COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 4730** February 20, 2014

SPONSOR(S): McAuliffe - Hurley

SYSTEM(S): Chicago Firefighters

FISCAL IMPACT: HB 4730 will increase the accrued liabilities of the Firemen's Annuity and Benefit Fund of Chicago. According to the fund, as of February 18, 2014, 43 retired annuitants will be affected during the span of the incremental increases of the minimum retirement annuity. An actuarial cost study is need to determine the full extent of increased liabilities.

<u>SUBJECT MATTER</u>: HB 4730 raises the minimum retirement annuity from the current minimum retirement annuity of \$1,050 per month, to a new minimum retirement annuity of \$1,250 per month, over a three year period.

<u>FISCAL IMPACT</u>: HB 4730 will increase the accrued liabilities of the Firemen's Annuity and Benefit Fund of Chicago. According to the fund, as of February 18, 2014, 43 retired annuitants will be affected during the span of the incremental increases of the minimum retirement annuity. An actuarial cost study is need to determine the full extent of increased liabilities.

<u>COMMENT</u>: Currently, a Chicago Firefighter who has retired, or will retire from service at age 50 or older with 20 or more years of service, is required to receive a minimum retirement annuity of \$1,050.

HB 4730 would incrementally increase the minimum retirement annuity guaranteed to Chicago Firefighters up to \$1,250 by 2017. New minimum retirement annuities would graduate as follows:

- Beginning July 1, 2014, minimum retirement annuity is \$1,100.
- Beginning January 1, 2015, minimum retirement annuity is \$1,150.
- Beginning January 1, 2016, minimum retirement annuity is \$1,200.
- Beginning January 1, 2017, minimum retirement annuity is \$1,250.

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