

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 3578**

March 9, 2007

SPONSOR (S): Fritchey - Arroyo

SYSTEM(S): Cook County Pension Fund

FISCAL IMPACT: The fiscal impact of HB 3578 has not been calculated. The elimination of the alternative formula for newly elected Cook County officers should result in a positive, albeit minor, fiscal impact to the pension fund.

SUBJECT MATTER: HB 3578 amends the Cook County article of the Illinois Pension Code with respect to the alternative annuity for elected county officers. The bill limits participation in the alternative formula to elected county officers elected by the vote of the people on or before the effective date of this amendatory Act.

FISCAL IMPACT: The fiscal impact of HB 3578 has not been calculated. The elimination of the alternative formula for newly elected Cook County officers should result in a positive, albeit minor, fiscal impact to the pension fund.

COMMENTS: Currently, elected Cook County officers may elect to establish alternative credits by contributing an additional 3% of salary towards their pensions (in addition to the standard 9% contribution rate for members enrolled in the regular formula). In exchange for the additional employee contributions, elected county officers are entitled to have their retirement annuities calculated at the following rate: 3% of final salary for each of the first 8 years of service credit, plus 4% of final salary for each of the next 4 years of service credit, plus 5% of final salary for each year in excess of 12 years, subject to a limitation of 80% of final salary. "Final salary" means the member's salary on his or her last day of service. Under the alternative formula, elected county officers may retire at age 60 with at least 10 years of service credit, or at age 65 with at least 8 years of service credit.

HB 3578 specifies that the foregoing plan of optional alternative benefits for elected Cook County officers applies only to those county officers who were elected by vote of the people on or before the effective date of this amendatory Act.

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