

TITLE 50: INSURANCE
CHAPTER I: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
SUBCHAPTER aaa: PENSIONS

PART 4403
TRANSFER OF CREDITABLE SERVICE TIME FROM IMRF TO
ARTICLE 3 POLICE PENSION FUND

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AUTHORITY: Implementing Section 3-110(e) and Section 7-139.11, and authorized by Section 3-110(e)(1)(3) of the Illinois Pension Code [40 ILCS 5/3-110(e), 7-139.11 and 3-100(e)(1)(3)].
EMERGENCY

SOURCE: Emergency rules adopted at 29 Ill. Reg. _____, effective November 9, 2005, for a maximum of 150 days.
EMERGENCY

Section 4403.10 Purpose
EMERGENCY

The purpose of this Part is to set forth the requirements for application; notification; reporting as well as identifying the underlying calculations involved concerning the transfer of creditable service time from the Article 7 pension fund, IMRF, to the police officer's Article 3 police pension fund, pursuant to Sections 3-110 and 7-139.11 of the Illinois Pension Code [40 ILCS 5/3-110 and 7-139.11].

EMERGENCY RULE
TEXT

Section 4403.20 Applicability**EMERGENCY**

This Part applies to any active participant of a pension fund established under Article 3 of the Illinois Pension Code [40 ILCS 5/3] with less than 8 years of service in the Article 7 pension fund, IMRF, who applies by January 1, 2006, for a transfer of creditable service from IMRF.

EMERGENCY RULE
TEXT

Section 4403.30 Definitions**EMERGENCY**

Active Member shall be defined as an officer that is in active service and a participant of a pension fund established pursuant to Article 3 of the Illinois Pension Code.

Article 3 Fund means a police pension fund created under the authority of Article 3 of the Illinois Pension Code [40 ILCS 5/3].

Creditable Service shall be defined by Section 3-110 of the Illinois Pension Code [40 ILCS 5/3-110].

Date of Refund shall be defined as the date the officer received a refund from a pension fund pursuant to Section 3-124 of the Illinois Pension Code [40 ILCS 5/3-124].

Date of Transfer, for purposes of calculating creditable service time to be transferred, shall be defined as the date the officer's application for transfer of creditable service time is received by the Article 3 fund. [40 ILCS 5/3-110.7(a)(1)].

Department means the Illinois Department of Financial and Professional Regulation.

Director shall be defined as the Director of the Division of Insurance.

Division of Insurance means the Illinois Department of Financial and Professional Regulation – Division of Insurance.

Illinois Municipal Retirement Fund (IMRF) means the pension fund created under the authority of Article 7 of the Illinois Pension Code [40 ILCS 5/3].

Police Officer or Officer shall be defined by Section 3-106 of the Illinois Pension Code [40 ILCS 5/3-106].

Public Pension Division means the Public Employee Pension Division of the Division of Insurance. [40 ILCS 5/1A-101].

Qualified Actuary shall be defined as either a member of the American Academy of Actuaries, or an individual who has demonstrated to the satisfaction of the Director that he or she possesses the educational background necessary for the

practice of actuarial science, who also possesses not less than 7 years of relevant actuarial experience.

Refund shall be defined as the amount of contributions an officer received pursuant to Section 3-124 of the Illinois Pension Code [40 ILCS 5/3-124].

True Cost shall be defined as the increase in the actuarial accrued liability or reserve amount, as applicable, calculated pursuant to Section 4403.60 of this Part and Section 3-110 of the Illinois Pension Code [40 ILCS 5/3-110], resulting from the transfer of creditable service from the IMRF to the Article 3 Fund.

EMERGENCY RULE
TEXT

**Section 4403.40 Application for Transfer of Creditable Service from IMRF to Article 3 Police Pension Fund
EMERGENCY**

Any police officer who is an active member of an Article 3 fund must submit a written application by no later than January 1, 2006, to their Article 3 fund board of trustees as well as a duplicate copy to the IMRF, identifying, by date and time frame, the accumulated creditable service to be transferred from the Article 7 Fund. The police officer must also identify any creditable service time which the officer is required to reinstate pursuant to Section 7-139.11(b) of the Illinois Pension Code [40 ILCS 5] in order for it to qualify as creditable service time for which the officer is applying to transfer.

