

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 4285**

February 4, 2008

SPONSOR (S): Saviano

SYSTEM(S): Chicago Teachers' Pension Fund

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**FISCAL IMPACT:** According to the Fund's actuary, HB 4285 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.

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**SUBJECT MATTER:** HB 4285 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 4285 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 4285 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, 2009.

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 4285 amends the State Mandates Act to require implementation without reimbursement.

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