

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 4398**

February 10, 2016

SPONSOR (S): Nekritz

SYSTEM(S): Illinois Municipal Retirement Fund (IMRF), Cook County Pension Fund (CCPF), State Employees' Retirement System (SERS), State University Retirement System (SURS), Teachers' Retirement System (TRS), and Chicago Teachers' Pension Fund (CTPF).

FISCAL IMPACT: The fiscal impact of HB 4398 would vary by fund as each Fund currently has a different manner of applying unused sick or vacation time to pensionable earnings and unused sick or vacation time to service credit.

SUBJECT MATTER: HB 4398 limits the ability to apply unused sick or vacation time to establish service credit and additional pensionable earnings to an employee who first becomes a participant before the effective date of the bill.

COMMENT: The provisions regarding establishing service credit with unused sick or vacation time under each Article of Illinois Pension Code impacted by HB 4398 are presented in Table 1 below. It should be noted that, under current law, two systems impacted by this bill, Cook County and SERS, do not allow members to utilize unused sick/vacation time for which lump-sum payments were received at retirement to enhance earnings/pensionable earnings.

The table below summarizes the current statutory provisions for employees who first become participants before the effective of date of this bill.

TABLE 1

	Service Credit
IMRF	Unpaid and unused sick leave accumulated with a participating municipality or participating instrumentality with which an employee was in service can be credited up to 12 months.
Cook County	<ul style="list-style-type: none"> - Lump-sum payments for accumulated vacation or other time at the retirement can be converted into service credit. (Vacation time can be accumulated up to 50 days) - An employee receives service credit for accumulated sick leave, no more than 180 days. - Unused sick or vacation time can be converted into service credit.
SERS	<p>An employee may receive service credit for unused accumulated vacation, sickness, or personal business for which lump-sum payments were received and an employee's contributions were made.</p> <p>An employee shall be entitled to additional service credit for accumulated unused sick leave credited to his or her account.</p>

SURS	An employee is entitled to credit of up to 1 year for service for the portion of unused sick days earned in the course of employment with an employer and credited on the date of termination of employment by an employer for which payment is not received.
TRS	Optional credit for unused and uncompensated accumulated sick leave may be credited up to 2 years to an employee at the time of termination of service.
CTPF	A maximum of 244 unused sick days can be credited to an employee's account by his or her employer on the date of termination of employment and an employee may add this service time to total creditable service.

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