

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **SB 1573**

March 4, 2021

SPONSOR (S): Martwick

SYSTEM(S): Chicago Police

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**FISCAL IMPACT:** SB 1573 proposes to implement a 3% non-compounded cost of living adjustment (COLA) for Tier 1 police officers who attain age 55 with 20 years of service, regardless of date of birth. An actuarial cost study would be needed to assess the increase in accrued liabilities that would result from this increase in the annual cost of living adjustment.

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**SUBJECT MATTER:** SB 1573 removes the birthdate restrictions currently in statute for Tier 1 police officers to begin receiving the annual 3% non-compounded COLA at age 55. The 3% non-compounded COLA would be paid to those retired Tier 1 officers who met the requisite age and service requirements, as described 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). This bill 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.

DH:bs

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