

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: SB 1423

February 20, 2019

SPONSOR (S): Mulroe

SYSTEM(S): SERS

FISCAL IMPACT: In order to convert service credit from IMRF or Cook County to SERS alternative formula service, the state policeman must pay to SERS an amount determined by the SERS board equal to the difference between the amount of employee and employer contributions transferred to SERS, plus interest at the actuarially assumed rate of return, compounded annually, from the date of first service to the date of payment. The bill also allows State policemen to convert an unlimited amount of regular SERS service to alternative formula service, and the payment mechanism prescribed in the bill functions in the same manner as the aforementioned conversion of IMRF and Cook County service. Therefore, the fiscal impact to SERS should be minimal.

SUBJECT MATTER: SB 1423 amends the State Employee article of the Illinois Pension Code to allow State policemen to convert unlimited service credit earned in the standard retirement annuity formula into credible service under the alternative formula. The bill also allows for the establishment of SERS alternative formula service for time spent as a police officer under IMRF and for certain specified police duties under the Cook County article.

COMMENT: The legislation also allows conversion of up to five years of eligible alternative retirement formula in SERS from service as a police officer while a member of IMRF, a Cook County corrections officer, or an officer of the Cook County Court Services. The bill also allows for a State policeman to convert an unlimited amount of regular SERS service to alternative service by making contributions to SERS equal to the difference between the amounts that would have been contributed had the service been accrued under the alternative formula, plus the difference between the employer's normal cost of the credit prior to the conversion, plus interest at the actuarially assumed rate of return, compounded annually, from the date of service under the regular SERS formula to the date of payment. This legislation has an immediate effective date.

AB:bj

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