

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 101ST GENERAL ASSEMBLY

BILL NO: **SB 3052**

February 14, 2020

SPONSOR (S): Martwick

SYSTEM(S): Chicago Police Article

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**FISCAL IMPACT:** SB 3052 adjusts final average salary and survivor benefits in the Chicago Police Article to match what was given to Downstate police officers as part of P.A. 101-0610, the 2019 Investment Consolidation Act. This change in benefits would increase annual City contributions to the pension fund. An actuarial analysis would be needed from the pension fund to determine the extent of this impact.

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**SUBJECT MATTER:** SB 3052 amends the Chicago Police Article of the Pension Code to adjust final average salary period and survivor benefits to match what was provided to Downstate police officers as part of P.A. 101-0610.

**COMMENT:** P.A. 101-0610, signed into law December 18, 2019, established the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Funds. It also amended final average salary calculation and survivor benefits for Tier 2 Downstate police officers. SB 3052 mirrors the changes made in P.A. 101-0610 for the Chicago Police Article, as follows:

#### **Matching Tier 2 Final Average Salary to P.A. 101-0610**

Currently, final average salary for Tier 2 police officers under the Chicago Police Article is calculated using the 96 consecutive months within the last 120 months of service in which the total salary was highest. SB 3051 amends the Chicago Police article so that:

- Final average salary is calculated using the greater of: (i) the method of calculation under the Article; or (ii) the 48 consecutive months within the last 60 months of service in which the total salary was highest.
- No provisions in this Act will cause any retroactive adjustment of employee contributions.

#### **Matching Tier 2 Survivor Benefits to P.A. 101-0610**

Currently, the Chicago Police Article entitles spouses, children, or parents of a Tier 2 police officer to survivor pensions equal to 66 2/3% of the police officer's earned pension at the date of death. SB 3051 amends the Chicago Police article so that:

- The survivors are entitled to the greater of (i) the survivor benefits as mentioned above, or (ii) 54% of the police officer or firefighter's monthly salary at the date of death.
- If a survivor is a spouse, then the guardian of any minor children, including children not yet born, would be entitled to 12% of such monthly salary for each child until they reach 18.
- A monthly pension of 20% of such monthly salary would be granted upon the death of the surviving spouse, or upon the death of a police officer or firefighter leaving one or more minor children but no surviving spouse, to an appointed guardian until the children reach the age of 18.

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