



LRB099 11427 MST 32389 r

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

SENATE JOINT RESOLUTION

WHEREAS, Public Act 96-0889 was passed in 2010 and established, among other provisions, a "Tier 2" pension plan; and

WHEREAS, Public employees who began service on or after January 1, 2011 are now enrolled in what is commonly referred to as the "Tier 2" pension plan; and

WHEREAS, The Tier 2 pension plan dramatically reduced benefits for these members of the Teachers' Retirement System (TRS) and the State Universities Retirement System (SURS); and

WHEREAS, At the time of passage of this plan, it was estimated that this change would result in \$64 billion in savings to State taxpayers; and

WHEREAS, Members of the Tier 2 pension plan in TRS and SURS do not participate in Social Security, and many experts believe that the Tier 2 pension plan does not provide benefits that are at least comparable to those provided by the Old-Age portion of the Social Security program; and

WHEREAS, Failure to provide benefits at least comparable to Social Security for Tier 2 members who do not participate in

1 Social Security could result in severe unforeseen consequences  
2 for taxpayers in the State of Illinois; and

3 WHEREAS, The Governor has called for the mandatory  
4 participation of current Tier 1 members in the Tier 2 plan  
5 after an undetermined date; and

6 WHEREAS, It would be irresponsible to pursue such a drastic  
7 change without a federal determination as to whether or not  
8 Tier 2 participants in TRS and SURS receive benefits that are  
9 in compliance with protections provided under the Internal  
10 Revenue Code of 1986; and

11 WHEREAS, Such a change would harm thousands of working  
12 families throughout Illinois and significantly impact our  
13 universities' and schools' workforces; and

14 WHEREAS, It would be irresponsible for the State of  
15 Illinois to enact such a drastic proposal without studying the  
16 financial impact it would have on taxpayers and working  
17 families; therefore, be it

18 RESOLVED, BY THE SENATE OF THE NINETY-NINTH GENERAL  
19 ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES  
20 CONCURRING HEREIN, that we urge TRS and SURS to pursue an  
21 Internal Revenue Service ruling on the compliance of Tier 2

1 with safe harbor provisions under Section 3121(b)(7)(F) of the  
2 Internal Revenue Code of 1986; and be it further

3 RESOLVED, That TRS and SURS provide a detailed analysis on  
4 the financial impact that the Governor's proposal would have on  
5 the members of working families who are currently in the Tier 1  
6 pension plan; and be it further

7 RESOLVED, That this report be completed prior to any  
8 consideration of the Governor's proposal to move Tier 1  
9 participants in TRS and SURS into Tier 2.