

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **SB 0118**

February 9, 2021

SPONSOR(S): Feigenholtz

SYSTEM(S): Chicago Teachers Article

FISCAL IMPACT: There is no discernible fiscal impact associated with SB 0118. The retirement system says the underpayment/overpayment issues being addressed by the bill are rare and the changes proposed will allow for prompt rectification of such errors.

SUBJECT MATTER: SB 0118 amends the Chicago Teacher Article of the Pension Code to provide statutory authority for the fund to remedy overpayment and underpayment of pension benefits. The bill also removes gender-specific references to signatories to checks issued by the pension fund.

COMMENT: SB 0118 amends the Chicago Teacher Article of the Pension Code. The bill provides a remedy for the pension fund to rectify overpayments and underpayments of pension benefits. In the case of incorrect payments, the fund shall recalculate the benefit as soon as practicable after the mistake is discovered. For underpayments, the fund shall make a lump sum payment to the beneficiary equal to the difference between the amount received and the amount that should have been paid, plus interest at 3% from the date the unpaid amounts accrued to the date of payment. For overpayments, the fund may recover the amount of overpayment from the recipient, plus interest at 3% from the date of overpayment to the date of recovery.

The bill also contains a provision stating that if an officer of the fund whose signature appears upon any check or draft ceases to hold office, the signature shall remain valid and sufficient for all purposes. This part of the bill removes gender specific references to male officers; there is no substantive change being made to this process.

DH:bs

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