

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO:           **HB 5870**

March 31, 2008

SPONSOR (S):     Hannig

SYSTEM(S):       State Employees' Retirement System

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**FISCAL IMPACT:** The fiscal impact of HB 5870 cannot be determined as the number of specified employees who may wish to purchase optional service credit for participation in the Secretary of State Yearlong Fellowship Program is unknown. The bill requires the employee to pay the employer's normal cost and the employee contribution plus interest on both, from the date of service to the date of payment. Therefore, the cost should be minimal.

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**SUBJECT MATTER:** HB 5870 amends the State Employees' Article of the Illinois Pension Code allow participants in the Secretary of State Yearlong Fellowship Program to establish service credit for up to 2 years work in this position.

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**COMMENTS:** The Illinois Pension Code lists specific circumstances under which a member may purchase optional service credit. HB 5870 amends the State Employees Article of the Code to provide that a participant in the Secretary of State Yearlong Fellowship Program may elect to establish eligible creditable service for up to 2 years of service in this program 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, plus interest on both, from the date of service to the date of payment. In addition, HB 5870 specifies that allowing these employees to purchase service credit for this prior service constitutes a new benefit increase, and this increase shall be funded by the additional employee contributions.

GS:dkb

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