COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 3069**

February 14, 2017

SPONSOR (S): Morrison

SYSTEM(S): Downstate Police, Downstate Fire, Chicago Police, Chicago Fire, IMRF, Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, MWRD, SURS, TRS, Chicago Teachers

FISCAL IMPACT: The fiscal impact of HB 3069 cannot be determined as it is not known how the affected entities would react to the pension benefit-making powers granted to them under this bill.

<u>SUBJECT MATTER</u>: HB 3069 amends several articles of the Illinois Pension Code. The bill grants the authority to the employing entity of the pertinent fund to establish an alternative retirement plan, either in addition to or in lieu of the existing plan, for employees hired after the effective date of this Amendatory Act.

<u>COMMENT</u>: HB 3069 provides that the "alternative retirement plan" for newly-hired employees may include a defined-benefit component, a defined-contribution component, or both. The alternative/local control plan is not required to provide any minimum level of benefits and need not provide any benefits at all, other than mandatory Social Security coverage, if applicable. HB 3069 states that providing an alternative retirement plan does not release the relevant employer from the obligation of continuing to participate in the current DB plan with regard to current participants. The bill also states that the alternative plan need not comply with any mandatory provisions of the existing retirement plan. In essence, this bill would allow the employer, whether it be the City of Chicago, a school district, a suburban municipality, Cook County, etc., to set their own pension benefit levels for new employees, or to establish no benefits at all other than Social Security, if applicable.

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