



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 2162

February 16, 2023

SPONSOR (S): D. Turner

SYSTEM: SERS, General Provisions Article

FISCAL IMPACT

According to the State Employees Retirement System (SERS), reducing the Alternative Formula retirement age for security employees for the Department of Corrections and the Department of Juvenile Justice from age 60 to age 55 would create approximately \$820-\$860 million in new liabilities and a recurring increase of \$40 million to the annual state contribution (through FY 2045), according to SERS.

SUBJECT MATTER: SB 2162 amends the General Provisions and State Employees articles of the Illinois Pension Code to allow Tier 2 Department of Corrections (DOC) or Department of Juvenile Justice (DJJ) security employees to retire under the alternative (state police) formula in SERS if the employee has withdrawn from service with at least 20 years of credible service and has attained age 55, rather than the current Tier 2 Alternative Formula retirement age of 60.

COMMENT: Members who begin participation in the SERS alternative formula after January 1, 2011 are considered Tier 2 members. Tier 2 members in the Alternative Formula can retire at age 60 with 20 years of service credit. SB 2162 amends the General Provisions and State Employees articles of the Illinois Pension Code to allow Tier 2 Department of Corrections (DOC) or Department of Juvenile Justice (DJJ) to withdraw from service with 20 years of credible service at age 55. Members who earn less than 20 years of service would have to work 10 years to vest and would be eligible to retire at age 60. Both of these classes of employees already participate in the Alternative Formula; the bill merely reduces the retirement age.

According to SERS, this legislation would affect approximately 6,780 active DOC and DJJ security employees currently in Tier 2 out of a total of 12,565 total alternative formula members across DOC and DJJ.

P.A. 102-0719, which became effective on May 6th, 2022, allowed certain Tier 2 police officers in SERS to retire under the Alternative Formula at age 55 with 20 years of service, similar to what SB 2162 is proposing for security employees for DOC and DJJ. This cohort included State police officers, investigators for the Secretary of State, Conservation police officers, among others. A total of 785 police officers qualified for this retirement age reduction. The Commission's actuary calculated that the retirement age reduction in P.A. 102-0719 will result in a cumulative State contribution increase to SERS of \$103 million between FY 2023 and FY 2045.

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