



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3522

by Rep. Grant Wehrli

SYNOPSIS AS INTRODUCED:

40 ILCS 5/4-117 from Ch. 108 1/2, par. 4-117
40 ILCS 5/4-117.2 new
30 ILCS 805/8.43 new

Amends the Downstate Firefighter Article of the Illinois Pension Code. Requires each municipality to establish a defined contribution plan that aggregates firefighter and employer contributions in individual accounts used for retirement. Provides that if a firefighter who has more than 10 years of creditable service in a fund enters active service with a different municipality, he or she may elect to participate in the defined contribution plan in lieu of the defined benefit plan. Provides that if a fire chief to whom a specified provision of the Illinois Municipal Code applies (i) first becomes a member on or after January 1, 2020, (ii) is receiving pension payments, and (iii) reenters active service with any municipality that has established a pension fund under the Article, that fire chief may continue to receive pension payments while he or she is in active service, but shall only participate in a defined contribution plan and may not establish creditable service in the pension fund established by that municipality or have his or her pension recomputed. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 11181 RPS 56422 b

FISCAL NOTE ACT
MAY APPLY

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 Section 4-117 and by adding Section 4-117.2 as follows:

6 (40 ILCS 5/4-117) (from Ch. 108 1/2, par. 4-117)

7 Sec. 4-117. Reentry into active service.

8 (a) If a firefighter receiving pension payments reenters
9 active service, pension payments shall be suspended while he or
10 she is in service. If the firefighter again retires or is
11 discharged, his or her monthly pension shall be resumed in the
12 same amount as was paid upon first retirement or discharge
13 unless he or she remained in active service 3 or more years
14 after re-entry in which case the monthly pension shall be based
15 on the salary attached to the firefighter's rank at the date of
16 last retirement.

17 (b) If a deferred pensioner re-enters active service, and
18 again retires or is discharged from the fire service, his or
19 her pension shall be based on the salary attached to the rank
20 held in the fire service at the date of earlier retirement,
21 unless the firefighter remains in active service for 3 or more
22 years after re-entry, in which case the monthly pension shall
23 be based on the salary attached to the firefighter's rank at

1 the date of last retirement.

2 (c) If a pensioner or deferred pensioner re-enters or is
3 recalled to active service and is thereafter injured, and the
4 injury is not related to an injury for which he or she was
5 previously receiving a disability pension, the 3 year service
6 requirement shall not apply in order for the firefighter to
7 qualify for the increased pension based on the rate of pay at
8 the time of the new injury.

9 (d) If a fire chief to whom Section 10-1-7.3 of the
10 Illinois Municipal Code applies (i) first becomes a member on
11 or after January 1, 2020, (ii) is receiving pension payments,
12 and (iii) reenters active service with any municipality that
13 has established a pension fund under this Article, that fire
14 chief may continue to receive pension payments while he or she
15 is in active service, but shall only participate in a defined
16 contribution plan established by the municipality pursuant to
17 Section 4-117.2 and may not establish creditable service in the
18 pension fund established by that municipality or have his or
19 her pension recomputed.

20 (Source: P.A. 83-1440.)

21 (40 ILCS 5/4-117.2 new)

22 Sec. 4-117.2. Defined contribution plan for certain
23 firefighters.

24 (a) Each municipality shall establish a defined
25 contribution plan that aggregates firefighter and employer

1 contributions in individual accounts used for retirement. The
2 defined contribution plan, including both firefighter and
3 employer contributions, established by the municipality must,
4 at a minimum: meet the safe harbor provisions of the Internal
5 Revenue Code of 1986, as amended; be a qualified plan under the
6 Internal Revenue Code of 1986, as amended; and comply with all
7 other applicable laws, rules, and regulations. Contributions
8 shall vest immediately upon deposit in the firefighter's
9 account.

10 A firefighter who participates in the defined contribution
11 plan under this Section may not earn creditable service or
12 otherwise participate in the defined benefit plan offered by
13 his or her employing municipality, except as an annuitant in
14 another fund or as a survivor, while he or she is a participant
15 in the defined contribution plan. The defined contribution plan
16 under this Section shall not be construed to be a pension,
17 annuity, or other defined benefit under this Code.

18 (b) If a firefighter who has more than 10 years of
19 creditable service in a fund enters active service with a
20 different municipality, he or she may elect to participate in
21 the defined contribution plan under this Section in lieu of the
22 defined benefit plan.

23 A firefighter who has elected under this subsection to
24 participate in the defined contribution plan may, in writing,
25 rescind that election in accordance with the rules of the
26 board. Any employer contributions, and the earnings thereon,

1 shall remain vested in the firefighter's account. A firefighter
2 who rescinds the election may begin participating in the
3 defined benefit plan on the first day of the month following
4 the rescission.

5 (c) As used in this Section, "defined benefit plan" means
6 the retirement plan available to firefighters under this
7 Article who do not participate in the defined contribution plan
8 under this Section.

9 Section 90. The State Mandates Act is amended by adding
10 Section 8.43 as follows:

11 (30 ILCS 805/8.43 new)

12 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
13 of this Act, no reimbursement by the State is required for the
14 implementation of any mandate created by this amendatory Act of
15 the 101st General Assembly.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.