

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 0491**

February 5, 2009

SPONSOR (S): Sacia

SYSTEM(S): Downstate Police, SERS, IMRF

FISCAL IMPACT:

Downstate Police Dispatchers

The number of police dispatchers who would become eligible to participate in Downstate Police pension funds is unknown. It is assumed that most police dispatchers who are employed by municipalities participate in IMRF. According to the Commission's actuary, the average statewide normal cost for Downstate Police pension funds is 16.46% of payroll (based on membership data submitted to CGFA's actuary by the Public Pension Division of IDFPR as of April 30, 2008). Page A-3 of IMRF's 2007 actuarial valuation shows a statewide average normal cost of 7.42% of payroll for the Regular IMRF formula. Therefore, the increased cost to municipalities on a statewide basis would be significant.

SERS Optional Service Credit

It is unknown how many Secretary of State investigators earned service credit in either IMRF or a Downstate Police pension fund. The employee contributions required in the bill for the establishment of optional service credit should result in minimal cost to the fund.

SUBJECT MATTER: HB 0491 amends the Downstate Police, IMRF, and SERS articles of the Pension Code. The bill allows police dispatchers to participate in Downstate Police pension funds, and allows dispatchers who have service credit in IMRF to transfer that credit to a Downstate Police fund. The bill also allows investigators for the Secretary of State to establish optional service credit in SERS for prior service in IMRF or a Downstate Police fund.

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COMMENTS:*Inclusion of Police Dispatchers in Downstate Police Pension Funds*

Currently, the Downstate Police Article of the Illinois Pension Code defines a police officer as any person who is appointed to the police force of a police department and sworn and commissioned to perform police duties. HB 0491 amends the Downstate Police article to include police dispatchers in Downstate Police pension funds.

Police Dispatcher Service Credit Transfer – IMRF to Downstate Police

HB 0491 amends the Downstate Police and IMRF articles of the Pension Code to allow a police dispatcher to transfer to a Downstate Police pension fund any portion of his or her creditable service accumulated in IMRF upon payment to the Downstate Police fund of an amount equal to the difference between the amount of employee and employer contributions transferred from IMRF and the amounts that would have been contributed had such contributions been made as a member of a Downstate Police fund, plus interest at the effective rate of interest for each year, compounded annually, from the date of service to the date of payment. Such payments for service credit transfers must be made by January 1, 2010.

Establishment of Optional Service in SERS for SOS Investigators

The SERS article of the Illinois Pension Code currently allows various law enforcement personnel to establish optional service credit under the SERS alternative formula for service in other articles of the Pension Code. HB 0491 allows investigators for the Secretary of State to establish up to 5 years of service credit as a police officer under a Downstate Police pension fund or IMRF. The investigators must file a written election with the SERS board within 6 months after the effective date and pay to SERS an amount equal to the employee and employer contribution that would have been required

had such contributions been made at the rates applicable to State Policemen, plus interest at the effective rate (6%) for each year of service, compounded annually, from the date of service to the date of payment. The bill states that this optional service credit provision does not constitute a new benefit increase.

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