COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 1334** February 10, 2015

SPONSOR (S): Franks

SYSTEM(S): All Systems

FISCAL IMPACT: HB 1334 should have a small positive effect on all affected retirement systems, as annuity payments would be reduced for all retirees/annuitants who take service credit-eligible positions at their former agencies.

SUBJECT MATTER: HB 1334 amends the General Provisions Article of the Illinois Pension Code. Under this legislation, members and participants of retirement systems who return to work at their former agencies in a service credit-accruing position would have their pensions reduced by the amount of their monthly payment to a minimum of $2000/month.

FISCAL IMPACT: HB 1334 should have a small positive effect on all affected retirement systems, as annuity payments would be reduced for all retirees/annuitants who take service credit-eligible positions at their former agencies.

COMMENT: The proposed legislation does not affect individuals who have their retirement annuity or pension suspended while they are employed at their former agency. An example of this legislation: an annuitant receiving an annuity of $5000/month takes a position at their former agency making $3000/month, which would cause their annuity to be reduced to $2000/month while they are employed at their former agency. This legislation has a statement of legislative intent to end the practice of public employees receiving a pension while re-employed in a "like government-funded position." The exact savings to the state is uncertain without actuarial analysis, though the large majority of annuitants do not return to work at their former agency, which limits any proposed savings to the State.

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