SB 1673
Amendments 10 & 11
(Nekritz, D - Northbrook/Cross, R - Oswego)

Reduces Benefits for Current Workers and Retirees in All State Retirement Systems
(TRS, SURS, SERS, GARS) Except Judges

- **Freezes** (pauses) **ALL COLAs for current or future retirees for almost seven years** (from the immediate effective date of the bill until January 1, 2020).

  Once the COLA freeze is over, no COLA until age 67, and then a 3% compounded COLA only on the first $25,000 in benefits for those without Social Security (teachers, university staff, legislators and some state employees) or the first $20,000 for those with Social Security (some state employees). No minimum on years of service. Once the benefit has reached $25,000 the maximum COLA payable would become a simple $750.

- **Raises employee contributions by 2%** of salary, phased in over two years. Does not allow the contribution increase to be used for the Money Purchase Benefit.

- **Caps benefits at final average salary** (“pensionable” salary) at the higher of (1) current salary for past 365 days or per union contract or (2) the indexed Social Security wage cap (currently $113,700).

- **Prohibits the use of sick leave** to be used for service credit for new hires in these retirement systems.

- **Strengthens funding formula to reach 100% funded in 30 years.**

- **Adds a PERMISSABLE funding guarantee:** Allows systems to sue the state to enforce annual payment of normal cost plus payments on the unfunded liability over a “reasonable” period of time according to “accepted actuarial standards.” Tries to make this guarantee a constitutionally protected contract obligation. Additionally, the language provides for pension payment deviations if there is a hardship situation.

- **Requires the state to contribute an extra $1 billion a year** to the systems beginning in FY20 when FY11 pension bonds are paid off. This extra payment continues through FY45 or until the systems are 100% funded.