

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102<sup>nd</sup> GENERAL ASSEMBLY

BILL NO: **SB 3046**

January 11, 2022

SPONSOR (S): Martwick

SYSTEM(S): SURS

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**FISCAL IMPACT:** SURS does not have a cost estimate associated with the service credit accrual provision of SB 3046, but the system says that 60,397 active members and 86,135 inactive members could be impacted in terms of vesting and benefit calculations. Inasmuch as the period of time necessary to work to accrue one month of service credit is being changed retroactively to two years before the effective date of the bill, the system says 6,000 annuitants could be eligible for a benefit recalculation. An actuarial analysis would be required to determine the impact of this change on the system's unfunded liabilities and any increase in State contributions that would result from SB 3046.

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**SUBJECT MATTER:** SB 3046 amends the SURS article of the Pension Code. Among the bill's contents are provisions for the computation of one month of service credit, new language regarding the distribution of statements concerning calculation of benefits for part-time employees, and the implementation of an appeals process for members who wish to dispute the amount of benefit payments.

### COMMENT:

#### Computation of Service Credit in SURS

Currently, under the SURS article of the Pension Code, a member accrues one month of service credit by working at least 15 days in a calendar month. SB 3046 stipulates that one day of service in a calendar month shall constitute a full month of service. The bill states that these changes apply retroactively to 2 years before the effective date of this bill, and accordingly, a member may request that the system recalculate his or her service based on the changes made by this bill.

#### Statements of Service Credit Accruals and Employer Reporting of Service Credit

SB 3046 amends the section of the SURS article requiring the system to make available annual statements to participants and annuitants to stipulate that the system shall annually provide the formula for calculating pension benefits to any employee who is not a full-

time employee. The bill also requires employers to report to participating employees the amount of service that the employer reported to SURS for that member during the preceding academic year.

*Dispute Procedure for Mistakes in Benefits*

Current law sets forth the mechanism by which SURS may correct overpayments and underpayments of annuities, but no formal statutory process exists for members to dispute benefit payment amounts. Hence, SB 3046 adds language allowing a member to dispute the amount of benefit payments, the amount of service credit the payment is based on, and the formula used to calculate the benefit, among other items, within 90 days after the commencement of the benefit. The bill specifies that the application must be submitted to the system in writing.

DH:bs

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