COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 1154, as amended by HA 7** March 6, 2013

SPONSOR(S): Madigan - Zalewski

SYSTEM(S): General Assembly Retirement System (GARS), State Employees' Retirement System (SERS), State Universities' Retirement System (SURS), Teachers' Retirement System (TRS)

FISCAL IMPACT: CGFA's actuary analyzed the fiscal impact of adding a Tier-1 salary cap that is similar to the current Tier-2 salary cap. This cost study was performed in January of 2012. The actuary found that the State will save approximately $632 million in FY 2014 and $44 billion from FY 14 through FY 2045.

State Contributions ($ in Millions)	FY 2014	FY 2045	Cumulative
TRS	$235.3	$838.1	$28,140.6
SURS	$158.1	$168.2	$5,771.8
SERS	$239.3	$305.2	$10,128.1
Aggregate	**$632.7**	**$1,311.5**	**$44,040.5**

SUBJECT MATTER: HB 1154, as amended by HA 7, amends the GARS, SERS, SURS, and the TRS articles of the Illinois Pension Code to set a pensionable salary cap on Tier 1 members/participants. This bill also explicitly defines Tier 1 in each system.

COMMENT: As of current law, employees hired before January 1, 2011 have no limit to their pensionable salary. HB 1154, as amended by HA 7, establishes a Tier-1 salary cap that is similar to the salary cap currently in place for Tier-2 members. The current Tier 2 salary cap is $110K.

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