

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 0219**

March 1, 2007

SPONSOR(S): Martinez

SYSTEM(S): Chicago Teachers' Pension Fund

FISCAL IMPACT: According to the Fund's actuary, the fiscal impact of SB 0219 cannot be calculated due to a lack of information regarding dependent beneficiaries, but the costs are expected to be relatively minor.

SUBJECT MATTER: SB 0219 amends the Chicago Teachers' Article of the Pension Code to allow disabled children over the age of 18 to be eligible for a survivor's pension. SB 0219 also provides that, if there is no eligible surviving spouse or child, a dependent parent is entitled to a survivor's pension.

FISCAL IMPACT: According to the Fund's actuary, the fiscal impact of SB 0219 cannot be calculated due to a lack of information regarding dependent beneficiaries, but the costs are expected to be relatively minor.

COMMENT: SB 0219 makes the following changes to the Chicago Teachers' Article of the Pension Code:

Children's Annuity for Dependent Disabled Children

Currently, only unmarried children under the age of 18 are eligible for a children's annuity. The amount of the annuity depends on the number of children and if there is a surviving spouse, as follows:

Surviving Spouse	30% of salary or 50% of earned annuity (age 50)
Surviving Spouse with child(ren)	60% of average salary
One child (if no survivor)	30% of average salary
Two or more children	60% of average salary

SB 0219 does not change the benefit amounts, but rather expands the definition of eligible child to include disabled children over the age of 18, if the disabled child was dependent on the deceased teacher at the time of death. SB 0219 also provides that a children's pension that was terminated due to the attainment of age 18 can be reinstated, if the child meets the new definition of eligible child. The reinstated annuity would

begin to accrue on the first day of month following the month of application, but in no event sooner than January 1, 2008. Any refund of survivor contributions would have to be repaid, with interest (5% annually).

Parent's Annuity

Currently, dependent parents are not eligible for survivor's annuities under the Chicago Teachers' Article of the Pension Code. SB 0219 provides that if there is no eligible surviving spouse or eligible children, a parent's annuity is created for eligible parents of a deceased teacher. Eligible parents are defined as a parent of a deceased teacher who is disabled and was dependent upon the deceased teacher at the time of his or her death. The annuity would equal 30% final average salary for one eligible parent and 60% final average salary for two eligible parents.

Refunds

Currently, upon the death of an annuitant of the Chicago Teachers' Pension Fund, no refund is payable to the teacher's designated beneficiaries or estate until the deaths of all the beneficiaries and survivors who are entitled to benefits. The refund is equal to the excess in total contributions over the amount of pension payments made, plus the amount of any uncashed or withheld checks. SB 0219 changes these provisions to reflect the expanded definition of eligible child and the creation of a dependent parent benefit.

SB 0219 amends the State Mandates Act to require implementation without reimbursement.

DH:bs

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