

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 5153**

February 3, 2022

SPONSOR (S): Walsh

SYSTEM(S): IMRF

FISCAL IMPACT: According to IMRF's 2020 actuarial report, the average employer contribution for Sheriff's Law Enforcement Personnel (SLEP) members is approximately 20% of payroll for each member. Each IMRF employer maintains an individual account with the pension fund and makes contributions for those members such that the present value of future benefits are fully funded each year that the member remains in active service. Under the bill, at least 40 firefighters/paramedics would join SLEP, and the employer would incur this cost.

IMRF does not know the cost of creating an occupational disability benefit for firefighters/paramedics, but says it would be significant.

SUBJECT MATTER: HB 5153 amends the IMRF article of the Pension Code. The bill permits firefighters/paramedics in certain municipalities to participate in the IMRF Sheriff's Law Enforcement Personnel (SLEP) program if they would be otherwise ineligible to participate in a Downstate Fire (Article 4) pension fund due to the circumstances enumerated below. The bill also creates a new occupational disease disability benefit for all paramedics/firefighters who participate in the SLEP program.

COMMENT:

IMRF SLEP Participation for Paramedics Ineligible for Downstate Police Membership

Under current law, if a city or village outside of Chicago reaches a population threshold of 5,000 inhabitants or more and has full-time paid firefighters/paramedics, then that municipality must create an Article 4 (Downstate Fire) pension fund for those full-time employees. Under the provisions of HB 5153, any full-time firefighter or firefighter/paramedic employed by a city, village, incorporated town or township that has a population of less than 5,000 inhabitants, is located in a county of more than 1 million inhabitants and employs 40 or more firefighters/paramedics who are subject to a collective bargaining agreement and is ineligible to participate in a Downstate Fire

pension fund will be eligible to participate in the IMRF Sheriff's Law Enforcement Personnel (SLEP) program.

The bill stipulates that firefighters/paramedics who had service in that position prior to January 1, 2011 would be deemed Tier 1 SLEP members. Both Tier 1 and Tier 2 SLEP members contribute 7.5% of payroll towards their pensions, must work 20 years to vest for a pension, and accrue service credit at the rate of 2.5% of pensionable salary, up to a maximum of 80% of pensionable salary. Tier 1 SLEP members can retire at age 50 with 20 years of service, while Tier 2 SLEP members can retire at age 55 with 10 or more years of service.

IMRF Occupational Disease Disability Benefits for Firefighters/Paramedics

HB 5153 would grant an IMRF occupational disease disability (ODD) benefit to a firefighter/paramedic who has 5 or more creditable years of service and is found unable to perform his or her duties by reason of heart disease, stroke, tuberculosis, or any disease of the lungs or respiratory tract resulting from service as a firefighter. In addition, the contraction of a disabling cancer which manifests itself while the firefighter is in service will also entitle that person to an occupational disease disability benefit. If a pre-entrance medical exam reveals the existence of any of the foregoing conditions, then the occupational disease disability benefit shall not be payable.

Under current law, IMRF makes no distinction between duty disability and ordinary disability benefits as do many of the other pension funds governed under the Pension Code. The universal disability benefit in IMRF is equal to 50% of the average monthly earnings 12 months prior to the disability. Under HB 5153, the ODD benefit that would be granted to firefighters/paramedics shall be equal to the greater of 1) 65% of the salary attached to the rank held by the firefighter at the time of removal from payroll, or 2) the retirement pension that the firefighter would have received had he or she retired (not including any annual increases that may have accrued since retirement eligibility). HB 5153 also provides that if a firefighter dies while receiving an ODD pension, that pension shall continue to be paid to the firefighter's designated survivors.

DH:bs

LRB102 24845 RPS 34092 b