

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 2761**

February 9, 2017

SPONSOR (S): Sosnowski

SYSTEM(S): SERS

FISCAL IMPACT: HB 2761 would theoretically have a positive effect on the SERS. Eliminating overtime pay as compensation would limit its impact in boosting salary in the period before retirement, thereby reducing state pension obligations. SERS' actuary has not yet calculated any potential savings from this bill.

SUBJECT MATTER: HB 2761 amends the State Employee Article of the Illinois Pension Code. The proposed legislation would eliminate overtime pay as a factor for determining employee compensation for pension purposes.

COMMENT: The proposed legislation would limit compensation considered for pension purposes to regular take-home pay and other currently allowed compensation options (sick pay, etc.). Currently, Tier One retirees have a retirement benefit composed in part on final average compensation, which is calculated from the highest four years of service within the last 10 years of service. As of the last published annual report (FY 16), SERS had 87,437 members and paid out approximately \$2.2 billion in benefits in FY 16. This legislation is similar to HB 253 from the 99th General Assembly.

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