

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 2921**

March 2, 2011

SPONSOR(S): Franks

SYSTEM(S): General Assembly Retirement System

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**FISCAL IMPACT:** While the bill restricts membership into GARS after January 1, 2012, CGFA's actuary performed a similar cost study assuming no new entrants into GARS after July 1, 2012. The results of the cost study show a \$4,391.5 million decrease in unfunded liability and a \$344.5 million decrease in State contribution over the course of FY 2010 – FY 2045. Due to no new entrants into the System, State contribution as a percentage of payroll does increase significantly. Please refer to the table at the end of this impact note to see a chart depicting the year by year comparisons of State contribution and State contribution as a percentage of payroll.

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**SUBJECT MATTER:** HB 2921 amends the General Assembly Article of the Illinois Pension Code to restrict membership into GARS after January 1, 2012.

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**COMMENT:** Currently, the General Assembly Retirement System provides retirement annuities, survivor's annuities, and other benefits for members of the General Assembly, certain elected state officials, and their beneficiaries. HB 2921 clarifies that such annuities and benefits are only provided to members of the General Assembly who were participants before January 1, 2012. Under HB 2921, participation in GARS will be restricted to members who become participants before January 1, 2012. Beginning on January 1, 2012, the System will not accept any new participants. In addition, a person will not be deemed a member of GARS unless he or she became a participant of the System before January 1, 2012.

<b>General Assembly Retirement System</b>						
<b>System Projections of Reduction in State Contributions Based on HB 2921*</b>						
<b>(\$ in millions)</b>						
<b>Fiscal Year</b>	<b>State Contributions Under Current Law</b>	<b>State Contributions as % of Payroll Under Current Law</b>	<b>State Contributions Under HB 2921*</b>	<b>State Contributions as % of Payroll Under HB 2921*</b>	<b>Reduction in State Contributions</b>	<b>Increase in State Contributions as % of Payroll</b>
2011	\$12.1	82.22%	\$11.0	75.27%	\$1.0	-6.95%
2012	10.5	68.75%	22.8	148.94%	-12.2	80.19%
2013	11.3	70.50%	24.5	153.03%	-13.2	82.53%
2014	12.1	72.10%	24.9	157.07%	-12.8	84.97%
2015	13.0	73.55%	24.5	161.06%	-11.5	87.51%
2016	13.7	73.51%	22.9	160.94%	-9.2	87.42%
2017	14.2	73.51%	21.9	160.94%	-7.7	87.42%
2018	14.9	73.51%	21.1	160.94%	-6.2	87.42%
2019	15.6	73.51%	20.3	160.94%	-4.7	87.42%
2020	16.2	73.51%	19.5	160.94%	-3.3	87.42%
2021	16.6	73.51%	18.3	160.94%	-1.7	87.42%
2022	17.3	73.51%	17.3	160.94%	0.0	87.42%
2023	17.9	73.51%	15.9	158.50%	2.0	84.99%
2024	18.6	73.51%	14.6	154.48%	4.0	80.97%
2025	19.0	73.24%	12.9	149.27%	6.1	76.03%
2026	19.7	73.37%	11.7	145.23%	8.1	71.86%
2027	20.4	73.50%	10.4	140.67%	10.0	67.17%
2028	21.1	73.39%	9.3	134.70%	11.9	61.31%
2029	21.7	73.25%	7.9	126.81%	13.8	53.55%
2030	22.4	72.97%	6.9	118.49%	15.5	45.52%
2031	23.1	72.73%	5.6	107.30%	17.4	34.57%
2032	24.0	72.91%	4.8	98.66%	19.2	25.75%
2033	25.0	73.41%	4.1	91.87%	20.9	18.46%
2034	26.1	73.86%	11.8	288.16%	14.2	214.30%
2035	27.0	73.86%	10.9	288.16%	16.1	214.30%
2036	28.0	73.86%	9.8	288.16%	18.1	214.30%
2037	29.0	73.86%	8.9	288.16%	20.1	214.30%
2038	30.1	73.86%	8.3	288.16%	21.8	214.30%
2039	31.2	73.86%	7.5	288.16%	23.7	214.30%
2040	32.3	73.86%	6.8	288.16%	25.5	214.30%
2041	33.6	73.86%	6.1	288.16%	27.4	214.30%
2042	34.8	73.86%	5.3	288.16%	29.5	214.30%
2043	36.1	73.86%	4.5	288.16%	31.5	214.30%
2044	37.4	73.86%	3.9	288.16%	33.5	214.30%
2045	38.8	73.86%	3.1	288.16%	35.7	214.30%
<b>TOTAL</b>	<b>\$784.6</b>		<b>\$440.1</b>		<b>344.5</b>	

\* HB 2921 Restricts Membership into GARS After Jan. 1, 2012; This Cost Study Assumes No New Entrants into GARS After July 1, 2012