COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 4832** January 25, 2010

SPONSOR (S): Rita

SYSTEM(S): Chicago Teachers Pension Fund

FISCAL IMPACT: The fiscal impact of HB 4832 cannot be calculated as it is unknown how many teachers will return to service, however the Chicago Teachers' Pension Fund reports that the bill will have a positive impact as teachers returning to service will be required to work for one additional year to receive subsidized retiree health insurance and pension benefits under the current 2.2% formula multiplier.

SUBJECT MATTER: HB 4832 amends the Chicago Teachers Article of the Illinois Pension Code. The bill provides that a teacher who leaves service as a teacher and later re-enters service must acquire one year of additional service in order to retire on a pension at a rate other than that in force at the time he or she left service as a teacher.

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COMMENT: Public Act 90-0852, which became effective on May 27, 1998, increased the CTPF retirement formula to 2.2% of final average salary earned for each year of service after June 30, 1998. Employees may upgrade service to the higher formula for years prior to July 1, 1998, by making certain additional contributions to the fund. No contribution is required to upgrade prior service if the employee has at least 30 years of service.

HB 4832 provides that a teacher, member, or contributor who has left teaching and re-enters service as a teacher must acquire one year of additional service in order to be eligible to retire on a pension at a rate and under conditions other than those in force or attained at the time he or she left service as a teacher. The one-year rule would also apply with regard to eligibility for the retiree health insurance rebate. Currently, CTPF rules require the teacher to retire in a CPTF-covered position in order to receive the health insurance rebate.

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