

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 4655** January 22, 2010

SPONSOR (S): D. Brady

SYSTEM(S): Teachers' Retirement System, State Employees Retirement System

FISCAL IMPACT: The fiscal impact of HB 4655 cannot be calculated as the amount of State policemen who may wish to establish eligible creditable service under the alternative formula of SERS is unknown.

SUBJECT MATTER: HB 4655 amends the State Employee and Downstate Teacher Articles of the Illinois Pension Code to allow a State policeman who has more than 20 years of creditable service under the Teachers' Retirement System of the State of Illinois to elect to establish eligible service credit under the alternative formula provisions of the State Employee Article for that service by filing a written election with the Board of Trustees of the State Employees' Retirement System of Illinois within two weeks after the effective date of this amendatory Act. In addition, HB 4655 includes language to comply with the new benefit increase provisions.

FISCAL IMPACT: The fiscal impact of HB 4655 cannot be calculated as the amount of State policemen who may wish to establish eligible creditable service under the alternative formula of SERS is unknown.

COMMENT: Currently, there is no clause that allows a State policeman who has service credit under the Teachers' Retirement System of the State of Illinois to elect to establish creditable service under SERS' alternative formula. HB 4655 amends the State Employee and Downstate Teacher Articles of the Illinois Pension Code to provide that a State policeman who has more than 20 years of creditable service under TRS may elect to establish eligible creditable service under SERS' alternative formula by filing a written election with the Board within 2 weeks after the effective date of this amendatory Act and paying to the System an amount to be determined by the Board equal to:

- (i) the difference between the amount of employee and employer contributions transferred to the System and the amounts that would have been contributed had such contributions been made at the rate applicable to State policemen; plus

- (ii) the interest compounded annually from the date of service to the date of payment.

In addition, HB 4655 states that the General Assembly finds this amendment that allows certain State policemen to transfer service credit with TRS to SERS as alternative formula credit constitutes a new benefit increase. Funding for this new benefit increase will be provided by employee contributions.

HB 4655 clarifies that participation in TRS will be terminated on the date when credits are transferred to SERS.

MDM:dkb
LRB096 14963 AMC 29863 b