



## Commission on Government Forecasting and Accountability

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

BILL NO: SB 3199

March 9, 2026

SPONSOR (S): Bryant

SYSTEM: Downstate Police and Downstate Fire

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#### FISCAL IMPACT

**SB 3199 would place the Downstate Police and Downstate Fire Articles under the ambit of the Retirement Systems Reciprocal Act (Article 20). Pension fund liabilities could potentially increase because more members may become eligible to receive retirement benefits through reciprocity under SB 3199. However, the exact fiscal impact of SB 3199 is indeterminate because it depends on the number of members who would ultimately receive proportional annuities from the affected pension funds and on various member-specific factors, including years of service credit, final average salary, and applicable benefit multipliers within those pension funds.**

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SUBJECT MATTER: SB 3199 amends the Downstate Police and Downstate Fire Articles of the Illinois Pension Code to place them under the ambit of the Retirement Systems Reciprocal Act, under which members are permitted to combine years of service across participating reciprocal pension funds for the purposes of meeting the minimum vesting requirements of the fund in which they currently participate.

COMMENT: Currently, Downstate Police and Downstate Fire Articles of the Illinois Pension Code are **not** included under the Retirement Systems Reciprocal Act, although reciprocity exists between funds within each respective article (e.g. members of Downstate police funds can utilize reciprocity with other Downstate Police funds, although this involves the transfer of service credits, whereas the Downstate Fire Article has true reciprocity amongst the Downstate firefighters' pension funds).

The Retirement Systems Reciprocal Act allows for active employees to combine service credit earned from various participating systems to apply toward the minimum vesting requirements of the fund that they participate in currently or the fund that they last participated in before

terminating active service. In addition, the highest final average salary among the reciprocal systems is used to calculate each applicable system’s proportional annuity, which is paid separately by each applicable system. 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 3199 would bring the Downstate Police and Downstate Fire local pension funds under the ambit of the Retirement Systems Reciprocal Act. The bill states that participation under the Reciprocal Act would only apply to members who are entitled to begin receiving retirement or survivor’s annuities on or after the effective date. In other words, retired members would not be entitled to a recalculation of their pensions based upon reciprocal service.

Below is a visual representation of the formula for illustrative purposes, using a hypothetical police officer who has 20 years of service credit with the Illinois State Police (ISP) in SERS (and assuming the employment is not coordinated with Social Security) and 5 years of service credit with the Rock Falls Police Pension Fund. In this example, the officer’s Final Average Salary (FAS) under SERS is assumed to be higher than the FAS earned with the police pension fund. Under SB 3199, the Rock Falls Police Pension Fund would be required to pay a reciprocal pension benefit based on 5 years of service under its own formula using the higher ISP salary for the officer’s lifetime, whereas, under current law, the officer would not meet the Tier 2 10-year vesting requirements under the Downstate Police Article and would therefore be eligible for a refund only.

Under SB 3199		
Factor	SERS (ISP)	Rock Falls Police Pension Fund
Years of Service	20 years	5 years
Final Average Salary (FAS)	\$150,000	\$150,000 (highest FAS under reciprocity)
Pension Formula	3.0% per year	2.5% per year
Benefit Calculation	$20 \times 3.0\% \times \$150,000 = \mathbf{\$90,000}$	$5 \times 2.5\% \times \$150,000 = \mathbf{\$18,750}$
1 <sup>st</sup> Year Pension Paid	<b>\$90,000 from SERS</b>	<b>\$18,750 from Rock Falls</b>
1 <sup>st</sup> Year Total Pension	<b>\$108,750 (Split between both funds)</b>	

Note: These figures show rough estimates provided for illustrative purposes only. The Tier 2 salary cap is not applied for simplicity.

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