



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: **HB 4508, as amended by HA 001**

March 21, 2024

SPONSOR (S): Kifowit

SYSTEM: SURS

FISCAL IMPACT

P.A. 101-0610 lowered the Tier 2 retirement age for SURS public safety employees in 2020, subsequently increasing liabilities by \$1 million. An actuarial study would be needed to assess the fiscal impact associated with reducing the Tier 2 retirement age requirement for SURS police officers as detailed in HB 4508, as amended by HA 001.

IMPACT OF HA 001: HA 001 to HB 4508 removes language that would have brought the Downstate Police article under the ambit of the Retirement Systems Reciprocal Act.

SUBJECT MATTER: HB 4508, as amended by HA 001, amends the State Universities article of the Pension Code to reduce the Tier 2 normal retirement age (age 60, with 20 years of service) for SURS police officers to age 55, with 20 years of service. The bill, as amended, also removes language in the introduced bill that would have brought the Downstate Police article under the ambit of the Retirement Systems Reciprocal Act.

COMMENT: Under current law, Tier 2 SURS police officers can retire with the following combinations of age and years of service:

- Age 60 with 20 years of service; or
- Age 67 with 10 years of service

Tier 1 SURS police officers can retire at the following combination of age and years of service:

- Age 55 with 20 years of service; or

- Age 50 with 25 years of service

HB 4508, as amended by HA 001, would reduce the normal Tier 2 retirement age (age 60, with 20 year of service) for SURS police officers to age 55 with 20 years of service. The bill states that the benefit increases are intended to apply prospectively and do not entitle a police officer to retroactive benefit payments or increases. SURS reported that, as of June 30th, 2023, there were 268 active and 154 inactive Tier 2 police officers.

P.A. 101-0610, which became effective on January 1st, 2020 (and was applied retroactively to January 1st, 2011), reduced the Tier 2 retirement age for SURS police officers from age 62 to age 60 with 20 years of service. According to SURS, this reduction increased the system's accrued liabilities by \$1 million. An actuarial study would be needed to determine the precise impact of the retirement age reduction contained in this bill, HB 4508, as amended by HA 001.

ND:bs

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