

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **SB 2284**

January 29, 2018

SPONSOR (S): Weaver

SYSTEM(S): GARS

FISCAL IMPACT: SB 2284 would have an unknown fiscal impact to the state, as no detail is provided within the legislation as to the way existing liabilities would be paid down without new members entering the current system. This information would need to be known before the fiscal impact could be accurately calculated. A revision to this note will be made once an updated actuarial study becomes available.

SUBJECT MATTER: SB 2284 amends the General Assembly article of the Illinois Pension Code to create a self-directed retirement plan (Tier 3) and require any new participation in GARS confined to Tier 3.

COMMENT: The proposed legislation directs GARS to create a new self-directed retirement plan for all future members (classified as “Tier 3”) “as soon as practicable.” For the purposes of a defined benefit for new Tier 3 members, the pensionable salary cap is set at \$106,800, which can only be increased by the lesser of 3% of that amount annually or the annual unadjusted percentage increase in the consumer price index-u. Tier 1 and Tier 2 members who choose to participate in this plan keep any benefits/vesting earned in the previous systems but do not accrue service in the new Tier 3 system. These members can choose to have their existing contributions and interest established in their Tier 3 self-directed retirement plan. Pensionable salary for Tier 3 members would be the highest average final monthly salary in the 8 consecutive years of the previous 10 years. Participants would contribute 8% of their salary to this program. This legislation is similar to language contained in HB 6152, from the 99th General Assembly.

AB: bj

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