

Monthly news & updates

September | 2024

UPCOMING EVENTS

[2024 MidAmerican Pension Conference](#)

[2024 Carterville 8 Hour Seminar](#)

[2024 Certified Trustee Program 24-2](#)

[2024 Holiday Party](#)

ONLINE TRAINING

[16 Hour Online CTP Course](#)

[8 Hour Online Training](#)

A Message from Jim McNamee, IPPFA President



Converting a Fire Disability Pension to a Service Retirement Pension

This month we'll be examining the opportunity for a disabled firefighter to convert his or her disability pension to a retirement pension. A similar but not identical opportunity exists for police officers, which will be covered in a future Newsletter.

The information presented is not legal advice but is background information only. IPPFA suggests that member pension funds work with their fund attorney to address any issues that arise from a retiree's application to convert a disability pension.

Disability Pension Conversion – Overview. The Pension Code allows a firefighter who is retired on a disability pension to convert his or her pension to a regular service retirement. This is not mandatory but is also not reversible once a conversion is made. The specific provision in the law appears at the end of this

Message.

As noted in the statute; to be eligible for such a conversion, the disability retiree must be at least 50 years old and have at least 20 years of pension participation when active time is added to the period on disability. There are two categories of firefighter and different conversion rights, depending on whether or not the firefighter actually worked 20 or more active years, explained below.

Less than 20 years of active service. If the disabled firefighter had less than 20 years of active service, a disability pension is converted to a service pension in the amount of 50% of salary. The salary used for this calculation is the salary used to compute the disability pension when the firefighter first retired on disability.

Twenty (20) or more years of active service. However, if the firefighter had more than 20 years of active service, the retiree converts to a service retirement at the percentage of pay set in the Pension Code at the time he or she went on disability pension. Most importantly, the salary used for the calculation is the salary in effect at the time of conversion from disability to service retiree status.

An example in the latter category: Chris had 25 years of Tier 1 active service and retired with a 65% line-of-duty disability pension. His salary at the time of disability retirement was \$4,000 per month and his pension is \$2,600. Sometime after age 50, Chris elects to retire. The salary then attached to his rank is \$5,400 per month. His retirement pension, based on 25 active years, is 62-1/2% of \$5,400 or a monthly payment of \$3,375.

Cost-of-Living adjustments (COLA). A Tier I member who converts from disability to regular retirement will have COLA adjustments that begin as early as age 55 (instead of age 60) and are compounded as opposed to a simple 3% on the original regular pension amount.

Survivors: Note that survivors cannot convert a disability benefit; only the retired firefighter may do so while still alive.

Chicago Comparison. Interestingly, Chicago firefighters who go off on disability face mandatory conversion to a fire retirement pension at age 63.

Factors to Consider in Converting a Disability Pension. A decision to convert a disability pension is a personal one and a pension board, trustee or the IPPFA generally cannot advise a disability retiree on this matter. There are factors that the individual will have to consider, including but not limited to the following, most directly related to duty-disability pensions.

A duty-disability pension is federally tax-free. A duty-disabled pensioner does not owe federal tax on a disability pension, and neither will a surviving spouse. If he converts, his pension and a survivor pension become taxable.

Other taxes may go up. Medicare B premiums incur a surcharge when federal adjusted gross income hits certain levels. Also, taxpayers with adjusted income above certain (high) levels pay a surcharge on investment income.

Social Security taxes may go up. Taxpayers may pay lower or no tax on Social Security income when their incomes (taxpayer and spouse) fall below certain levels.

How does an individual disability pensioner sort all this out? It may be best to sit down with a financial planner or tax accountant and work through the various scenarios that this information presents. In the meantime, just remember that converting from disability to service retirement for a pension boost and better COLAs is not a simple decision.

Again, the views expressed in this Information Bulletin should not be relied upon by a pension board or an individual for legal or tax advice. Always work with your pension fund attorney on such issues.

