

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 5350**

February 20, 2018

SPONSOR (S): Costello

SYSTEM(S): SERS, General Provisions Article

FISCAL IMPACT: According to SERS, the most recent records show that there are 22 Tier 2 conservation police officers, all of which are currently in the regular (non-coordinated) SERS formula. This bill would, of course, also include future entrants.

SUBJECT MATTER: HB 5350 amends the General Provisions Article of the Pension Code to allow conservation police officers to qualify for the Tier 2 alternative formula under SERS.

COMMENT: Under current law, the Tier 2 SERS alternative retirement formula applies to State policemen, firefighters in the fire protection service of a department, or a security employee of the Department of Corrections or the Department of Juvenile Justice. With the enactment of P.A. 96-0889, the Tier 2 Act of 2010, members who qualify for the alternative formula must reach age 60 with 20 years of service. HB 5350 adds conservation police officers to the list of Tier 2 employees eligible for the Tier 2 alternative formula under SERS.

The bill also provides a mechanism whereby a conservation police officer may convert up to 8 years of service credit established before the effective date of this Amendatory Act by paying to SERS an amount equal to the difference between the amount of employee contributions actually paid for that service and the amount of employee contributions that would have been paid under the alternative formula, plus interest, compounded annually from the date of service to the date of payment to establish alternative formula credit.

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