



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 3914

February 6, 2026

SPONSOR: Koehler

SYSTEM: State Universities Retirement System (SURS)

FISCAL IMPACT

There is no anticipated fiscal impact to SURS under this legislation as it does not affect pension revenues or liabilities and only affects health insurance eligibility. SURS estimates that, as of January 2026, there are 3,685 active and 2,792 inactive RSP participants employed by a community college. Any potential fiscal impact resulting from increased insurance premiums would affect only the College Insurance Program (CIP) administered by CMS.

SUBJECT MATTER: SB 3914 amends the State Universities article of the Illinois Pension Code to update certain definitions affecting participants in a self-managed retirement plan. This legislation also amends the State Employees Group Insurance Act regarding community college benefit recipients who have retirement income from a self-managed plan.

COMMENT: Under current law SURS participants must generally collect an annuity in order to qualify for retiree health insurance benefits rather than a lump sum distribution. However, participants in the Retirement Savings Plan (RSP), SURS's defined contribution plan and previously referred to as the Self-Managed Plan, may take a lump sum as long as they annuitize at least 50% of their account balance, pursuant to an internal SURS rule.

SB 3914 would explicitly allow RSP participants employed by a community college to receive retiree health insurance benefits, regardless of whether they collect an annuity or a lump sum distribution. As of January 2026, SURS estimated that there were 3,685 active and 2,792 inactive RSP participants employed by a community college.

The Department of Central Management Services (CMS), which administers health insurance plans for these members, has also expressed concerns about collecting premiums from retirees

who take a lump sum from the RSP. CMS has indicated that if RSP account balances are insufficient to cover health insurance premiums, the State may have to assume those costs, and that no mechanism currently exists to collect premiums from members with insufficient account balances.

SB 3914 is identical to HB 4363.

RF:bs

LRB104 20721 JDS 34224 b