



ISSUE BRIEF

Senate Bill 1056, as amended: Pension Omnibus

IMRF Position:
SUPPORT

Sponsor(s):
Senator Martwick

Proposed Change in the Law

This bill includes technical change proposals from multiple pension systems. In the provisions applicable to IMRF, it would move the Tier 2 provisions for the regular plan from Article 1 to Article 7 and remove a requirement that state Auditor General approve the Fund's audit firm, both of which were included in Senate Bill 53. It also sets the age for the required minimum distribution to that included in the federal Internal Revenue Code, which were included in SB 43. Also allows current Commerce Commission officers participating in SERS to transfer IMRF SLEP service to that system, which was originally in SB 2104.

Reasons for Position

As part of the larger federal spending package, Congress passed the SECURE Act in December of 2019 that included various tax and retirement savings provisions, one of which applies to public pension plans. Effective January 1, 2020, the age for required distributions for members who are inactive but have contributions on file was increased from 70 ½ to 72. This change is to update the IMRF Article to comply with these new federal requirements.

As a tax-qualified retirement plan, IMRF is required to comply with federal Internal Revenue Code statutes regarding minimum distributions.

The current Tier 2 regular plan provisions are necessarily generic since they are in a single section of the Pension Code applicable to all pension systems and can therefore be difficult to directly apply to IMRF. This change does not make any changes to any provisions of Tier 2. It

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merely moves the language into the IMRF Article for easier administration. The bill also applies only to the regular IMRF plan. The Tier 2 provisions for the IMRF Sheriffs' Law Enforcement Personnel (SLEP) plan are already found in the IMRF Article, so no change is necessary. This Auditor language is a legacy from when IMRF's ex officio treasurer was the State Treasurer. The provision now merely adds an extra layer of bureaucracy to the audit procedures and adds no value. In addition, the statute for the state Auditor General does not grant that office oversight authority of non-state agencies and therefore has no audit responsibilities or authority over IMRF. The change would have no impact on the choice of audit vendor. No other non-state funded system has this requirement.

The transfer provision does not make any substantive changes to the amount that can be transferred from IMRF to SERS nor to how such transfers are made, but rather only adds an additional police officer group to those eligible to make the transfer. It would have no substantive effect on IMRF operations or administration of the transfer provision.

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