

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98th GENERAL ASSEMBLY

BILL NO: **HB 3624**

April 15, 2013

SPONSOR(S): Bost

SYSTEM(S): Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT: IMRF pension payments would increase under HB 3624 because it would allow policemen to purchase IMRF service credit for time worked for a non-IMRF pension fund position. However, the mandated payment of all required employee contributions, employer contributions and appropriate interest by the annuitant should fully compensate IMRF actuarially for the resulting additional pension payments. The total fiscal impact upon IMRF pensions paid cannot be precisely determined because the exact number of policemen purchasing additional service credits in the future cannot be determined at this time.

SUBJECT MATTER: HB 3624 amends the IMRF Article of the Illinois Pension Code to revise the deadline for a policeman to transfer up to 10 years of service credit from a downstate police pension fund to IMRF.

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COMMENT: HB 3624 opens a new 180 day period during which policemen may buy service credit in IMRF for up to 10 years worked in downstate police pension funds. This purchased service time will be credited as a sheriff's law enforcement employee in IMRF. To establish service credit under HB 3624 the policeman shall do one of the following: (1) Pay to IMRF an amount to be determined by the Board to equal the difference between the amount transferred to IMRF by the downstate police pension fund and the amount which would have been contributed as a sheriff's law enforcement employee plus interest at the actuarially assumed

rate, or (2) Have the amount of creditable service established by HB 3624 reduced by an amount necessary to offset the difference in the employer and employee contributions, plus appropriate interest, that would have been required as a sheriff's law enforcement employee less the amount transferred to IMRF from the downstate police pension fund.

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