EMERGENCY RULE
TEXT

**Section 4403.50 Article 3 Police Pension Fund Notification Requirement
EMERGENCY**

Within 14 days after receipt of the police officer's application, the Article 3 fund shall provide written notification to both the requesting officer and the IMRF verifying receipt of such request. The Article 3 fund shall obtain verification of the creditable service time on record with IMRF, as well as the amount the IMRF will transfer to the Article 3 fund as calculated pursuant to Section 7-139.11 and the amount the police officer is required to pay the IMRF in order to reinstate service as calculated pursuant to Section 7-139.11(b). At this time the Article 3 fund shall also provide written notification to the applicable qualified actuary or to the Public Pension Division, requesting the actuarial amounts to be used in the true cost determination. If the Public Pension Division is asked to prepare the actuarial true cost calculation, Illustration A of this Part must accompany such request.

EMERGENCY RULE
TEXT

**Section 4403.60 Method for Calculation of the True Cost
EMERGENCY**

- a) The qualified actuary shall provide the Article 3 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) of this Section. 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 Article 3 fund.
- b) The possible status choices which 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 Article 3 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 Article 3 fund and IMRF. The second amount shall be the actuarial accrued liability, or reserve, computed using only the years of service in the Article 3 fund. These amounts shall be computed as of the date the Article 3 fund receives the request for transfer of creditable service. The benefit amounts used in computing the actuarial accrued liability, and 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 both the IMRF and Article 3 funds over the amount computed using the years of service in the Article 3 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 Article 3 fund at the time of the service transfer, or immediately thereafter. It is the Article 3 fund's responsibility to determine the most likely status of the officer after the transfer of creditable service time.
- d) The Article 3 fund board of trustees shall determine the true cost for the requested period of creditable service time with information provided to the Article 3 pension fund by either:
 - 1) the Public Pension Division, upon written request submitted in the format prescribed by Illustration A of this Part. The Public Pension Division will return the information requested within 30 days after receipt of such request, if the Public Pension Division's actuarial valuation was used for determining the most recent funding requirements of the Article 3 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 Article 3 fund.

EMERGENCY RULE
TEXT

**Section 4403.70 IMRF Notification Requirement
EMERGENCY**

Within 30 days after receipt of the police officer's application, the IMRF shall provide written notification that verifies receipt of the application required by Section 4403.40 of this Part to both the requesting officer and the Article 3 fund. The IMRF must also verify the creditable service time on record, and identify the amount of money due to be transferred to the Article 3 fund on behalf of the officer as calculated pursuant to Article 7, Section 7-139.11(a), specifically broken down into categories including employee contributions, employer contributions, and interest. In the event that a refund has been taken, the IMRF must also notify the officer and the Article 3 fund of the amount of money that is owed to the IMRF in order to reinstate the service time. The IMRF's notification to the officer and the Article 3 fund must identify that portion of the amount owed for reinstatement that is attributable to the refund received by the officer and that portion of the amount that is attributable to the interest on the refund.

**Section 4403.80 Article 3 Police Fund Determination of Creditable Service Time to be Credited and Notification to the Police Officer
EMERGENCY**

Within 14 days after receipt of the IMRF notification, the Article 3 fund shall notify the requesting officer of creditable service time that will be credited to the Article 3 fund in accordance with Article 3, Section 110(e)(2). The amount of service to be credited in the Article 3 fund shall equal the portion of the creditable service time accumulated in the IMRF after applying to that service the ratio of the amount of monies transferred from IMRF required by Article 7, Section 139.11(a) to the appropriate true cost amount as determined under Section 4403.60 of this Part. If the ratio of the amount transferred from IMRF to the appropriate true cost amount is greater than one, only the amount of actual creditable service time accumulated in IMRF is credited to the Article 3 fund.

$$\text{Service Credited in Police Fund} = \text{Service Accumulated in IMRF} \times \frac{(\text{Monies Transferred from IMRF})}{(\text{Appropriate True Cost})}$$

**Section 4403.90 Final Authorization to Transfer or Withdraw
EMERGENCY**

Within 30 days after receiving notification from the Article 3 fund, which must include the actual creditable service to be credited in the Article 3 fund and the reinstatement amount to be paid to the IMRF, the officer must either:

- a) Provide an irrevocable written authorization to transfer creditable service time to the Article 3 fund, and if applicable, repay the IMRF any refund with interest; or
- b) Submit a written request to withdraw the initial application for transferring creditable service to the Article 3 pension fund; or
- c) If the officer fails to take action by the 31st day, pursuant to either subsection (a) or (b) of this Section, the initial request to transfer the designated creditable service time will be automatically withdrawn.

