

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 3969**

February 3, 2012

SPONSOR (S): Cross - Kay

SYSTEM(S): GARS, General Provisions Article

FISCAL IMPACT: The fiscal impact of HB 3969 has not yet been calculated, however it would be positive as GARS would no longer be responsible for paying a reciprocal benefit that was earned in a system other than GARS if that reciprocal benefit is higher than it would have otherwise been had the benefit been earned solely in GARS. This change is being applied to persons who joined GARS prior to Aug. 22, 1994. Under current law, the reciprocal earnings limitations spelled out in the GARS article of the Pension Code do not apply to these members.

SUBJECT MATTER: HB 3969 amends the GARS and the General Provisions Articles of the Illinois Pension Code. In cases where a GARS participant's final average salary in a retirement fund governed under the Retirement Systems Reciprocal Act is used to calculate a GARS pension, and in cases where the final average salary in a reciprocal system is higher than the final salary for annuity purposes in GARS, then the employer of the participant in the reciprocal system must pay to GARS the increased cost that is attributable to the higher level of compensation

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COMMENT: Under current law, members of the General Assembly Retirement System who began service prior to August 22, 1994 are not constrained by the reciprocal earnings limitations that are set forth in the GARS article of the Illinois Pension Code. HB 3969 provides that these earnings limitations apply to persons who first became members of GARS before August 22, 1994 if, on or after the effective date of this amendatory Act, the member irrevocably elects to have those limitations apply.

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