

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 95TH GENERAL ASSEMBLY

BILL NO: **SB 1371**

February 15, 2007

SPONSOR (S): Kotowski

SYSTEM(S): Cook County

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**FISCAL IMPACT:** The fiscal impact of SB 1371 has not been calculated. The proposed changes to the alternative formula for elected Cook County officers should result in a positive, albeit minor, fiscal impact to the pension fund.

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**SUBJECT MATTER:** SB 1371 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 who hold office for at least 8 years. In addition, the bill specifies that elected county officers may upgrade past service at the higher formula only if that service was earned while in elective office.

**FISCAL IMPACT:** The fiscal impact of SB 1371 has not been calculated. The proposed changes to the alternative formula for 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.

SB 1371 specifies that an elected Cook County officer must hold office for at least 8 years before qualifying for the alternative formula. The bill also prohibits elected county officers from upgrading periods of past service that were not rendered in the

capacity of elected county officer (current law allows elected county officers to upgrade all periods of past service as a Cook County employee). In addition, the bill specifies that retirement annuities calculated under the alternative formula will no longer be based on the member's salary on his or her last day of service, but such annuities will instead be calculated based upon the average salary in the four years in which the officer's salary was highest within his or her final 10 years of service.

The foregoing changes apply with regard to persons who first make additional optional contributions as an elected county officer after the effective date of this Amendatory Act.

DH:dkb

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