



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 3084**

February 20, 2025

SPONSOR (S): Ortiz

SYSTEM: Downstate Fire

FISCAL IMPACT

If Downstate Fire Pension Funds are required to pay pensions for non-vested service—currently eligible only for a contribution refund—liabilities would increase, creating a potential financial impact. The extent of this financial impact would depend on the number of affected members and the length of their reciprocal service. An actuarial study would be needed to analyze several different sample scenarios under which members may avail themselves of reciprocity.

SUBJECT MATTER: HB 3084 amends the Downstate Fire Article of the Pension Code to extend the benefits of the Retirement Systems Reciprocal Act to Downstate 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 3084 proposes to extend the Reciprocal Act to the Downstate 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 a Downstate Fire pension fund, preceded by 5 years of service in IMRF, with a final average salary (FAS) of \$130,000 in the Downstate Fire

fund. According to the provisions of HB 3084, 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 Downstate Firefighter reach 30 years of total service credit across both funds, while also achieving a combined pension of 75% of final average salary.

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