

## SB 1946 Amendment #4 (Madigan-D) Two-Tier Proposal for Future TRS/SURS/IMRF Participants

### IEA Position: OPPOSE

The IEA, along with other labor organizations, has expressed a willingness to work towards an agreed upon two-tier pension bill.

The IEA is opposed to the proposal contained in SB 1946. The bill, as amended, will change the following for new participants in all state systems. This includes new participants into Teachers' Retirement (TRS), State University Retirement System (SURS), State Employees' Retirement System (SERS), Illinois Municipal Retirement Fund (IMRF), and Chicago Teachers' Retirement System (CTRS).

- **New retirement age** – 67 with 10 years of service (Penalty for those that retire before 67 but after 62)
- **Final Average Salary (FAS)** - Calculates the pension of educators by using the 96 highest consecutive months of salary in the last 120 months of service. (Currently, 4 years of last 10.)
- **Maximum pensionable salary equal to \$106,800** and indexed to 3% or ½ of CPI, whichever is less.
- **Cost of Living Adjustment (COLA)** - Reduces the COLA to 3% or ½ of CPI, whichever is less and is only a simple COLA.
- **Changes Survivor Benefits** – Survivor benefits will be 66.6% of the deceased member's earned pension. This is increased annually by ½ of CPI or 3%, whichever is less, and is based on the originally-granted survivor's annuity.
- Addresses some issues of double dipping.
- Legislates a Chicago Teacher Pension Holiday of \$400 million in FY 2011.

### Reasons for Opposition:

Why age 67?

(over)

How will teaching in Illinois be attractive to future educators if age 67 is their new retirement age when all they need to do is look to a neighboring state to earn retirement eligibility 10-15 years earlier.

All members of the public and private sectors can take retirement income from their 401k, IRA, 403b, 457, when they attain age 59 ½.

All of our neighboring states allow for retirement for teachers by some way before the arbitrary of age 67.

- Indiana: any age between 56-59 with rule of 85, 60 w/15, 65 w/10
- Iowa: any age with rule of 88, 65 w/any, 62 w/20
- Kentucky: any age with 27 years of service or 60 w/5 years of service,
- Michigan: any age with 30 years of service or 60 w/10
- Missouri: any age with 30 years of service, 60 w/5 or Rule of 80
- Ohio: any age with 30 years of service, 65 w/5
- Wisconsin: age 57 w/30 years of service, 65 w/any

**NOTE:**

The bill provides for a better Cost of living adjustment for General Assembly members and Judges than educators. They get 3% or CPI compounded, whichever is less, while teachers will only get 3% or ½ of CPI whichever is less.