**Section 4404.50 Method for Calculation of the True Cost**

a) The qualified actuary shall provide the current pension fund with the actuarial accrued liability assuming continuation of active status, and the amount of reserve for each possible status that may apply to the officer as set forth in subsection (b). The actuarial accrued liability and reserve amounts shall be computed utilizing the actuarial cost method and the same assumptions that were used for determining the most recent actuarial valuation for the current pension fund.

b) The possible status choices that may be considered, in addition to the requirement of remaining active as an officer until the completion of the transfer, are retirement, deferred retirement, disability, and withdrawal. For each applicable status choice, the actuary shall provide the current pension fund with two actuarial accrued liability or reserve amounts. The first amount shall be the actuarial accrued liability or reserve computed using the combined years of service in the current fund and previous funds. The second amount shall be the actuarial accrued liability or reserve computed using only the years of service in the current fund. These amounts shall be computed as of the date the current pension fund receives the request for transfer of creditable service. The benefit amounts used in computing the actuarial accrued liability or reserve amounts shall be consistent with the years of service used in each separate actuarial accrued liability or reserve amount calculation. The true cost for each status shall be equal to the excess of the amount computed using the combined years of service in all funds over the amount computed using the years of service in the current pension fund.

c) The method of calculating the true cost of transferring creditable service time shall be dependent on the anticipated status of the officer as determined by the current pension fund at the time of the service transfer or immediately thereafter. It is the current pension fund's responsibility to determine the most likely status of the officer after the transfer of creditable service time.

d) The current pension fund board of trustees shall determine the true cost for the requested period of creditable service time with information provided to the current pension fund by either:

1) the Illinois Department of Insurance, upon the fund’s submission of the Information Request Form for an Officer’s Creditable Service Transfer. The form is available on the Department’s Pension Division website portal at https://insurance.illinois.gov/Applications/Pension/Form.aspx. The Department will return the information requested within 30 days after receipt of the request, if the Department's actuarial valuation was used for determining the most recent funding requirements of the current pension fund; or

2) the qualified actuary who was retained by the municipality or pension fund to determine the most recent actuarial valuation used for determining the funding requirements of the current fund.

(Source: Amended at 46 Ill. Reg. 6590, effective April 11, 2022)