



## 100TH GENERAL ASSEMBLY

### State of Illinois

### 2017 and 2018

### SB3444

Introduced 2/16/2018, by Sen. Pamela J. Althoff

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. On January 1, 2021, merges all Article 3 police pension funds into a single Downstate Police Officers Pension Fund and all Article 4 firefighters' pension funds into a single Downstate Firefighters Pension Fund. Creates Transition Boards, which are responsible for planning, overseeing, and administering the consolidation. Authorizes the Transition Boards to undertake numerous activities necessary for the consolidation, including making arrangements for staff, investments, transfer of assets and liabilities, acquisition of property, establishment of municipal accounts, and the adoption of rules and procedures. Authorizes each Transition Board to enter into contracts and to obligate and expend the assets of each Fund. Creates a new Board of Trustees for each Fund, and provides for administration of each Fund by the Transition Board until the new Board assumes its duties on January 1, 2022. Converts the board of trustees of each consolidated pension fund into a pension benefit determination and payment board. Provides for investment of the Funds' assets by custodians chosen by the Boards of Trustees. Makes conforming and other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately, except that certain changes to the Illinois Pension Code take effect January 1, 2021.

LRB100 16910 RPS 32051 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 Sections 3-101 and 4-101 and by adding Sections 3-101.1,  
6 3-101.2, 4-101.1, 4-101.2, 7-199.5, and 7-199.6 as follows:

7 (40 ILCS 5/3-101) (from Ch. 108 1/2, par. 3-101)

8 Sec. 3-101. Creation of Fund ~~fund~~.

9 (a) Until January 1, 2021, in ~~in~~ each municipality, as  
10 defined in Section 3-103, the city council or the board of  
11 trustees, as the case may be, shall establish and administer a  
12 police pension fund, as prescribed in this Article, for the  
13 benefit of its police officers and of their surviving spouses,  
14 children, and certain other dependents. The duty of the  
15 corporate authorities of a municipality to establish and  
16 administer a police pension fund shall be suspended during any  
17 period during which the fund is dissolved under Section 3-144.6  
18 of this Code.

19 (b) On January 1, 2021, all of the individual police  
20 pension funds then existing under this Article are merged and  
21 consolidated into a single pension fund, to be known as the  
22 Downstate Police Officers Pension Fund, which shall be  
23 established and administered as prescribed in this Article.

1       On January 1, 2021, the board of trustees of each  
2       individual police pension fund is converted to a pension  
3       benefit determination and payment board, which shall be  
4       established and administered as prescribed in this Article.  
5       Members of a pension benefit determination and payment board  
6       are fiduciaries of the Fund.

7       (c) Beginning January 1, 2021, each municipality, as  
8       defined in Section 3-103, shall participate in the Downstate  
9       Police Officers Pension Fund for the benefit of its police  
10       officers and of their surviving spouses, children, and certain  
11       other dependents.

12       (d) It is the purpose of this consolidation to continue the  
13       role of local pension boards in determining, approving, and  
14       paying retirement, survivor, and disability benefits while  
15       providing the advantages of (i) centralized custody and  
16       investment of pension fund assets, (ii) consistent  
17       interpretation and application of this Article by local boards  
18       acting in accordance with a single set of rules and procedures  
19       adopted by the consolidated pension fund, and (iii) securing  
20       the future funding of pension benefits through an independent  
21       determination of each municipality's required annual  
22       contribution rate.

23       (Source: P.A. 97-99, eff. 1-1-12.)

24       (40 ILCS 5/3-101.1 new)

25       Sec. 3-101.1. Transition Board.

1       (a) There is hereby created a Downstate Police Officers  
2 Pension Fund Transition Board, which may be referred to as the  
3 "Transition Board". The Transition Board shall consist of 9  
4 members as follows:

5           (1) The Director of Insurance, or his or her designee.

6           (2) Three persons with experience in managing or  
7 administering an Illinois public employee pension fund or  
8 retirement system, appointed by the Governor.

9           (3) One person with experience in providing actuarial  
10 services to an Illinois public employee pension fund or  
11 retirement system, appointed by the Governor.

12           (4) One person with experience in auditing Illinois  
13 public employee pension funds or retirement systems,  
14 appointed by the Governor.

15           (5) One member of the labor organization representing  
16 the largest number of police officers participating in  
17 Article 3 pension funds, appointed by the President of that  
18 organization.

19           (6) One person who is the mayor or chief elected  
20 officer of a municipality that maintains an Article 3  
21 pension fund, appointed by the Governor.

22           (7) One person familiar with the operation and  
23 administration of the Illinois Municipal Retirement Fund,  
24 appointed by the Executive Director of that Fund.

25       All such appointments and designations shall be made by  
26 filing a written notice thereof with the Secretary of State no

1 later than 30 days after the effective date of this amendatory  
2 Act of the 100th General Assembly.

3 (b) The Transition Board shall be responsible for planning,  
4 overseeing, and administering the consolidation and merger of  
5 all existing Article 3 pension funds into a single Downstate  
6 Police Officers Pension Fund.

7 Members of the Transition Board shall act at all times in a  
8 manner appropriate for fiduciaries of the Fund and fiduciaries  
9 of the pension funds being consolidated.

10 The Transition Board's powers and duties include, but are  
11 not limited to, the following:

12 (1) Providing for the establishment of offices,  
13 infrastructure, and personnel necessary for the operation  
14 of the Downstate Police Officers Pension Fund.

15 (2) Providing for the preservation and consolidation  
16 of membership, beneficiary, financial, and other records  
17 relating to the Article 3 pension funds to be merged.

18 (3) Obtaining all necessary Internal Revenue Service  
19 and any other necessary approval or review.

20 (4) Providing for the final auditing of existing  
21 Article 3 pension funds, including a final accounting of  
22 their respective assets and liabilities.

23 (5) Providing for the custody and transfer of the  
24 assets and liabilities of the existing Article 3 pension  
25 funds to the Downstate Police Officers Pension Fund (except  
26 for any assets determined by the Transition Board to be

1 properly retained for the short-term payment of benefits  
2 and expenses by a pension fund prior to the consolidation  
3 date or related to the defined contribution plan under  
4 Section 3-109.4), on a schedule to be determined by the  
5 Transition Board.

6 (6) Providing for the long-term investment of the  
7 assets of the Downstate Police Officers Pension Fund that  
8 are not required for the short-term payment of benefits and  
9 expenses.

10 (7) Providing an appropriate system of accounting for  
11 the assets and liabilities attributable to the existing  
12 Article 3 pension funds, and establishing separate  
13 reserves and accounts for each municipality participating  
14 in the Downstate Police Officers Pension Fund in accordance  
15 with this Article. In so doing, the Transition Board shall  
16 be guided by the methods and experience of the Illinois  
17 Municipal Retirement Fund.

18 (8) Providing an appropriate system of determining,  
19 administering, receiving, and enforcing the required  
20 municipal contributions to the Fund. In so doing, the  
21 Transition Board shall be guided by the methods and  
22 experience of the Illinois Municipal Retirement Fund. The  
23 municipal contribution rate shall be determined separately  
24 for each municipality, on an annual basis, in accordance  
25 with the requirements of this Article, based on the  
26 municipality's separate reserves and accounts within the

1       Fund. The Transition Board shall endeavor to determine the  
2       required municipal contributions to the Fund and to notify  
3       and provide reasonable guidance to municipalities in a  
4       manner that ensures uninterrupted contributions during the  
5       transition period.

6           (9) Ensuring the uninterrupted payment and  
7       administration of benefits.

8           (10) Adopting rules or procedures necessary or useful  
9       for the efficient consolidation of the existing Article 3  
10       pension funds and the efficient operation and  
11       administration of the Downstate Police Officers Pension  
12       Fund, including rules and procedures relating to the  
13       operation of pension benefit determination and payment  
14       boards. In adopting rules and procedures for the operation  
15       of benefit boards, the Transition Board shall review the  
16       existing rules and procedures of representative examples  
17       of existing Article 3 pension funds and take into  
18       consideration the methods and experience of the Illinois  
19       Municipal Retirement Fund. Members of a pension benefit  
20       determination and payment board are fiduciaries of the  
21       Fund.

22           (11) Considering the consequences of the consolidation  
23       on any Qualified Illinois Domestic Relations Orders filed  
24       with the pension funds being consolidated, and providing  
25       for appropriate notice and advice to be given to persons  
26       who may be affected by those Qualified Illinois Domestic

1 Relations Orders concerning the possible effects of  
2 consolidation.

3 (12) Administering the Downstate Police Officers  
4 Pension Fund and exercising and performing all of the  
5 powers and duties of its Board of Trustees from the time of  
6 the Fund's inception until the new Board of Trustees under  
7 subsection (f) of Section 3-128 has assumed its duties.

8 (13) Making recommendations to the Governor and the  
9 General Assembly with respect to legislation necessary or  
10 useful for the implementation of this consolidation or for  
11 the successful operation of the Downstate Police Officers  
12 Pension Fund and the pension benefit determination and  
13 payment boards.

14 (c) The Public Pension Division of the Department of  
15 Insurance shall provide all reasonably necessary and available  
16 temporary office space and technical and clerical support and  
17 monetary or other assistance at the request of the Transition  
18 Board.

19 For the purpose of implementing the consolidation, the  
20 Transition Board may direct the Public Pension Division to  
21 accelerate, expand, or enhance its examination under Section  
22 1A-104 of all or specific Article 3 pension funds or to conduct  
23 a particular study or investigation thereof. The expenses of  
24 such examinations and investigations, to the extent not paid by  
25 the Division, shall be charged to the applicable pension fund.

26 (d) The Illinois Municipal Retirement Fund is authorized to



1 provide any reasonable managerial, professional, clerical, or  
2 other assistance to the Transition Board that is consistent  
3 with its fiduciary and other obligations.

4 The Transition Board is authorized to enter into reasonable  
5 contracts or other agreements not exceeding 3 years in duration  
6 with the Illinois Municipal Retirement Fund without public  
7 bidding or procurement procedures to provide administrative,  
8 investment, professional, technical, or other services or  
9 facilities for the Downstate Police Officers Pension Fund.

10 (e) In preparation for the inception of the Downstate  
11 Police Officers Pension Fund on January 1, 2021, and during the  
12 period of its administration of that Fund, the Transition Board  
13 is authorized to expend or obligate the assets of the Fund for  
14 any of the reasonable expenses of the Fund, including the  
15 payment of benefits and reasonable administrative expenses.  
16 The term "reasonable administrative expenses" includes, but is  
17 not limited to, the cost of hiring personnel and obtaining  
18 professional services, the cost of leases or purchases of  
19 property or services for the Fund, the cost of insurance, and  
20 the cost of indemnifying members of the Transition Board and  
21 its employees, advisors, and agents.

22 (f) In preparation for the inception of the Downstate  
23 Police Officers Pension Fund on January 1, 2021, the Transition  
24 Board is specifically authorized to retain for the Fund, during  
25 the period before its inception, an executive director and an  
26 actuary with the powers and duties described in Sections

1 3-140.6 and 3-140.7.

2 (g) Members of the Transition Board, other than State  
3 officials and employees, may be compensated for their service,  
4 and all members may be reimbursed for their reasonable  
5 expenses, out of any moneys available for that purpose.

6 (h) Sixty days after the new Board of Trustees under  
7 Section 3-128 assumes its duties, the Transition Board is  
8 abolished.

9 (40 ILCS 5/3-101.2 new)

10 Sec. 3-101.2. Consolidation of pension funds.

11 (a) On January 1, 2021, all of the individual police  
12 pension funds then established under this Article are merged  
13 and consolidated into a single pension fund, to be known as the  
14 Downstate Police Officers Pension Fund, which shall be  
15 established and administered as prescribed in this Article.

16 In preparation for that consolidation, all pension funds  
17 established under this Article, and the municipalities that  
18 established them, shall cooperate with the Transition Board.

19 (b) The Downstate Police Officers Pension Fund shall be the  
20 legal successor to each of the pension funds that are  
21 consolidated within it, and it may exercise any of the rights  
22 and powers and perform any of the duties of those pension  
23 funds.

24 At the time of consolidation, or as otherwise directed by  
25 the Transition Board, all assets and liabilities belonging to

1 or arising from the trust of an existing pension fund shall  
2 become the assets and liabilities of the Downstate Police  
3 Officers Pension Fund.

4 As and when directed by the Transition Board, the trustees  
5 of the pension funds established under Article 3 of this Code  
6 shall transfer to the Downstate Police Officers Pension Fund,  
7 for management and investment as assets of the Downstate Police  
8 Officers Pension Fund, all of their securities and other  
9 investments.

10 (c) At the time of consolidation or as otherwise directed  
11 by the Transition Board, assets not belonging to or arising  
12 from the trust that are incidentally owned by a pension fund,  
13 and any incidental liabilities of a pension fund not relating  
14 to or arising from the trust, shall become the assets and  
15 liabilities of the pension benefit determination and payment  
16 board of the municipality.

17 Assets not belonging to or arising from the trust that are  
18 owned by a municipality and incidentally used by a pension  
19 fund, and any associated liabilities, are not affected by the  
20 consolidation and shall continue to be managed as assets and  
21 liabilities of that municipality.

22 As necessary or useful to effectuate the consolidation, the  
23 board of trustees of a pension fund to be consolidated, the  
24 pension benefit determination and payment board of a  
25 municipality whose pension fund has been consolidated, and the  
26 applicable municipality may each, in its discretion, continue

1 or renegotiate any employment or service contract, lease, or  
2 other contract to which it is a party that relates to the  
3 operation of the consolidated pension fund, and it may take  
4 appropriate action to terminate any such contract as necessary  
5 to terminate or avoid unnecessary or duplicative personnel,  
6 facilities, or services.

7 (d) Beginning on January 1, 2021, all benefits payable  
8 under this Article shall be payable from the Downstate Police  
9 Officers Pension Fund and charged to the appropriate accounts  
10 and reserves of the applicable municipalities. Except as  
11 otherwise provided for certain benefits based on service under  
12 more than one municipality, benefits shall be paid by the  
13 applicable pension benefit determination and payment board,  
14 acting as payment agent for the Fund.

15 (e) The consolidation of pension funds under this Article  
16 shall not diminish or impair the benefits of any current or  
17 former police officer who participated in one of those pension  
18 funds or of any such police officer's surviving spouse,  
19 children, or other dependents.

20 The consolidation of pension funds under this Article does  
21 not entitle any person to a recalculation or combination of any  
22 benefit or benefits previously granted or to a refund of any  
23 contribution previously paid.

24 The consolidation of pension funds under this Article is  
25 not intended to increase the benefits provided under this  
26 Article, except insofar as the consolidation of pension funds

1 into a single Fund will allow police officers in active service  
2 on or after the consolidation date to have their benefit  
3 calculations (and those of their qualifying survivors) include  
4 consideration of all of the police officer's service, salary,  
5 and credits in the Fund as though arising under that single  
6 Fund, rather than as arising under more than one participating  
7 municipality or more than one Article 3 pension fund. Such  
8 benefits based on service under more than one participating  
9 municipality shall be determined, granted, and paid directly by  
10 the Board of the Fund in the manner prescribed in the  
11 applicable portions of Sections 3-110.05, 3-124.1, and  
12 3-130.5.

13 (40 ILCS 5/4-101) (from Ch. 108 1/2, par. 4-101)

14 Sec. 4-101. Creation of Fund ~~fund~~.

15 (a) Until January 1, 2021, in ~~in~~ each municipality as  
16 defined in Section 4-103, the city council or the board of  
17 trustees, as the case may be, shall establish and administer a  
18 firefighters' pension fund as prescribed in this Article, for  
19 the benefit of its firefighters and of their surviving spouses,  
20 children and certain other dependents. The duty of the  
21 corporate authorities of a municipality to establish and  
22 administer a firefighters' pension fund shall be suspended  
23 during any period during which the fund is dissolved under  
24 subsection (c) of Section 4-106.1 of this Code.

25 (b) On January 1, 2021, all of the individual firefighters'

1 pension funds then existing under this Article are merged and  
2 consolidated into a single pension fund, to be known as the  
3 Downstate Firefighters Pension Fund, which shall be  
4 established and administered as prescribed in this Article.

5 On January 1, 2021, the board of trustees of each  
6 individual firefighters' pension fund is converted to a pension  
7 benefit determination and payment board, which shall be  
8 established and administered as prescribed in this Article.  
9 Members of a pension benefit determination and payment board  
10 are fiduciaries of the Fund.

11 (c) Beginning January 1, 2021, each municipality, as  
12 defined in Section 4-103, shall participate in the Downstate  
13 Firefighters Pension Fund for the benefit of its firefighters  
14 and of their surviving spouses, children, and certain other  
15 dependents.

16 (d) It is the purpose of this consolidation to continue the  
17 role of local pension boards in determining, approving, and  
18 paying retirement, survivor, and disability benefits while  
19 providing the advantages of (i) centralized custody and  
20 investment of pension fund assets, (ii) consistent  
21 interpretation and application of this Article by local boards  
22 acting in accordance with a single set of rules and procedures  
23 adopted by the consolidated pension fund, and (iii) securing  
24 the future funding of pension benefits through an independent  
25 determination of each municipality's required annual  
26 contribution rate.

1 (Source: P.A. 97-99, eff. 1-1-12.)

2 (40 ILCS 5/4-101.1 new)

3 Sec. 4-101.1. Transition Board.

4 (a) There is hereby created a Downstate Firefighters  
5 Pension Fund Transition Board, which may be referred to as the  
6 "Transition Board". The Transition Board shall consist of 9  
7 members as follows:

8 (1) The Director of Insurance, or his or her designee.

9 (2) Three persons with experience in managing or  
10 administering an Illinois public employee pension fund or  
11 retirement system, appointed by the Governor.

12 (3) One person with experience in providing actuarial  
13 services to an Illinois public employee pension fund or  
14 retirement system, appointed by the Governor.

15 (4) One person with experience in auditing Illinois  
16 public employee pension funds or retirement systems,  
17 appointed by the Governor.

18 (5) One member of the labor organization representing  
19 the largest number of firefighters participating in  
20 Article 4 pension funds, appointed by the President of that  
21 organization.

22 (6) One person who is the mayor or chief elected  
23 officer of a municipality that maintains an Article 4  
24 pension fund, appointed by the Governor.

25 (7) One person familiar with the operation and

1 administration of the Illinois Municipal Retirement Fund,  
2 appointed by the Executive Director of that Fund.

3 All such appointments and designations shall be made by  
4 filing a written notice thereof with the Secretary of State no  
5 later than 30 days after the effective date of this amendatory  
6 Act of the 100th General Assembly.

7 (b) The Transition Board shall be responsible for planning,  
8 overseeing, and administering the consolidation and merger of  
9 all existing Article 4 pension funds into a single Downstate  
10 Firefighters Pension Fund.

11 Members of the Transition Board shall act at all times in a  
12 manner appropriate for fiduciaries of the Fund and fiduciaries  
13 of the pension funds being consolidated.

14 The Transition Board's powers and duties include, but are  
15 not limited to, the following:

16 (1) Providing for the establishment of offices,  
17 infrastructure, and personnel necessary for the operation  
18 of the Downstate Firefighters Pension Fund.

19 (2) Providing for the preservation and consolidation  
20 of membership, beneficiary, financial, and other records  
21 relating to the Article 4 pension funds to be merged.

22 (3) Obtaining all necessary Internal Revenue Service  
23 and any other necessary approval or review.

24 (4) Providing for the final auditing of existing  
25 Article 4 pension funds, including a final accounting of  
26 their respective assets and liabilities.



1           (5) Providing for the custody and transfer of the  
2           assets and liabilities of the existing Article 4 pension  
3           funds to the Downstate Firefighters Pension Fund (except  
4           for any assets determined by the Transition Board to be  
5           properly retained for the short-term payment of benefits  
6           and expenses by a pension fund prior to the consolidation  
7           date), on a schedule to be determined by the Transition  
8           Board.

9           (6) Providing for the long-term investment of the  
10           assets of the Downstate Firefighters Pension Fund that are  
11           not required for the short-term payment of benefits and  
12           expenses.

13           (7) Providing an appropriate system of accounting for  
14           the assets and liabilities attributable to the existing  
15           Article 4 pension funds, and establishing separate  
16           reserves and accounts for each municipality participating  
17           in the Downstate Firefighters Pension Fund in accordance  
18           with this Article. In so doing, the Transition Board shall  
19           be guided by the methods and experience of the Illinois  
20           Municipal Retirement Fund.

21           (8) Providing an appropriate system of determining,  
22           administering, receiving, and enforcing the required  
23           municipal contributions to the Fund. In so doing, the  
24           Transition Board shall be guided by the methods and  
25           experience of the Illinois Municipal Retirement Fund. The  
26           municipal contribution rate shall be determined separately

1 for each municipality, on an annual basis, in accordance  
2 with the requirements of this Article, based on the  
3 municipality's separate reserves and accounts within the  
4 Fund. The Transition Board shall endeavor to determine the  
5 required municipal contributions to the Fund and to notify  
6 and provide reasonable guidance to municipalities in a  
7 manner that ensures uninterrupted contributions during the  
8 transition period.

9 (9) Ensuring the uninterrupted payment and  
10 administration of benefits.

11 (10) Adopting rules or procedures necessary or useful  
12 for the efficient consolidation of the existing Article 4  
13 pension funds and the efficient operation and  
14 administration of the Downstate Firefighters Pension Fund,  
15 including rules and procedures relating to the operation of  
16 pension benefit determination and payment boards. In  
17 adopting rules and procedures for the operation of benefit  
18 boards, the Transition Board shall review the existing  
19 rules and procedures of representative examples of  
20 existing Article 4 pension funds and take into  
21 consideration the methods and experience of the Illinois  
22 Municipal Retirement Fund. Members of a pension benefit  
23 determination and payment board are fiduciaries of the  
24 Fund.

25 (11) Considering the consequences of the consolidation  
26 on any Qualified Illinois Domestic Relations Orders filed

1 with the pension funds being consolidated, and providing  
2 for appropriate notice and advice to be given to persons  
3 who may be affected by those Qualified Illinois Domestic  
4 Relations Orders concerning the possible effects of  
5 consolidation.

6 (12) Administering the Downstate Firefighters Pension  
7 Fund and exercising and performing all of the powers and  
8 duties of its Board of Trustees from the time of the Fund's  
9 inception until the new Board of Trustees under subsection  
10 (d) of Section 4-121 has assumed its duties.

11 (13) Making recommendations to the Governor and the  
12 General Assembly with respect to legislation necessary or  
13 useful for the implementation of this consolidation or for  
14 the successful operation of the Downstate Firefighters  
15 Pension Fund and the pension benefit determination and  
16 payment boards.

17 (c) The Public Pension Division of the Department of  
18 Insurance shall provide all reasonably necessary and available  
19 temporary office space and technical and clerical support and  
20 monetary or other assistance at the request of the Transition  
21 Board.

22 For the purpose of implementing the consolidation, the  
23 Transition Board may direct the Public Pension Division to  
24 accelerate, expand, or enhance its examination under Section  
25 1A-104 of all or specific Article 4 pension funds or to conduct  
26 a particular study or investigation thereof. The expenses of

1 such examinations and investigations, to the extent not paid by  
2 the Division, shall be charged to the applicable pension fund.

3 (d) The Illinois Municipal Retirement Fund is authorized to  
4 provide any reasonable managerial, professional, clerical, or  
5 other assistance to the Transition Board that is consistent  
6 with its fiduciary and other obligations.

7 The Transition Board is authorized to enter into reasonable  
8 contracts or other agreements not exceeding 3 years in duration  
9 with the Illinois Municipal Retirement Fund without public  
10 bidding or procurement procedures to provide administrative,  
11 investment, professional, technical, or other services or  
12 facilities for the Downstate Firefighters Pension Fund.

13 (e) In preparation for the inception of the Downstate  
14 Firefighters Pension Fund on January 1, 2021, and during the  
15 period of its administration of that Fund, the Transition Board  
16 is authorized to expend or obligate the assets of the Fund for  
17 any of the reasonable expenses of the Fund, including the  
18 payment of benefits and reasonable administrative expenses.  
19 The term "reasonable administrative expenses" includes, but is  
20 not limited to, the cost of hiring personnel and obtaining  
21 professional services, the cost of leases or purchases of  
22 property or services for the Fund, the cost of insurance, and  
23 the cost of indemnifying members of the Transition Board and  
24 its employees, advisors, and agents.

25 (f) In preparation for the inception of the Downstate  
26 Firefighters Pension Fund on January 1, 2021, the Transition

1 Board is specifically authorized to retain for the Fund, during  
2 the period before its inception, an executive director and an  
3 actuary with the powers and duties described in Sections  
4 4-130.4 and 4-130.5.

5 (g) Members of the Transition Board, other than State  
6 officials and employees, may be compensated for their service,  
7 and all members may be reimbursed for their reasonable  
8 expenses, out of any moneys available for that purpose.

9 (h) Sixty days after the new Board of Trustees under  
10 Section 4-121 assumes its duties, the Transition Board is  
11 abolished.

12 (40 ILCS 5/4-101.2 new)

13 Sec. 4-101.2. Consolidation of pension funds.

14 (a) On January 1, 2021, all of the individual firefighters'  
15 pension funds then established under this Article are merged  
16 and consolidated into a single pension fund, to be known as the  
17 Downstate Firefighters Pension Fund, which shall be  
18 established and administered as prescribed in this Article.

19 In preparation for that consolidation, all pension funds  
20 established under this Article, and the municipalities that  
21 established them, shall cooperate with the Transition Board.

22 (b) The Downstate Firefighters Pension Fund shall be the  
23 legal successor to each of the pension funds that are  
24 consolidated within it, and it may exercise any of the rights  
25 and powers and perform any of the duties of those pension

1 funds.

2 At the time of consolidation, or as otherwise directed by  
3 the Transition Board, all assets and liabilities belonging to  
4 or arising from the trust of an existing pension fund shall  
5 become the assets and liabilities of the Downstate Firefighters  
6 Pension Fund.

7 As and when directed by the Transition Board, the trustees  
8 of the pension funds established under Article 4 of this Code  
9 shall transfer to the Downstate Firefighters Pension Fund, for  
10 management and investment as assets of the Downstate  
11 Firefighters Pension Fund, all of their securities and other  
12 investments.

13 (c) At the time of consolidation or as otherwise directed  
14 by the Transition Board, assets not belonging to or arising  
15 from the trust that are incidentally owned by a pension fund,  
16 and any incidental liabilities of a pension fund not relating  
17 to or arising from the trust, shall become the assets and  
18 liabilities of the pension benefit determination and payment  
19 board of the municipality.

20 Assets not belonging to or arising from the trust that are  
21 owned by a municipality and incidentally used by a pension  
22 fund, and any associated liabilities, are not affected by the  
23 consolidation and shall continue to be managed as assets and  
24 liabilities of that municipality.

25 As necessary or useful to effectuate the consolidation, the  
26 board of trustees of a pension fund to be consolidated, the

1 pension benefit determination and payment board of a  
2 municipality whose pension fund has been consolidated, and the  
3 applicable municipality may each, in its discretion, continue  
4 or renegotiate any employment or service contract, lease, or  
5 other contract to which it is a party that relates to the  
6 operation of the consolidated pension fund, and it may take  
7 appropriate action to terminate any such contract as necessary  
8 to terminate or avoid unnecessary or duplicative personnel,  
9 facilities, or services.

10 (d) Beginning on January 1, 2021, all benefits payable  
11 under this Article shall be payable from the Downstate  
12 Firefighters Pension Fund and charged to the appropriate  
13 accounts and reserves of the applicable municipalities. Except  
14 as otherwise provided for certain benefits based on service  
15 under more than one municipality, benefits shall be paid by the  
16 applicable pension benefit determination and payment board,  
17 acting as payment agent for the Fund.

18 (e) The consolidation of pension funds under this Article  
19 shall not diminish or impair the benefits of any current or  
20 former firefighter who participated in one of those pension  
21 funds or of any such firefighter's surviving spouse, children,  
22 or other dependents.

23 The consolidation of pension funds under this Article does  
24 not entitle any person to a recalculation or combination of any  
25 benefit or benefits previously granted or to a refund of any  
26 contribution previously paid.

1       The consolidation of pension funds under this Article is  
2 not intended to increase the benefits provided under this  
3 Article, except insofar as the consolidation of pension funds  
4 into a single Fund will allow firefighters in active service on  
5 or after the consolidation date to have their benefit  
6 calculations (and those of their qualifying survivors) include  
7 consideration of all of the firefighter's service, salary, and  
8 credits in the Fund as though arising under that single Fund,  
9 rather than as arising under more than one participating  
10 municipality or more than one Article 4 pension fund. Such  
11 benefits based on service under more than one participating  
12 municipality shall be determined, granted, and paid directly by  
13 the Board of the Fund in the manner prescribed in the  
14 applicable portions of Sections 4-109.3, 4-109.4, 4-117, and  
15 4-121.5.

16           (40 ILCS 5/7-199.5 new)

17       Sec. 7-199.5. To assist in the creation and administration  
18 of the Downstate Police Officers Pension Fund. To assist in  
19 the creation and administration of the Downstate Police  
20 Officers Pension Fund under Article 3 of this Code, including  
21 assisting the Downstate Police Officers Pension Fund  
22 Transition Board, created under Section 3-101.1 of this Code;  
23 and pursuant to any contract or other agreement it may enter  
24 into with the Transition Board or the Board of Trustees of the  
25 Downstate Police Officers Pension Fund, to provide for the



1 administrative staff of one Fund to provide assistance to or  
2 consolidate particular services or operations with that of the  
3 other Fund, to the extent consistent with their respective  
4 fiduciary and other responsibilities.

5 (40 ILCS 5/7-199.6 new)

6 Sec. 7-199.6. To assist in the creation and administration  
7 of the Downstate Firefighters Pension Fund. To assist in the  
8 creation and administration of the Downstate Firefighters  
9 Pension Fund under Article 4 of this Code, including assisting  
10 the Downstate Firefighters Pension Fund Transition Board,  
11 created under Section 4-101.1 of this Code; and pursuant to any  
12 contract or other agreement it may enter into with the  
13 Transition Board or the Board of Trustees of the Downstate  
14 Firefighters Pension Fund, to provide for the administrative  
15 staff of one Fund to provide assistance to or consolidate  
16 particular services or operations with that of the other Fund,  
17 to the extent consistent with their respective fiduciary and  
18 other responsibilities.

19 Section 10. The Illinois Pension Code is amended by  
20 changing 1-109.1, 1-109.3, 1-110, 1-113, 1-113.14, 1-113.16,  
21 1-113.20, 1-150, 1A-103, 1A-104, 1A-108, 1A-108.5, 1A-110,  
22 1A-112, 3-102, 3-103, 3-105, 3-108.2, 3-108.3, 3-109.4, 3-110,  
23 3-110.2, 3-110.4, 3-110.6, 3-110.7, 3-111, 3-111.1, 3-112,  
24 3-114.1, 3-115, 3-116.1, 3-124, 3-124.1, 3-125, 3-125.1,

1 3-127, 3-128, 3-130, 3-131, 3-132, 3-133, 3-134, 3-135, 3-140,  
2 3-141, 3-141.1, 3-143, 3-144.2, 3-144.5, 3-144.6, 3-145,  
3 3-148, 3-150, 4-103, 4-105, 4-105c, 4-105d, 4-106.1, 4-108,  
4 4-108.1, 4-108.2, 4-108.4, 4-108.5, 4-109, 4-109.3, 4-110,  
5 4-110.1, 4-111, 4-112, 4-113, 4-114, 4-116, 4-117, 4-118,  
6 4-118.1, 4-120, 4-121, 4-122, 4-123, 4-124, 4-125, 4-128,  
7 4-130, 4-131, 4-132, 4-133, 4-134, 4-135, 4-138.5, 4-138.10,  
8 4-139, 4-141, 4-142, 7-109, and 7-139.10 and by adding Sections  
9 3-102.1, 3-104.5, 3-108.4, 3-110.05, 3-125.3, 3-128.1,  
10 3-128.2, 3-130.5, 3-130.8, 3-138.1, 3-138.2, 3-138.3, 3-138.4,  
11 3-138.5, 3-138.6, 3-138.7, 3-138.8, 3-138.9, 3-138.10,  
12 3-140.2, 3-140.3, 3-140.4, 3-140.5, 3-140.6, 3-140.7, 3-140.8,  
13 3-140.9, 3-140.10, 3-144.7, 3-144.8, 3-146.05, 3-146.1,  
14 3-146.2, 3-146.3, 3-146.4, 3-146.5, 3-146.6, 4-102.1, 4-104.5,  
15 4-104.9, 4-106.2, 4-106.5, 4-109.4, 4-118.3, 4-121.1, 4-121.2,  
16 4-121.3, 4-121.5, 4-121.6, 4-127.1, 4-127.2, 4-127.3, 4-127.4,  
17 4-127.5, 4-127.6, 4-127.7, 4-127.8, 4-127.9, 4-127.10,  
18 4-130.1, 4-130.2, 4-130.3, 4-130.4, 4-130.5, 4-136.05,  
19 4-136.1, 4-136.2, 4-136.3, 4-136.4, 4-136.5, and 4-136.6 as  
20 follows:

21 (40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)  
22 Sec. 1-109.1. Allocation and delegation of fiduciary  
23 duties.  
24 (1) Subject to the provisions of Section 22A-113 of this  
25 Code and subsections (2) and (3) of this Section, the board of

1 trustees of a retirement system or pension fund established  
2 under this Code may:

3 (a) Appoint one or more investment managers as  
4 fiduciaries to manage (including the power to acquire and  
5 dispose of) any assets of the retirement system or pension  
6 fund; and

7 (b) Allocate duties among themselves and designate  
8 others as fiduciaries to carry out specific fiduciary  
9 activities other than the management of the assets of the  
10 retirement system or pension fund.

11 (2) The board of trustees of a pension fund established  
12 under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may not  
13 transfer its investment authority, nor transfer the assets of  
14 the fund to any other person or entity for the purpose of  
15 consolidating or merging its assets and management with any  
16 other pension fund or public investment authority, unless the  
17 board resolution authorizing such transfer is submitted for  
18 approval to the contributors and pensioners of the fund at  
19 elections held not less than 30 days after the adoption of such  
20 resolution by the board, and such resolution is approved by a  
21 majority of the votes cast on the question in both the  
22 contributors election and the pensioners election. The  
23 election procedures and qualifications governing the election  
24 of trustees shall govern the submission of resolutions for  
25 approval under this paragraph, insofar as they may be made  
26 applicable.

1           (3) Pursuant to subsections (h) and (i) of Section 6 of  
2 Article VII of the Illinois Constitution, the investment  
3 authority of boards of trustees of retirement systems and  
4 pension funds established under this Code is declared to be a  
5 subject of exclusive State jurisdiction, and the concurrent  
6 exercise by a home rule unit of any power affecting such  
7 investment authority is hereby specifically denied and  
8 preempted.

9           (4) For the purposes of this Code, "emerging investment  
10 manager" means a qualified investment adviser that manages an  
11 investment portfolio of at least \$10,000,000 but less than  
12 \$10,000,000,000 and is a "minority-owned business",  
13 "women-owned business" or "business owned by a person with a  
14 disability" as those terms are defined in the Business  
15 Enterprise for Minorities, Women, and Persons with  
16 Disabilities Act.

17           It is hereby declared to be the public policy of the State  
18 of Illinois to encourage the trustees of public employee  
19 retirement systems, pension funds, and investment boards to use  
20 emerging investment managers in managing their system's  
21 assets, encompassing all asset classes, and increase the  
22 racial, ethnic, and gender diversity of its fiduciaries, to the  
23 greatest extent feasible within the bounds of financial and  
24 fiduciary prudence, and to take affirmative steps to remove any  
25 barriers to the full participation in investment opportunities  
26 afforded by those retirement systems, pension funds, and

1 investment boards.

2 ~~A~~ ~~On or before January 1, 2010,~~ a retirement system,  
3 pension fund, or investment board subject to this Code, ~~except~~  
4 ~~those whose investments are restricted by Section 1-113.2 of~~  
5 ~~this Code,~~ shall adopt a policy that sets forth goals for  
6 utilization of emerging investment managers. This policy shall  
7 include quantifiable goals for the management of assets in  
8 specific asset classes by emerging investment managers. The  
9 retirement system, pension fund, or investment board shall  
10 establish 3 separate goals for: (i) emerging investment  
11 managers that are minority-owned businesses; (ii) emerging  
12 investment managers that are women-owned businesses; and (iii)  
13 emerging investment managers that are businesses owned by a  
14 person with a disability. The goals established shall be based  
15 on the percentage of total dollar amount of investment service  
16 contracts let to minority-owned businesses, women-owned  
17 businesses, and businesses owned by a person with a disability,  
18 as those terms are defined in the Business Enterprise for  
19 Minorities, Women, and Persons with Disabilities Act. The  
20 retirement system, pension fund, or investment board shall  
21 annually review the goals established under this subsection.

22 If in any case an emerging investment manager meets the  
23 criteria established by a board for a specific search and meets  
24 the criteria established by a consultant for that search, then  
25 that emerging investment manager shall receive an invitation by  
26 the board of trustees, or an investment committee of the board

1 of trustees, to present his or her firm for final consideration  
2 of a contract. In the case where multiple emerging investment  
3 managers meet the criteria of this Section, the staff may  
4 choose the most qualified firm or firms to present to the  
5 board.

6 The use of an emerging investment manager does not  
7 constitute a transfer of investment authority for the purposes  
8 of subsection (2) of this Section.

9 (5) Each retirement system, pension fund, or investment  
10 board subject to this Code, ~~except those whose investments are~~  
11 ~~restricted by Section 1-113.2 of this Code,~~ shall establish a  
12 policy that sets forth goals for increasing the racial, ethnic,  
13 and gender diversity of its fiduciaries, including its  
14 consultants and senior staff. Each system, fund, and investment  
15 board shall annually review the goals established under this  
16 subsection.

17 (6) ~~A~~ ~~On or before January 1, 2010,~~ a retirement system,  
18 pension fund, or investment board subject to this Code, ~~except~~  
19 ~~those whose investments are restricted by Section 1-113.2 of~~  
20 ~~this Code,~~ shall adopt a policy that sets forth goals for  
21 utilization of businesses owned by minorities, women, and  
22 persons with disabilities for all contracts and services. The  
23 goals established shall be based on the percentage of total  
24 dollar amount of all contracts let to minority-owned  
25 businesses, women-owned businesses, and businesses owned by a  
26 person with a disability, as those terms are defined in the

1 Business Enterprise for Minorities, Women, and Persons with  
2 Disabilities Act. The retirement system, pension fund, or  
3 investment board shall annually review the goals established  
4 under this subsection.

5 (7) ~~A~~ ~~On or before January 1, 2010,~~ a retirement system,  
6 pension fund, or investment board subject to this Code, ~~except~~  
7 ~~those whose investments are restricted by Section 1-113.2 of~~  
8 ~~this Code,~~ shall adopt a policy that sets forth goals for  
9 increasing the utilization of minority broker-dealers. For the  
10 purposes of this Code, "minority broker-dealer" means a  
11 qualified broker-dealer who meets the definition of  
12 "minority-owned business", "women-owned business", or  
13 "business owned by a person with a disability", as those terms  
14 are defined in the Business Enterprise for Minorities, Women,  
15 and Persons with Disabilities Act. The retirement system,  
16 pension fund, or investment board shall annually review the  
17 goals established under this Section.

