

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 1906**

October 12, 2007

SPONSOR (S): Lyons

SYSTEM(S): Chicago Firefighters' Article

FISCAL IMPACT: The fiscal impact of HB 1906 has not been calculated but is expected to be significant.

SUBJECT MATTER: HB 1906 amends the Chicago Firefighters' Article of the Illinois Pension Code. This bill compounds the automatic annual increase in retirement annuity at the rate of 3% and removes the 30% maximum for all firemen, regardless of date of birth.

FISCAL IMPACT: The fiscal impact of HB 1906 has not been calculated but is expected to be significant.

COMMENT: Currently, Chicago firefighters who qualify for minimum annuity benefits receive an automatic annual increase in their pension on the first month after the first year of retirement at age 60 (age 55 if born before January 1, 1955) and receive an increased monthly annuity of 1 ½% and each year thereafter, up to a maximum increase of 30%. P.A. 93-0654, which became effective on January 16, 2004, provided for an annual non-compounded increase of 3% without limit for firefighters born before January 1, 1955. HB 1906 provides that beginning January 1, 2008 all firemen eligible for a retirement annuity shall receive a 3% compounded annual increase. This bill also provides that firemen who withdraw from service on or after the effective date of this amendatory Act with at least 20 years of service credit are entitled to the initial increase on the first anniversary date of retirement, regardless of age. Firemen who withdraw from service before the effective date of this amendatory Act with at least 20 years of service credit and have not received the initial increase before January 1, 2008 will be entitled to receive the 3% increase on the first anniversary of the date of retirement, regardless of age.

HB 1906 amends the State Mandates Act to require implementation without reimbursement.

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