

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: SB 1224

February 1, 2013

SPONSOR (S): Muprhy

SYSTEM(S): IMRF, Cook County, SERS, SURS, TRS, Chicago Teachers

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**FISCAL IMPACT:** SB 1224 should have a positive impact on the systems affected by discontinuing the practice of allowing newly-hired members to apply unused sick and vacation leave towards their pensions. The amount of allowable sick leave service credit varies by fund – for example, IMRF allows up to 1 year of sick leave service credit, while SERS has no limit. The Chicago Teachers Pension Fund allows for the establishment of up to 244 days of sick leave service credit.

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**SUBJECT MATTER:** SB 1224 amends various articles of the Pension Code to end the practice of applying unused sick and vacation leave for the purpose of establishing additional service credit for employees hired after the effective date. The bill also prohibits payments for unused sick leave from being used to calculate pensionable earnings for newly hired employees.

**FISCAL IMPACT:** SB 1224 should have a positive impact on the systems affected by discontinuing the practice of allowing newly-hired members to apply unused sick and vacation leave towards their pensions. The amount of allowable sick leave service credit varies by fund – for example, IMRF allows up to 1 year of sick leave service credit, while SERS has no limit. The Chicago Teachers Pension Fund allows for the establishment of up to 244 days of sick leave service credit.

**COMMENT:** Under the Pension Code, the amount of service credit that a person can establish via unused sick leave varies by fund, but generally does not exceed one year. For example, the Cook County fund allows up to 180 days for accumulated sick leave, the Chicago Teachers Pension Fund allows for the establishment of up to 244 days of service credit for accumulated sick leave, and SERS has no limit on the amount of creditable service that can be established via unused sick or vacation leave.

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