18 (8) Each retirement system, pension fund, and investment  
19 board subject to this Code, ~~except those whose investments are~~  
20 ~~restricted by Section 1-113.2 of this Code,~~ shall submit a  
21 report to the Governor and the General Assembly by January 1 of  
22 each year that includes the following: (i) the policy adopted  
23 under subsection (4) of this Section, including the names and  
24 addresses of the emerging investment managers used, percentage  
25 of the assets under the investment control of emerging  
26 investment managers for the 3 separate goals, and the actions

1 it has undertaken to increase the use of emerging investment  
2 managers, including encouraging other investment managers to  
3 use emerging investment managers as subcontractors when the  
4 opportunity arises; (ii) the policy adopted under subsection  
5 (5) of this Section; (iii) the policy adopted under subsection  
6 (6) of this Section; (iv) the policy adopted under subsection  
7 (7) of this Section, including specific actions undertaken to  
8 increase the use of minority broker-dealers; and (v) the policy  
9 adopted under subsection (9) of this Section.

10 (9) ~~A On or before February 1, 2015, a retirement system,~~  
11 ~~pension fund, or investment board subject to this Code, except~~  
12 ~~those whose investments are restricted by Section 1-113.2 of~~  
13 ~~this Code,~~ shall adopt a policy that sets forth goals for  
14 increasing the utilization of minority investment managers.  
15 For the purposes of this Code, "minority investment manager"  
16 means a qualified investment manager that manages an investment  
17 portfolio and meets the definition of "minority-owned  
18 business", "women-owned business", or "business owned by a  
19 person with a disability", as those terms are defined in the  
20 Business Enterprise for Minorities, Women, and Persons with  
21 Disabilities Act.

22 It is hereby declared to be the public policy of the State  
23 of Illinois to encourage the trustees of public employee  
24 retirement systems, pension funds, and investment boards to use  
25 minority investment managers in managing their systems'  
26 assets, encompassing all asset classes, and to increase the



1 racial, ethnic, and gender diversity of their fiduciaries, to  
2 the greatest extent feasible within the bounds of financial and  
3 fiduciary prudence, and to take affirmative steps to remove any  
4 barriers to the full participation in investment opportunities  
5 afforded by those retirement systems, pension funds, and  
6 investment boards.

7 The retirement system, pension fund, or investment board  
8 shall establish 3 separate goals for: (i) minority investment  
9 managers that are minority-owned businesses; (ii) minority  
10 investment managers that are women-owned businesses; and (iii)  
11 minority investment managers that are businesses owned by a  
12 person with a disability. The retirement system, pension fund,  
13 or investment board shall annually review the goals established  
14 under this Section.

15 If in any case a minority investment manager meets the  
16 criteria established by a board for a specific search and meets  
17 the criteria established by a consultant for that search, then  
18 that minority investment manager shall receive an invitation by  
19 the board of trustees, or an investment committee of the board  
20 of trustees, to present his or her firm for final consideration  
21 of a contract. In the case where multiple minority investment  
22 managers meet the criteria of this Section, the staff may  
23 choose the most qualified firm or firms to present to the  
24 board.

25 The use of a minority investment manager does not  
26 constitute a transfer of investment authority for the purposes

1 of subsection (2) of this Section.

2 (10) Beginning January 1, 2016, it shall be the  
3 aspirational goal for a retirement system, pension fund, or  
4 investment board subject to this Code to use emerging  
5 investment managers for not less than 20% of the total funds  
6 under management. Furthermore, it shall be the aspirational  
7 goal that not less than 20% of investment advisors be  
8 minorities, women, and persons with disabilities as those terms  
9 are defined in the Business Enterprise for Minorities, Women,  
10 and Persons with Disabilities Act. It shall be the aspirational  
11 goal to utilize businesses owned by minorities, women, and  
12 persons with disabilities for not less than 20% of contracts  
13 awarded for "information technology services", "accounting  
14 services", "insurance brokers", "architectural and engineering  
15 services", and "legal services" as those terms are defined in  
16 the Act.

17 (11) The Downstate Firefighters Pension Fund shall become  
18 subject to the requirements of this Section and the policies  
19 adopted under this Section by its Board of Trustees upon the  
20 transfer to that Fund of any assets of the pension funds being  
21 consolidated into that Fund for investment purposes.

22 (12) The Downstate Police Officers Pension Fund shall  
23 become subject to the requirements of this Section and the  
24 policies adopted under this Section by its Board of Trustees  
25 upon the transfer to that Fund of any assets of the pension  
26 funds being consolidated into that Fund for investment

1 purposes.

2 (Source: P.A. 99-462, eff. 8-25-15; 100-391, eff. 8-25-17.)

3 (40 ILCS 5/1-109.3)

4 Sec. 1-109.3. Training requirement for pension trustees.

5 (a) All elected and appointed trustees under Articles  
6 ~~Article~~ 3 and 4 of this Code and all members of a pension  
7 benefit determination and payment board (benefit board) under  
8 Articles 3 and 4 of this Code must participate in a mandatory  
9 ~~trustee~~ certification training seminar that consists of at  
10 least 32 hours of initial ~~trustee~~ certification at a training  
11 facility that is accredited and affiliated with a State of  
12 Illinois certified college or university. This training must  
13 include without limitation all of the following:

14 (1) Duties and liabilities of a fiduciary under Article  
15 1 of the Illinois Pension Code.

16 (2) Adjudication of pension claims.

17 (3) Basic accounting and actuarial training.

18 (4) Trustee and benefit board member ethics.

19 (5) The Illinois Open Meetings Act.

20 (6) The Illinois Freedom of Information Act.

21 The training required under this subsection (a) must be  
22 completed within the first year that the a trustee or benefit  
23 board member is elected or appointed under ~~an~~ Article 3 or 4  
24 ~~pension fund~~. The elected and appointed trustees of an Article  
25 3 or 4 pension fund and the members of a benefit board created

1 under Article 3 or 4 of this Code who are police officers (as  
2 defined in Section 3-106 of this Code) or firefighters (as  
3 defined in Section 4-106 of this Code) or are employed by the  
4 municipality shall be permitted time away from their duties to  
5 attend such training without reduction of accrued leave or  
6 benefit time.

7 Active or appointed trustees serving on August 13, 2009  
8 (the effective date of Public Act 96-429) ~~this amendatory Act~~  
9 ~~of the 96th General Assembly~~ shall not be required to attend  
10 the trustee training required under this subsection (a), but  
11 this exemption does not include any training required for  
12 members of a benefit board created under Article 3 or 4 of this  
13 Code.

14 (b) In addition to the initial trustee and benefit board  
15 member certification training required under subsection (a),  
16 all elected and appointed trustees under Article 3 or and 4 of  
17 this Code, including trustees serving on August 13, 2009 (the  
18 effective date of Public Act 96-429) ~~this amendatory Act of the~~  
19 ~~96th General Assembly~~, and all members of a benefit board under  
20 Article 3 or 4 of this Code shall also participate in a minimum  
21 of 16 hours of continuing trustee education each year after the  
22 first year that the trustee or benefit board member is elected  
23 or appointed.

24 (c) The training required under this Section shall be paid  
25 for by the pension fund.

26 (d) Any trustee or benefit board member who does not timely

1 complete the training required under this Section is not  
2 eligible to serve on the board of trustees of an Article 3 or 4  
3 pension fund or a pension benefit determination and payment  
4 board created under Article 3 or 4 of this Code, unless the  
5 trustee or benefit board member completes the missed training  
6 within 6 months after the date the member failed to complete  
7 the required training. In the event of a trustee or benefit  
8 board member's failure to complete the required training, a  
9 successor shall be appointed or elected, as applicable, for the  
10 unexpired term. A successor who is elected under such  
11 circumstances must be elected at a special election called by  
12 the board of trustees or benefit board and conducted in the  
13 same manner as a regular election under Article 3 or 4, as  
14 applicable.

15 (Source: P.A. 96-429, eff. 8-13-09.)

16 (40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)

17 Sec. 1-110. Prohibited Transactions.

18 (a) A fiduciary with respect to a retirement system,  
19 pension fund, or investment board shall not cause the  
20 retirement system or pension fund to engage in a transaction if  
21 he or she knows or should know that such transaction  
22 constitutes a direct or indirect:

23 (1) Sale or exchange, or leasing of any property from  
24 the retirement system or pension fund to a party in  
25 interest for less than adequate consideration, or from a

1 party in interest to a retirement system or pension fund  
2 for more than adequate consideration.

3 (2) Lending of money or other extension of credit from  
4 the retirement system or pension fund to a party in  
5 interest without the receipt of adequate security and a  
6 reasonable rate of interest, or from a party in interest to  
7 a retirement system or pension fund with the provision of  
8 excessive security or an unreasonably high rate of  
9 interest.

10 (3) Furnishing of goods, services or facilities from  
11 the retirement system or pension fund to a party in  
12 interest for less than adequate consideration, or from a  
13 party in interest to a retirement system or pension fund  
14 for more than adequate consideration.

15 (4) Transfer to, or use by or for the benefit of, a  
16 party in interest of any assets of a retirement system or  
17 pension fund for less than adequate consideration.

18 (b) A fiduciary with respect to a retirement system or  
19 pension fund established under this Code shall not:

20 (1) Deal with the assets of the retirement system or  
21 pension fund in his own interest or for his own account;

22 (2) In his individual or any other capacity act in any  
23 transaction involving the retirement system or pension  
24 fund on behalf of a party whose interests are adverse to  
25 the interests of the retirement system or pension fund or  
26 the interests of its participants or beneficiaries; or

1           (3) Receive any consideration for his own personal  
2           account from any party dealing with the retirement system  
3           or pension fund in connection with a transaction involving  
4           the assets of the retirement system or pension fund.

5           (c) Nothing in this Section shall be construed to prohibit  
6           any trustee from:

7           (1) Receiving any benefit to which he may be entitled  
8           as a participant or beneficiary in the retirement system or  
9           pension fund.

10          (2) Receiving any reimbursement of expenses properly  
11          and actually incurred in the performance of his duties with  
12          the retirement system or pension fund.

13          (3) Serving as a trustee in addition to being an  
14          officer, employee, agent or other representative of a party  
15          in interest.

16          (d) (Blank). ~~A fiduciary of a pension fund established~~  
17 ~~under Article 3 or 4 shall not knowingly cause or advise the~~  
18 ~~pension fund to engage in an investment transaction when the~~  
19 ~~fiduciary (i) has any direct interest in the income, gains, or~~  
20 ~~profits of the investment adviser through which the investment~~  
21 ~~transaction is made or (ii) has a business relationship with~~  
22 ~~that investment adviser that would result in a pecuniary~~  
23 ~~benefit to the fiduciary as a result of the investment~~  
24 ~~transaction.~~

25          ~~Violation of this subsection (d) is a Class 4 felony.~~

26          (e) A board member, employee, or consultant with respect to

1 a retirement system, pension fund, or investment board subject  
2 to this Code, ~~except those whose investments are restricted by~~  
3 ~~Section 1-113.2,~~ shall not knowingly cause or advise the  
4 retirement system, pension fund, or investment board to engage  
5 in an investment transaction with an investment adviser when  
6 the board member, employee, consultant, or their spouse (i) has  
7 any direct interest in the income, gains, or profits of the  
8 investment adviser through which the investment transaction is  
9 made or (ii) has a relationship with that investment adviser  
10 that would result in a pecuniary benefit to the board member,  
11 employee, or consultant or spouse of such board member,  
12 employee, or consultant as a result of the investment  
13 transaction. For purposes of this subsection (e), a consultant  
14 includes an employee or agent of a consulting firm who has  
15 greater than 7.5% ownership of the consulting firm.

16 Violation of this subsection (e) is a Class 4 felony.

17 (Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

18 (40 ILCS 5/1-113) (from Ch. 108 1/2, par. 1-113)

19 Sec. 1-113. Investment authority of ~~certain~~ pension funds,  
20 ~~not including those established under Article 3 or 4.~~ The  
21 investment authority of a board of trustees of a retirement  
22 system or pension fund established under this Code shall, if so  
23 provided in the Article establishing such retirement system or  
24 pension fund, embrace the following investments:

25 (1) Bonds, notes and other direct obligations of the



1 United States Government; bonds, notes and other  
2 obligations of any United States Government agency or  
3 instrumentality, whether or not guaranteed; and  
4 obligations the principal and interest of which are  
5 guaranteed unconditionally by the United States Government  
6 or by an agency or instrumentality thereof.

7 (2) Obligations of the Inter-American Development  
8 Bank, the International Bank for Reconstruction and  
9 Development, the African Development Bank, the  
10 International Finance Corporation, and the Asian  
11 Development Bank.

12 (3) Obligations of any state, or of any political  
13 subdivision in Illinois, or of any county or city in any  
14 other state having a population as shown by the last  
15 federal census of not less than 30,000 inhabitants provided  
16 that such political subdivision is not permitted by law to  
17 become indebted in excess of 10% of the assessed valuation  
18 of property therein and has not defaulted for a period  
19 longer than 30 days in the payment of interest and  
20 principal on any of its general obligations or indebtedness  
21 during a period of 10 calendar years immediately preceding  
22 such investment.

23 (4) Nonconvertible bonds, debentures, notes and other  
24 corporate obligations of any corporation created or  
25 existing under the laws of the United States or any state,  
26 district or territory thereof, provided there has been no

1 default on the obligations of the corporation or its  
2 predecessor(s) during the 5 calendar years immediately  
3 preceding the purchase. Up to 5% of the assets of a pension  
4 fund established under Article 9 of this Code may be  
5 invested in nonconvertible bonds, debentures, notes, and  
6 other corporate obligations of corporations created or  
7 existing under the laws of a foreign country, provided  
8 there has been no default on the obligations of the  
9 corporation or its predecessors during the 5 calendar years  
10 immediately preceding the date of purchase.

11 (5) Obligations guaranteed by the Government of  
12 Canada, or by any Province of Canada, or by any Canadian  
13 city with a population of not less than 150,000  
14 inhabitants, provided (a) they are payable in United States  
15 currency and are exempt from any Canadian withholding tax;  
16 (b) the investment in any one issue of bonds shall not  
17 exceed 10% of the amount outstanding; and (c) the total  
18 investments at book value in Canadian securities shall be  
19 limited to 5% of the total investment account of the board  
20 at book value.

21 (5.1) Direct obligations of the State of Israel for the  
22 payment of money, or obligations for the payment of money  
23 which are guaranteed as to the payment of principal and  
24 interest by the State of Israel, or common or preferred  
25 stock or notes issued by a bank owned or controlled in  
26 whole or in part by the State of Israel, on the following

1 conditions:

2 (a) The total investments in such obligations  
3 shall not exceed 5% of the book value of the aggregate  
4 investments owned by the board;

5 (b) The State of Israel shall not be in default in  
6 the payment of principal or interest on any of its  
7 direct general obligations on the date of such  
8 investment;

9 (c) The bonds, stock or notes, and interest thereon  
10 shall be payable in currency of the United States;

11 (d) The bonds shall (1) contain an option for the  
12 redemption thereof after 90 days from date of purchase  
13 or (2) either become due 5 years from the date of their  
14 purchase or be subject to redemption 120 days after the  
15 date of notice for redemption;

16 (e) The investment in these obligations has been  
17 approved in writing by investment counsel employed by  
18 the board, which counsel shall be a national or state  
19 bank or trust company authorized to do a trust business  
20 in the State of Illinois, or an investment advisor  
21 qualified under the federal Investment Advisers Act of  
22 1940 and registered under the Illinois Securities Law  
23 of 1953;

24 (f) The fund or system making the investment shall  
25 have at least \$5,000,000 of net present assets.

26 (6) Notes secured by mortgages under Sections 203, 207,

1           220 and 221 of the National Housing Act which are insured  
2           by the Federal Housing Commissioner, or his successor  
3           assigns, or debentures issued by such Commissioner, which  
4           are guaranteed as to principal and interest by the Federal  
5           Housing Administration, or agency of the United States  
6           Government, provided the aggregate investment shall not  
7           exceed 20% of the total investment account of the board at  
8           book value, and provided further that the investment in  
9           such notes under Sections 220 and 221 shall in no event  
10          exceed one-half of the maximum investment in notes under  
11          this paragraph.

12           (7) Loans to veterans guaranteed in whole or part by  
13          the United States Government pursuant to Title III of the  
14          Act of Congress known as the Servicemen's Readjustment Act  
15          of 1944, 58 Stat. 284, 38 U.S.C. 693, as amended or  
16          supplemented from time to time, provided such guaranteed  
17          loans are liens upon real estate.

18           (8) Common and preferred stocks and convertible debt  
19          securities authorized for investment of trust funds under  
20          the laws of the State of Illinois, provided:

21           (a) the common stocks, except as provided in  
22           subparagraph (g), are listed on a national securities  
23           exchange or board of trade, as defined in the federal  
24           Securities Exchange Act of 1934, or quoted in the  
25           National Association of Securities Dealers Automated  
26           Quotation System (NASDAQ);

1 (b) the securities are of a corporation created or  
2 existing under the laws of the United States or any  
3 state, district or territory thereof, except that up to  
4 5% of the assets of a pension fund established under  
5 Article 9 of this Code may be invested in securities  
6 issued by corporations created or existing under the  
7 laws of a foreign country, if those securities are  
8 otherwise in conformance with this paragraph (8);

9 (c) the corporation is not in arrears on payment of  
10 dividends on its preferred stock;

11 (d) the total book value of all stocks and  
12 convertible debt owned by any pension fund or  
13 retirement system shall not exceed 40% of the aggregate  
14 book value of all investments of such pension fund or  
15 retirement system, except for a pension fund or  
16 retirement system governed by Article 9 or 17, where  
17 the total of all stocks and convertible debt shall not  
18 exceed 50% of the aggregate book value of all fund  
19 investments, and except for a pension fund or  
20 retirement system governed by Article 13, where the  
21 total market value of all stocks and convertible debt  
22 shall not exceed 65% of the aggregate market value of  
23 all fund investments;

24 (e) the book value of stock and convertible debt  
25 investments in any one corporation shall not exceed 5%  
26 of the total investment account at book value in which

1 such securities are held, determined as of the date of  
2 the investment, and the investments in the stock of any  
3 one corporation shall not exceed 5% of the total  
4 outstanding stock of such corporation, and the  
5 investments in the convertible debt of any one  
6 corporation shall not exceed 5% of the total amount of  
7 such debt that may be outstanding;

8 (f) the straight preferred stocks or convertible  
9 preferred stocks and convertible debt securities are  
10 issued or guaranteed by a corporation whose common  
11 stock qualifies for investment by the board; and

12 (g) that any common stocks not listed or quoted as  
13 provided in subdivision (8)(a) be limited to the  
14 following types of institutions: (a) any bank which is  
15 a member of the Federal Deposit Insurance Corporation  
16 having capital funds represented by capital stock,  
17 surplus and undivided profits of at least \$20,000,000;  
18 (b) any life insurance company having capital funds  
19 represented by capital stock, special surplus funds  
20 and unassigned surplus totalling at least \$50,000,000;  
21 and (c) any fire or casualty insurance company, or a  
22 combination thereof, having capital funds represented  
23 by capital stock, net surplus and voluntary reserves of  
24 at least \$50,000,000.

25 (9) Withdrawable accounts of State chartered and  
26 federal chartered savings and loan associations insured by

1 the Federal Savings and Loan Insurance Corporation;  
2 deposits or certificates of deposit in State and national  
3 banks insured by the Federal Deposit Insurance  
4 Corporation; and share accounts or share certificate  
5 accounts in a State or federal credit union, the accounts  
6 of which are insured as required by the Illinois Credit  
7 Union Act or the Federal Credit Union Act, as applicable.

8 No bank or savings and loan association shall receive  
9 investment funds as permitted by this subsection (9),  
10 unless it has complied with the requirements established  
11 pursuant to Section 6 of the Public Funds Investment Act.

12 (10) Trading, purchase or sale of listed options on  
13 underlying securities owned by the board.

14 (11) Contracts and agreements supplemental thereto  
15 providing for investments in the general account of a life  
16 insurance company authorized to do business in Illinois.

17 (12) Conventional mortgage pass-through securities  
18 which are evidenced by interests in Illinois  
19 owner-occupied residential mortgages, having not less than  
20 an "A" rating from at least one national securities rating  
21 service. Such mortgages may have loan-to-value ratios up to  
22 95%, provided that any amount over 80% is insured by  
23 private mortgage insurance. The pool of such mortgages  
24 shall be insured by mortgage guaranty or equivalent  
25 insurance, in accordance with industry standards.

26 (13) Pooled or commingled funds managed by a national

1 or State bank which is authorized to do a trust business in  
2 the State of Illinois, shares of registered investment  
3 companies as defined in the federal Investment Company Act  
4 of 1940 which are registered under that Act, and separate  
5 accounts of a life insurance company authorized to do  
6 business in Illinois, where such pooled or commingled  
7 funds, shares, or separate accounts are comprised of common  
8 or preferred stocks, bonds, or money market instruments.

9 (14) Pooled or commingled funds managed by a national  
10 or state bank which is authorized to do a trust business in  
11 the State of Illinois, separate accounts managed by a life  
12 insurance company authorized to do business in Illinois,  
13 and commingled group trusts managed by an investment  
14 adviser registered under the federal Investment Advisers  
15 Act of 1940 (15 U.S.C. 80b-1 et seq.) and under the  
16 Illinois Securities Law of 1953, where such pooled or  
17 commingled funds, separate accounts or commingled group  
18 trusts are comprised of real estate or loans upon real  
19 estate secured by first or second mortgages. The total  
20 investment in such pooled or commingled funds, commingled  
21 group trusts and separate accounts shall not exceed 10% of  
22 the aggregate book value of all investments owned by the  
23 fund.

24 (15) Investment companies which (a) are registered as  
25 such under the Investment Company Act of 1940, (b) are  
26 diversified, open-end management investment companies and



1 (c) invest only in money market instruments.

2 (16) Up to 10% of the assets of the fund may be  
3 invested in investments not included in paragraphs (1)  
4 through (15) of this Section, provided that such  
5 investments comply with the requirements and restrictions  
6 set forth in Sections 1-109, 1-109.1, 1-109.2, 1-110, and  
7 1-111 of this Code.

8 The board shall have the authority to enter into such  
9 agreements and to execute such documents as it determines to be  
10 necessary to complete any investment transaction.

11 Any limitations herein set forth shall be applicable only  
12 at the time of purchase and shall not require the liquidation  
13 of any investment at any time.

14 All investments shall be clearly held and accounted for to  
15 indicate ownership by such board. Such board may direct the  
16 registration of securities in its own name or in the name of a  
17 nominee created for the express purpose of registration of  
18 securities by a national or state bank or trust company  
19 authorized to conduct a trust business in the State of  
20 Illinois.

21 Investments shall be carried at cost or at a value  
22 determined in accordance with generally accepted accounting  
23 principles and accounting procedures approved by such board.

24 (Source: P.A. 100-201, eff. 8-18-17.)

25 (40 ILCS 5/1-113.14)

1           Sec. 1-113.14. Investment services for retirement systems,  
2 pension funds, and investment boards,~~except those funds~~  
3 ~~established under Articles 3 and 4.~~

4           (a) For the purposes of this Section, "investment services"  
5 means services provided by an investment adviser or a  
6 consultant other than qualified fund-of-fund management  
7 services as defined in Section 1-113.15.

8           (b) The selection and appointment of an investment adviser  
9 or consultant for investment services by the board of a  
10 retirement system, pension fund, or investment board subject to  
11 this Code,~~except those whose investments are restricted by~~  
12 ~~Section 1-113.2,~~ shall be made and awarded in accordance with  
13 this Section. All contracts for investment services shall be  
14 awarded by the board using a competitive process that is  
15 substantially similar to the process required for the  
16 procurement of professional and artistic services under  
17 Article 35 of the Illinois Procurement Code. Each board of  
18 trustees shall adopt a policy in accordance with this  
19 subsection (b) ~~within 60 days after the effective date of this~~  
20 ~~amendatory Act of the 96th General Assembly.~~ The policy shall  
21 be posted on its web site and filed with the Illinois  
22 Procurement Policy Board. Exceptions to this Section are  
23 allowed for (i) sole source procurements, (ii) emergency  
24 procurements, (iii) at the discretion of the pension fund,  
25 retirement system, or board of investment, contracts that are  
26 nonrenewable and one year or less in duration, so long as the

1 contract has a value of less than \$20,000, and (iv) in the  
2 discretion of the pension fund, retirement system, or  
3 investment board, contracts for follow-on funds with the same  
4 fund sponsor through closed-end funds. All exceptions granted  
5 under this Section must be published on the system's, fund's,  
6 or board's web site, shall name the person authorizing the  
7 procurement, and shall include a brief explanation of the  
8 reason for the exception.

9 A person, other than a trustee or an employee of a  
10 retirement system, pension fund, or investment board, may not  
11 act as a consultant or investment adviser under this Section  
12 unless that person is registered as an investment adviser under  
13 the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1,  
14 et seq.) or a bank, as defined in the federal Investment  
15 Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.).

16 (c) Investment services provided by an investment adviser  
17 or a consultant appointed under this Section shall be rendered  
18 pursuant to a written contract between the investment adviser  
19 or consultant and the board.

20 The contract shall include all of the following:

21 (1) Acknowledgement in writing by the investment  
22 adviser or consultant that he or she is a fiduciary with  
23 respect to the pension fund or retirement system.

24 (2) The description of the board's investment policy  
25 and notice that the policy is subject to change.

26 (3) (i) Full disclosure of direct and indirect fees,

1 commissions, penalties, and other compensation, including  
2 reimbursement for expenses, that may be paid by or on  
3 behalf of the consultant in connection with the provision  
4 of services to the pension fund or retirement system and  
5 (ii) a requirement that the consultant update the  
6 disclosure promptly after a modification of those payments  
7 or an additional payment.

8 (4) A requirement that the investment adviser or  
9 consultant, in conjunction with the board's staff, submit  
10 periodic written reports, on at least a quarterly basis,  
11 for the board's review at its regularly scheduled meetings.  
12 All returns on investment shall be reported as net returns  
13 after payment of all fees, commissions, and any other  
14 compensation.

15 (5) Disclosure of the names and addresses of (i) the  
16 consultant or investment adviser; (ii) any entity that is a  
17 parent of, or owns a controlling interest in, the  
18 consultant or investment adviser; (iii) any entity that is  
19 a subsidiary of, or in which a controlling interest is  
20 owned by, the consultant or investment adviser; (iv) any  
21 persons who have an ownership or distributive income share  
22 in the consultant or investment adviser that is in excess  
23 of 7.5%; or (v) serves as an executive officer of the  
24 consultant or investment adviser.

25 (6) A disclosure of the names and addresses of all  
26 subcontractors, if applicable, and the expected amount of

1 money each will receive under the contract, including an  
2 acknowledgment that the contractor must promptly make  
3 notification, in writing, if at any time during the term of  
4 the contract a contractor adds or changes any  
5 subcontractors. For purposes of this subparagraph (6),  
6 "subcontractor" does not include non-investment related  
7 professionals or professionals offering services that are  
8 not directly related to the investment of assets, such as  
9 legal counsel, actuary, proxy-voting services, services  
10 used to track compliance with legal standards, and  
11 investment fund of funds where the board has no direct  
12 contractual relationship with the investment advisers or  
13 partnerships.

14 (7) A description of service to be performed.

15 (8) A description of the need for the service.

16 (9) A description of the plan for post-performance  
17 review.

18 (10) A description of the qualifications necessary.

19 (11) The duration of the contract.

20 (12) The method for charging and measuring cost.

21 (d) Notwithstanding any other provision of law, a  
22 retirement system, pension fund, or investment board subject to  
23 this Code, ~~except those whose investments are restricted by~~  
24 ~~Section 1-113.2 of this Code,~~ shall not enter into a contract  
25 with a consultant that exceeds 5 years in duration. No contract  
26 to provide consulting services may be renewed or extended. At

1 the end of the term of a contract, however, the consultant is  
2 eligible to compete for a new contract as provided in this  
3 Section. No retirement system, pension fund, or investment  
4 board shall attempt to avoid or contravene the restrictions of  
5 this subsection (d) by any means.

6 (e) Within 60 days after the effective date of this  
7 amendatory Act of the 96th General Assembly, each investment  
8 adviser or consultant currently providing services or subject  
9 to an existing contract for the provision of services must  
10 disclose to the board of trustees all direct and indirect fees,  
11 commissions, penalties, and other compensation paid by or on  
12 behalf of the investment adviser or consultant in connection  
13 with the provision of those services and shall update that  
14 disclosure promptly after a modification of those payments or  
15 an additional payment. The person shall update the disclosure  
16 promptly after a modification of those payments or an  
17 additional payment. The disclosures required by this  
18 subsection (e) shall be in writing and shall include the date  
19 and amount of each payment and the name and address of each  
20 recipient of a payment.

21 (f) The retirement system, pension fund, or board of  
22 investment shall develop uniform documents that shall be used  
23 for the solicitation, review, and acceptance of all investment  
24 services. The form shall include the terms contained in  
25 subsection (c) of this Section. All such uniform documents  
26 shall be posted on the retirement system's, pension fund's, or

1 investment board's web site.

2 (g) A description of every contract for investment services  
3 shall be posted in a conspicuous manner on the web site of the  
4 retirement system, pension fund, or investment board. The  
5 description must include the name of the person or entity  
6 awarded a contract, the total amount applicable to the  
7 contract, the total fees paid or to be paid, and a disclosure  
8 approved by the board describing the factors that contributed  
9 to the selection of an investment adviser or consultant.

10 (Source: P.A. 98-433, eff. 8-16-13.)

11 (40 ILCS 5/1-113.16)

12 Sec. 1-113.16. Investment transparency.

13 (a) The purpose of this Section is to provide for  
14 transparency in the investment of retirement or pension funds  
15 and require the reporting of full and complete information  
16 regarding the investments by pension funds, retirement  
17 systems, and investment boards.

18 (b) A retirement system, pension fund, or investment board  
19 subject to this Code and any committees established by such  
20 system, fund, or board must comply with the Open Meetings Act.

21 (c) Any retirement system, pension fund, or investment  
22 board subject to this Code that establishes a committee shall  
23 ensure that the majority of the members on such committee are  
24 board members. If any member of a committee is not a member of  
25 the board for the system, fund, or board, then that committee

1 member shall be a fiduciary.

2 (d) A retirement system, pension fund, or investment board  
3 subject to this Code, ~~except those whose investments are~~  
4 ~~restricted by Section 1-113.2,~~ shall maintain an official web  
5 site and make available in a clear and conspicuous manner, and  
6 update at least quarterly, all of the following information  
7 concerning the investment of funds:

8 (1) The total amount of funds held by the pension fund,  
9 retirement system, or investment board.

10 (2) The asset allocation for the investments made by  
11 the pension fund, retirement system, or investment board.

12 (3) Current and historic return information.

13 (4) A detailed listing of the investment advisers for  
14 all asset classes.

15 (5) Performance of investments compared against  
16 established benchmarks.

17 (6) A detailed list of all consultants doing business  
18 with the retirement system, pension fund, or investment  
19 board.

20 (7) A detailed list of all contractors, other than  
21 investment advisers and consultants, doing business with  
22 the retirement system, pension fund, or investment board.

23 (8) Any requests for investment services.

24 (9) The names and email addresses of all board members,  
25 directors, and senior staff.

26 (10) The report required under Section 1-109.1 of this



1 Code, if applicable.

2 (11) The description of each contract required under  
3 subsection (g) of Section 1-113.14 of this Code, if  
4 applicable.

5 (e) (Blank). ~~A pension fund whose investments are~~  
6 ~~restricted by Section 1-113.2 of this Code shall make the~~  
7 ~~information required in subsection (d) of this Section~~  
8 ~~available on its web site or in a location that allows the~~  
9 ~~information to be available for inspection by the public.~~

10 (f) Nothing in this Section requires the pension fund,  
11 retirement system, or investment board to make information  
12 available on the Internet that is exempt from inspection and  
13 copying under the Freedom of Information Act.

14 (Source: P.A. 96-6, eff. 4-3-09.)

15 (40 ILCS 5/1-113.20)

16 Sec. 1-113.20. Investment strategies; explicit and  
17 implicit costs. Every pension fund, retirement system, and  
18 investment board created under this Code, ~~except those whose~~  
19 ~~investments are restricted by Section 1-113.2 of this Code,~~  
20 shall instruct the fund's, system's, or board's investment  
21 advisors to utilize investment strategies designed to ensure  
22 that all securities transactions are executed in such a manner  
23 that the total explicit and implicit costs and total proceeds  
24 in every transaction are the most favorable under the  
25 circumstances.

1 (Source: P.A. 96-753, eff. 8-25-09.)

2 (40 ILCS 5/1-150)

3 Sec. 1-150. Approval of travel or educational mission. The  
4 expenses for travel or educational missions of a board member  
5 of a retirement system, pension fund, or investment board  
6 created under this Code, ~~except those whose investments are~~  
7 ~~restricted by Section 1-113.2 of this Code,~~ must be approved by  
8 a majority of the board prior to the travel or educational  
9 mission.

10 (Source: P.A. 96-6, eff. 4-3-09.)

11 (40 ILCS 5/1A-103)

12 Sec. 1A-103. Rules. The Department is authorized to  
13 promulgate rules necessary for the administration and  
14 enforcement of this Code. ~~Except as otherwise provided under~~  
15 ~~this Code, these rules shall apply only to pension funds~~  
16 ~~established under Article 3 or Article 4 of this Code.~~ Rules  
17 adopted pursuant to this Section shall govern where conflict  
18 with local rules and regulations exists.

19 The Department shall revise its rules to reflect the  
20 consolidation of the Article 3 and 4 pension funds pursuant to  
21 this amendatory Act of the 100th General Assembly.

22 (Source: P.A. 90-507, eff. 8-22-97.)

23 (40 ILCS 5/1A-104)

1           Sec. 1A-104. Examinations and investigations.

2           (a) The Division shall make periodic examinations and  
3 investigations of all pension funds established under this Code  
4 and maintained for the benefit of employees and officers of  
5 governmental units in the State of Illinois. However, in lieu  
6 of making an examination and investigation, the Division may  
7 accept and rely upon a report of audit or examination of any  
8 pension fund made by an independent certified public accountant  
9 pursuant to the provisions of the Article of this Code  
10 governing the pension fund. The acceptance of the report of  
11 audit or examination does not bar the Division from making a  
12 further audit, examination, and investigation if deemed  
13 necessary by the Division.

14           The Department may implement a flexible system of  
15 examinations under which it directs resources as it deems  
16 necessary or appropriate. In consultation with the pension fund  
17 being examined, the Division may retain attorneys, independent  
18 actuaries, independent certified public accountants, and other  
19 professionals and specialists as examiners, the cost of which  
20 ~~(except in the case of pension funds established under Article~~  
21 ~~3 or 4)~~ shall be borne by the pension fund that is the subject  
22 of the examination.

23           (b) (Blank). ~~The Division shall examine or investigate each~~  
24 ~~pension fund established under Article 3 or Article 4 of this~~  
25 ~~Code. The schedule of each examination shall be such that each~~  
26 ~~fund shall be examined once every 3 years.~~

1 ~~Each examination shall include the following:~~

2 ~~(1) an audit of financial transactions, investment~~  
3 ~~policies, and procedures;~~

4 ~~(2) an examination of books, records, documents,~~  
5 ~~files, and other pertinent memoranda relating to~~  
6 ~~financial, statistical, and administrative operations;~~

7 ~~(3) a review of policies and procedures maintained for~~  
8 ~~the administration and operation of the pension fund;~~

9 ~~(4) a determination of whether or not full effect is~~  
10 ~~being given to the statutory provisions governing the~~  
11 ~~operation of the pension fund;~~

12 ~~(5) a determination of whether or not the~~  
13 ~~administrative policies in force are in accord with the~~  
14 ~~purposes of the statutory provisions and effectively~~  
15 ~~protect and preserve the rights and equities of the~~  
16 ~~participants;~~

17 ~~(6) a determination of whether or not proper financial~~  
18 ~~and statistical records have been established and adequate~~  
19 ~~documentary evidence is recorded and maintained in support~~  
20 ~~of the several types of annuity and benefit payments being~~  
21 ~~made; and~~

22 ~~(7) a determination of whether or not the calculations~~  
23 ~~made by the fund for the payment of all annuities and~~  
24 ~~benefits are accurate.~~

25 ~~In addition, the Division may conduct investigations,~~  
26 ~~which shall be identified as such and which may include one or~~

1 ~~more of the items listed in this subsection.~~

2 ~~A copy of the report of examination or investigation as~~  
3 ~~prepared by the Division shall be submitted to the secretary of~~  
4 ~~the board of trustees of the pension fund examined or~~  
5 ~~investigated and to the chief executive officer of the~~  
6 ~~municipality. The Director, upon request, shall grant a hearing~~  
7 ~~to the officers or trustees of the pension fund or their duly~~  
8 ~~appointed representatives, upon any facts contained in the~~  
9 ~~report of examination. The hearing shall be conducted before~~  
10 ~~filing the report or making public any information contained in~~  
11 ~~the report. The Director may withhold the report from public~~  
12 ~~inspection for up to 60 days following the hearing.~~

13 (Source: P.A. 95-950, eff. 8-29-08.)

14 (40 ILCS 5/1A-108)

15 Sec. 1A-108. Report to the Governor and General Assembly.  
16 On or before October 1 following the convening of a regular  
17 session of the General Assembly, the Division shall submit a  
18 report to the Governor and General Assembly setting forth the  
19 latest financial statements on the pension funds operating in  
20 the State of Illinois, a summary of the current provisions  
21 underlying these funds, and a report on any changes that have  
22 occurred in these provisions since the date of the last such  
23 report submitted by the Division.

24 The report shall also include the results of examinations  
25 made by the Division of any pension fund and any specific

1 recommendations for legislative and administrative correction  
2 that the Division deems necessary. The report may embody  
3 general recommendations concerning desirable changes in any  
4 existing pension, annuity, or retirement laws designed to  
5 standardize and establish uniformity in their basic provisions  
6 and to bring about an improvement in the financial condition of  
7 the pension funds. The purposes of these recommendations and  
8 the objectives sought shall be clearly expressed in the report.

9 The requirement for reporting to the General Assembly shall  
10 be satisfied by filing copies of the report with the Speaker,  
11 the Minority Leader, and the Clerk of the House of  
12 Representatives, the President, the Minority Leader, and the  
13 Secretary of the Senate, and the Legislative Research Unit, as  
14 required by Section 3.1 of the General Assembly Organization  
15 Act, and filing additional copies with the State Government  
16 Report Distribution Center for the General Assembly as required  
17 under paragraph (t) of Section 7 of the State Library Act.

18 Upon request, the Division shall distribute additional  
19 copies of the report at no charge to ~~the secretary of each~~  
20 ~~pension fund established under Article 3 or 4,~~ the treasurer or  
21 fiscal officer of each municipality participating in the  
22 Downstate Police Officers Pension Fund or the Downstate  
23 Firefighters Pension Fund ~~with an established police or~~  
24 ~~firefighter pension fund,~~ the secretary of each pension benefit  
25 determination and payment board established under Article 3 or  
26 4 of this Code, the executive director of every other pension

1 fund established under this Code, and to public libraries,  
2 State agencies, and police, firefighter, and municipal  
3 organizations active in the public pension area.

