

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 102ND GENERAL ASSEMBLY

BILL NO: **SB 4053**

January 28, 2022

SPONSOR (S): Martwick

SYSTEM(S): Chicago Police, Fire

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**FISCAL IMPACT:** SB 4053 amends the Chicago Police and Fire articles of the Pension Code to set the minimum widow's annuity amount at no less than 150% of the Federal Poverty Level. In 2016, when SB 440 (P.A. 99-0905) was under consideration, the Chicago Fire pension fund's actuary estimated that increasing the minimum widow's annuity to 125% of the Federal Poverty Level (FPL) would increase the unfunded liability of the pension fund by approximately \$25 million. The cost study estimated that the following year's contribution to the pension fund would increase by \$1.7 million. No actuarial study was provided from the Chicago Police pension fund at that time.

The Chicago Fire Pension Fund says that it currently has 344 widow's annuitants subject to the current 125% of FLP minimum annuity amount. The Chicago Police Pension Fund has not provided this data. An updated impact note will be issued for SB 4053 if current actuarial data can be obtained from the respective pension funds on the impact of increasing the minimum widow's annuity to 150% of the FPL.

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**SUBJECT MATTER:** SB 4053 amends the Chicago Police and Fire articles of the Pension Code to set the minimum widow's annuity amount at no less than 150% of the Federal Poverty Level.

**COMMENT:** SB 4053 amends Chicago Police and Chicago Fire Articles of the Pension Code by stating that beginning January 1, 2023, the minimum widow's annuity under both articles shall be no less than 150% of the Federal Poverty Level. Current law sets the minimum at 125% of the FPL for both funds – the current statutory minimum amount was established by P.A. 99-0905, which took effect on November 30, 2016. The current FPL for a family of 3 is \$21,960 annually. 125% of the FPL for a family of 3 is \$27,450, while 150% of the FPL would be \$32,940 for a family of 3.

SB 4053 makes the aforementioned change to both the Chicago Police and Fire articles, while SB 4054 makes this change to just the Chicago Fire article.

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