



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 2398

February 14, 2023

SPONSOR (S): Villivalam

SYSTEM: Chicago Municipal

FISCAL IMPACT

The number of employees of the Metropolitan Pier and Exposition Authority who would be allowed to participate in the Chicago Municipal Fund as a result of SB 2398 is not known. The provision allowing for establishing past Met Pier service credit requires employees to contribute the employee contribution, plus the employer contribution, plus interest at the statutory “effective rate” of 3% compounded annually (the fund’s actuarially-assumed rate of return is 7%). The impact of allowing for past service credit upgrades would be commensurate with the number of employees applying for such service. An actuarial study would be required to determine a range of possible impacts to the pension fund.

SUBJECT MATTER: SB 2398 amends the Chicago Municipal Article of the Pension Code to allow members of the Metropolitan Pier and Exposition Authority to participate in the pension fund as of the bill’s effective date. Employees of the Authority may upgrade an unlimited amount of past service credit with the Authority by paying the requisite amounts to the pension fund, as described below.

COMMENT: SB 2398 amends the Chicago Municipal Article of the Pension Code to allow employees of the Metropolitan Pier and Exposition Authority to participate in the pension fund as of the effective date of the bill (the bill does not have an immediate effective date). Currently, employees of the Met Pier Authority do not participate in any public pension fund governed under the Pension Code.

The bill also allows any member under any reciprocal system who has service with the Authority prior to the effective date of the bill to establish credit in the Chicago Municipal Pension Fund

for that service by paying to the Chicago Municipal Fund an amount equal to the employee contributions that would have been required had the service been rendered while a member of the pension fund, plus an amount representing the employer contributions for the period of optional service as determined by the pension fund board, plus interest at the statutory “effective rate” (currently 3%), compounded annually, from the date of service to the date of payment.

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