

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 4812**

March 16, 2018

SPONSOR (S): Zalewski

SYSTEM(S): Downstate Firefighters

FISCAL IMPACT: HB 4812 would increase the contribution amounts for all municipalities with a Downstate Fire pension fund. However, an actuarial cost study would be needed to determine the extent of this impact. Under P.A. 96-1495, Downstate Fire pension funds are required to attain a 90% funding ratio by 2040.

SUBJECT MATTER: HB 4812 proposes a new formula for determining the final average salary of Tier 2 members of a Downstate Firefighters pension fund.

COMMENT: HB 4812 amends the Downstate Firefighters Article of the Illinois Pension Code. It proposes that the “final average salary” for a Tier 2 member of a Downstate Firefighter pension fund shall be the greater of the following:

1. The average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months (8 years) of service within the last 120 months (10 years) of service in which the total salary was the highest by the number of months during that period; or
2. The average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months (4 years) of service within the last 60 months (5 years) in which the total salary was the highest by the number of months during that period.

Current law only uses option #1 for Tier 2 firefighters, as seen above, to define “final average salary.”

JL:bj

LRB100 18794 MJP 34033 b