

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 6018**

March 9, 2010

SPONSOR (S): Colvin

SYSTEM(S): Chicago Teachers' Pension Fund

FISCAL IMPACT: HB 6018 will have a negative fiscal impact upon the Chicago Teachers' Pension Fund since more retirees will become entitled to receive health insurance rebates. CTPF does not know how many additional members will be impacted.

SUBJECT MATTER: HB 6018 amends the Chicago Teachers Article of the Pension Code to extend retiree healthcare reimbursement payments to certain members of the Chicago Municipal pension fund, namely retirees, survivors, and disability annuitants under the Chicago Municipal article who are employees of the Chicago Public School system.

FISCAL IMPACT: HB 6018 will have a negative fiscal impact upon the Chicago Teachers' Pension Fund since more retirees will become entitled to receive health insurance rebates. CTPF does not know how many additional members will be impacted.

COMMENTS: Current law allows the Chicago Teachers' Pension Fund to reimburse retirees, survivors, and disability annuitants for a portion of their health insurance coverage. The total reimbursement amount is not to exceed \$65 million annually, plus any amount that was authorized to be paid in any preceding year that was not actually paid. (P.A. 93-0677, which became effective on June 28, 2004, raised the cap from \$40 million to \$65 million). The Pension Code further specifies that the total annual amount of payments made for retiree health insurance reimbursement may not exceed 75% of the total cost of the coverage for all recipients who receive payments in that year. HB 6018 requires CTPF to reimburse CPS employees who are recipients of a retirement pension, disability retirement, or survivor's pension under the Chicago Municipal Article of the Pension Code.

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