COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 1872, as amended by HA #2** March 25, 2011

SPONSOR(S): Kosel

SYSTEM(S): Chicago Police, Downstate Police

FISCAL IMPACT: The fiscal impact of HB 1872, as amended, cannot be determined as the number of police officers who may wish to transfer service credit is unknown. The bill requires the employee to pay the amounts credited to the applicant through employee contributions plus accumulated interest, municipality contributions, and any interest in order to reinstate credits and creditable service. Therefore, the cost should be minimal.

SUBJECT MATTER: HB 1872, as amended, amends the Downstate Police and Chicago Police Articles of the Illinois Pension Code to authorize transfers of up to 10 years of creditable service from a Chicago police pension fund to a Downstate police pension fund.

FISCAL IMPACT: The fiscal impact of HB 1872, as amended, cannot be determined as the number of police officers who may wish to transfer service credit is unknown. The bill requires the employee to pay the amounts credited to the applicant through employee contributions plus accumulated interest, municipality contributions, and any interest in order to reinstate credits and creditable service. Therefore, the cost should be minimal.

COMMENT: Currently, there is no clause in the Downstate Police or Chicago Police Articles of the Illinois Pension Code regarding the transfer of creditable service from a Chicago police pension fund to a Downstate police pension fund. HB 1872, as amended, provides that for a period of 60 days after the effective date of this amendatory Act, a person may transfer to a Downstate police pension fund up to 10 years of creditable service accumulated in a Chicago police pension fund. This creditable service can be transferred upon payment to the Downstate police pension fund of an amount to be determined by the board, equal to the difference between the amount of employee and employer contributions transferred to the fund and the amounts that would have been contributed had such contributions been made at the rates

applicable to an employee of a Downstate police pension fund, plus interest at the actuarially assumed rate, compounded annually, from the date of service to the date of payment.

HB 1872, as amended, amends the State Mandates Act to require implementation without reimbursement.

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