COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO:	**HB 0870**	February 16, 2007
SPONSOR (S):	Molaro	
SYSTEM(S):	Chicago Teachers' Pension Fund	

FISCAL IMPACT: According to an analysis prepared by the Fund's actuary, HB 0870 would increase the accrued liability by an estimated $47.7 million. The increase in total annual costs is estimated to be $6.2 million, or 0.35% of payroll. Annual costs will grow at a rate commensurate to payroll.

SUBJECT MATTER: HB 0870 amends the Chicago Teachers' Article of the Pension Code to allow a teacher to receive a pension at age 60 with 10 years of service.

FISCAL IMPACT: According to an analysis prepared by the Fund's actuary, HB 0870 would increase the accrued liability by an estimate $47.7 million. The increase in total annual costs is estimated to be $6.2 million, or 0.35% of payroll. Annual costs will grow at a rate commensurate to payroll.

COMMENT/DISCUSSION: Currently, teachers in the Chicago Teachers' Pension Fund are eligible for a pension at age 55 with 20 years of service credit and at age 62 with 5 years of service credit. Teachers who retire at age 55 have their annuities reduced by ½ of 1% for each month that the teacher's age is under 60. HB 0870 would allow teachers who attain age 60 with 10 years of service credit to receive an unreduced pension. HB 0870 provides Chicago Teachers with the same age and service requirements that Downstate teachers in TRS already have in place.

HB 0870 amends the State Mandates Act to require implementation without reimbursement.

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