COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 4644, as amended by SA 2** May 6, 2010

SPONSOR (S): Poe – Brauer (Bomke)

SYSTEM(S): SERS, SURS, IMRF, Cook County

FISCAL IMPACT: HB 4644, as amended by SA 2, requires SERS members to contribute an amount equal to the employee contribution, the employer's normal cost, plus interest at the actuarially assumed rate (8.5% per year, compounded annually) to establish up to 24 days of service credit due to furlough days. IMRF and Cook County elected officials must also pay the full cost to receive credit for stipends from the State of Illinois.

SUBJECT MATTER: HB 4644, as amended by SA 2, amends the State Employees article of the Illinois Pension Code to allow employees to establish up to 24 days of service credit for voluntary or involuntary furlough days taken during FY 2010 and FY 2011. The bill also amends the SURS article to allow for the purchase of an unlimited number of furlough days during FY 2010 and FY 2011. In addition, HB 4644, as amended by SA 2, allows elected county officials in IMRF and the Cook County pension fund to establish earnings credit for stipends received from the State. The bill requires employees in all systems to pay employee contributions, the employer's normal cost, plus interest to establish the credit.

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COMMENT:

Service Credit for Furlough Days - SURS and SERS

HB 4644, as amended by SA 2, requires members of SERS and SURS who wish to establish service credit for furlough days taken during FY 2010 and FY 2011 to apply by December 31, 2011. SERS members are limited to purchasing service credit for up

to 24 furlough days. The amendment to the SURS article contained in this bill specifies no maximum number of furlough days for which service and earnings credit may be established. Because affected employees are paying the employee contributions, the employer's normal cost, plus interest at the actuarially assumed rate of return, the cost should be minimal.

Service Credit for State Stipends – IMRF and Cook County

HB 4644, as amended by SA 2, allows elected county officers who were entitled to receive stipends from the State on or after July 1, 2009 and on or before June 30, 2010 to establish earnings credit for the amount of the stipend. The member must pay employee contributions, employer contributions, plus interest at the actuarially assumed rate of return in order to receive the credit.

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