

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2502, as amended by HA 1**

March 20, 2019

SPONSOR (S): Willis

SYSTEM(S): Downstate Fire, Chicago Fire

FISCAL IMPACT: HB 2502, as amended by HA 1, contains a proviso that states that the establishment of service credit in a Downstate Fire (Article 4) pension fund resulting from a service credit transfer from the Chicago Fire Pension fund should result in no significant increase to the Article 4 fund's actuarial accrued liability determined as of the Article 4 fund's most recent actuarial valuation. Therefore, there should be no significant impact to the Article 4 funds in which this service credit transfer provision is exercised.

SUBJECT MATTER: HB 2502, as amended by HA 1, amends the Downstate Fire and Chicago Fire articles of the Illinois Pension Code to allow Downstate firefighters to transfer an unlimited amount of service credit between the Chicago Pension Fund and an Article 4 (Downstate Fire) fund.

COMMENT: Under HB 2502, as amended by HA 1, the amount of any transfers from the Chicago Fire pension fund to a Downstate Fire fund must equal the difference between the amount of employee and employer contributions transferred to the Downstate Fire fund, plus interest at the actuarially assumed rate, and the amount determined by the Downstate Fire fund that would result in no significant increase to the Downstate Fire pension fund's unfunded liability. The bill, as amended, does not place a limitation on the amount of service credit that may be transferred from the Chicago Fire pension fund to a Downstate Fire pension fund.

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