

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 1741**

March 2, 2007

SPONSOR(S): Delgado

SYSTEM(S): Chicago Police Pension Fund

FISCAL IMPACT: The fiscal impact of SB 1741 cannot be calculated, as the amount of service credit that would be established is unknown. As the bill requires the police officer to make a payment equal to the employee contribution, the employer's normal cost, plus interest in order to purchase the optional service credit, the cost to the pension fund should be minimal.

SUBJECT MATTER: SB 1741 amends the Chicago Police Article of the Pension Code to allow active members of the Fund with at least 5 years of service credit to establish up to 10 years of service credit for service as a police officer under Article 3 (Downstate Police), Article 9 (Cook County) Article 14 (SERS alternative formula), or as a law enforcement officer with the Chicago Housing Authority.

FISCAL IMPACT: The fiscal impact of SB 1741 cannot be calculated, as the amount of service credit that would be established is unknown. As the bill requires the police officer to make a payment equal to the employee contribution, the employer's normal cost, plus interest in order to purchase the optional service credit, the cost to the pension fund should be minimal.

COMMENT: SB 1741 allows active members of the Chicago Police Pension Fund with at least 5 years of service credit to establish up to 10 years of service credit in that fund for police service under Article 3 (Downstate Police), Article 9 (Cook County), or Article 14 (SERS alternative formula) of the Pension Code. Chicago Police officers may also establish up to 5 years of service credit for police service rendered for the Chicago Housing Authority. (The CHA pension plan is not governed by the Pension Code). The service credit must not be applied towards an annuity in any other Article of the Pension Code and the member must apply in writing to the Fund by January 1, 2009 and make a payment to the fund equal to the employee and employer contributions (as determined by the Fund), plus 4% interest compounded annually from the date of first participation to the date of payment. The bill specifies that rollovers from qualified retirement plans may be used to make the required employee contributions.

SB 1741 amends the State Mandates Act to require implementation without reimbursement.

DH:dkb

LRB095 06678 AMC 26790 b