

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: SB 2766

February 7, 2020

SPONSOR (S): Martwick

SYSTEM(S): SERS

FISCAL IMPACT: According to SERS, less than 50 State police officers would likely be affected by the service credit transfer provision in SB 2766. Total fiscal impact is anticipated to be mitigated by the requirement in this legislation for the State police officer to pay the employer's normal costs plus interest in addition to their own employee contributions for the period of service credit purchased. The number of current State police officers who may wish to upgrade non-alternative formula service is unknown.

SUBJECT MATTER: SB 2766 amends the State Employees' article of the Illinois Pension Code to allow State police officers to convert up to five years of prior service as an IMRF participating municipality police officer, or a Cook County corrections/court services officer into SERS alternative formula service. The bill also allows State police officers to upgrade up to 12 years of non-alternative formula service to alternative formula service.

COMMENT: State police officers who wish to convert IMRF and/or Cook County service into SERS alternative formula service must pay to SERS an amount equal to the difference between the employee and employer contributions transferred from the appropriate fund to SERS, and the amounts of employee and employer contributions that would have been contributed to SERS had the contributions been made as active State police officers, plus interest at the actuarially assumed rate of return.

State police officers who wish to upgrade non-alternative service in SERS to alternative service credit must make contributions to SERS to cover the difference between the amount of employee contributions originally paid for that service and the amounts that would have been contributed had such contributions been made at the rate applicable to State police officers, plus the difference between the employer's normal cost for those years, plus interest at the actuarially assumed rate of return.

AB:bs

LRB101 17591 RPS 67010 b