

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 2711**

March 6, 2013

SPONSOR (S): Moffitt

SYSTEM(S): Downstate Fire Pension Funds

FISCAL IMPACT: The fiscal impact of HB 2711 has not been calculated as the precise number of affected retirees is unknown. The Illinois Department of Insurance estimates that between 23 and 314 retirees would be impacted by this bill. A similar bill from 2009, HB 1041, was reviewed by CGFA's actuary; that bill would have granted 3% compounded COLA's to firefighters who retired before 1977. At the time, there were 100 pre-1977 retirees eligible for the benefit, and the actuary found that granting the post-1986 3% compounded COLA to these retirees would have increased total statewide actuarial liabilities by \$3.8 million.

SUBJECT MATTER: HB 2711 amends the Downstate Fire article of the Illinois Pension Code. The bill grants 3% compounded increases to firefighters who retired before July 1, 1986 as outlined in the Comment section below.

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COMMENT: HB 2711, provides that in July 2013, the monthly pension of a firefighter who retired before January 1, 1986 shall be recalculated and increased to reflect the amount that the firefighter would have received in July 2013 had the firefighter been receiving a 3% compounded increase for each year since January 1, 1986, plus any increases in pension received for each year prior to January 1, 1986. In each January thereafter, additional increases of 3% of the current amount of pension would be provided.

DH:dkb

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