



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *103<sup>RD</sup> General Assembly*

BILL NO: HB 3492

February 28, 2023

SPONSOR (S): Harper

SYSTEM: Downstate Teachers' Retirement System (TRS) Article

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#### FISCAL IMPACT

Currently, the TRS retired teacher return-to-work program in subject matter shortage areas is set to sunset on June 30, 2024. HB 3492 would delete the sunset date and make the program permanent. To the extent that, in the future, the fund would be responsible for paying retirement annuities that would otherwise have been suspended by virtue of a retired teacher returning to work, there would be a negative impact to the fund. If the presumption was that the program would have continued in perpetuity, then there would be no fiscal impact to TRS.

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SUBJECT MATTER: HB 3492 amends the Downstate Teachers' Retirement (TRS) Article of the Pension Code. This bill removes the sunset date for the program that allows retired teachers to return to service in a subject shortage area without losing their retirement benefits, and makes the return-to-work program permanent.

COMMENT: Under current law, an annuitant receiving a retirement annuity under TRS may engage in "eligible employment" at a qualified school without impairing their retirement status or retirement annuity, with some exemptions regarding matters such as when employment begins and the age of the annuitant. "Eligible employment" is defined as employment in a subject shortage area in a position requiring teacher certification. The subject matter shortage return-to-work program is set to end on June 30, 2024, pursuant to P.A. 102-0440, which took effect on August 20, 2021. HB 3492 removes the sunset date for this law. In other words, the bill would make the subject matter shortage return-to-work program permanent, allowing retired teachers to return to work in subject shortage areas without loss of annuity. Retired teachers do not accrue service credit in TRS, nor do they make employee contributions to the pension fund when they return to service in this capacity.

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