

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 1502** February 16, 2011
SPONSOR (S): Poe
SYSTEM(S): General Provisions Article (All Systems Except Police, Fire,
 Judges & GA)

FISCAL IMPACT: The Commission's actuary has calculated that the Tier 2 reforms contained in P.A. 96-0889 would reduce State contributions by approximately \$70 billion between FY 2012 and FY 2045, provided the State adheres to the funding schedule prescribed by P.A. 88-593. HB 1502 would negate a significant portion of this projected savings for the State systems, although the exact fiscal impact of the bill has not yet been calculated.

SUBJECT MATTER: HB 1502 amends the General Provisions Article of the Pension Code to reduce the retirement age for members of most Illinois public retirement systems (except police, fire, Judges, and GA) who begin service after January 1, 2011. P.A. 96-0889 (SB 1946) raised the retirement age for Tier 2 members hired after January 1, 2011 to age 67 with 10 years of service. This bill would reduce the retirement age to 62 with 10 years of service.

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COMMENT: In addition to the changes outlined above, HB 1502 also deletes the early retirement/reduced annuity option that was implemented by P.A. 96-0889 wherein a member may retire at age 62 with 10 years of service with an annuity that is reduced by 1% for each full month that the member's age is under 62. Under this bill, members retiring at age 62 would receive a full, unreduced annuity.