

SENATE BILL 2520 CREATES PORTABILITY OPTION

Though not signed by the Governor as of this date, the Fund anticipates Senate Bill 2520 to become law January 1, 2009. The bill, introduced by representatives working with and for the Fraternal Order of Police, created a new section, section 5-214.2. This new section will afford current and future Chicago Police Officers the opportunity to purchase (port) service credit earned in other law enforcement capacities within the State of Illinois prior to their appointment to the Chicago Police Department. To be eligible to participate in this act several conditions must be met:

- You must be an active police officer, on or before the effective date of the Act becoming law.
- You must have been a contributing member working in a “law enforcement capacity” under Article 40 sections 3,7,9,10,13,14,15, Division 1 of Article 22 or a law enforcement officer with the CHA Police, Metropolitan Transit Authority and Local Mass Transit District Pension Fund within the Illinois Pension Code.
- You may establish up to 10 years of additional service credit, in increments of 6 months.

All of these conditions met must also provide that:

- service credit is not available for employment under any other provisions in Section 5-214,
- service credit for the previous employment has been terminated,
- the officer applies for this credit, in writing, within 1 year after the effective date and
- the officer pays to the Fund, within 5 years after the date of application an amount to be determined by the Fund.

Key language in the bill states “the policemen’s required payment of this service credit purchase should result in no significant increase to the Fund’s unfunded actuarial accrued liability determined as of the most recent actuarial valuation, based on the same assumptions and methods used to develop and report the Fund’s actuarial accrued liability and actuarial value of assets under statement No. 25 of the Governmental Accounting Standards Board ...”. What this dictates is that the total cost of this service credit, both the employee and employer contributions as well as an amount to be determined by an actuarial valuation on a case by case basis is to be born by the member making application for it. The bill also directs that the Fund cannot include payments received for this service credit by members as salary deductions for the employers tax levy determination.

For new hires after January 1, 2009, within two years of being appointed to the Chicago Police Department, officers must apply for this service credit option and if approved must pay for the service credit applied for within 5 years of employment with the CPD.

Though not a DROP plan (deferred retirement option plan), the effects of this bill are similar. An officer working now has an opportunity to port his or her prior service to this Fund, thereby increasing their service credit accrual which will increase the benefit level earned once an officer reaches age 50 with 20 years of creditable service. The Fund is working with the Police Personnel Division to assist us in coordinating SB2520 Workshops to elaborate for those of you interested in this provision wishing to participate. The Fund is also working with our Fund actuary, Gabriel, Roeder Smith and Company to assist staff with technical interpretations as well as calculation tools and examples in anticipation of great interest on the part of fund membership. We are in process of developing the application for this service credit, which will have to be approved by the Board of Trustees on an individual basis after submission before payments can be calculated

and or accepted. Once developed, the application will be available for download on our website at chipabf.org. After January 1, 2009, please visit our website for more information and guidance on this issue.