

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 95TH GENERAL ASSEMBLY

BILL NO: **SB 1960**

March 8, 2008

SPONSOR (S): Clayborne

SYSTEM(S): IMRF

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**FISCAL IMPACT:** According to IMRF, the estimated long-term effect of lowering the vesting requirement will be 0.29% of payroll. IMRF had a total payroll of \$5.6 billion as of December 31, 2006. Therefore, the first year cost associated with SB 1960 is expected to be \$16.3 million statewide.

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**SUBJECT MATTER:** SB 1960 amends the Illinois Municipal Retirement Article of the Illinois Pension Code to change the minimum number of years that an employee must work in order to be eligible for a retirement annuity from 8 years to 5 years.

**FISCAL IMPACT:** According to IMRF, the estimated long-term effect of lowering the vesting requirement will be 0.29% of payroll. IMRF had a total payroll of \$5.6 billion as of December 31, 2006. Therefore, the first year cost associated with SB 1960 is expected to be \$16.3 million statewide.

**COMMENT:** The following Illinois Public Pension funds have a vesting requirement of 5 or fewer years:

*Downstate Teachers*

Age 62 with 5 years of service.

*Chicago Park District*

Age 60 with 4 years of service.

*Chicago Teachers*

Age 62 with 5 years of service.

*Metropolitan Water Reclamation District*

Age 60 with 5 years of service.

*General Assembly Retirement System*

Age 62 with 4 years of service.

SB 1960 amends the State Mandates Act to require implementation without reimbursement.

DH:dkb

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