



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 1934

March 12, 2025

SPONSOR (S): Martwick

SYSTEM: General Provisions (All Systems)

FISCAL IMPACT

SB 1934 amends the General Provisions article of the Illinois Pension Code in regard to the formula and eligibility of survivor and child annuities for Tier 2 members. As this legislation affects all systems within the Pension Code, CGFA reached out to multiple funds. CTPF expects no fiscal impact, as the bill clarifies benefit calculations for Tier 2 members with multiple eligible survivors. SERS expects no financial impact from SB 1934, as they already follow its provisions for Tier 2 survivor annuities with multiple eligible beneficiaries.

SUBJECT MATTER: SB 1934 amends the General Provisions Article of the Illinois Pension Code in regard to the formula and eligibility of survivor/widow's and child's annuities available to Tier 2 members. More detail is provided below.

COMMENT:

Current Law

P.A. 96-0889, the Tier 2 Act of 2010, established provisions regulating survivor, widow, and child annuities for eligible Tier 2 members across applicable pension articles in the Illinois Pension Code. Under current law, if a Tier 2 member dies while receiving an annuity, the survivor or widow shall receive an annuity in the amount of 66 2/3% of the member's annuity being received at the time of death. If a Tier 2 member dies before retirement, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article. If eligible, the initial benefit shall be equal to 66 2/3% of the earned annuity, without a reduction due to age.

SB 1934

SB 1934 clarifies the formula and eligibility for Tier 2 survivor, widow, and child annuities in the Illinois Pension Code. The bill ensures consistency across pension systems by standardizing calculations without altering benefit levels, as shown in the table below:

Provision	Current Interpretation	Clarification in SB 1934 (With Examples)
Widow's Annuity	66 2/3% of the member's annuity but unclear when shared with child annuities	Confirms that the widow's annuity remains 66 2/3% but is reduced proportionally when combined with child annuities.
Child Annuities	Unclear if child annuities receive annual increases; also, unclear how they impact widow's annuity	Clarifies that child annuities receive annual increases and are pro-rated when shared with a widow's annuity.
		Example: If a widow and one child share benefits, the \$2,000 total survivor benefit is split 50/50, giving each \$1,000/month. If there are two children, the total is split equally in thirds.
Survivor Benefit Calculation	Follows applicable fund's rules but language is unclear	Ensures that survivor benefits continue to follow each pension fund's calculation rules, removing ambiguity.
		Example: If a member's annuity was \$4,500/month, the total survivor benefit would be \$3,000/month (66 2/3%). If a widow and two children are eligible, each would receive \$1,000/month (split equally).

ZH:bs

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