



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 3757**

February 25, 2025

SPONSOR: Deuter – Katz Muhl, et al.

SYSTEM: Downstate Police, Downstate Fire

FISCAL IMPACT

HB 3757 amends the Downstate Police and Fire Articles of the Illinois Pension Code to establish a 6-month service credit transfer window to allow for active members of Downstate Police pension funds to transfer 8 years' worth of service credits from Downstate Fire funds to Downstate Police funds. If the transferred amounts match the increase in unfunded actuarial accrued liability (UAAL), the bill should not significantly impact the pertinent Downstate Police pension fund. The bill contains a provision that ensures that any actuarial shortfalls in the amounts transferred shall be paid by the member making the transfer, which should serve to mitigate any increase in UAAL.

SUBJECT MATTER: HB 3757 amends the Downstate Police and Downstate Fire Articles of the Illinois Pension Code to allow for active members of Downstate Police pension funds to transfer up to 8 years of service credit from Downstate Fire to Downstate Police, for a 6-month period starting from the date of enactment.

COMMENT: Currently, there is no reciprocity between Downstate Police and Downstate Fire pension funds. However, two prior 6-month transfer windows allowed service credit transfers from Downstate Police to Downstate Fire. For 6 months after the enactment of P.A. 100-0544, effective November 8, 2017, a Downstate Fire participant was allowed to transfer up to 6 years of service credit along with their employee contribution from a Downstate Police fund. Another 6-month window was established by P.A. 102-0063, effective July 9, 2021 which increased the amount of years of service credit to 8 while still transferring their employee contribution. Both

transfers excluded participants who were subject to disciplinary actions when leaving their Downstate Police employer.

HB 3757 creates a new service credit transfer window, permitting active Downstate Police members to transfer up to 8 years of service credit from a Downstate Fire pension fund. An applicant must pay the difference between their past contributions to the pertinent Downstate Fire fund (employee contributions, employer contributions & accumulated interest), and the amount they would have contributed to the Downstate Police fund for the equivalent service credits, as determined by the pertinent Downstate Police pension fund board. The specifics of the service credit transfer are explained in the chart below.

Transfer	Service Credit Limit	Amount transferred	What the member must pay
Downstate Fire -> Downstate Police	8 years	Employee Contributions	Shortfall between the Employer and Employee Contributions + interest (Downstate Police rate is 6-7%)
		Employer Contributions	
		Interest at the actuarially determined rate (Downstate Police rate is 6-7%)	

For the purpose of illustration, if an applicant contributed \$5,000 to a Downstate Fire pension fund for the service credits transferred, and the pertinent Downstate Police fund determined that the applicant would have contributed \$6,000 for the equivalent service credits in that fund, the applicant would be required to pay the difference of \$1,000 (plus interest) to establish the desired amount of service credit. This ensures that the establishment of 8 years of service credit creates no additional unfunded actuarial accrued liability (UAAL) for the receiving Downstate Police fund. HB 3757 has an immediate effective date, and, as mentioned previously, is in effect for 6-months following the date of enactment.

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