

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 1154, as amended by HA 6**

March 6, 2013

SPONSOR (S): Madigan

SYSTEM(S): GARS, SERS, SURS, TRS

FISCAL IMPACT: The Commission's actuary performed a preliminary cost study in November of 2012 on the impact of a 10-year COLA freeze across all five State systems. The actuary estimated that a 10-year freeze would yield aggregate savings of \$32.4 billion through FY 2045.

SUBJECT MATTER: HB 1154, as amended by HA 6, implements a 10-year COLA freeze in all of the five State-funded retirement systems except the Judges' Retirement System.

FISCAL IMPACT: The Commission's actuary performed a preliminary cost study in November of 2012 on the impact of a 10-year COLA freeze across all five State systems. The actuary estimated that a 10-year freeze would yield aggregate savings of \$32.4 billion through FY 2045.

COMMENT: Under current law, Tier 1 retirees, and widow's and survivor's annuity recipients in the four systems impacted by this bill receive 3% compounded annual increases. HB 1154, as amended, would implement a 10-year COLA freeze. The bill does not apply to Tier 2 annuitants.

DH:dkb

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