## COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

## 95TH GENERAL ASSEMBLY

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BILL NO:	HB 5158
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April 3, 2008

- SPONSOR (S): Hoffman
- SYSTEM(S): Downstate Police Article

FISCAL IMPACT: The Commission's actuary has performed a cost study of HB 5158 under the assumption that the percentage of retired police officers who would have a surviving spouse eligible to receive a survivor's pension would increase from 80% to 85%. Based on the above assumption, the estimated costs involved with the proposed change for all Downstate police pension funds would be as follows:

Increase in total actuarial liability	\$61,453,000
Increase in total annual costs	5,943,000
Increase in total annual costs as a percent of payroll	0.77%
Cont. on Table 1 see Page 2	

<u>SUBJECT MATTER</u>: HB 5158 amends the Downstate Police Article of the Illinois Pension Code to allow the surviving spouse and children of a retired police officer to receive a survivor's pension if the marriage took place after the police officer retired and the surviving spouse was married to the retired police officer for at least one year.

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<u>COMMENT</u>: Currently, surviving spouses and children of deceased police officers shall not receive a survivor's pension upon the death of the officer if the police officer married after retirement. HB 5158 allows surviving spouses and children of police officers, beginning January 1, 2009, to receive a survivor's pension if the surviving spouse was married to the retired police officer for at least one year immediately preceding the retired officer's death. The bill also provides that survivors who become eligible for benefit as a result of this Act will begin to accrue benefits on the first day of the month following the month in which an application for that pension is received by the Board, but no sooner than January 1, 2009, and not before the repayment, with interest, of any refund of contributors previously received from a Downstate Police Fund.

HB 5158 amends the State Mandates Act to require implementation without reimbursement.

Table 1. Cost estimates for five individual Police Pension Funds		
Springfield Police Pension Fund		
Increase in total actuarial liability	\$1,477,000	
Increase in total annual costs	135,000	
Increase in total annual costs as a percent of payroll	0.84%	
Champaign Police Pension Fund		
Increase in total actuarial liability	\$879,000	
Increase in total annual costs	71,000	
Increase in total annual costs as a percent of payroll	0.98%	
Morton Grove Police Pension Fund		
Increase in total actuarial liability	\$446,000	
Increase in total annual costs	37,000	
Increase in total annual costs as a percent of payroll	1.05%	
Wilmette Police Pension Fund		
Increase in total actuarial liability	\$380,000	
Increase in total annual costs	33,000	
Increase in total annual costs as a percent of payroll	0.97%	
Arlington Heights Police Pension Fund		
Increase in total actuarial liability	\$856,000	
Increase in total annual costs	77,000	
Increase in total annual costs as a percent of payroll	0.93%	

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