

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 5156, as amended by HA #001** March 26, 2008

SPONSOR (S): Hoffman

SYSTEM(S): Village of Glen Carbon Police Pension Fund

FISCAL IMPACT: According to the Public Pension Division of the Illinois Department of Financial and Professional Regulation, the Glen Carbon police pension fund had a funding ratio of 65.7% as of March 6, 2008. HB 5156, as amended by HA #001, should not have any fiscal impact on the pension fund.

SUBJECT MATTER: HB 5156, as amended by HA #001, allows a police officer who was excluded from participation in the Glen Carbon police pension fund by reason of his or her failure to make written application to the board within 3 months of his or her first appointment or reappointment to elect to participate in the fund. In addition, the bill, as amended, allows these persons to establish creditable service in the fund for periods of employment during which they did not participate as active members of the fund.

FISCAL IMPACT: According to the Public Pension Division of the Illinois Department of Financial and Professional Regulation, the Glen Carbon police pension fund had a funding ratio of 65.7% as of March 6, 2008. HB 5156, as amended by HA #001, should not have any fiscal impact on the pension fund.

COMMENT: Currently, the Pension Code stipulates that membership in a Downstate Police (Article 3) pension fund is contingent upon becoming a sworn police officer in a municipality that has established such a fund. The police officer must, within 3 months of his or her first appointment or reappointment, make a written application to the board of trustees of the pension fund in order to establish membership in the police pension fund.

HB 5156, as amended by HA #001, allows a police officer who was excluded from participation in the Glen Carbon police pension fund by reason of his or her failure to make written application to the board within 3 months of his or her first appointment or reappointment to elect to participate in the fund. The police officer must make a written application to the board no later than January 1, 2009, and shall begin participation on the first day of the month following the month in which the application is received by the board.

In addition, the bill provides that such persons may establish creditable service for periods as a police officer during which they did not participate by paying into the police pension fund an amount equal to 1) employee contributions that would have been required had the police officer been an active member of the system; 2) applicable employer contributions; and 3) interest on the foregoing amounts at the actuarially assumed rate, compounded annually, from the date of service to the date of payment.

HB 5156, as amended by HA #001, amends the State Mandates Act to require implementation without reimbursement.

DH:dkb

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