

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 4582**

March 30, 2016

SPONSOR (S): Ives

SYSTEM(S): GARS, IMRF, Chicago Municipal, Cook County

FISCAL IMPACT: HB 4582 would have an unknown fiscal impact to the state, as no detail is provided within the legislation as to the way existing liabilities would be paid down without new members. This information would need to be known before the fiscal impact could be accurately calculated.

SUBJECT MATTER: HB 4582 amends the General Assembly Article, IMRF, Chicago Municipal, and Cook County articles of the Illinois Pension Code. This legislation would restrict participation in the General Assembly Retirement System to individuals who became participants before the effective date of this legislation. In addition, after this effective date, GARS would not accept any new participants. In the case of IMRF, Chicago Municipal, and Cook County, this legislation would restrict participation in the case of part-time elective office. Part-time elected individuals would only be able to participate if they were elected to their current office before the effective date of this legislation and have elected to be a contributor.

FISCAL IMPACT: HB 4582 would have an unknown fiscal impact to the state, as no detail is provided within the legislation as to the way existing liabilities would be paid down without new members. This information would need to be known before the fiscal impact could be accurately calculated.

COMMENT: The proposed legislation would eliminate any additional liability for GARS beyond its current obligations and any new participants before the effective date of the legislation. The most recent actuarial valuation estimates 644 members by June 30, 2017, and an unfunded actuarial liability of \$275.6 million. In the case of IMRF, Chicago Municipal, and Cook County, the proposed legislation would classify an elective office to be presumed as part-time in the absence of an official job description or legal determination

of full-time status. Cook County has 28 active elected employees (part-time/full-time), while the Chicago Municipal system has 50 active elected employees who may qualify as part-time. IMRF has 2,581 elected employees, but has an hourly standard for participation that is chosen by participating municipalities and does not classify individual participants as part-time or full-time. This legislation has an immediate effective date.

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