

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102<sup>nd</sup> GENERAL ASSEMBLY

BILL NO: **SB 3442**

January 19, 2022

SPONSOR (S): Feigenholtz

SYSTEM(S): Chicago Municipal

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**FISCAL IMPACT:** The fiscal impact of SB 3442 is uncertain, as the number of members who may wish to establish service credit for prior service from part-time employment with the Board of Education of the city is unknown. Employees establishing the optional service credit contemplated by the bill would have to pay the employee contribution, the employer contributions, plus interest. There may be some additional actuarial liability for the pension fund, but it would be dependent on the amounts contributed in the context of any such actuarial increase.

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**SUBJECT MATTER:** SB 3442 amends the Chicago Municipal article of the Illinois Pension Code to allow active members employed by the Board of Education of the city, regardless of position, to establish additional service credit for prior service as a part-time employee of the Board of Education of the city.

**COMMENT:** Under SB 3442, current employees of the Board of Education of the city may establish service credit for part-time employment with the Board of Education of the city prior to becoming an employee by applying and paying an amount for that employment equal to 1) the employee contributions based on the actual compensation received and the rate of contribution in effect on the date of payment; plus 2) an amount representing employer contributions determined by the retirement board; plus 3) interest at the effective rate from the date of service to the date of payment.

Service credit would not be granted for any such prior employment described above for which the applicant received credit under any other provision of the Pension Code or during which the applicant was on a leave of absence.

JK:bs

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