



FIX TIER 2!

SUPPORT SB 1937

Rep. Kifowit / Sen. Martwick

Illinois has a problem: Unfair retirement benefits for teachers, firefighters, nurses, and other public service workers are so low that they do not provide a stable retirement. That poor retirement plan has made it difficult to hire and keep the workers needed to serve our communities.

But there's a solution. SB1937, a compromise based on the Fair Retirement and Recruitment Act introduced last November, will begin to fix Tier 2 by promoting retirement security, recruitment, and retention for public employees across Illinois. Plus, SB1937 uses expiring bond funding as a revenue source and reforms the pension funding ramp, meaning it will be at least credit neutral, will not add significantly to the pension liability, and will not require considerable additional state funding.

In short, this proposal can put us on a path to improve the inadequate and insufficient Tier 2 pensions for public employees while also addressing our state's decades-long pension funding problems – and without damaging our current budgetary situation.

SB1937 BEGINS TO FIX TIER 2 PENSIONS BY:

- ✓ **Improving the final average salary calculation** to the average of the highest 6 of an employee's final 10 years on the job.
- ✓ **Lowering the retirement age** to age 62 if the employee has maxed out their pension, 65 with 20 years of service, or 67 with 10 years of service.
- ✓ **Improving the cost of living adjustment** to 3% simple interest per year.
- ✓ **Adjusting the pension salary cap** to match the Social Security Wage Base, addressing the so-called "Safe Harbor" problem.
- ✓ **Reforming the pension funding ramp** to reach 90% funding by 2045 and 100% funding by 2049.

The changes listed above apply to most pension systems. Tier 2 police and fire pension changes vary. The bill also makes a variety of job-specific changes to the pension code to address issues particular to various professions and pension calculations.

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