

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: SB 3278

February 25, 2016

SPONSOR (S): Oberweis

SYSTEM(S): GARS

FISCAL IMPACT: SB 3278 would have an unknown fiscal impact to the state, as no detail is provided within the legislation as to the way existing liabilities would be paid down. This legislation would not create new liabilities for the General Assembly Retirement System as it currently stands.

SUBJECT MATTER: SB 3278 amends the General Assembly Article of the Illinois Pension Code to create a defined contribution plan (known as Tier 3) for all future members after the effective date of this legislation. The legislation sets responsibilities for maintaining and establishing this new tier along with setting limits on liability.

FISCAL IMPACT: SB 3278 would have an unknown fiscal impact to the state, as no detail is provided within the legislation as to the way existing liabilities would be paid down. This legislation would likely not create new liabilities for the General Assembly Retirement System as it currently stands.

COMMENT: The legislation does not allow new Tier 3 members to participate in Tier 1 or Tier 2 retirement plans. In addition, GARS must report on its progress in creating the defined contribution system to the General Assembly. Maximum contribution limits for the State are created in this legislation (25% of employee contributions up to 2% of total employee salary). This legislation has an immediate effective date.

AB:dkb

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