

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 2087**

February 24, 2011

SPONSOR(S): Senger

SYSTEM(S): General Assembly Retirement System

FISCAL IMPACT: While the bill doesn't have a specific date to restrict membership into GARS, the retirement system's actuary performed a similar cost study assuming no new entrants into GARS after July 1, 2012. The results of the cost study show a \$4.4 billion decrease in unfunded liability and a \$344.5 million decrease in State contribution over the course of FY 2010 – FY 2045. Because no new entrants will be granted membership in the system, State contributions as a percentage of payroll do increase significantly. It should be noted that the cost study does not reflect the savings attributable to current members not being able to accrue service credit after the effective date of this amendatory Act. These savings would be substantial.

Please refer to the table at the end of this impact note to see a chart depicting the year by year comparisons of State contribution and State contribution as a percentage of payroll.

SUBJECT MATTER: HB 2087 amends the General Assembly Article of the Illinois Pension Code to restrict membership into GARS beginning on the effective date of this amendatory Act.

FISCAL IMPACT: While the bill doesn't have a specific date to restrict membership into GARS, the retirement system's actuary performed a similar cost study assuming no new entrants into GARS after July 1, 2012. The results of the cost study show a \$4.4 billion decrease in unfunded liability and a \$344.5 million decrease in State contribution over the course of FY 2010 – FY 2045. Because no new entrants will be granted membership in the system, State contributions as a percentage of payroll do increase significantly. It should be noted that the cost study does not reflect the savings attributable to current members not being able to accrue service credit after the effective date of this amendatory Act. These savings would be substantial.

Please refer to the table at the end of this impact note to see a chart depicting the year by year comparisons of State contribution and State contribution as a percentage of payroll.

COMMENT: Currently, the General Assembly Retirement System provides retirement annuities, survivor's annuities, and other benefits for members of the General Assembly;

certain elected state officials, and their beneficiaries. HB 2087 clarifies that such annuities and benefits are only provided to members of the General Assembly who were participants before the effective date of this amendatory Act. Under HB 2087, current participants cannot establish service credit in the system after the effective date of this amendatory Act. Beginning on the effective date of this amendatory Act, the System will not accept any new participants.

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General Assembly Retirement System						
System Projections of Reduction in State Contributions Based on HB 2087*						
(\$ in millions)						
Fiscal Year	State Contributions Under Current Law	State Contributions as % of Payroll Under Current Law	State Contributions Under HB 2087*	State Contributions as % of Payroll Under HB 2087*	Reduction in State Contributions	Increase in State Contributions as % of Payroll
2011	\$12.1	82.22%	\$11.0	75.27%	\$1.0	-6.95%
2012	10.5	68.75%	22.8	148.94%	-12.2	80.19%
2013	11.3	70.50%	24.5	153.03%	-13.2	82.53%
2014	12.1	72.10%	24.9	157.07%	-12.8	84.97%
2015	13.0	73.55%	24.5	161.06%	-11.5	87.51%
2016	13.7	73.51%	22.9	160.94%	-9.2	87.42%
2017	14.2	73.51%	21.9	160.94%	-7.7	87.42%
2018	14.9	73.51%	21.1	160.94%	-6.2	87.42%
2019	15.6	73.51%	20.3	160.94%	-4.7	87.42%
2020	16.2	73.51%	19.5	160.94%	-3.3	87.42%
2021	16.6	73.51%	18.3	160.94%	-1.7	87.42%
2022	17.3	73.51%	17.3	160.94%	0.0	87.42%
2023	17.9	73.51%	15.9	158.50%	2.0	84.99%
2024	18.6	73.51%	14.6	154.48%	4.0	80.97%
2025	19.0	73.24%	12.9	149.27%	6.1	76.03%
2026	19.7	73.37%	11.7	145.23%	8.1	71.86%
2027	20.4	73.50%	10.4	140.67%	10.0	67.17%
2028	21.1	73.39%	9.3	134.70%	11.9	61.31%
2029	21.7	73.25%	7.9	126.81%	13.8	53.55%
2030	22.4	72.97%	6.9	118.49%	15.5	45.52%
2031	23.1	72.73%	5.6	107.30%	17.4	34.57%
2032	24.0	72.91%	4.8	98.66%	19.2	25.75%
2033	25.0	73.41%	4.1	91.87%	20.9	18.46%
2034	26.1	73.86%	11.8	288.16%	14.2	214.30%
2035	27.0	73.86%	10.9	288.16%	16.1	214.30%
2036	28.0	73.86%	9.8	288.16%	18.1	214.30%
2037	29.0	73.86%	8.9	288.16%	20.1	214.30%
2038	30.1	73.86%	8.3	288.16%	21.8	214.30%
2039	31.2	73.86%	7.5	288.16%	23.7	214.30%
2040	32.3	73.86%	6.8	288.16%	25.5	214.30%
2041	33.6	73.86%	6.1	288.16%	27.4	214.30%
2042	34.8	73.86%	5.3	288.16%	29.5	214.30%
2043	36.1	73.86%	4.5	288.16%	31.5	214.30%
2044	37.4	73.86%	3.9	288.16%	33.5	214.30%
2045	38.8	73.86%	3.1	288.16%	35.7	214.30%
TOTAL	\$784.6		\$440.1		344.5	

* HB 2087 Restricts Membership into GARS After the Effective Date of this Amendatory Act;
This Cost Study Assumes No New Entrants into GARS After July 1, 2012