

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 3795**

February 16, 2017

SPONSOR (S): Hurley

SYSTEM(S): Cook County

FISCAL IMPACT: The fiscal impact of HB 3795 cannot be determined as the number of employees who will apply for the military service offered by this bill is unknown. An actuarial cost study that contemplates several different rates of participation would be needed to assess the potential fiscal impact of HB 3795.

SUBJECT MATTER: HB 3795 amends the Cook County Article of the Illinois Pension Code. This legislation would eliminate a restriction for military service being used as service credit for employees. Currently, only employees in active service as of January 1, 1993 can apply for up to two years of military service credit.

COMMENT: The proposed legislation would allow contributing employees with at least 25 years of service credit and with military service (except for those dishonorably discharged) to apply for up to two years of that military service to be applied as a credit. The applicants under this legislation would still have to pay employee contributions into the fund based on their rate of compensation plus applicable interest. From 2005 to 2015, approximately 160 Cook County employees paid in for some military service during which approximately 8,000 individuals in the system retired. Thus, over the past 10 years, military service credit of this type has been purchased by 2% of all retirees. An actuarial study would be needed to assess the potential cost to the pension fund if HB 3795 causes participation rates to exceed this past experience. This legislation is identical to HB 6130 from the 99th GA.

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