

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **SB 4054**

February 1, 2022

SPONSOR (S): Martwick

SYSTEM(S): Chicago Fire

FISCAL IMPACT: SB 4054 amends the Chicago Fire article 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. The Chicago Fire Pension Fund says that it currently has 344 widow's annuitants subject to the current 125% of FLP minimum annuity amount. No data has been provided from the pension fund on the number of people who would be impacted or the actuarial impact of increasing this benefit to 150% of the FPL. An updated note will be issued when this data is obtained.

SUBJECT MATTER: SB 4054 amends the Chicago Fire article of the Pension Code to set the minimum widow's annuity amount at no less than 150% of the Federal Poverty Level.

COMMENT: SB 4054 amends Chicago Fire Article of the Pension Code by stating that beginning January 1, 2023, the minimum widow's annuity shall be no less than 150% of the Federal Poverty Level. Current law sets the minimum at 125% of the FPL – 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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