

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 4209, as amended by HA 1**

February 24, 2022

SPONSOR (S): Stuart

SYSTEM(S): IMRF, Downstate Police

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**FISCAL IMPACT:** To the extent that the amounts transferred from IMRF and/or SURS to a Downstate Police Pension Fund are greater or equal to the increase in the actuarial accrued liability associated with the service credit to be established in the Downstate Police fund, there should be no fiscal impact to the Downstate Police fund associated with HB 4209, as amended by HA 1. The bill requires that any difference between the amounts transferred from IMRF and/or SURS to the Downstate Police pension fund and the amounts that would have been contributed had such contributions been made while a member of the relevant Downstate Police fund will be made by the member transferring the service credit, plus interest at the actuarially assumed rate of return.

IMRF says that in prior service credit transfer window openings of this nature, only a handful (2-3 at most) have transferred service. The number of Downstate Police officers who may wish to transfer previous service credit in SURS to a Downstate Police Pension Fund is unknown.

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**SUBJECT MATTER:** HB 4209, as amended by HA 1, amends the IMRF, SURS, and Downstate Police Articles of the Pension Code. The bill reopens the IMRF-to-Downstate Police service credit transfer window established in P.A. 102-0125, and expands service credit transfer eligibility to include Downstate Police members who performed “administrative duties related to law enforcement” with an IMRF employer. The bill also allows for police duty service credit transfers between SURS and Downstate Police pension funds, with payment amounts and the prescribed timeframe enumerated in the Comment Section below.

**COMMENT:**

***Service Credit Transfer from Article 3 (Downstate Police) to IMRF***

P.A. 102-0125 (HB 126), which took effect on July 23<sup>rd</sup>, 2021, opened a window during which a member of a Downstate Police pension fund may apply to transfer to that fund his or her credits and creditable service accumulated in IMRF as a sheriff’s law enforcement

employee, person employed by a participating IMRF municipality to perform police duties, or law enforcement officer employed on a full-time basis by a forest preserve district. The service credit transfer will only occur upon payment by IMRF to the Downstate Police fund in an amount equal to 1) the amounts accumulated to the credit of the applicant for the service to be transferred, including interest, and 2) an amount representing employer contributions, and 3) any interest paid by the applicant to reinstate service. The Act did not limit the amount of service credit that can be transferred. The transfer of service credit must have occurred within six months of the effective date of the act (by January 23<sup>rd</sup>, 2022).

P.A. 102-0113 required that any difference between the amounts transferred from IMRF to the Downstate Police pension fund and the amounts that would have been made had the IMRF service been rendered in the relevant Downstate Police fund will be paid to the Downstate Police fund by the member transferring the service credit, plus interest at the actuarially assumed rate of return, compounded annually, from the date of service to the date of payment.

HA 1 to HB 4209 re-opens this window. The IMRF-to-Downstate Police service credit transfer provision enumerated above must occur no later than September 30, 2023.

*Service Credit Transfer Provision from IMRF to Downstate Police for “Administrative Duties Related to Law Enforcement”*

HB 4209, as amended by HA 1, expands the eligibility of the service credit transfer provision of P.A. 102-0113 as enumerated above. The bill allows for active Article 3 (Downstate Police) members to transfer service credit from IMRF to a Downstate Police Pension Fund that was rendered with an IMRF municipality while performing “administrative duties related to law enforcement.” All payment amounts to establish service credit in a Downstate Police pension fund are identical to those previously enumerated, i.e., identical to those provided for in P.A. 102-0113. HB 4209, as amended by HA 1, states that this new service credit transfer must occur no later than June 30, 2023.

*Transfers of Service Credit from SURS to Downstate Police*

HB 4209, as amended by HA 1, amends the SURS and Downstate Police Articles of the Pension Code to allow a member of a Downstate Police pension fund to transfer creditable service in SURS as a police officer to a Downstate Police Pension Fund no later than June 30, 2023. The amounts that the member must transfer from SURS to a Downstate Police pension fund to establish service in a Downstate Police fund are identical in all respects to those amounts previously enumerated under P.A. 102-0113 for IMRF-to-Downstate Police service credit transfers. The amount of service to be transferred shall be determined by the individual Downstate Police Pension board.

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