4 (Source: P.A. 90-507, eff. 8-22-97.)

5 (40 ILCS 5/1A-108.5)

6 Sec. 1A-108.5. Economic opportunity investments.

7 (a) For the purposes of this Section:

8 "Economic opportunity investment" means a qualified  
9 investment, managed passively or actively by the pension fund,  
10 that promotes economic development within the State of Illinois  
11 by providing financially prudent investment opportunities in  
12 or through the use of (a) Illinois businesses or (b)  
13 Illinois-based projects that promote the economy of the State  
14 or a region of the State, including without limitation  
15 promotion of venture capital programs, coal and other natural  
16 resource development, tourism development, infrastructure  
17 development, real estate development, and job development  
18 within the State of Illinois, while producing a competitive  
19 rate of return commensurate with the risk of investment.

20 "Illinois business" means a business, including an  
21 investment adviser, that is headquartered in Illinois.

22 "Illinois-based project" means an individual project of a  
23 business, including the provision of products and investment  
24 and other services to the pension fund, that will result in the  
25 conduct of business within the State, the employment of

1 individuals within the State, or the acquisition of real  
2 property located within the State.

3 (b) It is the public policy of the State of Illinois to  
4 encourage the pension funds, and any State entity investing  
5 funds on behalf of pension funds, to promote the economy of  
6 Illinois through the use of economic opportunity investments to  
7 the greatest extent feasible within the bounds of financial and  
8 fiduciary prudence.

9 (c) Each pension fund, ~~except pension funds created under~~  
10 ~~Articles 3 and 4 of this Code,~~ shall submit a report to the  
11 Governor and the General Assembly by September 1 of each year,  
12 ~~beginning in 2009,~~ that identifies the economic opportunity  
13 investments made by the fund, the primary location of the  
14 business or project, the percentage of the fund's assets in  
15 economic opportunity investments, and the actions that the fund  
16 has undertaken to increase the use of economic opportunity  
17 investments.

18 (d) Pension funds created under Articles 2, 14, 15, 16, and  
19 18 of this Code Act, and any State agency investing funds on  
20 behalf of those pension funds, must make reasonable efforts to  
21 invest in economic opportunity investments.

22 (e) In making economic opportunity investments, trustees  
23 and fiduciaries must comply with the relevant requirements and  
24 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,  
25 1-110, and 1-111 of this Code. Economic opportunity investments  
26 that otherwise comply with this Code shall not be deemed



1 imprudent solely because they are investments in an Illinois  
2 business or Illinois-based project.

3 (Source: P.A. 96-753, eff. 8-25-09.)

4 (40 ILCS 5/1A-110)

5 Sec. 1A-110. Actuarial statements by pension funds  
6 ~~established under Articles other than 3 or 4.~~

7 (a) Each pension fund established under an Article of this  
8 Code ~~other than Article 3 or 4~~ shall include as part of its  
9 annual statement a complete actuarial statement applicable to  
10 the plan year.

11 The actuarial statement shall be filed with the Division  
12 within 9 months after the close of the fiscal year of the  
13 pension fund. Any pension fund that fails to file within that  
14 time is subject to the penalty provisions of Section 1A-113.

15 The board of trustees of each pension fund subject to this  
16 Section, on behalf of all its participants, shall engage an  
17 enrolled actuary who shall be responsible for the preparation  
18 of the materials comprising the actuarial statement. The  
19 enrolled actuary shall utilize such assumptions and methods as  
20 are necessary for the contents of the matters reported in the  
21 actuarial statement to be reasonably related to the experience  
22 of the plan and to reasonable expectations, and to represent in  
23 the aggregate the actuary's best estimate of anticipated  
24 experience under the plan.

25 The actuarial statement shall include a description of the

1 actuarial assumptions and methods used to determine the  
2 actuarial values in the statement and shall disclose the impact  
3 of significant changes in the actuarial assumptions and  
4 methods, plan provisions, and other pertinent factors on the  
5 actuarial position of the plan.

6 The actuarial statement shall include a statement by the  
7 enrolled actuary that to the best of his or her knowledge the  
8 actuarial statement is complete and accurate and has been  
9 prepared in accordance with generally accepted actuarial  
10 principles and practice.

11 For the purposes of this Section, "enrolled actuary" means  
12 an actuary who (1) is a member of the Society of Actuaries or  
13 the American Academy of Actuaries and (2) either is enrolled  
14 under Subtitle C of Title III of the Employee Retirement Income  
15 Security Act of 1974 or was engaged in providing actuarial  
16 services to a public retirement plan in Illinois on July 1,  
17 1983.

18 (b) The actuarial statement referred to in subsection (a)  
19 shall include all of the following:

20 (1) The dates of the plan year and the date of the  
21 actuarial valuation applicable to the plan year for which  
22 the actuarial statement is filed.

23 (2) The amount of (i) the contributions made by the  
24 participants, and (ii) all other contributions, including  
25 those made by the employer or employers.

26 (3) The total estimated amount of the covered

1 compensation with respect to active participants for the  
2 plan year for which the statement is filed.

3 (4) The number of (i) active participants, (ii)  
4 terminated participants currently eligible for deferred  
5 vested pension benefits or the return of contributions made  
6 by those participants, and (iii) all other participants and  
7 beneficiaries included in the actuarial valuation.

8 (5) The following values as of the date of the  
9 actuarial valuation applicable to the plan year for which  
10 the statement is filed:

11 (i) The current value of assets accumulated in the  
12 plan.

13 (ii) The unfunded accrued liability. The major  
14 factors that have resulted in the change in the  
15 unfunded accrued liability from the previous year  
16 shall be identified. Effects that are individually  
17 significant shall be separately identified. As a  
18 minimum, the effect of the following shall be shown:  
19 plan amendments; changes in actuarial assumptions;  
20 experience less (or more) favorable than that assumed;  
21 and contributions less (or more) than the normal cost  
22 plus interest on the unfunded accrued liability.

23 (iii) The amount of accumulated contributions for  
24 active participants (including interest, if any).

25 (iv) The actuarial present value of credited  
26 projected benefits for vested participants currently

1 receiving benefits, other vested participants, and  
2 non-vested participants.

3 (6) The actuarial value of assets.

4 (7) Any other information that is necessary to fully  
5 and fairly disclose the actuarial position of the plan and  
6 any other information the enrolled actuary may present.

7 (8) Any other information regarding the plan that the  
8 Division may by rule request.

9 (Source: P.A. 90-507, eff. 8-22-97.)

10 (40 ILCS 5/1A-112)

11 Sec. 1A-112. Fees.

12 (a) Every pension fund that is required to file an annual  
13 statement under Section 1A-109 shall pay to the Department an  
14 annual compliance fee. ~~The In the case of a pension fund under~~  
15 ~~Article 3 or 4 of this Code, the annual compliance fee shall be~~  
16 ~~0.02% (2 basis points) of the total assets of the pension fund,~~  
17 ~~as reported in the most current annual statement of the fund,~~  
18 ~~but not more than \$8,000. In the case of all other pension~~  
19 ~~funds and retirement systems, the annual compliance fee shall~~  
20 be \$8,000.

21 (b) The annual compliance fee shall be due on June 30 for  
22 the following State fiscal year, except that the fee payable in  
23 1997 for fiscal year 1998 shall be due no earlier than 30 days  
24 following the effective date of this amendatory Act of 1997.

25 (c) Any information obtained by the Division that is

1 available to the public under the Freedom of Information Act  
2 and is either compiled in published form or maintained on a  
3 computer processible medium shall be furnished upon the written  
4 request of any applicant and the payment of a reasonable  
5 information services fee established by the Director,  
6 sufficient to cover the total cost to the Division of  
7 compiling, processing, maintaining, and generating the  
8 information. The information may be furnished by means of  
9 published copy or on a computer processed or computer  
10 processible medium.

11 No fee may be charged to any person for information that  
12 the Division is required by law to furnish to that person.

13 (d) Except as otherwise provided in this Section, all fees  
14 and penalties collected by the Department under this Code shall  
15 be deposited into the Public Pension Regulation Fund.

16 (e) Fees collected under subsection (c) of this Section and  
17 money collected under Section 1A-107 shall be deposited into  
18 the Technology Management Revolving Fund and credited to the  
19 account of the Department's Public Pension Division. This  
20 income shall be used exclusively for the purposes set forth in  
21 Section 1A-107. Notwithstanding the provisions of Section  
22 408.2 of the Illinois Insurance Code, no surplus funds  
23 remaining in this account shall be deposited in the Insurance  
24 Financial Regulation Fund. All money in this account that the  
25 Director certifies is not needed for the purposes set forth in  
26 Section 1A-107 of this Code shall be transferred to the Public

1 Pension Regulation Fund.

2 (f) Nothing in this Code prohibits the General Assembly  
3 from appropriating funds from the General Revenue Fund to the  
4 Department for the purpose of administering or enforcing this  
5 Code.

6 (Source: P.A. 100-23, eff. 7-6-17.)

7 (40 ILCS 5/3-102) (from Ch. 108 1/2, par. 3-102)

8 Sec. 3-102. Terms defined. The terms used in this Article  
9 have the meanings ascribed to them in Sections 3-103 through  
10 3-108.4 ~~3-108.3~~, except when the context otherwise requires.

11 (Source: P.A. 90-507, eff. 8-22-97.)

12 (40 ILCS 5/3-102.1 new)

13 Sec. 3-102.1. Fund. "Fund" or "pension fund": Until January  
14 1, 2021, a police pension fund established by a municipality  
15 under this Article.

16 Beginning January 1, 2021, "Fund" or "pension fund" means  
17 the Downstate Police Officers Pension Fund created under this  
18 Article to consolidate all of the individual pension funds  
19 previously established under this Article; depending on the  
20 context, the terms may include one or more of those previously  
21 established pension funds.

22 (40 ILCS 5/3-103) (from Ch. 108 1/2, par. 3-103)

23 Sec. 3-103. Municipality; participating municipality;

1 governing body.

2 (a) "Municipality": (1) Any city, village or incorporated  
3 town of 5,000 or more but less than 500,000 inhabitants, as  
4 determined from the United States Government statistics or a  
5 census taken at any time by the city, village or incorporated  
6 town and (2) any city, village or incorporated town of less  
7 than 5,000 inhabitants which, by referendum held under Section  
8 3-145 adopts this Article.

9 (b) "Participating municipality" means a municipality, as  
10 defined in subsection (a), that both is required (or has  
11 elected) to and does in fact participate in the Downstate  
12 Police Officers Pension Fund under this Article.

13 (c) "Governing body" includes the township board or other  
14 persons empowered to draft the tentative budget and  
15 appropriation ordinance and the electors of such a township  
16 acting at the annual or special meeting of town electors.

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

18 (40 ILCS 5/3-104.5 new)

19 Sec. 3-104.5. Benefit board. "Pension benefit  
20 determination and payment board" or "benefit board": The  
21 pension benefit determination and payment board of a  
22 municipality as established under subsection (b) of Section  
23 3-128; depending on the context, the term may include the  
24 former board of trustees of the police pension fund of the  
25 municipality.

1 (40 ILCS 5/3-105) (from Ch. 108 1/2, par. 3-105)

2 Sec. 3-105. Board. "Board": Until January 1, 2021, the ~~The~~  
3 board of trustees of the police pension fund of a municipality  
4 as established in subsection (a) of Section 3-128.

5 Beginning January 1, 2021, the Board of Trustees of the  
6 Downstate Police Officers Pension Fund created under this  
7 Article to consolidate all of the individual pension funds  
8 previously established under this Article, as established in  
9 subsection (f) of Section 3-128, or, until that board is  
10 established and has assumed its duties, the Transition Board  
11 created under Section 3-101.1; depending on the context, the  
12 term may include the former board of trustees of one or more of  
13 those previously established pension funds.

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

15 (40 ILCS 5/3-108.2)

16 Sec. 3-108.2. Participant. "Participant": A police officer  
17 or deferred pensioner of the Fund ~~a pension fund,~~ or a  
18 beneficiary of the Fund ~~pension fund.~~

19 (Source: P.A. 90-507, eff. 8-22-97.)

20 (40 ILCS 5/3-108.3)

21 Sec. 3-108.3. Beneficiary. "Beneficiary": A person  
22 receiving benefits from the Fund ~~a pension fund,~~ including, but  
23 not limited to, retired pensioners, disabled pensioners, their



1 surviving spouses, minor children, disabled children, and  
2 dependent parents. If a special needs trust as described in  
3 Section 1396p(d)(4) of Title 42 of the United States Code, as  
4 amended from time to time, has been established for a disabled  
5 adult child, then the special needs trust may stand in lieu of  
6 the disabled adult child as a beneficiary for the purposes of  
7 this Article.

8 (Source: P.A. 96-1143, eff. 7-21-10.)

9 (40 ILCS 5/3-108.4 new)

10 Sec. 3-108.4. Prescribed rate of interest. "Prescribed  
11 rate of interest": The rate of interest to be used for  
12 calculation of the rates of municipality contributions and the  
13 amounts of annuities and benefits, as determined by the Board  
14 in consultation with the actuary on the basis of the probable  
15 effective rate of interest on a long-term basis. The prescribed  
16 rate shall also be used to distribute, to the extent reasonably  
17 determinable prior to the year for which the rate is  
18 applicable, the current earnings (excluding capital gains) on  
19 assets of the Fund to reserves as provided by Section 3-140.4,  
20 after due allowance is made for special reserve requirements  
21 under Section 3-146.6.

22 (40 ILCS 5/3-109.4)

23 Sec. 3-109.4. Defined contribution plan for certain police  
24 officers.

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

12           A municipality that becomes a participating municipality  
13 on or after January 1, 2021 is not required to establish a  
14 defined contribution plan under this Section.

15           On and after January 1, 2021, the participating  
16 municipality shall continue to administer the defined  
17 contribution plan and the assets and liabilities of the defined  
18 contribution plan shall not be consolidated.

19           A police officer who participates in the defined  
20 contribution plan under this Section may not earn creditable  
21 service or otherwise participate in the defined benefit plan  
22 offered by his or her employing municipality, except as an  
23 annuitant in another fund or as a survivor, while he or she is  
24 a participant in the defined contribution plan. The defined  
25 contribution plan under this Section shall not be construed to  
26 be a pension, annuity, or other defined benefit under this

1 Code.

2 (b) Before January 1, 2021 (the consolidation date), if ~~if~~  
3 a police officer who has more than 10 years of creditable  
4 service in a fund enters active service with a different  
5 municipality, he or she may elect to participate in the defined  
6 contribution plan under this Section in lieu of the defined  
7 benefit plan.

8 A police officer who has elected under this subsection to  
9 participate in the defined contribution plan may, in writing,  
10 rescind that election in accordance with the rules of the Board  
11 ~~board~~. Any employer contributions, and the earnings thereon,  
12 shall remain vested in the police officer's account. A police  
13 officer who rescinds the election may begin participating in  
14 the defined benefit plan on the first day of the month  
15 following the rescission in accordance with the rules of the  
16 Board.

17 (c) As used in this Section, "defined benefit plan" means  
18 the retirement plan available to police officers under this  
19 Article who do not participate in the defined contribution plan  
20 under this Section.

21 (Source: P.A. 100-281, eff. 8-24-17.)

22 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

23 Sec. 3-110. Creditable service.

24 (a) "Creditable service" is the time served by a police  
25 officer as a member of a regularly constituted police force of

1 a municipality. In computing creditable service furloughs  
2 without pay exceeding 30 days shall not be counted, but all  
3 leaves of absence for illness or accident, regardless of  
4 length, and all periods of disability retirement for which a  
5 police officer has received no disability pension payments  
6 under this Article shall be counted.

7 (a-3) Upon the consolidation of the police pension funds  
8 under this Article into the Downstate Police Officers Pension  
9 Fund on January 1, 2021, creditable service under any such  
10 pension fund shall be deemed to be creditable service in the  
11 Downstate Police Officers Pension Fund, subject to the  
12 following provisions:

13 (1) The consolidation of police pension funds into the  
14 Downstate Police Officers Pension Fund shall not result in  
15 the duplication of any service credit based on the same  
16 period of service in this or any other pension fund or  
17 retirement system subject to this Code.

18 The consolidation of a former police pension fund under  
19 this Article into the Downstate Police Officers Pension  
20 Fund shall not be construed as resulting in service  
21 rendered by an employee being accredited in more than one  
22 pension fund.

23 (2) If this Section or any other provision of this  
24 Article imposes a limit on the amount of creditable service  
25 that may be established for a particular activity or  
26 purpose, and prior to consolidation a police officer has

1 established periods of creditable service for that  
2 activity or purpose in more than one former police pension  
3 fund under this Article, which periods are within that  
4 limitation for each such fund but together exceed that  
5 limitation, then upon consolidation all such credit  
6 previously established by the police officer shall be  
7 preserved under the Fund, but no additional creditable  
8 service for that activity or purpose may be established by  
9 that police officer in the Fund.

10 (3) The consolidation of police pension funds into the  
11 Downstate Police Officers Pension Fund shall not entitle  
12 any person or pension fund to a refund of any contribution  
13 or payment previously paid or transferred in order to  
14 establish or transfer creditable service under this  
15 Article.

16 Service credit established under this Section before the  
17 consolidation date shall be deemed to be service credit under  
18 the Downstate Police Officers Pension Fund and shall be  
19 credited or charged to the appropriate municipal accounts and  
20 reserves, as directed by the Board of the Fund.

21 (a-5) Up to 3 years of time during which the police officer  
22 receives a disability pension under Section 3-114.1, 3-114.2,  
23 3-114.3, or 3-114.6 shall be counted as creditable service,  
24 provided that (i) the police officer returns to active service  
25 after the disability for a period at least equal to the period  
26 for which credit is to be established and (ii) the police

1 officer makes contributions to the fund based on the rates  
2 specified in Section 3-125.1 and the salary upon which the  
3 disability pension is based. These contributions may be paid at  
4 any time prior to the commencement of a retirement pension. The  
5 police officer may, but need not, elect to have the  
6 contributions deducted from the disability pension or to pay  
7 them in installments on a schedule approved by the board. If  
8 not deducted from the disability pension, the contributions  
9 shall include interest at the rate of 6% per year, compounded  
10 annually, from the date for which service credit is being  
11 established to the date of payment. If contributions are paid  
12 under this subsection (a-5) in excess of those needed to  
13 establish the credit, the excess shall be refunded. This  
14 subsection (a-5) applies to persons receiving a disability  
15 pension under Section 3-114.1, 3-114.2, 3-114.3, or 3-114.6 on  
16 the effective date of this amendatory Act of the 91st General  
17 Assembly, as well as persons who begin to receive such a  
18 disability pension after that date.

19 (b) Creditable service includes all periods of service in  
20 the military, naval or air forces of the United States entered  
21 upon while an active police officer of a municipality, provided  
22 that upon applying for a permanent pension, and in accordance  
23 with the rules of the Board ~~board~~, the police officer pays into  
24 the Fund ~~fund~~ the amount the officer would have contributed if  
25 he or she had been a regular contributor during such period, to  
26 the extent that the municipality which the police officer

1 served has not made such contributions in the officer's behalf.  
2 The total amount of such creditable service shall not exceed 5  
3 years, except that any police officer who on July 1, 1973 had  
4 more than 5 years of such creditable service shall receive the  
5 total amount thereof.

6 (b-5) Creditable service includes all periods of service in  
7 the military, naval, or air forces of the United States entered  
8 upon before beginning service as an active police officer of a  
9 municipality, provided that, in accordance with the rules of  
10 the Board ~~board~~, the police officer pays into the Fund ~~fund~~ the  
11 amount the police officer would have contributed if he or she  
12 had been a regular contributor during such period, plus an  
13 amount determined by the Board to be equal to the  
14 municipality's normal cost of the benefit, plus interest at the  
15 actuarially assumed rate calculated from the date the employee  
16 last became a police officer under this Article. The total  
17 amount of such creditable service shall not exceed 2 years.

18 (c) Creditable service also includes service rendered by a  
19 police officer while on leave of absence from a police  
20 department to serve as an executive of an organization whose  
21 membership consists of members of a police department, subject  
22 to the following conditions: (i) the police officer is a  
23 participant of the Fund ~~a fund established under this Article~~  
24 with at least 10 years of service as a police officer; (ii) the  
25 police officer received no credit for such service under any  
26 other retirement system, pension fund, or annuity and benefit

1 fund included in this Code; (iii) pursuant to the rules of the  
2 Board ~~board~~ the police officer pays to the Fund ~~fund~~ the amount  
3 he or she would have contributed had the officer been an active  
4 member of the police department; (iv) the organization pays a  
5 contribution equal to the municipality's normal cost for that  
6 period of service; and (v) for all leaves of absence under this  
7 subsection (c), including those beginning before the effective  
8 date of this amendatory Act of the 97th General Assembly, the  
9 police officer continues to remain in sworn status, subject to  
10 the professional standards of the public employer or those  
11 terms established in statute.

12 (d) (1) Creditable service also includes periods of  
13 service originally established in another police pension  
14 fund under this Article or in the Fund established under  
15 Article 7 of this Code for which (i) the contributions have  
16 been transferred under Section 3-110.7 or Section 7-139.9  
17 and (ii) any additional contribution required under  
18 paragraph (2) of this subsection has been paid in full in  
19 accordance with the requirements of this subsection (d).

20 (2) If the board of the pension fund to which  
21 creditable service and related contributions are  
22 transferred under Section 7-139.9 determines that the  
23 amount transferred is less than the true cost to the  
24 pension fund of allowing that creditable service to be  
25 established, then in order to establish that creditable  
26 service the police officer must pay to the pension fund,



1 within the payment period specified in paragraph (3) of  
2 this subsection, an additional contribution equal to the  
3 difference, as determined by the board in accordance with  
4 the rules and procedures adopted under paragraph (6) of  
5 this subsection. If the board of the pension fund to which  
6 creditable service and related contributions are  
7 transferred under Section 3-110.7 determines that the  
8 amount transferred is less than the true cost to the  
9 pension fund of allowing that creditable service to be  
10 established, then the police officer may elect (A) to  
11 establish that creditable service by paying to the pension  
12 fund, within the payment period specified in paragraph (3)  
13 of this subsection (d), an additional contribution equal to  
14 the difference, as determined by the board in accordance  
15 with the rules and procedures adopted under paragraph (6)  
16 of this subsection (d) or (B) to have his or her creditable  
17 service reduced by an amount equal to the difference  
18 between the amount transferred under Section 3-110.7 and  
19 the true cost to the pension fund of allowing that  
20 creditable service to be established, as determined by the  
21 board in accordance with the rules and procedures adopted  
22 under paragraph (6) of this subsection (d).

23 (3) Except as provided in paragraph (4), the additional  
24 contribution that is required or elected under paragraph  
25 (2) of this subsection (d) must be paid to the board (i)  
26 within 5 years from the date of the transfer of

1 contributions under Section 3-110.7 or 7-139.9 and (ii)  
2 before the police officer terminates service with the fund.  
3 The additional contribution may be paid in a lump sum or in  
4 accordance with a schedule of installment payments  
5 authorized by the board.

6 (4) If the police officer dies in service before  
7 payment in full has been made and before the expiration of  
8 the 5-year payment period, the surviving spouse of the  
9 officer may elect to pay the unpaid amount on the officer's  
10 behalf within 6 months after the date of death, in which  
11 case the creditable service shall be granted as though the  
12 deceased police officer had paid the remaining balance on  
13 the day before the date of death.

14 (5) If the additional contribution that is required or  
15 elected under paragraph (2) of this subsection (d) is not  
16 paid in full within the required time, the creditable  
17 service shall not be granted and the police officer (or the  
18 officer's surviving spouse or estate) shall be entitled to  
19 receive a refund of (i) any partial payment of the  
20 additional contribution that has been made by the police  
21 officer and (ii) those portions of the amounts transferred  
22 under subdivision (a)(1) of Section 3-110.7 or  
23 subdivisions (a)(1) and (a)(3) of Section 7-139.9 that  
24 represent employee contributions paid by the police  
25 officer (but not the accumulated interest on those  
26 contributions) and interest paid by the police officer to

1 the prior pension fund in order to reinstate service  
2 terminated by acceptance of a refund.

3 At the time of paying a refund under this item (5), the  
4 pension fund shall also repay to the pension fund from  
5 which the contributions were transferred under Section  
6 3-110.7 or 7-139.9 the amount originally transferred under  
7 subdivision (a)(2) of that Section, plus interest at the  
8 rate of 6% per year, compounded annually, from the date of  
9 the original transfer to the date of repayment. Amounts  
10 repaid to the Article 7 fund under this provision shall be  
11 credited to the appropriate municipality.

12 Transferred credit that is not granted due to failure  
13 to pay the additional contribution within the required time  
14 is lost; it may not be transferred to another pension fund  
15 and may not be reinstated in the pension fund from which it  
16 was transferred.

17 (6) The Public Employee Pension Fund Division of the  
18 Department of Insurance shall establish by rule the manner  
19 of making the calculation required under paragraph (2) of  
20 this subsection, taking into account the appropriate  
21 actuarial assumptions; the police officer's service, age,  
22 and salary history; the level of funding of the pension  
23 fund to which the credits are being transferred; and any  
24 other factors that the Division determines to be relevant.  
25 The rules may require that all calculations made under  
26 paragraph (2) be reported to the Division by the board

1 performing the calculation, together with documentation of  
2 the creditable service to be transferred, the amounts of  
3 contributions and interest to be transferred, the manner in  
4 which the calculation was performed, the numbers relied  
5 upon in making the calculation, the results of the  
6 calculation, and any other information the Division may  
7 deem useful.

8 (e) (1) Creditable service also includes periods of  
9 service originally established in the Fund established  
10 under Article 7 of this Code for which the contributions  
11 have been transferred under Section 7-139.11.

12 (2) If the board of the pension fund to which  
13 creditable service and related contributions are  
14 transferred under Section 7-139.11 determines that the  
15 amount transferred is less than the true cost to the  
16 pension fund of allowing that creditable service to be  
17 established, then the amount of creditable service the  
18 police officer may establish under this subsection (e)  
19 shall be reduced by an amount equal to the difference, as  
20 determined by the board in accordance with the rules and  
21 procedures adopted under paragraph (3) of this subsection.

22 (3) The Public Pension Division of the Department of  
23 Financial and Professional Regulation shall establish by  
24 rule the manner of making the calculation required under  
25 paragraph (2) of this subsection, taking into account the  
26 appropriate actuarial assumptions; the police officer's

1 service, age, and salary history; the level of funding of  
2 the pension fund to which the credits are being  
3 transferred; and any other factors that the Division  
4 determines to be relevant. The rules may require that all  
5 calculations made under paragraph (2) be reported to the  
6 Division by the board performing the calculation, together  
7 with documentation of the creditable service to be  
8 transferred, the amounts of contributions and interest to  
9 be transferred, the manner in which the calculation was  
10 performed, the numbers relied upon in making the  
11 calculation, the results of the calculation, and any other  
12 information the Division may deem useful.

13 (4) Until January 1, 2010, a police officer who  
14 transferred service from the Fund established under  
15 Article 7 of this Code under the provisions of Public Act  
16 94-356 may establish additional credit, but only for the  
17 amount of the service credit reduction in that transfer, as  
18 calculated under paragraph (3) of this subsection (e). This  
19 credit may be established upon payment by the police  
20 officer of an amount to be determined by the board, equal  
21 to (1) the amount that would have been contributed as  
22 employee and employer contributions had all of the service  
23 been as an employee under this Article, plus interest  
24 thereon at the rate of 6% per year, compounded annually  
25 from the date of service to the date of transfer, less (2)  
26 the total amount transferred from the Article 7 Fund, plus

1 (3) interest on the difference at the rate of 6% per year,  
2 compounded annually, from the date of the transfer to the  
3 date of payment. The additional service credit is allowed  
4 under this amendatory Act of the 95th General Assembly  
5 notwithstanding the provisions of Article 7 terminating  
6 all transferred credits on the date of transfer.

7 (Source: P.A. 96-297, eff. 8-11-09; 96-1260, eff. 7-23-10;  
8 97-651, eff. 1-5-12.)

9 (40 ILCS 5/3-110.05 new)

10 Sec. 3-110.05. Police officer with service under more than  
11 one participating municipality.

12 (a) This Section applies only to police officers with  
13 creditable service earned under more than one participating  
14 municipality who are in service under this Article on or after  
15 January 1, 2021 (the consolidation date) and to the survivors  
16 of such police officers.

17 (b) The calculation of benefits under this Article that  
18 first become payable on or after January 1, 2021 to a police  
19 officer to whom this Section applies, or to a survivor of such  
20 a police officer, shall include all of the police officer's  
21 creditable service and salary credits under the Downstate  
22 Police Officers Pension Fund as though arising under that  
23 single Fund, even though they originally resulted from service  
24 under more than one municipality or more than one Article 3  
25 pension fund. The Board shall, however, consider those

1 municipalities and pension funds separately in determining how  
2 benefits will be chargeable to the appropriate municipal  
3 accounts and reserves.

4 (c) In the case of a benefit to which subsection (b)  
5 applies:

6 (1) the benefit board of each affected municipality  
7 shall be responsible for certifying to the Board of the  
8 Fund the relevant service credit, payroll, and employee  
9 contribution data arising under that municipality;

10 (2) the benefit shall be determined, granted, and paid  
11 directly by the Board of Trustees, rather than by the  
12 benefit boards of the affected municipalities acting as  
13 agents of the Fund; and

14 (3) the cost of the benefit shall be attributed  
15 proportionally to the separate reserves and accounts of the  
16 appropriate municipalities in a manner to be determined by  
17 the Board.

18 (d) In the event that the consolidation of pension funds  
19 under this Article operates to create a benefit impairment for  
20 a person to whom this Section applies, the Board of the Fund  
21 shall, by rule, allow the police officer or survivor to elect  
22 to receive instead a benefit equal to the best benefit that  
23 would be available to him or her under the provisions of this  
24 Article in effect at any time during the police officer's  
25 active service prior to the consolidation date.

1 (40 ILCS 5/3-110.2) (from Ch. 108 1/2, par. 3-110.2)

2 Sec. 3-110.2. Transfer of creditable service to General  
3 Assembly Retirement System.

4 (a) An active member of the General Assembly Retirement  
5 System may apply to transfer his or her credits and creditable  
6 service accumulated ~~in any police pension fund~~ under this  
7 Article to the General Assembly Retirement System. Such  
8 transfer shall be made forthwith. Payment by the Downstate  
9 Police Officers Pension Fund ~~police pension fund~~ to the General  
10 Assembly Retirement System shall be made at the same time and  
11 shall consist of:

12 (1) the amounts credited to the applicant, through employee  
13 contributions on the date of transfer; and

14 (2) municipality contributions equal to the accumulated  
15 employee contributions as determined under subparagraph (1)  
16 above. Participation in the Fund ~~police pension fund~~ shall  
17 terminate on the date of transfer.

18 (b) An active member of the General Assembly may reinstate  
19 service and creditable service terminated upon receipt of a  
20 refund, by payment to the Fund ~~fund~~ of the amount of the refund  
21 together with interest thereon at the rate of 6% per year to  
22 the date of payment.

23 (c) Transactions under this Section taking place on or  
24 after January 1, 2021 (the consolidation date) shall be  
25 credited or charged to the appropriate municipal accounts and  
26 reserves, as directed by the Board of the Fund.



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

2 (40 ILCS 5/3-110.4) (from Ch. 108 1/2, par. 3-110.4)  
3 Sec. 3-110.4. Transfer of creditable service to Article 8,  
4 9 or 13 fund.

5 (a) Any city officer as defined in Section 8-243.2 of this  
6 Code, any county officer elected by vote of the people who is a  
7 participant in a pension fund established under Article 9 of  
8 this Code, any chief of the County Police Department or  
9 undersheriff of the County Sheriff's Department who has elected  
10 under subparagraph (j) of Section 9-128.1 to be included within  
11 the provisions of Section 9-128.1 of Article 9 of this Code,  
12 and any elected sanitary district commissioner who is a  
13 participant in a pension fund established under Article 13 of  
14 this Code, may apply to transfer his or her credits and  
15 creditable service accumulated in the Downstate Police  
16 Officers Pension Fund ~~any police pension fund established under~~  
17 ~~this Article~~ to such Article 8, 9 or 13 fund. Such transfer  
18 shall be made forthwith. Payment by the Downstate Police  
19 Officers Pension Fund ~~police pension fund~~ to the Article 8, 9  
20 or 13 fund shall be made at the same time and shall consist of:

21 (1) the amounts credited to the applicant through  
22 employee contributions on the date of transfer; and

23 (2) municipality contributions equal to the  
24 accumulated employee contributions as determined under  
25 item (1) above.

1 Participation in the Downstate Police Officers Pension Fund  
2 ~~police pension fund~~ shall terminate on the date of transfer.

3 (b) Any such elected city officer, county officer, chief of  
4 the County Police Department, undersheriff of the County  
5 Sheriff's Department, or sanitary district commissioner may  
6 reinstate credits and creditable service terminated upon  
7 receipt of a refund, by payment to the Downstate Police  
8 Officers Pension Fund ~~fund~~ of the amount of the refund together  
9 with interest thereon at the rate of 6% per year, compounded  
10 annually from the date of refund to the date of payment.

11 (c) Transactions under this Section taking place on or  
12 after the consolidation date shall be credited or charged to  
13 the appropriate municipal accounts and reserves, as directed by  
14 the Board of the Fund.

15 (Source: P.A. 89-643, eff. 8-9-96.)

16 (40 ILCS 5/3-110.6) (from Ch. 108 1/2, par. 3-110.6)

17 Sec. 3-110.6. Transfer to Article 14 System.

18 (a) Any active member of the State Employees' Retirement  
19 System who is a State policeman, an investigator for the  
20 Secretary of State, a conservation police officer, an  
21 investigator for the Office of the Attorney General, an  
22 investigator for the Department of Revenue, an investigator for  
23 the Office of the State's Attorneys Appellate Prosecutor, or a  
24 controlled substance inspector may apply for transfer of some  
25 or all of his or her creditable service accumulated in the

1 Downstate Police Officers Pension Fund ~~any police pension fund~~  
2 ~~under this Article~~ to the State Employees' Retirement System in  
3 accordance with Section 14-110. The creditable service shall be  
4 transferred only upon payment by the Downstate Police Officers  
5 Pension Fund ~~police pension fund~~ to the State Employees'  
6 Retirement System of an amount equal to:

7 (1) the amounts accumulated to the credit of the  
8 applicant for the service to be transferred on the books of  
9 the Downstate Police Officers Pension Fund ~~fund~~ on the date  
10 of transfer; and

11 (2) employer contributions in an amount equal to the  
12 amount determined under subparagraph (1); and

13 (3) any interest paid by the applicant in order to  
14 reinstate service to be transferred.

15 Participation in the Downstate Police Officers Pension Fund  
16 ~~police pension fund~~ with respect to the service to be  
17 transferred shall terminate on the date of transfer.

18 (b) Any person applying to transfer service under this  
19 Section may reinstate service that was terminated by receipt of  
20 a refund, by paying to the police pension fund the amount of  
21 the refund with interest thereon at the actuarially assumed  
22 rate of interest, compounded annually, from the date of refund  
23 to the date of payment.

24 (c) Transactions under this Section taking place on or  
25 after the consolidation date shall be credited or charged to  
26 the appropriate municipal accounts and reserves, as directed by

1 the Board of the Fund.

2 (Source: P.A. 95-530, eff. 8-28-07; 96-745, eff. 8-25-09.)

3 (40 ILCS 5/3-110.7)

4 Sec. 3-110.7. Transfer between Article 3 funds.

5 (a) Until January 1, 2021 (the consolidation date), an An  
6 active member of a pension fund established under this Article  
7 may apply for transfer to that fund of his or her creditable  
8 service and related contributions accumulated in any other  
9 police pension fund established under this Article, except that  
10 a police officer may not transfer creditable service under this  
11 Section from a pension fund unless (i) the police officer  
12 actively served in the police department under that fund for at  
13 least 2 years, (ii) the police officer actively served in the  
14 police department under that fund for less than 2 years but was  
15 laid off or otherwise involuntarily terminated for a reason  
16 other than the fault of the officer, or (iii) the police  
17 officer was not in service in the police department under that  
18 fund on or after the effective date of this Section. Upon  
19 receiving the application, that other pension fund shall  
20 transfer to the pension fund in which the applicant currently  
21 participates an amount equal to:

22 (1) the amounts actually contributed by or on behalf of  
23 the applicant to the fund as employee contributions  
24 (including any interest paid by the applicant in order to  
25 reinstate service), plus interest on those amounts at the

1 rate of 6% per year, compounded annually, from the date of  
2 contribution to the date of transfer; plus

3 (2) an amount representing employer contributions,  
4 equal to the total amount determined under subdivision (1).

5 Participation in that other pension fund shall terminate on the  
6 date of transfer.

7 (b) An active member of the Fund ~~a pension fund established~~  
8 ~~under this Article~~ may reinstate in the Fund service ~~in any~~  
9 ~~other pension fund~~ established under this Article that was  
10 terminated by receipt of a refund, by paying to the Fund ~~that~~  
11 ~~other pension fund~~ the amount of the refund plus interest  
12 thereon at the rate of 6% per year, compounded annually, from  
13 the date of refund to the date of payment.

14 (Source: P.A. 90-460, eff. 8-17-97.)

15 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)

16 Sec. 3-111. Pension.

17 (a) A police officer age 50 or more with 20 or more years  
18 of creditable service, who is not a participant in the  
19 self-managed plan under Section 3-109.3 and who is no longer in  
20 service as a police officer in any participating municipality,  
21 shall receive a pension of 1/2 of the salary attached to the  
22 rank held by the officer on the police force for one year  
23 immediately prior to retirement or, beginning July 1, 1987 for  
24 persons terminating service on or after that date, the salary  
25 attached to the rank held on the last day of service or for one

1 year prior to the last day, whichever is greater. The pension  
2 shall be increased by 2.5% of such salary for each additional  
3 year of service over 20 years of service through 30 years of  
4 service, to a maximum of 75% of such salary.

5 The changes made to this subsection (a) by this amendatory  
6 Act of the 91st General Assembly apply to all pensions that  
7 become payable under this subsection on or after January 1,  
8 1999. All pensions payable under this subsection that began on  
9 or after January 1, 1999 and before the effective date of this  
10 amendatory Act shall be recalculated, and the amount of the  
11 increase accruing for that period shall be payable to the  
12 pensioner in a lump sum.

13 (a-5) No pension in effect on or granted after June 30,  
14 1973 shall be less than \$200 per month. Beginning July 1, 1987,  
15 the minimum retirement pension for a police officer having at  
16 least 20 years of creditable service shall be \$400 per month,  
17 without regard to whether or not retirement occurred prior to  
18 that date. If the minimum pension established in Section  
19 3-113.1 is greater than the minimum provided in this  
20 subsection, the Section 3-113.1 minimum controls.

21 (b) A police officer mandatorily retired from service due  
22 to age by operation of law, having at least 8 but less than 20  
23 years of creditable service, shall receive a pension equal to 2  
24 1/2% of the salary attached to the rank he or she held on the  
25 police force for one year immediately prior to retirement or,  
26 beginning July 1, 1987 for persons terminating service on or

1 after that date, the salary attached to the rank held on the  
2 last day of service or for one year prior to the last day,  
3 whichever is greater, for each year of creditable service.

