COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 4412** January 30, 2014

SPONSOR (S): Hurley

SYSTEM(S): Chicago Police

FISCAL IMPACT: HB 4412 would significantly increase the accrued liabilities of the pension fund. An actuarial impact study has not been performed for this bill

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SUBJECT MATTER: HB 4412 amends the Chicago Police article of the Illinois Pension Code to allow policemen retirees born after January 1, 1955 with at least 20 years of service credit, to receive a 3% automatic non-compounded annual increase in addition to being exempt from the 30% maximum increase.

FISCAL IMPACT: HB 4412 would significantly increase the accrued liabilities of the pension fund. An actuarial impact study has not been performed for this bill.

COMMENT: Under current law, Chicago Policemen who retire from service with 20 years of service who are born after January 1, 1955 only receive a 1½% increase annually and are subject to a 30% maximum cumulative increase. HB 4412 would expand automatic increases to retiree pensions to 3% non-compounded annually. It will also remove the 30% maximum cumulative increase cap. Any employee that this Act applies to, who has not yet received an initial increase under this Act, is eligible to receive the increased COLA on January 1, 2015, the first anniversary of the date of retirement, or attainment of age 55, whichever occurs last.

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