



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 1098 as amended by HA 001**

March 17, 2025

SPONSOR: J. Davis

SYSTEM: Downstate Fire

FISCAL IMPACT

HB 1098 as amended by HA 001, amends the Downstate Fire Article of the Illinois Pension Code to allow Tier 2 participants that are eligible for the maximum pension of 75% of their final average salary (FAS) to retire at any age without having their monthly pension reduced. There would be an increase in actuarial liabilities commensurate with the number of participants who reach 75% of their FAS and choose to retire before the age of 55. An actuarial study would be needed to assess the full impact of the bill.

Impact of HA 001

The introduced version of HB 1098 amended the Municipal Code to specify that the minimum age of firefighters should be 18 rather than 21. The bill did not amend the Pension Code.

SUBJECT MATTER: HB 1098, as amended by HA 001, amends the Downstate Fire article of the Illinois Pension Code to allow Tier 2 firefighters to retire at any age as long as they have sufficient service credit to qualify for the maximum pension at 75% of Final Average Salary (FAS).

COMMENT: Under current law, both Tier 1 and Tier 2 participants in the Downstate Fire article can earn a maximum pension of 75% of their Final Average Salary (FAS). The means of calculating FAS differ somewhat between tier status, and are explained in the chart below.

Benefit	Tier 1	Tier 2
FAS cap	75%	75%
Formula	50% after 20 years of service. Then increases 2.5% for each year until the maximum of 75% at 30 years	pension equals 2.5% of their FAS for each year of service, until it hits the cap of 75%. They must work for 30 years to hit the cap.
Retirement Age	50 if earned 20 years of service credit, or 60 if earned between 10 and 20 years of service credit	55, but can retire early at 50 with a reduced pension
Early retirement penalty	None, but the participant will not reach the 75% FAS cap	6% for each year under the age of 55

HB 1098, as amended by HA001, amends the Downstate Fire article to allow Tier 2 firefighters that have reached the maximum pension (75% of their FAS) to retire without a reduction in their pension benefit. Since reaching the 75% FAS cap requires a Tier 2 participant to work for 30 consecutive years, only those Tier 2 participants who began work before the age of 25 would be affected. The bill is prospective and does not entitle any retired members to a recalculation of benefits.

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