

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

REVISED

BILL NO: **HB 1041**

March 23, 2009

SPONSOR (S): Moffitt – Black, et al.

SYSTEM(S): Downstate Firefighter Pension Funds (Article 4)

FISCAL IMPACT: The commission's actuary has completed a cost study for HB 1041. The results are shown below for all Downstate fire pension funds statewide.

Increase in total actuarial liability	\$4,964,000.0
Increase in total annual costs	\$305,000.0
Total retirees impacted	100

SUBJECT MATTER: HB 1041 amends the Downstate Firefighter Article of the Illinois Pension Code. The bill grants 3% compounded annual increases to firefighters who retired before July 1, 1977.

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COMMENT: P.A. 84-1472, which became effective on January 23rd, 1987, granted 3% compounded annual increases to firefighters who retired after January 1, 1986. Prior to P.A. 84-1472, the amount of the annual increase was 3% of the originally granted monthly pension.

HB 1041 amends the Downstate Firefighter Article of the Illinois Pension Code. The bill grants 3% compounded annual increases to firefighters who retired before July 1,

1977. The bill stipulates that in July 2009, the monthly pension of a firefighter who retired before July 1, 1977 shall be recalculated and increased to reflect the amount that the firefighter would have received in July 2009 had the firefighter been receiving a 3% compounded increase for each year he or she received pension payments. In each January thereafter, the retired firefighter shall receive an additional increase of 3% of the amount of his or her pension.

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