COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: SB 2817, as Amended by SA 1 April 27, 2016

SPONSOR (S): Mulroe (Nekritz)

SYSTEM(S): Cook County Pension Fund (CCPF)

FISCAL IMPACT: According to CCPF, the fiscal impact would be minimal with a slight savings to CCPF by preventing duplicate administrative processes and by a provision associated with the Retirement Systems Reciprocal Act. During the last ten years, the pension fund reports that less than 10 employees received reciprocal service credit under the provision that would become unavailable to new employees as a result of SB 2817, amended by SA 1.

SUBJECT MATTER: SB 2817, as amended by SA 1, amends the Cook County Article of the Illinois Pension Code. This bill newly defines a term of "in service" and specifies cases in which the opinion of a licensed physician would not be needed to establish proof of ordinary or duty disability. Also, this bill prohibits an employee who first becomes a contributor on or after the effective date of this bill from receiving credit for service to any "governmental unit" under the Retirement Systems Reciprocal Act in cases where the employee may have been ineligible to participate in the applicable Reciprocal system.

COMMENT:

Proof of Disability

Under the Cook County Article of the Illinois Pension Code, proof of duty or ordinary disability shall be provided to the board by at least one physician appointed by the board even when an employee has been compensated by the county under the Workers' Compensation Act or Workers' Occupational Diseases Act. Under SB 2817, as amended by SA 1, the physician review requirement may be waived if the employee has been compensated by the county for such disability under the Workers' Compensation Act or Workers' Occupational Diseases Act. Under the bill, the physician requirement may also be waived by the pension fund for ordinary disability maternity claims of up to 8 weeks.

Changes in Reciprocal Service

Under the Cook County Article of the Illinois Pension Code, any employee who has rendered service to any governmental unit under the Retirement Systems Reciprocal Act and did not make a contribution to the retirement system covered by the Reciprocal Act due to ineligibility for participation may still receive credit for such service, under limited conditions. One such condition is the requirement that the employee pays to the applicable fund the amounts that he or she would have paid to the fund as an active member, plus interest at the rate in effect for the applicable fund. Effectively, SB 2817 limits this method for establishing reciprocal service to employees who first become members on or before the effective date of this bill.

Mistakes in the Calculation of Benefits

In cases where mistakes in calculation of benefits occur, which is rare, CCPF notes that current law allows the board of CCPF authority to correct errors in calculation, and CCPF has corrected errors on calculation in the past. However, this bill is being sought to attempt to clarify ambiguousness on the current law. The correction prescribed by SB 2817, as amended by SA1 as follows:

- If the benefit is too low by mistake, a lump sum payment equal to the difference between the amount that should have been paid and that have actually been paid, without interest, shall be paid.
- If the benefit is too high by mistake, it shall be recalculated and the recipient shall recover the overpaid amount directly or by receiving reduced benefits by such amount, without interest. In cases of deduction of the overpaid benefits, the monthly deductions shall not exceed 10% of the corrected monthly benefit unless otherwise indicated by the recipient. However, the recipient or beneficiary doesn't have to repay the System the overpaid amount if 1) the errors weren't discovered for 3 years or longer and 2) the mistake occurred not due to incorrect information supplied by the employer, the recipient, or any beneficiary.

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