

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: SB 0212

February 9, 2007

SPONSOR (S): Crotty

SYSTEM(S): Downstate Police

FISCAL IMPACT: The fiscal impact of SB 0212 has not been calculated, but would be substantial. Allowing members to retire earlier creates additional liabilities for Downstate Police pension funds that must be amortized in accordance with a funding plan adopted by each respective pension fund.

SUBJECT MATTER: SB 0212 amends the Downstate Police article of the Illinois Pension Code to increase the maximum pension benefit from 75% to 80% of final salary. The bill also increases the benefit formula to allow police officers to reach the maximum benefit after 26 years of service (currently 30).

FISCAL IMPACT: The fiscal impact of SB 0212 has not been calculated, but would be substantial. Allowing members to retire earlier creates additional liabilities for Downstate Police pension funds that must be amortized in accordance with a funding plan adopted by each respective pension fund.

COMMENT: Currently, members of Article 3 (Downstate Police) pension funds who reach age 50 with 20 years of service credit can retire with a pension of 50% of the salary attached to the rank held by the officer on the last day of service or for one year prior to the last day, whichever is greater. Downstate police officers earn an additional 2.5% of final salary for each year of service in excess of 20, up to a maximum of 75% of final average salary. Hence, a Downstate police officer reaches the maximum pension benefit after 30 years of service. SB 0212 would allow a Downstate police officer to earn pension credit equal to 5.0% of final salary for each year of service credit in excess of 20, up to a maximum of 80% of final average salary. With this change, Downstate police officers would reach the maximum retirement benefit after 26 years of service.

Currently, Downstate police officers contribute 9.91% of salary towards their pensions. SB 0212 requires police officers to continue contributing 9.91% of salary plus any additional amount determined by the board to be necessary to fund the formula increase contained in the bill.

SB 0212 amends the State Mandates Act to require implementation without reimbursement.

DH:dkb

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