

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

ACT NO: **P.A. 95-0530 (SB 0065)** September 28, 2007

SPONSOR (S): Silverstein – Maloney (Sacia)

SYSTEM(S): Downstate Police Pension Funds, State Employees' Retirement System, IMRF, Chicago Police Pension Fund, Cook County Pension Fund, State Universities Retirement System

FISCAL IMPACT: The impact of P.A. 95-0530 cannot be calculated as the amount of police service credit to be transferred amongst the various pension funds is unknown.

SUBJECT MATTER: P.A. 95-0530 amends various articles of the Illinois Pension Code to provide for the transfer of police service credit amongst several pension funds. The Act is designed to allow police officers who have service credit in multiple funds to consolidate all service credit into one fund.

FISCAL IMPACT: The impact of P.A. 95-0530 cannot be calculated as the amount of police service credit to be transferred amongst the various pension funds is unknown.

COMMENTS:

Transfer of Tax Levy Proceeds to Downstate Police Funds

P.A. 94-0859, which became effective on June 15, 2006, amended the Downstate Firefighters' Article of the Illinois Pension Code to provide for the transfer of property tax proceeds to the treasurer of Downstate Fire pension funds within 30 days of receipt by the county in which the pension fund is located. P.A. 95-0530 mirrors the requirement in P.A. 94-0859 that proceeds from the pension tax levy be forwarded to the treasurer of the Downstate Police pension fund within 30 days after receipt by the county.

Transfer of Service Credits from Downstate Police Funds to SERS

Currently, any member of the State Employees' Retirement System who is an investigator for the Office of the State's Attorneys Appellate Prosecutor or a controlled substance inspector may transfer all of his or her creditable service in a Downstate Police pension fund to SERS upon payment by the Downstate Police fund to SERS in an amount equal to (1) employee contributions, (2) employer contributions, and (3) any interest paid by the applicant in order to reinstate service credit.

P.A. 95-0530 expands eligibility for such transfers to State policemen, investigators for the Secretary of State, and Conservation police officers. The Act stipulates that any person applying for a transfer of service credit may reinstate service that was terminated in a Downstate Police fund by receipt of a refund by paying to the Downstate Police fund the amount of the refund, with interest at 6% compounded annually, from the date of the refund to the date of payment.

Transfer of Service Credit from Downstate Police Funds to IMRF

P.A. 94-0356, which became effective on July 29, 2005, allowed active participants in IMRF with less than 8 years of creditable service in a Downstate Police Pension Fund to transfer that service credit to IMRF. The member must have applied in writing by January 1, 2006. Along with the service credit, employee and employer contributions were to be transferred from the Downstate Police pension fund to IMRF, including any interest on those contributions.

P.A. 95-0530 allows for a similar window for the transfer of service credit from a Downstate Police fund to IMRF until January 1, 2008. The Act also stipulates that, until January 1, 2008, an IMRF member who wishes to transfer service credit from a Downstate Police Fund may reinstate service credit that was terminated by receipt of a refund by paying to the Downstate Fund the amount of the refund with interest at 6%, compounded annually, from the date of the refund to the date of payment.

The Act also amends the IMRF article to stipulate that the person transferring service credit must pay to IMRF an amount equal to the difference between the amount of employee and employer contributions transferred to IMRF from the Downstate Police fund and the amounts that would have been contributed had the service credit been earned as a member of IMRF, plus interest at the effective rate (6%) each year, compounded annually, from the date of service to the date of payment.

Transfer of Service Credit from Chicago Police Fund to SERS

P.A. 87-1265, which became effective on January 25, 1993, implemented a one-year window for any active member of SERS who was a State policeman or investigator for the Secretary of State to transfer his or her creditable service from the Chicago Police Pension Fund to SERS.

P.A. 95-0530 allows State policemen, conservation police officers, and investigators for the Secretary of State to transfer an unlimited amount of service credit from the Chicago Police Pension Fund to SERS. The Act stipulates that the Chicago Police Pension Fund shall pay to SERS an amount equal to (1) the amounts accumulated to the credit of the applicant for the service to be transferred to SERS; (2) the corresponding Chicago Police credits, including interest, on the books of the Chicago Police fund on the date of the transfer, and (3) any interest paid by the applicant in order to reinstate service to be transferred.

Transfer of SLEP Service Credit from IMRF to SERS

Currently, any active member of SERS who is an investigator for the Office of the State's Attorneys Appellate Prosecutor or a controlled substance inspector may transfer all of his or her Sheriff's Law Enforcement Personnel (SLEP) service credit to SERS. P.A. 95-0530

adds State Policemen, investigators for the Secretary of State, and conservation police officers to the list of those eligible to transfer SLEP service credit from IMRF to SERS. The Act stipulates that creditable service shall be transferred only upon payment by IMRF to SERS in an amount equal to (1) the amounts accumulated to the credit of the applicant; (2) municipality credits based on SLEP service, including interest, and (3) any interest paid by the applicant to reinstate SLEP service that was terminated by acceptance of a refund.

Transfer of Service Credit from IMRF to Downstate Police Pension Funds

P.A. 94-0356, which became effective on July 29, 2005, allowed active participants in a Downstate Police pension fund with less than 8 years of creditable service in IMRF to transfer all of their IMRF service credit to a Downstate Police pension fund by January 1, 2006. At the time of the transfer, IMRF must have paid to the Downstate Fund an amount equal to (1) the amounts accumulated to the credit of the applicant under IMRF; (2) the municipality credits based on that service, including interest, and (3) any interest paid by the applicant in order to reinstate IMRF service that was terminated due to payment of a refund. P.A. 95-0530 re-opens this window for Downstate Police members to transfer all of their IMRF service credit to a Downstate Police fund until January 1, 2008.

Transfer of Service Credit from Cook County Pension fund to SERS

P.A. 87-1265, which became effective on January 25, 1993, implemented a one-year window for any active member of SERS who was a State policeman to transfer all or some of his or her creditable service from the Cook County Pension Fund to SERS. P.A. 95-0530 allows State policemen, conservation police officers, and investigators for the Secretary of State to transfer some or all of their service credit from the Cook County Pension Fund to SERS. The Act stipulates that the Cook County Fund shall pay to SERS an amount equal to (1) the amounts accumulated to the credit of the applicant for the service to be transferred to SERS; (2) the corresponding Cook County credits, including interest, on the books of the Cook County fund on the date of the transfer, and (3) any interest paid by the applicant in order to reinstate service to be transferred.

Transfer of Service Credit from SURS to SERS

P.A. 95-0530 allows members of SERS who are employed as State Policemen, investigators for the Secretary of State, or conservation police officers to transfer some or all of their creditable service accumulated in the State Universities' Retirement System as a police officer to SERS. The Act stipulates that SURS shall pay to SERS an amount equal to (1) the amounts accumulated to the credit of the applicant for the service to be transferred to SERS, including interest, as of the date of transfer; (2) employer contributions equal in amount to the accumulated employee contributions, and (3) any interest paid by the applicant in order to reinstate service.

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