COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: HB 4603

February 8, 2008

SPONSOR (S): Beiser

SYSTEM(S): Illinois Municipal Retirement Fund, Downstate Police Systems

FISCAL IMPACT: The fiscal impact of HB 4603 cannot be determined as the number of members who will seek credit transfers is unknown. The impact to IMRF should be minimal as the bill requires the member to pay any difference between the amount being transferred from a Downstate Police pension fund to IMRF and the amount that would have been required had the member earned that service under IMRF.

<u>SUBJECT MATTER</u>: HB 4603 amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code. This bill provides that a member of the fund who seeks to transfer service credit from a Downstate Police Fund to IMRF must pay certain amounts to avoid a reduction in creditable service being transferred.

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<u>COMMENT</u>: Currently, an IMRF member may transfer service credit from a Downstate Police fund to IMRF by paying to 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 shall be reduced by a corresponding amount.

HB 4644 provides that if the member applies for a transfer of service credit before January 1, 2009 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.

HB 4603 amends the State Mandates Act to require implementation without reimbursement.

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