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1 SENATE RESOLUTION NO. 317

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

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

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

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

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

19 WHEREAS, Failure to provide benefits at least comparable to
20 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, Illinois taxpayers need to be advised of all the
4 implications regarding this change, especially the possible
5 impact on property taxes, higher education budgets, and school
6 funding; and

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

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

15 WHEREAS, Such a change would harm thousands of working
16 families throughout Illinois and significantly impact our
17 universities' and schools' workforces; and

18 WHEREAS, It would be irresponsible for the State of
19 Illinois to enact such a drastic proposal without studying the
20 financial impact it would have on taxpayers and working
21 families; therefore, be it

1 RESOLVED, BY THE SENATE OF THE NINETY-NINTH GENERAL
2 ASSEMBLY OF THE STATE OF ILLINOIS, that we urge TRS and SURS to
3 pursue an Internal Revenue Service ruling on the compliance of
4 Tier 2 with safe harbor provisions under Section 3121(b)(7)(F)
5 of the Internal Revenue Code of 1986; and be it further

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

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