## COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

## 101ST GENERAL ASSEMBLY

BILL NO: HB 4566

February 19, 2020

SPONSOR (S): Cabello

SYSTEM(S): Downstate Firefighter, Chicago Firefighter Articles

FISCAL IMPACT: HB 4566 extends the deadline for transferring creditable service from the Firemen's Annuity and Benefit Fund of Chicago to a Downstate Fire pension fund to January 1, 2021. Under current law, the Article 4 (Downstate Fire) pension fund determines the payment required that would result in no significant increase in the Article 4 (Downstate Fire) fund's unfunded actuarial accrued liability.

According to the Chicago Fire Pension Fund, no member has yet completed this transfer process that was first opened under P.A. 101-0474.

<u>SUBJECT MATTER</u>: HB 4566 amends the Downstate Firefighter and Chicago Firefighter Articles of the Pension Code to extend the deadline for transferring creditable service between the Firemen's Annuity and Benefit Fund of Chicago to an Article 4 (Downstate Fire) pension fund to January 1, 2021.

<u>COMMENT</u>: Under current law, creditable service may be transferred to an Article 4 (Downstate Fire) pension fund from the Firemen's Annuity and Benefit Fund of Chicago until six months after August 23, 2019, the effective date of P.A. 101-0474. After the transfer of employee and employer contributions from the Chicago Fire pension fund, the Downstate Fire pension fund determines any additional payment required that would result in no significant increase in the Article 4 fund's unfunded actuarial accrued liability, taking into consideration factors such as age and salary history, among other items. Downstate Firefighters have 5 years from the date the application for the service credit transfer is made to finalize the transfer and any payments related thereto.

HB 4566 extends this Chicago Fire-to-Downstate Fire service credit transfer window to January 1, 2021. The Chicago Fire Pension fund notes that no Downstate Firefighters have applied to transfer this service credit since P.A. 101-0474 went into effect.

Under current law, there is no Downstate-to-Chicago service credit transfer window in operation.

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