COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: SB 2512 January 26, 2012

SPONSOR (S): Lauzen – Duffy, et al.

SYSTEM(S): General Provisions Article

FISCAL IMPACT: The precise fiscal impact of SB 2512 has not yet been calculated; however it would have a positive fiscal impact. All of the State-funded retirement systems allow for retirement before age 62 for employees hired before January 1, 2011 (e.g., SERS "Rule of 85," SURS 30-and-out provision, TRS Early Retirement Option). A full actuarial analysis would be needed to determine how the increase in retirement age and the cap on total pension would impact the State systems.

<u>SUBJECT MATTER</u>: SB 2512 amends the General Provisions Article of the Pension Code to stipulate that members of the five State-funded retirement systems (GARS, SERS, SURS, TRS, JRS) who began service prior to January 1, 2011 and who do not retire within 8 years after the effective date of this Amendatory Act shall be limited to a total retirement benefit of \$120,000 per year.

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<u>COMMENT</u>: SB 2512 also specifies that persons who first became participants in the State systems before January 1, 2011 are not eligible to retire before reaching age 62. This provision does not apply to persons who are eligible to retire within 8 years of the effective date, regardless of whether the participant actually retires during that period.

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