

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **SB 3517**

March 17, 2014

SPONSOR(S): Biss

SYSTEM(S): Teachers' Retirement System (TRS)

FISCAL IMPACT: SB 3517 could potentially provide a savings to TRS. If the provisions of this bill had been in effect during CY 2013, backpayments to TRS annuitants would have been reduced for 154 of the 5,298 (or 3%) of the members who retired in CY 2013, according to TRS.

SUBJECT MATTER: SB 3517 amends the Downstate Teacher Article of the Illinois Pension Code. This bill provides that the effective date of a retirement annuity shall be no earlier than 2 years before the date of receipt by the System of the application for retirement.

FISCAL IMPACT: SB 3517 could potentially provide a savings to TRS. If the provisions of this bill had been in effect during CY 2013, backpayments to TRS annuitants would have been reduced for 154 of the 5,298 (or 3%) of the members who retired in CY 2013, according to TRS.

COMMENT: As of current law, a TRS employee who applies for retirement will receive back payments for the period of time between initial eligibility and TRS's receipt of application. If the retiree never applies for a TRS pension, these back payments occur automatically at the age of 70½.

SB 3517 will limit the window of TRS back payments to 2 years prior to the date of application, but this only applies to members who retire on or after the effective date of this bill.

MD:dkb

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