

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 95TH GENERAL ASSEMBLY

BILL NO: **HB 5934**

April 2, 2008

SPONSOR (S): Flider

SYSTEM(S): State Employees' Retirement System

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**FISCAL IMPACT:** The fiscal impact of HB 5934 cannot be determined as the number of specified employees who may wish to purchase optional service credit for spousal military service 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 the employee last became a member of the System or November 19, 1991, whichever is later, to the date of payment. Therefore, the cost should be minimal.

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**SUBJECT MATTER:** HB 5934 amends the State Employees' Article of the Illinois Pension Code to allow an active employee with at least 25 years of service credit to establish additional service credit for a period of up to 2 years of active military service by the employee's spouse.

**FISCAL IMPACT:** The fiscal impact of HB 5934 cannot be determined as the number of specified employees who may wish to purchase optional service credit for spousal military service 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 the employee last became a member of the System or November 19, 1991, whichever is later, to the date of payment. Therefore, the cost should be minimal.

**COMMENTS:** Currently, the Illinois Pension Code lists specific circumstances under which a member may purchase optional service credit. HB 5934 amends the State Employees Article of the Code to provide that any active employee with at least 25 years of service credit may elect, not later than July 1, 2009, to establish eligible creditable service for up to 2 years of military service by the employee's spouse. The bill requires the employee to pay the employer's normal cost and the employee contribution, plus interest on both, from the date the employee last became a member of the System or November 19, 1991, whichever is later, to the date of payment. In addition, HB 5934 specifies that allowing these employees to purchase service credit for spousal military service constitutes a new benefit increase and the additional contributions pay for all resulting new benefit costs.

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