

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 4627**

February 20, 2008

SPONSOR (S): Leitch

SYSTEM(S): Downstate Firefighter Pension Funds

FISCAL IMPACT: According to the Public Pension Division of the Illinois Department of Financial and Professional Regulation, total payroll for all Downstate Fire pension funds at the end of FY 06 was \$556.4 million. By increasing employee contributions from 9.455% of payroll to 9.91% of payroll, the net assets of all Downstate Fire pension funds statewide would increase by approximately \$2.5 million in the first year after the legislation takes effect (thereby also reducing the unfunded liabilities by \$2.5 million). This increase in net assets would continue to grow commensurate with payroll in future years.

SUBJECT MATTER: HB 4627 amends the Downstate Firefighters' Article of the Illinois Pension Code. This bill increases the percentage of salary that firefighters must contribute towards their pensions from 9.455% of payroll to 9.91% of payroll.

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COMMENT: Currently, Downstate Firefighters contribute 9.455% of salary towards their pensions. HB 4627 increases the contribution rate to 9.91% of salary (this is the same contribution rate currently made by Downstate Police). The contribution rate for Downstate Firefighters was last increased on July 1, 2004, when P.A. 93-0689 took effect. The Act, which implemented an enhanced survivor's benefit, raised the contribution rate from 8.455% to 9.455% of payroll

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