

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 4475**

February 13, 2014

SPONSOR(S): Ives

SYSTEM(S): General Assembly Retirement System (GARS), Illinois Municipal Retirement Fund (IMRF), Chicago Municipal Fund, and Cook County Annuity and Benefit Fund

FISCAL IMPACT: HB 4475 has the potential to reduce future liabilities for each of these funds. This bill closes GARS to new members but does not freeze benefit levels for active members, so future liabilities will continue to grow, albeit at a reduced rate. Of the aggregate 226,000 active members in IMRF, CMEABF, and CCPF, **no active members will be affected and no more than 1.21% of future headcount might** be affected (refer to appendix A). The impact on IMRF will be minimal as the proposals in this bill merely codifies current practice.

SUBJECT MATTER: HB 4475 disallows certain new members from participation in GARS, IMRF, the Chicago Municipal Fund, and the Cook County Annuity and Benefit Fund. This bill also defines part-time elected office.

FISCAL IMPACT: HB 4475 has the potential to reduce future liabilities for each of these funds. This bill closes GARS to new members but does not freeze benefit levels for active members, so future liabilities will continue to grow, albeit at a reduced rate. Of the aggregate 226,000 active members in IMRF, CMEABF, and CCPF, **no active members will be affected and no more than 1.21% of future headcount might** be affected (refer to appendix A). The impact on IMRF will be minimal as the proposals in this bill merely codifies current practice.

COMMENT: According to current law, new members to the above-noted funds may participate if otherwise qualified to do so, except in IMRF where pensions for public office holders are already optional and are only available if their municipality has filed a resolution qualifying them to do so. HB 4475 changes the law so as to not offer pensions to certain newly-elected office-holders.

In GARS, only members on the effective date of this bill may participate in the fund. No new members may participate.

For IMRF, the Chicago Municipal Fund, and the Cook County Annuity and Benefit Fund, current members may continue participating in the fund. However, all elected city and county offices will be assumed to be part time unless an official job description is filed with the Board of the appropriate Fund. Inasmuch, any newly-elected officers in a part-time position may not participate in these funds.

Appendix A

The following headcounts make for a good starting point in assessing how many elected positions exist in IL, but these figures make no distinction between full-time and part-time employees. The possibility of an elected officer working full time without a pension is possible in IMRF; therefore, care should be taken when extrapolating to future years.

HB 4475	Elected Official Headcount		
Fund\#'s	Elected	Total Active	Elected %
CMEABF	50	31326	0.16%
Cook County	28	21000	0.13%
IMRF*	2655	173957	1.53%
Total	2733	226283	1.21%

* IMRF pensions for elected officials are offered on an elective basis

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