

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 2581**

April 27, 2009

SPONSOR (S): McAuliffe

SYSTEM(S): Chicago Police Pension Fund

FISCAL IMPACT: The fiscal impact has not been calculated, but it is expected to be significant.

SUBJECT MATTER: HB 2581 amends the Chicago Police Article of the Pension Code to grant 3% compounded automatic annual increases in retirement annuities and removes the 30% maximum increase limitation.

FISCAL IMPACT: The fiscal impact has not been calculated, but it is expected to be significant.

COMMENT: Currently, retired Chicago Police born before January 1, 1950, with at least 20 years of service receive annual increases of 3% of the original amount of the annuity, beginning at age 55. Retirees born after January 1, 1950, with at least 20 years of service receive annual increases of 1 ½ % of the original annuity, beginning at age 60, and a 30% maximum applies. Effective January 1, 2010, HB 2581 grants all retirees, regardless of date of birth, 3% compounded automatic annual increases, beginning at age 55. HB 2581 removes the 30% maximum, and applies to current and future retirees.

HB 2581 amends the State Mandates Act to require implementation without reimbursement.

MDM:dkb

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