

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **SB 0544, as amended by SA 1**

March 19, 2009

SPONSOR (S): Hunter

SYSTEM(S): Chicago Teachers

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**FISCAL IMPACT:** The pension fund's actuary performed a cost study on this proposal. The increase in total actuarial liability could range from \$86.5 million to \$432.3 million, depending on the increase in pensionable salary. The range of cost estimates is shown below:

Assumed Increase in Pensionable Salary	Increase in Total Actuarial Liability	Increase in Total Annual Costs
2.5%	\$86,456,000	\$10,841,000
7.5%	\$259,368,000	\$32,524,000
12.5%	\$432,282,000	\$54,207,000

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**SUBJECT MATTER:** SB 0544, as amended by SA 1, amends the Chicago Teacher article of the Illinois Pension Code. The bill provides that all salary paid to teachers after July 1, 2009 will be included for purposes of calculating retirement annuities.

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**COMMENT:** Currently, the Chicago Teachers Pension Article of the Illinois Pension Code stipulates that payroll deductions are made for teacher pensions only on the basis of the full salary rates, exclusive of salaries for overtime, special services, or any employment on an optional basis, such as summer school. SB 0544, as amended by SA 1, provides that all salary paid to a member be taken into account for pension purposes, effective on or after July 1, 2009.

DH:dkb

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