

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 5252**

March 4, 2020

SPONSOR (S): Hurley

SYSTEM(S): Chicago Police Article

FISCAL IMPACT: HB 5252 provides that for police officers who retire with 20 years of service, any 3% increase will be compounded following attainment of age 70. This will increase city contributions to the Chicago Police pension fund, but further actuarial analysis would be needed to determine the extent of this impact.

SUBJECT MATTER: HB 5252 amends the Chicago Police Article of the Pension Code to provide that for police officers who retire with 20 years of service, any 3% increase will be compounded following attainment of age 70.

COMMENT: Under current law, a police officer who retires from service after September 1, 1967 with at least 20 years of service shall, upon either the first of the month following the first anniversary of his or her date of retirement if he or she is age 60 or over on that anniversary date (age 55 if born before January 1, 1966), or upon the first of the month after reaching age 60 (age 55 if born before January 1, 1966), have his or her monthly annuity increased by 1 ½% annually up to a maximum of 30%. For police officers born before 1967, such increases will be 3% and there will be no maximum increase.

HB 5252 adds language providing that for police officers who retire with at least 20 years of service and reach age 70 on or after the effective date of HB 5252, any 3% increase granted under the provisions described above will be compounded following attainment of age 70. For a police officer who attains age 70 before the effective date of HB 5252, any 3% increase following the effective date of HB 5252 shall be compounded.

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