



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: **HB 2147**

February 15, 2023

SPONSOR (S): Yang Rohr – Mason, et al

SYSTEM: Downstate Teachers' Retirement System (TRS) Article & Retirement Systems Reciprocal Act

FISCAL IMPACT

The fiscal impact of HB 2147 is not known, as the number of retired teachers who return to service without impairment of their annuities is not known. To the extent that a retirement pension is paid out by TRS that would otherwise be prohibited under current law due to the extension of the current daily and hourly limits on annuitant return-to-service, there would be an indeterminate fiscal impact on the pension fund.

HB 2147 allows for the establishment of an unlimited amount of optional service credit for student teaching, provided the member pay to the system the employee contributions that would have been required plus actuarial interest, compounded annually, from the date of service to the date of payment. The bill does not require payment of the employer's normal cost for establishment of credit for student teaching. Thus, there would be a fiscal impact to the system for the establishment of such credit.

SUBJECT MATTER: HB 2147 amends the Downstate Teacher article of the Illinois Pension Code. The bill aims to assist with addressing the substitute teacher shortage by allowing TRS annuitants to be re-employed as a teacher without impairing their retirement pensions. The bill also allows for the purchase of optional service credit for student teaching in TRS, and grants service credit for periods under one year under the Retirement Systems Reciprocal Act.

COMMENTS:

Extension of Current Limits for Retired Teacher Return-to-Service Program

Under current law, TRS allows annuitants receiving an annuity other than a disability retirement annuity to return to work as a teacher without impairment of retirement status, provided that employment is not within the school year during which service was terminated and does not exceed 120 paid days or 600 paid hours in each school year, but not more than 100 paid days in the same classroom. This provision will sunset on June 30, 2023, at which time the limits shall be set at 100 paid days or 500 paid hours in each school year. HB 2147 amends the TRS Article of the Pension Code to extend the current limits (120 paid days or 600 paid hours) until June 30, 2026, and delays until July 1, 2026 the new limits that would otherwise take effect on July 1, 2023 (100 paid days or 500 paid hours).

Optional Service Credit in TRS for Periods of Student Teaching

HB 2147 also allows TRS members to establish optional service credit for periods of service as a student teacher, provided they pay to the system the amounts that would have been contributed had the service been rendered in TRS, plus actuarial interest from the date of service to the date of payment, compounded annually. The bill does not require payment of the employer's normal cost to establish such service credit.

Service Credit for Less Than One Year under the Reciprocal Act

Under the Retirement Systems Reciprocal Act, credits of less than one year may not be applied to meet the vesting requirement in another reciprocal system, with certain exceptions. HB 2147 adds an exception for persons who acquire credit as a substitute teacher in TRS and reaches retirement eligibility in IMRF. Hence, such persons may apply less than one year in reciprocal systems to meet the vesting requirement of the system in which they wish to draw a pension.

GR:bs

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