

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102<sup>nd</sup> GENERAL ASSEMBLY

BILL NO: **SB 4000**

January 24, 2022

SPONSOR (S): Hunter

SYSTEM(S): Chicago Teacher

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**FISCAL IMPACT:** Under SB 4000, retired Chicago administrators who return to work on a temporary and non-annual or hourly basis may do so without impairing their retirement pension, provided they work less than 120 days in a school year and thus will not be gaining service credit in the Chicago Teachers Pension Fund for that period of service. To the extent that a retirement pension is paid out that would otherwise be prohibited under current law, there would be a fiscal impact to the pension fund commensurate with the number of retired administrators who return to work on a temporary and non-annual or hourly basis.

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**SUBJECT MATTER:** SB 4000 amends the Chicago Teacher article of the Pension Code. The bill would allow annuitants to be re-employed as an administrator without impairing their retirement pension.

**COMMENT:** Under current law, Chicago Teacher allows annuitants to return to work as a teacher on a temporary, non-annual basis or on an hourly basis without impairing their retirement status, subject to certain limitations. For example, current law states that in the case of a retiree who is re-employed as a teacher on a temporary and non-annual basis or on an hourly basis, that teacher's pension shall not be cancelled so long the person does not work as a teacher for gross compensation for more than 120 days in a school year, or does not accept gross compensation in that school year in excess of \$30,000.

SB 4000 amends the Chicago Teacher article of the Pension Code such that a retired pensioner who is re-employed as an administrator may be re-employed without impairment of retirement status given that the annuitant does not receive compensation for more than 120 days in a school year. The bill does not specify an annual earnings cap as in the aforementioned example of a teacher, but the 120 day limit on re-employment remains the same. The bill states that a re-employed administrator who is drawing a pension shall not make contributions to the pension fund, shall not accrue service credit in the pension fund for that service, or be considered an active member in the pension fund for that period of service.

JK:bs

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