

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 126**

January 26, 2021

SPONSOR
(S): Scherer

SYSTEM(S): TRS

FISCAL IMPACT: TRS announced the creation of a new “Supplemental Savings Plan” (SSP) on January 1, 2021. The new plan, created pursuant to P.A. 100-0769, will not replace the existing defined benefit (DB) plan for TRS members, but will instead be an optional supplemental plan. TRS says that this bill would lead to the elimination of SSP. Inasmuch as the new SSP does not replace or modify the existing DB plan in any way, there will be no change in State contributions to TRS, regardless of whether the new SSP is maintained or eliminated.

SUBJECT MATTER: HB 126 amends the Teachers Retirement Article of the Pension Code. The bill removes language from P.A. 100-0769 that mandated the creation of a defined contribution (DC) option in TRS.

COMMENT: P.A. 100-0769, which took effect on August 10th, 2018, mandated that the Teachers Retirement System offer a defined contribution benefit to active members “as soon as practicable” after the effective date of the bill. Participation in the new DC plan created under the Act is to be optional for the active member, and does not replace participation in the existing defined benefit plan. On January 1, 2021, TRS announced the creation of a new optional “Supplemental Savings Plan” pursuant to the Act. The system says that the new SSP will become operational by July of 2021. HB 126 eliminates the enabling language of P.A. 100-0769 that led to the creation of the SSP. TRS says that this change would eliminate the SSP.

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