

to IMRF and the amount that would have been required had the member earned that service under IMRF.

The impact to Downstate Police Retirement Funds should be minimal as the bill requires the member to pay any difference between the amount being transferred from IMRF to Article 3 and the amount would have been required had the member earned the service under the Downstate Police Retirement Systems.

According to IMRF 468 applicants applied to transfer credit in 2005 and 368 applicants were eligible to complete the transfer. It is expected that 350 members will have their service credit reduced under Article 3 and Article 7.

COMMENT:

Transfer of Service Credit to IMRF from Article 3 (Downstate Police)

Currently, an IMRF member may transfer service credit from a Downstate Police fund to IMRF by paying IMRF the following amounts: the employer and employee contributions that would have been required if he had participated in IMRF during the period for which credit is being transferred, plus interest thereon at the effective rate for each year, compounded annually, from the date of termination to the date of payment. If this amount exceeds the amount actually transferred from a Downstate Police fund, then the amount of creditable service established in IMRF shall be reduced by a corresponding amount.

HB 4603, as amended by HA #1, provides that if the member applies for a transfer of service credit before January 1, 2010 and makes an additional contribution equal to the difference between the amount transferred from a Downstate Police fund and IMRF and the amount actually required, then the member will not suffer a loss of service credit.

Transfer of Service Credit to Article 3 (Downstate Police) from IMRF

Until January 1, 2010, a member of a Downstate Police retirement fund may transfer service credit from IMRF but only for the amount of service credit reduction in that transfer. This credit may be established upon payment by the police officer of an amount to be determined by the board, equal to: (1) the amount that would have been contributed as employee and employer contributions had all of the service been rendered as an employee of a Downstate Police Fund, plus interest calculated at 6% per year, compounded annually from the date of service to the date of the transfer, less (2) the total amount transferred from the IMRF fund, plus (3) interest on the difference at the rate of 6% per year, compounded annually, from the date of transfer to the date of payment.

Reduction in Service Credit from Article 3 (Downstate Police) to IMRF

PA 94-356 effective July 29, 2005 and PA 95-530 effective August 8, 2007 both amended Articles 3 and 7 of the Pension Code, giving limited transfer ability to certain IMRF members and certain police pension fund members. PA 94-356 provided if the amount by which the employer and employee contributions that would have been required if a member had participated in IMRF during the period for which credit is being transferred (plus interest), exceeds the amount actually transferred to the Fund,

then the amount of creditable service established shall be reduced by a corresponding amount. The Act also provided that the IMRF Board would establish the manner of making the calculation. PA 94-356, as well as the IMRF Board Resolution, provided for a proportional reduction in service credit if the amount paid to IMRF from the police pension fund did not fully cover the amount of the employer and employee contributions, plus interest, that would have been required had the person participated in IMRF during the period for which credit was being transferred.

HB 4603, as amended by HA #1, allows police officers who are members of the Downstate Police Retirement Funds and IMRF to establish additional service credit but only in an amount equal to any reduction in credit transferred from one fund to another.

HB 4603, as amended by HA #1, amends the State Mandates Act to require implementation without reimbursement.

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