

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 0381, as engrossed** May 10, 2021
SPONSOR (S): Ugaste – Didech, et al (Anderson)
SYSTEM(S): Downstate Police, Downstate Fire

FISCAL IMPACT: The fiscal impact of HB 0381, as engrossed, cannot be determined as the amount of service credit transfers between Downstate Police and Downstate Fire pension funds is unknown. To the extent that the amounts transferred from Downstate Police pension funds are greater than or equal to the increase in the actuarial accrued liabilities associated with that service in the pertinent Downstate Fire pension fund, there should be no fiscal impact to that Downstate Fire pension fund.

SUBJECT MATTER: HB 0381, as engrossed, amends the Downstate Police and Downstate Fire articles of the Pension Code to allow a firefighter to transfer up to 8 years of credit from a Downstate Police pension fund “administered by a unit of local government” to a Downstate Fire pension fund. 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, as engrossed, opens a similar window, but for transfers from a Downstate Police fund that is administered by “a unit of local government” to a Downstate Fire fund within 6 months of the effective date of this bill. 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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