



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *104<sup>th</sup> General Assembly*

BILL NO: **SB 1461**

March 7, 2025

SPONSOR (S): Martwick

SYSTEM: Downstate Police, IMRF, SERS

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#### **FISCAL IMPACT**

If the amounts transferred from IMRF to Downstate Police or SERS (including employee and employer contributions and interest) fully cover the increase in unfunded actuarial accrued liability (UAAL), the bill will have no actuarial impact. However, if the transferred amounts are insufficient to fully offset the increase in UAAL, additional employer contributions would be necessary to offset any shortfalls that would otherwise increase UAAL. An actuarial study would be needed to assess potential impacts from such transfers.

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**SUBJECT MATTER:** SB 1461 amends various provisions within the Illinois Pension Code regarding the transfer of public safety service credit between the Downstate Police, IMRF, and SERS Articles. Each change is explained in detail in the Comment section below.

#### **COMMENT:**

##### ***Transfer of Eligible Service Credit from IMRF to a Downstate Police Fund***

##### **Current Law**

Current law contains an outdated service credit transfer window from IMRF to Downstate Police that was enacted via P.A. 102-0857, which stated that no later than November 13<sup>th</sup>, 2022, a member may have transferred service accumulated in IMRF to a Downstate Police pension fund after paying an amount equal to the difference between the employee and employer contributions already made under IMRF and the amount of employee and employer contributions that would have been made had the member been participating in a Downstate Police pension fund for that

period of service, plus interest thereon at the actuarially assumed interest rate, compounded annually, from the date of service to the date of payment. Positions that were eligible for the transfer under this framework are as follows:

- Sheriff's law enforcement employees (SLEP);
- Persons employed by a participating municipality to perform police duties;
- Law enforcement officers employed on a full-time basis by a forest preserve district; and
- Persons employed by a participating municipality or instrumentality to perform administrative duties related to law enforcement.

## SB 1461

SB 1461 removes the outdated deadline (Sept. 30, 2023) for the transfer window without specifying a new sunset date, meaning the service credit transfer provision would be made permanent. The bill further opens eligibility to the following positions in addition to those mentioned above:

- County correctional officer;
- Investigator for the Secretary of State; and
- conservation police officer.

*Note: It is unclear if SOS Investigators were intentionally included in the IMRF to Downstate Police transfer, as they already participate in the SERS Alternative Formula.*

## Transfer of Eligible Service Credit from IMRF to SERS Alternative Formula for State's Attorneys

### Current Law

Currently, SERS members in the Alternative Formula may transfer some or all accumulated service credit in IMRF to the SERS Alternative Formula for the following periods of employment 1) service as a sheriff's law enforcement employee (SLEP), 2) a person employed to perform police duties by an IMRF participating municipality, or 3) service as a forest preserve officer. The SERS member may only transfer this service if they are currently active in one of the following SERS Alternative Formula positions:

- State police officer;
- Investigator for the Secretary of State;
- Conservation police officer;
- Investigator for the Department of Revenue;
- Investigator for the Illinois Gaming Board;
- Arson investigator;
- Commerce Commission Officer;
- Investigator for the Office of State's Attorneys Appellate Prosecutor; and
- Controlled substance inspector

Service will be transferred from IMRF to SERS upon receipt of payment by IMRF to SERS in an amount equal to:

- The contributions of the member including interest;
- The contributions of the employing municipality including interest; and
- Any interest paid by the applicant to reinstate a refund for such service.

SB 1461

SB 1461 adds language that allows any active member of the SERS Alternative Formula to transfer up to 7 years of creditable service as a State's Attorney in IMRF to the SERS Alternative Formula.

If the service credit as a State's Attorney is transferred from IMRF, the required payment is equal to:

- The difference between the amount of employee and employer contributions transferred to the System and the amounts that would have been contributed under the Alternative formula; and
- Interest thereon at the service credit transfer "effective rate" of 6% for each year, compounded annually, from the date of service to the date of payment.

If the service credit as a State's Attorney is not held within SERS or any other pension fund or retirement system governed under the Pension Code, evidence of eligibility must accompany an amount equal to:

- Employee contributions for the period being established (based on salary on first day in Alternative Formula and the rates applicable at the time);
- An amount determined by the Board to be equal to the employer's normal cost for the period; and
- Regular interest (6.5%) on the previous amounts from the first day in the alternative formula to the date of payment

*SB 1461 and SB 1462 (104th GA) are identical.*

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