4 A police officer who retires or is separated from service  
5 having at least 8 years but less than 20 years of creditable  
6 service, who is not mandatorily retired due to age by operation  
7 of law, and who does not apply for a refund of contributions at  
8 his or her last separation from police service, shall receive a  
9 pension upon attaining age 60 equal to 2.5% of the salary  
10 attached to the rank held by the police officer on the police  
11 force for one year immediately prior to retirement or,  
12 beginning July 1, 1987 for persons terminating service on or  
13 after that date, the salary attached to the rank held on the  
14 last day of service or for one year prior to the last day,  
15 whichever is greater, for each year of creditable service.

16 (c) This subsection (c) applies only to pensions granted  
17 before January 1, 2021 (the consolidation date).

18 A police officer no longer in service who has at least one  
19 but less than 8 years of creditable service in a police pension  
20 fund but meets the requirements of this subsection (c) shall be  
21 eligible to receive a pension from that fund equal to 2.5% of  
22 the salary attached to the rank held on the last day of service  
23 under that fund or for one year prior to that last day,  
24 whichever is greater, for each year of creditable service in  
25 that fund. The pension shall begin no earlier than upon  
26 attainment of age 60 (or upon mandatory retirement from the

1 fund by operation of law due to age, if that occurs before age  
2 60) and in no event before the effective date of this  
3 amendatory Act of 1997.

4 In order to be eligible for a pension under this subsection  
5 (c), the police officer must have at least 8 years of  
6 creditable service in a second police pension fund under this  
7 Article and be receiving a pension under subsection (a) or (b)  
8 of this Section from that second fund. The police officer need  
9 not be in service on or after the effective date of this  
10 amendatory Act of 1997.

11 (d) Notwithstanding any other provision of this Article,  
12 the provisions of this subsection (d) apply to a person who is  
13 not a participant in the self-managed plan under Section  
14 3-109.3 and who first becomes a police officer under this  
15 Article on or after January 1, 2011.

16 A police officer age 55 or more who has 10 or more years of  
17 service in that capacity shall be entitled at his option to  
18 receive a monthly pension for his service as a police officer  
19 computed by multiplying 2.5% for each year of such service by  
20 his or her final average salary.

21 The pension of a police officer who is retiring after  
22 attaining age 50 with 10 or more years of creditable service  
23 shall be reduced by one-half of 1% for each month that the  
24 police officer's age is under age 55.

25 The maximum pension under this subsection (d) shall be 75%  
26 of final average salary.



1 For the purposes of this subsection (d), "final average  
2 salary" means the average monthly salary obtained by dividing  
3 the total salary of the police officer during the 96  
4 consecutive months of service within the last 120 months of  
5 service in which the total salary was the highest by the number  
6 of months of service in that period.

7 Beginning on January 1, 2011, for all purposes under this  
8 Code (including without limitation the calculation of benefits  
9 and employee contributions), the annual salary based on the  
10 plan year of a member or participant to whom this Section  
11 applies shall not exceed \$106,800; however, that amount shall  
12 annually thereafter be increased by the lesser of (i) 3% of  
13 that amount, including all previous adjustments, or (ii)  
14 one-half the annual unadjusted percentage increase (but not  
15 less than zero) in the consumer price index-u for the 12 months  
16 ending with the September preceding each November 1, including  
17 all previous adjustments.

18 (Source: P.A. 96-1495, eff. 1-1-11.)

19 (40 ILCS 5/3-111.1) (from Ch. 108 1/2, par. 3-111.1)

20 Sec. 3-111.1. Increase in pension.

21 (a) Except as provided in subsection (e), the monthly  
22 pension of a police officer who retires after July 1, 1971, and  
23 prior to January 1, 1986, shall be increased, upon either the  
24 first of the month following the first anniversary of the date  
25 of retirement if the officer is 60 years of age or over at

1 retirement date, or upon the first day of the month following  
2 attainment of age 60 if it occurs after the first anniversary  
3 of retirement, by 3% of the originally granted pension and by  
4 an additional 3% of the originally granted pension in January  
5 of each year thereafter.

6 (b) The monthly pension of a police officer who retired  
7 from service with 20 or more years of service, on or before  
8 July 1, 1971, shall be increased in January of the year  
9 following the year of attaining age 65 or in January of 1972,  
10 if then over age 65, by 3% of the originally granted pension  
11 for each year the police officer received pension payments. In  
12 each January thereafter, he or she shall receive an additional  
13 increase of 3% of the original pension.

14 (c) The monthly pension of a police officer who retires on  
15 disability or is retired for disability shall be increased in  
16 January of the year following the year of attaining age 60, by  
17 3% of the original grant of pension for each year he or she  
18 received pension payments. In each January thereafter, the  
19 police officer shall receive an additional increase of 3% of  
20 the original pension.

21 (d) The monthly pension of a police officer who retires  
22 after January 1, 1986, shall be increased, upon either the  
23 first of the month following the first anniversary of the date  
24 of retirement if the officer is 55 years of age or over, or  
25 upon the first day of the month following attainment of age 55  
26 if it occurs after the first anniversary of retirement, by 1/12

1 of 3% of the originally granted pension for each full month  
2 that has elapsed since the pension began, and by an additional  
3 3% of the originally granted pension in January of each year  
4 thereafter.

5 The changes made to this subsection (d) by this amendatory  
6 Act of the 91st General Assembly apply to all initial increases  
7 that become payable under this subsection on or after January  
8 1, 1999. All initial increases that became payable under this  
9 subsection on or after January 1, 1999 and before the effective  
10 date of this amendatory Act shall be recalculated and the  
11 additional amount accruing for that period, if any, shall be  
12 payable to the pensioner in a lump sum.

13 (e) Notwithstanding the provisions of subsection (a), upon  
14 the first day of the month following (1) the first anniversary  
15 of the date of retirement, or (2) the attainment of age 55, or  
16 (3) July 1, 1987, whichever occurs latest, the monthly pension  
17 of a police officer who retired on or after January 1, 1977 and  
18 on or before January 1, 1986, and did not receive an increase  
19 under subsection (a) before July 1, 1987, shall be increased by  
20 3% of the originally granted monthly pension for each full year  
21 that has elapsed since the pension began, and by an additional  
22 3% of the originally granted pension in each January  
23 thereafter. The increases provided under this subsection are in  
24 lieu of the increases provided in subsection (a).

25 (f) Notwithstanding the other provisions of this Section,  
26 beginning with increases granted on or after July 1, 1993, the

1 second and all subsequent automatic annual increases granted  
2 under subsection (a), (b), (d), or (e) of this Section shall be  
3 calculated as 3% of the amount of pension payable at the time  
4 of the increase, including any increases previously granted  
5 under this Section, rather than 3% of the originally granted  
6 pension amount. Section 1-103.1 does not apply to this  
7 subsection (f).

8 (g) Notwithstanding any other provision of this Article,  
9 the monthly pension of a person who first becomes a police  
10 officer under this Article on or after January 1, 2011 shall be  
11 increased on the January 1 occurring either on or after the  
12 attainment of age 60 or the first anniversary of the pension  
13 start date, whichever is later. Each annual increase shall be  
14 calculated at 3% or one-half the annual unadjusted percentage  
15 increase (but not less than zero) in the consumer price index-u  
16 for the 12 months ending with the September preceding each  
17 November 1, whichever is less, of the originally granted  
18 pension. If the annual unadjusted percentage change in the  
19 consumer price index-u for a 12-month period ending in  
20 September is zero or, when compared with the preceding period,  
21 decreases, then the pension shall not be increased.

22 For the purposes of this subsection (g), "consumer price  
23 index-u" means the index published by the Bureau of Labor  
24 Statistics of the United States Department of Labor that  
25 measures the average change in prices of goods and services  
26 purchased by all urban consumers, United States city average,

1 all items, 1982-84 = 100. The new amount resulting from each  
2 annual adjustment shall be determined by the Public Pension  
3 Division of the Department of Insurance and made available to  
4 the Board of the Fund and the benefit boards ~~of the pension~~  
5 ~~funds~~.

6 (Source: P.A. 96-1495, eff. 1-1-11.)

7 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112)

8 Sec. 3-112. Pension to survivors.

9 (a) Upon the death of a police officer entitled to a  
10 pension under Section 3-111, the surviving spouse shall be  
11 entitled to the pension to which the police officer was then  
12 entitled. Upon the death of the surviving spouse, or upon the  
13 remarriage of the surviving spouse if that remarriage  
14 terminates the surviving spouse's eligibility under Section  
15 3-121, the police officer's unmarried children who are under  
16 age 18 or who are dependent because of physical or mental  
17 disability shall be entitled to equal shares of such pension.  
18 If there is no eligible surviving spouse and no eligible child,  
19 the dependent parent or parents of the officer shall be  
20 entitled to receive or share such pension until their death or  
21 marriage or remarriage after the death of the police officer.

22 Notwithstanding any other provision of this Article, for a  
23 person who first becomes a police officer under this Article on  
24 or after January 1, 2011, the pension to which the surviving  
25 spouse, children, or parents are entitled under this subsection

1 (a) shall be in the amount of 66 2/3% of the police officer's  
2 earned pension at the date of death. Nothing in this subsection  
3 (a) shall act to diminish the survivor's benefits described in  
4 subsection (e) of this Section.

5 Notwithstanding any other provision of this Article, the  
6 monthly pension of a survivor of a person who first becomes a  
7 police officer under this Article on or after January 1, 2011  
8 shall be increased on the January 1 after attainment of age 60  
9 by the recipient of the survivor's pension and each January 1  
10 thereafter by 3% or one-half the annual unadjusted percentage  
11 increase (but not less than zero) in the consumer price index-u  
12 for the 12 months ending with the September preceding each  
13 November 1, whichever is less, of the originally granted  
14 survivor's pension. If the annual unadjusted percentage change  
15 in the consumer price index-u for a 12-month period ending in  
16 September is zero or, when compared with the preceding period,  
17 decreases, then the survivor's pension shall not be increased.

18 For the purposes of this subsection (a), "consumer price  
19 index-u" means the index published by the Bureau of Labor  
20 Statistics of the United States Department of Labor that  
21 measures the average change in prices of goods and services  
22 purchased by all urban consumers, United States city average,  
23 all items, 1982-84 = 100. The new amount resulting from each  
24 annual adjustment shall be determined by the Public Pension  
25 Division of the Department of Insurance and made available to  
26 the Board and the benefit boards ~~of the pension funds~~.

1           (b) Upon the death of a police officer while in service,  
2           having at least 20 years of creditable service under this  
3           Article, or upon the death of a police officer who retired from  
4           service with at least 20 years of creditable service under this  
5           Article, whether death occurs before or after attainment of age  
6           50, the pension earned by the police officer as of the date of  
7           death as provided in Section 3-111 shall be paid to the  
8           survivors in the sequence provided in subsection (a) of this  
9           Section.

10          (c) Upon the death of a police officer while in service,  
11          having at least 10 but less than 20 years of service under this  
12          Article, a pension of 1/2 of the salary attached to the rank or  
13          ranks held by the officer for one year immediately prior to  
14          death shall be payable to the survivors in the sequence  
15          provided in subsection (a) of this Section. If death occurs as  
16          a result of the performance of duty, the 10 year requirement  
17          shall not apply and the pension to survivors shall be payable  
18          after any period of service.

19          (d) Beginning July 1, 1987, a minimum pension of \$400 per  
20          month shall be paid to all surviving spouses, without regard to  
21          the fact that the death of the police officer occurred prior to  
22          that date. If the minimum pension established in Section  
23          3-113.1 is greater than the minimum provided in this  
24          subsection, the Section 3-113.1 minimum controls.

25          (e) The pension of the surviving spouse of a police officer  
26          who dies (i) on or after January 1, 2001, (ii) without having

1 begun to receive either a retirement pension payable under  
2 Section 3-111 or a disability pension payable under Section  
3 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of  
4 sickness, accident, or injury incurred in or resulting from the  
5 performance of an act of duty shall not be less than 100% of  
6 the salary attached to the rank held by the deceased police  
7 officer on the last day of service, notwithstanding any  
8 provision in this Article to the contrary.

9 (Source: P.A. 96-1495, eff. 1-1-11.)

10 (40 ILCS 5/3-114.1) (from Ch. 108 1/2, par. 3-114.1)

11 Sec. 3-114.1. Disability pension; line pension ~~Line~~ of  
12 duty.

13 (a) If a police officer as the result of sickness, accident  
14 or injury incurred in or resulting from the performance of an  
15 act of duty, is found to be physically or mentally disabled for  
16 service in the police department, so as to render necessary his  
17 or her suspension or retirement from the police service, the  
18 police officer shall be entitled to a disability retirement  
19 pension equal to the greatest of (1) 65% of the salary attached  
20 to the rank on the police force held by the officer at the date  
21 of suspension of duty or retirement, (2) the retirement pension  
22 that the police officer would be eligible to receive if he or  
23 she retired (but not including any automatic annual increase in  
24 that retirement pension), or (3) the pension provided under  
25 subsection (d), if applicable.



1           A police officer shall be considered "on duty" while on any  
2 assignment approved by the chief of the police department of  
3 the municipality he or she serves, whether the assignment is  
4 within or outside the municipality.

5           (b) If a police officer on disability pension dies while  
6 still disabled, the disability pension shall continue to be  
7 paid to his or her survivors in the sequence provided in  
8 Section 3-112.

9           (c) From and after July 1, 1987, any pension payable under  
10 this Section shall be at least \$400 per month, without regard  
11 to the fact that the disability or death of the police officer  
12 occurred prior to that date. If the minimum pension established  
13 in Section 3-113.1 is greater than the minimum provided in this  
14 Section, the Section 3-113.1 minimum controls.

15           (d) A disabled police officer who (1) is receiving a  
16 pension under this Section on the effective date of this  
17 amendatory Act of the 91st General Assembly, (2) files with the  
18 Fund, within 30 days after that effective date and annually  
19 thereafter while the pension remains payable, a written  
20 application for the benefits of this subsection, including an  
21 affidavit stating that the applicant has not earned any income  
22 from gainful employment during the most recently concluded tax  
23 year and a copy of his or her most recent Illinois income tax  
24 return, (3) has service credit in the Fund for at least 7 years  
25 of active duty, and (4) has been receiving the pension under  
26 this Section for a period which, when added to the officer's

1 total service credit in the Fund, equals at least 20 years,  
2 shall be eligible to receive an annual noncompounded increase  
3 in his or her pension under this Section, equal to 3% of the  
4 original pension.

5 The benefit board ~~Fund~~ may take appropriate steps to verify  
6 the applicant's disability and earnings status, and for this  
7 purpose may request from the Department of Revenue a certified  
8 copy of the applicant's Illinois income tax return for any year  
9 for which a benefit under this Section is payable or has been  
10 paid.

11 The annual increase shall accrue on each anniversary of the  
12 initial pension payment date, for so long as the pension  
13 remains payable to the disabled police officer and the required  
14 annual application is made, except that the annual increases  
15 under this subsection shall cease if the disabled police  
16 officer earns income from gainful employment. Within 60 days  
17 after accepting an initial application under this subsection,  
18 the Fund shall pay to the disabled police officer, in a lump  
19 sum without interest, the amounts resulting from the annual  
20 increases that have accrued retroactively.

21 This subsection is not limited to persons in active service  
22 on or after its effective date, but it applies only to a  
23 pension that is payable under this Section to a disabled police  
24 officer (rather than a survivor). Upon the death of the  
25 disabled police officer, the annuity payable under this Section  
26 to his or her survivors shall include any annual increases

1 previously received, but no additional increases shall accrue  
2 under this subsection.

3 (Source: P.A. 91-939, eff. 2-1-01.)

4 (40 ILCS 5/3-115) (from Ch. 108 1/2, par. 3-115)

5 Sec. 3-115. Certificate of disability. A disability  
6 pension shall not be paid unless there is filed with the  
7 applicable benefit board certificates of the police officer's  
8 disability, subscribed and sworn to by the police officer if  
9 not under legal disability, or by a representative if the  
10 officer is under legal disability, and by the police surgeon  
11 (if there be one) and 3 practicing physicians selected by the  
12 benefit board. The benefit board may require other evidence of  
13 disability. Medical examination of a police officer retired for  
14 disability shall be made at least once each year prior to  
15 attainment of age 50, as verification of the continuance of  
16 disability for service as a police officer. No examination  
17 shall be required after age 50.

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

19 (40 ILCS 5/3-116.1) (from Ch. 108 1/2, par. 3-116.1)

20 Sec. 3-116.1. Disability pension option. A police officer  
21 age 50 or older who is receiving a disability pension may by  
22 written application to the benefit board, elect the disability  
23 pension option if the period during which a disability pension  
24 was paid when added to the period of active service equals at

1 least 20 years. The election shall permit the officer to  
2 continue to receive a retirement pension for the remainder of  
3 his or her life of 1/2 of the salary at the date of the  
4 retirement on disability in lieu of any amounts which would  
5 have been payable to the officer under Section 3-111.

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

7 (40 ILCS 5/3-124) (from Ch. 108 1/2, par. 3-124)

8 Sec. 3-124. Refund.

9 (a) A police officer who is separated from police service  
10 ~~after June 30, 1953~~ with less than 20 years of service is  
11 entitled to a refund upon request of all contributions made by  
12 the officer to the Fund ~~police pension fund~~.

13 Acceptance of a refund shall bar the police officer and his  
14 or her dependents from any further participation in the  
15 benefits of this Article subject to restoration upon re-entry  
16 into service and repayment to the Fund ~~fund~~ of the refund  
17 together with interest at 2% per annum from the date of refund  
18 until the date of repayment.

19 (b) If a police officer dies with less than 10 years of  
20 police service, the officer's contributions to the police  
21 pension fund shall, upon the written request of his or her  
22 surviving spouse, be refunded to the spouse without interest.  
23 If upon the death of a police officer, there is no surviving  
24 spouse, the excess of the officer's contributions to the fund  
25 over any pension payments shall be refunded by the Fund, in

1 accordance with the findings of the benefit board, if  
2 applicable, to his or her heirs or estate. Acceptance of this  
3 refund shall bar the police officer's dependents or estate from  
4 any further participation in the benefits provided under this  
5 Article.

6 (c) Beginning January 1, 2021 (the consolidation date),  
7 refunds under this Section shall be payable and repayable with  
8 respect to all of the police officer's service under this  
9 Article rather than just the service related to a particular  
10 municipality and shall be attributed to the appropriate  
11 municipal accounts and reserves.

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

13 (40 ILCS 5/3-124.1) (from Ch. 108 1/2, par. 3-124.1)

14 Sec. 3-124.1. Re-entry into active service.

15 (a) Except as provided in subsection (d), if ~~If~~ a police  
16 officer who is receiving pension payments under this Article,  
17 other than as provided in Section 3-109.3, enters or re-enters  
18 active service as a police officer with any participating  
19 municipality, all of the police officer's pension payments  
20 under this Article ~~payment~~ shall be suspended while he or she  
21 is in service. When he or she again retires, pension payments  
22 shall be resumed. If the police officer remains in service  
23 after re-entry for a period of less than 5 years, the pension  
24 shall be the same as upon first retirement. If the officer's  
25 service after re-entry is at least 5 years and the officer

1 makes the required contributions during the period of re-entry,  
2 his or her pension shall be recomputed by taking into account  
3 the additional period of service and salary.

4 (b) If a police officer who first becomes a member on or  
5 after January 1, 2019 and before January 1, 2021 is receiving  
6 pension payments (other than as provided in Section 3-109.3)  
7 and re-enters active service with any participating  
8 municipality ~~that has established a pension fund~~ under this  
9 Article, that police officer may continue to receive pension  
10 payments while he or she is in active service, but shall only  
11 participate in a defined contribution plan established by the  
12 municipality pursuant to Section 3-109.4 and may not establish  
13 creditable service in the Fund ~~pension fund established by that~~  
14 ~~municipality~~ or have his or her pension recomputed.

15 (Source: P.A. 100-281, eff. 8-24-17.)

16 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

17 Sec. 3-125. Financing; tax.

18 (a) The governing body ~~city council or the board of~~  
19 ~~trustees~~ of a participating ~~the~~ municipality shall annually  
20 levy a tax upon all the taxable property of the municipality at  
21 the rate that ~~on the dollar which~~ will produce the amounts  
22 required under Section 3-125.3. ~~an amount which, when added to~~  
23 ~~the deductions from the salaries or wages of police officers,~~  
24 ~~and revenues available from other sources, will equal a sum~~  
25 ~~sufficient to meet the annual requirements of the police~~

1 ~~pension fund. The annual requirements to be provided by such~~  
2 ~~tax levy are equal to (1) the normal cost of the pension fund~~  
3 ~~for the year involved, plus (2) an amount sufficient to bring~~  
4 ~~the total assets of the pension fund up to 90% of the total~~  
5 ~~actuarial liabilities of the pension fund by the end of~~  
6 ~~municipal fiscal year 2040, as annually updated and determined~~  
7 ~~by an enrolled actuary employed by the Illinois Department of~~  
8 ~~Insurance or by an enrolled actuary retained by the pension~~  
9 ~~fund or the municipality. In making these determinations, the~~  
10 ~~required minimum employer contribution shall be calculated~~  
11 ~~each year as a level percentage of payroll over the years~~  
12 ~~remaining up to and including fiscal year 2040 and shall be~~  
13 ~~determined under the projected unit credit actuarial cost~~  
14 ~~method.~~ The tax shall be levied and collected in the same  
15 manner as the general taxes of the municipality, and in  
16 addition to all other taxes now or hereafter authorized to be  
17 levied upon all property within the municipality, and shall be  
18 in addition to the amount authorized to be levied for general  
19 purposes as provided by Section 8-3-1 of the Illinois Municipal  
20 Code, ~~approved May 29, 1961, as amended.~~ The tax shall be  
21 forwarded directly to the treasurer of the Fund board within 30  
22 business days after receipt by the county.

23 (b) (Blank). ~~For purposes of determining the required~~  
24 ~~employer contribution to a pension fund, the value of the~~  
25 ~~pension fund's assets shall be equal to the actuarial value of~~  
26 ~~the pension fund's assets, which shall be calculated as~~

1 ~~follows:~~

2 ~~(1) On March 30, 2011, the actuarial value of a pension~~  
3 ~~fund's assets shall be equal to the market value of the~~  
4 ~~assets as of that date.~~

5 ~~(2) In determining the actuarial value of the System's~~  
6 ~~assets for fiscal years after March 30, 2011, any actuarial~~  
7 ~~gains or losses from investment return incurred in a fiscal~~  
8 ~~year shall be recognized in equal annual amounts over the~~  
9 ~~5 year period following that fiscal year.~~

10 (c) If a participating municipality fails to transmit to  
11 the Fund ~~fund~~ contributions required of it under this Article  
12 for more than 90 days after the payment of those contributions  
13 is due, the Fund ~~fund~~ may, after giving notice to the  
14 municipality, certify to the State Comptroller the amounts of  
15 the delinquent payments in accordance with any applicable rules  
16 of the Comptroller, and the Comptroller must, beginning in  
17 fiscal year 2016, deduct and remit to the Fund, for credit to  
18 the account of the municipality, ~~fund~~ the certified amounts or  
19 a portion of those amounts from the following proportions of  
20 payments of State funds to the municipality:

21 (1) in fiscal year 2016, one-third of the total amount  
22 of any payments of State funds to the municipality;

23 (2) in fiscal year 2017, two-thirds of the total amount  
24 of any payments of State funds to the municipality; and

25 (3) in fiscal year 2018 and each fiscal year  
26 thereafter, the total amount of any payments of State funds



1 to the municipality.

2 The State Comptroller may not deduct from any payments of  
3 State funds to the municipality more than the amount of  
4 delinquent payments certified to the State Comptroller by the  
5 Fund fund.

6 (d) (Blank). ~~The police pension fund shall consist of the~~  
7 ~~following moneys which shall be set apart by the treasurer of~~  
8 ~~the municipality:~~

9 ~~(1) All moneys derived from the taxes levied hereunder;~~

10 ~~(2) Contributions by police officers under Section~~  
11 ~~3-125.1;~~

12 ~~(3) All moneys accumulated by the municipality under~~  
13 ~~any previous legislation establishing a fund for the~~  
14 ~~benefit of disabled or retired police officers;~~

15 ~~(4) Donations, gifts or other transfers authorized by~~  
16 ~~this Article.~~

17 (e) (Blank). ~~The Commission on Government Forecasting and~~  
18 ~~Accountability shall conduct a study of all funds established~~  
19 ~~under this Article and shall report its findings to the General~~  
20 ~~Assembly on or before January 1, 2013. To the fullest extent~~  
21 ~~possible, the study shall include, but not be limited to, the~~  
22 ~~following:~~

23 ~~(1) fund balances;~~

24 ~~(2) historical employer contribution rates for each~~  
25 ~~fund;~~

26 ~~(3) the actuarial formulas used as a basis for employer~~

1 ~~contributions, including the actual assumed rate of return~~  
2 ~~for each year, for each fund;~~

3 ~~(4) available contribution funding sources;~~

4 ~~(5) the impact of any revenue limitations caused by~~  
5 ~~PTELL and employer home rule or non home rule status; and~~

6 ~~(6) existing statutory funding compliance procedures~~  
7 ~~and funding enforcement mechanisms for all municipal~~  
8 ~~pension funds.~~

9 (Source: P.A. 99-8, eff. 7-9-15.)

10 (40 ILCS 5/3-125.1) (from Ch. 108 1/2, par. 3-125.1)

11 Sec. 3-125.1. Contributions by police officers. Each  
12 police officer shall contribute to the Fund ~~pension fund~~ the  
13 following percentages of salary for the periods stated:  
14 Beginning July 1, 1909 and prior to July 23, 1943, 1% (except  
15 that prior to July 1, 1921 not more than one dollar per month  
16 shall be deducted, and except that beginning July 1, 1921 and  
17 prior to July 1, 1927 not more than \$2 per month shall be  
18 deducted); beginning July 23, 1943 and prior to July 20, 1949,  
19 3%; beginning July 20, 1949 and prior to July 17, 1959, 5%;  
20 beginning July 17, 1959 and prior to July 1, 1971, 7%;  
21 beginning July 1, 1971 and prior to July 1, 1975, 7 1/2%;  
22 beginning July 1, 1975 and prior to January 1, 1987, 8 1/2%;  
23 beginning January 1, 1987 and prior to January 1, 2001, 9%; and  
24 beginning January 1, 2001, 9.91%. Such sums shall be paid or  
25 deducted monthly. Contribution to the self-managed plan shall

1 be no less than 10% of salary.

2 "Salary" means the annual salary, including longevity,  
3 attached to the police officer's rank, as established by the  
4 municipality's appropriation ordinance, including any  
5 compensation for overtime which is included in the salary so  
6 established, but excluding any "overtime pay", "holiday pay",  
7 "bonus pay", "merit pay", or any other cash benefit not  
8 included in the salary so established.

9 (Source: P.A. 91-939, eff. 2-1-01.)

10 (40 ILCS 5/3-125.3 new)

11 Sec. 3-125.3. Contributions by participating  
12 municipalities.

13 (a) Each participating municipality shall make payment to  
14 the Fund as follows:

15 (1) municipality contributions in an amount determined  
16 by applying the municipality contribution rate to each  
17 payment of earnings paid to each of its participating  
18 police officers;

19 (2) an amount equal to the employee contributions  
20 provided by Section 3-125.1;

21 (3) all accounts receivable, together with interest  
22 charged thereon as provided in Section 3-140.4;

23 (4) if it has no participating police officers with  
24 current earnings, an amount payable that, over a closed  
25 period of 20 years, will amortize, at the prescribed rate

1 for that year, any unfunded obligation, which unfunded  
2 obligation shall be computed as provided in paragraph (2)  
3 of subsection (b); and

4 (5) if it has a negative balance in its municipal  
5 reserve, the greater of (A) an amount payable that, over a  
6 period of 20 years, will amortize at the prescribed rate  
7 for that year any unfunded obligation, computed as provided  
8 in paragraph (2) of subsection (b), or (B) the amount  
9 required by paragraph (1) of this subsection (a).

10 (b) A separate municipality contribution rate shall be  
11 determined for each calendar year for all participating  
12 municipalities. The municipality contribution rate shall be  
13 the sum of the following percentages:

14 (1) The percentage of earnings of all the participating  
15 police officers of all participating municipalities that,  
16 if paid over the entire period of their service, will be  
17 sufficient, when combined with all employee contributions  
18 available for the payment of benefits, to provide all  
19 annuities for participating police officers, such  
20 percentage to be known as the normal cost rate.

21 (2) The percentage of earnings of the participating  
22 police officers of each participating municipality  
23 necessary to adjust for the difference between (i) the  
24 present value of all benefits, excluding disability and  
25 death benefits, to be provided for its participating police  
26 officers, and (ii) the sum of its accumulated municipality

1 contributions and the accumulated employee contributions  
2 and the present value of expected future employee and  
3 municipality contributions pursuant to paragraph (1) of  
4 this subsection (b). This adjustment shall be spread over  
5 the remainder of a period determined by the Board, not to  
6 exceed 30 years.

7 (3) The percentage of earnings of the participating  
8 police officers of all participating municipalities  
9 necessary to provide the present value of all disability  
10 benefits granted during the most recent year for which  
11 information is available.

12 (4) The percentage of earnings necessary to meet any  
13 deficiency arising in the terminated municipality reserve.

14 (c) Computations of municipality contribution rates for  
15 the following calendar year shall be made prior to the  
16 beginning of each year, from the information available at the  
17 time the computations are made, and on the assumption that the  
18 police officers in each participating municipality at such time  
19 will continue in service until the end of such calendar year at  
20 their respective rates of earnings at such time.

21 (d) Each participating municipality shall make the  
22 contributions in the amounts provided in this Section in the  
23 manner prescribed from time to time by the Board, and all such  
24 contributions shall be obligations of the respective  
25 participating municipalities to this Fund. The failure to  
26 deduct any employee contributions shall not relieve the

1 participating municipality of its obligation to this Fund.  
2 Delinquent payments of contributions due under this Section  
3 may, with interest, be recovered by civil action against the  
4 delinquent municipality. Municipality contributions, other  
5 than the amount necessary for employee contributions, for  
6 periods of service by employees from whose earnings no  
7 deductions were made for employee contributions to the Fund,  
8 may be charged to the municipal reserve for the municipality.

9 (40 ILCS 5/3-127) (from Ch. 108 1/2, par. 3-127)

10 Sec. 3-127. Reserves. The Board ~~board~~ shall establish and  
11 maintain a reserve to insure the payment of all obligations  
12 incurred under this Article excluding retirement annuities  
13 established under Section 3-109.3. The reserve to be  
14 accumulated shall be equal to the estimated total actuarial  
15 requirements of the Fund ~~fund~~.

16 ~~If a pension fund has a reserve of less than the accrued~~  
17 ~~liabilities of the fund, the board of the pension fund, in~~  
18 ~~making its annual report to the city council or board of~~  
19 ~~trustees of the municipality, shall designate the amount,~~  
20 ~~calculated as a level percentage of payroll, needed annually to~~  
21 ~~insure the accumulation of the reserve to the level of the~~  
22 ~~fund's accrued liabilities over a period of 40 years from July~~  
23 ~~1, 1993 for pension funds then in operation, or from the date~~  
24 ~~of establishment in the case of a fund created thereafter, so~~  
25 ~~that the necessary reserves will be attained over such a~~

1 ~~period.~~

2 (Source: P.A. 91-939, eff. 2-1-01.)

3 (40 ILCS 5/3-128) (from Ch. 108 1/2, par. 3-128)

4 Sec. 3-128. Board of Trustees and benefit boards created.

5 (a) Until January 1, 2021 (the consolidation date), a ~~A~~  
6 board of 5 members shall constitute a board of trustees to  
7 administer the pension fund and to designate the beneficiaries  
8 thereof. The board shall be known as the "Board of Trustees of  
9 the Police Pension Fund" of the municipality.

10 (b) Beginning January 1, 2021, a board of 5 members shall  
11 constitute a pension benefit determination and payment board of  
12 a municipality. Two members of the benefit board shall be  
13 appointed by the mayor or president of the board of trustees of  
14 the municipality involved. The 3rd and 4th members of the  
15 benefit board shall be elected from the active Fund  
16 participants of the participating municipality ~~pension fund~~ by  
17 such active participants. The 5th member shall be elected by  
18 and from the Fund beneficiaries of the participating  
19 municipality.

20 One of the members appointed by the mayor or president of  
21 the board of trustees shall serve for one year beginning on the  
22 2nd Tuesday in May after the municipality comes under this  
23 Article. The other appointed member shall serve for 2 years  
24 beginning on the same date. Their successors shall serve for 2  
25 years each or until their successors are appointed and

1 qualified.

2 The election for benefit board members shall be held  
3 biennially on the 3rd Monday in April, at such place or places  
4 in the municipality and under the Australian ballot system and  
5 such other regulations as shall be prescribed by the Board  
6 ~~appointed members of the board.~~

7 The active Fund ~~pension—fund~~ participants of the  
8 participating municipality shall be entitled to vote only for  
9 the active participant members of the benefit board of the  
10 participating municipality. All Fund beneficiaries of the  
11 participating municipality of legal age may vote only for the  
12 member chosen from among the Fund beneficiaries of the  
13 participating municipality. No person shall be entitled to cast  
14 more than one ballot at such election. The term of elected  
15 members shall be 2 years, beginning on the 2nd Tuesday of the  
16 first May after the election.

17 Upon the death, resignation or inability to act of any  
18 elected benefit board member, his or her successor shall be  
19 elected for the unexpired term at a special election, to be  
20 called by the benefit board and conducted in the same manner as  
21 the regular biennial election.

22 Members of the benefit board shall neither receive nor have  
23 any right to receive any salary from the Fund ~~pension—fund~~ for  
24 services performed as benefit board members, but shall be  
25 reimbursed for any reasonable expenses incurred in attending  
26 meetings of the benefit board or performing duties on behalf of



1 the Fund, and for the amount of any earnings withheld by the  
2 participating municipality because of attendance at any  
3 benefit board meeting ~~trustees in that office.~~

4 Beginning January 1, 2021, the provisions of this  
5 subsection shall apply to the membership of the benefit board  
6 of a participating municipality, rather than the board of  
7 trustees of its pre-consolidation pension fund.

8 (c) On January 1, 2021, the board of trustees of each  
9 individual police pension fund is converted to the pension  
10 benefit determination and payment board of the applicable  
11 municipality. The benefit board shall operate and be  
12 administered as prescribed in this Section, Sections 3-101,  
13 3-101.1, 3-101.2, 3-110.05, and 3-130.5, and the other  
14 applicable provisions of this Code.

15 The initial benefit board of each participating  
16 municipality shall be comprised of the members of the board of  
17 trustees serving on December 31, 2020. Thereafter, the board  
18 shall be comprised of members as described in subsection (b) of  
19 this Section, subject to and selected in the manner prescribed  
20 in subsections (b), (c), (d), and (e) of this Section.

21 (d) With respect to performing its duties under this  
22 Article, a benefit board has the powers and duties specified in  
23 this Article or delegated to it by the Board of Trustees,  
24 including those specified in 3-110.05 and 3-130.5.

25 In addition, the members of the boards of trustees serving  
26 on December 31, 2020 may continue to exercise the powers of

1 that office until March 1, 2021 for the sole purpose of  
2 assisting in the consolidation of their respective pension  
3 funds, but subject to the supervision and requirements of the  
4 Transition Board.

5 (e) Beginning January 1, 2021, and until the Board  
6 established under subsection (f) has been elected and assumes  
7 its duties, the Transition Board established under Section  
8 3-101.1 shall operate as the Board of Trustees of the Fund.

9 (f) Beginning January 1, 2022, or as soon thereafter as it  
10 is able to assume its duties, the Board of Trustees of the  
11 Downstate Police Officers Pension Fund shall consist of 8  
12 members. The Board shall consist of representatives of various  
13 groups as follows:

14 (1) Four trustees shall each be a chief executive  
15 officer, chief finance officer, or other officer,  
16 executive, or department head of a participating  
17 municipality, and each such trustee shall be designated as  
18 an executive trustee.

19 (2) Three trustees shall each be a police officer  
20 participating in the Fund, and each such trustee shall be  
21 designated as a police officer trustee. No person shall be  
22 eligible to become a police officer trustee who does not  
23 have at least 8 years of creditable service in the Fund.

24 (3) One trustee shall be a retired police officer of  
25 the Fund, who shall be designated the annuitant trustee. No  
26 person shall be eligible to become an annuitant trustee who

1 does not have at least 8 years of creditable service in the  
2 Fund. For the purposes of this Section and Section 3-128.2,  
3 a police officer receiving a disability pension shall be  
4 considered a retired police officer.

5 Beginning January 1, 2021, elections for executive  
6 trustees shall be conducted in accordance with Section 3-128.1  
7 and elections for police officer and annuitant trustees shall  
8 be conducted in accordance with Section 3-128.2.

9 (g) An executive or police officer trustee shall be  
10 disqualified immediately upon any change in status that removes  
11 the trustee from the required employment or office within the  
12 group he or she represents. The annuitant trustee shall be  
13 disqualified upon termination or suspension of his or her  
14 retirement or disability pension.

15 The Board shall fill any vacancy by appointment of a person  
16 with the appropriate employment status for the period until the  
17 next election of trustees, or, if the remaining term is less  
18 than 2 years, for the remainder of the term and until a  
19 successor has been elected and has qualified.

20 (h) The Board shall elect annually from its members a  
21 president and a secretary.

22 (i) Trustees shall not receive or have any right to receive  
23 any salary from the Fund for services performed as Board  
24 members, but shall be reimbursed for any reasonable expenses  
25 incurred in attending meetings of the Board or performing  
26 duties on behalf of the Fund, and for the amount of any

1 earnings withheld by the participating municipality because of  
2 attendance at any Board meeting.

3 (j) Each trustee shall be entitled to one vote on any and  
4 all actions before the Board. At least 5 concurring votes shall  
5 be necessary for every decision or action by the Board at any  
6 of its meetings. No decision or action shall become effective  
7 unless presented and so approved at a regular or duly called  
8 special meeting of the Board.

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

10 (40 ILCS 5/3-128.1 new)

11 Sec. 3-128.1. Election of executive trustees.

12 (a) Beginning January 1, 2021, the election of executive  
13 trustees shall be conducted in accordance with this Section.

14 (b) During the period beginning on August 1 and ending on  
15 September 15 of each year, the Board shall accept nominations  
16 of candidates for election as executive trustees for terms  
17 beginning on the next January 1 and for vacancies to be filled  
18 by election.

19 All nominations for the position of executive trustee shall  
20 be by petition, signed by a representative of the governing  
21 body of at least 10 participating municipalities.

22 (c) The election shall be by ballot and may be conducted in  
23 person, by mail, or electronically, pursuant to the rules and  
24 procedures established by the Board.

25 All candidates properly nominated in petitions received by

1 the Board shall be placed in alphabetical order upon the proper  
2 ballot. In the initial election, there shall be one election  
3 for the 4 executive trusteeships, and the 4 candidates getting  
4 the highest number of votes shall be declared elected.

