

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 3832** October 24, 2011

SPONSOR(S): Cross – D. Harris, et al.

SYSTEM(S): Chicago Municipal, Chicago Laborers

FISCAL IMPACT: HB 3832 will have a positive fiscal impact on both pension funds to the extent that any of the members who are on a leave of absence working for a labor organization are eligible to receive a pension from any pension plan established by the labor organization, whether local or national. If such eligibility exists for any members who are on leave of absence working for a union, a retirement annuity would not be payable from the Municipal or Laborers pension fund.

SUBJECT MATTER: HB 3832 amends the Chicago Municipal and Chicago Laborers Articles of the Illinois Pension Code to specify that creditable service for leaves of absence without pay for participants employed full-time by a local labor organization may be established provided the participant does not receive credit in any pension plan established by the labor organization, including (but not limited to) pension plans established by the local labor organization, the national labor organization, or the international labor organization.

FISCAL IMPACT: HB 3832 will have a positive fiscal impact on both pension funds to the extent that any of the members who are on a leave of absence working for a labor organization are eligible to receive a pension from any pension plan established by the labor organization, whether local or national. If such eligibility exists for any members who are on leave of absence working for a union, a retirement annuity would not be payable from the Municipal or Laborers pension fund.

COMMENT: Currently, leaves of absence without pay during which a participant is employed full-time by a local labor organization that represents municipal employees can be counted as creditable service so long as the participant (1) continues to make employee contributions to the Fund as though he or she were an active employee (based on the regular salary rate received by the participant prior to such leave of absence and also based on the current salary with said labor organization), (2) makes contributions to the Fund as though he or she were the employer (based on the regular salary rate received by the participant prior to such leave of absence and also based on the current

salary with said labor organization), and (3) the participant does not receive credit in any pension plan established by the organization. HB 3832 clarifies that the participant must not receive credit in any pension plan established by the organization, including (but not limited to) pension plans established by the local labor organization, the national labor organization, or the international labor organization.

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