

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 98TH GENERAL ASSEMBLY

**BILL NO:** **HB 1166, as amended by HA 4** March 5, 2013

**SPONSOR(S):** Hoffman

**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:** The Illinois Pension Code requires employer contributions to be a level percentage of payroll; inasmuch, raising the funding goal will increase employer contributions at a commensurate proportion each year. *Upon receipt of an actuarial cost study for raising the funding goal from 90% to 100% over the period FY 2015-2045, CGFA will issue an updated impact note.*

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**SUBJECT MATTER:** HB 1166, as amended by HA 4, amends the GARS, SERS, SURS, and TRS articles of the Illinois Pension Code by introducing two new provisions: increasing the funding goal to 100% by FY 2045 and providing a funding guarantee.

**FISCAL IMPACT:** The Illinois Pension Code requires employer contributions to be a level percentage of payroll; inasmuch, raising the funding goal will increase employer contributions at a commensurate proportion each year. *Upon receipt of an actuarial cost study for raising the funding goal from 90% to 100% over the period FY 2015-2045, CGFA will issue an updated impact note.*

**COMMENT:** As of current law, in combination with employee contributions, the State must make contributions that align with a funding schedule whose goal is to attain a 90% funded ratio by FY 2045.

HB 1166, as amended by HA 4, has two major provisions:

- Raise the funding goal from 90% up to 100% over the period FY 2015-2045.
  - When they apply, Budget Stabilization Act payments will complement regular State contributions.
- A funding guarantee to assure participants of the future of their pensions.

MD:dkb

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