



ISSUE BRIEF

House Bill 1645: Maximum Allowable Pension

IMRF Position:
OPPOSE

Sponsor:
Representative Blaine Wilhour

Proposed Change in the Law

This bill would set the maximum allowable pension at \$132,900 starting on the effective date. This maximum amount would be increased annually by the consumer price index-u. It applies to all members and annuitants as of the effective date and is applicable to all Illinois public pension systems.

Reasons for Position

Because the proposal applies to both current and future members and annuitants, it would violate the pension protection clause of the Illinois constitution.

Because it applies to current annuitants, it is unclear if the Fund would be required to reduce annuities that are higher than this amount upon the law's effective date. It also limits the maximum pension amount but does not limit the corresponding pensionable salary for current members. Therefore, members may be contributing to a pension at a higher level than what they could collect.

It also has no effect for Tier 2 members. Members would be limited to no more than 75% of the pensionable salary, which cannot exceed \$123,489.18 (for 2023). Tier 2 members would therefore never reach this limit since the maximum pension under this bill will also increase by the annual CPI-u.

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