

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 4926**

January 27, 2022

SPONSOR (S): Hoffman

SYSTEM(S): SERS

---

**FISCAL IMPACT:** According to SERS, this legislation affects 13 people. The bill does not require Attorney General Investigators to contribute the difference in employer's normal cost between the regular formula and the alternative formula for the past service upgrade option. However, SERS says this is not necessary, as the 12.5% alternative formula contribution covers the employer's normal cost for the Tier 2 alternative formula. Therefore, there should be no additional cost to SERS as a result of this bill.

---

**SUBJECT MATTER:** HB 4926 amends the State Employees article of the Illinois Pension Code to apply the alternative retirement formula to Tier 2 investigators for the Attorney General and to allow these individuals to establish up to 8 years of alternative formula service credit established before the effective date of this legislation.

**COMMENT:** Under current law, Tier 2 investigators for the Office of the Attorney General do not qualify for the alternative (State Police) formula in SERS. These members currently participate in the regular formula for members not covered by Social Security; meaning they contribute 8% of salary and are eligible for full retirement at age 67 with 10 years of service (or early retirement at age 62 with 10 years of service, reduced by one-half of 1% for each month the member is under age 67). HB 4926 would mandate participation in the alternative formula for Tier 2 Attorney General investigators after the effective date of the act, meaning that they would be required to contribute 12.5% of salary, and would be eligible to retire at age 60 with 20 years of service. These members would accrue service credit at the rate of 3% of final average salary for each year worked.

In addition, the bill allows these members to convert up to 8 years of regular formula service to alternative formula service by contributing to SERS the difference between the regular formula employee contributions paid and the amounts that would have been required of the employee had the service been rendered under the alternative formula, plus interest at the

"effective rate" for optional service of 6.5%, compounded annually, from the date of service to the date of payment.

AB:bs

LRB102 24854 RPS 34102 b