



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 3616

March 4, 2024

SPONSOR (S): Martwick

SYSTEM: SERS

FISCAL IMPACT

According to SERS, approximately 20-30 Tier 1 State Troopers would become eligible to retire before the current Alternative Formula retirement ages (age 50 with 25 years of service, or age 55 with 20 years of service) in the next ten years by virtue of “maxing out” their retirement benefit, i.e., reaching the pensionable salary maximum of 80% of final average salary before the statutory retirement age. Under SB 3616, if a Tier 1 State Trooper wishes to exercise the option to retire at the “max out” retirement age, they must pay to SERS the increase in the present value of future benefits associated with retiring before the statutory retirement age. Because such State Troopers would essentially be paying the full cost associated with the earlier retirement age, SB 3616 should have no fiscal impact upon SERS.

SUBJECT MATTER: SB 3616 amends the State Employees’ article of the Illinois Pension Code to allow Tier 1 State Troopers who “max out” their retirement benefit to retire before the statutory retirement age (age 50 with 25 years of service, or age 55 with 20 years of service), but only if they pay to SERS the increase in the present value of future benefits associated with retiring before the statutory retirement age. More detail is provided below in the Comment section.

COMMENT: Currently, Tier 1 members of the SERS Alternative Formula may retire at age 55 with 20 years of service, or at age 50 with 25 years of service. SB 3616 would allow Tier 1 State Troopers to retire under the Alternative Formula when they “max out” their retirement benefit. To wit, a Tier 1 State Trooper who began service at age 22 would reach the 80% pensionable salary limit after 27 years of service, meaning they would effectively “max out” under the Alternative Formula at age 47. Under the bill, such members would have the option of retiring at the “max out” age by paying to SERS the increase in the present value of future

benefits associated with a retirement age that occurs before the aforementioned statutory retirement ages. SERS stated that approximately 20-30 State Troopers would become eligible for this option in the next ten years.

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