

## SB 2404 (Cullerton-Holmes)

### Choice: Affecting Tier I Actives

Choice A: Lower COLA	Choice B: Keep Your COLA	
<ul style="list-style-type: none"> <li>➤ Agree to 3% simple COLA with a 2 yr. delay</li> <li>➤ Receive retiree healthcare access</li> <li>➤ All future salary increases offered as <u>pensionable</u></li> <li>➤ 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</li> <li>➤ Eligibility for ERO (TRS only)</li> </ul>	<p><b>Option 1:</b></p> <ul style="list-style-type: none"> <li>➤ No change to 3% compounded COLA</li> <li>➤ No retiree healthcare access</li> <li>➤ Future salary increases offered as <i>non-pensionable</i></li> </ul>	<p><b>Option 2:</b></p> <ul style="list-style-type: none"> <li>➤ No change to 3% compounded COLA</li> <li>➤ Receive retiree healthcare access as consideration</li> <li>➤ All future salary increases offered as <u>pensionable</u></li> </ul> <p><b>In exchange for:</b></p> <ul style="list-style-type: none"> <li>➤ A 3 year delay in 3% compounded COLA</li> <li>➤ Paying an additional 2% in employee contributions over two years</li> </ul>

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

### 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.