



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 2824**

February 24, 2025

SPONSOR: LaPointe

SYSTEM: Chicago Police, Chicago Fire

FISCAL IMPACT

HB 2824 increases the Chicago Police and Fire Tier 1 non-duty widow's annuity from 50% to 66 2/3% of the member's accumulated retirement annuity for participants that died during retirement or in active service with at least 1 ½ years of service credit. According to Chicago Police, there are currently 3,133 widows receiving annuities, with Chicago Fire reporting 1,205 widows as well. The fiscal impact of HB 2824 is commensurate with the number of Tier 1 participant widows who receive the increased annuity upon their spouse's passing. An actuarial study would be needed to assess the full impact of the bill upon both pension funds.

SUBJECT MATTER: HB 2824 Amends the Chicago Police and Chicago Fire Articles of the Illinois Pension Code to increase a Tier 1 non-duty related widow's annuity of 50% of earned annuity to the Tier 2 vested member level of 66 2/3% of earned annuity (the 66 2/3% benefit is only for Tier 2 members that have reached 10 years of service credit and are considered "vested.") A Tier 1 participant must have at least 1 ½ years of service credit for their widow to qualify for this benefit, and the widow's annuity is derived from the participant's retirement annuity or the annuity they would have received if they retired the day before they died.

COMMENT: Under current law, the Chicago Police and Fire Pension Funds have different methods of calculating a non-duty related widow's annuity. These differences are further explained by tier status in the chart below. Please note that duty-related widow's annuities are not impacted by this bill, but are payable at the rate of 75% of the salary at the time of death for both Tier 1 and Tier 2 vested personnel of both funds.

Tier	System	Widow's Annuity*	Deceased participant's service
Tier 1	Chicago Police	50%	Had at least 1 ½ years of service credit or; was retired at death
	Chicago Fire	50%	Had at least 1 ½ years of service credit or; was retired at death
Tier 2	Chicago Police	30%	Had at least 1 ½ years of service but less than 10
		66 2/3%	Had at least 10 years of service credit or; was retired at death
	Chicago Fire	30%	Had at least 1 ½ years of service but less than 10
		66 2/3%	Had at least 10 years of service credit or; was retired at death

*Based upon a deceased participant's accumulated retirement annuity at time of death.

HB 2824 would amend the Chicago Police and Fire Articles to increase Tier 1 non-duty widow annuities from 50% to 66 2/3%. This would bring Tier 1 non-duty widow benefits to the level of Tier 2 vested non-duty widow benefits for Chicago Police and Fire (and across Tier 2 vested members in general). Under the provisions of the bill, the increased widow's annuity would only apply to the widows of Tier 1 participants who died after the enactment of the bill, and would not allow for the recalculation of any benefit granted prior to the effective date.

HB 2824 is identical to SB 1892 from the 104th General Assembly.

RF:bs

LRB104 11131 RPS 21213 b