

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 95TH GENERAL ASSEMBLY

BILL NO: **HB 5774**

March 4, 2008

SPONSOR (S): Kosel

SYSTEM(S): Downstate Police Retirement Funds and Illinois Municipal Retirement Fund

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**FISCAL IMPACT:** The fiscal impact of HB 5774 cannot be determined as the number of members who will seek credit transfers is unknown.

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**SUBJECT MATTER:** HB 5774 amends the Downstate Police Article and the Illinois Municipal Retirement Fund Article of the Illinois Pension Code to allow active members who have accumulated a minimum of 8 years of service credit to transfer all or portions of service credit until January 1, 2009. This bill also allows sheriff's law enforcement employees to transfer service credit from Downstate Police to IMRF.

**FISCAL IMPACT:** The fiscal impact of HB 5774 cannot be determined as the number of members who will seek credit transfers is unknown.

**COMMENT:**

**Transfer of Service Credit from a Downstate Police Fund to IMRF**

Currently, until January 1, 2008, any active member of IMRF who has less than 8 years of service credit in a Downstate Police fund may apply for transfer of service credit to IMRF. Upon payment to IMRF, the service credit will be transferred in an amount equal to: 1) the amounts accumulated to the credit of the applicant on the books of the police pension fund on the date of transfer; and 2) employer contributions and 3) any interest paid by the applicant in order to reinstate service in a Downstate police fund. HB 5774 allows active members of IMRF to transfer service credit until January 1, 2009. Service credit transferred to the IMRF Fund by an active member of a Downstate Police Retirement Fund who is a sheriff's law enforcement employee will have the service deemed as a sheriff's law enforcement employee. If the transfer occurs during a return to service as a sheriff's law enforcement employee, the member

may elect to have the retirement annuity recalculated in lieu of receiving supplemental annuity.

*Transfer of Service Credit from IMRF to a Downstate Police Fund*

Currently, until January 1, 2008 an active participant within a Downstate Police Retirement Fund may apply for transfer of the service credit accumulated. At the time of the transfer, IMRF shall pay to the police pension fund an amount equal to: 1) the amounts accumulated to the credit of the applicant, including interest; and 2) the municipality credits based on that service, including interest; and 3) any interest paid by the applicant in order to reinstate that service. HB 5774 extends this service credit transfer window until January 1, 2009.

HB 5774 provides an active member of a Downstate Police pension fund wishing to transfer creditable service from IMRF to a Downstate Police fund to reinstate all or any portion of his or her service credit that was terminated by receipt of a refund in IMRF by paying to the Fund the amount of the refund plus interest at a rate of 6% per year, compounded annually, from the date of refund to the date of payment.

HB 5774 amends the State Mandates Act to require implementation without reimbursement.

BB:dkb

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