

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2902**

February 26, 2019

SPONSOR (S): Hoffman

SYSTEM(S): Downstate Police, SURS

FISCAL IMPACT: Since the establishment of Tier 2 via the enactment of P.A. 94-1495, the Department of Insurance says that 8 Downstate Police funds have been created. It is unknown how many officers in these 8 funds may be re-categorized as Tier 1 for benefit purposes.

HB 2902 allows Tier 2 police officers and firefighters under the State Universities Article to retire at age 60 with 20 years of service credit. According to SURS, there are approximately 443 firefighters and police officers under SURS.

SUBJECT MATTER: HB 2902 allows Downstate police officers with credit in the Illinois Municipal Retirement Fund who then transfer to that municipality's newly created Downstate Police Pension Fund to have their applicable tier of benefits in the new Downstate Police fund be based upon when they began participating in IMRF (hence, a formerly Tier 1 IMRF police officer would be a Tier 1 member in the Article 3 fund). HB 2902 also amends the SURS article to establish new age and service requirements for Tier 2 firefighters and police officers.

COMMENT: According to the Department of Insurance, a police officer's tier status is a function of their start date in the Downstate Police pension fund, notwithstanding prior Tier 1 service in IMRF. HB 2902 amends the Downstate Police Article of the Illinois Pension Code to stipulate that a police officer who previously participated in IMRF but was transferred to the municipality's newly created Article 3 fund shall, for the purposes of determining the applicable tier of benefits, be deemed to have been a police officer and member of the Article 3 fund on the date that he or she first participated in IMRF. This effectively creates a "once in Tier 1, always in Tier 1" designation in such situations.

Under the SURS article of the Pension Code, police and firefighters are treated like other non-public safety Tier 2 members of SURS; they can retire at age 67 with at least 10 years of credit, or 62 years old with at least 10 years of credit with a slight reduction

in benefits. HB 2902 would allow Tier 2 police and firefighters in SURS to retire at age 60 with 20 years of service.

EM:bj

LRB101 09760 RPS 54861 b