

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 1099**

February 24, 2009

SPONSOR (S): McCarthy

SYSTEM(S): Metropolitan Water Reclamation District Retirement Fund

FISCAL IMPACT: The fiscal impact of HB 1099 cannot be determined because the number of people affected by each of the various changes cannot be determined. The system's actuary estimates the change in child payments will increase the system's annual payout by approximately \$20,000 annually.

SUBJECT MATTER: HB 1099 amends the Metropolitan Water Reclamation District Article of the Illinois Pension Code to alter provisions concerning reversionary annuities, child annuities, duty disability benefits and refunds. In addition, HB 1099 allows employees to establish addition service credit for military service.

FISCAL IMPACT: The fiscal impact of HB 1099 cannot be determined because the number of people affected by each of the various changes cannot be determined. The system's actuary estimates the change in child payments will increase the system's annual payout by approximately \$20,000 annually.

COMMENTS: HB 1099 provides for a change in the effective date on reversionary annuities, i.e., election of a lower retirement annuity for the employee in order to provide an increased survivor annuity for selected dependants. Currently, these annuities begin the day following the employee's death with payments beginning one month thereafter. HB 1099 changes the beginning date to the first day of the following calendar month with a corresponding change in commencement of payments.

In addition, HB 1099 increases the amount of any child annuities. Currently, if either parent is alive, the first child receives \$500 monthly with each additional child receiving \$350, up to a maximum total paid to all children equaling \$2,500 monthly. If both parents are deceased, the first child receives \$1,000 monthly with each additional child receiving \$500, up to a maximum paid to all children equaling \$2,500 monthly. HB 1099 provides that, if either parent is alive, every child will receive \$500 monthly, with the total for all children not to exceed \$5,000 monthly. Further, if both parents are deceased, every child will receive \$1,000 monthly, with the total for all children not to exceed \$5,000 monthly.

HB 1099 also provides employees with the ability to purchase retirement service credit for an additional 2 years of military service (up to a total of 4 years). The employee will be required to pay the employee contribution, the employer contribution and 3% interest for the period between the service date and the payment date.

Finally, HB 1099 will provide for a number of minor technical changes in duty disability rules and refund policy. These changes will result in no significant fiscal effects on the retirement fund.

GS:dkb

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