5 (d) The governing body of each municipality participating  
6 in the Fund shall have one vote at any election in which an  
7 executive trustee is to be elected and may cast that vote for  
8 any candidate on the executive trustee ballot.

9 A vote may be cast for a person not on the ballot by  
10 writing in his or her name.

11 In case of a tie vote, the candidate employed by the  
12 municipality having the greatest number of participating  
13 police officers at the time of the election shall be declared  
14 elected.

15 (e) The election shall be completed by December 1 of the  
16 year. The results shall be entered in the minutes of the  
17 meeting of the Board following the tally of votes.

18 (f) Each executive trustee so elected shall hold office for  
19 a term of 4 years and until his or her successor has been duly  
20 elected and qualified, except that the initial executive  
21 trustees shall serve for terms of one, 2, 3, or 4 years, as  
22 determined by lot at the first meeting of the Board.

23 (40 ILCS 5/3-128.2 new)

24 Sec. 3-128.2. Election of police officer and annuitant  
25 trustees.

1       (a) Beginning January 1, 2021, the election of police  
2 officer and annuitant trustees shall be conducted in accordance  
3 with this Section. The annuitant trustee shall be elected in an  
4 election separate from the election for police officer  
5 trustees.

6       (b) During the period beginning on August 1 and ending on  
7 September 15 of each applicable year, the Board shall accept  
8 nominations of candidates for election as police officer or  
9 annuitant trustees for terms beginning on the next January 1,  
10 and for vacancies to be filled by election.

11       All nominations for the position of police officer trustee  
12 shall be by petition, signed by at least 100 active police  
13 officers participating in the Fund. All nominations for the  
14 position of annuitant trustee shall be by petition, signed by  
15 at least 50 annuitants of the Fund.

16       (c) The election shall be by ballot and may be conducted in  
17 person, by mail, or electronically, pursuant to the rules and  
18 procedures established by the Board.

19       All candidates properly nominated in petitions received by  
20 the Board shall be placed in alphabetical order on the proper  
21 ballot. In the initial election, there shall be one election  
22 for the 3 police officer trusteeships, and the 3 candidates  
23 getting the highest number of votes shall be declared elected.

24       (d) No person shall cast more than one vote for each  
25 candidate for whom he or she is eligible to vote. In elections  
26 for board members to be chosen from the active police officers,

1 all active police officers and no others may vote. In elections  
2 for board members to be chosen from retired police officers,  
3 the retired police officers and no others may vote.

4 In case of a tie vote, the candidate currently (or in the  
5 case of an annuitant trustee, formerly) employed by the  
6 municipality having the greatest number of participating  
7 police officers at the time of the election shall be declared  
8 elected.

9 (e) The election shall be completed by December 1 of the  
10 year. The result shall be entered in the minutes of the meeting  
11 of the Board following the tally of votes.

12 (f) Each trustee so elected shall hold office for a term of  
13 4 years and until his or her successor has been duly elected  
14 and qualified, except that the initial police officer trustees  
15 shall serve for terms of one, 2, or 3 years, as determined by  
16 lot at the first meeting of the Board.

17 (40 ILCS 5/3-130) (from Ch. 108 1/2, par. 3-130)

18 Sec. 3-130. Board meetings and benefit board meetings.

19 (a) The benefit board shall hold annually regular quarterly  
20 meetings in July, October, January and April, and special  
21 meetings as called by the president.

22 At the regular July meeting, the benefit board shall select  
23 from its members a president, vice-president, secretary, and  
24 assistant secretary to serve for one year and until their  
25 respective successors are elected and qualified.

1           The vice-president shall perform the duties of president  
2 during any vacancy in that office, or during the president's  
3 absence from the municipality, or if he or she is by reason of  
4 illness or other causes unable to perform the duties of the  
5 office.

6           The assistant secretary shall act for the secretary  
7 whenever necessary to discharge the functions of such office.

8           At least 4 days' notice of each meeting shall be given to  
9 each member. All meetings of the benefit board shall be open to  
10 the public (although portions of meetings may be closed when  
11 necessary to preserve confidentiality as provided by law) and  
12 may be held in the offices of the benefit board or in any other  
13 place specifically designated in the notice of the meeting.

14           (b) The Board of the Fund shall hold regular meetings at  
15 least 4 times each year and special meetings at such other  
16 times as may be called by the executive director upon written  
17 notice of at least 3 trustees. At least 4 days' notice of each  
18 meeting shall be given to each trustee. All meetings of the  
19 Board of the Fund shall be open to the public (although  
20 portions of meetings may be closed when necessary to preserve  
21 confidentiality as provided by law) and shall be held in the  
22 offices of the Board of the Fund or in any other place  
23 specifically designated in the notice of the meeting.

24           (Source: P.A. 83-1440.)

25           (40 ILCS 5/3-130.5 new)



1       Sec. 3-130.5. Benefit board powers and duties;  
2 determination of benefits; meetings.

3       (a) Subject to the limitations provided in this Article and  
4 the oversight and direction of the Board of Trustees, the  
5 benefit board of each participating municipality shall have the  
6 following powers and duties:

7           (1) The benefit board of a participating municipality  
8 shall operate as the agent of the Downstate Police Officers  
9 Pension Fund for the purposes of maintaining records  
10 necessary for determining, granting, and paying benefits  
11 under this Article arising from the employment of police  
12 officers by that municipality. The benefit board shall  
13 provide copies of those records to the Board as it may  
14 direct.

15           (2) The benefit board of a participating municipality  
16 shall hear and decide all applications for pensions and  
17 other benefits under this Article that are based  
18 exclusively on service with that municipality (including  
19 service credit transferred to that municipality under  
20 Section 3-110.7 and any military or other service credit  
21 arising under Section 3-110 that is not duplicative or  
22 based on service with any other municipality), and shall  
23 order and direct the payment of those pensions and other  
24 benefits.

25           All decisions of the benefit board relating to  
26 eligibility for or the amount of a benefit or the granting

1 of a benefit shall be subject to oversight and review as  
2 provided in Section 3-130.8 and shall be promptly submitted  
3 to the Board in the form and manner, and with any records  
4 or documentation, that the Board may require.

5 (3) The benefit board of a participating municipality,  
6 acting as payment agent for the Fund, shall pay all  
7 pensions and other benefits under this Article based solely  
8 on service with that municipality (including service  
9 credit transferred to that municipality under Section  
10 3-110.7 and any military or other service credit arising  
11 under Section 3-110 that is not duplicative or based on  
12 service with any other municipality) from an account of the  
13 Fund designated by the Board for that purpose. Such  
14 payments shall be charged to the appropriate accounts and  
15 reserves of the municipality.

16 (4) The benefit board of a participating municipality  
17 may pay all necessary expenses of the benefit board in the  
18 manner directed by, and subject to any restrictions or  
19 oversight imposed by, the Board of Trustees.

20 (5) The benefit board of a participating municipality  
21 shall be governed by and shall operate in accordance with  
22 the rules, standards, and procedures of the Fund and shall  
23 be subject to review and oversight by the Board. Any rules  
24 of the former pension fund that are in effect on December  
25 31, 2021 shall be deemed to be repealed by operation of law  
26 on January 1, 2021 (the consolidation date).

1           (6) The benefit board of a participating municipality  
2           may compel witnesses to attend and testify before it upon  
3           all matters connected with carrying out the benefit board's  
4           duties under this Article, in the manner provided by law  
5           for the taking of testimony before the circuit court. The  
6           president or any member of the benefit board may administer  
7           oaths to witnesses.

8           (7) The benefit board of a participating municipality  
9           shall make and maintain a record of all of its meetings and  
10           proceedings.

11           (8) The benefit board of a participating municipality,  
12           acting as agent of the Fund, shall also have any powers or  
13           duties that may be delegated to it by the Board of  
14           Trustees.

15           (b) Notwithstanding subsection (a) of this Section,  
16           benefits granted on or after January 1, 2021 (the consolidation  
17           date) based on service under more than one participating  
18           municipality shall be determined and granted directly by the  
19           Board of the Fund with the cooperation and assistance of the  
20           benefit boards of the affected municipalities, rather than by  
21           those benefit boards acting individually as agents of the Fund.  
22           Such benefits shall be paid directly by the Fund rather than  
23           the individual benefit boards, unless otherwise directed by the  
24           Board, and shall be chargeable to the appropriate municipal  
25           accounts and reserves, as determined by the Board.

1 (40 ILCS 5/3-130.8 new)

2 Sec. 3-130.8. Oversight of benefit boards.

3 (a) The benefit board of a participating municipality shall  
4 operate as the agent of the Downstate Police Officers Pension  
5 Fund for the purposes set forth in this Article. The powers and  
6 duties of the benefit board shall be limited to matters  
7 relating to the police officers of that participating  
8 municipality.

9 (b) All decisions and actions of a benefit board, acting as  
10 agent of the Fund, shall be subject to oversight and review by  
11 the Fund. Such oversight may be provided directly by the Board  
12 of Trustees, or by the executive director or other officials of  
13 the Fund at the Board's direction.

14 (c) The Board shall establish a benefit determination  
15 review process.

16 (1) The review process may require a benefit board to  
17 promptly submit to the Fund for review a record of all  
18 official decisions and actions of the benefit board, in a  
19 specified form and manner and with any records or  
20 documentation that the Board may require.

21 (2) The review process may specify a period of time for  
22 the routine review of decisions and actions of a benefit  
23 board relating to eligibility for or the amount of a  
24 benefit or the granting of a benefit.

25 (3) The review process may provide for the Board to  
26 assume control of the benefit determination process in any

1 instance in which the Board determines that the benefit  
2 board may have failed to correctly apply or implement the  
3 rules, standards, or procedures of the Fund.

4 (4) The review process may provide that if, by the end  
5 of the routine review period, the Fund does not determine  
6 that the benefit board may have failed to correctly apply  
7 or implement the rules, standards, or procedures of the  
8 Fund, and the Board does not assume control of the benefit  
9 determination process, then the action or determination of  
10 the benefit board shall be deemed to be approved.

11 (c) The Board of the Fund may adopt rules, standards, and  
12 procedures relating to the benefit determination review  
13 process and its oversight of benefit boards under this Article.

14 (d) The Fund and the Board may each take any action that it  
15 may deem appropriate to correct a problem that is discovered in  
16 the course of the oversight process; however, (1) mistakes in  
17 benefits encountered in the review process are subject to the  
18 requirements of Section 3-144.2, and (2) administrative review  
19 of final administrative decisions is subject to the  
20 requirements of Section 3-148.

21 (40 ILCS 5/3-131) (from Ch. 108 1/2, par. 3-131)

22 Sec. 3-131. Powers and duties of the Board of Trustees  
23 ~~board~~. The Board of Trustees ~~board~~ shall have the powers and  
24 duties stated in Sections 3-132 through 3-140.1 in addition to  
25 the other powers and duties provided under this Article. The

1 benefit board of a participating municipality, acting as agent  
2 of the Board of the Fund, shall perform certain duties of the  
3 Board on its behalf and subject to its oversight, as specified  
4 in this Article.

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

6 (40 ILCS 5/3-132) (from Ch. 108 1/2, par. 3-132)

7 Sec. 3-132. To control and manage the Pension Fund. In  
8 accordance with the applicable provisions of Articles 1 and 1A  
9 and this Article, to control and manage the Downstate Police  
10 Officers Pension Fund., ~~exclusively, the following:~~

11 For the purpose of assisting in the creation and  
12 administration of the Downstate Police Officers Pension Fund,  
13 the Board and the Transition Board may enter into contracts or  
14 other agreements with the Board of Trustees of the Illinois  
15 Municipal Retirement Fund to provide mutual assistance or to  
16 consolidate particular services or operations, to the extent  
17 consistent with their respective fiduciary and other  
18 responsibilities.

19 ~~(1) the pension fund,~~

20 ~~(2) investment expenditures and income, including~~  
21 ~~interest dividends, capital gains and other distributions~~  
22 ~~on the investments, and~~

23 ~~(3) all money donated, paid, assessed, or provided by~~  
24 ~~law for the pensioning of disabled and retired police~~  
25 ~~officers, their surviving spouses, minor children, and~~

1 ~~dependent parents.~~

2 ~~All money received or collected shall be credited by the~~  
3 ~~treasurer of the municipality to the account of the pension~~  
4 ~~fund and held by the treasurer of the municipality subject to~~  
5 ~~the order and control of the board. The treasurer of the~~  
6 ~~municipality shall maintain a record of all money received,~~  
7 ~~transferred, and held for the account of the board.~~

8 (Source: P.A. 90-507, eff. 8-22-97.)

9 (40 ILCS 5/3-133) (from Ch. 108 1/2, par. 3-133)

10 Sec. 3-133. To order payments and issue certificates. To  
11 order the payment of pensions and other benefits and to issue  
12 certificates signed by its president and secretary to the  
13 beneficiaries stating the amount and purpose of the payment;  
14 beginning January 1, 2021 (the consolidation date), however,  
15 these powers shall be delegated to and exercised by the  
16 appropriate benefit board, except with respect to (i) benefits  
17 that arise from service as a police officer under more than one  
18 participating municipality and are subject to subsection (b) of  
19 Section 3-130.5, and (ii) any instance in which the Board of  
20 Trustees rejects the determination or findings of the benefit  
21 board and assumes control of the benefit determination in the  
22 course of the benefit determination review process.

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

24 (40 ILCS 5/3-134) (from Ch. 108 1/2, par. 3-134)

1           Sec. 3-134. To submit annual list of fund payments. To  
2 submit annually to each ~~the~~ city council or board of trustees  
3 at the close of the municipality's fiscal year, a list of  
4 persons entitled to payments from the Fund that are chargeable  
5 to the municipality's accounts and reserves ~~from the fund~~,  
6 stating the amount of payments, and their purpose, as ordered  
7 by the benefit board. It shall also include items of income  
8 accrued to the municipality's accounts and reserves ~~fund~~ during  
9 the fiscal year. The list shall be signed by the secretary and  
10 president of the Board ~~board~~, and attested under oath. ~~A~~  
11 ~~resolution or order for the payment of money shall not be valid~~  
12 ~~unless approved by a majority of the board members, and signed~~  
13 ~~by the president and secretary of the board.~~

14           (Source: P.A. 83-1440.)

15           (40 ILCS 5/3-135) (from Ch. 108 1/2, par. 3-135)

16           Sec. 3-135. To invest funds. To invest the assets of the  
17 Fund that exceed the amount of cash required for current  
18 operations, as determined by the Board, subject to the  
19 requirements and restrictions set forth in Sections 1-109,  
20 1-109.1, 1-109.2, 1-110, 1-111, 1-113, 1-114, and 1-115 of this  
21 Code.

22           No bank or savings and loan association shall receive  
23 investment funds this Section unless it has complied with the  
24 requirements established pursuant to Section 6 of the Public  
25 Funds Investment Act. The limitations set forth in that Section



1 6 shall be applicable only at the time of investment and shall  
2 not require the liquidation of any investment at any time.

3 The Board may sell any security belonging to the Fund at  
4 any time when, in its judgment, it is necessary or desirable to  
5 do so.

6 The Board shall have the authority to enter into such  
7 agreements and to execute such documents as it determines to be  
8 necessary to complete any investment transaction.

9 All investments shall be clearly held and accounted for to  
10 indicate ownership by the Board. The Board may direct the  
11 registration of securities or the holding of interests in real  
12 property in its own name or in the name of a nominee created  
13 for the express purpose of registration of securities or the  
14 holding of interests in real property by a savings and loan  
15 association or national or State bank or trust company  
16 authorized to conduct a trust business in the State of  
17 Illinois. The Board may hold title to interests in real  
18 property in the name of the Fund or in the name of a title  
19 holding corporation created for the express purpose of holding  
20 title to interests in real property.

21 Investments shall be carried at cost or at a book value in  
22 accordance with generally accepted accounting principles and  
23 accounting procedures approved by the Board.

24 The book value of investments held by any pension fund or  
25 retirement system in one or more commingled investment accounts  
26 shall be the cost of its units of participation in such

1 commingled account or accounts as recorded on the books of the  
2 Board.

3 ~~Beginning January 1, 1998, the board shall invest funds in~~  
4 ~~accordance with Sections 1-113.1 through 1-113.10 of this Code.~~  
5 (Source: P.A. 90-507, eff. 8-22-97.)

6 (40 ILCS 5/3-138.1 new)

7 Sec. 3-138.1. To authorize municipality contribution rates  
8 and adopt actuarial tables and establish prescribed rates of  
9 interest. To authorize municipality contribution rates and  
10 adopt actuarial tables and establish prescribed rates of  
11 interest.

12 (40 ILCS 5/3-138.2 new)

13 Sec. 3-138.2. To establish offices. To establish an office  
14 or offices with suitable space for meetings of the Board and  
15 for the use of the necessary administrative personnel. All  
16 books and records of the Fund shall be kept in such office or  
17 offices or in such other places as the Board shall designate  
18 for safekeeping.

19 (40 ILCS 5/3-138.3 new)

20 Sec. 3-138.3. To appoint an executive director. To appoint  
21 an executive director to manage the office and carry out the  
22 technical and administrative duties of the Fund.

1 (40 ILCS 5/3-138.4 new)

2 Sec. 3-138.4. To appoint an actuary. To appoint an actuary  
3 to perform all the necessary actuarial requirements of the  
4 Fund.

5 (40 ILCS 5/3-138.5 new)

6 Sec. 3-138.5. To obtain additional services. To obtain by  
7 employment or by contract such additional actuarial services  
8 and such legal, medical, clerical, or other services as are  
9 required for the efficient administration of the Fund.

10 (40 ILCS 5/3-138.6 new)

11 Sec. 3-138.6. To fix the compensation of employees. To  
12 determine and fix the rate of compensation to be paid to the  
13 executive director, actuary, auditor, legal or medical  
14 counsel, and employees of the Fund.

15 (40 ILCS 5/3-138.7 new)

16 Sec. 3-138.7. To have accounts audited. To have the  
17 accounts of the Fund audited annually by a certified public  
18 accountant approved by the Auditor General.

19 (40 ILCS 5/3-138.8 new)

20 Sec. 3-138.8. To establish and maintain a revolving  
21 account. To establish and maintain a revolving account in a  
22 bank or savings and loan association approved by the State

1 Treasurer as a State depository and having capital funds,  
2 represented by capital, surplus, and undivided profits, of at  
3 least \$5,000,000, for the purpose of making payments of  
4 benefits and administrative expenses. All funds deposited into  
5 that account shall be held in the name of the Fund and shall be  
6 withdrawn only by a check or draft signed by the president of  
7 the Board or the executive director, as the Board may direct,  
8 or by the president and treasurer of a benefit board, acting as  
9 payment agent for the Fund, in the case of a benefit or  
10 administrative expense payable by that benefit board.

11 In case the person whose signature appears upon a check or  
12 draft ceases to hold office after attaching his or her  
13 signature but before the delivery thereof to the payee, the  
14 signature nevertheless shall be valid and sufficient for all  
15 purposes with the same effect as if he or she had remained in  
16 office until delivery thereof.

17 The revolving account shall be created by resolution of the  
18 Board. The moneys in the revolving account shall be held and  
19 expenditures shall be made by the Fund for the purposes set  
20 forth in this Section. The Fund shall reimburse the revolving  
21 account for expenditures for such purposes.

22 No bank or savings and loan association shall receive  
23 investment funds as permitted by this Section, unless it has  
24 complied with the requirements established pursuant to Section  
25 6 of the Public Funds Investment Act. The limitations set forth  
26 in that Section 6 shall be applicable only at the time of

1 investment and shall not require the liquidation of any  
2 investment at any time.

3 (40 ILCS 5/3-138.9 new)

4 Sec. 3-138.9. To keep data. To keep in convenient form,  
5 determined by the Board of the Fund, the data necessary for all  
6 required calculations and valuations as required by the  
7 actuary.

8 (40 ILCS 5/3-138.10 new)

9 Sec. 3-138.10. To reproduce records. To have any records  
10 kept by the Board or a benefit board photographed, microfilmed,  
11 or otherwise reproduced on film or in digital format. The  
12 reproductions shall be deemed original records and documents  
13 for all purposes, including introduction in evidence before all  
14 courts and administrative agencies.

15 (40 ILCS 5/3-140) (from Ch. 108 1/2, par. 3-140)

16 Sec. 3-140. To make rules. To make necessary rules and  
17 regulations in conformity with the provisions of this Article,  
18 and to publish and transmit copies from time to time to all  
19 benefit boards, pensioners, and contributors.

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

21 (40 ILCS 5/3-140.2 new)

22 Sec. 3-140.2. Custodian. The Board shall appoint one or

1 more custodians to receive and hold the assets of the Fund on  
2 such terms as the Board may agree.

3 The custodian of the Fund shall secure and safely keep the  
4 Fund's assets, subject to the control and direction of the  
5 Board. The custodian shall keep books and accounts concerning  
6 the Fund in such manner as may be prescribed by the Board. The  
7 books and accounts shall be subject to the inspection of the  
8 Board or any member thereof.

9 (40 ILCS 5/3-140.3 new)

10 Sec. 3-140.3. Deposit and disposition of funds.

11 (a) All money received by the Board shall immediately be  
12 deposited with the custodian for the account of the Fund. All  
13 payments from the accounts of the Fund shall be made by the  
14 custodian only, and only by a check or draft signed by the  
15 president of the Board or the executive director, as the board  
16 may direct. Such checks and drafts shall be drawn only upon  
17 proper authorization by the Board, as properly recorded in the  
18 official minute books of the meetings of the Board.

19 (b) In the course of consolidation, all securities of the  
20 Fund when received shall be deposited with the custodian, whom  
21 shall hold and account for them as required by the Board and  
22 provided by law.

23 (c) The assets of the Fund shall be invested as one fund,  
24 and no particular person or municipality shall have any right  
25 in any specific security or in any item of cash other than an

1 undivided interest in the whole.

2 (d) If a participating municipality terminates  
3 participation because it fails to meet the requirements of  
4 Section 3-103, it shall pay to the Fund the amount equal to any  
5 net debit balance in its municipal account and any account  
6 receivable. Its successors, assigns, and transferees of its  
7 assets shall be obligated to make this payment to the extent of  
8 the value of assets transferred to them. The Fund shall pay an  
9 amount equal to any net credit balance to the participating  
10 municipality or its successors or assigns. Any remaining net  
11 debit or credit balance not collectible or payable shall be  
12 transferred to a terminated municipality reserve. The Fund  
13 shall pay to each police officer of the participating  
14 municipality an amount equal to his or her credits in the  
15 employee reserves. The employees shall have no further rights  
16 to any benefits from the Fund, except that annuities awarded  
17 prior to the date of termination shall continue to be paid.

18 (40 ILCS 5/3-140.4 new)

19 Sec. 3-140.4. Earnings and interest.

20 (a) Balances at the beginning of each year that remain in  
21 employee reserves at the end of the year shall be credited with  
22 interest annually at the prescribed rate.

23 (b) Municipal reserves shall be charged or credited, as the  
24 case may be, with interest at the prescribed rate applied to  
25 the balance therein at the beginning of the year.

1       (c) Municipal accounts receivable shall be charged with  
2 interest at a rate of 1% per month on the balance therein  
3 unpaid one month or more. The unpaid balance shall include  
4 charges established retroactively because of failure of the  
5 municipality to report amounts that should be receivable.  
6 Credit balances shall be disregarded in this calculation.

7       (d) The annuity and disability benefit reserves shall be  
8 credited with interest at the prescribed rate at the end of  
9 each year. For purposes of this computation, the prescribed  
10 rate shall be applied to the balances therein at the beginning  
11 of the year.

12       (e) Amounts credited or charged under subsection (a), (b),  
13 (c), or (d) of this Section shall be charged or credited to the  
14 earnings and experience variation reserve. Any remaining  
15 balance shall be transferred to the municipal reserves in  
16 proportion to present values of the annuities of the annuitants  
17 of each participating municipality plus the balance in their  
18 municipal reserve.

19       (f) The Board shall fix the rate of interest to be charged  
20 on back or reinstatement contributions.

21       (40 ILCS 5/3-140.5 new)

22       Sec. 3-140.5. Authorizations.

23       (a) Each participating municipality shall:

24           (1) deduct all normal and additional contributions  
25 from each payment of earnings payable to each participating



1 police officer who is entitled to any earnings from the  
2 municipality, and remit all normal and additional  
3 contributions immediately to the Board; and

4 (2) pay to the Board all contributions required by this  
5 Article.

6 (b) Each participating police officer shall, by virtue of  
7 the payment of contributions to this Fund, receive a vested  
8 interest in the benefits provided in this Article and in  
9 consideration of such vested interest shall be deemed to have  
10 agreed to and authorized the deduction from earnings of all  
11 contributions payable to this Fund in accordance with this  
12 Article.

13 (c) Payment of earnings less the amount of contributions  
14 provided in this Article shall be a full and complete discharge  
15 of all claims for payment for services rendered by a police  
16 officer during the period covered by such payment.

17 (40 ILCS 5/3-140.6 new)

18 Sec. 3-140.6. Executive director. The executive director  
19 shall be in charge of the general administration of the Fund  
20 and shall have such special powers and duties as may be  
21 properly delegated or assigned by the Board from time to time.

22 The executive director's general administrative duties  
23 shall include: the computation of the amounts of benefits,  
24 service credits, and contributions required for reinstatement  
25 of credits for Board consideration; the processing of approved

1 benefit claims and expenses of administration for payment; the  
2 placing of any and all matters before the Board that require  
3 action or are in the interest of the Board or the Fund; the  
4 preparation and maintenance of necessary and proper records for  
5 administrative and actuarial purposes; the conduct of any  
6 necessary or desirable communications in the course of the  
7 operations of the Fund; and the carrying out of any actions of  
8 the Board that are so delegated.

9 With respect to any of these general duties that are  
10 delegated to benefit boards as agents of the Fund, the  
11 executive director's duty shall include providing direction  
12 and oversight to the benefit boards, evaluating their  
13 performance, and informing the Board of matters of interest or  
14 concern that may arise with respect to the operation or  
15 circumstances of any benefit board.

16 (40 ILCS 5/3-140.7 new)

17 Sec. 3-140.7. Actuary.

18 (a) The actuary shall be the technical advisor of the  
19 Board. In addition to general advice, the actuary shall  
20 specifically be responsible for and shall make a general  
21 investigation, at least once every 3 years, of the experience  
22 of the participating municipalities as to mortality,  
23 disability, retirement, separation, marital status of  
24 employees, marriage of surviving spouses, interest, and  
25 employee earnings rates, and to make recommendations as a

1 result of any such investigation as to:

2 (1) the actuarial tables to be used for computing  
3 annuities and benefits and for determining the premiums for  
4 disability and death benefit purposes;

5 (2) the tables to be used in any regular actuarial  
6 valuations; and

7 (3) the prescribed rate of interest.

8 (b) The actuary shall make the computations of municipality  
9 obligations and contribution rates (including annual  
10 valuations of the liabilities and reserves for present and  
11 prospective annuities and benefits) and shall certify to the  
12 correctness thereof.

13 (c) The actuary shall advise the Board on any matters of an  
14 actuarial nature affecting the Fund.

15 (40 ILCS 5/3-140.8 new)

16 Sec. 3-140.8. Payment to the Fund by a municipality. The  
17 mayor or president of the board of trustees and clerk,  
18 secretary, or the comptroller, if applicable, and the officer  
19 or officers of the municipality who are authorized by law to  
20 draw warrants upon the treasurer of the municipality, upon  
21 request made in writing by the Board, shall draw such warrants,  
22 payable to the Fund, for all funds in the hands of the  
23 municipality's treasurer belonging to the Fund.

24 (40 ILCS 5/3-140.9 new)

1       Sec. 3-140.9. Disbursements by benefit boards.  
2       Disbursements from the Fund for payment of benefits or  
3       administrative expenses may be made by a benefit board, in its  
4       capacity as payment agent for the Fund, only by check or draft  
5       drawn upon the specific revolving account established by the  
6       Board for that purpose. Each such check or draft shall be  
7       signed by the president of the board and countersigned by its  
8       secretary. No such check or draft shall be drawn except by  
9       order of the benefit board duly entered in the records of the  
10       benefit board's proceedings.

11           (40 ILCS 5/3-140.10 new)

12       Sec. 3-140.10. Interest on deposits. If any moneys of the  
13       pension fund, by order of the Board or otherwise, are deposited  
14       in any bank or savings and loan association, or is loaned, all  
15       interest or money that is paid or agreed to be paid on the loan  
16       or deposit shall become a part of the fund. No such loan or  
17       deposit shall be made without Board authorization. No bank or  
18       savings and loan association shall receive investment funds as  
19       permitted by this Section, unless it has complied with the  
20       requirements established pursuant to Section 6 of the Public  
21       Funds Investment Act.

22           (40 ILCS 5/3-141) (from Ch. 108 1/2, par. 3-141)

23       Sec. 3-141. Annual report by treasurer. On the 2nd Tuesday  
24       in May annually through 2021, the treasurer of the municipality

1 and all other officials of the municipality who had the custody  
2 of any pension funds herein provided, shall make a sworn  
3 statement to the pension board, and to the mayor and council or  
4 president and board of trustees of the municipality, of all  
5 moneys received and paid out by them on account of the pension  
6 fund during the year, and of the amount of funds then on hand  
7 and owing to the pension fund. The final report required under  
8 this subsection shall be due in May of 2021 and shall include  
9 the period up to and including the consolidation of the  
10 municipality's pension fund into the Downstate Police Officers  
11 Pension Fund. All surplus then remaining with any official  
12 other than the treasurer shall be paid to the treasurer of the  
13 municipality or as directed by the Board. Upon demand of the  
14 Board ~~pension board~~, any official shall furnish a statement  
15 relative to the official method of collection or handling of  
16 the pension funds. All books and records of that official shall  
17 be produced at any time by him for examination and inspection  
18 by the Board ~~board~~.

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

20 (40 ILCS 5/3-141.1)

21 Sec. 3-141.1. Award of benefits. Prior to the benefit  
22 board's determination of benefits, the benefit board shall  
23 provide, in writing, the total amount of the annuity for a  
24 member and all information used in the calculation of that  
25 benefit to the Board of the Fund ~~Treasurer of the municipality.~~

1 ~~If the Treasurer is of the opinion that the calculated annuity~~  
2 ~~is incorrect, the Treasurer shall immediately notify the board.~~  
3 ~~The board shall review the Treasurer's findings, and if the~~  
4 ~~Board concurs that an error exists it shall re-determine the~~  
5 ~~annuity so that it is calculated in accordance with the~~  
6 ~~Illinois Pension Code.~~

7 (Source: P.A. 95-950, eff. 8-29-08.)

8 (40 ILCS 5/3-143) (from Ch. 108 1/2, par. 3-143)

9 Sec. 3-143. Report by the Board of the Fund ~~pension board~~.

10 (a) The Board ~~pension board~~ shall report annually to the  
11 governing body of each participating ~~city council or board of~~  
12 ~~trustees of the~~ municipality on the condition of the Fund  
13 ~~pension fund~~ at the end of its most recently completed fiscal  
14 year. The report shall be made prior to the ~~council or board~~  
15 meeting held for the levying of taxes for the year for which  
16 the report is made.

17 The report ~~pension board~~ shall certify and provide the  
18 following information ~~to the city council or board of trustees~~  
19 ~~of the municipality:~~

20 (1) the total assets of the Fund ~~fund~~ in its custody at  
21 the end of the fiscal year and the current market value of  
22 those assets;

23 (2) the estimated receipts during the next succeeding  
24 fiscal year from deductions from the salaries of police  
25 officers, and from all other sources;

1 (3) the estimated amount required during the next  
2 succeeding fiscal year to (a) pay all pensions and other  
3 obligations provided in this Article, and (b) ~~to~~ meet the  
4 annual requirements of the fund as provided in Section  
5 3-125.3 ~~Sections 3-125 and 3-127;~~

6 (4) the total net income received from investment of  
7 assets along with the assumed investment return and actual  
8 investment return received by the Fund ~~fund~~ during its most  
9 recently completed fiscal year compared to the total net  
10 income, assumed investment return, and actual investment  
11 return received during the preceding fiscal year;

12 (5) the total number of active employees who are  
13 financially contributing to the Fund ~~fund~~;

14 (6) the total amount that was disbursed in benefits  
15 during the fiscal year, including the number of and total  
16 amount disbursed to (i) annuitants in receipt of a regular  
17 retirement pension, (ii) recipients being paid a  
18 disability pension, and (iii) survivors and children in  
19 receipt of benefits;

20 (7) the funded ratio of the Fund ~~fund~~; and

21 (8) the unfunded liability carried by the Fund ~~fund~~,  
22 along with an actuarial explanation of the unfunded  
23 liability. ~~;~~ and

24 ~~(9) the investment policy of the pension board under~~  
25 ~~the statutory investment restrictions imposed on the fund.~~

26 Before the Board ~~pension board~~ makes its report, the Fund

1 ~~municipality~~ shall have the assets of the Fund ~~fund~~ and their  
2 current market value verified by an independent certified  
3 public accountant of its choice.

4 (b) A participating ~~The~~ municipality is authorized to  
5 publish the report submitted under this Section. This  
6 publication may be made, without limitation, by publication in  
7 a local newspaper of general circulation in the municipality or  
8 by publication on the municipality's Internet website. If the  
9 municipality publishes the report, then that publication must  
10 include all of the information relating to that municipality  
11 submitted by the pension board under subsection (a).

12 (Source: P.A. 95-950, eff. 8-29-08; revised 11-8-17.)

13 (40 ILCS 5/3-144.2) (from Ch. 108 1/2, par. 3-144.2)

14 Sec. 3-144.2. Mistake in benefit.

15 (a) If the Fund commits a mistake by setting any benefit at  
16 an incorrect amount, it shall adjust the benefit to the correct  
17 level as soon as may be practicable after the mistake is  
18 discovered. The term "mistake" includes a clerical or  
19 administrative error executed by the Fund (or by a benefit  
20 board acting as agent of the Fund or by a former police pension  
21 fund that has been consolidated into the Fund) or by the  
22 participant as it relates to a benefit under this Article;  
23 however, in no case shall "mistake" include any benefit as it  
24 relates to the reasonable calculation of the benefit or aspects  
25 of the benefit based on salary, service credit, calculation or



1 determination of a disability, date of retirement, or other  
2 factors significant to the calculation of the benefit that were  
3 reasonably understood or agreed to by the Fund (or by a benefit  
4 board acting as agent of the Fund or by a former police pension  
5 fund that has been consolidated into the Fund) at the time of  
6 retirement.

7 (b) If the benefit was mistakenly set too low, the Fund  
8 shall make a lump sum payment to the recipient of an amount  
9 equal to the difference between the benefits that should have  
10 been paid and those actually paid, plus interest at the rate  
11 prescribed by the Public Pension Division of the Department of  
12 Insurance from the date the unpaid amounts accrued to the date  
13 of payment.

14 (c) If the benefit was mistakenly set too high, the Fund  
15 may recover the amount overpaid from the recipient thereof,  
16 either directly or by deducting such amount from the remaining  
17 benefits payable to the recipient as is indicated by the  
18 recipient. If the overpayment is recovered by deductions from  
19 the remaining benefits payable to the recipient, the monthly  
20 deduction shall not exceed 10% of the corrected monthly benefit  
21 unless otherwise indicated by the recipient.

22 However, if (i) the amount of the benefit was mistakenly  
23 set too high, and (ii) the error was undiscovered for 3 years  
24 or longer, and (iii) the error was not the result of fraud  
25 committed by the affected participant or beneficiary, then upon  
26 discovery of the mistake the benefit shall be adjusted to the

1 correct level, but the recipient of the benefit need not repay  
2 to the Fund the excess amounts received in error.

3 (d) Adjustments and repayments of benefit mistakes shall be  
4 charged or credited to the appropriate municipal accounts and  
5 reserves.

6 (Source: P.A. 98-1117, eff. 8-26-14.)

7 (40 ILCS 5/3-144.5)

8 Sec. 3-144.5. Fraud. Any person, member, trustee, or  
9 employee of the Board or a benefit board who knowingly makes  
10 any false statement or falsifies or permits to be falsified any  
11 record of a fund in any attempt to defraud such fund as a  
12 result of such act, or intentionally or knowingly defrauds a  
13 fund in any manner, is guilty of a Class A misdemeanor.

14 (Source: P.A. 95-950, eff. 8-29-08.)

15 (40 ILCS 5/3-144.6)

16 Sec. 3-144.6. Dissolution and reestablishment of inactive  
17 police pension funds. The corporate authorities of a  
18 municipality the participates in the Fund ~~for which a pension~~  
19 ~~fund has been established under this Article~~ may, by resolution  
20 or ordinance, cease participating in the Fund ~~dissolve the fund~~  
21 if an independent auditor has certified to the Board and the  
22 corporate authorities that the municipality ~~fund~~ has no  
23 liabilities to the Fund and no ~~7~~ participants, ~~7~~ or beneficiaries  
24 entitled to benefits. The corporate, ~~and the~~ authorities shall

1 reestablish the municipality's participation in the Fund ~~the~~  
2 ~~fund~~ if a police officer of the municipality seeks to establish  
3 service credit in the Fund ~~fund~~ or if reestablishment of  
4 participation in the Fund ~~the fund~~ is required upon a former  
5 police officer's reinstatement of creditable service under  
6 subsection (b) of Section 3-110.7 of this Code.

7 The Board of the Fund ~~Public Pension Division of the~~  
8 ~~Department of Insurance~~ shall adopt rules regarding the process  
9 and procedures for (i) ending participation in the Fund  
10 ~~dissolving a pension fund under this Section~~ and (ii)  
11 redistributing assets and reestablishing participation in the  
12 Fund when ~~the fund if reestablishment of the fund is~~ necessary.  
13 Rules adopted under this subsection do not apply to the  
14 consolidation of pension funds pursuant to this amendatory Act  
15 of the 100th General Assembly.

16 (Source: P.A. 97-99, eff. 1-1-12.)

17 (40 ILCS 5/3-144.7 new)

18 Sec. 3-144.7. Municipal succession upon termination; new  
19 participating municipalities.

20 (a) This Section does not apply to the consolidation into  
21 this Fund of the existing police pension funds under this  
22 Article on January 1, 2021.

23 (b) A participating municipality that succeeds to the  
24 functions of another participating municipality that is  
25 dissolved or terminates its existence shall assume the net

1 accumulation balance in the municipal reserve and the municipal  
2 account receivable balance of the terminated municipality.

3 (c) The following described municipalities, but not  
4 including any with more than 500,000 inhabitants, shall be  
5 included within and be subject to this Article beginning upon  
6 the effective dates specified by the Board:

7 (1) In the case of a municipality that did not have a  
8 police pension fund under this Article on December 31, 2020  
9 and is required to participate in this Fund by virtue of  
10 having any full-time paid police officers and reaching the  
11 population specified in Section 3-103, the Board shall  
12 notify the municipality, within 90 days after publication  
13 of the applicable census, that it has become subject to  
14 this Article and shall provide information to the corporate  
15 authorities of the municipality explaining the duties and  
16 consequences of participation. The notification shall also  
17 include a proposed date upon which participation by the  
18 municipality will commence.

