

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 5592**

February 19, 2020

SPONSOR (S): Zalewski

SYSTEM(S): Downstate Fire

FISCAL IMPACT: HB 5592 would have a significant fiscal impact upon Downstate Fire Pension Funds. An actuarial cost study would be required to determine the increase in municipal accrued liabilities and resulting annual employer contributions.

SUBJECT MATTER: HB 5592 amends the Downstate Fire article of the Pension Code to grant 3% non-compounded annual cost of living adjustments to Tier 2 Downstate firefighters.

COMMENT: P.A. 96-1495, which took effect on January 1, 2011, implemented a second tier of benefits for public safety works, both in Chicago and Downstate, who were hired after that date (commonly known as Tier 2). Under the Act, Tier 2 cost of living adjustments (COLA's) are calculated at the lesser of 3% or one-half the annual increase in the CPI-U during the preceding 12-month calendar year. These increases are not compounded.

HB 5592 amends the Downstate Fire article of the Pension Code to change the Tier 2 COLA to 3% non-compounded.

DH:bs

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