

Summary

SB 512 with Amendment #2 creates a multi-tier pension system for current and future employees. This bill does not affect any benefits an employee has already earned or any benefits of current retirees.

This bill affects GARS, SURS, SERS, and TRS. Chicago Systems, Cook County and Cook County Forest Preserve Employee are also included. Downstate Police and Fire, Chicago Police and Fire and IMRF are excluded from the bill

The effective date for the benefit changes in all the systems and funds is July 1, 2013. For General Assembly members it is January 9, 2013, which is the next inauguration date

The bill creates three tiers of benefits for employees;

- Tier 1 – Stay in the current traditional benefit plan but pay a higher employee contribution
- Tier 2 – Revised defined benefit plan with lower benefits but also a lower employee contribution
- SMP – Enter into a 401k style benefit plan where the employee controls his/her retirement decisions and contributions are made by the employee and employer into the account.

Statutorily Set State Employee Contributions for the Next 3 Years

	Current Tier 1 Employee Contribution	Increase in Employee Contribution to Remain in Tier 1	Total Employee Contribution to Remain in Tier 1	Tier 2 Employee Contribution	SMP Employee Contribution
SERS with SS**	4.00%	5.29%	9.29%	4.04%	4.04%
SERS Alt w/o SS*	12.50%	6.41%	18.91%	6.00%	6.00%
SERS Alt w SS**	8.50%	8.15%	16.65%	4.46%	4.46%
TRS*	9.40%	4.37%	13.77%	6.00%	6.00%
SURS*	8%	7.31%	15.31%	6.00%	6.00%
GARS*	11.50%	13.39%	24.89%	6.00%	6.00%

* The state will contribute 6% for employees not covered by Social Security.

** The state will pay half the normal cost of the Tier 2 benefit for employees covered by Social Security.