

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 3990**

March 13, 2015

SPONSOR(S): Nekritz

SYSTEM(S): Teachers' Retirement System (TRS)

FISCAL IMPACT: HB 3990 could potentially provide a savings to TRS. If the provisions of this bill had been in effect during CY 2013, backpayments to TRS annuitants would have been reduced for 154 of the 5,298 (or 3%) of the members who retired in CY 2013, according to TRS. TRS claims that the limited employment during disability section's utilization was unsustainably drawn out by members to receive a salary and a benefit.

SUBJECT MATTER: HB 3990 amends the Downstate Teacher Article of the Illinois Pension Code. This bill provides that the effective date of a retirement annuity shall be no earlier than 2 years before the date of receipt by the System of the application for retirement. This bill also repeals a section of the Pension Code dealing with suspension of disability benefits upon returning to work.

COMMENT: As of current law, a TRS employee who applies for retirement will receive back payments for the period of time between initial eligibility and TRS's receipt of application. If the retiree never applies for a TRS pension, these back payments occur automatically at the age of 70½.

HB 3990 will limit the window of TRS back payments to 2 years prior to the date of application, but this only applies to members who retire on or after the effective date of this bill.

As of current law, the "Limited Employment during disability" section of the TRS article of the Pension Code allowed teachers who received disability pensions to work part-time at a TRS or SURS employer as long as the part-time wages and pension benefits didn't exceed the salary the pension was originally based on.

HB 3990 repeals this section entirely.

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