



Issue Brief

House Bill 146 Salary Limitation in Pension Calculation

Representative Franks

IMRF Position: **OPPOSE**

Proposed Change in the Law

This bill would limit all salary for pension calculation purposes for current participants in IMRF as well as the state-funded systems to \$106,800, indexed annually by the lesser of 3% or ½ of the increase in the Consumer Price Index. It would also limit the annual Cost of Living Adjustment for retirees to the lower of 3% or ½ of the increase in the Consumer Price Index of the original pension.

Reasons for Opposition

The provisions of this bill are unconstitutional. In a similar case, the Illinois Supreme Court ruled that a change in the method used to calculate the final rate of earnings – from last day of service to final year of service – was an unconstitutional diminishment of benefits.

The limitations in the bill are applicable not only to compensation earned after the effective date of the bill, but also to compensation earned and reported to the funds in the past, for which members have already paid contributions. They also do not apply to members of the City of Chicago or Cook County funds, nor to IMRF SLEP participants.

For More Information

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