



ISSUE BRIEF

House Bill 4681:

Transfers from Article 3 police pension funds to IMRF SLEP

IMRF Position:

OPPOSE

Sponsor:

Representative Tony McCombie

Proposed Change in the Law

This bill would create a 12-month window allowing active members of the IMRF Sheriffs' Law Enforcement Personnel (SLEP) plan to transfer up to five years of service credit earned in an Article 3 (downstate police) pension fund.

In order to establish service in IMRF, the member may choose to either pay to the Fund an amount to be determined by the Board that constitutes the difference between the amount of employer and employee contributions transferred from the Article 3 fund and the amounts that would have been contributed, plus interest, if the member had participated in IMRF for that period OR have the amount of service credit reduced to the amount of service credit the amount of money transferred from the Article 3 fund would constitute in IMRF SLEP for that period.

Reasons for Position

The IMRF Board of Trustees opposes all temporary transfer windows that seek to transfer service from another fund to IMRF. IMRF is a pre-funded retirement plan where the cost of the pension is funded over the member's working career. By allowing members to transfer service credit outside of this funding plan, it increases the likelihood that an unfunded liability will be created. While the bill requires an "actuarial" calculation of the cost of the transfer, actuarial calculations are only reliable for large groups. It is impossible to accurately apply actuarial principles to determine the exact cost for a specific individual.

IMRF also believes temporary transfer windows challenge the sustainability of the fund in the realm of public opinion by casting governmental plans in an unfavorable light leading to

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Tom Kuehne – Vice President
Peter Stefan – Secretary

Gwen Henry
Louis Kosiba
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proposals that would negatively impact the continued existence of public plans as currently structured.

The Fund believes that the Reciprocal Act is the proper vehicle for the coordination of service credit between multiple pension systems.

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