COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 2547, as amended by SA #3** March 23, 2010

SPONSOR (S): Demuzio

SYSTEM(S): Teachers' Retirement System

FISCAL IMPACT: The fiscal impact of SB 2547, as amended, cannot be determined as it is unknown how many teachers will opt to apply for this optional earnings credit. However, SB 2547, as amended, states that in order for a participant to receive this credit, he or she must pay all employee and employer contributions plus interest compounded annually at the actuarially assumed rate (8.5%).

SUBJECT MATTER: SB 2547, as amended, amends the Downstate Teacher Article of the Illinois Pension Code to create a new Section concerning optional earnings credit.

FISCAL IMPACT: The fiscal impact of SB 2547, as amended, cannot be determined as it is unknown how many teachers will opt to apply for this optional earnings credit. However, SB 2547, as amended, states that in order for a participant to receive this credit, he or she must pay all employee and employer contributions plus interest compounded annually at the actuarially assumed rate (8.5%).

COMMENT: SB 2547, as amended, creates a new section under the Downstate Teacher Article of the Illinois Pension Code regarding optional earnings credit. SB 2547, as amended, provides that a participant may establish earnings credit for money that would have otherwise been received for being a National Board Certified Teacher had appropriations been available on or after January 1, 2010 and ending on or before June 30, 2011, so long as the earnings do not exceed $3,500. In order to receive this credit, the participant must:

1. apply in writing to the System before December 31, 2010;
2. receive compensation from an employer for being a National Board Certified Teacher; and
3. pay the employee and employer contribution that would have been required if such a salary had been received plus interest at the actuarially assumed rate from the date of the receipt of any salary associated with being a National Board Certified Teacher between January 1, 2010 and June 30, 2011 and the date in which the teacher makes his or her application under this Section.

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