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NewsFlash

An electronic newsletter for SERS Retirement Coordinators



Pending Legislation Affecting SERS

During the 94th session of the General Assembly, several pension-related bills passed both the House and the Senate that affect SERS members. At this time, the only pending legislation that has been signed into law is Senate Bill 0027 - Funding & Alternative Formula Changes. To view any of these bills in their entirety, visit our website at www.state.il.us/srs. Below is a list of SERS legislation.

Senate Bill 0023 - Sudan Investments

Stipulates that a State of Illinois retirement system or pension fund shall not, directly or through a fund manager, transact business with any company that engages in certain activities with the Republic of Sudan.

Senate Bill 0027 - Funding & Alternative Formula Changes Affecting SERS

SB0027 has an immediate impact on the State Employees' Retirement System by reducing the amount of the employer contributions in both FY06 and FY07. This reduction totals \$486.3 million in FY06 and \$419 million in FY07. The shortfall will have to be made up with additional transfers from the Illinois State Board of Investment. From FY08 through FY10, the state will ramp-up employer contributions so that by 2011, the state is contributing at the rate otherwise required by law.

Other provisions of SB0027 include:

Creating a 15-member Advisory Commission on Pension Benefits to consider and make recommendations on pension-related issues. The Commission is expected to report its findings to the Governor by November 1, 2005.

Requiring all future SERS benefit increases to be fully-funded by an identified funding source and expire after five years if not reauthorized by law.

Limiting new hires (on or after July 1, 2005) within the Department of Corrections to qualify for the alternative retirement formula only if they are officially headquartered at a correctional facility, a parole officer, a member of the apprehension unit, a member of the intelligence unit, a member of the sort team, or an investigator.

(The sick leave portion of SB0027 only affects members of the Teachers' Retirement System!) This new legislation will not affect SERS members currently receiving benefits, since these benefits are guaranteed under the Illinois Constitution.

Senate Bill 0253 - Emerging Investment Managers

SB0253 allows an emerging investment manager to handle an investment portfolio with a maximum value of \$2,000,000,000 (was \$400,000,000) Also expands the definition of "emerging investment manager."

Senate Bill 0529 - Lawful Child Definition

SB0529 changes the reference from "illegitimate child" to "child born out of wedlock" and from "legitimate child" to "lawful child" in matters of marriage and adoption.

Senate Bill 1442 - ARCP and Group Insurance Waiver

SB1442 provides for a new Alternative Retirement Cancellation Payment effective July 1, 2005. The ARCP consists of a lump sum payment of a member's contribution with regular interest, times two, when terminating service and waiving all rights to receive benefits. It will be limited to the first 500 people who work in certain job titles. Those eligible to participate will receive a letter in the mail sometime in August. Check our website at a later date for eligible job titles and a counter for the number of members who have signed up for this program.

The other provision of tSB 1442 include:

Allows the Director of Central Management Services to establish a program of financial incentives to encourage individuals receiving a retirement annuity from SERS but are not eligible for benefits under the federal Medicare health insurance program, to elect not to participate in the health benefits program. The financial incentives provided to these annuitants cannot exceed \$150 per month for those electing not to participate in this program. This option becomes available on July 1, 2005.

Senate Bill 1446 - QILDRO

SB1446 makes a technical change in provisions of the Qualified Illinois Domestic Relations Orders. Defines who would receive earned benefits, allows for non-periodic death benefits to be divided. It also allows for a division of benefits by percentage. This bill takes effect on July 1, 2006.

House Bill 0227 - Visually-Impaired Vendors

HB0227 provides that an employee can establish service credit for a period of up to eight years while employed by the Visually Handicapped Managers of Illinois in a vending program operated under a contractual agreement with the Department of Rehabilitation Services or its successor agency.

House Bill 1383 - Partial Refund Repayment

HB1383 states that instead of repaying the entire amount of a refund, a member may repay a portion of the refund and receive credit for the portion of the refund that was repaid.