

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **SB 2989, as engrossed**

March 14, 2022

SPONSOR (S): Villivalam (Andrade)

SYSTEM(S): Chicago Teachers' Pension Fund

FISCAL IMPACT: According to the pension fund, 134 members of the Chicago Teachers' Pension Fund opted to establish an average of 1.67 years of private school service credit from 2007 to 2009 under P.A. 94-1111, with an average cost of \$33,958 paid by the members establishing the service credit. No actuarial data was provided by the pension fund as to the impact on the fund's accrued liabilities; thus it is unknown if the amounts paid by members to establish private school teaching service credit were equal to or greater than the actuarial liabilities created by the establishment of this service credit. An actuarial review of the past service credit purchase window would be required to determine the adequacy of member contributions for optional private school teaching.

SUBJECT MATTER: SB 2989, as engrossed, allows members of the Chicago Teachers' Pension Fund to purchase up to two years of service credit for previous teaching service in a private school. The bill re-opens an optional service credit purchase window period that was established by Public Act 94-1111 in 2007 and expired on June 1, 2009.

COMMENT:

Public Act 94-1111, which took effect on February 27, 2007, allowed members of the Chicago Teachers' Pension Fund to purchase up to two years of service credit for teaching service in a private school recognized by the State Board of Education. In order to qualify for this credit, the member must have been certified while employed by the private school and must provide satisfactory evidence of employment. For each year of private school service credit established under this Act, the member was required to contribute 16.5% of salary of the first full year of employment as a teacher in a Chicago public school following employment in a private school, plus interest at 8.0%, compounded annually, from the date of membership in the Chicago Teachers' Pension Fund following private school service, to the date of payment.

SB 2989, as engrossed, re-establishes this opportunity for the purchase of optional service credit for private school teaching. The contribution amounts would be equal to

the employee and employer contribution that would have been required had the years of private school service been rendered as an active member of CTPF and based on the salary of the first full year of employment as a teacher in a Chicago public school following employment in a private school, plus interest compounded annually at the actuarially assumed rate of return (7.00%) from the date of service to the date of payment. The service credit purchase window would be re-opened on the bill's effective and would close two years thereafter.

JK:bs

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