

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **SB 2938**

February 3, 2012

SPONSOR (S): Landek

SYSTEM(S): GARS and SERS

FISCAL IMPACT: The fiscal impact of SB 2938 has not yet been calculated. According to GARS FY 2011 actuarial valuation, the system has an employer's normal cost of 22.12% of payroll. In contrast, SERS has an employer's normal cost of 13.35% of payroll. Therefore, SB 2938 should have a positive fiscal impact.

SUBJECT MATTER: SB 2938 amends the General Assembly and State Employees Articles of the Illinois Pension Code. Under this legislation, an individual first appointed or elected to the Illinois Senate after the effective date of this legislation will be a member of SERS rather than GARS. Also, Senate members appointed after February 1, 2011 with no prior service credit in GARS will be able to transfer service from GARS to SERS for a limited time.

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COMMENT: SB 2938 amends the General Assembly and State Employees articles of the Illinois Pension Code so as to limit the individuals able to participate in GARS and increase the number of individuals in SERS. Given the significant reduced employer cost for SERS compared to GARS, the longer term of service required to begin receiving benefits, and the lower benefits compared to GARS, SB 2938 should have a positive fiscal impact.

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