

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 98TH GENERAL ASSEMBLY

BILL NO: **HB 1266**

February 14, 2013

SPONSOR (S): Sosnowski

SYSTEM(S): All State Systems

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**FISCAL IMPACT:** An actuarial cost study would be required to determine the precise fiscal impact of HB 1266. Under the current funding law implemented by P.A. 88-593, the State systems have certified an FY 2014 State contribution of \$6.8 billion (all funds). The most recent actuarial forecasts from the systems show that the total unfunded liability will increase every year until FY 2030, assuming all required contributions are made pursuant to P.A. 88-593.

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**SUBJECT MATTER:** HB 1266 amends the State Systems articles of the Illinois Pension Code. The bill mandates that the systems reach a 100% funding ratio in FY 2045, rather than a 90% funding ratio as called for under current law.

**FISCAL IMPACT:** An actuarial cost study would be required to determine the precise fiscal impact of HB 1266. Under the current funding law implemented by P.A. 88-593, the State systems have certified an FY 2014 State contribution of \$6.8 billion (all funds). The most recent actuarial forecasts from the systems show that the total unfunded liability will increase every year until FY 2030, assuming all required contributions are made pursuant to P.A. 88-593.

**COMMENT:** According to COGFA's actuary, the required percentage of payroll necessary to reach a 100% funding ratio will increase across the board by a relatively constant amount. Accordingly, the actual dollar amounts will increase between now and 2045 as payroll is projected to increase. A full actuarial study would be required to determine the precise amounts by which the State contributions are expected to increase.

DH:dkb

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