19 (2) In the case of a municipality that did not have a  
20 police pension fund under this Article on December 31, 2020  
21 and whose electors have chosen to be included under this  
22 Article by referendum under Section 3-145, the clerk of the  
23 municipality or other appropriate official of its  
24 governing body shall promptly notify the Board of that  
25 action and provide the Board with a copy of the proposition  
26 adopted by referendum, duly authenticated and certified.

1       (d) A municipality that did not have a police pension fund  
2 under this Article on December 31, 2020 and is about to begin  
3 participation shall submit to the Board an application to  
4 participate, in a form acceptable to the Board, not later than  
5 90 days prior to the proposed effective date of participation.  
6 The Board shall act upon the application within 90 days, and if  
7 it finds that the application is in conformity with its  
8 requirements and the requirements of this Article,  
9 participation by the applicant shall commence on a date  
10 acceptable to the municipality and specified by the Board, but  
11 in no event later than one year after the date of application.

12       (e) Each prospective participating municipality shall pay  
13 to the Fund the cost, as determined by the Board, of a study  
14 prepared by the Fund or its actuary detailing the prospective  
15 costs of participation in the Fund to be expected by the  
16 municipality.

17       (40 ILCS 5/3-144.8 new)

18       Sec. 3-144.8. Authorized agent of a participating  
19 municipality.

20       (a) Each participating municipality shall appoint an  
21 authorized agent who shall have the powers and duties set forth  
22 in this Section. In the absence of such an appointment, the  
23 duties of the authorized agent shall devolve upon the clerk or  
24 secretary of the municipality.

25       (b) The authorized agent of the municipality shall have the

1 following powers and duties:

2 (1) To certify to the Fund and to the benefit board of  
3 the municipality whether or not a given person is  
4 authorized to participate in the Fund.

5 (2) To certify to the Fund and to the benefit board of  
6 the municipality when a participating employee is on a  
7 leave of absence authorized by the municipality.

8 (3) To request the proper officer to cause employee  
9 contributions to be withheld from salary and promptly  
10 transmitted to the Fund.

11 (4) To request the proper officer to cause municipality  
12 contributions to be promptly forwarded to the Fund.

13 (5) To forward promptly to all participating employees  
14 any communications for such employees from the Fund, the  
15 municipality, or the benefit board of the municipality.

16 (6) To forward promptly to the benefit board of the  
17 municipality all applications, claims reports, and other  
18 communications delivered to the agent by participating  
19 employees.

20 (7) To perform all duties related to the administration  
21 of the Fund as requested by the Fund, the benefit board of  
22 the municipality, or the governing body of the  
23 municipality.

24 (c) The governing body of each participating municipality  
25 may delegate either or both of the following powers to its  
26 authorized agent:

1           (1) To file a petition for nomination of an executive  
2           trustee of the Fund.

3           (2) To cast the ballot for election of an executive  
4           trustee of the Fund.

5           If a governing body does not authorize its agent to perform  
6           the powers set forth in this subsection (c), they shall be  
7           performed by the governing body itself, unless the governing  
8           body by resolution duly certified to the Fund delegates them to  
9           some other officer or employee.

10          (d) The delivery of any communication or document by an  
11          employee or a municipality to the authorized agent of the  
12          municipality does not constitute delivery to the Fund.

13           (40 ILCS 5/3-145) (from Ch. 108 1/2, par. 3-145)

14           Sec. 3-145. Referendum in municipalities less than 5,000.

15           (a) This Article shall not be effective in any municipality  
16           having a population of less than 5,000 unless the proposition  
17           to adopt the Article is submitted to and approved by the voters  
18           of the municipality in the manner herein provided.

19           Whenever the electors of the municipality, equal in number  
20           to 5% of the number of legal votes cast at the last preceding  
21           general municipal election, petition the city, village or town  
22           clerk to submit the proposition whether that municipality shall  
23           adopt this Article, the officer to whom the petition is  
24           addressed shall certify the proposition to the proper election  
25           officials who shall submit the proposition in accordance with

1 the general election law at a regular election in the  
 2 municipality provided that notice of the referendum, if held  
 3 before July 1, 1999, has been given in accordance with the  
 4 provisions of Section 12-5 of the Election Code in effect at  
 5 the time of the bond referendum, at least 10 and not more than  
 6 45 days before the date of the election, notwithstanding the  
 7 time for publication otherwise imposed by Section 12-5. Notices  
 8 required in connection with the submission of public questions  
 9 on or after July 1, 1999 shall be as set forth in Section 12-5  
 10 of the Election Code. If the proposition is not adopted at that  
 11 election, it may be submitted in like manner at any regular  
 12 election thereafter. The proposition shall be substantially in  
 13 the following form:

14 -----  
 15 Shall the city (or village or  
 16 incorporated town) of.... adopt YES  
 17 Article 3 of the "Illinois Pension -----  
 18 Code", providing for participation  
 19 in the Downstate Police Officers  
 20 Pension Fund ~~pertaining to the creation~~ NO  
 21 ~~of a police pension fund?~~

22 -----  
 23 If a majority of the votes cast on the proposition is for the  
 24 proposition, this Article is adopted in that municipality.

25 (b) For a period of 60 days after the effective date of  
 26 this amendatory Act of the 96th General Assembly, if a



1 municipality having a population of less than 5,000 has adopted  
2 this Article in accordance with the provisions of subsection  
3 (a), the municipality may elect to terminate participation  
4 under this Article if all of the following conditions are met:

5 (1) An independent auditor certifies that the fund  
6 created under this Article has no liabilities and there are  
7 no members or participants in the fund and no beneficiaries  
8 entitled to benefits under the fund.

9 (2) The corporate authorities of the municipality, by  
10 ordinance, approve the closing of the fund.

11 If the conditions of this subsection (b) are met and the  
12 closed fund contains assets, those assets shall be transferred  
13 to the municipality for its general corporate purposes.

14 If a municipality that terminates participation under this  
15 Article in accordance with this subsection (b) wants to  
16 reinstate the fund, then the proposition to re-adopt the  
17 Article must be submitted to and approved by the voters of the  
18 municipality in the manner provided in subsection (a).

19 (c) The consolidation of police pension funds under this  
20 Article and the changes to this Section made by this amendatory  
21 Act of the 100th General Assembly do not invalidate any  
22 previous referendum under this Section. Every such referendum  
23 adopted before January 1, 2021 that provides for the creation  
24 of a pension fund under this Article shall be deemed to also  
25 authorize participation in the Downstate Police Officers  
26 Pension Fund created under this Article.

1 (Source: P.A. 96-216, eff. 8-10-09.)

2 (40 ILCS 5/3-146.05 new)

3 Sec. 3-146.05. Accounts. An adequate system of accounts  
4 shall be kept in accordance with generally accepted accounting  
5 and sound actuarial principles. The accounts and reserves  
6 designated in Sections 3-146.1 through 3-146.6, inclusive,  
7 shall be maintained.

8 (40 ILCS 5/3-146.1 new)

9 Sec. 3-146.1. Employee reserves. Separate reserves shall  
10 be maintained for each participating employee in such detail as  
11 is necessary to administer all benefits provided in this  
12 Article, and to segregate accurately the separate liabilities  
13 of each participating municipality with respect to each  
14 participating employee.

15 (40 ILCS 5/3-146.2 new)

16 Sec. 3-146.2. Municipal reserves.

17 (a) Except as provided in subsection (b) of this Section,  
18 each participating municipality shall be treated as an  
19 independent unit within the Fund. Separate municipal reserves  
20 shall be maintained in such form and detail as is necessary to  
21 show the net accumulated balances of each municipality created  
22 or arising under this Article.

23 (b) In the event that a participating municipality is

1 terminated and its obligations are not assumed or transferred  
2 by law to another municipality, any net debit or credit balance  
3 remaining in the reserve account of such municipality shall be  
4 transferred to a terminated municipality reserve, which shall  
5 be used to fund any future benefits of its employees arising  
6 out of service with the terminated municipality.

7 Any deficiency arising in the terminated municipality  
8 reserve shall be eliminated by a contribution by all remaining  
9 municipalities at a uniform percent of payroll, to be  
10 determined by the Board and collected with other contributions  
11 required under Section 3-125.3.

12 (40 ILCS 5/3-146.3 new)

13 Sec. 3-146.3. Reserves for annuities.

14 (a) Appropriate reserves shall be created for payment of  
15 all annuities granted under this Article at the time such  
16 annuities are granted and in amounts determined to be necessary  
17 under actuarial tables adopted by the Board upon recommendation  
18 of the actuary of the Fund. All annuities payable shall be  
19 charged to the annuity reserve.

20 (b) Amounts credited to annuity reserves shall be derived  
21 by transfer of all the employee credits from the appropriate  
22 employee reserves and by charges to the municipal reserve of  
23 those municipalities in which the retiring employee has  
24 accumulated service. If a retiring employee has accumulated  
25 service in more than one participating municipality, the

1 municipality charges for non-concurrent service shall be  
2 calculated as follows:

3 (1) for purposes of calculating the annuity reserve, an  
4 annuity shall be calculated based on service and adjusted  
5 earnings with each employer; and

6 (2) the difference between the municipality charges  
7 for the actual annuity granted and the aggregation of the  
8 municipality charges based upon the ratio of each from  
9 those calculations to the aggregated total from paragraph  
10 (1).

11 Aggregate municipality charges for concurrent service  
12 shall be prorated based on the employee's earnings.

13 (c) Supplemental annuity, if any, shall be handled as a  
14 separate annuity and amounts to be credited to the annuity  
15 reserve shall be derived in the same manner as a regular  
16 annuity.

17 (d) When a retirement annuity is granted to an employee  
18 with a spouse eligible for a surviving spouse annuity, there  
19 shall be credited to the annuity reserve an amount to fund the  
20 cost of both the retirement and surviving spouse annuity as a  
21 joint and survivors annuity.

22 (e) All annuity reserves shall be revalued annually as of  
23 December 31. Any adjustment required in the annuity reserve by  
24 such revaluation shall be charged or credited to the earnings  
25 and experience variation reserve.

26 (f) The excess in the annuity reserve shall be transferred

1 to the municipal reserves. An amount equal to the deficiency in  
2 the reserve of participating municipalities that have no  
3 participating employees shall be allocated to their reserves.  
4 The remainder shall be allocated in amounts proportionate to  
5 the present value of annuities of annuitants of the remaining  
6 participating municipalities.

7 (40 ILCS 5/3-146.4 new)

8 Sec. 3-146.4. Reserves for disability benefits. A  
9 disability benefit reserve shall be created for payment of all  
10 disability benefits.

11 (1) Amounts to fund the cost of total and permanent  
12 disability benefits shall be established at the time such  
13 benefits are granted under actuarial tables adopted by the  
14 Board upon recommendation of the actuary of the Fund. All total  
15 and permanent disability benefits payable shall be charged to  
16 this reserved amount.

17 (2) Temporary disability benefit payments shall be charged  
18 to the disability benefit reserve when made.

19 (3) Amounts credited to the disability benefit reserve  
20 shall be derived from municipality contributions made pursuant  
21 to paragraph (3) of subsection (b) of Section 3-125.3.

22 (4) The disability benefit reserve shall be revalued  
23 annually as of December 31. Any adjustment required in the  
24 disability benefit reserve by such revaluation shall be charged  
25 or credited to the earnings and experience variation reserve.

1 (40 ILCS 5/3-146.5 new)

2 Sec. 3-146.5. Reserve for Variation in Benefit Payments.

3 (a) A Reserve for Variation in Benefit Payments may be  
4 established.

5 (b) Credits to the Reserve shall consist of:

6 (1) Any employee contributions, not in excess of \$10,  
7 received by the Fund subsequent to claim for and payment of  
8 a separation refund; provided, however, that upon request  
9 of any employee rightfully entitled thereto, the aforesaid  
10 amount shall be paid to the employee from this Reserve.

11 (2) Any benefit checks or warrants issued and  
12 outstanding more than 2 years.

13 (3) Any balances in employee or municipal reserves that  
14 are not properly creditable to those reserves.

15 (c) Charges to the Reserve shall consist of:

16 (1) Benefit claims properly payable under this  
17 Article, the reserves for which have been previously  
18 transferred to this reserve or for which no reserves exist.

19 (2) Benefit overpayments deemed uncollectible by the  
20 Board.

21 (3) Amounts required to adjust employee or municipal  
22 reserves to the correct balance.

23 (40 ILCS 5/3-146.6 new)

24 Sec. 3-146.6. Earnings and experience variation reserve.

1 One earnings and experience variation reserve shall be  
2 maintained. Moneys in abolished reserve accounts shall be  
3 transferred to the earnings and experience variation reserve.  
4 Excess or deficiencies in the annuity and disability benefit  
5 reserves shall be charged or credited to this reserve. Whenever  
6 a balance exists in this reserve, it shall be included in the  
7 basis used for determining the prescribed interest rate. The  
8 balance in the reserve shall be distributed as of the end of  
9 each year, but a contingency balance of not more than twice the  
10 projected interest requirement for the next year may be  
11 maintained. If the balance ever exceeds twice the projected  
12 requirement, the excess shall be distributed to municipal  
13 reserves.

14 If the Board determines that the funds available in this  
15 reserve, after required transfers, will not be sufficient to  
16 provide administrative expenses of the Fund, the Board may  
17 include in the municipality contribution rate authorized by  
18 Section 3-125.3 a percentage of earnings on the earnings of all  
19 participating employees to provide an amount required for the  
20 administrative expenses.

21 Upon adoption of generally accepted accounting procedures  
22 that allow for the recognition of unrealized gains or losses in  
23 market value, those gains or losses shall be allocated to  
24 employer accounts, including the earnings and experience  
25 variation reserve, in the same proportion those accounts were  
26 to total assets prior to the implementation of market value

1 accounting.

2 (40 ILCS 5/3-148) (from Ch. 108 1/2, par. 3-148)

3 Sec. 3-148. Administrative review.

4 (a) Except as it relates to any time limitation to correct  
5 a mistake as provided in Section 3-144.2, the provisions of the  
6 Administrative Review Law, and all amendments and  
7 modifications thereof and the rules adopted pursuant thereto,  
8 shall apply to and govern all proceedings for the judicial  
9 review of final administrative decisions of the Board, of a  
10 benefit board acting as agent of the Fund, or of a former  
11 pension fund that has been consolidated into the Fund, as  
12 ~~retirement board~~ provided for under this Article.

13 (b) The term "administrative decision" is as defined in  
14 Section 3-101 of the Code of Civil Procedure. For purposes of  
15 administrative review, "final administrative decision" refers  
16 to:

17 (1) the final administrative decision of the benefit  
18 board in the case of a benefit that arises from service as  
19 a police officer under only one participating  
20 municipality, unless the Board of Trustees rejects the  
21 benefit determination or findings of the benefit board and  
22 assumes control of the benefit determination in the course  
23 of the benefit determination review process;

24 (2) the final administrative decision of the Board of  
25 Trustees, in the case of (i) a benefit that arises from



1 service as a police officer under more than one  
2 participating municipality and is subject to subsection  
3 (b) of Section 3-130.5, or (ii) any instance in which the  
4 Board of Trustees rejects the benefit determination or  
5 findings of the benefit board and assumes control of the  
6 benefit determination in the course of the benefit  
7 determination review process; or

8 (3) the final administrative decision of the board of a  
9 former pension fund that has been consolidated into the  
10 Fund, in the case of a decision that occurred before  
11 January 1, 2021 (the consolidation date).

12 (Source: P.A. 98-1117, eff. 8-26-14.)

13 (40 ILCS 5/3-150) (from Ch. 108 1/2, par. 3-150)

14 Sec. 3-150. Applicability of home rule powers. A home rule  
15 unit, as defined in Article VII of the 1970 Illinois  
16 Constitution or any amendment thereto, shall have no power to  
17 change, alter, or amend in any way the provisions of this  
18 Article. A home rule unit which is a municipality, as defined  
19 in Section 3-103, shall not provide for, singly or as a part of  
20 any plan or program, by any means whatsoever, any type of  
21 retirement or annuity benefit to a police officer other than  
22 through the Downstate Police Officers Pension Fund  
23 ~~establishment of a fund~~ as provided in this Article or the  
24 defined contribution plan under Section 3-109.4.

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

1 (40 ILCS 5/4-102.1 new)

2 Sec. 4-102.1. Fund. "Fund" or "pension fund":

3 Until January 1, 2021, a firefighters' pension fund  
4 established by a municipality under this Article.

5 Beginning January 1, 2021, "Fund" or "pension fund" means  
6 the Downstate Firefighters Pension Fund created under this  
7 Article to consolidate all of the individual pension funds  
8 previously established under this Article; depending on the  
9 context, the terms may include one or more of those previously  
10 established pension funds.

11 (40 ILCS 5/4-103) (from Ch. 108 1/2, par. 4-103)

12 Sec. 4-103. Municipality. "Municipality": (1) Any city,  
13 township, village or incorporated town of 5,000 or more but  
14 less than 500,000 inhabitants, and any fire protection district  
15 having any full-time paid firefighters, and (2) any city,  
16 village, incorporated town or township of less than 5,000  
17 inhabitants having a full-time paid fire department which  
18 adopts the provisions of this Article ~~article~~ pursuant to the  
19 provisions of Section 4-141.

20 The term "participating municipality" means a municipality  
21 that both is required (or has elected) to and does in fact  
22 participate in the Downstate Firefighters Pension Fund under  
23 this Article.

24 The term "governing body", "city council", or "board of

1 trustees" includes the board of trustees of a fire protection  
2 district and the township board ~~of town trustees~~ or other  
3 persons empowered to draft the tentative budget and  
4 appropriation ordinance and the electors of such a township  
5 acting at the annual or special meeting of town electors.

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

7 (40 ILCS 5/4-104.5 new)

8 Sec. 4-104.5. Prescribed rate of interest. "Prescribed  
9 rate of interest": The rate of interest to be used for  
10 calculation of the rates of municipality contributions and the  
11 amounts of annuities and benefits, as determined by the Board  
12 in consultation with the actuary on the basis of the probable  
13 effective rate of interest on a long-term basis. The prescribed  
14 rate shall also be used to distribute, to the extent reasonably  
15 determinable prior to the year for which the rate is  
16 applicable, the current earnings (excluding capital gains) on  
17 assets of the Fund to reserves as provided by Section 4-130.2,  
18 after due allowance is made for special reserve requirements  
19 under Section 4-136.6.

20 (40 ILCS 5/4-104.9 new)

21 Sec. 4-104.9. Benefit board. "Pension benefit  
22 determination and payment board" or "benefit board": The  
23 pension benefit determination and payment board of a  
24 municipality as established under subsection (b) of Section

1 4-121; depending on the context, the term may include the  
2 former board of trustees of the firefighters' pension fund of  
3 the municipality.

4 (40 ILCS 5/4-105) (from Ch. 108 1/2, par. 4-105)

5 Sec. 4-105. Board. "Board":

6 Until January 1, 2021, the ~~The~~ "Board of Trustees of the  
7 Firefighters' Pension Fund" of a municipality as established in  
8 subsection (a) of Section 4-121.

9 Beginning January 1, 2021, the Board of Trustees of the  
10 Downstate Firefighters Pension Fund created under this Article  
11 to consolidate all of the individual pension funds previously  
12 established under this Article, as established in subsection  
13 (d) of Section 4-121, or, until that board is established and  
14 has assumed its duties, the Transition Board created under  
15 Section 4-101.1; depending on the context, the term may include  
16 the former board of trustees of one or more of those previously  
17 established pension funds.

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

19 (40 ILCS 5/4-105c)

20 Sec. 4-105c. Participant. "Participant": A firefighter or  
21 deferred pensioner of the Fund ~~a pension fund~~, or a beneficiary  
22 of the Fund ~~pension fund~~.

23 (Source: P.A. 90-507, eff. 8-22-97.)

1 (40 ILCS 5/4-105d)

2 Sec. 4-105d. Beneficiary. "Beneficiary": A person  
3 receiving benefits from the Fund ~~a pension fund~~, including, but  
4 not limited to, retired pensioners, disabled pensioners, their  
5 surviving spouses, minor children, disabled children, and  
6 dependent parents.

7 (Source: P.A. 90-507, eff. 8-22-97.)

8 (40 ILCS 5/4-106.1) (from Ch. 108 1/2, par. 4-106.1)

9 Sec. 4-106.1. ~~Discontinuation of fire protection district;~~  
10 ~~annexation to fire protection district; dissolution and~~  
11 ~~reestablishment of participation ~~inactive firefighters'~~~~  
12 ~~pension funds.~~

13 (a) Whenever a fire protection district that participates  
14 in the Fund ~~which has established a pension fund under this~~  
15 ~~Article~~ is discontinued under the Fire Protection District Act,  
16 and the municipality assuming the obligations of the district  
17 is required to and does participate in the ~~has established a~~  
18 ~~Firefighters' Pension Fund under this Article~~, the accounts  
19 ~~assets~~ of the ~~fund established by the~~ district shall be  
20 transferred to the accounts ~~Board of Trustees of the~~  
21 ~~Firefighters' Pension Fund~~ of the municipality. The  
22 ~~Firefighters' Pension Fund of the~~ municipality shall assume all  
23 accrued liabilities of the district relating to the Fund  
24 ~~district's pension fund~~, and all accrued rights, benefits and  
25 future expectancies of the affected members, retired

1 employees, and beneficiaries ~~of the district's fund~~ shall  
2 remain unimpaired.

3 (b) If a municipality that participates in the Fund  
4 discontinues its municipal fire department ~~for which a pension~~  
5 ~~fund has been established under this Article is discontinued~~  
6 and the affected territory is annexed by a fire protection  
7 district, and the fire protection district is required to and  
8 does participate in the Fund ~~has established a firefighters'~~  
9 ~~pension fund under this Article~~, then the accounts of assets of  
10 ~~the firefighters' pension fund established by~~ the municipality  
11 shall be transferred to the accounts ~~board of trustees of the~~  
12 ~~pension fund~~ of the fire protection district. The ~~firefighters'~~  
13 ~~pension fund of the~~ fire protection district shall assume all  
14 liabilities of the municipality relating to the Fund  
15 ~~municipality's firefighters' pension fund~~, and all of the  
16 accrued rights, benefits, and future expectancies of the  
17 affected members, retired employees, and beneficiaries ~~of the~~  
18 ~~municipality's firefighters' pension fund~~ shall remain  
19 unimpaired.

20 (c) The corporate authorities of a municipality that  
21 participates in the Fund ~~for which a pension fund has been~~  
22 ~~established under this Article~~ may, by resolution or ordinance,  
23 cease participating in the Fund ~~dissolve the fund~~ if an  
24 independent auditor has certified to the Board and the  
25 corporate authorities that the municipality ~~fund~~ has no  
26 liabilities to the Fund and no participants, or beneficiaries

1 entitled to benefits. The corporate, and the authorities shall  
2 reestablish the municipality's participation in the Fund ~~the~~  
3 ~~fund~~ if a firefighter of the municipality seeks to establish  
4 service credit in the Fund ~~fund~~ or if reestablishment of  
5 participation in the Fund ~~the fund~~ is required upon a former  
6 firefighter's reinstatement of creditable service under  
7 subsection (g) of Section 4-109.3 of this Code.

8 The Board of the Fund ~~Public Pension Division of the~~  
9 ~~Department of Insurance~~ shall adopt rules regarding the process  
10 and procedures for (i) ending participation in the Fund  
11 ~~dissolving a pension fund under this Section~~ and (ii)  
12 redistributing assets and reestablishing participation in the  
13 Fund when ~~the fund if reestablishment of the fund is~~ necessary.  
14 Rules adopted under this subsection do not apply to the  
15 consolidation of pension funds pursuant to this amendatory Act  
16 of the 100th General Assembly.

17 (Source: P.A. 100-201, eff. 8-18-17.)

18 (40 ILCS 5/4-106.2 new)

19 Sec. 4-106.2. Municipal succession upon termination; new  
20 participating municipalities.

21 (a) This Section does not apply to the consolidation into  
22 this Fund of the existing firefighters' pension funds under  
23 this Article on January 1, 2021.

24 (b) A participating municipality that succeeds to the  
25 functions of another participating municipality that is

1 dissolved or terminates its existence shall assume the net  
2 accumulation balance in the municipal reserve and the municipal  
3 account receivable balance of the terminated municipality.

4 (c) The following described municipalities, but not  
5 including any with more than 500,000 inhabitants, shall be  
6 included within and be subject to this Article beginning upon  
7 the effective dates specified by the Board:

8 (1) In the case of a municipality that did not have a  
9 firefighters' pension fund under this Article on December  
10 31, 2020 and is required to participate in this Fund by  
11 virtue of having any full-time paid firefighters and  
12 reaching the population specified in Section 4-103, the  
13 Board shall notify the municipality, within 90 days after  
14 publication of the applicable census, that it has become  
15 subject to this Article and shall provide information to  
16 the corporate authorities of the municipality explaining  
17 the duties and consequences of participation. The  
18 notification shall also include a proposed date upon which  
19 participation by the municipality will commence.

20 (2) In the case of a fire protection district that did  
21 not have a firefighters' pension fund under this Article on  
22 December 31, 2020 and is required to participate in this  
23 Fund by virtue of having any full-time paid firefighters,  
24 the fire protection district must notify the Board of its  
25 status no later than 60 days following employment of its  
26 first full-time paid firefighter. The Board shall provide



1 information to the governing body of the fire protection  
2 district not more than 90 days after such notification,  
3 which shall explain the duties and consequences of  
4 participation. The notification shall also include a  
5 proposed date upon which participation by the fire  
6 protection district will commence.

7 (3) In the case of a municipality that did not have a  
8 firefighters' pension fund under this Article on December  
9 31, 2020 and whose electors have chosen to be included  
10 under this Article by referendum under Section 4-141, the  
11 clerk of the municipality or other appropriate official of  
12 its governing body shall promptly notify the Board of that  
13 action and provide the Board with a copy of the proposition  
14 adopted by referendum, duly authenticated and certified.

15 (d) A municipality that did not have a firefighters'  
16 pension fund under this Article on December 31, 2020 and is  
17 about to begin participation shall submit to the Board an  
18 application to participate, in a form acceptable to the Board,  
19 not later than 90 days prior to the proposed effective date of  
20 participation. The Board shall act upon the application within  
21 90 days, and if it finds that the application is in conformity  
22 with its requirements and the requirements of this Article,  
23 participation by the applicant shall commence on a date  
24 acceptable to the municipality and specified by the Board, but  
25 in no event later than one year after the date of application.

26 (e) Each prospective participating municipality shall pay

1 to the Fund the cost, as determined by the Board, of a study  
2 prepared by the Fund or its actuary detailing the prospective  
3 costs of participation in the Fund to be expected by the  
4 municipality.

5 (40 ILCS 5/4-106.5 new)

6 Sec. 4-106.5. Authorized agent of a participating  
7 municipality.

8 (a) Each participating municipality shall appoint an  
9 authorized agent who shall have the powers and duties set forth  
10 in this Section. In the absence of such an appointment, the  
11 duties of the authorized agent shall devolve upon the clerk or  
12 secretary of the municipality.

13 (b) The authorized agent of the municipality shall have the  
14 following powers and duties:

15 (1) To certify to the Fund and to the benefit board of  
16 the municipality whether or not a given person is  
17 authorized to participate in the Fund.

18 (2) To certify to the Fund and to the benefit board of  
19 the municipality when a participating employee is on a  
20 leave of absence authorized by the municipality.

21 (3) To request the proper officer to cause employee  
22 contributions to be withheld from salary and promptly  
23 transmitted to the Fund.

24 (4) To request the proper officer to cause municipality  
25 contributions to be promptly forwarded to the Fund.

1           (5) To forward promptly to all participating employees  
2           any communications for such employees from the Fund, the  
3           municipality, or the benefit board of the municipality.

4           (6) To forward promptly to the benefit board of the  
5           municipality all applications, claims reports, and other  
6           communications delivered to the agent by participating  
7           employees.

8           (7) To perform all duties related to the administration  
9           of the Fund as requested by the Fund, the benefit board of  
10           the municipality, or the governing body of the  
11           municipality.

12           (c) The governing body of each participating municipality  
13           may delegate either or both of the following powers to its  
14           authorized agent:

15           (1) To file a petition for nomination of an executive  
16           trustee of the Fund.

17           (2) To cast the ballot for election of an executive  
18           trustee of the Fund.

19           If a governing body does not authorize its agent to perform  
20           the powers set forth in this subsection (c), they shall be  
21           performed by the governing body itself, unless the governing  
22           body by resolution duly certified to the Fund delegates them to  
23           some other officer or employee.

24           (d) The delivery of any communication or document by an  
25           employee or a municipality to the authorized agent of the  
26           municipality does not constitute delivery to the Fund.

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

2 Sec. 4-108. Creditable service.

3 (a) Creditable service is the time served as a firefighter  
4 of a municipality. In computing creditable service, furloughs  
5 and leaves of absence without pay exceeding 30 days in any one  
6 year shall not be counted, but leaves of absence for illness or  
7 accident regardless of length, and periods of disability for  
8 which a firefighter received no disability pension payments  
9 under this Article, shall be counted.

10 (a-5) Upon the consolidation of the firefighters' pension  
11 funds under this Article into the Downstate Firefighters  
12 Pension Fund on January 1, 2021, creditable service under any  
13 such pension fund shall be deemed to be creditable service in  
14 the Downstate Firefighters Pension Fund, subject to the  
15 following provisions:

16 (1) The consolidation of firefighters' pension funds  
17 into the Downstate Firefighters Pension Fund shall not  
18 result in the duplication of any service credit based on  
19 the same period of service in this or any other pension  
20 fund or retirement system subject to this Code.

21 The consolidation of a former firefighters' pension  
22 fund under this Article into the Downstate Firefighters  
23 Pension Fund shall not be construed as resulting in service  
24 rendered by an employee being accredited in more than one  
25 pension fund.

1           (2) If this Section or any other provision of this  
2           Article imposes a limit on the amount of creditable service  
3           that may be established for a particular activity or  
4           purpose, and prior to consolidation a firefighter has  
5           established periods of creditable service for that  
6           activity or purpose in more than one former firefighters'  
7           pension fund under this Article, which periods are within  
8           that limitation for each such fund but together exceed that  
9           limitation, then upon consolidation all such credit  
10           previously established by the firefighter shall be  
11           preserved under the Fund, but no additional creditable  
12           service for that activity or purpose may be established by  
13           that firefighter in the Fund.

14           (3) The consolidation of firefighters' pension funds  
15           into the Downstate Firefighters Pension Fund shall not  
16           entitle any person or pension fund to a refund of any  
17           contribution or payment previously paid or transferred in  
18           order to establish or transfer creditable service under  
19           this Article.

20           (b) Furloughs and leaves of absence of 30 days or less in  
21 any one year may be counted as creditable service, if the  
22 firefighter makes the contribution to the Fund ~~fund~~ that would  
23 have been required had he or she not been on furlough or leave  
24 of absence. To qualify for this creditable service, the  
25 firefighter must pay the required contributions to the Fund  
26 ~~fund~~ not more than 90 days subsequent to the termination of the

1 furlough or leave of absence, to the extent that the  
2 municipality has not made such contribution on his or her  
3 behalf.

4 (c) Creditable service includes:

5 (1) Service in the military, naval or air forces of the  
6 United States entered upon when the person was an active  
7 firefighter, provided that, upon applying for a permanent  
8 pension, and in accordance with the rules of the board the  
9 firefighter pays into the Fund ~~fund~~ the amount that would  
10 have been contributed had he or she been a regular  
11 contributor during such period of service, if and to the  
12 extent that the municipality which the firefighter served  
13 made no such contributions in his or her behalf. The total  
14 amount of such creditable service shall not exceed 5 years,  
15 except that any firefighter who on July 1, 1973 had more  
16 than 5 years of such creditable service shall receive the  
17 total amount thereof as of that date.

18 (1.5) Up to 24 months of service in the military,  
19 naval, or air forces of the United States that was served  
20 prior to employment by a municipality or fire protection  
21 district as a firefighter. To receive the credit for the  
22 military service prior to the employment as a firefighter,  
23 the firefighter must apply in writing to the Fund ~~fund~~ and  
24 must make contributions to the Fund ~~fund~~ equal to (i) the  
25 employee contributions that would have been required had  
26 the service been rendered as a member, plus (ii) an amount

1 determined by the Fund fund to be equal to the employer's  
2 normal cost of the benefits accrued for that military  
3 service, plus (iii) interest at the prescribed rate  
4 ~~actuarially assumed rate provided by the Department of~~  
5 ~~Financial and Professional Regulation~~, compounded annually  
6 from the first date of membership in the Fund fund to the  
7 date of payment on items (i) and (ii). The changes to this  
8 paragraph (1.5) made by Public Act 95-1056 ~~this amendatory~~  
9 ~~Act of the 95th General Assembly~~ apply only to  
10 participating employees in service on or after April 10,  
11 2009 (its effective date).

12 (2) Service prior to July 1, 1976 by a firefighter  
13 initially excluded from participation by reason of age who  
14 elected to participate and paid the required contributions  
15 for such service.

16 (3) Up to 8 years of service by a firefighter as an  
17 officer in a statewide firefighters' association when he is  
18 on a leave of absence from a municipality's payroll,  
19 provided that (i) the firefighter has at least 10 years of  
20 creditable service as an active firefighter, (ii) the  
21 firefighter contributes to the Fund fund the amount that he  
22 would have contributed had he remained an active member of  
23 the Fund fund, (iii) the employee or statewide firefighter  
24 association contributes to the Fund fund an amount equal to  
25 the employer's required contribution as determined by the  
26 board, and (iv) for all leaves of absence under this

1 subdivision (3), including those beginning before January  
2 5, 2012 (the effective date of Public Act 97-651) ~~this~~  
3 ~~amendatory Act of the 97th General Assembly~~, the  
4 firefighter continues to remain in sworn status, subject to  
5 the professional standards of the public employer or those  
6 terms established in statute.

7 (4) Time spent as an on-call fireman for a  
8 municipality, calculated at the rate of one year of  
9 creditable service for each 5 years of time spent as an  
10 on-call fireman, provided that (i) the firefighter has at  
11 least 18 years of creditable service as an active  
12 firefighter, (ii) the firefighter spent at least 14 years  
13 as an on-call firefighter for the municipality, (iii) the  
14 firefighter applies for such creditable service within 30  
15 days after August 23, 1989 (the effective date of Public  
16 Act 86-273) ~~this amendatory Act of 1989~~, (iv) the  
17 firefighter contributes to the Fund an amount representing  
18 employee contributions for the number of years of  
19 creditable service granted under this subdivision (4),  
20 based on the salary and contribution rate in effect for the  
21 firefighter at the date of entry into the Fund, to be  
22 determined by the board, and (v) not more than 3 years of  
23 creditable service may be granted under this subdivision  
24 (4).

25 Except as provided in Section 4-108.5, creditable  
26 service shall not include time spent as a volunteer



1 firefighter, whether or not any compensation was received  
2 therefor. The change made in this Section by Public Act  
3 83-0463 is intended to be a restatement and clarification  
4 of existing law, and does not imply that creditable service  
5 was previously allowed under this Article for time spent as  
6 a volunteer firefighter.

7 (5) Time served between July 1, 1976 and July 1, 1988  
8 in the position of protective inspection officer or  
9 administrative assistant for fire services, for a  
10 municipality with a population under 10,000 that is located  
11 in a county with a population over 3,000,000 and that  
12 maintains a firefighters' pension fund under this Article,  
13 if the position included firefighting duties,  
14 notwithstanding that the person may not have held an  
15 appointment as a firefighter, provided that application is  
16 made to the pension fund within 30 days after November 19,  
17 1991 (the effective date of Public Act 87-794) ~~this~~  
18 ~~amendatory Act of 1991,~~ and the corresponding  
19 contributions are paid for the number of years of service  
20 granted, based upon the salary and contribution rate in  
21 effect for the firefighter at the date of entry into the  
22 pension fund, as determined by the Board.

23 (6) Service before becoming a participant by a  
24 firefighter initially excluded from participation by  
25 reason of age who becomes a participant under the amendment  
26 to Section 4-107 made by Public Act 87-1265 ~~this amendatory~~

1 ~~Act of 1993~~ and pays the required contributions for such  
2 service.

3 (7) Up to 3 years of time during which the firefighter  
4 receives a disability pension under Section 4-110,  
5 4-110.1, or 4-111, provided that (i) the firefighter  
6 returns to active service after the disability for a period  
7 at least equal to the period for which credit is to be  
8 established and (ii) the firefighter makes contributions  
9 to the Fund ~~fund~~ based on the rates specified in Section  
10 4-118.1 and the salary upon which the disability pension is  
11 based. These contributions may be paid at any time prior to  
12 the commencement of a retirement pension. The firefighter  
13 may, but need not, elect to have the contributions deducted  
14 from the disability pension or to pay them in installments  
15 on a schedule approved by the board. If not deducted from  
16 the disability pension, the contributions shall include  
17 interest at the rate of 6% per year, compounded annually,  
18 from the date for which service credit is being established  
19 to the date of payment. If contributions are paid under  
20 this subdivision (c)(7) in excess of those needed to  
21 establish the credit, the excess shall be refunded. This  
22 subdivision (c)(7) applies to persons receiving a  
23 disability pension under Section 4-110, 4-110.1, or 4-111  
24 on the effective date of this amendatory Act of the 91st  
25 General Assembly, as well as persons who begin to receive  
26 such a disability pension after that date.

1           (8) Up to 6 years of service as a police officer and  
2           participant in an Article 3 police pension fund  
3           administered by the unit of local government that employs  
4           the firefighter under this Article, provided that the  
5           service has been transferred to, and the required payment  
6           received by, the Article 4 fund in accordance with Section  
7           3-110.12 of this Code.

8           (Source: P.A. 100-544, eff. 11-8-17.)

9           (40 ILCS 5/4-108.1) (from Ch. 108 1/2, par. 4-108.1)  
10          Sec. 4-108.1. Transfer of creditable service to General  
11          Assembly Retirement System.

12          (a) Any active member of the General Assembly Retirement  
13          System may apply for transfer of credits and creditable service  
14          accumulated ~~in any firefighter's pension fund~~ under this  
15          Article to the General Assembly Retirement System. Such  
16          transfer shall be made forthwith. Payment by the Downstate  
17          Firefighters Pension Fund ~~firefighters' pension fund~~ to the  
18          General Assembly Retirement System shall be made at the same  
19          time and shall consist of:

20               (1) the amounts credited to the applicant through  
21               employee contributions; and

22               (2) municipality contributions equal to the  
23               accumulated employee contributions as determined under (1)  
24               above.

25          Participation in the Downstate Firefighters Pension Fund

1 ~~firefighters' pension fund~~ shall terminate on the date of  
2 transfer.

3 (b) An active member of the General Assembly may reinstate  
4 service and creditable service terminated upon receipt of a  
5 refund, by payment to the Downstate Firefighters Pension Fund  
6 ~~firefighters' pension fund~~ of the amount of the refund with  
7 interest thereon at the rate of 6% per year to the date of  
8 payment.

9 (c) Transactions under this Section taking place on or  
10 after the consolidation date shall be credited or charged to  
11 the appropriate municipal accounts and reserves, as directed by  
12 the Board of the Fund.

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

14 (40 ILCS 5/4-108.2) (from Ch. 108 1/2, par. 4-108.2)  
15 Sec. 4-108.2. Transfer of creditable service to Article 8,  
16 9 or 13 fund.

