

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 1177**

April 8, 2009

SPONSOR (S): Zalewski

SYSTEM(S): Chicago Teachers' Pension Fund

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**FISCAL IMPACT:** According to an analysis prepared by the Fund's actuary, HB 1177 would increase the accrued liability by an estimated \$44.5 million. The increase in total annual costs is estimated to be \$5.8 million, or 0.31% of payroll. Annual costs will grow at a rate commensurate to payroll.

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**SUBJECT MATTER:** HB 1177 amends the Chicago Teachers' Article of the Pension Code to allow a teacher to receive a pension at age 60 with 10 years of service.

**FISCAL IMPACT:** According to an analysis prepared by the Fund's actuary, HB 1177 would increase the accrued liability by an estimated \$44.5 million. The increase in total annual costs is estimated to be \$5.8 million, or 0.31% of payroll. Annual costs will grow at a rate commensurate to payroll.

**COMMENT:** Currently, teachers in the Chicago Teachers' Pension Fund are eligible for a pension at age 55 with 20 years of service credit and at age 62 with 5 years of service credit. Teachers who retire at age 55 have their annuities reduced by  $\frac{1}{2}$  of 1% for each month that the teacher's age is under 60. HB 1177 would allow teachers who attain age 60 with 10 years of service credit to receive an unreduced pension. HB 1177 provides Chicago teachers with the same age and service requirements that Downstate teachers in TRS already have in place.

HB 1177 amends the State Mandates Act to require implementation without reimbursement.

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