

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 100TH GENERAL ASSEMBLY

BILL NO: **HB 3175**

February 28, 2017

SPONSOR (S): Sauer – Morrison, et al.

SYSTEM(S): State Universities' Retirement System and Teachers' Retirement System

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**FISCAL IMPACT:** An actuarial analysis conducted in June of 2016, shows that HB 3175 should reduce State Contributions for TRS and SURS through Fiscal Year 2045. The present values of the reductions in State Contributions for TRS and SURS are estimated to be \$700 million and \$420 million respectively. Additional data can be found in the Appendix of this impact note.

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**SUBJECT MATTER:** HB 3175 adjusts the threshold of excess earnings, for members of the State Universities Retirement System and the Teachers' Retirement System, from 6% to the unadjusted percentage increase in the consumer price index-u for that year.

**COMMENT:** HB 3175 amends the State Universities Retirement System and the Teachers' Retirement System article of the Illinois Pension Code. It provides that, for academic years beginning on or after July 1, 2017, if the amount of a participant's earnings for any academic year used to determine final rate of earnings exceeds the amount of his or her earnings with the same employer for the previous academic year by more than the unadjusted percentage increase in the consumer price index-u (CPI-U) for that year, then the participant's employer shall pay to the System the present value of the increase in benefits resulting from the portion of the increase in excess earnings.

#### **Appendix**

The following table was taken from the actuarial analysis performed on behalf of the Commission on Government Forecasting and Accountability on June 14, 2016. The following table summarizes the reduction in State Contribution requirement through FY 2045, both in nominal dollars and on a present value basis.

<b>System</b>	<b>Nominal Increase/(Reduction) in State Contribution Through 2045</b>	<b>Present Value of Increase/(Reduction) in State Contribution Through 2045</b>	<b>Total Contributions from University Employers and School Districts Through FY2045</b>
TRS	(\$2.10)	(\$0.70)	\$2.23
SURS	(\$1.21)	(\$0.42)	\$1.21

JL:dkb

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