

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 3651**

March 1, 2007

SPONSOR (S): Eddy

SYSTEM(S): State Universities' Retirement System

FISCAL IMPACT: The fiscal impact of HB 3651 cannot be determined because the number of employees affected is not known.

SUBJECT MATTER: HB 3651 amends the State Universities' Article of the Illinois Pension Code to provide that, when assessing payment for any amount due for salary increases in excess of 6%, the System shall exempt all salary increases to any employee with a final rate of earnings less than or equal to \$30,000.

FISCAL IMPACT: The fiscal impact of HB 3651 cannot be determined because the number of employees affected is not known.

COMMENT/DISCUSSION: The Illinois Pension Code requires the member's employer to pay to the System the present value of the increase in pension benefits resulting from the portion of any salary increase (during the period used to determine final average salary) that is in excess of 6%. In addition, a number of specific situations are excluded from the requirement for these employer payments. HB 3651 amends the Code to provide that, if the final rate of earnings of an employee is \$30,000 or below, then any salary increase used to determine the final rate of earnings is exempt from provisions requiring the employer to pay the present value of the increase in benefits resulting from the portion of the salary increase that is in excess of 6%.

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