



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *103<sup>RD</sup> General Assembly*

BILL NO: SB 1956, as amended by HA 003 November 2, 2023  
SPONSOR (S): Fine – Cunningham, et al (Slaughter – Kifowit, et al)  
SYSTEM: Chicago Police

---

#### FISCAL IMPACT

**SB 1956, as amended by HA 003, would grant an annual 3% non-compounded cost-of-living adjustment (COLA) to all Tier 1 Chicago Police retirees who reach age 55 with 20 years of service. This change would have a significant fiscal impact upon the pension fund. An actuarial study would be required to determine the precise fiscal impact. As of December 31, 2021, the pension fund had an unfunded liability of approximately \$12 billion, and a funded ratio of 24.9%.**

---

**SUBJECT MATTER:** SB 1956, as amended by HA 003, amends the Chicago Police article of the Pension Code to remove the birthdate restriction that enables Tier 1 Chicago Police officers to receive an annual 3% non-compounded cost-of-living adjustment. Accordingly, all Tier 1 members who reach age 55 with 20 years of service would receive this increase, regardless of their date of birth.

#### COMMENTS:

##### *Removal of Birthdate Restriction for Tier 1 3% non-Compounded COLA for Chicago Police*

Under current law, Tier 1 Chicago Police officers born before January 1, 1966 with at least 20 years of service receive an annual non-compounded increase of 3% on or after the age of 55, not subject to a 30% increase maximum. Those Tier 1 members born after January 1, 1966 receive 1.5% increases on or after the age of 60 with at least 20 years of service, to a maximum of 30% (hence, after 15 years of retirement, no annual increases are payable). SB 1956, as amended by HA 003, removes the birthdate restriction and 30% cap and sets the annual Tier 1 increase to 3% non-compounded for all Chicago Police retirees who have attained at least 55 years of age with 20 years of service. The initial COLA increase will be payable on January 1, 2023 (if the retiree has not received the initial increase before that date), the first of the month following the first anniversary of retirement, or the attainment of age 55, whichever occurs later.

P.A. 101-0673, which became effective on April 5<sup>th</sup>, 2021, implemented this same COLA change for Chicago Firefighters who reached age 55 with 20 years of service.

*Impact of HA 003*

HA 002 to SB 1956 similarly removed the Tier 1 Chicago Police birthdate restriction but also brought the Chicago Police, Chicago Fire, Downstate Police and Downstate Fire articles of the Pension Code under the ambit of the Retirement Systems Reciprocal Act. HA 003 only deals with the Chicago Police COLA change.

ND:bs

LRB103 25834 RPS 64809 a