

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 2954** March 3, 2017

SPONSOR (S): Cavaletto

SYSTEM(S): Downstate Firefighters and Illinois Municipal Retirement Fund

FISCAL IMPACT: According to the Department of Insurance, the number of potentially affected fire chiefs is unknown. Without knowing the amount of possible participants, it is difficult to discern a fiscal impact. An updated impact note will be submitted when more information is available.

SUBJECT MATTER: HB 2954 allows chiefs of fire departments, participating in a Downstate Firefighters pension fund, to switch to participation in IMRF.

COMMENT: HB 2954 amends the Downstate Firefighters and the Illinois Municipal Retirement Fund (IMRF) articles of the Illinois Pension Code in the following ways:

Downstate Firefighters

- A person who, on or after July 1, 2018, becomes a chief of a fire department of a participating municipality shall participate in IMRF with respect to that employment as chief.
- Until July 1, 2018, a person who is employed as the chief of a fire department of a participating municipality and is a member of a Downstate Firefighters pension fund, may elect to terminate participation in that pension fund.
 1. Until July 1, 2018, those who make the election above may, at the same time, also elect to begin participating in IMRF with respect to that employment as chief.
 2. If a chief elects to terminate his or her participation in a Downstate Firefighter pension fund, but declines to participate in an IMRF fund, the municipality may provide an alternative retirement plan.
- Until July 1, 2018, any active member of IMRF who participates in that Fund as the fire chief may apply for transfer of his or her creditable service accumulated in a pension fund established in a Downstate Firefighters pension fund to IMRF. Such payments shall be transferred only upon payment by the Downstate Firefighters pension fund to IMRF of an amount equal to all of the following:

1. The amounts accumulated to the credit of the applicant for that service on the books of the fund on the date of transfer
 2. Employer contributions equal to the amount in *1*.
 3. Any interest paid by the applicant in order to reinstate service.
- Until July 1, 2018, any fire chief transferring credits, in the manner previously described, may reinstate credits for service in that position that were terminated upon receipt of a refund, by payment to the firefighter's pension fund of the amount of the refund, with interest of 6% per year, compounded annually from the date of the refund to the date of the payment.
 - The term "firefighter" does not include a person who is employed as the chief of a fire department if that person is any of the following:
 1. Is ineligible to participate in the Downstate Firefighters pension fund for the fire department where he or she is employed as chief.
 2. Has elected to terminate participation in the Downstate Firefighters pension fund for that department where he or she is employed as chief.
 3. Is actively participating in the Illinois Municipal Retirement Fund (IMRF) with respect to that employment as chief.

IMRF

- Any person employed as a fire chief in a Downstate Firefighters pension fund that switches to IMRF fund in the manner described in the "Downstate Firefighters" section of this note shall be considered a participating employee under IMRF with respect to that employment as chief.

JL:dkb

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