

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 0973**

February 20, 2007

SPONSOR(S): McAuliffe

SYSTEM(S): Chicago Police Pension Fund

FISCAL IMPACT: According to an analysis prepared by the Fund's actuary (based on 12/31/04 membership data), the estimated increase in accrued liability due to HB 0973 is \$8.3 million. The increase in normal cost is estimated to be \$1.2 million and the annual employer payment needed to amortize the estimated increase in accrued liability over 40 years is \$462.0 thousand. Therefore, the 1st year cost of HB 0973 is estimated to be \$1.7 million, or 0.18% of payroll. As payroll grows, the annual cost will increase with payroll.

SUBJECT MATTER: HB 0973 amends the Chicago Police Article of the Pension Code to increase the minimum duty disability benefit to 75% of the current salary attached from time to time to the rank held by the officer at the time of removal from the police department payroll, effective January 1, 2008.

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COMMENT: Currently, the initial duty disability benefit is equal to 75% of salary at the time the disability is allowed. Per Public Act 92-0052, the minimum duty disability benefit (that has been payable for at least 7 years) is 60% of the current salary attached to the rank and grade held by the police officer at the time of removal from the department payroll. In addition, Chicago Police officers with a permanent and total disability (as determined by the Board of Trustees) receive a benefit that is always equal to 75% of the salary attached to the rank and grade held by the officer at the time of removal from the department.

HB 0973 changes these provisions to require all duty disability benefits to always be equal to 75% of the current salary attached to the rank and grade held by the police officer at the time of removal from the department payroll. The bill applies to current and future duty disability benefit recipients, effective January 1, 2008.

HB 0973 amends the State Mandates Act to require implementation without reimbursement.

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