

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 2540, as amended by HA 1**

March 27, 2009

SPONSOR (S): McAuliffe

SYSTEM(S): Downstate Police

FISCAL IMPACT: The Commission's actuary has completed a cost study for HB 2540, as amended by HA 1. The results shown below were calculated on a statewide basis:

Increase in total actuarial liability	\$9,270,000
Increase in total annual costs	\$569,000
Total retirees impacted	228

SUBJECT MATTER: HB 2540, as amended by HA 1, amends the Downstate Police article of the Illinois Pension Code to grant 3% non-compounded annual increases to certain disabled police officers.

FISCAL IMPACT: The Commission's actuary has completed a cost study for HB 2540, as amended by HA 1. The results shown below were calculated on a statewide basis:

Increase in total actuarial liability	\$9,270,000
Increase in total annual costs	\$569,000
Total retirees impacted	228

COMMENT: Under current law, if a Downstate police officer is found to be physically or mentally disabled as a result of sickness, accident or injury resulting from an act of duty, the police officer is entitled to a disability annuity equal to the greater of a) 65% of the salary attached to the rank on the police force held by the officer at the date of suspension of duty or retirement, or b) the pension that the police officer would have been eligible to receive if he or she had retired (but not including any automatic

annual increase in that retirement pension). These annuities are not increased until the disabled police officer reaches age 60 (upon attainment of age 60, the annuities are increased by 3% of the original annuity).

P.A. 91-0939, which became effective on February 1, 2001, granted 3% annual non-compounded increases to duty disability annuitants who had service in a police pension fund for at least 7 years, and had been receiving a disability annuity for a period which, when added to the officer's total service credit in the Fund, equaled at least 20 years. The Act applied only to those disability annuitants who satisfied the foregoing requirements on the date the Act took effect. HB 2540, as amended by HA1, would essentially re-open the window created by P.A. 91-0939. The bill would allow disability annuitants 60 days to apply for the benefit from the date the bill is signed into law. In addition, the disabled police officer must annually file an affidavit with the fund stating that the officer has not earned any income from gainful employment during the most recently concluded tax year, along with a copy of his or her most recent Illinois income tax return.

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