



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *104<sup>th</sup> General Assembly*

BILL NO: **HB 2684**

February 28, 2025

SPONSOR (S): Moylan

SYSTEM: Chicago Fire

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#### FISCAL IMPACT

**To the extent that the Chicago Fire Pension Fund would be required to pay a pension for non-vested service that currently only qualifies for a refund of contributions, there could be a financial impact as liabilities would increase in such situations. The magnitude of this impact would depend on the number of affected members and the length of reciprocal service credited. An actuarial study would be needed to analyze several different sample scenarios under which members may avail themselves of reciprocity.**

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SUBJECT MATTER: HB 2684 amends the Chicago Fire Article of the Pension Code to extend the benefits of the Retirement Systems Reciprocal Act to Chicago firefighters who would retire on or after the effective date of the bill. The bill would allow such firefighters to combine service credit across multiple pension funds, as explained below.

COMMENT: The Retirement Systems Reciprocal Act (Article 20 of the Illinois Pension Code) allows public employees who have worked in multiple Illinois pension systems to combine their service credits to qualify for an annuity utilizing the service credit earned in each fund. HB 2684 proposes to extend the Reciprocal Act to the Chicago Firefighter Pension Fund. However, this option would only apply to individuals who begin receiving a retirement or survivor's annuity on or after the bill's effective date and who choose to receive a reciprocal annuity. No recalculations of benefits for those who retired prior to the effective date would be allowed under the bill.

The table below outlines the pension obligations for a Tier 1 firefighter preparing to retire. This hypothetical firefighter has 25 years of service in the Chicago Fire Pension Fund, preceded by 5 years of service in IMRF, with a final average salary (FAS) of \$130,000 in the Chicago Fire

fund. If HB 2684 is enacted, this firefighter’s full service across both pension funds would count toward their retirement, allowing them to receive a combined pension instead of receiving only a refund of contributions for their time in IMRF.

Scenario	Downstate Fire Obligation	IMRF Obligation	Total Pension
Current Law	\$81,250	\$0 - Refund of Contributions	\$81,250
Under HB 2704	\$81,250	\$16,250	\$97,500

Under the above scenario, the 5 years of IMRF credit is used to help the retiring Chicago Firefighter reach 30 years of total service credit across both funds, while also achieving a combined pension of 75% of final average salary.

HB 2684, HB 2704, and HB 2705 all seek to place funds under the Illinois Pension Code under the ambit of the Retirement Systems Reciprocal Act (Article 20). Below is a chart showing the differences between the three bills.

	Under the Ambit of Reciprocal Act	
	Chicago Fire Fund	Chicago Police Fund
HB 2684	✓	
HB 2704	✓	✓
HB 2705	✓	

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