

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 0226**

January 11, 2019

SPONSOR (S): Martwick

SYSTEM(S): State Employee Retirement System

FISCAL IMPACT: According to SERS, HB 0226 is expected to impact the State Employee Retirement System minimally as employees who elect to purchase this optional service credit must pay the employer's normal cost, the employee contribution, plus interest at the actuarially assumed rate of return for the period of service purchased. The number of State policemen who have qualifying service with another state or locality or the federal government is unknown.

SUBJECT MATTER: HB 0226 amends the State Employee Article of the Illinois Pension Code by allowing State policemen to establish eligible creditable service for up to 5 years of service for federal law enforcement service or for state or local law enforcement service outside of Illinois.

COMMENT: Under this bill, State policemen could add up to 5 creditable years of service in SERS by filing a written application and paying a fee determined by the SERS Board based upon 1) the employee's salary on the first day as a member of SERS under the alternative formula, 2) the employer's normal cost, as determined by the SERS board, and 3) regular interest (7%, based on the actuarially assumed rate of return). SERS does not know how many State policemen would qualify to purchase this service credit.

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