

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 1542**

February 26, 2009

SPONSOR (S): Koehler

SYSTEM(S): Downstate Police, IMRF

FISCAL IMPACT: The fiscal impact of SB 1542 cannot be determined as the amount of service credit to be transferred between IMRF and Downstate Police pension funds is not known. The bill gives members of both funds the option of either paying the difference between the amount transferred and the true cost of establishing the service credit or taking a reduction if the amount transferred is not sufficient to establish the desired amount of service credit.

SUBJECT MATTER: SB 1542 provides for police service credit transfers between the Illinois Municipal Retirement Fund and Downstate police pension funds.

FISCAL IMPACT: The fiscal impact of SB 1542 cannot be determined as the amount of service credit to be transferred between IMRF and Downstate Police pension funds is not known. The bill gives members of both funds the option of either paying the difference between the amount transferred and the true cost of establishing the service credit or taking a reduction if the amount transferred is not sufficient to establish the desired amount of service credit.

COMMENT:

Transfer of Service Credit from Downstate Police Funds to IMRF

SB 1542 provides that, until January 1, 2011, any active member of IMRF may transfer to IMRF up to 10 years of service credit accumulated in a Downstate police pension fund upon payment to IMRF of an amount equal to the difference between employer and employee contributions transferred and the amounts that would have been contributed had such contributions been made at the rates applicable to an IMRF employee, plus interest at the effective rate for each year, compounded annually, from the date of service to the date of payment. The bill gives the IMRF member the option of taking a reduction in service credit if the amount transferred from a Downstate police pension fund is less than the dollar amount required for the amount of service that he or she is attempting to establish.

Transfer of Service Credit from IMRF to Downstate Police Funds

SB 1542 provides that, until January 1, 2011 a member of a Downstate Police pension fund may transfer up to 10 years of service credit accumulated in IMRF upon payment to the Downstate Police fund of an amount to be determined by the board, 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 at the rates then applicable to the Downstate police fund. The bill also grants the member the option of taking a reduction in service in a Downstate police fund if the amount transferred is less than the true cost necessary to establish the desired amount of service credit.

DH:dkb

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