

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 4666**

February 6, 2012

SPONSOR (S): Burke

SYSTEM(S): GARS and JRS

FISCAL IMPACT: The fiscal impact of HB 4666 has not been calculated, but should be a cost savings to the state as payouts from GARS and JRS would be lower as a result of this legislation. However, future savings will be dependent upon the number of current participants who switch to the plan designed in this legislation.

SUBJECT MATTER: HB 4666 amends the General Assembly and Judges articles of the Illinois Pension Code. For future participants and current individuals who elect reduced benefits, final average salary, annual increases and survivor benefits are altered to a lower rate.

FISCAL IMPACT: The fiscal impact of HB 4666 has not been calculated, but should be a cost savings to the state as payouts from GARS and JRS would be lower as a result of this legislation. However, future savings will be dependent upon the number of current participants who switch to the plan designed in this legislation.

COMMENT: HB 4666 amends the General Assembly and Judges articles of the Illinois Pension Code in three main ways. Under this legislation, the final highest salary for annuity purposes is \$106,800/year except for annual increases of the lesser of 3% or ½ the unadjusted percentage increase in the CPI-u. Also, annuities for participants will be increased yearly at the lesser of 3% or ½ the unadjusted percentage increase in the CPI-u. Finally, survivors' benefits will be increased yearly at the lesser of 3% or ½ the unadjusted percentage increase in the CPI-u. Previously, the percentage increase possible was the entire percentage increase in the CPI-u, instead of ½ of that amount.

AB:dkb

LRB097 15724 JDS 60868 b