

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 3603**

March 4, 2020

SPONSOR (S): Cunningham

SYSTEM(S): Chicago Police Article

FISCAL IMPACT: SB 3603 provides that for police officers who retire with 20 years of service, one half of any 3% increase will be compounded following attainment of age 70. This change 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: SB 3603 amends the Chicago Police Article of the Pension Code to provide that for police officers who retire with 20 years of service, one half of any 3% increase will be compounded following attainment of age 70.

COMMENT: Under current law, a Chicago 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. These increases are non-compounded.

SB 3603 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 SB 3603, one-half of any 3% increase granted under the aforementioned provisions will be compounded following attainment of age 70. For a police officer who attains age 70 before the effective date of SB 3603, one-half of any 3% increase following the effective date of SB 3603 shall be compounded.

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