

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2757**

February 26, 2019

SPONSOR (S): Morrison

SYSTEM(S): TRS

FISCAL IMPACT: HB 2757 would have no discernible fiscal impact to the State, as it does not impact State contributions to TRS.

SUBJECT MATTER: HB 2757 would amend the Downstate Teachers Article of the Illinois Pension Code to prohibit an employer from making employee contributions on behalf of an employee, except for the sole purpose of allowing employees to make pre-tax contributions.

COMMENT: Currently, TRS members are required by statute to contribute 9% of their salaries towards their pensions. The proposed legislation would prevent employers from “picking up” all or part of their employees’ contributions to the System except for the purpose of pre-tax contributions. According to TRS, pre-tax contributions allow the employees’ contributions to not be taxed until retirement and comes from the source of funds used in paying the salary of the employee. This results in a decrease in the cash salary of the member. Pre-tax contributions have been required by law since fiscal year 1983. HB 2757 would prohibit employers from paying the employee contribution from their own fund, rather than from the employees’ paycheck.

HB 2757 will not impact any collective bargaining contract currently in force, however, any such contract that is subsequently modified, amended, or renewed or that is in effect 3 or more years after the effective date of this bill will be subject to the foregoing “pick-up” provision.

LV:bj

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