

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 2246**

March 3, 2009

SPONSOR (S): Lauzen

SYSTEM(S): General Provisions Article

FISCAL IMPACT: The fiscal impact of SB 2246 cannot be determined because the number of employees affected is not known.

SUBJECT MATTER: SB 2246 amends the General Provisions Article of the Illinois Pension Code to provide that the total retirement annuity, including any automatic, one-time or other increases in that annuity, shall never exceed \$100,000 per year. This new provision applies only to a person who first becomes a participant on or after the effective date of SB 2246.

FISCAL IMPACT: The fiscal impact of SB 2246 cannot be determined because the number of employees affected is not known.

COMMENTS: Under current statutes, the annual earnings of a person that may be taken to account in any year for any purpose shall not exceed the maximum dollar limitation specified in Section 401 (a) (17) of the Internal Revenue Code. This limit currently is \$230,000 annually. Next fiscal year, the maximum dollar limitation will increase to \$245,000. Any person hired before 7/1/1996 was grandfathered in, but those hired after that date who earn more than the maximum allowable amount do not receive a pension on any part of their salary that exceeds the aforementioned amounts.

MM:dkb

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