

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 4712**

February 21, 2020

SPONSOR (S): Sosnowski

SYSTEM(S): GARS, SERS, SURS, Downstate Teachers, JRS

---

**FISCAL IMPACT:** There is no discernible fiscal impact associated with HB 4712 as the bill does not close the existing defined benefit plan in any of the affected systems. The bill does provide for automatic enrollment in the newly created DC plans for members who first enter service after the bill's effective date, but will have no impact on State or member contributions to the 5 State systems under P.A. 88-593, the 1995 State pension funding law.

---

**SUBJECT MATTER:** HB 4712 amends the General Assembly, State Employee, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code to establish a compulsory defined contribution (DC) plan for future members and existing Tier 1 and Tier 2 members who choose to participate.

**COMMENT:** HB 4712 mandates the board of each pension system affected to set the applicable contribution rate for members who participate in the DC plan. The systems impacted – GARS, SERS, SURS, TRS, and JRS – will have one year from the effective date to establish and maintain the new DC plan. Enrollment for new members will be mandatory. Tier 1 and Tier 2 participants who first become participants before the effective date will have the opportunity to opt into the new DC plan. A participant who is mandatorily required to participate in the DC plan will have 60 days to opt out of the auto enrollment provision. Various details, including distribution requirements, investments, and plan statuses are also addressed in the proposed legislation.

P.A. 100-0769, which took effect on August 10, 2018, established an optional DC plan for TRS and SURS. Neither system has implemented the plan as yet, but preparations are underway in both systems.

AB:bs

LRB101 17012 RPS 66412 b