



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 0242, as amended by SA 001

March 6, 2025

SPONSOR: Halpin

SYSTEM: SERS

FISCAL IMPACT

SB 0242, as amended by SA 001, amends the SERS article of the Pension Code to enable Tier 2 participants who were previously eligible to retire at age 55 with 20 years of service (see Comment below for more information) to retire at age 60 with 10 years of service and have their annuity calculated under the SERS alternative formula. According to SERS there are a total of 1,294 participants in the aforementioned positions.

The number of participants who would work at least 10 but less than 20 years of service and thus qualify for an alternative formula annuity for that period of service is unknown. According to SERS, SB 0242 as amended by SA 1, would increase liabilities, but such an increase in liabilities is estimated to be minor. An actuarial study would be needed to assess the precise impact of the bill.

Impact of SA 001

The introduced version of SB 0242 applied only to investigators for the SOS and Conservation police officers. SA 001 extends the bill's provision to all SERS alternative formula positions that are currently eligible to retire at Age 55 with 20 years of service credit.

SUBJECT MATTER: SB 0242, as amended by SA 001, amends the SERS article of the Illinois Pension Code to allow Tier 2 alternative formula positions previously allowed to retire at age 55 with 20 years of service to retire at age 60 with 10 years of service, and have their pensions calculated under the alternative formula. This change is further elaborated below in the Comment section.

COMMENT:

Prior to the enactment of P.A. 102-0719, which took effect on May 6th, 2022, participants in the SERS Tier 2 alternative formula were eligible to retire at age 60 with 20 years of service. After the Act took effect, participants employed in the following occupations became eligible to retire at age 55 with 20 years of service:

- State Police troopers;
- Investigators for the Secretary of State (SOS);
- Conservation police officers;
- Investigators for the Department of Revenue (IDOR);
- Investigators for the Illinois Gaming Board (IGB);
- Investigators for the Office of the Attorney General;
- Commerce Commission police officers; and
- Arson investigators

Those that retire with at least 10 years of service credit but less than 20 years receive a pension calculated under the Tier 2 regular formula instead. See the chart below on the differences between the Tier 2 regular and Tier 2 alternative formula under SERS for non-Social Security coordinated positions.

Non- Social Security Coordinated Positions		
Formula	Tier 2 Regular Formula (If less than 20 years but at least 10 years of service credit)	Tier 2 Alternative Formula (If at least 20 years of service credit)
Accrual Rate	2.20% of final average compensation	3% of final average compensation for positions
Retirement Age	Age 67 with 10 years of service credit; Between ages 62-67 with 10 years of credited service (reduced ½ of 1% for each month under age 67).	Age 55 with 20 years of service credit
FAS cap	75% of final average compensation	80% of the final average compensation

SB 0242, as amended by SA 001, amends the SERS article to enable the aforementioned positions to retire at age 60 with 10 years of service, and have their pensions calculated under the alternative formula. The total number of positions included in the bill, as amended, is provided in the chart below.

SERS Alternative Formula Position	Number of Participants
Positions included in the original SB 0242	
Conservation Police Officers	105
Investigators for the Secretary of State	69
Positions added in SA 001	
State Police Troopers	989
Investigators for the Illinois Gaming Board	56
Investigators for the Office of the Attorney General	45
Investigators for the Department of Revenue	13
Arson Investigators	10
Commerce Commission police officers	7
Total of all positions	1,294

It should be noted that under current law, Tier 2 alternative formula members who work at least 10 years can retire under the regular formula.

RF:bs

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