

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 1291**

February 20, 2015

SPONSOR (S): Bush

SYSTEM(S): SURS and SERS

FISCAL IMPACT: SB 1291 is unlikely to have any effect on pension liabilities, as severance payments are already classified as separate from earnings for the purposes of pension accrual, according to SURS. SERS does not usually have a member receive severance pay, but they have stated that they generally follow the same codified classification utilized by SURS.

SUBJECT MATTER: SB 1291 amends the State University and State Employees Articles of the Illinois Pension Code. Under this legislation, severance payments would not be included in earnings or compensation for pension purposes. However, per the SURS article of the Pension Code, severance payments are already classified as separate from earnings for pension purposes.

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COMMENT: This legislation would also require approval from the Board of Higher Education or the Illinois Community College Board (depending on the situation) if a university or community college seeks to award a severance package to an executive administrator making over \$200,000/year that exceeds 30% of their final rate of earnings. This legislation has an immediate effective date.

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