

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 4823**

March 23, 2018

SPONSOR (S): Zalewski

SYSTEM(S): Downstate Firefighter Pension Funds

FISCAL IMPACT: An actuarial cost study would be required to assess the potential fiscal impact of HB 4823. The bill would likely lead to an increase in municipal contributions to Article 4 (Downstate Fire) pension funds.

SUBJECT MATTER: HB 4823 amends the Downstate Firefighters Article of the Illinois Pension Code. It proposes a new formula for calculating the pensionable salary limit for Tier 2 members beginning in 2019.

COMMENT: HB 4823 proposes that beginning in 2019, the limit on salary for Tier 2 members of a Downstate Firefighters pension fund shall be annually increased. This increase shall be calculated as the lesser of:

- 3% of salary, including all previous adjustments; or
- The annual unadjusted percentage increase in the consumer price index-u for the 12-month period ending in September preceding each November 1 of the previous limit.

Current law caps the Tier 2 pensionable salary growth rate at the lesser of 3% or one-half the annual increase in the CPI-U.

JL:bj

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