

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **HB 1291**

February 24, 2009

SPONSOR (S): Saviano – Lyons, et al.

SYSTEM(S): Chicago Fire Pension Fund

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**FISCAL IMPACT:** Although the exact fiscal impact of HB 1291 cannot be calculated, the commission's actuary reports that requiring the employee to pay employee contributions, the employer's normal cost, plus the actuarially assumed interest rate will usually result in little or no cost to the pension fund when establishing optional service credit.

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**SUBJECT MATTER:** HB 1291 amends the Chicago Firefighter Article of the Illinois Pension Code. The bill allows firefighters to purchase a maximum of 24 months of service credit attributed to service in the armed forces of the United States that was served prior to employment by the city as a firefighter.

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**COMMENT:** Under current law, Chicago firefighters cannot establish optional service credit for time spent in the military prior to joining the fire department. In order to establish the optional military service credit set forth in this bill, the Chicago firefighter must pay to the fund an amount equal to a) the employee contributions that would have been required had the service been rendered as a member, b) an amount determined by the board to be equal to the employer's normal cost of the benefits accrued for that military service, plus c) interest at the actuarially assumed rate (8%), compounded annually from the first date of membership in the fund to the date of payment.

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