

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **SB 2097**

March 2, 2021

SPONSOR (S): Martwick

SYSTEM(S): Chicago Fire

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**FISCAL IMPACT:** SB 2097 could grow the Tier 2 firefighter pensionable salary cap slightly faster than current statute allows, depending on the rate of inflation. Since pensions are based on a firefighter's final average salary, any increases in pensionable salary would result in an increased accrued liability for the Chicago Fire pension fund. An updated impact note will be issued if an actuarial study is made available by the pension fund.

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**SUBJECT MATTER:** SB 2097 amends the Chicago Firefighters Article of the Pension Code by adjusting the pensionable salary cap based on the full annual unadjusted percentage increase in the consumer price index-u (CPI-U).

**COMMENT:** P.A. 96-1495, the Police and Fire Tier 2 Pension Act of 2010, set the Tier 2 pensionable salary cap for members of Chicago Fire Pension Fund at \$106,800. The act increases the cap by the lesser of 3% or half of the consumer price index-u, including all previous adjustments. The pension fund's actuarial valuation for 2019 lists the Tier 2 pensionable salary cap at \$114,952. Beginning in 2022, SB 2097 would set the rate of increase in the pensionable salary cap to the full annual unadjusted percentage increase in the CPI-U, including all previous adjustments.

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