

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 4249**

December 16, 2021

SPONSOR (S): Friess

SYSTEM(S): Downstate Police and IMRF

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**FISCAL IMPACT:** According to IMRF, the fiscal impact is uncertain, as the number of IMRF Sheriff's Law Enforcement Personnel (SLEP) members who may wish to transfer service credit from a Downstate Police pension fund is not known. IMRF has noted that in past service credit window openings of this kind, very few members (typically no more than 2-3) have availed themselves of similar service credit transfer provisions.

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**SUBJECT MATTER:** HB 4249 amends the Illinois Municipal (IMRF) and Downstate Police articles of the Illinois Pension Code to allow active IMRF members who are sheriff's law enforcement employees to transfer up to 15 years of service under the Downstate Police Article to IMRF. This legislation also allows reinstatement of creditable service terminated with receipt of a refund by paying to the police pension fund the amount of the refund plus interest.

**COMMENT:** In order to effectuate a service credit transfer of up to 15 years of service credit from a Downstate Police pension fund to IMRF for the establishment of additional SLEP service in IMRF, the following amounts must be transferred from the Downstate Police fund to IMRF: 1) the amounts accumulated to the credit of the IMRF member on the books of the Downstate Police fund as of the date of transfer; 2) employer contribution amounts equal to the employee contributions to be transferred, and 3) any interest paid by the applicant in order to reinstate service as a result of a refund, with interest at the actuarially assumed rate of return, compounded annually, from the date of service to the date of payment.

HB 4249 allows two options for establishing SLEP service credit as a result of transferring credit from a Downstate Police Pension Fund: 1) participants may pay the difference between employee/employer contributions transferred to IMRF plus the amount that would have been contributed under applicable rates had the service been rendered in IMRF, plus interest at the actuarially assumed rate, or 2) to have the participant's creditable SLEP service reduced

commensurately by the amount of deficient transfer amounts of the aforementioned employee and employer contributions against the contributions that would have been made had the Downstate Police service been rendered in IMRF.

Under current law, there is no “once in Tier 1, always in Tier 1” reciprocity provision for the police pension funds governed under the Pension Code. HB 4249 therefore contains a provision that states that a SLEP member who would otherwise be in Tier 2 will be recognized as being in Tier One under the following conditions: 1) the transferred service from a Downstate Police pension fund as outlined above must be for service rendered before January 1, 2011, and 2) the amount of transferred service from the Downstate Police pension fund must be for a duration of time that exceeds the SLEP member’s Tier 2 IMRF SLEP service. This bill has an immediate effective date.

AB:bs

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