

- 3% COLA buyout plan: If an eligible Tier 1 member irrevocably participates in the COLA buyout plan, the member would receive a lump sum payment equal to 70% of the difference of the present value of 3% compounded COLA and the present value of a reduced COLA (simple 1.5%) in exchange for receiving a simple 1.5% COLA.

Report on the Buyout Programs

(Affected Systems: SERS, SURS, and TRS)

On or before December 1, 2020, each System shall create a report concerning the buyout programs and submit it to the Governor and the General Assembly. The report shall include data on or an examination of the member participation in the existing buyout programs, results of member surveys on interest in other possible buyout program options, and pension buyout programs offered in other states in the public sector.

Determination of Tier Status in Article 3 (Downstate Police) Pension Funds

According to the Department of Insurance, a police officer's tier status is a function of their start date in a Downstate Police pension fund, notwithstanding prior Tier 1 service in IMRF. SB 1300, as amended by HA 3 and HA 4, amends the Downstate Police Article of the Illinois Pension Code to stipulate that a police officer who previously participated in IMRF but was transferred to the municipality's newly created Article 3 fund shall, for the purposes of determining the applicable tier of benefits, be deemed to have been a police officer and member of the Article 3 fund on the date that he or she first participated in IMRF. This effectively creates a "once in Tier 1, always in Tier 1" designation in such situations.

Determination of Tier Status in Article 4 (Downstate Fire) Pension Funds

According to the Department of Insurance, a firefighter's tier status is a function of their start date in a Downstate Fire pension fund, notwithstanding prior Tier 1 service in IMRF. SB 1300, as amended by HA 3 and HA 4, amends the Downstate Fire Article of the Illinois Pension Code to stipulate that a firefighter who previously participated in IMRF but was transferred to the municipality's newly created Article 4 fund shall, for the purposes of determining the applicable tier of benefits, be deemed to have been a firefighter and member of the Article 4 fund on the date that he or she first participated in IMRF. This effectively creates a "once in Tier 1, always in Tier 1" designation in such situations.

Participation by Members of the Human Rights Commission in SERS

Under HA 3 and HA 4 to SB 1300, a person appointed as a member of the Human Rights Commission on or after June 1, 2019 may elect to participate in SERS with respect to that service and shall be deemed an employee in order to qualify for membership. Such employees may elect to establish service credit for periods on or after June 1, 2019 and before establishing service credit in SERS by paying a fee

determined by the SERS Board based upon: 1) the employee's salary on the first day as a member of SERS, and 2) regular interest (7%, based on the actuarially assumed rate of return). *According to SERS, this provision is likely to impact 7 full-time Human Rights Commissioners.*

Alternative Service for Certain Police Officers in SERS

HA 3 and HA 4 to SB 1300 amends the General Provisions and State Employees articles of the Illinois Pension Code to allow Tier 2 Conservation police officers, Commerce Commission Police Officers, Secretary of State investigators, and arson investigators to qualify for the alternative (state police) formula in SERS, and to convert up to eight years of prior service from the regular SERS formula to the Alternative (State Police) formula. These individuals would have 1 year from the effective date of the act to exercise the option to upgrade prior service. *According to SERS, the prior service provision of the bill would affect approximately 23 active conservation police officers, 8 Secretary of State investigators, and 5 arson investigators.*

Optional Service Credit for State Police Officers in SERS

Under HA 3 and HA 4 to SB 1300, State police officers could add up to 5 creditable years of service in SERS as a law enforcement officer employed by the federal government or by a state or local government located outside Illinois for which credit is not held in any other public employee pension fund or retirement system. The state police officer must pay a fee determined by the SERS Board based upon: 1) the employee's salary on the first day as a member of SERS under the alternative formula, 2) the employer's normal cost, as determined by the SERS board, and 3) regular interest (7%, based on the actuarially assumed rate of return). *SERS does not know how many State police officers would qualify to purchase this service credit.*

Reduction in Tier 2 Retirement Age for Police Officer and Firefighters in SURS

Under the SURS article of the Pension Code, police officers and firefighters are treated like other non-public safety Tier 2 members of SURS; they can retire at age 67 with at least 10 years of credit, or 62 years old with at least 10 years of credit with a slight reduction in benefits. SB 1300, as amended by HA 3 and HA 4, would allow Tier 2 police and firefighters in SURS to retire at age 60 with 20 years of service. This change is meant to apply retroactively to January 1, 2011.

Re-establishment of Certain Surviving Spouse Annuities in IMRF

P.A. 99-682 was enacted to allow IMRF members who had retired prior to the passage of the Illinois Religious Freedom Protection and Civil Union Act (P.A. 96-1513) to reinstate a survivor benefit after retirement. HA 3 and HA 4 to SB 1300 would extend this right to the surviving spouse of an annuitant, provided the annuitant (1) retired prior to June 1, 2011, (2) was not married on the date the retirement annuity began, (3) received a specified refund of survivor credits; and (4) died prior to the implementation of P.A. 99-682. Eligible surviving spouses may re-establish survivor benefit rights by paying to IMRF the total amount of the refund received for survivor credits, including interest. The surviving spouse would be required to provide documentation proving that he or she was married to the annuitant at the time of death and has not since remarried.

Participation by Educational Staff employed by Contractual Schools in the Chicago Teachers Pension Fund

SB 1300, amended by HA 3 and HA 4, would add teaching-licensed employees at contract schools to the Chicago Teachers Pension Fund if that school has an agreement with the Chicago Board of Education. Furthermore, the amendment allows the educational staff to irrevocably elect, in a manner described by the Board, to participate as a member for service accrued after the effective date of their election with a contract school. No person would be eligible to establish service credit for employment prior to the effective date of their election to participate in the fund. *In February of this year, Chicago Public Schools reported that there were 9 contractual schools that would be impacted. However, the number of employees that would be added to the pension fund was unknown at that time.*

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