

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 5692**

March 10, 2008

SPONSOR (S): Hoffman

SYSTEM(S): Downstate Police Article

FISCAL IMPACT: The fiscal impact of HB 5692 is expected to be minimal as members of Downstate Police pension funds are required to either make an additional contribution to the fund or have their Downstate Police service credit reduced by an amount determined by the board of the Downstate Police pension fund

SUBJECT MATTER: HB 5692 amends the Downstate Police Article of the Illinois Pension Code to allow the board of trustees of a Downstate Police pension fund to elect to allow a police officer who is transferring service credit (from one downstate police pension fund to another) the option of having his or her service credit reduced rather than paying into the pension fund within a specified payment period.

FISCAL IMPACT: The fiscal impact of HB 5692 is expected to be minimal as members are required to either make an additional contribution to the fund or have their service credit reduced by the amount transferred.

COMMENT: Currently, if a Downstate Police Pension board determines that the amount of service credit transferred from IMRF or a Downstate Police pension fund is less than the true cost to the pension fund of allowing that creditable service to be established, the police officer must pay to the pension fund, within a specific payment period, an additional contribution equal to the difference, as determined by the board.

HB 5692 allows the board of the Downstate Police Pension fund to which IMRF service credit and related contributions are transferred to determine if the amount transferred is less than the true cost to the pension fund allowing the service credit to be established. In the event that the board makes such a determination, the police officer may elect to: A) establish the full amount of the service credit transferred by paying to the Downstate Police pension fund within the payment period, an additional contribution equal to the difference, as established by the board or B) have his or her service credit reduced by an amount equal to the difference between the amount transferred from IMRF and the true cost to the Downstate Police pension fund of allowing that IMRF service credit to

be established. The bill also provides additional contributions that are required or elected must be paid to the board within 5 years from the date of transfer and before the police officer terminates services with the fund.

HB 5692 amends the State Mandates Act to require implementation without reimbursement

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