Proposed Change in the Law

This bill opens a six-month window allowing certain members to transfer service from IMRF to a downstate police pension fund. Members who have service credit in IMRF that was earned in the Sheriffs’ Law Enforcement Personnel (SLEP) plan or who performed police duties at a municipality or forest preserve would be eligible to transfer such service. The amounts transferred would include the total member contributions, plus interest, as well as an equal amount that would be deemed employer contributions, would be transferred. Eligible members would also be able to reinstate a refund of such service in order to transfer it to the Article 3 fund.

Reasons for Position

The IMRF Board of Trustees opposes all legislation that creates temporary transfer windows outside the purview of the Reciprocal Act. These proposals cast governmental plans in an unfavorable light by having the effect of inflating a popular straw man argument that public plans are designed to enrich public employees at the expense of everyday taxpayers.

These transfers are outside of the provisions of the Reciprocal Act, which is specifically designed to allow for the plans to work together without creating unexpected unfunded liabilities, and are generally done to enhance specific participants’ pensions at the end of their career. These proposals invariably enhance benefits for the member. Because of the unequal benefits between the systems, these transfers do have the effect of creating an unfunded liability in the system to which they are transferring, although it is likely to be small in the aggregate, depending on the overall size of the fund to which the service credit is transferred.