

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **SB 1583**

March 8, 2013

SPONSOR(S): Mulroe

SYSTEM(S): Chicago Firefighters

FISCAL IMPACT: SB 1583 provides an additional \$600 to the lowest-earning participants (which is equal to the COLA on a \$30,000 retirement benefit) in the Chicago Firefighters Annuity and Benefit Fund four times in the next three calendar years. Any Chicago Firefighter who retired in 1990 or later and whose original annual annuity was less than or equal to \$14,400 will receive at least one such \$600 increase. *A revised impact note will be issued when additional actuarial information regarding the Chicago Fire fund's population becomes available.*

SUBJECT MATTER: SB 1583 amends the Chicago Firefighters article of the Illinois Pension Code by proposing a schedule of increases to the minimum monthly retirement benefit.

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COMMENT: As of current law, the minimum monthly annuity for a retired Chicago Firefighter is set at \$1,050. The original statutory minimum monthly benefit was \$475 in 1990. The minimum monthly benefit was increased in 1992 to \$650, and a schedule was put in place to increase it by another \$100 in each 1993 and 1994. This practice resurfaced in 2004 when the minimum monthly annuity was increased to \$950, and again in 2005 when it was increased to \$1050.

SB 1583 proposes a \$50 increase to the statutory minimum annuity of Chicago Firefighters, starting July 1, 2013, bringing the minimum up to \$1,100 per month. This bill also establishes a schedule to increase this amount on January 1st of 2014, 2015, and 2016 by another \$50 each time, ultimately ending at \$1,250. Raising the minimum monthly benefit affects every retiree whose *original* benefit (regardless of the accrual of COLA's over the years) was at or underneath this level, by increasing their annuity accordingly.

MD:dkb

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