17 (a) Any city officer as defined in Section 8-243.2 of this  
18 Code, any county officer elected by vote of the people who is a  
19 participant in a pension fund established under Article 9 of  
20 this Code, and any elected sanitary district commissioner who  
21 is a participant in a pension fund established under Article 13  
22 of this Code, may apply for transfer of his credits and  
23 creditable service accumulated in the Downstate Firefighters  
24 Pension Fund ~~any firefighters' pension fund established under~~  
25 ~~this Article~~ to such Article 8, 9 or 13 fund. Such transfer

1 shall be made forthwith. Payment by the Downstate Firefighters  
2 Pension Fund ~~firefighters' pension fund~~ to the Article 8, 9 or  
3 13 fund shall be made at the same time and shall consist of:

4 (1) the amounts credited to the applicant through  
5 employee contributions; and

6 (2) municipality contributions equal to the  
7 accumulated employee contributions as determined under (1)  
8 above.

9 Participation in the Downstate Firefighters Pension Fund  
10 ~~firefighters' pension fund~~ shall terminate on the date of  
11 transfer.

12 (b) Any such elected city officer, county officer or  
13 sanitary district commissioner may reinstate credits and  
14 creditable service terminated upon receipt of a refund, by  
15 payment to the Downstate Firefighters Pension Fund  
16 ~~firefighters' pension fund~~ of the amount of the refund with  
17 interest thereon at the rate of 6% per year, compounded  
18 annually from the date of refund to the date of payment.

19 (c) Transactions under this Section taking place on or  
20 after the consolidation date shall be credited or charged to  
21 the appropriate municipal accounts and reserves, as directed by  
22 the Board of the Fund.

23 (Source: P.A. 85-964; 86-1488.)

24 (40 ILCS 5/4-108.4)

25 Sec. 4-108.4. Transfer of creditable service from Article 7

1 fund.

2 (a) Any firefighter who was excluded from participation in  
3 an Article 4 fund because the firefighter earned credit for  
4 that service under Article 7 of this Code and who is a  
5 participant in the Illinois Municipal Retirement Fund may  
6 become an active participant in the Downstate Firefighters  
7 Pension Fund ~~that~~ firefighter pension fund by making a written  
8 application to the Board. Persons so applying shall begin  
9 participation on the first day of the month following the month  
10 in which the application is received by the Board. An employee  
11 who makes application for participation shall not be deemed  
12 ineligible to participate in the Downstate Firefighters  
13 Pension Fund ~~firefighter pension fund~~ by reason of having  
14 failed to apply within the 3-month period specified in  
15 subsection (b) of Section 4-107.

16 (b) A firefighter who was excluded from participation in an  
17 Article 4 fund because the firefighter earned credit for that  
18 service under Article 7 of this Code and who is a participant  
19 in the Illinois Municipal Retirement Fund may also elect to  
20 establish creditable service for those periods of employment as  
21 a firefighter during which he or she was excluded from  
22 participation in an Article 4 fund by paying into the Downstate  
23 Firefighters Pension Fund ~~fund~~ the amount that the person would  
24 have contributed had deductions from salary been made for this  
25 purpose at the time the service was rendered, together with  
26 interest thereon at 6% per annum, compounded annually, from the

1 time the service was rendered until the date of payment, less  
2 any amounts transferred from the Illinois Municipal Retirement  
3 Fund under Section 7-139.10.

4 (c) In no event shall pension credit for the same service  
5 rendered by an employee be accredited in more than one pension  
6 fund or retirement system under this Code. The consolidation of  
7 a former firefighters' pension fund under this Article into the  
8 Downstate Firefighters Pension Fund shall not be construed as  
9 resulting in service rendered by an employee being accredited  
10 in more than one pension fund.

11 If an employee applies for service credit under subsection  
12 (b), then any creditable service time accumulated in the  
13 Illinois Municipal Retirement Fund for the same period must be  
14 transferred to the Fund ~~Article 4 fund~~ under Section 7-139.10.

15 (d) Service credit established under this Section before  
16 the consolidation date shall be deemed to be service credit  
17 under the Downstate Firefighters Pension Fund and shall be  
18 credited or charged to the appropriate municipal accounts and  
19 reserves, as directed by the Board of the Fund.

20 (Source: P.A. 93-689, eff. 7-1-04.)

21 (40 ILCS 5/4-108.5)

22 Sec. 4-108.5. Service for providing certain fire  
23 protection services.

24 (a) A firefighter for a participating municipality who was  
25 employed as an active firefighter providing fire protection for

1 a village or incorporated town with a population of greater  
2 than 10,000 but less than 11,000 located in a county with a  
3 population of greater than 600,000 and less than 700,000, as  
4 estimated by the United States Census on July 1, 2004, may  
5 elect to establish creditable service for periods of that  
6 employment in which the firefighter provided fire protection  
7 services for the participating municipality if, by May 1, 2007,  
8 the firefighter (i) makes written application to the Board and  
9 (ii) pays into the pension fund the amount that the person  
10 would have contributed had deductions from salary been made for  
11 this purpose at the time the service was rendered, plus  
12 interest thereon at 6% per annum compounded annually from the  
13 time the service was rendered until the date of payment.

14 (b) Time spent providing fire protection on a part-time  
15 basis for a village or incorporated town with a population of  
16 greater than 10,000 but less than 11,000 located in a county  
17 with a population of greater than 600,000 and less than  
18 700,000, as estimated by the United States Census on July 1,  
19 2004, shall be calculated at the rate of one year of creditable  
20 service for each 5 years of time spent providing such fire  
21 protection, if the firefighter (i) has at least 5 years of  
22 creditable service as an active firefighter, (ii) has at least  
23 5 years of such service with a qualifying village or  
24 incorporated town, (iii) applies for the creditable service  
25 within 30 days after June 15, 2006 (the effective date of  
26 Public Act 94-856) ~~this amendatory Act of the 94th General~~



1 ~~Assembly~~, and (iv) contributes to the Fund an amount  
2 representing employee contributions for the number of years of  
3 creditable service granted under this subsection (b) based on  
4 the salary and contribution rate in effect for the firefighter  
5 at the date of entry into the fund, as determined by the Board.  
6 The amount of creditable service granted under this subsection  
7 (b) may not exceed 3 years.

8 (c) This subsection applies only to a person who was first  
9 employed by a municipality in 2008 to provide fire protection  
10 services on a full-time basis as a firefighter or fire chief,  
11 but was prevented from participating in a pension fund under  
12 this Article until 2015 by reason of the employing  
13 municipality's delay in establishing a pension fund as required  
14 under this Article. Such a person may elect to establish  
15 creditable service for periods of such employment by that  
16 municipality during which he or she did not participate, by  
17 applying to the board in writing and paying to the pension fund  
18 the employee contributions that he or she would have made had  
19 deductions from salary been made for employee contributions at  
20 the time the service was rendered, together with interest  
21 thereon at the rate of 6% per annum, compounded annually, from  
22 the time the service was rendered to the date of payment;  
23 except that the granting of such creditable service is  
24 contingent upon the consent of the governing body of the  
25 municipality and payment to the pension fund by the  
26 municipality of the corresponding employer contributions, plus

1 interest.

2 For the purposes of Sections 4-109, 4-109.1, and 4-114, and  
3 notwithstanding any other provision of this Article, for a  
4 person who establishes creditable service under this  
5 subsection (c), the date upon which the person first became a  
6 participating firefighter under this Article shall be deemed to  
7 be no later than the first day of employment for which such  
8 creditable service has been granted.

9 (d) Service credit established under this Section before  
10 the consolidation date shall be deemed to be service credit  
11 under the Downstate Firefighters Pension Fund and shall be  
12 credited or charged to the appropriate municipal accounts and  
13 reserves, as directed by the Board of the Fund.

14 The consolidation of a former firefighters' pension fund  
15 under this Article into the Downstate Firefighters Pension Fund  
16 shall not be construed as resulting in service rendered by an  
17 employee being accredited in more than one pension fund.

18 (Source: P.A. 100-539, eff. 11-7-17.)

19 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

20 Sec. 4-109. Pension.

21 (a) A firefighter age 50 or more with 20 or more years of  
22 creditable service, who is no longer in service as a  
23 firefighter in any participating municipality (except as  
24 otherwise allowed under Section 4-109.3 or 4-117), shall  
25 receive a monthly pension of 1/2 the monthly salary attached to

1 the rank held by him or her in the fire service at the date of  
2 retirement.

3 The monthly pension shall be increased by 1/12 of 2.5% of  
4 such monthly salary for each additional month over 20 years of  
5 service through 30 years of service, to a maximum of 75% of  
6 such monthly salary.

7 The changes made to this subsection (a) by Public Act  
8 91-466 ~~this amendatory Act of the 91st General Assembly~~ apply  
9 to all pensions that become payable under this subsection on or  
10 after January 1, 1999. All pensions payable under this  
11 subsection that began on or after January 1, 1999 and before  
12 August 6, 1999 (the effective date of Public Act 91-466) ~~this~~  
13 ~~amendatory Act~~ shall be recalculated, and the amount of the  
14 increase accruing for that period shall be payable to the  
15 pensioner in a lump sum.

16 (b) A firefighter who retires or is separated from service  
17 having at least 10 but less than 20 years of creditable  
18 service, who is not entitled to receive a disability pension,  
19 and who did not apply for a refund of contributions at his or  
20 her last separation from service shall receive a monthly  
21 pension upon attainment of age 60 based on the monthly salary  
22 attached to his or her rank in the fire service on the date of  
23 retirement or separation from service according to the  
24 following schedule:

25 For 10 years of service, 15% of salary;

26 For 11 years of service, 17.6% of salary;

1 For 12 years of service, 20.4% of salary;

2 For 13 years of service, 23.4% of salary;

3 For 14 years of service, 26.6% of salary;

4 For 15 years of service, 30% of salary;

5 For 16 years of service, 33.6% of salary;

6 For 17 years of service, 37.4% of salary;

7 For 18 years of service, 41.4% of salary;

8 For 19 years of service, 45.6% of salary.

9 (c) Notwithstanding any other provision of this Article,  
10 the provisions of this subsection (c) apply to a person who  
11 first becomes a firefighter under this Article on or after  
12 January 1, 2011.

13 A firefighter age 55 or more who has 10 or more years of  
14 service in that capacity shall be entitled at his option to  
15 receive a monthly pension for his service as a firefighter  
16 computed by multiplying 2.5% for each year of such service by  
17 his or her final average salary.

18 The pension of a firefighter who is retiring after  
19 attaining age 50 with 10 or more years of creditable service  
20 shall be reduced by one-half of 1% for each month that the  
21 firefighter's age is under age 55.

22 The maximum pension under this subsection (c) shall be 75%  
23 of final average salary.

24 For the purposes of this subsection (c), "final average  
25 salary" means the average monthly salary obtained by dividing  
26 the total salary of the firefighter during the 96 consecutive

1 months of service within the last 120 months of service in  
2 which the total salary was the highest by the number of months  
3 of service in that period.

4 Beginning on January 1, 2011, for all purposes under this  
5 Code (including without limitation the calculation of benefits  
6 and employee contributions), the annual salary based on the  
7 plan year of a member or participant to whom this Section  
8 applies shall not exceed \$106,800; however, that amount shall  
9 annually thereafter be increased by the lesser of (i) 3% of  
10 that amount, including all previous adjustments, or (ii)  
11 one-half the annual unadjusted percentage increase (but not  
12 less than zero) in the consumer price index-u for the 12 months  
13 ending with the September preceding each November 1, including  
14 all previous adjustments.

15 (Source: P.A. 96-1495, eff. 1-1-11.)

16 (40 ILCS 5/4-109.3)

17 Sec. 4-109.3. Firefighters with ~~Employee~~ creditable  
18 service under more than one participating municipality, who is  
19 not in service on or after January 1, 2021.

20 (a) This Section applies only to firefighters with  
21 creditable service earned under more than one participating  
22 municipality who are not in service under this Article on or  
23 after January 1, 2021 (the consolidation date); and as  
24 otherwise provided in subsection (j) of this Section for  
25 certain persons subject to this Section before the effective

1 date of this amendatory Act of the 100th General Assembly.

2 As used in this Section:

3 "Final monthly salary" means the monthly salary attached to  
4 the rank held by the firefighter at the time of his or her last  
5 withdrawal from service under a particular pension fund.

6 "Last pension fund" means the pension fund under this  
7 Article in which the firefighter was participating at the time  
8 of his or her last withdrawal from service.

9 (b) Subject to the limitation in subsection (a), the ~~The~~  
10 benefits provided under this Section are available only to a  
11 firefighter who:

12 (1) is a firefighter at the time of withdrawal from the  
13 last pension fund and for at least the final 3 years of  
14 employment prior to that withdrawal;

15 (2) has established service credit with at least one  
16 pension fund established under this Article other than the  
17 last pension fund;

18 (3) has a total of at least 20 years of service under  
19 the various pension funds established under this Article  
20 and has attained age 50; and

21 (4) is in service on or after July 1, 2004 (the  
22 effective date of Public Act 93-689) but not on or after  
23 January 1, 2021 (the consolidation date), except as  
24 otherwise provided in subsection (j) of this Section for  
25 certain persons previously subject to this Section ~~this~~  
26 ~~amendatory Act of the 93rd General Assembly.~~

1       (b-5) Beginning January 1, 2021 (the consolidation date),  
2       in the case of a firefighter who is receiving or is entitled to  
3       receive retirement pensions under this Section from more than  
4       one pension fund under this Article, those separate pensions  
5       shall instead be payable, in the same amounts, as separate  
6       pensions from the Downstate Firefighters Pension Fund, to be  
7       paid by the appropriate benefit boards acting as payment agents  
8       of the Fund and charged to the appropriate municipal accounts  
9       and reserves.

10       (b-10) In the event that the consolidation of pension funds  
11       under this Article or the changes to this Section made by this  
12       amendatory Act of the 100th General Assembly would create a  
13       benefit impairment for a person to whom this Section applies,  
14       the Board of the Fund shall allow the affected firefighter or  
15       survivor to elect to receive instead a benefit equal to the  
16       best benefit for which he or she would qualify under the  
17       provisions of this Article in effect at any time during the  
18       firefighter's active service prior to the consolidation date.

19       (b-15) For the purposes of Section 1-103.1, the changes to  
20       this Section made by this amendatory Act of the 100th General  
21       Assembly are not limited to firefighters in service on or after  
22       the effective date of this amendatory Act of the 100th General  
23       Assembly.

24       (c) Except as provided in subsections (b-5) and (b-10), a A  
25       firefighter who is eligible for benefits under this Section may  
26       elect to receive a retirement pension from each pension fund

1 under this Article in which the firefighter has at least one  
2 year of service credit but has not received a refund under  
3 Section 4-116 (unless the firefighter repays that refund under  
4 subsection (g)) or subsection (c) of Section 4-118.1, by  
5 applying in writing and paying the contribution required under  
6 subsection (i).

7 Notwithstanding the other provisions of this subsection,  
8 beginning January 1, 2021, no additional contributions shall be  
9 required or paid under this subsection (c).

10 (d) Except as provided in subsections (b-5) and (b-10),  
11 from ~~From~~ each such pension fund other than the last pension  
12 fund, in lieu of any retirement pension otherwise payable under  
13 this Article, a firefighter to whom this Section applies may  
14 elect to receive a monthly pension of 1/12th of 2.5% of his or  
15 her final monthly salary under that fund for each month of  
16 service in that fund, subject to a maximum of 75% of that final  
17 monthly salary.

18 (e) Except as provided in subsections (b-5) and (b-10),  
19 from ~~From~~ the last pension fund, in lieu of any retirement  
20 pension otherwise payable under this Article, a firefighter to  
21 whom this Section applies may elect to receive a monthly  
22 pension calculated as follows:

23 The last pension fund shall calculate the retirement  
24 pension that would be payable to the firefighter under  
25 subsection (a) of Section 4-109 as if he or she had  
26 participated in that last pension fund during his or her entire



1 period of service under all pension funds established under  
2 this Article (excluding any period of service for which the  
3 firefighter has received a refund under Section 4-116, unless  
4 the firefighter repays that refund under subsection (g), or for  
5 which the firefighter has received a refund under subsection  
6 (c) of Section 4-118.1). From this hypothetical pension there  
7 shall be subtracted the original amounts of the retirement  
8 pensions payable to the firefighter by all other pension funds  
9 under subsection (d). The remainder is the retirement pension  
10 payable to the firefighter by the last pension fund under this  
11 subsection (e).

12 (f) Pensions elected under this Section shall be subject to  
13 increases as provided in subsection (d) of Section 4-109.1.

14 (g) A current firefighter may reinstate creditable service  
15 in a pension fund established under this Article that was  
16 terminated upon receipt of a refund, by payment to the Fund  
17 ~~that pension fund~~ of the amount of the refund together with  
18 interest thereon at the rate of 6% per year, compounded  
19 annually, from the date of the refund to the date of payment. A  
20 repayment of a refund under this Section may be made in equal  
21 installments over a period of up to 10 years, but must be paid  
22 in full prior to retirement.

23 (h) As a condition of being eligible for the benefits  
24 provided in this Section, a person who is hired to a position  
25 as a firefighter on or after July 1, 2004 but before January 1,  
26 2021 must, within 21 months after being hired, notify the new

1 employer, all of his or her previous employers under this  
2 Article, and the Public Pension Division of the Department  
3 ~~Division~~ of Insurance ~~of the Department of Financial and~~  
4 ~~Professional Regulation~~ of his or her intent to receive the  
5 benefits provided under this Section.

6 (i) In order to receive a pension under this Section or an  
7 occupational disease disability pension for which he or she  
8 becomes eligible due to the application of subsection (m) of  
9 this Section, a firefighter must pay to each pension fund from  
10 which he or she has elected to receive a pension under this  
11 Section a contribution equal to 1% of monthly salary for each  
12 month of service credit that the firefighter has in that fund  
13 (other than service credit for which the firefighter has  
14 already paid the additional contribution required under  
15 subsection (c) of Section 4-118.1), together with interest  
16 thereon at the rate of 6% per annum, compounded annually, from  
17 the firefighter's first day of employment with that fund or the  
18 first day of the fiscal year of that fund that immediately  
19 precedes the firefighter's first day of employment with that  
20 fund, whichever is earlier.

21 In order for a firefighter who, as of March 11, 2005 (the  
22 effective date of Public Act 93-1090) ~~this amendatory Act of~~  
23 ~~the 93rd General Assembly~~, has not begun to receive a pension  
24 under this Section or an occupational disease disability  
25 pension under subsection (m) of this Section and who has  
26 contributed 1/12th of 1% of monthly salary for each month of

1 service credit that the firefighter has in that fund (other  
2 than service credit for which the firefighter has already paid  
3 the additional contribution required under subsection (c) of  
4 Section 4-118.1), together with the required interest thereon,  
5 to receive a pension under this Section or an occupational  
6 disease disability pension for which he or she becomes eligible  
7 due to the application of subsection (m) of this Section, the  
8 firefighter must, within one year after March 11, 2005 ~~the~~  
9 ~~effective date of this amendatory Act of the 93rd General~~  
10 ~~Assembly~~, make an additional contribution equal to 11/12ths of  
11 1% of monthly salary for each month of service credit that the  
12 firefighter has in that fund (other than service credit for  
13 which the firefighter has already paid the additional  
14 contribution required under subsection (c) of Section  
15 4-118.1), together with interest thereon at the rate of 6% per  
16 annum, compounded annually, from the firefighter's first day of  
17 employment with that fund or the first day of the fiscal year  
18 of that fund that immediately precedes the firefighter's first  
19 day of employment with the fund, whichever is earlier.

20 A firefighter who, as of March 11, 2005 (the effective date  
21 of Public Act 93-1090) ~~this amendatory Act of the 93rd General~~  
22 ~~Assembly~~, has not begun to receive a pension under this Section  
23 or an occupational disease disability pension under subsection  
24 (m) of this Section and who has contributed 1/12th of 1% of  
25 monthly salary for each month of service credit that the  
26 firefighter has in that fund (other than service credit for

1 which the firefighter has already paid the additional  
2 contribution required under subsection (c) of Section  
3 4-118.1), together with the required interest thereon, in order  
4 to receive a pension under this Section or an occupational  
5 disease disability pension under subsection (m) of this  
6 Section, may elect, within one year after March 11, 2005, (the  
7 effective date of Public Act 93-1090) ~~this amendatory Act of~~  
8 ~~the 93rd General Assembly~~ to forfeit the benefits provided  
9 under this Section and receive a refund of that contribution.

10 Notwithstanding the other provisions of this subsection,  
11 beginning January 1, 2021, no additional contributions shall be  
12 required or paid under this subsection (i).

13 (j) A retired firefighter subject to this Section who is  
14 receiving pension payments under Section 4-109 may reenter  
15 active service under this Article. Subject to the provisions of  
16 Section 4-117, the firefighter may receive credit for service  
17 performed after the reentry if the firefighter (1) applies to  
18 receive credit for that service, (2) suspends his or her  
19 pensions under this Section, and (3) makes the contributions  
20 required under subsection (i) with respect to service before  
21 the consolidation date.

22 In the case of a retired firefighter who (1) has received  
23 pension payments under this Section, (2) reenters active  
24 service under this Article as provided in this subsection, (3)  
25 is in service on or after the consolidation date, and (4)  
26 receives service credit for additional service, the additional

1 pension benefits resulting from that additional service credit  
2 shall be determined, granted, and paid by the affected benefit  
3 boards as an adjustment to the pensions provided under this  
4 Section, rather than as a benefit to be determined, granted,  
5 and paid under Section 4-109.4, notwithstanding that the  
6 firefighter was in active service on or after the consolidation  
7 date. If the additional service credit was earned under a  
8 participating municipality other than the last employer, the  
9 adjustment shall include a change in last employer as of the  
10 effective date of the adjustment and a recalculation of the  
11 benefit thereafter attributable to the previous last employer,  
12 but shall not affect any benefits paid under this Section prior  
13 to the effective date of the adjustment.

14 (k) A firefighter who is newly hired or promoted to a  
15 position as a firefighter shall not be denied participation in  
16 a fund under this Article based on his or her age.

17 (l) Subject to the limitations in subsection (b-5), if ~~if~~ a  
18 firefighter who elects to make contributions under subsection  
19 (c) of Section 4-118.1 for the pension benefits provided under  
20 this Section becomes entitled to a disability pension under  
21 Section 4-110 before January 1, 2021 (the consolidation date),  
22 the last pension fund is responsible to pay that disability  
23 pension and the amount of that disability pension shall be  
24 based only on the firefighter's service with the last pension  
25 fund.

26 (m) Notwithstanding any provision in Section 4-110.1 to the

1 contrary, but subject to the limitations in subsection (a), if  
2 a firefighter who elects to make contributions under subsection  
3 (c) of Section 4-118.1 for the pension benefits provided under  
4 this Section becomes entitled to an occupational disease  
5 disability pension under Section 4-110.1 before January 1, 2021  
6 (the consolidation date), each pension fund to which the  
7 firefighter has made contributions under subsection (c) of  
8 Section 4-118.1 must pay a portion of that occupational disease  
9 disability pension equal to the proportion that the  
10 firefighter's service credit with that pension fund for which  
11 the contributions under subsection (c) of Section 4-118.1 have  
12 been made bears to the firefighter's total service credit with  
13 all of the pension funds for which the contributions under  
14 subsection (c) of Section 4-118.1 have been made. A firefighter  
15 who has made contributions under subsection (c) of Section  
16 4-118.1 for at least 5 years of creditable service shall be  
17 deemed to have met the 5-year creditable service requirement  
18 under Section 4-110.1, regardless of whether the firefighter  
19 has 5 years of creditable service with the last pension fund.

20 (n) Subject to the limitation in subsection (a), if ~~if~~ a  
21 firefighter who elects to make contributions under subsection  
22 (c) of Section 4-118.1 for the pension benefits provided under  
23 this Section becomes entitled to a disability pension under  
24 Section 4-111 before January 1, 2021 (the consolidation date),  
25 the last pension fund is responsible to pay that disability  
26 pension, provided that the firefighter has at least 7 years of

1 creditable service with the last pension fund. In the event a  
2 firefighter began employment with a new employer as a result of  
3 an intergovernmental agreement that resulted in the  
4 elimination of the previous employer's fire department, the  
5 firefighter shall not be required to have 7 years of creditable  
6 service with the last pension fund to qualify for a disability  
7 pension under Section 4-111. Under this circumstance, a  
8 firefighter shall be required to have 7 years of total combined  
9 creditable service time to qualify for a disability pension  
10 under Section 4-111. The disability pension received pursuant  
11 to this Section shall be paid by the previous employer and new  
12 employer in proportion to the firefighter's years of service  
13 with each employer.

14 (Source: P.A. 95-1032, eff. 2-17-09; 95-1036, eff. 2-17-09.)

15 (40 ILCS 5/4-109.4 new)

16 Sec. 4-109.4. Employee with service under more than one  
17 participating municipality, who is in service on or after  
18 January 1, 2021.

19 (a) This Section applies only to firefighters with  
20 creditable service earned under more than one participating  
21 municipality who are in service under this Article on or after  
22 January 1, 2021 (the consolidation date) and to the survivors  
23 of such firefighters.

24 (b) Except as otherwise provided in this Section, the  
25 calculation of benefits under this Article that first become

1 payable on or after January 1, 2021 to a firefighter to whom  
2 this Section applies, or to a survivor of such a firefighter,  
3 shall include all of the firefighter's creditable service and  
4 salary credits under the Downstate Firefighters Pension Fund as  
5 though arising under that single Fund, even though they  
6 originally resulted from service under more than one  
7 municipality or more than one Article 4 pension fund. The Board  
8 shall, however, consider those municipalities and pension  
9 funds separately in determining how benefits will be chargeable  
10 to the appropriate municipal accounts and reserves.

11 (c) In the case of a benefit to which subsection (b)  
12 applies:

13 (1) the benefit board of each affected municipality  
14 shall be responsible for certifying to the Board of the  
15 Fund the relevant service credit, payroll, and employee  
16 contribution data arising under that municipality;

17 (2) the benefit shall be determined, granted, and paid  
18 directly by the Board of Trustees, rather than by the  
19 benefit boards of the affected municipalities acting as  
20 agents of the Fund; and

21 (3) the cost of the benefit shall be attributed  
22 proportionally to the separate reserves and accounts of the  
23 appropriate municipalities in a manner to be determined by  
24 the Board.

25 (d) In the case of a retired firefighter who (i) has  
26 received pension payments under Section 4-109.3, (ii)



1 re-enters active service under this Article as provided in  
2 subsection (j) of that Section, (iii) receives service credit  
3 for additional service, and (iv) is in service on or after the  
4 consolidation date, the additional pension benefits resulting  
5 from that additional service credit (and increase in salary, if  
6 applicable) shall be determined, granted, and paid as an  
7 adjustment to the pensions provided under Section 4-109.3,  
8 rather than as a benefit to be determined, granted, and paid  
9 under subsection (b) of this Section, notwithstanding that the  
10 firefighter was in active service on or after the consolidation  
11 date.

12 (e) In the event that subsection (b) of this Section or the  
13 consolidation of pension funds under this Article operates to  
14 create a benefit impairment for a person to whom this Section  
15 applies, the Board of the Fund shall, by rule, allow the  
16 firefighter or survivor to elect to receive instead a benefit  
17 equal to the best benefit that would be available to him or her  
18 under the provisions of this Article in effect at any time  
19 during the firefighter's active service prior to the  
20 consolidation date.

21 (40 ILCS 5/4-110) (from Ch. 108 1/2, par. 4-110)

22 Sec. 4-110. Disability pension; line pension — ~~Line~~ of  
23 duty. If a firefighter, as the result of sickness, accident or  
24 injury incurred in or resulting from the performance of an act  
25 of duty or from the cumulative effects of acts of duty, is

1 found, pursuant to Section 4-112, to be physically or mentally  
2 permanently disabled for service in the fire department, so as  
3 to render necessary his or her being placed on disability  
4 pension, the firefighter shall be entitled to a disability  
5 pension equal to the greater of (1) 65% of the monthly salary  
6 attached to the rank held by him or her in the fire department  
7 at the date he or she is removed from the municipality's fire  
8 department payroll or (2) the retirement pension that the  
9 firefighter would be eligible to receive if he or she retired  
10 (but not including any automatic annual increase in that  
11 retirement pension). A firefighter shall be considered "on  
12 duty" while on any assignment approved by the chief of the fire  
13 department, even though away from the municipality he or she  
14 serves as a firefighter, if the assignment is related to the  
15 fire protection service of the municipality.

16 Such firefighter shall also be entitled to a child's  
17 disability benefit of \$20 a month on account of each unmarried  
18 child less than 18 years of age and dependent upon the  
19 firefighter for support, either the issue of the firefighter or  
20 legally adopted by him or her. The total amount of child's  
21 disability benefit payable to the firefighter, when added to  
22 his or her disability pension, shall not exceed 75% of the  
23 amount of salary which the firefighter was receiving at the  
24 date of retirement.

25 Benefits payable on account of a child under this Section  
26 shall not be reduced or terminated by reason of the child's

1 attainment of age 18 if he or she is then dependent by reason  
2 of a physical or mental disability but shall continue to be  
3 paid as long as such dependency continues. Individuals over the  
4 age of 18 and adjudged to be disabled persons pursuant to  
5 Article XIa of the Probate Act of 1975, except for persons  
6 receiving benefits under Article III of the Illinois Public Aid  
7 Code, shall be eligible to receive benefits under this Act.

8 If a firefighter dies while still disabled and receiving a  
9 disability pension under this Section, the disability pension  
10 shall continue to be paid to the firefighter's survivors in the  
11 sequence provided in Section 4-114. A pension previously  
12 granted under Section 4-114 to a survivor of a firefighter who  
13 died while receiving a disability pension under this Section  
14 shall be deemed to be a continuation of the pension provided  
15 under this Section and shall be deemed to be in the nature of  
16 worker's compensation payments. The changes to this Section  
17 made by Public Acts 89-136 and 89-168 ~~this amendatory Act of~~  
18 ~~1995~~ are intended to be retroactive and are not limited to  
19 persons in service on or after their ~~its~~ effective dates ~~date~~.

20 (Source: P.A. 93-1090, eff. 3-11-05.)

21 (40 ILCS 5/4-110.1) (from Ch. 108 1/2, par. 4-110.1)

22 Sec. 4-110.1. Occupational disease disability pension.  
23 The General Assembly finds that service in the fire department  
24 requires firefighters in times of stress and danger to perform  
25 unusual tasks; that firefighters are subject to exposure to

1 extreme heat or extreme cold in certain seasons while  
2 performing their duties; that they are required to work in the  
3 midst of and are subject to heavy smoke fumes, and  
4 carcinogenic, poisonous, toxic or chemical gases from fires;  
5 and that these conditions exist and arise out of or in the  
6 course of employment.

7 An active firefighter with 5 or more years of creditable  
8 service under this Article who is found, pursuant to Section  
9 4-112, unable to perform his or her duties in the fire  
10 department by reason of heart disease, stroke, tuberculosis, or  
11 any disease of the lungs or respiratory tract, resulting from  
12 service as a firefighter, is entitled to an occupational  
13 disease disability pension during any period of such disability  
14 for which he or she has no right to receive salary.

15 Any active firefighter who has completed 5 or more years of  
16 service under this Article and is unable to perform his or her  
17 duties in the fire department by reason of a disabling cancer,  
18 which develops or manifests itself during a period while the  
19 firefighter is in the service of the fire department, shall be  
20 entitled to receive an occupational disease disability benefit  
21 during any period of such disability for which he or she does  
22 not have a right to receive salary. In order to receive this  
23 occupational disease disability benefit, (i) the type of cancer  
24 involved must be a type which may be caused by exposure to  
25 heat, radiation or a known carcinogen as defined by the  
26 International Agency for Research on Cancer and (ii) the cancer

1 must (and is rebuttably presumed to) arise as a result of  
2 service as a firefighter.

3 A firefighter who enters the service after August 27, 1971  
4 shall be examined by one or more practicing physicians  
5 appointed by the applicable benefit board. If the examination  
6 discloses impairment of the heart, lungs or respiratory tract,  
7 or the existence of any cancer, the firefighter shall not be  
8 entitled to the occupational disease disability pension unless  
9 and until a subsequent examination reveals no such impairment  
10 or cancer.

11 The occupational disease disability pension shall be equal  
12 to the greater of (1) 65% of the salary attached to the rank  
13 held by the firefighter in the fire service at the time of his  
14 or her removal from the municipality's fire department payroll  
15 or (2) the retirement pension that the firefighter would be  
16 eligible to receive if he or she retired (but not including any  
17 automatic annual increase in that retirement pension).

18 The firefighter is also entitled to a child's disability  
19 benefit of \$20 a month for each natural or legally adopted  
20 unmarried child less than age 18 dependent upon the firefighter  
21 for support. The total child's disability benefit when added to  
22 the occupational disease disability pension shall not exceed  
23 75% of the firefighter's salary at the time of the grant of  
24 occupational disease disability pension.

25 The occupational disease disability pension is payable to  
26 the firefighter during the period of the disability. If the

1 disability ceases before the death of the firefighter, the  
2 disability pension payable under this Section shall also cease  
3 and the firefighter thereafter shall receive such pension  
4 benefits as are provided in accordance with other provisions of  
5 this Article.

6 If a firefighter dies while still disabled and receiving a  
7 disability pension under this Section, the disability pension  
8 shall continue to be paid to the firefighter's survivors in the  
9 sequence provided in Section 4-114. A pension previously  
10 granted under Section 4-114 to a survivor of a firefighter who  
11 died while receiving a disability pension under this Section  
12 shall be deemed to be a continuation of the pension provided  
13 under this Section and shall be deemed to be in the nature of  
14 worker's occupational disease compensation payments. The  
15 changes to this Section made by Public Acts 89-136 and 89-168  
16 ~~this amendatory Act of 1995~~ are intended to be retroactive and  
17 are not limited to persons in service on or after their ~~its~~  
18 effective dates ~~date~~.

19 The child's disability benefit shall terminate if the  
20 disability ceases while the firefighter is alive or when the  
21 child or children attain age 18 or marry, whichever event  
22 occurs first, except that benefits payable on account of a  
23 child under this Section shall not be reduced or terminated by  
24 reason of the child's attainment of age 18 if he or she is then  
25 dependent by reason of a physical or mental disability but  
26 shall continue to be paid as long as such dependency continues.

1 Individuals over the age of 18 and adjudged as a disabled  
2 person pursuant to Article XIa of the Probate Act of 1975,  
3 except for persons receiving benefits under Article III of the  
4 Illinois Public Aid Code, shall be eligible to receive benefits  
5 under this Act.

6 (Source: P.A. 93-1090, eff. 3-11-05.)

7 (40 ILCS 5/4-111) (from Ch. 108 1/2, par. 4-111)

8 Sec. 4-111. Disability pension - Not in duty. A firefighter  
9 having at least 7 years of creditable service under this  
10 Article who becomes disabled as a result of any cause other  
11 than an act of duty, and who is found, pursuant to Section  
12 4-112, to be physically or mentally permanently disabled so as  
13 to render necessary his or her being placed on disability  
14 pension, shall be granted a disability pension of 50% of the  
15 monthly salary attached to the rank held by the firefighter in  
16 the fire service at the date he or she is removed from the  
17 municipality's fire department payroll. If a firefighter dies  
18 while still disabled and receiving a disability pension under  
19 this Section, the disability pension shall continue to be paid  
20 to the firefighter's survivors in the sequence provided in  
21 Section 4-114 if that disability pension is greater than the  
22 survivors pension provided under subsection (a) of Section  
23 4-114.

24 (Source: P.A. 93-1090, eff. 3-11-05.)

1 (40 ILCS 5/4-112) (from Ch. 108 1/2, par. 4-112)

2 Sec. 4-112. Determination of disability; restoration to  
3 active service; disability cannot constitute cause for  
4 discharge. A disability pension shall not be paid until  
5 disability has been established by the applicable benefit board  
6 by examinations of the firefighter at pension fund expense  
7 (charged to the account of the applicable municipality) by 3  
8 physicians selected by the benefit board and such other  
9 evidence as the benefit board deems necessary. The 3 physicians  
10 selected by the benefit board need not agree as to the  
11 existence of any disability or the nature and extent of a  
12 disability. Medical examination of a firefighter receiving a  
13 disability pension shall be made at least once each year prior  
14 to attainment of age 50 in order to verify continuance of  
15 disability. No examination shall be required after age 50. No  
16 physical or mental disability that constitutes, in whole or in  
17 part, the basis of an application for benefits under this  
18 Article may be used, in whole or in part, by any municipality  
19 or fire protection district employing firefighters, emergency  
20 medical technicians, or paramedics as cause for discharge.

21 Upon satisfactory proof to the benefit board that a  
22 firefighter on ~~the~~ disability pension has recovered from  
23 disability, the benefit board shall terminate the disability  
24 pension. The firefighter shall report to the marshal or chief  
25 of the fire department, who shall thereupon order immediate  
26 reinstatement into active service, and the municipality shall



1 immediately return the firefighter to its payroll, in the same  
2 rank or grade held at the date he or she was placed on  
3 disability pension. If the firefighter must file a civil action  
4 against the municipality to enforce his or her mandated return  
5 to payroll under this paragraph, then the firefighter is  
6 entitled to recovery of reasonable court costs and attorney's  
7 fees.

8 The firefighter shall be entitled to 10 days' ~~days~~ notice  
9 before any hearing or meeting of the benefit board at which the  
10 question of his or her disability is to be considered, and  
11 shall have the right to be present at any such hearing or  
12 meeting, and to be represented by counsel; however, the benefit  
13 board shall not have any obligation to provide such fireman  
14 with counsel.

15 (Source: P.A. 95-681, eff. 10-11-07.)

16 (40 ILCS 5/4-113) (from Ch. 108 1/2, par. 4-113)

17 Sec. 4-113. Disability pension option.

18 (a) A firefighter who has not completed 20 years of  
19 creditable service under this Article and is receiving a  
20 disability pension under this Article whose disability  
21 continues for a period which, when added to his or her period  
22 of active service under this Article, equals 20 years may, if  
23 age 50 or over, elect to retire from the fire service by  
24 submitting written application to the benefit board. A  
25 firefighter exercising such option shall be entitled to

1 continue to receive a retirement pension equal in amount to the  
2 disability pension he or she was entitled to as a disabled  
3 firefighter on the date he or she was removed from the  
4 municipality's payroll for disability. A firefighter electing  
5 to exercise such option shall be entitled to the automatic  
6 increase in pension provided under subsection (a) of Section  
7 4-109.1.

8 (b) A firefighter who is receiving a disability pension  
9 under this Article who has sufficient creditable service under  
10 this Article to qualify for a retirement pension and is age 50  
11 or more may elect to permanently retire from the fire service  
12 at any time by submitting written application to the benefit  
13 board. The salary to be used in the determination of such  
14 firefighter's pension shall be based on the salary attached to  
15 the rank held by the firefighter in the fire service at the  
16 date of the election to retire. All other conditions in the  
17 computation of the pension shall be based upon the provisions  
18 of Section 4-109 which were applicable to the firefighter while  
19 he or she was in active service as an employee. A firefighter  
20 electing to exercise such option shall be entitled to the  
21 automatic increase in pension provided under subsection (a) of  
22 Section 4-109.1.

