



refund that the member would be eligible to receive if the member terminated employment on that date, with interest.

*Opt-Out Provision for Current Employees in the State Systems*

HB 0436 establishes that on the effective date of the Act, a person is not required to participate in the relevant system by virtue of their status as an otherwise covered employee. An active employee may terminate participation in the relevant plan, receive a refund of his or her contributions, and presumably would accrue no further benefits after the receipt of a refund.

*Elimination of Certain Reimbursements as Pensionable Compensation*

Under SERS, SURS (sick leave), HB 0436 provides that for an employee who first begins service on or after the effective date of this bill, “compensation” for pension purposes does not include payments or reimbursements for travel vouchers more than 30 days after the last day of travel for which the voucher is submitted. Also, new members under this bill cannot receive service credit for lump sum payments for accumulated vacation, sickness, or personal business. HB 0436 amends the IMRF article to exclude earnings for unused sick time for employees hired after the effective date.

*Elimination of Employer Payments of Employee Contributions in TRS*

Currently, the TRS article of the Pension Code allows employers (school districts and the State Board of Education) to “pick up” employee contributions, such that they are treated as employer contributions in determining tax treatment under the US Internal Revenue Code. HB 0436 provides that after the effective date of this Amendatory Act, no employer shall pay employee contributions on behalf of an employee, except for the sole purpose of allowing the employee to make pre-tax contributions to TRS. The bill states that the foregoing prohibition does not apply to employment contracts or collective bargaining agreements that are in effect on the effective date of this bill. However, this prohibition on employer pick-up would impact any such contracts or agreements that are subsequently modified, amended, or renewed.

DH:dkb

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