

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **SB 0040**

January 23, 2013

SPONSOR (S): Bivins

SYSTEM(S): GARS

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**FISCAL IMPACT:** SB 0040 would have a long-term positive effect on the GARS. As people choose to withdraw their contributions to the system, the system will not be responsible for their annuities. This may constitute a significant savings for the system, depending on the number of current GARS members who elect to opt-out.

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**SUBJECT MATTER:** SB 0040 amends the General Assembly Article of the Illinois Pension Code. The proposed legislation would allow a GARS member to file a notice of non-participation in GARS within 24 months from the date of becoming a member or 18 months after the effective date of SB 0040 (whichever is later). A person making this choice shall receive a refund of their total contributions without interest if they so choose in writing. This legislation is effective immediately.

**FISCAL IMPACT:** SB 0040 would have a long-term positive effect on the GARS. As people choose to withdraw their contributions to the system, the system will not be responsible for their annuities. This may constitute a significant savings for the system, depending on the number of current GARS members who elect to opt-out.

**COMMENT:** Under current law, newly elected members of the Illinois General assembly automatically become members of GARS unless they file a notice not to participate within 24 months of taking office. SB 0040 keeps this 24-month window intact, but also allows GARS members to opt out of the system within 18 months after the effective date of this Amendatory Act.

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