

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

April 17, 2009

BILL NO: HB 3964, as engrossed
SPONSOR (S): Graham (Cullerton-Harmon)
SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: Employees establishing leaves of absence pursuant to HB 3964, engrossed must pay an amount to the system equal to the employee and employer contributions, plus interest at the actuarially assumed rate of return (8.5%, compounded annually). There should be little to no cost to SERS as a result of HB 3964, as amended engrossed.

SUBJECT MATTER: HB 3964, engrossed amends the State Employee Article of the Illinois Pension Code to add a provision stating whenever an employee on a leave of absence makes appropriate contributions during such leave, the rate of compensation is assumed to be equal to the rate of compensation on the date the leave commenced. In addition the bill as engrossed, removes language providing that if the member establishes the earnings credit within 90 days after returning to work, then no interest is required.

FISCAL IMPACT: Employees establishing leaves of absence pursuant to HB 3964, engrossed must pay an amount to the system equal to the employee and employer contributions, plus interest at the actuarially assumed rate of return (8.5%, compounded annually). There should be little to no cost to SERS as a result of HB 3964, as amended engrossed.

COMMENTS: Employees on a leave of absence, with or without pay, may receive service credit for the time off work by making all appropriate contributions at the specified time. If the time spent on leave is part of the calculation for final average compensation used in determining their pension annuity, HB 3964, as engrossed, amends the Code to provide that the rate of compensation for the entire leave period will be the rate of compensation on the date the leave began.

MM:bj
LRB096 03292 AMC 13310 b