

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 3050**

February 10, 2020

SPONSOR (S): Martwick

SYSTEM(S): Chicago Police Article

FISCAL IMPACT: SB 3050 removes a birthdate qualification in the Chicago Police article of the Pension Code regarding eligibility for a Tier 1 3% automatic annual increase in retirement annuity not subject to a maximum increase of 30%. According to the pension fund, removing the Tier 1 COLA birthdate restriction would impact 6,901 active officers and 229 retired officers. The pension fund reports that the increase in city contributions would be as follows: \$443,000 after 5 years, \$27.5 million after 10 years, \$158 million after 15 years, \$459 million after 20 years, \$990 million after 25 years, and \$1.7 billion after 30 years.

SUBJECT MATTER: SB 3050 amends the Chicago Police article of the Pension Code. The bill removes a birthdate restriction regarding Tier 1 eligibility for an automatic annual increase in retirement annuity of 3% not subject to a maximum increase of 30%.

COMMENT: Under current law, Tier 1 Chicago police officers retiring at 55 who were born after January 1, 1967 are entitled to receive a yearly 1 ½% non-compounded increase of retirement annuities subject to a 30% maximum increase (meaning a post-retirement COLA is not payable after 15 years). Those born before that date receive a 3% non-compounded automatic annual increase in retirement annuity that is not subject to a maximum increase of 30%. SB 3050 removes this birthdate restriction on eligibility for the Tier 1 3% increase with no 30% maximum.

SB 3050 also provides that any police officer born after January 1, 1966 who qualifies for a minimum annuity and has not received this increase is entitled to it on (1) January 1, 2020, (2) the first anniversary of the date of retirement, or (3) attainment of age 55, whichever occurs last.

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