



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 4010, as engrossed

May 7, 2026

SPONSOR (S): McClure – Bryant (Sheehan - Keicher, et al.)

SYSTEM: Teachers' Retirement System (TRS)

FISCAL IMPACT

SB 4010, as engrossed, changes the interest rate applied to payments made to purchase optional service credit for years worked as a teacher or administrator in a private institution recognized by the Illinois State Board of Education. This legislation would apply regular interest rather than the actuarially assumed rate currently used by TRS.

The precise fiscal impact of this legislation is unknown as of this writing because the number of teachers who may purchase this optional service credit during the current window period (which closes on June 30, 2028) is not known. However, lowering the interest rate from the actuarially assumed rate (currently 7.00% for TRS) to regular interest (set at 6% under current law) may result in member payments that are less than actuarially neutral. Therefore, SB 4010, as engrossed, could have a negative fiscal impact on TRS, commensurate with the number of teachers who elect to purchase this service credit and the difference between the two interest rates.

SUBJECT MATTER: SB 4010, as engrossed, amends the Downstate Teacher (TRS) Article of the Illinois Pension Code to change the interest rate applied to payments for the purchase of optional service credit for years worked as a teacher or administrator in a private institution. The bill would replace the actuarially assumed rate with regular interest.

COMMENT: Under current law, TRS members can earn up to two years of optional credit as a teacher or administrator employed by a private institution recognized by the Illinois State Board of Education, subject to certain requirements.

Public Act 92-0867, effective January 3, 2003, amended the TRS Article of the Pension Code to allow this optional credit. Requirements include being certified by the law governing teacher certification at the time the service was rendered, providing evidence of employment, and completing 10 years of service under TRS.

To establish the optional credit, the member must pay a required contribution equal to the employer and employee contributions that would have been for those years of private school service, based upon the member's first year of full-time employment in TRS in the school year following the private school service. Additionally, the member must pay interest on the foregoing items at the actuarially assumed rate from the date of service to the date of payment.

The window period for purchasing this optional service credit has been extended several times in the past. Most recently, P.A. 103-0017 (effective June 9, 2023) extended the window from June 30, 2023, to June 30, 2028.

SB 4010, as engrossed, would change the applicable interest rate from the actuarially assumed rate to regular interest. The TRS current statute states that regular interest is 6%, while TRS's current actuarially assumed rate is 7.00%.

JB:bs

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