

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 0381**

February 4, 2021

SPONSOR (S): Ugaste

SYSTEM(S): Downstate Police, Downstate Fire

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**FISCAL IMPACT:** The fiscal impact of HB 0381 cannot be determined as the number of service credit transfers between Downstate Police and Downstate Fire pension funds is unknown. So long as the employee and employer contributions transferred to the Downstate Fire pension fund in which service credit is being established are equal to the increase in accrued liability associated with the service credit being established, there would be no fiscal impact to the that Downstate Fire pension fund.

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**SUBJECT MATTER:** HB 0381 amends the Downstate Police and Downstate Fire articles of the Pension Code to allow for service credit transfers between Downstate Police and Downstate Fire pension funds administered by different municipalities. The service credit transfer window will last for 6 months after the effective date of the bill.

**COMMENT:** P.A. 100-0544, which became effective on November 8, 2017, opened up a window for service credit transfers from Downstate Police Pension Funds to Downstate Fire Pension Funds. Under the Act, an active member of a Downstate Fire pension fund could transfer up to 6 years of service credit in a Downstate Police fund to a Downstate Fire fund that was administered by the same unit of local government, if the member was not subject to disciplinary action when he or she terminated service with the police department. The Act provided a 6-month window for such service credit transfers after the effective date.

HB 0381 opens a similar window, but for transfers from a Downstate Police fund to a Downstate Fire fund that is administered by another unit of local government within 6 months of the effective date. The police pension fund must pay to the fire pension fund an amount equal to 1) the amounts accumulated to the credit of the applicant on the date of transfer of service credit; 2) employer contributions in an amount equal to the amount previously stated in item 1, and 3) any interest paid by the applicant in order to reinstate service in the Downstate Police fund.

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