

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 4813**

March 16, 2018

SPONSOR (S): Zalewski

SYSTEM(S): Downstate Firefighters

FISCAL IMPACT: HB 4813 would require increased municipal contributions to Downstate Fire pension funds; however an actuarial study would be necessary to gauge the approximate fiscal impact. Municipal contributions to Downstate Fire pension funds are governed by P.A. 96-1495, which requires the attainment of a 90% funding ratio by FY 2040.

SUBJECT MATTER: HB 4813 proposes a change to calculating the COLA for Tier 2 members of Downstate Firefighter pension funds.

COMMENT: Current law provides that the COLA for a Tier 2 member of a Downstate Firefighter pension fund be calculated as the lesser of:

- 3% of the originally granted pension; or
- $\frac{1}{2}$ of the annual unadjusted percentage increase in the consumer price index-u for a 12-month period ending in September preceding each November 1, whichever is less, of the originally granted pension.

HB 4813 proposes that Tier 2 COLAs be 3% of the originally granted pension. This is equivalent to the COLA for current Tier 1 firefighters in both Article 4 (Downstate Fire) and Chicago who receive a 3% noncompounded COLA.

JL:bj

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