



# Commission on Government Forecasting and Accountability

## PENSION IMPACT NOTE *104<sup>TH</sup> General Assembly*

BILL NO: **HB 1310**

January 25, 2025

SPONSOR (S): Hoffman

SYSTEM: Downstate Fire

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### FISCAL IMPACT

**HB 1310 mirrors the language of HB 1052 and certain provisions of HB 4099, both of the 103<sup>rd</sup> General Assembly. An actuarial study was undertaken on those provisions within HB 4099 (Age/COLA/COLA Starting Dates) by the Commission's actuary. The following chart shows the first-year impact of the legislation on five selected Downstate Fire funds:**

	Statutory Min. Required Contribution			
	Current	Proposed	Impact	% Increase
Aurora	\$ 13,217.63	\$ 13,474.67	\$ 257.04	1.9%
Edwardsville	\$ 1,209.05	\$ 1,236.87	\$ 27.82	2.3%
Effingham	\$ 695.40	\$ 702.65	\$ 7.26	1.0%
Peoria	\$ 12,439.01	\$ 12,563.28	\$ 124.27	1.0%
Rockford	\$ 17,526.47	\$ 17,728.32	\$ 201.85	1.2%

**\*Amounts shown in Thousands**

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**SUBJECT MATTER:** HB 1310 amends the Downstate Firefighters Article of the Illinois Pension Code. The bill would reduce the age that Tier II members are eligible for an unreduced annuity from 55 to 50 years old, and increase the amount of creditable service required for an unreduced annuity from 10 to 20 years. HB 1310 would also increase the COLA for Tier II Downstate Fire members to a simple 3% annual increase, and reduces the age a member is eligible for the annual Tier II COLA to the later of the January 1<sup>st</sup> after reaching age 55 (currently 60) or the first anniversary of the pension's start date.

COMMENT:*Reduction in retirement age / unreduced annuity for Tier II Firefighters*

Currently, members hired on or after January 1, 2011 are considered “Tier II” members and eligible for an unreduced pension at age 55 with 10 or more years of service. Tier II members are eligible for a reduced annuity starting at age 50 with 10 or more years of service, with the annuity reduced by 0.5% for each month that the member’s age is under 55.

HB 1310 would make Tier II members eligible for an unreduced annuity at age 50 with 20 or more years of creditable service. Firefighters that reach age 50 but have service credit in an amount between 10 and 20 years would still be subject to the previously stated reduction.

*Adjusting Tier II COLA*

Under current law, Tier II members of the Downstate Fire Article of the Pension Code receive a simple COLA (Cost of Living Adjustment) equal to the lesser of 3% or ½ of the annual unadjusted percentage increase in the Consumer Price Index-U (CPI-U) of the originally granted annuity. A member becomes eligible for this yearly increase, beginning on the January 1<sup>st</sup> after reaching age 60 or the first anniversary of the annuity start date, whichever is later.

HB 1310 would increase the COLA for Tier II Downstate Firefighters from the lesser of 3% or ½ the annual unadjusted CPI-U percentage increase to an increase of 3% of the amount of the originally granted annuity. HB 1310 would also adjust timing of the eligibility for this COLA to begin on the January 1<sup>st</sup> after reaching age 55 (previously 60) or the anniversary of the annuity start date, whichever is later.

All of the foregoing provisions – retirement age reduction, change in COLA benefit, and COLA start date reduction apply to both Downstate firefighters as well as retired members currently receiving Tier II pensions.

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