

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2678**

March 5, 2019

SPONSOR (S): Zalewski

SYSTEM(S): Downstate Firefighters Pension Funds

FISCAL IMPACT: HB 2678 would very likely lead to an increase in the final average salaries Article 4 (Downstate Fire) pension funds use to determine monthly retirement benefits. The bill provides for a secondary method of calculating the final average salary using only half the number of months compared to current law, thus likely increasing the final average salary used to determine the monthly benefit. This would likely lead to an increase in accrued actuarial liabilities that would vary by fund.

SUBJECT MATTER: HB 2678 amends the Downstate Firefighters Article of the Pension Code by providing an additional option for determining the final average salary used to calculate the maximum pension a Tier 2 firefighter can receive. This second option would use half the number of months prior to retirement in determining the final average salary.

COMMENT: Current statute stipulates that for Tier 2 firefighters, final average salary for annuity purposes is determined by finding the consecutive 96-month long period with the highest total salary received in the last 120 months of employment, and dividing that total by the number of months examined. HB 2678 would halve this to the highest total salary received in a consecutive 48-month period within the last 60 months of service. Tier 2 firefighters' annuities would then be based upon the greater of the two averages.

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