

We Are One Illinois Coalition Pension Bill SB 2404 (Cullerton-D) - As Amended in the Senate SUPPORT

For decades, Illinois has underfunded its pension systems for teachers, university employees and state employees. In order to fix this problem, the Illinois Education Association with the We Are One Illinois coalition negotiated an agreement with Senate President Cullerton.

The agreement is structured as a choice proposal, for which Senate President Cullerton has consistently advocated. The legislation impacts those in the Teachers' Retirement System (TRS), the State Universities Retirement System (SURS), the State Employees' Retirement System (SERS), and the General Assembly Retirement System (GARS). The proposal does not impact the Judges Retirement System (JRS).

Choice: Affecting Tier I Actives

<u>Choice A: Lower COLA</u>	<u>Choice B: Keep Your COLA</u>	
<ul style="list-style-type: none"> ➤ Agree to 3% simple COLA with a 2 yr. delay ➤ Receive retiree healthcare access ➤ Enrollment in optional cash balance plan on a pre-tax basis by making an irrevocable election to join plan <i>after</i> choosing Choice A ➤ Eligibility for ERO (TRS only) 	<p><u>Option 1:</u></p> <ul style="list-style-type: none"> ➤ No change to 3% compounded COLA ➤ No retiree healthcare access ➤ Future salary increases offered as <i>non-pensionable</i> 	<p><u>Option 2:</u></p> <ul style="list-style-type: none"> ➤ No change to 3% compounded COLA ➤ Receive retiree healthcare access as consideration <p>In exchange for:</p> <ul style="list-style-type: none"> ➤ A 3 year delay in 3% compounded COLA ➤ Paying an additional 2% in employee contribution over two years

Choice: Affecting Current Retirees (and Tier I Actives Already Set to Retire as of 1/1/2013)

<u>Choice A</u>	<u>Choice B</u>
<ul style="list-style-type: none"> ➤ No change to 3% compounded COLA, <i>except that</i> COLA is subject to 2 non-consecutive 1-year freezes, and then return to 3% compounded COLA for life ➤ Receive retiree healthcare access 	<ul style="list-style-type: none"> ➤ No change to 3% compounded COLA ➤ No retiree health care access

Other Items in the Legislation:

Collective Bargaining: Permissive bargaining over benefit changes and employee contribution increases in the bill.

Pension Stabilization Fund: Adds the Pension Stabilization Fund schedule originally embodied in SB 2404, but starting in FY 2017.

Funding Guarantee: Includes funding guarantee language requiring State contributions to the pension systems under the schedule in current law.