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LAW ALERT

Pension Changes to Affect TRS, IMRF and SURS

April 14, 2010

Today, Governor Quinn signed Senate Bill 1946 into law (P.A. 96-0889), positioning Illinois for necessary pension reform in an attempt to ameliorate the State's fiscal crisis. The Bill worked its way through the State legislature with stealth speed and strong support. The new law, which amends the Illinois Pension Code, affects nearly all of the State pension programs, including TRS, IMRF and SURS. The changes include:

- Retirement age increased to 67, with 10 years of service required for full benefits.
- Early retirement option at age 62, requires 10 years of service and a reduced annuity of one-half of 1% for each month that the member's age is under age 67.
- Benefits are based on the Final Average Salary, determined by taking the highest average salary over a consecutive 8 year period within the final 10 years of service. Final average salary is capped at \$106,800.
- Annual cost of living increases will be limited to $\frac{1}{2}$ of the increase in CPI-U for the preceding calendar year or 3%, whichever is smaller.
- Members are no longer allowed to draw a pension from one system while working in a full-time position covered by another pension system. Pension payments would be suspended during that time.

The measures set forth in P.A. 96-0889 do not affect pension benefits for those already participating in the TRS, IMRF, and SURS systems. However, the changes will be effective for any member who joins the TRS, IMRF or SURS systems after the bill goes into effect in January 2011.

If you require additional information, please do not hesitate to contact any RSNLT Labor and Employment attorney.

Camille Cribaro-Mello, an associate in the firm's Chicago office, prepared this *Law Alert*.

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