

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

REVISED

BILL NO: **HB 6130**

April 15, 2016

SPONSOR (S): Hurley – Chapa LaVia, et al.

SYSTEM(S): Cook County

FISCAL IMPACT: The fiscal impact of HB 6130 cannot be determined as the number of employees who will apply for the military service offered by this bill is unknown. According to officials with Cook County, as many as 30% of recently hired employees at the Cook County Jail have military service that would allow them to qualify for the additional service credit under the provisions of this bill, provided they work the requisite number of years and make the required payments. Higher rates of participation than those outlined in the Comments Section below could lead to additional costs to the pension fund. An actuarial cost study that contemplates several different rates of participation would be needed to assess the potential fiscal impact of HB 6130.

SUBJECT MATTER: HB 6130 amends the Cook County Article of the Illinois Pension Code. This legislation would eliminate a restriction for military service being used as service credit for employees. Currently, only employees in active service as of January 1, 1993 can apply for up to two years of military service credit.

COMMENT: The proposed legislation would allow contributing employees with at least 25 years of service credit and with military service (except for those dishonorably discharged) to apply for up to two years of that military service to be applied as a credit. The applicants under this legislation would still have to pay employee contributions into the fund based on their rate of compensation plus applicable interest. From 2005 to 2015, approximately 160 Cook County employees paid in for some military service during which approximately 8,000 individuals in the system retired. Thus, over the past 10 years, military service credit of this type has been purchased by 2% of all retirees. An actuarial study would be needed to assess the potential cost to the pension fund if HB 6130 causes participation rates to exceed this past experience.

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