

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 3037**

February 27, 2020

SPONSOR (S): Fine

SYSTEM(S): Teachers Retirement System

FISCAL IMPACT: The fiscal impact of SB 3037 cannot be determined as it is not known how many additional beneficiaries would receive survivor's annuities as a result of including mentally disabled children as being eligible to receive such annuities.

SUBJECT MATTER: SB 3037 amends the Downstate Teachers article of the Pension Code. The bill expands the eligibility for receipt of survivor's annuities for disabled children such that mentally disabled children will be deemed eligible, with no age restrictions. The bill also states that a disabled child need not be claimed as a dependent on the member's or retiree's federal income tax return in order to qualify for a survivor's benefit.

COMMENT: Under the TRS article of the Pension Code, unmarried or adopted children are eligible to receive survivor's annuities until age 18 (age 22 if a full-time student). Disabled children are not subject to these age limitations in the receipt of survivor's benefits if they are dependent because of a physical or mental disability. The disability must be such that it can be expected to result in death, or of such a nature that it can be expected to last longer than one year. The disabled child must not be able to engage in any substantial gainful activity in order to qualify.

SB 3037 makes two changes to the aforementioned qualifications for disabled children. The bill would include mental disability as a condition for qualification for receipt of a survivor's annuity. Also, the bill clarifies that a disabled child is not required to be claimed as a dependent on a member or annuitant's federal income tax return in order to receive survivor's benefits.

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