COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 1531** February 26, 2009

SPONSOR (S): Martinez

SYSTEM(S): Chicago Police

FISCAL IMPACT: The fund's actuary performed a cost study on this proposal in 2004, using results of the retirement system's 2003 actuarial valuation. The actuary estimated the increase in normal cost to be $3.0 million per year, and the increase in accrued liability was estimated to be $58.8 million.

SUBJECT MATTER: SB 1531 amends the Chicago Police article of the Illinois Pension Code. The bill changes the basis for calculating a retirement annuity from the highest 4 years to the highest 3 years within the last 10 years of service.

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COMMENT: Currently, Chicago police officers who serve 20 or more years accrue service credit at the rate of 50% of final average salary in the highest-earning 48 consecutive months within the last ten years of service, plus 2.5% for each year or fraction of service over 20 years, limited to 75% of final average salary. Chicago police officers contribute 9.0% of salary towards their pensions. SB 1531 would change the final average salary period to the highest 36 months within the last ten years of service for persons retiring on or after January 1, 2010.

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