

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **SB 1858**

March 5, 2009

SPONSOR (S): DeLeo

SYSTEM(S): Chicago Police

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**FISCAL IMPACT:** The Chicago Police article of the Illinois Pension Code currently contains a provision stating that when police officers establish optional service credit such as is being made available in SB 1858, the policeman's required payment should result in no significant increase to the Fund's unfunded actuarial accrued liability. This provision ensures that the police officers will be paying to the system an amount determined by the actuary to be equal to the increase in the net present value of future benefits. Thus, there will be little or no cost to the pension fund.

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**SUBJECT MATTER:** SB 1858 amends the Chicago Police Article of the Illinois Pension Code to allow Chicago Police officers the opportunity to purchase service credit for employment in a law-enforcement capacity under the Chicago Municipal Article of the Pension Code, or as a law enforcement officer with any agency of the federal government.

**FISCAL IMPACT:** The Chicago Police article of the Illinois Pension Code currently contains a provision stating that when police officers establish optional service credit such as is being made available in SB 1858, the policeman's required payment should result in no significant increase to the Fund's unfunded actuarial accrued liability. This provision ensures that the police officers will be paying to the system an amount determined by the actuary to be equal to the increase in the net present value of future benefits. Thus, there will be little or no cost to the pension fund.

**COMMENT:** SB 1858 stipulates that the changes set forth in the bill take effect only if SB 2520 of the 95<sup>th</sup> General Assembly becomes law. On February 17<sup>th</sup>, 2009, Governor Quinn signed SB 2520 into law as P.A. 95-1036.

SB 1858 permits Chicago police officers to establish up to 10 years of service credit in 6-month increments for service in a law enforcement capacity under the Chicago Municipal Article of the Pension Code, or as a law enforcement officer with any agency

of the United States government. Under current law, the Chicago Police Article requires that payments required to establish this additional service credit should result in no significant increase in the fund's unfunded actuarial accrued liability determined as of the most recent actuarial valuation. This requirement ensures that there will be no fiscal impact to the fund.

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