Illinois Pension Code Provisions Governing Fire Disability Pension Conversion (40 ILCS 5/4-113) (from Ch. 108 1/2, par. 4-113)

Sec. 4-113. Disability pension option. (a) A firefighter who has not completed 20 years of creditable service and is receiving a disability pension under this Article whose disability continues for a period which when added to his or her period of active service equals 20 years may, if age 50 or over, elect to retire from the fire service by submitting written application to the board. A firefighter exercising such option shall be entitled to continue to receive a retirement pension equal in amount to the disability pension he or she was entitled to as a disabled firefighter on the date he or she was removed from the municipality's payroll for disability. A firefighter electing to exercise such option shall be entitled to the automatic increase in pension provided under subsection (a) of Section 4-109.1.

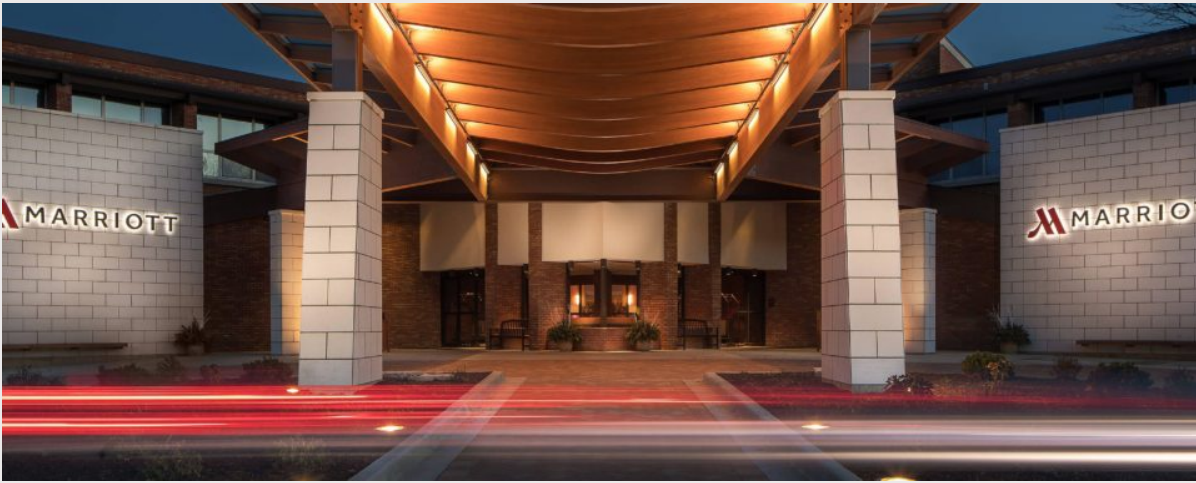
(b) A firefighter who is receiving a disability pension under this Article who has sufficient creditable service to qualify for a retirement pension and is age 50 or more may elect to permanently retire from the fire service at any time by submitting written application to the board. The salary to be used in the determination of such firefighter's pension shall be based on the salary attached to the rank held by the firefighter in the fire service at the date of the election to retire. All other conditions in the computation of the pension shall be based upon the provisions of Section 4-109 which were applicable to the firefighter while he or she was in active service as an employee. A firefighter electing to exercise such option shall be entitled to the automatic increase in pension provided under subsection (a) of Section 4-109.1. (Source: P.A. 83-1440.)

[CLICK HERE TO VIEW ARTICLE](#)

LAST CHANCE TO REGISTER!

2024 IPPFA MidAmerican Pension Conference

September 25th - 27th, 2024



Marriott Lincolnshire Resort

10 Marriott Drive
Lincolnshire, IL 60069

[REGISTER NOW](#)

[HOTEL](#)

IPPFA HEROES FAMILY FUND

Heroes Family Fund MidAmerican Charity Golf Outing

Tuesday, September 24th, 2024

12:00 PM Shotgun Start



Crane's Golf Landing at Marriott Lincolnshire Resort
10 Marriott Drive
Lincolnshire, IL 60069

REGISTER NOW

Please note that this event is separate from the 2024 MidAmerican Pension Conference and is not included in conference registration. This is a separate event.



