

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 4511**

February 7, 2020

SPONSOR (S): Willis

SYSTEM(S): Downstate Firefighter Article

FISCAL IMPACT: HB 4511 would allow Tier 2 firefighters to accrue service in more than one Downstate Fire pension fund in order to meet the minimum age-and-service vesting requirement (age 55 with 10 years of service). The bill clarifies that firefighters who draw a pension in this situation will have their retirement annuities calculated on the salary in the last 48 months of consecutive service within the last 60 months of service in which their total salary was highest. The number of Tier 2 firefighters who would apply service credit from multiple Downstate Fire pension funds for vesting purposes is not known.

SUBJECT MATTER: HB 4511 amends the Downstate Firefighter Article of the Pension Code to allow Tier 2 firefighters to qualify for benefits with at least 10 years of service in the pension funds under the Downstate Fire article if they have attained age 55. The bill also provides that firefighters who qualify for benefits under this scenario will have their pension calculated using the last 48 consecutive months within their last 60 months of service in which their total salary was highest.

COMMENT: Under current law, Tier 1 firefighters are able to accrue service credit in multiple Downstate Fire pension funds in order to meet the minimum age-and-service requirements for a pension, but the same multiple-fund vesting provision does not exist for Tier 2 firefighters. HB 4511 allows Tier 2 firefighters to qualify for benefits with at least 10 years of service under multiple Downstate Fire pension funds upon attainment of age 55. Additionally, the bill clarifies that firefighters who draw a pension based on service in multiple funds would have their pension calculated based upon the average salary in the last 48 consecutive months within their last 60 months of service in which their total salary was highest.

The aforementioned Tier 2 final average salary calculation was implemented via P.A. 101-0610, the 2019 Police and Fire Investment Consolidation Act. Presumably, it is being inserted in this bill to explicitly clarify that it also applies to firefighters who accrue

service credit in multiple funds to meet the minimum vesting requirements under the Downstate Fire article of the Pension Code.

CM:bs

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