

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **SB 3538**

February 26, 2010

SPONSOR (S): Raoul

SYSTEM(S): Chicago Fire

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**FISCAL IMPACT:** There is no discernable fiscal impact associated with SB 3538 since the reversionary annuity would be equal to the actuarial reduction in value of the firefighter's retirement annuity. A similar reversionary annuity provision currently exists in the Chicago Police article of the Pension Code.

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**SUBJECT MATTER:** SB 3538 amends the Chicago Fire article of the Pension Code to allow a fireman to elect to take a lesser amount of annuity to allow his or her surviving spouse to receive a reversionary annuity. This reversionary annuity would essentially be equal to the actuarial value of the amount by which the firefighter's pension is reduced.

**FISCAL IMPACT:** There is no discernable fiscal impact associated with SB 3538 since the reversionary annuity would be equal to the actuarial reduction in value of the firefighter's retirement annuity. A similar reversionary annuity provision currently exists in the Chicago Police article of the Pension Code.

**COMMENT:** A reversionary annuity reduces the retirement annuity that a member receives in order to provide an additional monthly annuity to a surviving, designated dependent beneficiary after the death of the member. SB 3538 adds a reversionary annuity provision to the Chicago Fire article of the Pension Code. Currently, the Chicago Police article of the Pension Code allows for the payment of a reversionary annuity in a manner substantially similar to SB 3538.

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