

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 99TH GENERAL ASSEMBLY

BILL NO: **HB 6296**

February 26, 2016

SPONSOR (S): Nekritz

SYSTEM(S): Chicago Firefighters

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**FISCAL IMPACT:** HB 6296 does not change the level of benefit for a Tier 2 surviving spouse. This benefit level remains unchanged at 66 2/3% of the firemen's retirement annuity. The bill specifically defines "retirement annuity" as a percentage of the pension that the fireman with 10 years of service would have earned had he or she attained age 55 on the day before his or her death and retired on that day. HB 6296 also does not change the surviving spouse COLA; it remains at the lesser of 3% or one-half the CPI, whichever is less. The increase is not compounded.

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**SUBJECT MATTER:** HB 6296 amends the Chicago Firefighter's Article of the Illinois Pension Code. It proposes that any surviving spouse of a firefighter shall be paid at least the minimum widow's annuity. It also proposes that the surviving spouse of a firefighter who was active at the time of his or her death, with at least 10 years of service, shall receive 66 2/3% of the retirement annuity of his or her deceased spouse. The amendment also grants surviving spouses an annual increase to his or her monthly annuity once the recipient attains the of age 60.

**COMMENT:** HB 6296 amends the Chicago Firefighters' Article of the Illinois Pension Code in the following ways:

- Any surviving spouse of a deceased firefighter shall be paid an amount no less than the amount of the minimum widow's annuity.
- If the deceased firefighter was an active firefighter at the time of his or her death and had completed at least 10 years of creditable service, the surviving spouse shall be entitled to an amount equal to 66 2/3% of the retirement annuity that the deceased firefighter would have been eligible to receive based upon the actual service accrued through the day before the firefighter's death and as if the firefighter had attained age 55 on the day before his or her death and retired on that day.

- The monthly annuity of a surviving spouse of a person who first becomes a firefighter on or after January 1, 2011 shall be increased on the January 1<sup>st</sup> after attainment of age 60 by the recipient of the survivor's annuity and on each January 1 thereafter by 3% or one-half the annual unadjusted percentage increase in the CPI-U, whichever is less, of the originally granted survivor's annuity. If the CPI-U decreases, then the annuity shall not be increased.
- All of the aforementioned changes apply without regard to whether the death of the deceased firefighter may have occurred prior to the effective date of the passing of this bill.

JL:dkb

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