

## Summary of SB 2404

Sponsored by Senate President John Cullerton/Supported by We Are One Illinois

1. Includes an ironclad pension funding guarantee to ensure that the state cannot skip or short payments to the state's retirement systems.
2. Dedicating state revenues to a Pension Stabilization Fund to make supplemental payments on top of the state's required contribution. This major financial commitment will strengthen the retirement systems' solvency.
3. Allows employees choose **one** of the following options:
  - a. Move from a 3% compounded to a 3% simple COLA with a two-year delay. Employees choosing this option would a) receive guaranteed access to health care in retirement; b) ensure that all future salary increases count toward their pensions; c) have the option to enroll in a cash balance plan (on top of their defined-benefit pension)
  - b. Choose to keep the 3% compounded COLA, but with a three-year delay before the COLA would take effect. These employees would also pay 2% more of their salary into the pension system. Employees choosing this option would receive guaranteed access to health care in retirement and ensure that all future salary increases count toward their pensions.
  - c. Choose to keep the 3% compounded COLA exactly as it is. These employees would not have guaranteed access to health care in retirement and would forgo any future salary increases counting toward their pensions.
4. Establish a choice for retirees (those who have retired prior to May 31, 2014):
  - a. Retirees could choose to keep their guaranteed access to health care and keep their 3% compounded COLA, but would agree to a two-year COLA freeze. The freeze would occur in non-consecutive years.
  - b. Alternatively, retirees could choose to keep their 3% compounded COLA without any freeze, but forgo guaranteed access to health care in retirement.

