

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 0045**

February 5, 2007

SPONSOR (S): Schoenberg

SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: According to SERS, adding additional members to the alternative formula increases the accrued liability of the system by \$50,000 to \$185,000 per person, depending on the amount of each individual's past service.

SUBJECT MATTER: SB 0045 amends the State Employee Article of the Illinois Pension Code to provide the alternative formula to certain persons employed by the Illinois State Highway Authority and mechanics employed by the Illinois Department of Transportation, Department of Central Management Services or Illinois Department of Agriculture.

FISCAL IMPACT: According to SERS, adding additional members to the alternative formula increases the accrued liability of the system by \$50,000 to \$185,000 per person, depending on the amount of each individual's past service.

COMMENTS: Currently, the employees identified for the new benefit increase outlined in SB 0045 receive benefits based on the regular SERS formula, which provides an annuity of 1.67% of final average salary for each year of service credit for employees coordinated with Social Security. Members covered under this formula may retire at age 60 with at least 8 years of service credit, between ages 55-60 with 25-30 years of service credit, or whenever the member's age and years of service total 85. Regular formula members who are coordinated with Social Security contribute 4% of salary toward their pensions. SB 0045 would place employees identified for this new benefit increase under the SERS alternative formula, which provides an annuity of 2.50% of final average salary for each year of service credit. Members covered by the alternative formula and coordinated with Social Security contribute 8.5% of salary towards their pensions and may retire at age 50 with 25 years of service credit or at age 55 with 20 years of service credit.

GS:dkb

LRB095 07132 AMC 27259 b