



# Commission on Government Forecasting and Accountability

## PENSION IMPACT NOTE *103<sup>RD</sup> General Assembly*

BILL NO: SB 2678

January 12, 2024

SPONSOR (S): Loughran Cappel

SYSTEM: Chicago Police, Chicago Fire, Downstate Police, Downstate Fire,  
Retirement Systems Reciprocal Act

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### FISCAL IMPACT

**SB 2678 would bring the Chicago Police and Fire and Downstate Police and Fire Articles of the Pension Code under the ambit of the Retirement Systems Reciprocal Act. CGFA staff has consulted with the systems most likely to have members who would receive reciprocal annuities comprised of service with the Chicago Police, Chicago Fire, and Downstate Police and Fire pension funds. IMRF and SERS do not anticipate a significant actuarial cost due to bringing these funds under the ambit of the Reciprocal Act. The Cook County Pension Fund states that some increased liability is possible, but the extent of the increase cannot be known as the number of members who would receive proportional annuities between the impacted funds is not known.**

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**SUBJECT MATTER:** SB 2678 amends the Chicago Police, Chicago Fire, and Downstate Police and Fire articles of the Pension Code to bring these articles under the ambit of the Retirement Systems Reciprocal Act, under which members are permitted to combine years of service across various reciprocal funds for the purposes of meeting the minimum vesting requirements of the fund in which they currently participate.

**COMMENTS:** Under current law, the Downstate Police and Fire and Chicago Police and Fire Articles of the Illinois Pension Code are not included under the Retirement Systems Reciprocal Act. The Retirement Systems Reciprocal Act allows for active employees to combine service credit earned from various participating systems to apply towards the minimum vesting requirements of the fund that they participate in currently or the fund that they last participated in before terminating active service. For example, a Tier 2 member in IMRF could utilize reciprocity and combine 4 years of prior service in SERS and 6 years in IMRF to meet the 10-year Tier 2 vesting requirement in IMRF.

SB 2678 would bring the aforementioned four systems under the ambit of the Reciprocal Act. The bill, as amended, states that participation under the Reciprocal Act would only apply to members who have not yet begun receiving retirement annuities as of the effective date. In other words, retired members would not be entitled to a recalculation of their pensions based upon reciprocal service.

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