

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 5142, as amended by House Amendment 1** March 27, 2008

SPONSOR (S): Flider

SYSTEM(S): Teachers' Retirement System

FISCAL IMPACT: The fiscal impact of HB 5142, as amended by House Amendment 1, cannot be determined as the number of teachers who may wish to purchase optional service credit for pregnancy leaves of absence is unknown. The bill requires the teacher to pay the employer's normal cost and the employee contribution, plus interest on both at the actuarially assumed interest rate, from the date of service to the date of payment. Therefore, the cost should be minimal.

SUBJECT MATTER: HB 5142, as amended by House Amendment 1, amends the Downstate Teachers' Article of the Illinois Pension Code to grant service credit to any teacher for a leave of absence during which a teacher ceases covered employment due to pregnancy.

FISCAL IMPACT: The fiscal impact of HB 5142, as amended by House Amendment 1, cannot be determined as the number of teachers who may wish to purchase optional service credit for pregnancy leaves of absence is unknown. The bill requires the teacher to pay the employer's normal cost and the employee contribution, plus interest on both at the actuarially assumed interest rate, from the date of service to the date of payment. Therefore, the cost should be minimal.

COMMENTS: Currently, the Illinois Pension Code lists specific periods of service for which a member may purchase optional service credit. HB 5142, as amended by House Amendment 1, amends the Downstate Teacher Article of the Pension Code to add pregnancy leaves of absence to this approved list. Members are required to provide satisfactory evidence for the leave and pay all contributions as of the date specified. In addition, HB 5142, as amended by House Amendment 1, states that allowing teachers to establish service credit for a pregnancy leave of absence constitutes a new benefit increase and this increase shall be funded by the additional employee contributions.