

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 1325**

February 18, 2011

SPONSOR (S): Harris

SYSTEM(S): All State Retirement Systems

---

**FISCAL IMPACT:** The exact fiscal impact of HB 1325 cannot be determined because the number of employees who will voluntarily switch from the existing defined benefit plan to a new defined contribution plan is unknown.

---

**SUBJECT MATTER:** HB 1325 amends the Illinois Pension Code to authorize each pension fund and retirement system to establish and administer an optional defined contribution retirement plan.

**FISCAL IMPACT:** The exact fiscal impact of HB 1325 cannot be determined because the number of employees who will voluntarily switch from the existing defined benefit plan to a new defined contribution plan is unknown.

**COMMENTS:** HB 1325 authorizes each pension fund and retirement system to establish and administer an optional retirement plan. Each system sets forth all necessary requirements for the new plans. In addition, HB 1325 authorizes each employer subject to the Illinois Pension Code to make an irrevocable election to participate in the new retirement plan. Each fund shall solicit proposals for providing administrative services and funding vehicles for the plan, and establish criteria for the evaluation of all proposals.

HB 1325 authorizes employees to make the decision concerning participation in the new retirement plan, and continuously thereafter direct the investment of their plan balances. It also defines the establishment of an initial cash balance and all required contributions. Finally, HB 1325 establishes details for: (1) terminations, (2) vesting, (3) withdrawal, (4) return to service, (5) benefit amounts, and (6) procedures for the making of various plan elections.

GS:dkb

LRB097 08190 JDS 48315 b