



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **SB 1895**

February 21, 2025

SPONSOR: Martwick

SYSTEM: State Universities Retirement System (SURS)

FISCAL IMPACT

SB 1895 amends the SURS article of the Illinois Pension code to allow for Tier 2 SURS participants paid hourly or who earn a yearly salary in installments to have their Final Average Salary (FAS) determined by either the monthly or annual FAS calculation, whichever is higher. According to SURS, SB 1895 makes only technical changes and is consistent with their current interpretation and administration of the law.

SUBJECT MATTER: SB 1895 amends the SURS Article of the Pension Code. The bill is a SURS initiative, and is intended to ensure that SURS participants paid hourly or who earn a salary in installments will have their Final Average Salary (FAS) calculated using either the Monthly or Annual FAS calculation, whichever is appropriate (see the chart below for more information). The bill is essentially a technical change to ensure proper compliance with the Tier 2 provisions with regard to FAS calculations.

COMMENT: The Illinois Pension Code was amended by P.A. 96-1490, , effective 1/1/2011, to allow Tier 2 SURS participants two different means of calculating Final Average Salary (FAS), which is further explained in the chart below.

Type	Method of Calculation
Monthly	The total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 months
Annual	Average earnings during the 8 highest consecutive academic years of the last 10 academic years

Under current law SURS Tier 2 participants who are paid hourly, or receive an annual salary in installments (non-faculty members) have their FAS determined by the Monthly calculation. All other SURS Tier 2 participants instead have their FAS determined by the Annual calculation.

SB 1895 amends the SURS article to instead calculate Tier 2 non-faculty members' FAS using either the yearly or monthly calculation, depending on which has the highest FAS. Language is also changed to match with Article 1 of the Illinois Pension Code, with the inclusion of a reference to years "of service" under the annual FAS calculation as well as other purely technical changes.

SB 1895 is a SURS initiative. The system maintains that the bill is intended to ensure that SURS Tier 2 is administered consistently with the legislative intent of the 2011 Tier 2 provisions and also consistent with the practices of other systems governed under the Illinois Pension Code.

SB 1895 is identical to HB 3193 from the 104th General Assembly.

RF:bs

LRB104 06091 RPS 16124 b