

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 2849**

March 16, 2021

SPONSOR (S): Wilhour

SYSTEM(S): General Provisions (All Systems)

FISCAL IMPACT: An actuarial study would be required to determine the precise impact of HB 2849, as this legislation would apply to any member who has not retired before the effective date of this legislation. Under HB 2849, the increase in the various Tier 1 and Tier 2 minimum retirement age eligibilities would be increased by one year on the bill's effective date, and by an additional one year 5 years after the bill's effective date.

SUBJECT MATTER: HB 2849 amends the General Provisions Article of the Illinois Pension Code. This legislation increases the minimum age at which a person is eligible to receive a Tier 1 or Tier 2 retirement annuity by one year on the bill's effective date, and by an additional one year beginning 5 years after the effective date.

COMMENT: HB 2849 proposes to increase the minimum age at which members are eligible to receive retirement benefits from any pension fund or retirement system governed by the Illinois Pension Code. Beginning on the effective date of this legislation, the minimum age shall be increased by 1 year and increased by one additional year beginning 5 years after the effective date of this legislation.

Currently, the minimum age requirements are different among pension funds and retirement systems under the Pension Code. Also, years of service credits a member has and a member's tier are the other factors that affect the minimum age requirements. Also, Tier 2 members have higher minimum age requirements, compared to Tier 1 members, pursuant to P.A. 96-0889 that created a two-tiered structure.

For example, the minimum age requirements for normal pension benefits (i.e. a full amount of benefits) for Tier 1 members in Teachers' Retirement system (TRS) are as follows:

1. Age 55 with 20 years of service credits (benefits reduced for those under age 60);
2. Age 55 with 35 years of service credits;
3. Age 60 with 10 years of service credits; or
4. Age 62 with 5 years of service credits

The minimum age requirements for Tier 2 members in TRS are as follows:

1. Age 62 with 10 years of service credits (benefits reduced for those under age 67);
or
2. Age 67 with 10 years of service credits

The bill does not distinguish between Tier 1 and Tier 2 members; hence, both tiers in all systems under the Pension Code would see the aforementioned retirement age increases.

JB:bs

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