

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 2975**

February 25, 2021

SPONSOR (S): Morrison

SYSTEM(S): GARS, JRS

FISCAL IMPACT: HB 2975 would presumably have a slight positive impact to GARS and JRS, although the bill does not specify what the systems must do with the proceeds from any “administration fees” they would collect. It is unknown whether the fees would be used to defray system operating expenses or would be invested into the trust funds operated under the auspices of the Illinois State Board of Investment.

SUBJECT MATTER: HB 2975 amends the General Assembly and Judges articles of the Illinois Pension Code to implement a 4.95% administration fee on all future annuity payments to recipients in the aforementioned systems.

COMMENT: The proposed legislation creates a 4.95% administrative fee for all annuity payments under GARS and JRS regardless of whether the person receiving the annuity was in service before or after the effective date of this legislation. Based on benefits paid out in FY 2020, this would result in approximately \$1.3 million in administrative fees from the GARS total benefit payment of \$25.7 million and \$8.2 million in administrative fees from the JRS total benefit payment of \$165.5 million.

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