

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **SB 0662**

February 10, 2017

SPONSOR (S): Hastings

SYSTEM(S): General Assembly Retirement System (GARS), State Employees' Retirement System (SERS), State Universities Retirement System (SURS), Teachers' Retirement Systems (TRS), and Judges' Retirement System(JRS)

FISCAL IMPACT: The fiscal impact of SB 0662 cannot be determined at this time as an actuarial cost study has not been performed yet. A revised impact note would be provided once an actuarial analysis becomes available.

SUBJECT MATTER: SB 0662 creates a pension buyout plan for an eligible retiree in GARS, SERS, SURS, TRS, and JRS. A retiree who chooses the pension buyout plan would receive a lump sum payment in lieu of receiving retirement annuities. Details on the pension buyout plan are summarized below.

COMMENTS:

Pension Buyout Plan

Once an eligible retiree selects the pension buyout option, the retiree will receive a lump sum payment in lieu of receiving a retirement annuity by relinquishing all the rights and benefits regarding the retirement benefit under the Illinois Pension Code, including a retirement annuity, a survivor's annuity, a refund of contributions, and creditable service. Instead, the lump sum payment would be equivalent to the present value of the retirement annuities calculated by his or her pension system using actuarial table and assumptions. However, State Employees Group Insurance Act of 1971 would still be applicable to a retiree who elects the buyout option so the group health insurance benefit would be provided.

An Approved Vendor & the Department of Central Management Services

An approved vendor would have entered into a contract with the Department of Central Management Services to provide lump sum payments to those who elect the pension buyout option.

SB 0662 provides the authority to the Department to issue bonds to implement the pension buyout plan.

JB:dkb

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