

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 2526**

February 29, 2008

SPONSOR (S): Raoul

SYSTEM(S): Chicago Municipal Employees Pension Fund

FISCAL IMPACT: The fiscal impact of SB 2526 cannot be determined.

SUBJECT MATTER: SB 2526 amends the Chicago Municipal Employees article of the Illinois Pension Code to clarify the manner in which the pension fund will offset disability annuity payments when a worker is awarded a lump sum settlement from the City of Chicago or an award under the Worker's Compensation or Worker's Occupational Diseases Act.

FISCAL IMPACT: The fiscal impact of SB 2526 cannot be determined.

COMMENT: Currently, any member of the Chicago Municipal Employees Pension Fund who becomes disabled as a result of an injury incurred in the performance of any act of duty has a right to receive a duty disability benefit in the amount of 75% of his or her salary at the date of the injury. If a member suffers a non-work related disability, he or she is entitled to an ordinary disability benefit equal to 50% of salary as of the last day worked. SB 2526 provides that any amounts provided to the employee or surviving spouse as temporary total disability payments, permanent disability payments, a lump sum settlement award, or other payment under the Workers' Compensation Act or Worker's Occupational Diseases Act shall be applied as an offset to the disability benefit paid by the fund.

Officials of the pension fund claim this legislation is necessary to prevent the fund from having to collect any offset that might have applied to a disability annuitant from the date of his or her injury to the date of the award. If such an offset amount were collected from a disability annuitant after the determination of a worker's compensation award or other lump sum settlement, it could serve to diminish the annuitant's pension, which would violate the pension protection clause of the Illinois Constitution. SB 2526 will provide clarity in the Pension Code as to when the pension fund is properly authorized to collect an offset against a disability annuity; furthermore, the bill will ensure that disability annuitants receive the full amount of any disability payments from the fund without any danger of an unconstitutional diminishment of benefits.

SB 2526 amends the State Mandates Act to require implementation without reimbursement.

DH:dkb

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