

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **SB 0039, as amended by HA 3**

May 27, 2009

SPONSOR (S): Althoff – Bivins, et al (Froelich)

SYSTEM(S): GARS, SERS

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**FISCAL IMPACT:** The fiscal impact of the General Assembly survivor provision of SB 0039, as amended by HA 3, cannot be determined at this time as it is unknown how many surviving spouses will become eligible to begin receiving an annuity prior to age 50. The fiscal impact should be minor as the amendment is narrowly drafted to only include the surviving spouse of an active member who died during the 90<sup>th</sup> General Assembly.

The number of employees who may wish to purchase optional service credit in SERS is unknown. SB 0039, as amended by HA 3, requires the member to pay the employer's normal cost and the employee contribution, plus interest at the actuarially assumed rate, from the date of service to the date of payment. Therefore, the cost, if any, should be minimal.

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**SUBJECT MATTER:** SB 0039, as amended by HA 3, amends the General Assembly Article of the Pension Code to lower the age requirement for surviving spouse annuities in the case of an active member who died during the 90<sup>th</sup> General Assembly. The bill also allows for the purchase of optional service credit in SERS for contractual services rendered with the Illinois Institute of Natural Resources and the Illinois Department of Energy and Natural Resources.

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COMMENTS:

*General Assembly Survivor Benefits*

Under the General Assembly Article of the Illinois Pension Code, if an active member with at least two years of service dies, his or her surviving spouse becomes eligible to receive a survivor's annuity at age 50, provided the member was married for at least one year prior to death. The surviving spouse is entitled to an annuity equal to 66 2/3% of the member's earned retirement annuity (subject to a minimum of 10% of salary). SB 0039, as amended by HA 3, provides that upon the death in service of a participant during the 90<sup>th</sup> General Assembly, the survivor's annuity shall be payable prior to age 50. The bill, as amended, provides for retroactive benefits for periods of eligibility after February 28, 2009.

*Optional Service Credit in SERS*

Currently, the Illinois Pension Code lists specific periods of service for which a member may purchase optional service credit. SB 0039, as amended by HA 3, amends the State Employees' Article of the Illinois Pension Code to add full-time contractual services with the Illinois Institute of Natural Resources and the Illinois Department of Energy and Natural Resources to this approved list. The bill, as amended, allows members to purchase up to 4 years of service credit by making contributions equal to the employee contributions, the employer's normal cost, and interest at the actuarially assumed rate (8.5%, compounded annually) from the date of service to the date of payment.

DH:bj  
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