

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 5535**

February 27, 2014

SPONSOR(S): Sandack

SYSTEM(S): General Assembly Retirement System (GARS)

FISCAL IMPACT: The fiscal impact of this bill is presently indiscernible. This impact note will be updated when an actuarial cost study reflecting the effects of implementation of a DC plan against the baseline created by the passage of P.A. 98-0599 is made available.

SUBJECT MATTER: HB 5535 amends the General Assembly Retirement System article of the Illinois Pension Code to freeze current benefit levels, introduce a 100% funding goal by FY 2045, and to establish a Self-Directed Plan for all current and future members.

FISCAL IMPACT: The fiscal impact of this bill is presently indiscernible. This impact note will be updated when an actuarial cost study reflecting the effects of implementation of a DC plan against the baseline created by the passage of P.A. 98-0599 is made available.

COMMENT:

General Assembly Retirement System:

- Closed DB package to new-hires (on or after the date this bill is signed into law)

- Shall establish a DC self-directed plan for all active members and new hires.
 - Retirement age: equal to Social Security's requirement
 - Employee Contribution rate: 8%
 - Employer Contribution/Match rate: 7%

- Funding goal: 100% by 2045, beginning 2016, using a level-dollar contribution calculated with the PUC cost method.
 - Once the system has reached 100% funded, contributions need be sufficient to maintain a 100% funded ratio.
 - Additional contributions attributable to the Budget Stabilization Act will end once the System reaches 90% funded.

Current Members/Annuitants:

- Closure of DB plan includes:
 - Frozen service credit accrual
 - Frozen pensionable salary at current level
 - Frozen annuity (no more COLA's)
 - until the System reaches or surpasses 100% funded
 - For anyone currently ineligible to retire: The DOI will produce a calendar that takes into account current service credit and age to provide delayed retirement ages.
 - Minimum retirement age for those affected: at least age 59

Application of P.A. 98-0599:

- The provisions of P.A. 98-0599 that affect this Retirement System, whether repealed or upheld, will not affect the validity of this bill.

MD:dkb

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