

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 4868**

March 21, 2018

SPONSOR (S): Olsen

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

FISCAL IMPACT: There would be no discernable fiscal impact of HB 4868 as TRS does not include expense reimbursements, expense allowances, or fringe benefits in creditable earnings unless included in a reportable flexible benefit plan (a definition of which is provided below in the Comment section).

SUBJECT MATTER: HB 4868 amends the Downstate Teachers Article (TRS) of the Illinois Pension Code by excluding expense reimbursements, expense allowances, or fringe benefits from the definition of "salary."

COMMENT: Current law defines "salary" as the actual compensation received by a teacher and recognized by TRS and does not specify whether or not expense reimbursements, expense allowances, or fringe benefits would be included in "salary." However, TRS has already excluded such items from creditable earnings that are used to calculate retirement benefits unless such items are included in a reportable flexible benefit plan.*

HB 4868 specifies such items will be excluded from the definition of "salary" unless such items are included in a reportable flexible benefit plan, they would be included in "salary."

*A flexible benefit plan offers a participant a choice between either insurance or options that qualify as creditable earnings.

JB:bj

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