

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 101ST GENERAL ASSEMBLY

BILL NO: **HB 3868**

November 25, 2019

SPONSOR (S): Skillicorn-Wilhour

SYSTEM(S): General Provisions Article

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**FISCAL IMPACT:** HB 3868 amends the General Provisions Article of the Illinois Pension Code. This bill effects all public employee pension funds governed under the Pension Code. It would increase the retirement age of all affected employees by 1 year on its effective date, and increase the retirement age by another 1 year 5 years after the effective date. Determining the fiscal impact of this bill would require an actuarial analysis.

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**SUBJECT MATTER:** HB 3868 would amend the General Provisions Article of the Pension Code, thereby affecting all public employee pension systems under the Pension Code. It would raise the minimum retirement age for all members by 1 year upon becoming effective, and raise the minimum by an additional year 5 years after the effective date.

**COMMENT:** HB 3868 would affect all public employee pension systems governed under the Illinois Pension Code by raising the minimum retirement age. For example, currently the State Employees' Retirement System (SERS) requires regular formula Tier I members to reach 60 years of age with 8 or more years of service (or at age 55 with applicable service credit reduction). SERS requires Tier II members to reach, at minimum, age 67 with 10 or more years of service (or age 62 with applicable service credit reduction).

HB 3868 would affect all public employee pension systems governed under the Pension Code by increasing the minimum retirement age by one year, effective on the date of the bill. Five years after the effective date of HB 3868, the minimum retirement age for all systems would be raised an additional one year. In the case of SERS, it would mean Tier I members would not be eligible to retire until age 61 as of the bill's effective date, and would not be eligible to retire until 62 five years after the effective date. Tier II employees would experience the same change on the effective date, being eligible for retirement at age 68 and, after five years, at age 69. In the case of the Rule of 85 in SERS, which allows a member to retire when the sum of their age and years of service

is equal to 85, it is unclear of the impact of this bill as this express provision of SERS is not amended in the legislation.

RM:bs

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