

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 3848**

March 16, 2021

SPONSOR (S): LaPointe

SYSTEM(S): Chicago Police

FISCAL IMPACT: An actuarial cost study would be needed to assess the fiscal impact of HB 3848. An updated impact note will be issued when such a study is made available by the pension fund. As of December 31, 2019, the pension fund had an unfunded liability of approximately \$11 billion, and a funded ratio of 22.2%.

SUBJECT MATTER: HB 3848 amends the Chicago Police article of the Pension Code. The bill effectively grants 3% non-compounded annual increases to all Tier 1 Chicago Police officers, as explained below.

COMMENT: Under current law, Tier 1 police officers born before January 1, 1966 with at least 20 years of service receive an annual non-compounded increase of 3% on or after the age of 55, not subject to a 30% increase maximum. Those born after January 1, 1966 receive 1.5% increases on or after the age of 60 with at least 20 years of service, to a maximum of 30% (hence, after 15 years of retirement, no annual increases are payable). HB 3848 removes the birthdate restriction and 30% cap and sets the annual Tier 1 increase to 3% non-compounded for all retirees at least 55 years of age with 20 years of service.

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