**Section 4403.100 Transfer of Creditable Service Time
EMERGENCY**

Within 30 days after the IMRF receives a copy of the officer's final authorization and the repayment of any refund with interest, if applicable, the IMRF must transfer the creditable service time to the Article 3 fund along with the payment of all monies required to be transferred. Upon receipt of the monies from the IMRF, the Article 3 fund shall credit the police officer with the appropriate service time.

**Section 4403.110 Article 3 Police Pension Fund Reporting Requirements
EMERGENCY**

Within 30 days after the designated creditable service time has been transferred to the Article 3 fund, the Article fund must file a report with the Public Pension Division. The report must contain the following:

- a) The name and FEIN of the Article 3 fund to which creditable service time was transferred;
- b) The name and Social Security Number of the officer for whom creditable service time was transferred;
- c) The beginning and ending dates for all periods of creditable service time transferred from IMRF;
- d) The actual creditable service time accumulated in the IMRF for which the applicant applied to transfer to the Article 3 fund;
- e) The amount of monies transferred from IMRF, including a breakdown of the total to include:
 - 1) Total Member Contributions and Total Interest;
 - 2) Total Employer Contributions;
 - 3) Reinstatement Cost Interest;
- f) Total Reinstatement Cost to IMRF;
- g) The creditable service time credited to the Article 3 fund;
- h) In addition, the report must also contain the date that the designated creditable service time was credited to the Article 3 fund;
- i) The true cost of transferred creditable service time; and
- j) If the actuarial accrued liability and reserve amounts used in determining the true cost of transferring creditable service time were calculated by a qualified actuary pursuant to Section 4403.60(d)(2) of this Part, then an actuarial certification must be filed by the Article 3 pension fund and must contain a statement that the actuarial accrued liabilities or reserves were calculated by the undersigned actuary in compliance with Section 4403.60(a), (b) and (c) of this Part.

**Section 4403.ILLUSTRATION A- IDFPR Information Request for an Officer's Creditable Service Transfer
EMERGENCY**

Please Forward This Request To:

Illinois Department of Financial & Professional Regulation
Division of Insurance
Public Pension Division
320 West Washington Street
Springfield, Illinois 62767-0001

Within 30 working days after the Public Pension Division receives this request the Public Pension Division will provide the Article 3 fund with the actuarial accrued liability, and reserve, amounts to be used in determining the true cost of transferring creditable service time.

1. Officer's Name: _____
 Address: _____
 City: _____
 State: _____
 Zip: _____
2. SS#: _____
3. D.O.B.: _____
4. Entry Date into Article 3 Fund: _____
5. Date Article 3 Fund Received Request for Transfer of Creditable Service:

6. Officer's Age at the Time the Article 3 Fund Receives the Request for Transfer of Creditable Service:

7. Article 3 Annual Salary of the Officer as of the Date the Article 3 Fund Received the Request for Transfer of Creditable Service:

8. Years, Months and Days of Creditable Service Time in Article 3 Fund to Date Article 3 Fund Receives Request for Transfer of Creditable Service:

9. Date(s) of Any Service Breaks from Article 3 Fund Where Service Credit Was Not Given: _____

10. Entry Date into IMRF: _____

11. Date of Termination from IMRF: _____

12. Years, Months and Days of Creditable Service Time Applying For Transfer from IMRF: _____

13. Date(s) of Any Service Breaks from IMRF Where Service Credit Was Not Given: _____

14. Article 3 Fund Contact Person, Mailing Address and Telephone Number:

15. Article 3 Fund Trustee Name, Address, Telephone Number, Signature and Date:
