

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 1041, as amended by HA 3**

March 27, 2009

SPONSOR (S): Moffitt – Black, et al.

SYSTEM(S): Downstate Fire Pension Funds

FISCAL IMPACT: The commission's actuary has completed a cost study of HB 1041, as amended by HA 3. The results of the cost study are shown below for all Downstate fire pension funds statewide:

Increase in total actuarial liability	\$3,859,000
Increase in total annual costs	\$237,000
Total retirees impacted	100

SUBJECT MATTER: HB 1041, as amended by HA 3, amends the Downstate Fire article of the Illinois Pension Code. The bill grants 3% compounded increases to firefighters who retired before January 1, 1977 as outlined in the Comment section below.

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COMMENT: HB 1041, as amended by HA 3, provides that in July 2009, the monthly pension of a firefighter who retired before January 1, 1977 shall be recalculated and increased to reflect the amount that the firefighter would be receiving in July 2009 had the firefighter been receiving a 3% compounded increase for each year since January 1, 1986, plus any increases in pension received for each year prior to January 1, 1986. In each January thereafter, additional increases of 3% of the current amount of pension would be provided.

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