

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 4458**

February 3, 2012

SPONSOR (S): Brady

SYSTEM(S): Downstate Police, SURS

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**FISCAL IMPACT:** HB 4458 should not increase the accrued liabilities of SURS or any Article 3 (police) pension fund since the bill contains a provision stating that the SURS board and the boards of trustees of Article 3 pension funds must determine the “true cost” of establishing this additional service credit. The “true cost” amount is in addition to the employee and employer contributions, and repayments of refunds, if any, that are transferred between pension funds.

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**SUBJECT MATTER:** HB 4458 amends the Downstate Police and State Universities articles of the Illinois Pension Code to allow police officers to transfer up to 10 years of service credit in either direction between SURS and a Downstate Police pension fund.

**FISCAL IMPACT:** HB 4458 should not increase the accrued liabilities of SURS or any Article 3 (police) pension fund since the bill contains a provision stating that the SURS board and the boards of trustees of Article 3 pension funds must determine the “true cost” of establishing this additional service credit. The “true cost” amount is in addition to the employee and employer contributions, and repayments of refunds, if any, that are transferred between pension funds.

**COMMENT:** P.A. 96-0297 (HB 3656), which became effective on Aug. 11, 2009, provided for the transfer of service credit from IMRF to Downstate police pension funds in a manner similar to the service credit transfer provisions contained in HB 4458. P.A. 96-0297 also contained language empowering the boards of Downstate police pension funds to determine if the amounts transferred from IMRF met the “true cost” of allowing the transferred service credit to be established. This provision should ensure that no additional unfunded liabilities will be incurred as a result of transferring service credit between SURS and Article 3 (police) pension funds.

DH:dkb

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