

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 3408, as amended by HA 1**

April 5, 2016

SPONSOR (S): Kifowit - Ammons

SYSTEM(S): State Universities Retirement System

FISCAL IMPACT: HB 3408, as amended by HA 1, would presumably have positive savings to the System by not including housing allowance or vehicle allowance in basic compensation and pensionable earnings. The precise savings cannot be determined as the information regarding the exact amount of such allowances for current or prospective employees is not currently available from SURS.

SUBJECT MATTER: HB 3408, as amended by HA 1, amends the SURS article of the Illinois Pension Code. Under this bill, amounts paid to members for housing allowances or vehicle allowances shall be excluded from the definition of basic compensation and pensionable earnings, and the amount of any elective deferral to a deferred compensation plan established under the Internal Revenue Code of 1986, as amended, shall be included in basic compensation.

COMMENT: Under the current law, housing allowances and vehicle allowances are not explicitly excluded from basic compensation and pensionable earnings. However, for a Tier 2 employee participating in the Traditional DB plan in SURS, pensionable earnings are already capped, meaning that there would likely be minimal savings associated with Tier 2 personnel who would receive these allowances and who would be unable to include them as part of their pensionable earnings.

JB:dkb

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