



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **SB 1585**

February 20, 2025

SPONSOR: Preston

SYSTEM: Downstate Fire, Chicago Fire

FISCAL IMPACT

SB 1585 allows participants in Downstate Fire funds and the Chicago Fire Pension Fund to transfer service credits between the two funds within a six-month period after the bill's effective date. According to Chicago Fire, during the last 6-month transfer window, 74 participants applied and 14 completed transfers from Downstate Fire funds to Chicago Fire. The bill ensures that Downstate and Chicago funds receive sufficient contributions to offset liabilities from incoming transfers. To the extent that the transferred amounts are equal to the resultant increase in unfunded actuarial accrued liability (UAAL), the bill should not have a significant impact on either Downstate funds or the Chicago Fire Pension Fund.

SUBJECT MATTER: SB 1585 will allow participants in Downstate Fire pension funds and the Chicago Fire Pension Fund to transfer service credits between the two pension funds for a 6-month period after the effective date, as described below.

COMMENT: Under current law there is no reciprocity between Downstate Fire and Chicago Fire, as neither fund operates under the ambit of the Retirement Systems Reciprocal Act. P.A. 96-0727, effective August 25 2009, had allowed for the transfer of service credits from Downstate Fire to Chicago Fire but expired on January 1, 2010. Public Act 100-0544, effective November 8, 2017, re-activated the service credit transfer window until April 8, 2017. Under these prior Acts, an applicant could transfer 10 years of service credit from a Downstate Fire fund to the Chicago Fire Pension Fund.

SB 1585 reactivates the aforementioned service credit transfer window, and also allows for a Chicago Fire to Downstate Fire service credit transfer option for a 6-month window after the bill’s effective date. The 10-year cap on transferrable service credits is removed, allowing for participants to transfer all their service credits from one system to the other.

The chart below illustrates the service credit transfer provisions of SB 1585:

Transfer Direction	Service Credit Limit	Amounts Transferred	What the Member Must Pay?
Downstate Fire → Chicago Fire (FABF)	Unlimited	Employee contributions	Any shortfall if transfer is less than actuarial cost
		Employer contributions	Repayment of refund + interest (6.75%)
		Any applicable interest to repay a refund (FABF rate, 6.75%)	
Chicago Fire (FABF) → Downstate Fire	Unlimited	Employee contributions	Any shortfall if transfer is less than actuarial cost
		Employer contributions	Repayment of refund + interest (6-7%)
		Any applicable interest to repay a refund (Downstate rate, 6-7%)	

SB 1585 ensures that when service credit is transferred from Chicago Fire to a Downstate fund, the receiving fund is compensated with employee and employer contributions, plus any applicable interest. If these amounts do not fully offset the actuarial liability, the firefighter may be required to pay the difference, preventing an increase in unfunded liabilities. The same is true for service credits transferred from Downstate Fire to Chicago Fire. As a result, Downstate and Chicago funds are explicitly protected from any unexpected increase in unfunded liabilities.

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