

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 0245** February 6, 2009

SPONSOR (S): Steans – Koehler

SYSTEM(S): TRS, Chicago Teachers Pension Fund

FISCAL IMPACT: The fiscal impact of SB 0245 cannot be calculated as the number of teachers who would designate a domestic partner in either retirement system is not known. There would be some increase in accrued liabilities for both TRS and CTPF, but the amount is expected to be minor.

SUBJECT MATTER: SB 0245 amends the Chicago and Downstate Teacher Articles of the Illinois Pension Code. The bill allows members to designate a domestic partner for the purpose of receiving survivor and death benefits.

FISCAL IMPACT: The fiscal impact of SB 0245 cannot be calculated as the number of teachers who would designate a domestic partner in either retirement system is not known. There would be some increase in accrued liabilities for both TRS and CTPF, but the amount is expected to be minor.

COMMENTS: Under the Downstate Teachers' Retirement Article of the Pension Code, a dependent beneficiary is defined as: a) a spouse to whom the member has been married for at least one year (except where a child is born of the marriage); b) an unmarried natural or adopted child under age 18, or between the ages of 18 and 22 if he or she is a full-time student, or an unmarried child of any age who is dependent by reason of a physical or mental disability; or c) a dependent parent who received at least half of his or her support from the teacher during the 12-month period immediately prior to the teacher's death.

If the teacher dies in service, a lump sum benefit is paid to the dependent beneficiary equal to the teacher's last salary, or \$1,000 and a monthly benefit not less than \$400 or \$600 with minor children. If the teacher dies after retirement, or if the teacher is inactive with 20 years or more of service, a lump sum benefit is paid to the dependent

beneficiary in the amount of \$3,000 or 1/6th of the teacher's last salary, and a monthly benefit of 50% of the retired teacher's pension at the time of death.

Under the Chicago Teachers' article of the Pension Code, if a teacher dies in active service, a surviving spouse or eligible minor child qualifies for a survivor benefit equal to 30% of the teacher's average salary or 50% of the teachers' earned retirement pension, whichever is greater. If the teacher dies after retirement, the spouse's pension is based on 50% of the retired teacher's retirement pension. In both cases, spouse's pensions are payable when the spouse reaches 50, and are payable for life.

SB 0245 provides that beginning July 1, 2009, an unmarried teacher in either TRS or CPTF may designate a domestic partner by filing a written designation with the system. The designated domestic partner shall become eligible to receive survivor and death benefits in both TRS and CTPF in the same manner and subject to the same conditions as a surviving spouse.

DH:dkb

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