



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104TH General Assembly*

BILL NO: **SB 1893**

February 12, 2025

SPONSOR (S): Martwick

SYSTEM: Chicago Teachers Pension Fund (CTPF)

FISCAL IMPACT

SB 1893 would have a slight negative impact upon the Chicago Teacher Pension Fund, inasmuch as the bill would increase the CTPF retiree health insurance reimbursement maximum from \$65 million to \$100 million per year, including any unspent funds from the previous fiscal year. The increase in the reimbursement cap would come at the cost of missed investment opportunities since the health care reimbursement is paid from CTPF's system assets.

SUBJECT MATTER: SB 1893 amends the Chicago Teacher Article of the Illinois Pension Code to increase the CTPF retiree health insurance reimbursement cap from \$65 million to \$100 million per year, including any unspent funds from the previous fiscal year.

COMMENT: Under current law, the Chicago Teachers' Pension Fund (CTPF) is authorized to offer health insurance benefits to its retirees, survivors, and their eligible dependents. CTPF provides its own health insurance plans for eligible retirees, survivors, and their dependents, offering a 60% premium subsidy for those enrolled in CTPF-sponsored plans. The total annual reimbursement for retiree health insurance costs is capped in statute at \$65 million. This cap has remained unchanged since the enactment of P.A. 93-0677, effective June 28, 2004, which raised the reimbursement amount from \$40 million to \$65 million.

SB 1893 would raise the statutory reimbursement cap to \$100 million per year, plus any amount that was authorized in the previous fiscal year but was not spent. The bill would allow CTPF to maintain the current 60% premium reimbursement rate. The premium reimbursement percentage rate is not defined in statute and is set at the discretion of the pension fund. CTPF says that without an increase in the cap, the retiree health insurance subsidy will be reduced starting in 2026, but the exact new reimbursement percentage has not been specified.

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