

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 1585**

February 24, 2009

SPONSOR (S): Bomke

SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: According to an analysis prepared by the Commission's actuary, adding additional members to the alternative formula in SERS increases the accrued liability of the System by an estimated \$63,910 per person and increases the retirement system's normal cost by an estimated \$4,622 per person. These estimates are based on an actuarial valuation of SERS using a sample employee's age of 44.9 years, a period of service of 14 years, and an annual salary of \$55,000. The number of forensic employees added to the alternative formula under this legislation is unknown.

SUBJECT MATTER: SB 1585 amends the State Employee Article of the Illinois Pension Code. This bill seeks to provide the alternative formula to certain forensic employees of the Department of State Police. SB 1585 would be effective immediately.

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COMMENT: Currently, the SERS alternative formula applies to members in certain positions with 20 years of alternative service. This formula provides an annuity of 2.5% of final average salary for each year of service credit for employees coordinated with Social Security. Members covered by the alternative formula and who are coordinated with Social Security contribute 8.5% of their salary toward their pensions. Members covered by the alternative formula may retire at age 50 with 25 years of service credit, or at age 55 with 20 years of service credit. SB 1585 would place certain forensic employees under the Department of State Police into the alternative formula.

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