

OPPOSE

March 10, 2009

***STATE RETIREMENT SYSTEMS
STAFF REPORT ON LEGISLATION AFFECTING
THE STATE EMPLOYEES' RETIREMENT SYSTEM***

96th General Assembly

HOUSE BILL 3900 – Representative Miller

PROPOSAL

House Bill 3900 amends the State Employees' Article of the Pension Code to include certain sign hangers and sign hanger foreman who work for the Illinois Department of Transportation (IDOT) in the SERS alternative formula.

COMMENT

House Bill 3900 adds sign hangers and sign hanger foreman who work for IDOT on or after June 28, 2001 as a group of employees who is eligible for the SERS alternative formula. Members of this group with service prior to June 28, 2001 would have that service converted to alternative formula service at no cost to the employee. For service rendered from June 28, 2001 to the effective date of the Amendatory Act, the employee would be required to contribute the difference in applicable employee contribution rates, plus interest (8.5% compounded annually) calculated from the initial date of the service being converted until the date of payment.

The bill specifies that it applies to all sign hangers and sign hanger foreman in service on June 28, 2001 and requires a recalculation of any pension benefit granted between June 28, 2001 and the effective date of the Amendatory Act. The recalculation would apply only to benefits payable after the effective date of the Amendatory Act, and does not require the payment of a retroactive benefit increase.

RECOMMENDATION

As the bill would increase the benefits of SERS members who are already retired, it is the recommendation of the staff that the system oppose House Bill 3900.