

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 95TH GENERAL ASSEMBLY

BILL NO: **SB 1380, as amended by HA #1** June 1, 2007  
SPONSOR (S): Raoul (Molaro – Fritchey, et al.)  
SYSTEM(S): Illinois Municipal Retirement Fund, Downstate Police Pension Funds,  
Cook County Pension Fund, Chicago Police Pension Fund, Chicago  
Municipal Pension Fund

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**FISCAL IMPACT:** The fiscal impact of the service credit transfer provisions in SB 1380, as amended by HA #1, cannot be determined as it is unknown how many participants will transfer service credit.

The fiscal impact of the Chicago Police provisions relating to handicapped children's and widows' annuities is expected to be minimal.

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**SUBJECT MATTER:** SB 1380, as amended by HA #1, amends the Downstate Police and Cook County Articles of the Illinois Pension Code to allow employees to transfer up to six years of creditable service from a Downstate Police Pension Fund to the Cook County Pension Fund. This bill also provides that a Chicago Police widow's annuity shall no longer be subject to termination or suspension due to remarriage, subject to an evidentiary hearing. This bill also eliminates age limitation placed on Chicago Police Children's Annuities for children who are so severely physically or mentally handicapped that they are unable to support themselves.

**FISCAL IMPACT:** The fiscal impact of SB 1380, as amended by HA #1, cannot be determined as it is unknown how many participants will be eligible but it is expected to become minimal.

**COMMENT:**

*Transfer of Service Credit from Downstate Police Fund to Cook County Pension Fund*

SB 1380, as amended by HA #1, allows any active member of the pension fund to apply for a transfer of up to 6 years of creditable service in any Downstate police pension fund to the Article 9 (Cook County) Pension Fund. This creditable service shall be transferred only upon payment of an amount equal to: (1) the amounts accumulated to the credit of the applicant on the books of the fund on the date of transfer; (2) employer contributions; and (3) any interest paid by the applicant to reinstate service. This bill also provides that participation in the police pension fund shall terminate on the date of transfer.

*Annuities for Widows of Officers who Die in Line of Duty*

Currently, wives and widows of police officers who dies in the line of duty are not entitled to annuities if the marriage occurred less than one year before the police officers death. SB 1380, as amended by HA #1, allows a wife or a widow of a policeman, who dies in service, if the marriage was less than one year, to be considered for an annuity if the policeman dies in the performance of an act of duty. This consideration will be determined by an evidentiary hearing. If the Board determines special circumstances exist regarding a widow's annuity, the Board may grant the award.

*Annuities for Widows of Officers who Withdraw or Die out of Service*

Currently, a wife or widow of a policeman who withdraws or dies out of service will not be entitled to an annuity if the marriage occurred less than one year prior to the policeman's death, and the widow was not his wife while he was in service. SB 1380, as amended by HA #1, allows for the payment of a widow's annuity under such circumstances, subject to an evidentiary hearing. If the Board determines special circumstances exist regarding a widow's annuity, the Board may grant the award.

*Resumption of Annuities for Remarried Widows*

Currently, any annuity granted to a widow of a Chicago police officer shall be suspended when she remarries unless her husband's death was from an injury in the performance of an act of duty; or she remarries after reaching age 60. SB 1380, as amended by HA #1, allows any widow's annuity that was previously terminated or suspended as a result of remarriage to be resumed as of the date of application. The resumption shall not be retroactive and applies regardless of whether or not the deceased policeman was in the service on or after the effective date of this Act.

*Age Limitations Eliminated for Disabled Dependents*

Currently, a child's annuity paid from the Chicago Police Pension Fund shall not be reduced or terminated by reason of reaching 18 years of age if he or she is then dependant due to a physical or mental disability. Under current law, "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. For purposes of determining eligibility for children's annuities, SB 1380, as amended by HA #1, eliminates age limitations placed on children who are so physically or mentally handicapped that they are unable to support themselves. The first payment shall be payable one month after the date upon which the annuity accrues.

*Transfer of Service Credit from Chicago Municipal to IMRF*

SB 1380, as amended by HA #1, allows any eligible member who is a sheriff's law enforcement employee under IMRF (Article 7) to transfer an unlimited amount of service credit from the Chicago Municipal Fund to the Illinois Municipal Retirement Fund. Upon application, the credits and creditable service shall be transferred to IMRF and include payments by the Chicago Municipal Fund to IMRF, consisting of: (1) the amounts accumulated to the credit of the applicant of the fund, including interest, on the books of the fund on the date of transfer; (2) corresponding employer credits computed and credit for that service.

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