



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **SB 3198**

March 9, 2026

SPONSOR (S): Bryant

SYSTEM: General Provisions (Article 1) and State Employees' Retirement System (SERS)

FISCAL IMPACT

According to SERS, there are approximately 1,255 Tier 2 DHS security employees, but that number is expected to grow to approximately 1,600 over time. SERS estimates that SB 3198 would increase the liabilities of the fund by approximately \$47.7M in present value.

SUBJECT MATTER: SB 3198 amends the General Provisions and State Employee Articles of the Illinois Pension Code to add Tier 2 security employees of the Department of Human Services (DHS) to the positions eligible to accrue service credit under the Alternative Formula and establishes a 6-year window during which such employees may elect to convert up to 8 years of prior DHS security service credit.

COMMENT: Under current law, Tier 1 security employees of DHS are eligible to accrue service credit under the Alternative Formula, but Tier 2 employees are not. SB 3198 amends the Illinois Pension Code to ensure that Tier 2 security employees of DHS are eligible to accrue service credit under the Alternative Formula. A table on the follow page shows Tier 2 Regular Formula and Alternative Formula

	Tier II Employee	
	Regular Formula	Alternative Formula
Normal Retirement Age	<ul style="list-style-type: none"> • Age 67 w/ 10+ years of service • Age 62 w/ 10+ (Reduced) 	<ul style="list-style-type: none"> • Age 60 w/ 20+ • Age 55 w/ 20+*
Formula	<ul style="list-style-type: none"> • 1.67% of FAS (SS Coordinated) • 2.2% of FAS (Not SS Coordinated) 	<ul style="list-style-type: none"> • 2.5% of FAS (SS Coordinated) • 3% of FAS (Not SS Coordinated)
Max Annuity	75%	80%
FAS	Avg of highest 8 consecutive years of final 10	
COLA	Lesser of 3% non-compounded or 1/2 CPI-U increase	
Employee Contributions	<ul style="list-style-type: none"> • 4% (SS Coordinated) • 8% (Non-SS) 	<ul style="list-style-type: none"> • 8.5% (SS Coordinated) • 12.5% (Non-SS)

*Eligible positions include: State Policeman, Conservation Police Officer, Secretary of State Investigator, Attorney General Investigator, Commerce Commission Police Officer, Gaming Board Investigator, Department of Revenue Investigator, and Arson Investigators

SB 3198 also allows a Tier 2 security employee of the Department of Human Services to elect to convert up to 8 years of prior service credit (earned before the effective date of this bill) as a security employee in the Department of Human Services into service credit under the Alternative Formula. The employee is required to pay an amount equal to the difference between the employee contributions already made and those that would have been paid had their prior service been rendered under the Alternative Formula, plus interest thereon at the statutory service credit purchase rate (the “effective rate”) of 6.5%, compounded annually, from the date of service to the date of payment. This election shall be filed with the Board no later than 6 years after the effective date of this bill.

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