

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **SB 1721**

March 1, 2013

SPONSOR (S): Sullivan

SYSTEM(S): SERS

FISCAL IMPACT: The fiscal impact of SB 1771 cannot be calculated as the number of IDOC employees who may wish to transfer service credit from TRS to SERS is not known. According to TRS, there were six DOC teachers who were covered under TRS in FY 12.

SUBJECT MATTER: SB 1771 amends the SERS article of the Illinois Pension Code. The bill allows certain teachers who are employed by the Illinois Department of Corrections to transfer their TRS service credit to SERS.

FISCAL IMPACT: The fiscal impact of SB 1771 cannot be calculated as the number of IDOC employees who may wish to transfer service credit from TRS to SERS is not known. According to TRS, there were six DOC teachers who were covered under TRS in FY 12.

COMMENT: SB 1771 re-opens a window for DOC employees currently covered by TRS to transfer service credit from TRS to SERS. This service credit transfer window was first established in 1987 upon the enactment of P.A. 84-1472. The bill specifies that the member must make an election to transfer the service credit within 30 days of the effective date of this Act, and must pay to SERS employee contributions equal to the rate in effect for non-coordinated service at the date of membership in SERS ("non-coordinated" means service not covered by Social Security). The person must also pay to SERS the employer's normal cost for each year of service that is being transferred, plus interest from July 1, 1987 to the date of payment. SB 1771 also changes the interest rate requirement so that interest would only be required from the date of first membership in SERS rather than from July 1, 1987.

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