

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 2336**

March 3, 2020

SPONSOR (S): McConchie

SYSTEM(S): Downstate Fire

FISCAL IMPACT: The fiscal impact of SB 2336 cannot be determined as it is unknown how many retired fire chiefs will be incentivized to return to active service as a result of the bill. The Department of Insurance believes that up to 50% of retired fire chiefs could be incentivized to return to service as a result of this bill. DOI notes that firefighters/chiefs cannot accrue service credit and receive a pension simultaneously in the same fund, but a firefighter/chief can currently receive a Downstate Fire pension from one fund while accruing service credit in another fund. Accordingly, the fiscal impact of SB 2336 could only be determined on a case-by-case basis, and the level of benefits to be provided under the new defined contribution (DC) plan would have to be known for an actuary to perform a comparative cost study.

SUBJECT MATTER: SB 2336 amends the Downstate Fire Article of the Pension Code. The bill requires a fire chief who is collecting pension payments from a Downstate Fire pension fund and reenters service after January 1, 2021 in any municipality with a Downstate Fire pension fund to participate in a defined contribution plan established by that municipality.

COMMENT: SB 2336 amends the Downstate Fire Article of the Pension Code such that any fire chief collecting pension payments who reenters service after January 1, 2021 may continue to receive pension payments during that period of active service, but they must participate in a defined contribution plan established by the municipality in which they reenter service. The defined contribution plan must comply with all applicable federal laws, and must provide disability benefits at least equal to what the fire chief would receive if he or she was a participant in that municipality's Downstate Fire pension plan. The bill does not specify employee or employer contribution levels to the DC plan.

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