

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 1670**

March 1, 2019

SPONSOR (S): Martinez

SYSTEM(S): Downstate Police

FISCAL IMPACT: Since the establishment of Tier 2 via the enactment of P.A. 96-1495, 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.

SUBJECT MATTER: SB 1670 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).

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. SB 1670 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.

EM:bj

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