



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *104<sup>th</sup> General Assembly*

BILL NO: SB 0242

January 24, 2025

SPONSOR: Halpin

SYSTEM: SERS

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#### FISCAL IMPACT

SB 0242 amends the SERS article of the Pension Code to enable investigators for the Secretary of State (SOS) and Conservation police officers 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 65 Tier 2 investigators for the SOS, and 97 Tier 2 Conservation police officers. 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, SB0242 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.

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SUBJECT MATTER: SB0242 amends SERS article of the Pension Code to allow investigators for the Secretary of State and Conservation police officers to retire at age 60 with 10 years of service, and have their pensions calculated under the alternative formula. These positions are currently in the alternative formula, however, there is a 20-year vesting requirement.

#### COMMENT:

Prior to the enactment of P.A. 102-0719, which took effect on May 6<sup>th</sup>, 2022, participants in the SERS Tier 2 Alternative Formula were eligible to retire at age 60 with 20 years of service. This was changed with the enactment of P.A. 102-0719, wherein 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 or the Illinois Gaming Board;
- Investigators for the Office of the Attorney General; and
- Commerce Commission police officers or 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.

<b>Non- Social Security Coordinated Positions</b>		
<b>Formula</b>	<b>Tier 2 Regular Formula (If less than 20 years but at least 10 years of service credit)</b>	<b>Tier 2 Alternative Formula (If at least 20 years of service credit)</b>
<b>Accrual Rate</b>	2.20% of final average compensation	3% of final average compensation for positions
<b>Retirement Age</b>	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
<b>FAS cap</b>	75% of final average compensation	80% of the final average compensation

SB 0242 amends the SERS article to enable investigators for the SOS and Conservation police officers to retire at age 60 with 10 years of service, and have their pensions calculated under the Alternative Formula. 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. According to SERS, there are currently 65 Tier 2 investigators for the SOS, and 97 Tier 2 Conservation police officers. The number of SOS investigators and Conservation police officers who would work at least 10 years but less than 20 and would thus qualify for the alternative formula is unknown, however, SERS believes that any liability increase associated with this upgrade would be minimal.

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