

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 3656**

March 10, 2009

SPONSOR (S): Hoffman

SYSTEM(S): Downstate Police

FISCAL IMPACT: When transferring service credit from one Downstate police pension fund to another, HB 3656 allows Downstate Police officers to either take a reduction in service credit or pay the difference between the amounts transferred from another police pension fund and the amount that would be necessary to cover the true cost of allowing the desired amount of service credit to be established in the officer's current pension fund. Therefore, there should be no cost to Downstate Police pension funds.

SUBJECT MATTER: HB 3656 amends the Downstate Police article of the Illinois Pension Code with respect to service credit transfers between Downstate Police funds. Specifically, if the amounts transferred from one police pension fund to another are insufficient to allow the desired amount of service credit to be established, the police officer will have the ability to either pay the difference or take a reduction in service credit.

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COMMENT: Under the Downstate Police Article of the Illinois Pension Code, if a police officer transfers service credit from one police pension fund to another, the board of the pension fund to which the service credit is being transferred must make a calculation to determine if the amounts transferred to the pension fund represent the true cost of allowing the police officer to establish the desired amount of service credit. If the amounts transferred are less than the true cost, then the police officer must pay to the pension fund an additional contribution equal to the difference between the amount transferred and the true cost to the pension fund for allowing the police officer to establish the service credit. HB 3656 gives the police officer the option of taking a reduction in service credit if the amount transferred is less than the true cost to the police pension fund for allowing the service credit to be established.

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