

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 98TH GENERAL ASSEMBLY

BILL NO: **SB 1436**

March 11, 2013

SPONSOR (S): Jacobs

SYSTEM(S): Cook County

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**FISCAL IMPACT:** According to the Cook County Employees Pension Fund's 2011 CAFR, the fund had a 57.5% funding ratio as of December 31, 2011. The Cook County Forest Preserve Pension Fund had a funding ratio of 61.6%. For the Cook County Employees Pension Fund, Cook County levies a tax equal to the total amount of contributions made by the employees in the calendar year two years prior to the year of the levy, multiplied by 1.54. The Cook County Forest Preserve District levies a tax in a similar manner for its pension fund, but with a multiplier of 1.30. SB 1436 would increase the multiplier for both funds through 2022, and then beginning in 2023, a 30-year amortization schedule would commence. This bill would have a positive fiscal impact on both pension funds. The most recent long-term actuarial forecast that the Cook County Employees Pension Fund shared with CGFA showed that the fund would become insolvent in 2038 under the current benefit and funding structure.

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**SUBJECT MATTER:** SB 1436 amends the Cook County Employees and Cook County Forest Preserve Articles of the Illinois Pension Code. The bill increases the annual tax levy multiplier for both funds, and also sets a 30-year amortization schedule for both funds to attain a 100% funding ratio.

**COMMENT:** Under current law, Cook County levies a tax equal to the total amount of contributions made by the employees in the calendar year two years prior to the year of the levy, multiplied by 1.54, for purposes of making annual contributions to the Cook County Employees Pension Fund. The Cook County Forest Preserve District levies a tax in a similar manner for its pension fund, but with a multiplier of 1.30. SB 1436 would increase the multiplier for both funds through 2022, and then beginning in 2023, a 30-year amortization schedule would commence with a goal of reaching a 100% funding ratio at the end of the 30-year period. The most recent long-term actuarial forecast that the Cook County Employees Pension Fund shared with CGFA showed that the fund would become insolvent in 2038 under the current benefit and funding structure. This cost study can be located in CGFA's Jan 2012 Report on the Financial Condition of the Illinois Municipal, Chicago and Cook County Pension Funds.

<http://www.ilga.gov/commission/cgfa2006/Upload/FY2011SmallSystemsReport.pdf>

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