

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 0602**

February 14, 2007

SPONSOR (S): Viverito

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: SB 0602 amends the State Employee Article of the Illinois Pension Code to provide the alternative formula to certain automotive mechanics employed by the Illinois State Toll Highway Authority who are assigned to retrieve or repair State vehicles on State highways or tollways, and certain sign hangers employed by the Illinois Department of Transportation. In addition, SB 0602 removes references to obsolete job designations of the Illinois State Toll Highway Authority.

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 SB 0602 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. Members who are coordinated with Social Security contribute 4% of salary toward their pensions under the regular formula. SB 0602 would place employees identified for this new benefit increase under the SERS alternative formula, which provides an annuity of 2.50% of final salary per year of service credit for employees coordinated with Social Security. 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.

GS:dkb

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