COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 2455** February 13, 2015

SPONSOR(S): Kay

SYSTEM(S): Downstate Police, Downstate Fire, Chicago Police, Chicago Fire, Illinois Municipal Fund (IMRF), Chicago Municipal Employees Annuity and Benefit Fund, Chicago Laborers Annuity and Benefit Fund, State Universities Retirement System (SURS), Teachers' Retirement System (TRS), Chicago Teachers

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FISCAL IMPACT: The fiscal impact of HB 2455 cannot be determined as the precise number of members who would be impacted by the elimination of further accruals as a member of a labor organization under each of the affected articles is unknown. SURS reports 3 members, TRS reports 27, and the Chicago Teachers Pension Fund reports 23 members would cease accruing pensionable service credit. Inasmuch as the bill prohibits such pension accruals after the effective date, projected pension payouts would decrease compared to current law.

SUBJECT MATTER: HB 2455 amends the Downstate Police & Fire, Chicago Police & Fire, IMRF, Chicago Municipal & Laborers, State Universities, Downstate Teachers, and Chicago Teachers articles of the Illinois Pension code to establish that participants under these articles are entitled only to creditable service for periods of employment with any qualifying labor organizations if the employee and employer pension contributions are received by the appropriate pension fund on or before the effective date of this Act.

COMMENT: HB 2455 specifies that both the employee and employer contributions must be received by the appropriate pension fund on or before the effective date of this Act in order to establish retirement service credit for any periods of time worked for any qualifying labor organization. Failure to pay these contributions by the specified time will result in no retirement service credit being granted for these periods of employment. HB 2455 also amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code to provide that the Illinois Municipal League and Will County Governmental League are participating instrumentalities only with respect to service on or before the effective date of this Act.

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