



ISSUE BRIEF

House Bill 2973:

Sick and Vacation Payouts/Service Credit

IMRF Position:

NEUTRAL

Sponsor:

Representative Morrison

Proposed Change in the Law

In the provisions applicable to IMRF, the bill would exclude sick and vacation lump sum payments from reportable wages and prohibit the use of unused, unpaid sick leave for service credit. It would be applicable to new members only and similar provisions are included for TRS, SERS, and SURS.

The bill would also create a DC plan for new members of the state-funded systems, as well as allow members of those systems to opt out of participation or to choose not to participate at all. It would also prohibit TRS employers from making member contributions on the employee's behalf, except to the extent allowed under the Internal Revenue Code to allow for the contributions to be tax-deferred.

Reasons for Position

The bill applies only to new members and therefore does not have any constitutional concerns.

The definition of "compensation" and options for adding additional service credit are public policy decisions to be determined by the General Assembly.

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