

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2452**

February 27, 2019

SPONSOR (S): Martwick

SYSTEM(S): SERS, SURS, TRS

FISCAL IMPACT: The fiscal impact of HB 2452 cannot be determined at this time as it is unknown how many Tier 1 employees would choose to participate in the accelerated benefit payment option. An actuarial cost study that examines various rates of participation would be needed to assess the potential impact.

SUBJECT MATTER: HB 2452 amends the State Employees, State Universities, and Downstate Teacher Articles of the Illinois Pension Code to implement an accelerated pension benefit payment option for eligible Tier 1 members, the details of which are described below in the Comment section.

COMMENT: The proposed legislation would allow eligible Tier 1 members to receive a lump sum payment equal to 50% of the difference in net present value of the Tier 1 member's retirement annuity, including the value of the annual increase to that retirement annuity, the amount of the old-age insurance payments, and the value of any annual increases that the member would have been entitled to. In order to be eligible, the annuitant must be a Tier 1 member who is not covered by Social Security, must not have a Qualified Illinois Domestic Relations Order in effect against him or her, and must meet the age and service requirements of the applicable system.

The retirement annuity of a person who elects to participate in the accelerated pension benefit payment option shall be equal to the amount of the old-age insurance payment under the federal Old-Age, Survivors, and Disability Insurance program that the member would have been entitled to had they been participating in Social Security. The retirement annuity of a person who elects to participate in the accelerated pension benefit payment program shall be subject to annual increases on January 1 of the year in which they reach the age of 67 or the first anniversary of the annuity start date, whichever is later. The annual increase shall be the annual unadjusted percentage increase in the consumer price index during each fiscal year.

LV:bj

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