WE NEED YOUR HELP!

The Heroes Family Fund Charity are in need of donations for the
2024 MidAmerican Pension Conference Raffle.


The Heroes Family Fund Raffle will be held during the
2024 IPPFA MidAmerican Pension Conference.

All proceeds goes to the Heroes Family Fund!



For more information, please contact:

 julie.guy@ippfa.org

 (630) 784-0406 ext. 106

WE THANK YOU FOR YOUR SUPPORT!

UPCOMING EVENTS

2024 Carterville Seminar

November 19, 2024



John A. Logan College
700 Logan College Drive
Carterville, IL 62918

[REGISTER NOW](#)

Certified Trustee Program 24-2

December 2nd - 3rd, 2024



NIU Outreach Campus
1120 E. Diehl Rd., Room 266
Naperville, IL 60563

[REGISTER NOW](#)

[DOWNLOAD OUR APP!](#)

Free new app helps Illinois' public safety,



teachers, and municipal employees track retirement benefits

A free new app developed by the Illinois Public Pension Fund Association (IPPFA) will allow active firefighters, law enforcement officers, emergency services personnel, Chicago teachers, and employees covered by the Illinois Municipal Retirement Fund (IMRF) to track their anticipated pension benefits and receive important information that can help with future financial and tax planning.

The IPPFA Pension Participant App is now available for free download from Google and Apple app stores.

"This new app will help these public employees to better understand what benefits they are entitled to and how to maximize those benefits and plan tax strategy to have a successful retirement," said IPPFA President Jim McNamee. "The app allows employees to access this information any time, anywhere and it will feature the latest updates for pension systems in which the employees are enrolled."

The IPPFA Pension Participant App was developed for active pension participants in downstate police and fire systems, the Chicago police and fire systems, Chicago teachers, and IMRF covered employees. The app contains the pension codes of the systems and provides detail on members' well-earned benefits, including pensions, Social Security, Section 457 deferred compensation and retirement healthcare funding. Section 457 plans are the local government equivalent of 401(k) plans.

"Retirement peace of mind is now just a screen tap away for thousands of public employees," McNamee said.

[View IPPFA App News Release Here](#)

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NEWS LINKS

[Markham IAFF Local 3209 Red & Blue Faceoff Fire & Police Charity Event](#)

MARKHAM IAFF LOCAL 3209

PRESENTS



Red & Blue
FACEDOFF



Fire & Police Charity Event

SATURDAY, SEPTEMBER 28TH

DOORS OPEN AT 5:00PM ~ FIGHT STARTS AT 06:00PM

MARKHAM PARK DISTRICT
16053 Richmond Ave. Markham, IL 60428

GENERAL ADMISSION: \$15 per adult
RINGSIDE SEATS: \$20 per adult

TICKETS WILL BE \$25 AT THE DOOR

******* FOOD, BEER, 50/50 RAFFLE, PRIZES AND MORE!*******

FIGHTER REGISTRATION AND TICKET SALES
CONTACT TONY BUTERA 708.932.0474

[SECURE Developments – Final and New Proposed RMD Regulations Issued](#)

[PSERS, Aon Settle Lawsuit for \\$7M](#)

[Reduction in Pension Benefits Leads to Wider Income Inequality, Study Finds](#)

[2024 Pre-Election Analysis: Tax Issues](#)

[The Evolution of Employer Retiree Plans: Group Medicare Advantage & Part D in 2025](#)

[Breaking the Fear Factor: Spending in Retirement](#)

[Why It's So Hard to Recruit Police Officers](#)

[To lower prescription drug costs, states head to the courthouse](#)

[Merging teachers' pension funds may help increase CPS revenues](#)



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