

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 5137**

April 9, 2018

SPONSOR (S): Martwick

SYSTEM(S): Teachers' Retirement System (TRS)

FISCAL IMPACT: The precise fiscal impact of HB 5137 cannot be determined at this time as details of the optional DC plan have not been included in this legislation, and hence, an actuarial cost study has not been performed yet. A revised impact note would be provided once an actuarial analysis becomes available.

SUBJECT MATTER: HB 5137 amends the Downstate Teachers Article (TRS) of the Illinois Pension Code by creating an optional Defined Contribution (DC) plan for active members.

COMMENT: Currently, TRS offers Defined Benefit (DB) plans for Tier 1 and 2 members and the optional Hybrid plan, which was enacted by P.A. 100-0023, but has not been implemented yet.

HB 5137 allows TRS to create an optional DC plan as soon as practical after the effective date of this legislation so that any active members who wish to choose the DC plan can participate in the DC plan. Under the DC plan, employee and employer contributions would be collected into an account to be invested. The DC plan should be in compliance with any applicable State and Federal laws, and expenses of creating and maintaining the DC plan would be covered by both employees and employers.

JB:bj

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