COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 1112** February 8, 2019

SPONSOR (S): Landek

SYSTEM(S): Downstate Police and Firefighter Pension Funds

FISCAL IMPACT: SB 1112 would reduce municipal pension contributions in the short term, but would not change the total liabilities a municipality would accrue.

SUBJECT MATTER: SB 1112 would affect the funding goal requirement for Downstate Police and Fire Pension Funds and extends the window within which to reach that goal. SB 1112 reduces the funding target from 90% to 80%, and increases the amortization end date from 2040 to 2050.

COMMENT: Under current law, annual municipal pension contribution amounts are determined by 1) the annual normal cost for the year involved and 2) the amount sufficient to reach the goal funding rate within the timeframe provided by statute. By decreasing the funding goal and adding ten years to the amortization period, SB 1112 would decrease the statutorily required annual payments to pension funds in the short term, but it does not reduce the total liability a pension fund would accrue.

EM:bj
LRB101 04797 RPS 49806 b