

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 1702**

March 9, 2007

SPONSOR (S): Molaro

SYSTEM(S): Cook County Pension Fund

FISCAL IMPACT: HB 1702 will have no discernable fiscal impact on the Cook County Pension Fund, however the elimination of the reserve accounts will streamline the accounting operations of the fund.

SUBJECT MATTER: HB 1702 amends the Cook County article of the Pension Code to delete provisions relating to certain obsolete reserve accounts (expense reserve, county contributions reserve, annuity payment reserve, etc.).

FISCAL IMPACT: HB 1702 will have no discernable fiscal impact on the Cook County Pension Fund, however the elimination of the reserve accounts will streamline the accounting operations of the fund.

COMMENT: Currently, the Cook County Pension Fund has a number of obsolete "reserve" accounts on its books that were created by statute for the purpose of tracking liabilities in excess of the money purchase annuities. Due to changes in the benefit structure of the pension plan over the years, the reserve accounts no longer serve their original purpose since all benefits are currently paid from one account (and have been for many years). Hence, the need for tracking payments through reserve accounts has long since been eliminated. However, because the reserve accounts are enshrined in the Pension Code, the Cook County Pension Fund is required to make numerous time-consuming and essentially meaningless accounting entries into and out of the reserve accounts. HB 1702 would delete all statutory references to the reserve accounts and eliminate this burden from the pension fund.

DH:dkb

LRB095 07885 AMC 28046 b