COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 4476** January 31, 2014

SPONSOR (S): Ives

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

FISCAL IMPACT: The fiscal impact of HB 4476 cannot be calculated as P.A. 98-0599 has not yet taken effect and the number of participants in the optional Defined Contribution plan is not known. The optional DC plan under P.A. 98-0599 would have to be rendered inoperative pursuant to law for HB 4476 to take effect. In the event this occurred, then members who opted into the DC plan would revert to Tier 1 status under the applicable retirement system.

SUBJECT MATTER: HB 4476 amends the General Assembly, State Employee, State University, and the Downstate Teachers Articles of the Illinois Pension Code to update language pertaining to the optional Defined Contribution Plan, as set forth with Public Act 98-0599.

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COMMENT: With the passage of SB 1 (P.A. 98-0599), each of the four systems impacted by HB 4476 are able to offer a defined contribution plan for up to 5% of active members. Pursuant to P.A. 98-0599, in the event that the defined contribution plan is terminated or becomes inoperative, then each participant in the DC plan shall automatically be reallocated into the Tier 1 system. HB 4476 would remove the word "terminated" from law and provide that DC participants will resume Tier 1 participation "in the event that the defined benefit contribution plan becomes inoperative." This applies to all four systems affected by Public Act 98-0599.

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