COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 3375, as amended by HA #2** March 30, 2011

SPONSOR(S): McCarthy

SYSTEM(S): Teachers' Retirement System

FISCAL IMPACT: Retired teachers who return to work in subject shortage areas are prohibited from accruing additional service credit in TRS, and no employer contributions are made to TRS on behalf of annuitants who return to work in a subject shortage area. Therefore, there is no fiscal impact to TRS as a result of HB 3375, as amended by HA #2.

SUBJECT MATTER: HB 3375, as amended by HA #2, amends the Downstate Teachers Article of the Illinois Pension Code to require a school board or other employer to apply for an exemption before authorizing multiple annuitants, without impairing their retirement status, to accept a teaching position that would ordinarily be taken by an active participant.

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COMMENT: Currently, an annuitant in TRS receiving a retirement annuity other than a disability retirement annuity is allowed to accept employment as a teacher from a school board without impairing retirement status so long as that employment is not within the school year during which service was terminated and does not exceed 100 paid days or 500 paid hours in any school year (during the period beginning July 1, 2001 through June 30, 2011, 120 paid days or 600 paid hours in each school year). HB 3375, as amended by HA #2, clarifies this does not authorize multiple annuitants, without impairing their retirement status, to accept employment with a school district or other employer in order to fill, as a group, a teaching position that would ordinarily be occupied by an active participant of TRS. Under HB 3375, as amended by HA #2, if a school board or other employer determines that there is a subject or administrative position shortage that would require that action, it must apply for an exemption before authorizing employment.

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