# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

## 96TH GENERAL ASSEMBLY

BILL NO:	HB 0519, as amended by HA 2	March 13, 2009
SPONSOR (S):	Beiser - Brady	

SYSTEM(S): Downstate Police, Chicago Police, IMRF, Cook County Employees, SERS

FISCAL IMPACT: The fiscal impact of HB 0519, as amended by HA 2, cannot be calculated as the amount of service credit to be transferred is unknown. The bill requires members of SERS who are transferring service to pay the difference between the employee and employer contributions transferred to SERS and the amounts that would have been paid had the service been earned in SERS, plus interest at the actuarially assumed rate of interest (8.5%), compounded annually from the date of service to the date of payment. Therefore, the cost should be minimal.

<u>SUBJECT MATTER</u>: HB 0519, as amended, provides for the transfer of up to 5 years of police service credit from Downstate Police pension funds, the Chicago Police pension fund, IMRF, the Cook County Employees' Pension Fund, to the alternative formula under SERS.

<u>FISCAL IMPACT</u>: The fiscal impact of HB 0519, as amended by HA 2, cannot be calculated as the amount of service credit to be transferred is unknown. The bill requires members of SERS who are transferring service to pay the difference between the employee and employer contributions transferred to SERS and the amounts that would have been paid had the service been earned in SERS, plus interest at the actuarially assumed rate of interest (8.5%), compounded annually from the date of service to the date of payment. Therefore, the cost should be minimal.

#### COMMENTS:

#### Transfer of Police Service Credit from Downstate Police Funds to SERS

Currently, the Pension Code allows state troopers, Secretary of State Investigators, and Conservation police officers to transfer service credit from a Downstate Police fund to the SERS alternative formula. In order for the member to establish this service credit in SERS, the Downstate Police fund must transfer to SERS total employee and employer contributions, and any interest paid by the member in order to reinstate service to be transferred. HB 0519 extends this service credit transfer option to investigators for the Office of the Attorney General.

## Transfer of Police Service Credit from Chicago Police to SERS

Currently, the Pension Code allows state troopers, Secretary of State Investigators, and Conservation police officers to transfer service credit from the Chicago Police fund to the SERS alternative formula. In order for the member to establish this service credit in SERS, the Chicago Police fund must transfer to SERS total employee and employer contributions, and any interest paid by the member in order to reinstate service to be transferred. HB 0519 extends this service credit transfer option to investigators for the Office of the Attorney General.

## Transfer of Police Service Credit from IMRF to SERS

Currently, the Pension Code allows state troopers, Secretary of State investigators, Conservation police officers, investigators for the Office of the State's Attorneys Appellate Prosecutor, or a controlled substance inspector to transfer service credit from IMRF as a sheriff's law enforcement employee to the SERS alternative formula. In order for the member to establish this service credit in SERS, IMRF must transfer to SERS total employee and employer contributions, and any interest paid by the member in order to reinstate service to be transferred. HB 0519 extends this service credit transfer option to investigators for the Office of the Attorney General. The bill further clarifies that the IMRF service credit to be transferred to SERS for any of the aforementioned SERS job titles could have been earned in the capacity of a municipal police officer or a forest preserve police officer in IMRF.

# Transfer of Police Service Credit from Cook County Pension Fund to SERS

Currently, the Pension Code allows state troopers, Secretary of State Investigators, and Conservation police officers to transfer service credit from the Cook County pension fund to the SERS alternative formula. In order for the member to establish this service credit in SERS, the Cook County pension fund must transfer to SERS total employee and employer contributions, and any interest paid by the member in order to reinstate service to be transferred. HB 0519 extends this service credit transfer option to investigators for the Office of the Attorney General.

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