

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 3655, as amended by HA 1**

April 1, 2009

SPONSOR (S): Burke

SYSTEM(S): Chicago Fire, Downstate Fire

FISCAL IMPACT: In order to establish the service credit provided for in HB 3655, as amended by HA 1, a member of the Chicago Fire pension fund must pay the difference between employee and employer contributions transferred from a Downstate Fire pension fund and the amount that the Chicago Fire pension fund determines will result in no significant increase in the unfunded liabilities of the pension fund. The Chicago fireman will be responsible for paying the actuarially assumed rate of interest (8% compounded annually) in order to establish this service credit. Therefore, there should be little or no cost associated with HA 1 to HB 3655.

SUBJECT MATTER: HB 3655, as amended by HA 1, amends the Downstate Fire and Chicago Fire articles of the Illinois Pension Code. The bill allows active Chicago firefighters to transfer up to 10 years of creditable service from a Downstate Fire pension fund to the Chicago fire pension fund until January 1, 2010, by making the contributions specified below in the Comments section.

FISCAL IMPACT: In order to establish the service credit provided for in HB 3655, as amended by HA 1, a member of the Chicago Fire pension fund must pay the difference between employee and employer contributions transferred from a Downstate Fire pension fund and the amount that the Chicago Fire pension fund determines will result in no significant increase in the unfunded liabilities of the pension fund. The Chicago fireman will be responsible for paying the actuarially assumed rate of interest (8% compounded annually) in order to establish this service credit. Therefore, there should be little or no cost associated with HA 1 to HB 3655.

COMMENT: HB 3655, as amended by HA 1, provides that until January 1, 2010, an active member of the Chicago Fire Pension Fund may transfer to the Chicago Fire Pension Fund up to 10 years of service credit accumulated under a Downstate Fire pension fund by paying an amount determined by the board of the Chicago Fire pension fund to be equal to the difference between the amount of employee and employer

contributions transferred to the Chicago Fire pension fund and the amount that the Chicago Fire pension fund determines will result in no significant increase in unfunded liability to the pension fund, plus interest at the actuarially assumed rate (8%, compounded annually). This provision should serve to minimize the fiscal impact to the Chicago Fire pension fund.

DH:dkb

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