



# ISSUE BRIEF

## **Senate Bill 3979: Tier 2 Benefit Increases**

**IMRF Position:  
OPPOSE**

**Sponsor(s):  
Senator Elgie Sims**

## Proposed Change in the Law

In the provisions applicable to IMRF, this bill would make several benefit increases to the Tier 2 plan for members who are employees of an educational employer, as follows:

1. Increases the Tier 2 reportable earnings cap by the greater of 3% or the annual increase in the CPI-u (currently the lesser of 3% or one-half of the CPI-u), beginning in 2022;
2. Calculates the FRE as the highest 72 consecutive months out of the last 10 years of service credit (currently, the highest 96 consecutive months);
3. Allows retirement at age 60 with 35 years of service credit, not including any unused, unpaid sick leave service credit (currently, the earliest age for retirement is age 62 with 10 years of service credit);
4. Removes the early retirement reduction for members participating with an educational employer who are meet certain age and service credit requirements;
5. Sets the annual increase at the greater of 3% or one-half of the CPI-u (currently, the lesser of these amounts)

The bill makes equivalent changes to the TRS and SURS Articles, although those changes are applicable to all members. It also makes other, non-pension related changes applicable to educators.

## Reasons for Position

This bill as drafted would be impossible to administer. The changes would apply only to members who participate with an educational employer. There is no provision, however, as to how that would be applied for members who have service credit with both eligible and non-

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### For More Information

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eligible employers. It also does not define “educational employers,” which is not a term recognized in the IMRF Article. It would therefore be unclear as to members of which employers these provisions should apply.

As drafted, the provisions may also apply to members who have already retired, which would require a recalculation of retirement benefits for any Tier 2 retiree who retired from an affected employer. It would also be impossible to make all of the required changes in the bill in time for an immediate effective date.

The bill would also create members with different benefits, even though they are both participating in the regular Tier 2 plan. Under Board Resolution 2005-10-11(b), IMRF is opposed to legislation that seeks to improve benefits for only a select group of members without a corresponding increase for all members.

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