

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 1428**

March 1, 2007

SPONSOR (S): Phelps

SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: According to SERS, adding additional members to the alternative formula increases the accrued liability of the system by \$50,000 to \$185,000 per person, depending on the amount of each individual's past service.

SUBJECT MATTER: HB 1428 amends the State Employee Article of the Illinois Pension Code to provide the alternative formula to military security police officers employed by the Department of Military Affairs.

FISCAL IMPACT: According to SERS, adding additional members to the alternative formula increases the accrued liability of the system by \$50,000 to \$185,000 per person, depending on the amount of each individual's past service.

COMMENTS: Currently, the employees identified for the new benefit increase outlined in HB 1428 receive benefits based on the regular SERS formula, which provides an annuity of 1.67% of final average salary for each year of service credit for employees coordinated with Social Security. Members covered under this formula may retire at age 60 with at least 8 years of service credit, between ages 55-60 with 25-30 years of service credit, or whenever the member's age and years of service total 85. Regular formula members who are coordinated with Social Security contribute 4% of salary toward their pensions. HB 1428 would place employees identified for this new benefit increase under the SERS alternative formula, which provides an annuity of 2.50% of final average salary for each year of service credit. Members covered by the alternative formula and coordinated with Social Security contribute 8.5% of salary towards their pensions and may retire at age 50 with 25 years of service credit or at age 55 with 20 years of service credit.

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