

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 5417**

February 17, 2010

SPONSOR(S): McCarthy

SYSTEM(S): Downstate Police

FISCAL IMPACT: HB 5417 will have a fiscal impact on those pension funds that would otherwise pay a pro-rata share in cases where there is not sufficient money in the fund to pay benefits. It is unknown how many pension funds have become subject to the pro-rata payment requirement.

SUBJECT MATTER: HB 5417 amends the Downstate Police Article of the Illinois Pension Code to remove language that provides beneficiaries to be paid pro rata from the available funds if there is not sufficient money in the fund to pay the benefits they are entitled.

FISCAL IMPACT: HB 5417 will have a fiscal impact on those pension funds that would otherwise pay a pro-rata share in cases where there is not sufficient money in the fund to pay benefits. It is unknown how many pension funds have become subject to the pro-rata payment requirement.

COMMENT: Currently, any police officer and any eligible surviving spouse, child or children, or dependent parent of the officer to whom the board has ordered benefits to be paid, receive a yearly benefit payable in 12 equal monthly installments (which equal the aggregate amount to which they are entitled). If at any time there is not sufficient money in the fund to pay the benefits required, the city council or board of trustees of the municipality are to make every legal effort to replenish the fund so that all beneficiaries may receive the amounts to which they are entitled. If insufficient funds still remain, the beneficiaries are to be paid pro rata from the funds that are available, but no allowance or order of the board will be held to create any liability against the municipality, but only against the pension fund. HB 5417 states that beneficiaries are no longer to be paid pro rata from the available funds if there is not sufficient money in the fund to pay the benefits they are entitled.

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