law governing IMRF is complex and specific. If a conflict arises between information in these publications and the law, all decisions are based on the law.

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Rep. Deborah Conroy

Filed: 3/13/2014

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1

AMENDMENT TO HOUSE BILL 3898

2

AMENDMENT NO. _____. Amend House Bill 3898 by replacing everything after the enacting clause with the following:

4

"Section 5. The Illinois Pension Code is amended by changing Section 7-144.3 as follows:

6

(40 ILCS 5/7-144.3) (from Ch. 108 1/2, par. 7-144.3)

7

Sec. 7-144.3. Supplemental benefit payment.

8

(a) Notwithstanding any other provision of this Code, no

9

supplemental benefit payment shall be made under this Section

10

after January 1, 2015. For the purposes of Section 1-103.1 of

11

this Code, this termination of supplemental benefit payments

12

applies to all present and future annuitants, without regard to

13

employment on or after the effective date of this amendatory

14

Act of the 98th General Assembly.

15

A supplemental benefit payment, consisting of a sum

16

calculated as provided in subsection (c), shall be payable to

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1 each eligible retirement annuitant and surviving spouse
2 annuitant on July 1, 1993, and on each subsequent July 1;
3 except that if this Code is amended to change the un compounded
4 annual increase in retirement annuity granted in subsection (c)
5 of Section 7-142 to a compounded annual increase, no
6 supplemental benefit shall be paid under this Section on any
7 July 1 occurring on or after the effective date of that
8 amendment. The amount of the supplemental benefit payment, and
9 a person's eligibility to receive the supplemental benefit
10 payment, shall be redetermined for each year in which the
11 benefit is payable.

12 (b) To be eligible to receive a supplemental benefit
13 payment, a person must be entitled to receive a retirement
14 annuity or surviving spouse annuity from the Fund on the July 1
15 supplemental benefit payment date, and must have been receiving
16 that annuity during each of the 12 months immediately preceding
17 that date; except that a surviving spouse annuitant whose
18 surviving spouse annuity began less than one year before the
19 July 1 supplemental benefit payment date shall be eligible if
20 the deceased spouse received a retirement annuity from the Fund
21 during the period from the previous July 1 until the start of
22 the surviving spouse annuity.

23 (c) The amount of the supplemental benefit payment shall be
24 determined by the Board as follows:

25 (1) The total amount available for the payment of
26 supplemental benefit payments under this Section in any

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1 year shall be 0.62% of the last annual participating
2 payroll for all participating municipalities and
3 participating instrumentalities in the Fund, as determined
4 and reconciled by the Fund.

5 (2) The amount of the supplemental benefit payment to
6 each eligible person shall be a portion of the total amount
7 available under paragraph (1), equal to that portion of the
8 total amount payable by the Fund to all eligible persons
9 for retirement and surviving spouse annuities in the June
10 preceding the July 1 supplemental benefit payment date,
11 that is payable to the eligible person in that month.

12 (3) Notwithstanding paragraph (2), the amount of any
13

14 supplemental benefit payment paid to an annuitant under
15 this Section shall not exceed any benefit limitations
16 established by the federal government for qualified public
17 pension plans.
(Source: P.A. 87-850.)".

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