COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 0930** February 16, 2007

SPONSOR(S): Joyce

SYSTEM(S): Chicago Police Pension Fund

FISCAL IMPACT: The fiscal impact of HB 0930 has not been calculated, but would be significant.

SUBJECT MATTER: HB 0930 amends the Chicago Police Article of the Pension Code to base the retirement annuity on the highest 36 months, rather than 4 years, of salary within the last 10 years of service (for members who retire after January 1, 2008).

FISCAL IMPACT: The fiscal impact of HB 0930 has not been calculated, but would be significant.

COMMENT: Currently, Chicago police officers receive annuities based on the average salary of the highest 4 years of salary within the last 10 years of service. The retirement formula is as follows: employees age 50 and over with at least 20 years of service are entitled to receive a minimum annuity of 2.5% per year of the first 20 years of service, plus 2.5% per year for each following year, subject to a limitation of 75% of final average salary. Chicago police officers contribute 9% of salary towards their pensions. (The mandatory retirement age for Chicago police officers is 63).

HB 0930 would allow Chicago police officers to have their annuities based on the highest 36 months of service within the last 10 years of service. Higher annuities would generally result. This bill would only apply to police officers who retire after January 1, 2008, and would not affect current retirees.

State troopers and Downstate municipal police currently have their annuities based on the last day of service. Sheriff's Law Enforcement Personnel (SLEP) of the Illinois Municipal Retirement Fund receive annuities based on their salary for the last year of service.

HB 0930 amends the State Mandates Act to require implementation without reimbursement.

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