

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **SB 2360**

February 16, 2010

SPONSOR(S): Dillard

SYSTEM(S): Downstate Police

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**FISCAL IMPACT:** The fiscal impact of SB 2360 has not been calculated, but it would be substantial. Allowing members to retire earlier creates additional liabilities for Downstate Police pension funds that must be amortized in accordance with P.A. 87-1265, which requires police pension funds to amortize 100% of accrued liabilities by 2033.

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**SUBJECT MATTER:** SB 2360 amends the Downstate Police Article of the Illinois Pension Code to increase the maximum pension benefit from 75% to 80% of final salary. In addition, SB 2360 increases the benefit formula to allow police officers to reach the maximum benefit after 26 years of service rather than 30 years of service.

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**COMMENT:** Currently, members of Downstate Police pension funds who reach age 50 with 20 years of service credit can retire with a pension of 50% of the salary attached to the rank held by the officer on the last day of service or for one year prior to the last day, whichever is greater. Downstate police officers earn an additional 2.5% of final salary for each year of service in excess of 20, up to a maximum of 75% of final salary. A Downstate police officer reaches the maximum pension benefit after 30 years of service. SB 2360 would allow a Downstate police officer to earn pension credit equal to 5% of final salary for each year of service credit in excess of 20, up to a maximum of 80% of final salary. With this change, Downstate police officers would reach the maximum retirement benefit after 26 years of service.

SB 2360 amends the State Mandates Act to require implementation without reimbursement.

MDM:bj

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