## COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

## 100TH GENERAL ASSEMBLY

BILL NO: **HB 671** February 10, 2017

SPONSOR (S): Morrison

SYSTEM(S): State Universities Retirement System and Downstate Teachers

FISCAL IMPACT: Currently, there is no actuarial analysis for HB 671 available. It is difficult to discern the extent of a fiscal impact of HB 671, without an actuarial study. An updated impact not will be submitted, when a proper analysis is available.

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<u>SUBJECT MATTER</u>: HB 671 adjusts the threshold of excess earnings, for members of the State Universities Retirement System and Downstate Teachers, from 6% to the unadjusted percentage increase in the consumer price index-u for that year.

COMMENT: HB 671 amends the State Universities Retirement System and the Downstate Teachers article of the Illinois Pension Code. It provides that, for academic years beginning on or after July 1, 2017, if the amount of a participant's earnings for any academic year used to determine final rate of earnings exceeds the amount of his or her earnings with the same employer for the previous academic year by more than the unadjusted percentage increase in the consumer price index-u (CPI-U) for that year, then the participant's employer shall pay to the System the present value of the increase in benefits resulting from the portion of the increase in excess earnings. This present value shall be calculated using the System's most recent actuarial valuation. System shall calculate the amount of the payment and bill the employer for that amount, and the calculations used to determine that amount shall be included in the bill. These payments may be paid in the form of a lump sum within 90 days after receipt of the bill, or interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually starting with the 1st day that the bill is overdue. Payments must be included within 3 years after the employer's receipt of the bill.

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