

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 5137**

April 4, 2008

SPONSOR (S): Moffitt

SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: The fiscal impact of HB 5137 cannot be determined as the number of specified employees who may wish to purchase optional service credit for prior military service is unknown. The bill requires the employee to pay the employer's normal cost and the employee contribution without interest, from the date of service to the date of payment. Due to the lack of interest on the contributions, the costs to the systems could be substantial if the length of time elapsed since the date of the military service is great.

SUBJECT MATTER: HB 5137 amends the State Employees' Article of the Illinois Pension Code to establish eligible service credit to an employee for all prior periods of military service.

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COMMENTS: The Illinois Pension Code lists specific circumstances under which a member may purchase optional service credit. HB 5137 amends the State Employees Article of the Code to provide that an employee may elect, not later than six months after the effective date, to establish eligible creditable service for all prior military service for which they are otherwise not entitled to benefits under the Code (including by reason or acceptance of a refund). The bill requires the employee to pay the employer's normal cost and the employee contribution, without interest, from the date of service to the date of payment.

GS:dkb

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