

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 0275, as amended by SA 001 & SA 002** May 30, 2021
SPONSOR (S): Guzzardi (Martwick)
SYSTEM(S): Downstate Police, Chicago Municipal

FISCAL IMPACT: The number of Downstate Police pension fund members who may wish to establish up to 5 years of service credit for service rendered while a member of the Chicago Police Pension Fund is unknown; however, the members are required to pay the employee contributions, the employer's normal cost, plus interest at the Downstate Police Pension Fund's actuarially assumed rate of return to establish this service. Hence, the fiscal impact should be minimal.

In February of 2021, the Chicago Municipal Pension Fund reported that there had been 5 COVID-related deaths since March 9th, 2020, the date upon which this bill specifies that any COVID-related death shall be presumed to have been contracted in the performance of an act of duty.

The number of retired Classroom Assistants who would return to service under the Chicago Municipal Article without impairing their current retirement annuities is not known. To the extent that the fund would have to continue to pay a retirement annuity that would otherwise be suspended under current law, there would be a slight but indeterminate fiscal impact to the pension fund.

SUBJECT MATTER: HB 0275, as amended by HA 1 and HA 2, amends the Downstate Police article of the Pension fund to allow members to establish up to 5 years of service credit for service rendered in the Chicago Police Pension Fund. The bill also amends the Chicago Municipal article to provide for the payment of duty death benefits to the spouses of members who die as a result of COVID-19. Finally, the bill implements a prohibition on suspension of retirement annuities in the Chicago Municipal article for Special Education Classroom Assistants or Classroom Assistants on or after July 1, 2021 if certain criteria are met.

COMMENT:

Optional Service Credit for Downstate Police Officers (Transfers from the Chicago Police Pension Fund)

HB 275, as amended by HA 1 and HA 2, allows members of a Downstate Police (Article 3) pension fund to establish up to 5 years of service credit in that fund for service rendered while a member of the Chicago Police Pension Fund. In order to establish the service

credit, the Downstate Police officer must apply in writing on or before December 31, 2023, complete at least 10 years of service in the Article 3 pension fund, and pay to the Downstate Police pension fund the following amounts: 1) the amount of employee contributions the police officer would have contributed had he or she been an active member of the Downstate Police pension fund for the period of service to be established; 2) the municipality's normal cost of the benefit, and 3) interest at the Downstate Police pension fund's actuarially assumed rate of return for the period of service to be established. No service may be established in a Downstate Police pension fund in the foregoing manner for any period for which a Downstate police officer is eligible to receive a pension benefit from the Chicago Police Pension Fund.

Chicago Municipal Duty Death Benefits due to COVID-19 Exposure

HB 275, as amended by HA 1 and HA 2, amends the Chicago Municipal Article of the Pension Code. The bill provides that the death of any employee as a result of exposure to and contraction of COVID-19 shall be rebuttably presumed to have been contracted while in the performance of an act of duty, and the employee shall be rebuttably presumed to have been fatally injured while in active service. This presumption shall apply to any employee who was exposed to and contracted COVID-19 on or after March 9, 2020, and on or before June 30, 2021. The presumption shall not apply if the employee was on a leave of absence or was otherwise not required to report for duty at the physical work space assigned to the employee.

Under the Chicago Municipal Article of the Pension Code, a duty-related surviving spouse annuity is payable to the widow of the member in the amount of 60% of the member's highest salary. This amount is payable until the date upon which the member would have attained the age of 65, after which the annuity is equal to that which would have been provided for the surviving spouse had the member lived until the attainment of age 65. Under current law, the maximum survivor's annuity payable in the case of a non-duty related death in service is 50% of the highest salary received by the member.

Prohibition on Suspension of Retirement Annuities for Certain Members of the Chicago Municipal Pension Fund

Under current law, when an annuitant member of the Chicago Municipal fund re-enters service after age 65, retirement annuity payments are suspended during the time he or she is in service. HB 0275, as amended by HA 1 and HA 2, provides that for school years beginning on or after July 1, 2021, a retirement annuity may not be suspended when an annuitant is re-employed by the Chicago Board of Education as a Special Education Classroom Assistant or Classroom Assistant on a temporary, non-annual, or hourly basis, so long as the person meets the following criteria: 1) they do not work for compensation for more than 120 days in a school year, or 2) they do not accept gross compensation in excess of \$30,000. Under this bill, such re-employment does not require the annuitant to make member contributions to the pension fund as if he or she were an active member, nor will they accrue any additional service credit for such service.

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