COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 0214, as amended by Senate Amendment 1**   March 2, 2009

SPONSOR (S):   Sullivan

SYSTEM(S):   State Employees' Retirement System

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FISCAL IMPACT: The fiscal impact of SB 0214, as amended by Senate Amendment 1, cannot be determined as the number of employees who may wish to purchase optional service credit for contractual service is unknown. The bill requires the employee to pay the employer's normal cost and the employee contribution, plus interest at the actuarially assumed rate (8.5%), from the date of service to the date of payment. Therefore, the cost should be minimal.

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SUBJECT MATTER: SB 0214, as amended by Senate Amendment 1, amends the State Employee Article of the Illinois Pension Code to allow the purchase of service credit by any employee who rendered full-time contractual services for an Illinois Veterans' Home operated by the Department of Veterans' Affairs.

FISCAL IMPACT: The fiscal impact of SB 0214, as amended by Senate Amendment 1, cannot be determined as the number of employees who may wish to purchase optional service credit for contractual service is unknown. The bill requires the employee to pay the employer's normal cost and the employee contribution, plus interest at the actuarially assumed rate (8.5%), from the date of service to the date of payment. Therefore, the cost should be minimal.

COMMENTS: Currently, the Illinois Pension Code lists specific periods of service for which a member may purchase optional service credit. SB 0214, as amended by Senate Amendment 1, adds service as a contractor for an Illinois Veterans' Home to this approved list. In addition, SB 0214, as amended by Senate Amendment 1, states that allowing employees to establish service credit for this type of service constitutes a new benefit increase and this increase shall be funded by the required additional employee and employer contributions.

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