COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 5919, as amended by HA 1** March 24, 2014

SPONSOR(S): Ives

SYSTEM(S): Downstate Police and Downstate Firefighters

FISCAL IMPACT: HB 5919, as amended by HA 1, will have an indiscernible fiscal impact on the Downstate Police and Downstate Firefighters Pension Funds. An exact amount cannot be determined, as the Department of Insurance cannot quantify the number of pensions that are miscalculated.

SUBJECT MATTER: HB 5919, as amended by HA 1, amends the Downstate Police and Firefighters' Articles of the Illinois Pension Code to require any Fund that has mistakenly set a benefit to an incorrect amount, to recalculate the benefit to the correct amount as soon as possible.

FISCAL IMPACT: HB 5919, as amended by HA 1, will have an indiscernible fiscal impact on the Downstate Police and Downstate Firefighters Pension Funds. An exact amount cannot be determined, as the Department of Insurance cannot quantify the number of pensions that are miscalculated.

COMMENT: HB 5919, as amended by HA 1, would require that if a Downstate Firefighter's or a Downstate Police Officer's pension has been mistakenly calculated, the benefit shall be recalculated as soon as may be practical after discovery of the mistake. If the benefit was miscalculated to be too low, then the Fund shall make a lump sum payment to the annuitant in the amount of the difference owed, plus the accrued interest. If the benefit is mistakenly set too high, then the beneficiary of that pension shall pay back the amount of the difference in benefits either from that compensation or directly, plus all accrued interest. If taken from the annuitant's compensation, the monthly deduction shall not exceed 10% of the corrected monthly benefit amount, unless agreed to by the annuitant. If the benefit was mistakenly set too high, undiscovered for at least 3 years, and did not result from incorrect information supplied by the participant or beneficiary, then the benefit is to be recalculated to the correct amount and the annuitant is not responsible to pay back the difference. These provisions take precedence over the Administrative Review Law, if a conflict were to arise.

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