COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO:	**SB 2156**	March 3, 2011
SPONSOR (S):	Brady	
SYSTEM(S):	All State Systems	

FISCAL IMPACT: SB 2156 should have a marginally positive impact on state pension systems as the likelihood of increasing benefits beyond any already enshrined in law would be lessened. Therefore, with fewer new benefits passed into law on the existing pension system, payouts to members should not increase beyond existing increases already in law.

SUBJECT MATTER: SB 2156 amends the Illinois Pension Code to require (1) at least 90% funding for certain pension systems in Illinois and (2) state contributions up to date before any new increase in benefits can be applied. Any new benefits increases approved for existing pensions covered under this legislation that do not satisfy the second condition above are null and void.

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COMMENT: SB 2156 would require 90% funding and all mandated state contributions to the General Assembly, State Employee, State Universities, Downstate Teachers and Judges pension/retirement systems before any new benefits could be applied to these systems. This does not affect any local/county/non-state level pension systems. In addition, this legislation makes a specific point that any new benefit increases are null and void unless they either (1) are required to maintain qualified plan status or (2) affect systems that are already fully paid up in State contributions.

This legislation follows P.A. 94-0004, enacted in 2005. This act requires CGFA to review any new benefit increases and submit their evaluations to the General Assembly. However, if SB 2156 is passed into law, CGFA would likely have need to evaluate fewer proposed benefit increases until the pension fund/retirement system affected by the benefit increase attains a 90% level of funding and all required state contributions have been made for the current fiscal year.

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