

SB 1946 Summary, as enacted 3/24/06

Illinois Public Pension Systems Covered:

All systems ***except***: Chicago Police & Fire, Downstate Police and Fire, SLEP/IMRF (deputies), CTA, the SURS “self managed” optional D.C. Plan.

The systems covered are therefore: **SERS, SURS, IMRF, TRS, Judges’, General Assembly, Chicago Municipal, Chicago Laborers, Cook County, Cook Forest Preserve, Chicago Teachers’, Chicago Park District, and Water Reclamation District**

Provisions for new hires, effective for those hired on or after January 1, 2011:

Final Average Salary: The highest consecutive 8 years out of the last 10. (*Currently 48 months*)

Salary Cap: The annual final salary may not exceed \$106,800 (indexed to the lesser of 50% of CPI or 3.0%). **Since there is no language to the contrary, future employees would pay current contribution percentages on all of their earnings, including the amounts in excess of \$106,800.** (*Currently no such cap*)

Normal Retirement Age: Raised to 67. Employees can retire at 62, but the annuity benefit will be reduced by 0.5% for each month under age 67. Raised to 60 for employees on the SERS Alternative Formula. (*Currently age 60 in most instances; 50 for employees on the alternative formula*)

Vesting Period: Raised to 10 years. (*Currently 8 years for SERS & IMRF, 5 years for TRS and SURS, and 10 years for the Chicago and Cook Co. systems*)

COLA: At age 67 (or 1st anniversary of when retirement annuity starts, whichever is later), the **lesser** of 3% or 50% of CPI, of **original** annuity (no compounding), except for judges and General Assembly members who will continued to received 3% compounded. (*Currently 3% compounded—except no compounding in IMRF--generally first anniversary of retirement*)

Survivor Annuity: 66 & 2/3 % of participants’ annuity, same COLA as above. (*currently 50% in most systems, with 3% compounded COLA*)

SERS Alternative Formula: Will only apply to State police, firefighters, or DOC and DJJ employees who are currently covered. Newly-hired highway maintenance workers, pilots, special agents, police officers (other than State police), investigators, DHS security employees, and controlled substance inspectors would not be covered.

To collect the Alternative Formula annuity, the employee must be age 60 with 20 years of service. (*Currently can retire under Alternative Formula at age 50 w/25 years of service, or at age 55 w/20 years of service*)

Benefit suspension: Future annuitants under the new tiers will have their pension suspended if employed in a covered position under the Illinois Pension Code. (*Currently no provision*)

Reduced funding for Chicago Teachers' Pension Fund: The Chicago Board of Education gets a partial pension contribution holiday for FY 2011, 2012, and 2013.

Benefit formula (multiplier times years of service): SB 1946 does not change the underlying benefit formula multipliers, except for the Judges' and General Assembly systems.