COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 0519**

February 13, 2009

SPONSOR (S): Beiser

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

FISCAL IMPACT: The fiscal impact of HB 0519 cannot be calculated as the amount of service credit to be transferred is unknown. The SERS article of the Pension Code contains a provision stating that the member must pay to SERS the difference between the amounts transferred from other retirement systems and the amount that would have been contributed had the member been a participant in SERS at the rates applicable to State policemen, plus interest at the effective rate (6.5%) for each year, compounded annually, from the date of service to the date of payment. Because of this, the retirement system reports that the impact should be relatively minor.

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

<u>FISCAL IMPACT</u>: The fiscal impact of HB 0519 cannot be calculated as the amount of service credit to be transferred is unknown. The SERS article of the Pension Code contains a provision stating that the member must pay to SERS the difference between the amounts transferred from other retirement systems and the amount that would have been contributed had the member been a participant in SERS at the rates applicable to State policemen, plus interest at the effective rate (6.5%) for each year, compounded annually, from the date of service to the date of payment. Because of this, the retirement system reports that the impact should be relatively minor.

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.

Transfer of Police Service Credit from SURS to SERS

Currently, the Pension Code allows state troopers, investigators for the Secretary of State, and conservation police officers to transfer service credit from SURS to the alternative formula under SERS. In order for the member to establish this service credit in SERS, SURS must pay to SERS employee and employer contributions, plus any interest paid by the applicant to reinstate service. HB 0519 extends this service credit transfer option to investigators for the Office of the Attorney General.

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