

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 4842**

March 21, 2018

SPONSOR (S): Ives

SYSTEM(S): Teachers' Retirement System (TRS)

FISCAL IMPACT: There would be no discernable fiscal impact to the State nor TRS as a result of HB 4842. The percentage of school districts that make retirement contributions on behalf of teachers is not known.

SUBJECT MATTER: HB 4842 amends the Downstate Teachers Article (TRS) of the Illinois Pension Code. It prohibits an employer from making employee contributions on behalf of an employee.

COMMENT: Under current law, there are 2 different definitions of employer pickups. It is referred to as employer pickups when:

- 1) An employer "picks up" employee contributions on behalf of an employee; or
- 2) An employee pays the employee contributions deducted from salary. In this case, a pre-tax deduction from salary is considered to be an employer contribution under the United States Internal Revenue Code.

HB 4842 prohibits the first definition of employer pickups that are made on behalf of an employee beginning on the effective date of this legislation. However, this prohibition does not apply if employer pickups are the result of an employment contract or collective bargaining agreement that is in effect on the effective date of this legislation. Any contracts or agreements that are subsequently modified or renewed or that are in effect 3 or more years after the effective date of this legislation shall be subject to this prohibition.

JB:bj

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