SRS STATE RETIREMENT SYSTEMS

- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

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Governor Quinn's Public Pension Stabilization Plan

On April 20, 2012, Governor Quinn proposed several changes to the retirement benefits of members of the State-funded retirement systems. The following is SERS' understanding of the proposal. **No actual legislation has been provided to SERS and there is no specific effective date for the proposal, as it depends on the legislative process and any effective date that would be specified in the legislation. Consequently, SERS is unable to advise members on what each individual's best retirement option may be now or in the future.**

Frequently Asked Questions

Who is affected by the proposed changes?

All active and inactive members of the State Employees' Retirement System (SERS) with a membership date prior to January 1, 2011 (Tier 1 members). **SERS retirees and survivors would not be affected by the proposed benefit changes. Tier 2 members of SERS would not be affected.**

When would the proposed changes take effect?

The plan provisions of SERS are provided in Article 14 of the Illinois Pension Code. A law change is required to implement Governor Quinn's proposed changes to the benefit provisions of SERS. In addition, any change to the Group Insurance provisions for retirees requires a change to the State Employees Group Insurance Act of 1971. **The effective date of these proposed changes would depend on when legislation is passed by the General Assembly and signed into law by the Governor. Even upon passage and signature, the legislation may have an effective date which is some time in the future. At this time, SERS does not know when these proposed changes may become law or become effective.**

What are the proposed changes?

The proposal allows current SERS Tier 1 members to remain under the current Tier 1 benefit provisions, with the exception that salary increases after the effective date would not be included in the calculation of the retirement benefit. In addition, the proposal eliminates State-subsidized health insurance for retirees who choose to retain Tier 1 benefits and then retire after the effective date of the proposed changes.

The proposal allows SERS Tier 1 members to choose the following changes to the current Tier 1 benefits:

- 3% increase in employee contributions
- Reduce annual COLA to 3% or ½ of the CPI, whichever is less, with no compounding
- Delay COLA to age 67 or 5 years after retirement, whichever is earlier
- Phase-in an increased retirement age of 67 **(SERS has no information on phase-in period)**

Members who make this choice to reduce and delay the COLA and retire at age 67 or later would continue to be eligible for State-subsidized retiree health insurance and have future salary increases included in the calculation of the retirement benefit.

Does the proposal address the financial condition of SERS?

The current statutory funding plan provides for employer contributions to SERS in an annual amount that will provide for a 90% funded ratio by FY 2045 (currently 34.94% funded). The Governor's proposal provides for increasing the annual employer contributions to SERS so the funded ratio will reach 100% in FY 2042.