

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 4914**

February 19, 2020

SPONSOR (S): Scherer

SYSTEM(S): TRS

FISCAL IMPACT: TRS reports that the defined contribution plan that was enshrined in statute via P.A. 100-0769 has not yet been implemented, though planning is currently underway. No roll-out date has been set as of yet. HB 4914 would repeal the optional DC plan.

SUBJECT MATTER: HB 4914 amends the TRS article of the Pension Code to repeal an optional defined contribution plan that was implemented in 2018 upon the enactment of P.A. 100-0769.

COMMENT: P.A. 100-0769, which took effect on August 10, 2018, implemented an optional defined contribution plan in TRS. The defined contribution benefit collects optional employee and optional employer contributions into an account and offers a range of investment options to participants. The benefit must be operated in full compliance with any applicable state and federal laws, and TRS must utilize generally accepted practices in creating and maintaining the benefit for the best interest of the participants.

TRS reports not yet having implemented the optional DC plan, though the planning and preparation stage is underway. No rollout date has been set as of yet. HB 4914 would repeal the optional DC plan. TRS also says that no actuarial assumptions about the DC plan have been included in the system's actuarial projections of future State contributions based on the June 30, 2019 actuarial valuation.

DH:bs

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