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SUAA Mini Briefing

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Changes to SB 2404 (Cullerton - Holmes) through union negotiations

Choice: Affecting Tier I Actives

Choice A: Lower COLA

- ✓ Agree to 3% simple COLA with a 2 year delay
- ✓ Receive retiree healthcare access
- ✓ All future salary increases offered as pensionable
- ✓ Enrollment in optional cash balance plan on a pre-tax basis by making an irrevocable election to join plan *after* choosing Choice A
- ✓ Eligibility for ERO (for TRS only)

Choice B: Keep Your COLA

Option 1:

- ✓ No change to 3% compounded COLA
- ✓ No retiree healthcare access
- ✓ Future salary increases offered as *non-pensionable*

Option 2:

- ✓ No change to 3% compounded COLA
- ✓ Receive retiree healthcare access as consideration
- ✓ All future salary increases offered as pensionable

In exchange for:

- ✓ 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

- ✓ No change to 3% compounded COLA, except that COLA is subject to a staggered two-year freeze
- ✓ Receive retiree healthcare access

Choice B

- ✓ 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 from *after* the bill's effective date; and (c) Separates normal cost from the unfunded liability in budget presentation.