

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 96TH GENERAL ASSEMBLY

BILL NO: **HB 2576** April 27, 2009

SPONSOR (S): McAuliffe

SYSTEM(S): Chicago Police Pension Fund

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**FISCAL IMPACT:** The fiscal impact has not been calculated, but it would be significant.

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**SUBJECT MATTER:** HB 2576 amends the Chicago Police Article of the Pension Code to increase the retirement formula to 2.5% (rather than 2%) of salary for each year of service over 20. The maximum annuity is also increased from 75% to 80% of final average salary. These changes would apply to members who retire after the effective date of the Amendatory Act.

**FISCAL IMPACT:** The fiscal impact has not been calculated, but it would be significant.

**COMMENT:** Currently, Chicago police officers may retire with a maximum annuity of 75% of final average salary for 32 ½ years of service (50% for the 1st 20 years and 2% for each year after 20). HB 2576 would allow members who retire after the effective date of the Amendatory Act to receive a maximum annuity of 80% of final average salary for 32 years of service (50% for the 1st 20 years and 2.5% for each year after 20). At present, the following pension funds and retirement systems have maximum annuities of 80% of final average salary: the Metropolitan Water Reclamation District Employees' Fund; the Chicago Park District Employees' Fund; the Cook County Employees' Fund; and the State Universities Retirement System. In addition, members of SERS covered by the alternative formula may receive maximum annuities of 80% of final average salary.

HB 2576 amends the State Mandates Act to require implementation without reimbursement.