



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB4503

Introduced 1/31/2012, by Rep. Edward J. Acevedo

SYNOPSIS AS INTRODUCED:

40 ILCS 5/4-108.6
40 ILCS 5/4-108.7 new
40 ILCS 5/6-227
40 ILCS 5/6-227.1 new
30 ILCS 805/8.36 new

Amends the Downstate Firefighter and Chicago Firefighter Articles of the Illinois Pension Code. Extends the period during which creditable service may be transferred from municipal firefighters' pension funds to the Firemen's Annuity and Benefit Fund of Chicago. Authorizes the transfer of creditable service from the Firemen's Annuity and Benefit Fund of Chicago to municipal firefighters' pension funds. Amends the State Mandates Act to provide for implementation without reimbursement. Effective immediately.

LRB097 16908 JDS 62096 b

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 4-108.6 and 6-227 and by adding Sections 4-108.7 and
6 6-227.1 as follows:

7 (40 ILCS 5/4-108.6)

8 Sec. 4-108.6. Transfer of creditable service to the
9 Firemen's Annuity and Benefit Fund of Chicago.

10 (a) Any ~~Until January 1, 2010, any~~ active member of the
11 Firemen's Annuity and Benefit Fund of Chicago may apply for
12 transfer of ~~up to 10 years of~~ creditable service accumulated in
13 any pension fund established under this Article to the
14 Firemen's Annuity and Benefit Fund of Chicago. Such creditable
15 service shall be transferred only upon payment by such pension
16 fund to the Firemen's Annuity and Benefit Fund of Chicago of an
17 amount equal to:

18 (1) the amounts accumulated to the credit of the
19 applicant on the books of the fund on the date of transfer;

20 (2) employer contributions in an amount equal to the
21 amount determined under subparagraph (1); and

22 (3) any interest paid by the applicant in order to
23 reinstate service.

1 Participation in such pension fund as to any credits
2 transferred under this Section shall terminate on the date of
3 transfer.

4 (b) An active member of the Firemen's Annuity and Benefit
5 Fund of Chicago applying for a transfer of creditable service
6 under subsection (a) may reinstate credits and creditable
7 service terminated upon receipt of a refund by payment to the
8 Firemen's Annuity and Benefit Fund of Chicago of the amount of
9 the refund with interest thereon at the actuarially assumed
10 rate, compounded annually, from the date of the refund to the
11 date of payment.

12 (Source: P.A. 96-727, eff. 8-25-09.)

13 (40 ILCS 5/4-108.7 new)

14 Sec. 4-108.7. Transfer of creditable service from the
15 Firemen's Annuity and Benefit Fund of Chicago. Any active
16 participant in a fund established under this Article may
17 transfer to that fund creditable service accumulated under
18 Article 6 of this Code upon payment to the Article 4 fund,
19 within 5 years after the date of application, of an amount
20 equal to the difference between the amount of employee and
21 employer contributions transferred to the Article 4 fund under
22 Section 6-227.1 and the amounts determined by the Article 4
23 fund in accordance with this Section, plus interest on that
24 difference at the actuarially assumed rate, compounded
25 annually, from the date of service to the date of payment.

1 The Article 4 fund must determine the firefighter's payment
2 required to establish creditable service under this Section by
3 taking into account the appropriate actuarial assumptions,
4 including without limitation the firefighter's service, age,
5 and salary history; the level of funding of the Article 4 fund;
6 and any other factors that the Article 4 fund determines to be
7 relevant. For this purpose, the firefighter's required payment
8 should result in no significant increase to the Article 4
9 fund's unfunded actuarial accrued liability determined as of
10 the most recent actuarial valuation, based on the same
11 assumptions and methods used to develop and report the Article
12 4 fund's actuarial accrued liability and actuarial value of
13 assets under Statement No. 25 of Governmental Accounting
14 Standards Board or any subsequent applicable Statement.

15 (40 ILCS 5/6-227)

16 Sec. 6-227. Transfer of creditable service from Article 4.
17 ~~Any~~ ~~Until January 1, 2010,~~ any active member of the Firemen's
18 Annuity and Benefit Fund of Chicago may transfer to the Fund ~~up~~
19 ~~to a total of 10 years of~~ creditable service accumulated under
20 Article 4 of this Code upon payment to the Fund within 5 years
21 after the date of application of an amount equal to the
22 difference between the amount of employee and employer
23 contributions transferred to the Fund under Section 4-108.6 and
24 the amounts determined by the Fund in accordance with this
25 Section, plus interest on that difference at the actuarially

1 assumed rate, compounded annually, from the date of service to
2 the date of payment.

3 The Fund must determine the fireman's payment required to
4 establish creditable service under this Section by taking into
5 account the appropriate actuarial assumptions, including
6 without limitation the fireman's service, age, and salary
7 history; the level of funding of the Fund; and any other
8 factors that the Fund determines to be relevant. For this
9 purpose, the fireman's required payment should result in no
10 significant increase to the Fund's unfunded actuarial accrued
11 liability determined as of the most recent actuarial valuation,
12 based on the same assumptions and methods used to develop and
13 report the Fund's actuarial accrued liability and actuarial
14 value of assets under Statement No. 25 of Governmental
15 Accounting Standards Board or any subsequent applicable
16 Statement.

17 (Source: P.A. 96-727, eff. 8-25-09.)

18 (40 ILCS 5/6-227.1 new)

19 Sec. 6-227.1. Transfer of creditable service to Article 4.

20 (a) Any active participant in an Article 4 pension fund may
21 apply for transfer of creditable service accumulated in the
22 Firemen's Annuity and Benefit Fund of Chicago to any Article 4
23 pension fund. Such creditable service shall be transferred only
24 upon payment by the Firemen's Annuity and Benefit Fund of
25 Chicago to the Article 4 fund of an amount equal to:

1 (1) the amounts accumulated to the credit of the
2 applicant on the books of the fund on the date of transfer;

3 (2) employer contributions in an amount equal to the
4 amount determined under subparagraph (1); and

5 (3) any interest paid by the applicant in order to
6 reinstate service.

7 Participation in the Firemen's Annuity and Benefit Fund of
8 Chicago as to any credits transferred under this Section shall
9 terminate on the date of transfer.

10 (b) An active participant in an Article 4 pension fund
11 applying for a transfer of creditable service under subsection
12 (a) may reinstate credits and creditable service terminated
13 upon receipt of a refund by payment to the Article 4 pension
14 fund of the amount of the refund with interest thereon at the
15 actuarially assumed rate, compounded annually, from the date of
16 the refund to the date of payment.

17 Section 90. The State Mandates Act is amended by adding
18 Section 8.36 as follows:

19 (30 ILCS 805/8.36 new)

20 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
21 of this Act, no reimbursement by the State is required for the
22 implementation of any mandate created by this amendatory Act of
23 the 97th General Assembly.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.