

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 0604**

February 3, 2007

SPONSOR (S): Saviano

SYSTEM(S): Chicago Teachers' Pension Fund

FISCAL IMPACT: According to the Fund's actuary, HB 0604 would increase the accrued liabilities of the fund by an estimated \$149.9 million. The resulting increase in total annual costs is estimated to be \$9.4 million, or 0.53% of payroll.

SUBJECT MATTER: HB 0604 amends the Chicago Teachers' Article of the Pension Code to establish a minimum annuity of \$1,500 a month (\$18,000 annually) for teachers with at least 20 years of service credit.

FISCAL IMPACT: According to the Fund's actuary, HB 0604 would increase the accrued liabilities of the fund by an estimated \$149.9 million. The resulting increase in total annual costs is estimated to be \$9.4 million, or 0.53% of payroll.

COMMENT: Currently, the minimum monthly retirement benefit is the sum of \$25 for each year of service, up to a maximum of \$750 per month for 30 or more years of creditable service. HB 0604 increases the minimum retirement annuity to \$1,500 per month, or \$18,000 annually, for retirees with at least 20 years of creditable service who begin receiving a pension on or after January 1, 2008.

The minimum annuity for retirees of TRS is the same as the current minimum annuity of the Chicago Teachers' Pension Fund, or \$25 per month for each year of service credit, up to a maximum of \$750 per month for 30 or more years of service credit.

HB 0604 amends the State Mandates Act to require implementation without reimbursement.

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