## COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

## 96TH GENERAL ASSEMBLY

BILL NO: **SB 2995, as amended by SA #1** March 5, 2010

SPONSOR(S): Sullivan

SYSTEM(S): State Employees' Retirement System

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FISCAL IMPACT: The fiscal impact of SB 2995, as amended, cannot be determined at the number of specified employees who may wish to purchase optional service credit for prior service at Illinois Veterans Homes is unknown. The bill requires the employee to pay an amount equal to the increase in present value of future benefits, as calculated by the System, therefore the cost to the System should be minimal.

<u>SUBJECT MATTER</u>: SB 2995, as amended, amends the State Employee Article of the <u>Illinois Pension Code</u> to allow a member employed on a full-time basis by the Illinois Department of Transportation in the position of highway maintainer who has in excess of 20 years of eligible creditable service under the alternative formula to elect to establish eligible creditable service under the alternative formula for up to 5 years of his or her service at Illinois Veterans Homes.

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<u>COMMENT</u>: Currently, the Illinois Pension Code lists specific circumstances under which a member may purchase optional service credit. SB 2995, as amended, amends the State Employee Article of the Code to provide that a highway maintainer employed on a full-time basis by the Illinois Department of Transportation who has at least 20 years of eligible creditable service under the SERS alternative formula may elect, not later than 6 months after the effective date of this Act, to establish eligible creditable service under the alternative formula for up to 5 years of service at Illinois Veterans Homes. This bill requires the employee to pay to the Fund an amount equal to the increase in the present value of future benefits, which will be calculated by the System using the same actuarial assumptions used in the most recent actuarial valuation. SB 2995, as amended, clarifies that the member must submit the required contributions prior to retirement.

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