

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 1299**

February 23, 2015

SPONSOR(S): McCarter

SYSTEM(S): General Assembly Retirement System (GARS), State Employees Retirement System (SERS), State Universities' Retirement System (SURS), Downstate Teachers Retirement System (TRS), Judges Retirement System (JRS)

FISCAL IMPACT: SB 1299 has an indiscernible fiscal impact as it is presently unknown how many State System participants would make the election to opt out. This bill only includes provisions for refunding employee contributions, so each member's exit will leave their portion of employer contributions with the System to offset other unfunded liabilities and increasing the funded ratio.

SUBJECT MATTER: SB 1299 amends the General Assembly, State Employees, State Universities', Downstate Teachers', and the Judges Article of the Illinois Pension Code to enable members to exit the system and receive a refund of contributions with interest.

COMMENT: As of current law, employees are automatically registered with the appropriate retirement system upon the beginning of their employment.

SB 1299 allows employees to opt out of their respective retirement system, while allowing future employees the option of not signing up in the first place. Anyone who exits the system is entitled to a refund of employee contributions with interest at the effective rate the respective system earned.

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