

SB 2404 (Cullerton-Holmes)

Choice: Affecting Tier I Actives

Choice A: Lower COLA	Choice B: Keep Your COLA	
<ul style="list-style-type: none"> ➤ Agree to 3% simple COLA with a 2 yr. delay ➤ Receive retiree healthcare access ➤ All future salary increases offered as <u>pensionable</u> ➤ 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>Option 1:</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>Option 2:</p> <ul style="list-style-type: none"> ➤ No change to 3% compounded COLA ➤ Receive retiree healthcare access as consideration ➤ All future salary increases offered as <u>pensionable</u> <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 contributions over two years

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

Choice A	Choice B
<ul style="list-style-type: none"> ➤ No change to 3% compounded COLA, <i>except that</i> COLA is subject to a staggered two-year freeze ➤ Receive retiree healthcare access 	<ul style="list-style-type: none"> ➤ No change to 3% compounded COLA ➤ No retiree health care access

Other Terms of the Proposal

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

Pension Stabilization Fund: Adds the Pension Stabilization Fund schedule embodied in SB 2404, but starting in FY 2020.

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

Addresses Pension Abuses: (a) Prohibit persons hired by non-governmental entities (*e.g.*, Municipal League) *after* the bill's effective date from participating in public pension systems; (b) Exclude travel vouchers filed late from qualifying as "compensation" for SERS employees hired *after* the bill's effective date; and (c) Separates normal cost from the unfunded liability in budget presentation.