Proposed Change in the Law

This bill would set the maximum allowable pension at $132,900 starting on the effective date. This maximum amount would be increased annually by the consumer price index-u. It applies only to members who first participate in any system on or after the effective date. It is applicable to all Illinois public pension systems.

Reasons for Position

The proposal is applicable only to members who first participate in a pension system on or after the effective date of the legislation and it therefore complies with the pension protection clause of the Illinois Constitution.

In practice, this bill has no effect. The initial maximum pension is set at $132,900 in the first year, increasing by the CPI-u each year thereafter. Because all affected members would be Tier 2 members, their pensionable salary is capped at $115,928.92, increasing each year by only one-half of the CPI-u. The maximum pension percentage for a Tier 2 IMRF member in either the regular or SLEP plan is 75% of salary, meaning that the maximum Tier 2 pension amount in 2020 is $86,846.69. Because the pensionable wage cap is increasing only half as fast as this pension benefit cap, it is impossible for any member to ever reach the maximum set by this bill.