



**How Does SB 1 Compare to the Leaders' Plan? They are essentially the same bill.**

*Note: This fact sheet is subject to change on Monday, December 2, once bill language is released.*

<b>Component</b>	<b>SB 1</b>	<b>Leaders' Plan</b>
COLA Formula	3% x years of service x \$1,000 or \$800 (\$1,000 if not aligned with Social Security; \$800 if aligned with Social Security)	3% x years of service x \$1,000 or \$800 (\$1,000 if not aligned with Social Security; \$800 if aligned with Social Security)
COLA Holidays	up to 5 years, based on age	up to 5 years, based on age
COLA Cut Impact* (annual loss after 20 years in retirement)	loss of around one-third	loss of around one-third
Retirement Age Increases	up to 5 years, based on age	up to 5 years, based on age
Caps on Pensionable Salary	Tier 2	Tier 2
Collective Bargaining Exemption	Language denying democratic, representational rights to workers	Based on reports, anticipated language will be similar to SB 1
"Savings" to State, Taken from Public Employees and Retirees Life-Savings	\$163 billion	\$160 billion

*\*The slight tweaks in the leaders' COLA plan vs. SB 1 (inflation-indexing and holiday staggering) barely make a difference in the magnitude of the cut because the basic SB 1 formula structure prevails.*

**It gets worse.** The leaders' plan expands reliance on defined-contribution/401(k) plans across the state's retirement systems.

- The expansion of 401(k)-style plans undermines defined-benefit (DB) plans' solvency and their offer of retirement security.
- 80% of individuals in state funded retirement systems do not receive Social Security. If those not eligible for Social Security choose 401(k)'s, their entire retirement will be at the whim of the market – with no other protection afforded to them.
- DB plans simply work better than 401(k)'s.
  - DB plans provide retirement income more efficiently. They also operate with less overhead and fewer fees.
  - DB plans generally generate better investment returns than 401(k)'s because they are better equipped to diversify investment holdings, spread risk, and are run by trained professionals.
- Switching to 401(k)-style plans will make it more difficult to attract new quality personnel and may discourage Illinois' youth from seeking various professions as a long-term career.