

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **SB 0274**

February 9, 2009

SPONSOR (S): Demuzio

SYSTEM(S): State Employees' Retirement System

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**FISCAL IMPACT:** According to an analysis prepared by the Commission's actuary, adding additional members to the alternative formula in SERS increases the accrued liability of the System by an estimated \$63,910 per person and increases the retirement system's normal cost by an estimated \$4,622 per person. These estimates are based on an actuarial valuation of SERS using a sample employee's age of 44.9 years, a period of service of 14 years, and an annual salary of \$55,000. The actual number of ferry boat operators and deck hands is unknown.

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**SUBJECT MATTER:** SB 0274 amends the State Employee Article of the Illinois Pension Code. This bill seeks to provide the alternative formula to full-time ferry boat operators and deck hands employed by the Illinois Department of Transportation.

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**COMMENT:** Currently, the SERS alternative formula applies to members in certain positions with 20 years of alternative service. This formula provides an annuity of 2.5% of final average salary for each year of service credit for employees coordinated with Social Security. Members covered by the alternative formula and who are coordinated with Social Security contribute 8.5% of their salary toward their pensions. Members covered by the alternative formula may retire at age 50 with 25 years of service credit, or at age 55 with 20 years of service credit. SB 0274 would place full-time ferry boat operators and deck hands employed by the Illinois Department of Transportation under this formula.

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