

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION NOTE

98TH GENERAL ASSEMBLY

## REVISED

BILL NO:           **HB 1154, as amended by HA 7**                        March 13, 2013

SPONSOR(S):        Madigan - Zalewski

SYSTEM(S):         General Assembly Retirement System (GARS), State Employees'  
Retirement System (SERS), State Universities' Retirement System  
(SURS), Teachers' Retirement System (TRS)

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**FISCAL IMPACT:** SURS' actuary ran a cost study on HB 6258 from the 97<sup>th</sup> GA. That cost study shows a cumulative annual contribution savings of \$961 million through 2045 by limiting Tier 1 pay at the Social Security Taxable Wage Base. An updated note will be issued when actuarial numbers become available from SERS and TRS.

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**SUBJECT MATTER:** HB 1154, as amended by HA 7, amends the GARS, SERS, SURS, and the TRS articles of the Illinois Pension Code to set a pensionable salary cap on Tier 1 members/participants. This bill also explicitly defines Tier 1 in each system.

**COMMENT:** As of current law, employees hired before January 1, 2011 have no limit to their pensionable salary. HB 1154, as amended by HA 7 establishes a Tier-1 salary cap that is the greater of the Social Security Wage base or the salary during the 365 days preceding the effective date of the bill.

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