COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **SB 2107, as amended by SA 1** April 22, 2021

SPONSOR (S): Martwick

SYSTEM(S): IMRF, Firefighters' Pension Investment Fund

FISCAL IMPACT: It is estimated that at present, there are four FT employees of the Firefighters' Pension Investment Fund who would join IMRF, with the possibility of that number growing to eight in the foreseeable future as the fund adds professional staff. In 2020, IMRF employers contributed, on average, between 10.15% and 10.65% of payroll on behalf of their covered employees to fund the present value of the employees' future pensions. Each employer's actual rate varies based on its IMRF assets, liabilities, and workforce demographics. The amount of annual employer contribution rates are calculated annually by the pension fund's actuary.

SUBJECT MATTER: SB 2107, as amended by SA 1, amends the IMRF article of the Pension Code to mandate full-time employees of the newly created Firefighters' Pension Investment Fund to participate in IMRF. The fire investment fund would be deemed a "participating instrumentality" in IMRF.

COMMENT: P.A. 101-0610, which became effective on January 1, 2020, created the Firefighters Investment Fund for the purposes of commingling and investing the assets of Article 4 (Downstate Fire) pension funds. SB 2107, as amended, amends the IMRF article of the Pension Code to provide that the Firefighters' Pension Investment Fund shall be deemed a "participating instrumentality" under IMRF such that full-time employees of the firefighters' fund would be required to participate in IMRF. The amended bill prohibits board members of the Firefighters' Pension Investment Fund from participating in IMRF.

IMRF says that making participation for Firefighters' Pension Investment Fund employees mandatory via SA 1 would preserve the pension fund's tax qualified status under the federal safe harbor provision, under which the system has mandatory participation.

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