

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 2171**

February 2, 2016

SPONSOR (S): Landek – T. Cullerton, et al.

SYSTEM(S): General Assembly

FISCAL IMPACT: The actuary for GARS performed an analysis of restricting participation in GARS by members of Senate who become new members on or after June 1, 2016. The analysis shows a long term reduction in total State contributions through 2045 of \$142 million, and a reduction in present value of total contribution of \$4 million.

	Total Contribution through 2045 (\$ in Millions)	Present Value of Total Contribution as of June 30, 2014 (\$ in Millions)
No Restrictions	\$840	\$293
SB 2171	\$698	\$289

More information from the actuarial cost study such as unfunded accrued liability and funded ratio is presented in Appendix A.

SUBJECT MATTER: SB 2171 restricts participation in the General Assembly Retirement System for members of the Senate who become participants on or after June 1, 2016. From June 1 2016, any new members of the Senate shall not be allowed to participate in the GARS.

COMMENT: According to GARS, the number of participating Senate members in the System was 49 and 51 as of July 1, 2014 and July 1, 2015 respectively.

SB 2171 does not substitute a new pension benefit for new members of Senate after June 1, 2016, and the bill does not restrict participation in the GARS by new members of the House of Representatives or officers of the General Assembly who are otherwise eligible to participate in GARS.

APPENDIX A

- **Unfunded Accrued Liability:**
Under SB 2171, the UAL decreases as a dollar amount beginning in 2016.

Fiscal Year	No restriction	SB 2171
	Unfunded Accrued Liability (\$ in millions)	
2015	\$274.84	\$278.27
2016	279.24	276.03
2017	282.70	269.99
2018	286.52	265.15
2019	291.05	261.22
2020	295.26	257.23
2021	298.99	253.05
2022	302.23	248.99
2023	304.93	244.64
2024	306.99	240.26
2025	308.34	235.61
2026	308.94	230.74
2027	308.71	225.71
2028	307.57	220.28
2029	305.42	214.53
2030	302.22	208.63
2031	297.85	202.63
2032	292.16	196.03
2033	285.02	189.08
2034	276.32	180.79
2035	265.90	171.77
2036	253.62	161.97
2037	239.32	151.37
2038	222.84	139.55
2039	203.99	126.87
2040	182.55	112.87
2041	158.29	97.45
2042	131.00	80.52
2043	100.41	61.99
2044	66.23	41.72
2045	28.17	19.65

- **Funded Ratio:**
Under SB 2171, the funded ratio gradually increases from approximately 16% in 2015 to 36% in 2034 and grows finally to 90% in 2045.

Fiscal Year	No restriction	SB 2171
	Unfunded Accrued Liability (\$ in millions)	
2015	15.98%	15.69%
2016	15.55%	17.06%
2017	15.31%	19.40%
2018	14.84%	21.22%
2019	14.04%	22.64%
2020	13.23%	23.93%
2021	12.44%	25.14%
2022	11.63%	26.15%
2023	10.87%	27.14%
2024	10.13%	27.99%
2025	9.44%	28.78%
2026	8.83%	29.53%
2027	8.32%	30.21%
2028	7.96%	30.91%
2029	7.77%	31.60%
2030	7.80%	32.24%
2031	8.13%	32.85%
2032	8.85%	33.60%
2033	9.98%	34.41%
2034	11.61%	35.65%
2035	13.84%	37.17%
2036	16.74%	39.03%
2037	20.41%	41.27%
2038	24.96%	44.12%
2039	30.51%	47.52%
2040	37.16%	51.73%
2041	45.01%	56.89%
2042	54.13%	63.13%
2043	64.62%	70.60%
2044	76.56%	79.50%
2045	90.00%	90.00%