## COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

## 100TH GENERAL ASSEMBLY

## BILL NO: SB 1345, as amended by HA2

October 24, 2017

SPONSOR (S): Mulroe (Martwick)

SYSTEM(S): General Provisions and State Universities' Retirement System

FISCAL IMPACT: HA 2 to SB 1345 consists of technical changes that impact SURS and SERS for the purpose of compliance with the legislative intent of PA 100-0023, and there is no discernable fiscal impact.

<u>SUBJECT MATTER</u>: SB 1345, as amended by HA2, amends the provisions of SERS via the General Provisions article of the Pension Code. The bill also amends the State Universities' articles of the Illinois Pension Code. The respective amendments to both systems are purely technical and are meant to bring about compliance with P.A. 100-0023 (The Tier 3 Pension Act of 2017).

<u>COMMENT</u>: SB 1345, as amended by HA2, amends the General Provisions article of the Illinois Pension code via a technical change impacting SERS. According to SERS, the language in P.A. 100-0023 could inadvertently provide for grandfathering newly hired members after the implementation of Tier 3 who are coordinated with Social Security into the Tier 1 schedule of benefits. This change provides that new Social Security coordinated members shall be placed into the Tier 2 or optional Tier 3 plan, whichever is appropriate, consistent with the legislative intent of P.A. 100-0023.

SB 1345, as amended by HA2, also amends the SURS article of the Illinois Pension Code. The amendment redefines Tier 2 eligibility as any individuals who first become members of SURS on or after January 1, 2011 and prior to the implementation date of the Optional Tier 3 Hybrid Plan implemented by Public Act 100-0023. This change, like the foregoing SERS change, is purely technical and is meant to bring about compliance with the legislative intent of the Tier 3 enactment.

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