



# VOTE NO! HB 3798

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## BACKGROUND

**HB 3798** amends the General Assembly Retirement System (GARS) Article of the Illinois Pension Code to create a defined contribution plan for new members. The bill creates two groups of members who may elect to participate in the new plan.

## POSITION

**The state's current budgetary challenges do not need more spending or new plans.**

- The plan would infuse \$12.6 million into the General Assembly Retirement for FY 2010 for 7 General Assembly members.
- \$71.7 million will be spent by the General Assembly over the next 10 years – savings **may not** be seen until 2032.
- The state contribution into GARS jumps from \$8.8 million in FY 2009 to an astronomical \$21.4 million in FY 2010 under a new plan.
- State Retirement Systems (SRS) projects the state contribution into GARS will be \$21.4 million under the new defined contribution plan instead of \$10.5 million under the current defined benefit plan.
- A new expensive plan for an average of 7-12 new members a year is fiscally irresponsible.

## FACTS

**Switching to a defined contribution plan (DC) from a defined benefit (DB) plan will not solve Illinois' public employee pension crisis.** The current unfunded liability is \$73.4 billion.

- For any given level of benefit, a defined benefit plan will cost less than a defined contribution plan.
- West Virginia and Nebraska switched from a DB plan to a DC plan and switched back due to large expenditures and low investment returns.

## ORGANIZATIONS OPPOSED

ILLINOIS RETIREMENT SECURITY INITIATIVE (IRSI)  
IL AFL-CIO  
SEIU LOCAL 73  
SEIU ILLINOIS COUNCIL  
AFSCME RETIREES CHAPTER 31  
ILLINOIS EDUCATION ASSOCIATION (IEA)  
ILLINOIS FEDERATION OF TEACHERS (IFT)  
ILLINOIS RETIRED TEACHERS ASSOCIATION  
STATE UNIVERSITY ANNUITANTS ASSOCIATION  
UNIVERSITY PROFESSIONALS OF ILLINOIS/AFT LOCAL 4100

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