



ISSUE BRIEF

Senate Bill 1826: Employer Participation Opt-Out

IMRF Position:
OPPOSE

Sponsor(s):
Senator McConchie

Proposed Change in the Law

In the provisions applicable to IMRF, this bill would allow participating municipalities, by ordinance, to cease participation IMRF (for new employees) and create their own plans. The employer could create these plans in addition to IMRF or in lieu of participation. It also explicitly allows that the new plan may provide any level of benefits and may choose not to provide any benefits at all.

These benefits can be DB plans, DC plans, or a combination of the two. Employers are only required to participate in Social Security, as necessary.

The bill also includes similar provisions for all of the local government pension plans including downstate and Chicago police and fire plans.

Reasons for Position

The bill does not affect current members. It also does not require IMRF to transfer any money to the new fund; it would only terminate participation, at the option of the employer, for new employees. It does not, however, require that employers offer any type of retirement plan. Employers would be free to terminate participation in IMRF and then simply offer Social Security only.

There is also nothing in the bill that would prohibit employers from moving in and out of IMRF at will, which would cause administrative and financial difficulties in trying to determine participation dates and funding levels.

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For More Information

Bonnie Shadid
IMRF Legislative Liaison
630/368-5354
bonnieshadid-legal@imrf.org