

SUPPORT

SB 2024 (Sen. Martwick)

Tier Two Fix for TRS, SURS, and IMRF

The legislation seeks to change the Tier 2 benefits in TRS, SURS and IMRF. IMRF is coordinated with Social Security while TRS and SURS are the sole source of retirement security for educators in Illinois. These changes focus on four areas of benefits that apply to current Tier 2 members and all those that would be hired after the enactment of the legislation. Reducing retirement age, increasing the automatic annual increase (AAI) or “COLA” for retirees, reducing the number of years of salary used for calculation of final rate of earnings, and increasing pensionable salary used for pension calculation, are all addressed in the legislation. These changes are identical and apply to TRS, SURS, and educational employees within IMRF.

1. Makes retirement eligibility 60 years of age with 35 years of service or 62 years of age with 10 years of service.
 - Tier 2 is currently 67 years of age with 10 years of service or 62 years of age with 10 years of service reduced by 6% per year under the age of 67.
2. Adjusts the automatic annual increase (AAI) to be the GREATER of $\frac{1}{2}$ CPI or 3%.
 - Tier 2 is currently the LESSER of $\frac{1}{2}$ CPI or 3%.
3. Changes the final rate of earnings calculation to the highest 6 years of salary in the last 10 years of employment.
 - Tier 2 final rate of earnings calculation is currently the highest 8 years of salary in the last 10 years of employment.
4. Modifies the annual increase in the amount of pensionable salary that can be used to calculate a pension the GREATER of 3% or $\frac{1}{2}$ of CPI.
 - Tier 2 is currently the LESSER of $\frac{1}{2}$ CPI or 3%.

There are 5,302 unfilled educator positions according to the Illinois State Board of Education. The data shows that since the creation of Tier 2, there has been an increase in the number of vacancies in the educational field. We firmly believe that this is not by chance and that educators and potential educators are realizing the deficiency and inequity in the Tier 2 retirement benefit structure. We recognize the costs associated with these reasonable remedies but the lack of adequate staffing in our schools is much more costly to our state’s future.