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

24 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

25 Sec. 4-114. Pension to survivors. If a firefighter who is

1 not receiving a disability pension under Section 4-110 or  
2 4-110.1 dies (1) as a result of any illness or accident, or (2)  
3 from any cause while in receipt of a disability pension under  
4 this Article, or (3) during retirement after 20 years of  
5 service, or (4) while vested for or in receipt of a pension  
6 payable under subsection (b) of Section 4-109, or (5) while a  
7 deferred pensioner, having made all required contributions, a  
8 pension shall be paid to his or her survivors, based on the  
9 monthly salary attached to the firefighter's rank on the last  
10 day of service in the fire department, as follows:

11 (a) (1) To the surviving spouse, a monthly pension of  
12 40% of the monthly salary, and if there is a surviving  
13 spouse, to the guardian of any minor child or children  
14 including a child which has been conceived but not yet  
15 born, 12% of such monthly salary for each such child until  
16 attainment of age 18 or until the child's marriage,  
17 whichever occurs first. Beginning July 1, 1993, the monthly  
18 pension to the surviving spouse shall be 54% of the monthly  
19 salary for all persons receiving a surviving spouse pension  
20 under this Article, regardless of whether the deceased  
21 firefighter was in service on or after January 25, 1993  
22 (the effective date of Public Act 87-1265) ~~this amendatory~~  
23 ~~Act of 1993.~~

24 (2) Beginning July 1, 2004, unless the amount provided  
25 under paragraph (1) of this subsection (a) is greater, the  
26 total monthly pension payable under this paragraph (a),

1 including any amount payable on account of children, to the  
2 surviving spouse of a firefighter who died (i) while  
3 receiving a retirement pension, (ii) while he or she was a  
4 deferred pensioner with at least 20 years of creditable  
5 service, or (iii) while he or she was in active service  
6 having at least 20 years of creditable service, regardless  
7 of age, shall be no less than 100% of the monthly  
8 retirement pension earned by the deceased firefighter at  
9 the time of death, regardless of whether death occurs  
10 before or after attainment of age 50, including any  
11 increases under Section 4-109.1. This minimum applies to  
12 all such surviving spouses who are eligible to receive a  
13 surviving spouse pension, regardless of whether the  
14 deceased firefighter was in service on or after the  
15 effective date of Public Act 87-1265 ~~this amendatory Act of~~  
16 ~~the 93rd General Assembly~~, and notwithstanding any  
17 limitation on maximum pension under paragraph (d) or any  
18 other provision of this Article.

19 (3) If the pension paid on and after July 1, 2004 to  
20 the surviving spouse of a firefighter who died on or after  
21 July 1, 2004 and before January 25, 1993 (the effective  
22 date of Public Act 87-1265) ~~this amendatory Act of the 93rd~~  
23 ~~General Assembly~~ was less than the minimum pension payable  
24 under paragraph (1) or (2) of this subsection (a), the fund  
25 shall pay a lump sum equal to the difference within 90 days  
26 after that ~~the~~ effective date ~~of this amendatory Act of the~~

1 ~~93rd General Assembly.~~

2 The pension to the surviving spouse shall terminate in  
3 the event of the surviving spouse's remarriage prior to  
4 July 1, 1993; remarriage on or after that date does not  
5 affect the surviving spouse's pension, regardless of  
6 whether the deceased firefighter was in service on or after  
7 the effective date of Public Act 87-1265 ~~this amendatory~~  
8 ~~Act of 1993.~~

9 The surviving spouse's pension shall be subject to the  
10 minimum established in Section 4-109.2.

11 (b) Upon the death of the surviving spouse leaving one  
12 or more minor children, or upon the death of a firefighter  
13 leaving one or more minor children but no surviving spouse,  
14 to the duly appointed guardian of each such child, for  
15 support and maintenance of each such child until the child  
16 reaches age 18 or marries, whichever occurs first, a  
17 monthly pension of 20% of the monthly salary.

18 In a case where the deceased firefighter left one or  
19 more minor children but no surviving spouse and the  
20 guardian of a child is receiving a pension of 12% of the  
21 monthly salary on August 16, 2013 (the effective date of  
22 Public Act 98-391), the pension is increased by Public Act  
23 98-391 to 20% of the monthly salary for each such child,  
24 beginning on the pension payment date occurring on or next  
25 following August 16, 2013. The changes to this Section made  
26 by Public Act 98-391 apply without regard to whether the

1           deceased firefighter was in service on or after August 16,  
2           2013.

3           (c) If a deceased firefighter leaves no surviving  
4           spouse or unmarried minor children under age 18, but leaves  
5           a dependent father or mother, to each dependent parent a  
6           monthly pension of 18% of the monthly salary. To qualify  
7           for the pension, a dependent parent must furnish  
8           satisfactory proof that the deceased firefighter was at the  
9           time of his or her death the sole supporter of the parent  
10          or that the parent was the deceased's dependent for federal  
11          income tax purposes.

12          (d) The total pension provided under paragraphs (a),  
13          (b) and (c) of this Section shall not exceed 75% of the  
14          monthly salary of the deceased firefighter (1) when paid to  
15          the survivor of a firefighter who has attained 20 or more  
16          years of service credit and who receives or is eligible to  
17          receive a retirement pension under this Article, or (2)  
18          when paid to the survivor of a firefighter who dies as a  
19          result of illness or accident, or (3) when paid to the  
20          survivor of a firefighter who dies from any cause while in  
21          receipt of a disability pension under this Article, or (4)  
22          when paid to the survivor of a deferred pensioner. For all  
23          other survivors of deceased firefighters, the total  
24          pension provided under paragraphs (a), (b) and (c) of this  
25          Section shall not exceed 50% of the retirement annuity the  
26          firefighter would have received on the date of death.

1           The maximum pension limitations in this paragraph (d)  
2 do not control over any contrary provision of this Article  
3 explicitly establishing a minimum amount of pension or  
4 granting a one-time or annual increase in pension.

5           (e) If a firefighter leaves no eligible survivors under  
6 paragraphs (a), (b) and (c), the Fund, in accordance with  
7 the findings of the benefit board if applicable, shall  
8 refund to the firefighter's estate the amount of his or her  
9 accumulated contributions, less the amount of pension  
10 payments, if any, made to the firefighter while living.

11           (f) (Blank).

12           (g) If a judgment of dissolution of marriage between a  
13 firefighter and spouse is judicially set aside subsequent  
14 to the firefighter's death, the surviving spouse is  
15 eligible for the pension provided in paragraph (a) only if  
16 the judicial proceedings are filed within 2 years after the  
17 date of the dissolution of marriage and within one year  
18 after the firefighter's death and the benefit board is made  
19 a party to the proceedings. In such case the pension shall  
20 be payable only from the date of the court's order setting  
21 aside the judgment of dissolution of marriage.

22           (h) Benefits payable on account of a child under this  
23 Section shall not be reduced or terminated by reason of the  
24 child's attainment of age 18 if he or she is then dependent  
25 by reason of a physical or mental disability but shall  
26 continue to be paid as long as such dependency continues.

1 Individuals over the age of 18 and adjudged as a disabled  
2 person pursuant to Article XIa of the Probate Act of 1975,  
3 except for persons receiving benefits under Article III of  
4 the Illinois Public Aid Code, shall be eligible to receive  
5 benefits under this Act.

6 (i) Beginning January 1, 2000, the pension of the  
7 surviving spouse of a firefighter who dies on or after  
8 January 1, 1994 as a result of sickness, accident, or  
9 injury incurred in or resulting from the performance of an  
10 act of duty or from the cumulative effects of acts of duty  
11 shall not be less than 100% of the salary attached to the  
12 rank held by the deceased firefighter on the last day of  
13 service, notwithstanding subsection (d) or any other  
14 provision of this Article.

15 (j) Beginning July 1, 2004, the pension of the  
16 surviving spouse of a firefighter who dies on or after  
17 January 1, 1988 as a result of sickness, accident, or  
18 injury incurred in or resulting from the performance of an  
19 act of duty or from the cumulative effects of acts of duty  
20 shall not be less than 100% of the salary attached to the  
21 rank held by the deceased firefighter on the last day of  
22 service, notwithstanding subsection (d) or any other  
23 provision of this Article.

24 Notwithstanding any other provision of this Article, if a  
25 person who first becomes a firefighter under this Article on or  
26 after January 1, 2011 and who is not receiving a disability



1 pension under Section 4-110 or 4-110.1 dies (1) as a result of  
2 any illness or accident, (2) from any cause while in receipt of  
3 a disability pension under this Article, (3) during retirement  
4 after 20 years service, (4) while vested for or in receipt of a  
5 pension payable under subsection (b) of Section 4-109, or (5)  
6 while a deferred pensioner, having made all required  
7 contributions, then a pension shall be paid to his or her  
8 survivors in the amount of 66 2/3% of the firefighter's earned  
9 pension at the date of death. Nothing in this Section shall act  
10 to diminish the survivor's benefits described in subsection (j)  
11 of this Section.

12 Notwithstanding any other provision of this Article, the  
13 monthly pension of a survivor of a person who first becomes a  
14 firefighter under this Article on or after January 1, 2011  
15 shall be increased on the January 1 after attainment of age 60  
16 by the recipient of the survivor's pension and each January 1  
17 thereafter by 3% or one-half the annual unadjusted percentage  
18 increase in the consumer price index-u for the 12 months ending  
19 with the September preceding each November 1, whichever is  
20 less, of the originally granted survivor's pension. If the  
21 annual unadjusted percentage change in the consumer price  
22 index-u for a 12-month period ending in September is zero or,  
23 when compared with the preceding period, decreases, then the  
24 survivor's pension shall not be increased.

25 For the purposes of this Section, "consumer price index-u"  
26 means the index published by the Bureau of Labor Statistics of

1 the United States Department of Labor that measures the average  
2 change in prices of goods and services purchased by all urban  
3 consumers, United States city average, all items, 1982-84 =  
4 100. The new amount resulting from each annual adjustment shall  
5 be determined by the Public Pension Division of the Department  
6 of Insurance and made available to the Board of the Fund and  
7 the benefit boards ~~of the pension funds~~.

8 (Source: P.A. 98-391, eff. 8-16-13; 98-756, eff. 7-16-14.)

9 (40 ILCS 5/4-116) (from Ch. 108 1/2, par. 4-116)

10 Sec. 4-116. Refund.

11 (a) A firefighter with less than 20 years of service who  
12 (1) resigns or is discharged, or has been involuntarily laid  
13 off for other than disciplinary reasons for more than 180  
14 calendar days, and (2) has not received any disability pension  
15 payments, is entitled to a refund of his or her total  
16 contributions during such service. Any firefighter receiving a  
17 refund under this Section forfeits and relinquishes all accrued  
18 rights in the Fund, including accumulated creditable service.

19 (b) In the event of reemployment in the service of a  
20 participating municipality after receiving a refund under this  
21 Section, the firefighter shall, prior to commencing service,  
22 repay to the Fund ~~fund~~, to the extent that the municipality has  
23 not made such repayment ~~contribution~~ on his or her behalf, the  
24 amount of any refund which he or she received upon resigning or  
25 being discharged. Upon repayment of this refund, the

1 firefighter shall receive credit for the previous years of  
2 service for which he or she had received the refund.

3 (c) Beginning January 1, 2021 (the consolidation date),  
4 refunds under this Section shall be payable and repayable with  
5 respect to all of the firefighter's service under this Article  
6 rather than just the service related to a particular  
7 municipality (except as may be otherwise determined by the  
8 Board in the case of a person receiving benefits under Section  
9 4-109.3), and shall be attributed to the appropriate municipal  
10 accounts and reserves.

11 (Source: P.A. 84-1039.)

12 (40 ILCS 5/4-117) (from Ch. 108 1/2, par. 4-117)

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

14 (a) Except as provided in subsection (d), if ~~if~~ a  
15 firefighter receiving pension payments under this Article  
16 enters or re-enters ~~reenters~~ active service as a firefighter  
17 with any participating municipality, all of the firefighter's  
18 pension payments under this Article shall be suspended while he  
19 or she is in service. If the firefighter again retires or is  
20 discharged, his or her monthly pension shall be resumed in the  
21 same amount as was paid upon first retirement or discharge  
22 unless he or she remained in active service 3 or more years  
23 after re-entry, in which case the monthly pension shall be  
24 based on the salary attached to the firefighter's rank at the  
25 date of last retirement.

1 (b) If a deferred pensioner re-enters active service as a  
2 firefighter with any participating municipality, and again  
3 retires or is discharged from the fire service, his or her  
4 pension shall be based on the salary attached to the rank held  
5 in the fire service at the date of earlier retirement, unless  
6 the firefighter remains in active service for 3 or more years  
7 after re-entry, in which case the monthly pension shall be  
8 based on the salary attached to the firefighter's rank at the  
9 date of last retirement.

10 (c) If a pensioner or deferred pensioner re-enters or is  
11 recalled to active service as a firefighter with any  
12 participating municipality and is thereafter injured, and the  
13 injury is not related to an injury for which he or she was  
14 previously receiving a disability pension, the 3 year service  
15 requirement shall not apply in order for the firefighter to  
16 qualify for the increased pension based on the rate of pay at  
17 the time of the new injury.

18 (d) In the case of a return to service by a firefighter who  
19 is subject to Section 4-109.3 and receives or is eligible to  
20 receive one or more retirement pensions determined under that  
21 Section:

22 (1) the return to service is subject to subsection (j)  
23 of Section 4-109.3;

24 (2) the return to service is also subject to the 3-year  
25 limitation on the use of increased salary under this  
26 Section; and

1           (3) the suspension requirements of this Section do  
2           apply to any retirement pension payable under Section  
3           4-109.3 that is based on service with the municipality  
4           under which the firefighter has returned to service, but do  
5           not apply to any other retirement pension payable under  
6           Section 4-109.

7           (Source: P.A. 83-1440.)

8           (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

9           Sec. 4-118. Financing; tax.

10          (a) The governing body ~~city council or the board of~~  
11 ~~trustees~~ of a participating ~~the~~ municipality shall annually  
12 levy a tax upon all the taxable property of the municipality at  
13 the rate ~~on the dollar~~ which will produce the amounts required  
14 under Section 4-118.3. ~~an amount which, when added to the~~  
15 ~~deductions from the salaries or wages of firefighters and~~  
16 ~~revenues available from other sources, will equal a sum~~  
17 ~~sufficient to meet the annual actuarial requirements of the~~  
18 ~~pension fund, as determined by an enrolled actuary employed by~~  
19 ~~the Illinois Department of Insurance or by an enrolled actuary~~  
20 ~~retained by the pension fund or municipality. For the purposes~~  
21 ~~of this Section, the annual actuarial requirements of the~~  
22 ~~pension fund are equal to (1) the normal cost of the pension~~  
23 ~~fund, or 17.5% of the salaries and wages to be paid to~~  
24 ~~firefighters for the year involved, whichever is greater, plus~~  
25 ~~(2) an annual amount sufficient to bring the total assets of~~

1 ~~the pension fund up to 90% of the total actuarial liabilities~~  
2 ~~of the pension fund by the end of municipal fiscal year 2040,~~  
3 ~~as annually updated and determined by an enrolled actuary~~  
4 ~~employed by the Illinois Department of Insurance or by an~~  
5 ~~enrolled actuary retained by the pension fund or the~~  
6 ~~municipality. In making these determinations, the required~~  
7 ~~minimum employer contribution shall be calculated each year as~~  
8 ~~a level percentage of payroll over the years remaining up to~~  
9 ~~and including fiscal year 2040 and shall be determined under~~  
10 ~~the projected unit credit actuarial cost method. The amount to~~  
11 ~~be applied towards the amortization of the unfunded accrued~~  
12 ~~liability in any year shall not be less than the annual amount~~  
13 ~~required to amortize the unfunded accrued liability, including~~  
14 ~~interest, as a level percentage of payroll over the number of~~  
15 ~~years remaining in the 40 year amortization period.~~

16 (a-5) (Blank). ~~For purposes of determining the required~~  
17 ~~employer contribution to a pension fund, the value of the~~  
18 ~~pension fund's assets shall be equal to the actuarial value of~~  
19 ~~the pension fund's assets, which shall be calculated as~~  
20 ~~follows:~~

21 ~~(1) On March 30, 2011, the actuarial value of a pension~~  
22 ~~fund's assets shall be equal to the market value of the~~  
23 ~~assets as of that date.~~

24 ~~(2) In determining the actuarial value of the pension~~  
25 ~~fund's assets for fiscal years after March 30, 2011, any~~  
26 ~~actuarial gains or losses from investment return incurred~~

1 ~~in a fiscal year shall be recognized in equal annual~~  
2 ~~amounts over the 5-year period following that fiscal year.~~

3 (b) The tax shall be levied and collected in the same  
4 manner as the general taxes of the municipality, and shall be  
5 in addition to all other taxes now or hereafter authorized to  
6 be levied upon all property within the municipality, and in  
7 addition to the amount authorized to be levied for general  
8 purposes, under Section 8-3-1 of the Illinois Municipal Code or  
9 under Section 14 of the Fire Protection District Act. The tax  
10 shall be forwarded directly to the treasurer of the Fund ~~board~~  
11 within 30 business days of receipt by the county (or, in the  
12 case of amounts added to the tax levy under subsection (f),  
13 used by the municipality to pay the employer contributions  
14 required under subsection (b-1) of Section 15-155 of this  
15 Code).

16 (b-5) If a participating municipality fails to transmit to  
17 the Fund ~~fund~~ contributions required of it under this Article  
18 for more than 90 days after the payment of those contributions  
19 is due, the Fund ~~fund~~ may, after giving notice to the  
20 municipality, certify to the State Comptroller the amounts of  
21 the delinquent payments in accordance with any applicable rules  
22 of the Comptroller, and the Comptroller must, beginning in  
23 fiscal year 2016, deduct and remit to the Fund, for credit to  
24 the account of the municipality, ~~fund~~ the certified amounts or  
25 a portion of those amounts from the following proportions of  
26 payments of State funds to the municipality:

1 (1) in fiscal year 2016, one-third of the total amount  
2 of any payments of State funds to the municipality;

3 (2) in fiscal year 2017, two-thirds of the total amount  
4 of any payments of State funds to the municipality; and

5 (3) in fiscal year 2018 and each fiscal year  
6 thereafter, the total amount of any payments of State funds  
7 to the municipality.

8 The State Comptroller may not deduct from any payments of  
9 State funds to the municipality more than the amount of  
10 delinquent payments certified to the State Comptroller by the  
11 Fund fund.

12 (c) The Board ~~board~~ shall make available to the membership  
13 and the general public for inspection and copying at reasonable  
14 times the most recent Actuarial Valuation Balance Sheet and Tax  
15 Levy Requirement issued to the Fund fund by the Department of  
16 Insurance.

17 (d) (Blank). ~~The firefighters' pension fund shall consist~~  
18 ~~of the following moneys which shall be set apart by the~~  
19 ~~treasurer of the municipality: (1) all moneys derived from the~~  
20 ~~taxes levied hereunder; (2) contributions by firefighters as~~  
21 ~~provided under Section 4-118.1; (3) all rewards in money, fees,~~  
22 ~~gifts, and emoluments that may be paid or given for or on~~  
23 ~~account of extraordinary service by the fire department or any~~  
24 ~~member thereof, except when allowed to be retained by~~  
25 ~~competitive awards; and (4) any money, real estate or personal~~  
26 ~~property received by the board.~~



1           (e) (Blank). ~~For the purposes of this Section, "enrolled~~  
2 ~~actuary" means an actuary: (1) who is a member of the Society~~  
3 ~~of Actuaries or the American Academy of Actuaries; and (2) who~~  
4 ~~is enrolled under Subtitle C of Title III of the Employee~~  
5 ~~Retirement Income Security Act of 1974, or who has been engaged~~  
6 ~~in providing actuarial services to one or more public~~  
7 ~~retirement systems for a period of at least 3 years as of July~~  
8 ~~1, 1983.~~

9           (f) The corporate authorities of a municipality that  
10 employs a person who is described in subdivision (d) of Section  
11 4-106 may add to the tax levy otherwise provided for in this  
12 Section an amount equal to the projected cost of the employer  
13 contributions required to be paid by the municipality to the  
14 State Universities Retirement System under subsection (b-1) of  
15 Section 15-155 of this Code.

16           (g) (Blank). ~~The Commission on Government Forecasting and~~  
17 ~~Accountability shall conduct a study of all funds established~~  
18 ~~under this Article and shall report its findings to the General~~  
19 ~~Assembly on or before January 1, 2013. To the fullest extent~~  
20 ~~possible, the study shall include, but not be limited to, the~~  
21 ~~following:~~

22                 ~~(1) fund balances;~~

23                 ~~(2) historical employer contribution rates for each~~  
24 ~~fund;~~

25                 ~~(3) the actuarial formulas used as a basis for employer~~  
26 ~~contributions, including the actual assumed rate of return~~

1       ~~for each year, for each fund;~~  
2           ~~(4) available contribution funding sources;~~  
3           ~~(5) the impact of any revenue limitations caused by~~  
4       ~~PTELL and employer home rule or non-home rule status; and~~  
5           ~~(6) existing statutory funding compliance procedures~~  
6       ~~and funding enforcement mechanisms for all municipal~~  
7       ~~pension funds.~~

8       (Source: P.A. 99-8, eff. 7-9-15.)

9           (40 ILCS 5/4-118.1) (from Ch. 108 1/2, par. 4-118.1)

10       Sec. 4-118.1. Contributions by firefighters.

11       (a) Beginning January 1, 1976 and until August 6, 1999 (the  
12       effective date of Public Act 91-466) ~~this amendatory Act of the~~  
13       ~~91st General Assembly~~, each firefighter shall contribute to the  
14       pension fund 6 3/4% of salary towards the cost of his or her  
15       pension. Beginning August 6, 1999 ~~on the effective date of this~~  
16       ~~amendatory Act of the 91st General Assembly~~, each firefighter  
17       shall contribute to the pension fund 6.955% of salary towards  
18       the cost of his or her pension.

19       (b) In addition, beginning January 1, 1976, each  
20       firefighter shall contribute 1% of salary toward the cost of  
21       the increase in pension provided in Section 4-109.1; beginning  
22       January 1, 1987, such contribution shall be 1.5% of salary;  
23       beginning July 1, 2004, the contribution shall be 2.5% of  
24       salary.

25       (c) Beginning on July 1, 2004 (the effective date of Public

1 Act 93-689) ~~this amendatory Act of the 93rd General Assembly,~~  
2 each firefighter who elects to receive a pension under Section  
3 4-109.3 and who has participated in at least one other pension  
4 fund under this Article for a period of at least one year shall  
5 contribute an additional 1.0% of salary toward the cost of the  
6 increase in pensions provided in Section 4-109.3; except that  
7 beginning January 1, 2021, however, no additional  
8 contributions shall be paid under this subsection (c).

9 In the event that a firefighter does not elect to receive a  
10 retirement pension provided under Section 4-109.3 from one or  
11 more of the pension funds under this Article in which the  
12 firefighter has credit, he or she shall, upon withdrawal from  
13 the last pension fund as defined in Section 4-109.3, be  
14 entitled to receive, from each such fund to which he or she has  
15 paid additional contributions under this subsection (c) and  
16 from which he or she does not receive a refund under Section  
17 4-116, a refund of those contributions without interest.  
18 Beginning January 1, 2021, however, such refunds shall be  
19 payable from the Downstate Firefighters Pension Fund and  
20 chargeable to the appropriate municipal accounts and reserves.

21 A refund of total contributions to a particular firefighter  
22 pension fund under Section 4-116 shall include any refund of  
23 additional contributions paid to that fund under this  
24 subsection (c), but a firefighter who accepts a refund from a  
25 pension fund under Section 4-116 is thereafter ineligible to  
26 receive a pension provided under Section 4-109.3 from that

1 fund. A firefighter who meets the eligibility requirements of  
2 Section 4-109.3 may receive a pension under Section 4-109.3  
3 from any pension fund from which the firefighter has not  
4 received a refund under Section 4-116 or under this subsection  
5 (c); except that beginning January 1, 2021 (the consolidation  
6 date), such pensions shall be payable from the Downstate  
7 Firefighters Pension Fund as provided in Section 4-109.3 and  
8 chargeable to the appropriate municipal accounts and reserves.

9 (d) "Salary" means the annual salary, including longevity,  
10 attached to the firefighter's rank, as established by the  
11 municipality appropriation ordinance, including any  
12 compensation for overtime which is included in the salary so  
13 established, but excluding any "overtime pay", "holiday pay",  
14 "bonus pay", "merit pay", or any other cash benefit not  
15 included in the salary so established.

16 (e) The contributions shall be deducted and withheld from  
17 the salary of firefighters.

18 (Source: P.A. 93-689, eff. 7-1-04.)

19 (40 ILCS 5/4-118.3 new)

20 Sec. 4-118.3. Contributions by participating  
21 municipalities.

22 (a) Each participating municipality shall make payment to  
23 the Fund as follows:

24 (1) municipality contributions in an amount determined  
25 by applying the municipality contribution rate to each

1 payment of earnings paid to each of its participating  
2 firefighters;

3 (2) an amount equal to the employee contributions  
4 provided by Section 4-118.1, whether or not the employee  
5 contributions are withheld as permitted by that Section;

6 (3) all accounts receivable, together with interest  
7 charged thereon as provided in Section 4-130.2;

8 (4) if it has no participating firefighters with  
9 current earnings, an amount payable that, over a closed  
10 period of 20 years, will amortize, at the prescribed rate  
11 for that year, any unfunded obligation, which unfunded  
12 obligation shall be computed as provided in paragraph (2)  
13 of subsection (b); and

14 (5) if it has a negative balance in its municipal  
15 reserve, the greater of (A) an amount payable that, over a  
16 period of 20 years, will amortize at the prescribed rate  
17 for that year any unfunded obligation, computed as provided  
18 in paragraph (2) of subsection (b), or (B) the amount  
19 required by paragraph (1) of this subsection (a).

20 (b) A separate municipality contribution rate shall be  
21 determined for each calendar year for all participating  
22 municipalities. The municipality contribution rate shall be  
23 the sum of the following percentages:

24 (1) The percentage of earnings of all the participating  
25 firefighters of all participating municipalities that, if  
26 paid over the entire period of their service, will be

1 sufficient, when combined with all employee contributions  
2 available for the payment of benefits, to provide all  
3 annuities for participating firefighters, such percentage  
4 to be known as the normal cost rate.

5 (2) The percentage of earnings of the participating  
6 firefighters of each participating municipality necessary  
7 to adjust for the difference between (i) the present value  
8 of all benefits, excluding disability and death benefits,  
9 to be provided for its participating firefighters, and (ii)  
10 the sum of its accumulated municipality contributions and  
11 the accumulated employee contributions and the present  
12 value of expected future employee and municipality  
13 contributions pursuant to paragraph (1) of this subsection  
14 (b). This adjustment shall be spread over the remainder of  
15 a period determined by the Board, not to exceed 30 years.

16 (3) The percentage of earnings of the participating  
17 firefighters of all participating municipalities necessary  
18 to provide the present value of all disability benefits  
19 granted during the most recent year for which information  
20 is available.

21 (4) The percentage of earnings necessary to meet any  
22 deficiency arising in the terminated municipality reserve.

23 (c) Computations of municipality contribution rates for  
24 the following calendar year shall be made prior to the  
25 beginning of each year, from the information available at the  
26 time the computations are made, and on the assumption that the

1 firefighters in each participating municipality at such time  
2 will continue in service until the end of such calendar year at  
3 their respective rates of earnings at such time.

4 (d) Each participating municipality shall make the  
5 contributions in the amounts provided in this Section in the  
6 manner prescribed from time to time by the Board, and all such  
7 contributions shall be obligations of the respective  
8 participating municipalities to this Fund. The failure to  
9 deduct any employee contributions shall not relieve the  
10 participating municipality of its obligation to this Fund.  
11 Delinquent payments of contributions due under this Section  
12 may, with interest, be recovered by civil action against the  
13 delinquent municipality. Municipality contributions, other  
14 than the amount necessary for employee contributions, for  
15 periods of service by employees from whose earnings no  
16 deductions were made for employee contributions to the Fund,  
17 may be charged to the municipal reserve for the municipality.

18 (40 ILCS 5/4-120) (from Ch. 108 1/2, par. 4-120)

19 Sec. 4-120. Reserves. The Board ~~board~~ shall establish and  
20 maintain a reserve to insure the payment of all obligations  
21 incurred under this Article. The reserve to be accumulated  
22 shall be equal to the estimated total actuarial requirements of  
23 the Fund.

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

1 (40 ILCS 5/4-121) (from Ch. 108 1/2, par. 4-121)

2 Sec. 4-121. Board of Trustees and benefit boards created.

3 (a) Until January 1, 2021 (the consolidation date):

4 (1) There is created in each municipality or fire  
5 protection district a board of trustees to be known as the  
6 "Board of Trustees of the Firefighters' Pension Fund".  
7 Except as provided in subdivision (2), the ~~The~~ membership  
8 of the board for each municipality shall be, respectively,  
9 as follows: in cities, the treasurer, clerk, marshal or  
10 chief officer of the fire department, and the comptroller  
11 if there is one, or if not, the mayor; in each township,  
12 village or incorporated town, the president of the  
13 municipality's board of trustees, the village or town  
14 clerk, village or town attorney, village or town treasurer,  
15 and the chief officer of the fire department; and in each  
16 fire protection district, the president and other 2 members  
17 of its board of trustees and the marshal or chief of its  
18 fire department or service, as the case may be; and in all  
19 the municipalities above designated 3 additional persons  
20 chosen from their active firefighters and one other person  
21 who has retired under the Firemen's Pension Fund Act of  
22 1919~~7~~ or this Article.

23 The ~~Notwithstanding any provision of this Section to~~  
24 ~~the contrary,~~ the term of office of each member of a board  
25 established on or before the 3rd Monday in April, 2006  
26 shall terminate on the 3rd Monday in April, 2006, but all



1 incumbent members shall continue to exercise all of the  
2 powers and be subject to all of the duties of a member of  
3 the board until all the new members of the board take  
4 office.

5 (2) Beginning on the 3rd Monday in April, 2006 and  
6 until January 1, 2021, the board of trustees of the pension  
7 fund for each participating municipality or fire  
8 protection district shall consist of 5 members. Two members  
9 of the board shall be appointed by the mayor or president  
10 of the board of trustees of the municipality or fire  
11 protection district involved. Two members of the board  
12 shall be active participants of the pension fund who are  
13 elected from the active participants of the fund. One  
14 member of the board shall be a person who is retired under  
15 the Firemen's Pension Fund Act of 1919 or this Article who  
16 is elected from persons retired under the Firemen's Pension  
17 Fund Act of 1919 or this Article.

18 Beginning January 1, 2021, the provisions of this  
19 subdivision (2) shall apply to the membership of the  
20 benefit board of a participating municipality, rather than  
21 the board of trustees of its pre-consolidation pension  
22 fund.

23 For the purposes of this Section, a firefighter receiving a  
24 disability pension shall be considered a retired firefighter.  
25 In the event that there are no retired firefighters under the  
26 Fund or if none is willing to serve on the board, then an

1 additional active firefighter shall be elected to the board in  
2 lieu of the retired firefighter that would otherwise be  
3 elected.

4 If the regularly constituted fire department of a  
5 municipality is dissolved and Section 4-106.1 is not  
6 applicable, the board shall continue to exist and administer  
7 the Fund so long as there continues to be any annuitant or  
8 deferred pensioner in the Fund. In such cases, elections shall  
9 continue to be held as specified in this Section, except that:  
10 (1) deferred pensioners shall be deemed to be active members  
11 for the purposes of such elections; (2) any otherwise  
12 unfillable positions on the board, including ex officio  
13 positions, shall be filled by election from the remaining  
14 firefighters and deferred pensioners of the Fund, to the extent  
15 possible; and (3) if the membership of the board falls below 3  
16 persons, the Illinois Director of Insurance or his designee  
17 shall be deemed a member of the board, ex officio.

18 (b) On January 1, 2021, the board of trustees of each  
19 individual firefighters' pension fund is converted to the  
20 pension benefit determination and payment board of the  
21 applicable municipality. The benefit board shall operate and be  
22 administered as prescribed in this Section, Sections 4-101,  
23 4-101.1, 4-101.2, 4-109.4, and 4-121.5, and the other  
24 applicable provisions of this Code.

25 The initial benefit board of each participating  
26 municipality shall be comprised of the members of the board of

1 trustees serving on December 31, 2020. Thereafter, the board  
2 shall be comprised of members as described in subdivision (2)  
3 of subsection (a) of this Section, subject to and selected in  
4 the manner prescribed in subsections (b-1) through (b-4) of  
5 this Section.

6 (b-1) The members of a benefit board chosen from the active  
7 and retired firefighters of the municipality shall be elected  
8 by ballot at elections to be held on the 3rd Monday in April of  
9 the applicable years under the Australian ballot system, at  
10 such place or places, in the municipality, and under such  
11 regulations as shall be prescribed by the Board ~~board~~.

12 No person shall cast more than one vote for each candidate  
13 for whom he or she is eligible to vote. In the elections for  
14 benefit board members to be chosen from the active  
15 firefighters, all active firefighters of the municipality and  
16 no others may vote. In the elections for benefit board members  
17 to be chosen from retired firefighters, the retired  
18 firefighters of the municipality and no others may vote.

19 Each member of the benefit board so elected shall hold  
20 office for a term of 3 years and until his or her successor has  
21 been duly elected and has qualified.

22 The benefit board shall canvass the ballots and declare  
23 which persons have been elected and for what term or terms  
24 respectively. In case of a tie vote between 2 or more  
25 candidates, the benefit board shall determine by lot which  
26 candidate or candidates have been elected and for what term or

1 terms respectively. In the event of the failure, resignation,  
2 or inability to act of any benefit board member, a successor  
3 shall be elected for the unexpired term at a special election  
4 called by the benefit board and conducted in the same manner as  
5 a regular election.

6 (b-2) Benefit board members shall not receive or have any  
7 right to receive any salary from the Fund for services  
8 performed as benefit board members, but shall be reimbursed for  
9 any reasonable expenses incurred in attending meetings of the  
10 benefit board or performing duties on behalf of the Fund, and  
11 for the amount of any earnings withheld by the participating  
12 municipality because of attendance at any benefit board  
13 meeting.

14 (b-3) The benefit board shall elect annually from among its  
15 members a president and secretary of the benefit board.

16 (b-4) With respect to performing its duties under this  
17 Article, a benefit board has the powers and duties specified in  
18 this Article or delegated to it by the Board of Trustees,  
19 including those specified in Sections 4-109.4 and 4-121.5.

20 In addition, the members of the boards of trustees serving  
21 on December 31, 2020 may continue to exercise the powers of  
22 that office until March 1, 2021 for the sole purpose of  
23 assisting in the consolidation of their respective pension  
24 funds, but subject to the supervision and requirements of the  
25 Transition Board.

26 (c) Beginning January 1, 2021, and until the Board

1 established under subsection (d) has been elected and assumes  
2 its duties, the Transition Board established under Section  
3 4-101.1 shall operate as the Board of Trustees of the Fund.

4 (d) Beginning January 1, 2022, or as soon thereafter as it  
5 is able to assume its duties, the Board of Trustees of the  
6 Downstate Firefighters Pension Fund shall consist of 8 members.  
7 The Board shall consist of representatives of various groups as  
8 follows:

9 (1) Four trustees shall each be a chief executive  
10 officer, chief finance officer, or other officer,  
11 executive, or department head of a participating  
12 municipality, and each such trustee shall be designated as  
13 an executive trustee.

14 (2) Three trustees shall each be a firefighter  
15 participating in the Fund, and each such trustee shall be  
16 designated as a firefighter trustee. No person shall be  
17 eligible to become a firefighter trustee who does not have  
18 at least 8 years of creditable service in the Fund.

19 (3) One trustee shall be a retired firefighter of the  
20 Fund, who shall be designated the annuitant trustee. No  
21 person shall be eligible to become an annuitant trustee who  
22 does not have at least 8 years of creditable service in the  
23 Fund. For the purposes of this Section and Section 4-121.2,  
24 a firefighter receiving a disability pension shall be  
25 considered a retired firefighter.

26 Beginning January 1, 2021, elections for executive

1 trustees shall be conducted in accordance with Section 4-121.1  
2 and elections for firefighter and annuitant trustees shall be  
3 conducted in accordance with Section 4-121.2.

4 (e) An executive or firefighter trustee shall be  
5 disqualified immediately upon any change in status that removes  
6 the trustee from the required employment or office within the  
7 group he or she represents. The annuitant trustee shall be  
8 disqualified upon termination or suspension of his or her  
9 retirement or disability pension.

10 The Board shall fill any vacancy by appointment of a person  
11 with the appropriate employment status for the period until the  
12 next election of trustees, or, if the remaining term is less  
13 than 2 years, for the remainder of the term, and until a  
14 successor has been elected and has qualified.

15 (f) The Board ~~board~~ shall elect annually from its members a  
16 president and secretary.

17 (g) Trustees ~~Board members~~ shall not receive or have any  
18 right to receive any salary from the Fund ~~a pension fund~~ for  
19 services performed as Board ~~board~~ members, but shall be  
20 reimbursed for any reasonable expenses incurred in attending  
21 meetings of the Board or performing duties on behalf of the  
22 Fund, and for the amount of any earnings withheld by the  
23 participating municipality because of attendance at any Board  
24 meeting.

25 (h) Each trustee shall be entitled to one vote on any and  
26 all actions before the Board. At least 5 concurring votes shall

1 be necessary for every decision or action by the Board at any  
2 of its meetings. No decision or action shall become effective  
3 unless presented and so approved at a regular or duly called  
4 special meeting of the Board.

5 (Source: P.A. 100-201, eff. 8-18-17.)

6 (40 ILCS 5/4-121.1 new)

7 Sec. 4-121.1. Election of executive trustees.

8 (a) Beginning January 1, 2021, the election of executive  
9 trustees shall be conducted in accordance with this Section.

10 (b) During the period beginning on August 1 and ending on  
11 September 15 of each year, the Board shall accept nominations  
12 of candidates for election as executive trustees for terms  
13 beginning on the next January 1 and for vacancies to be filled  
14 by election.

15 All nominations for the position of executive trustee shall  
16 be by petition, signed by a representative of the governing  
17 body of at least 10 participating municipalities.

18 (c) The election shall be by ballot and may be conducted in  
19 person, by mail, or electronically, pursuant to the rules and  
20 procedures established by the Board.

21 All candidates properly nominated in petitions received by  
22 the Board shall be placed in alphabetical order upon the proper  
23 ballot. In the initial election, there shall be one election  
24 for the 4 executive trusteeships, and the 4 candidates getting  
25 the highest number of votes shall be declared elected.

1       (d) The governing body of each municipality participating  
2 in the Fund shall have one vote at any election in which an  
3 executive trustee is to be elected and may cast that vote for  
4 any candidate on the executive trustee ballot.

5       A vote may be cast for a person not on the ballot by  
6 writing in his or her name.

7       In case of a tie vote, the candidate employed by the  
8 municipality having the greatest number of participating  
9 firefighters at the time of the election shall be declared  
10 elected.

11       (e) The election shall be completed by December 1 of the  
12 year. The results shall be entered in the minutes of the  
13 meeting of the Board following the tally of votes.

14       (f) Each executive trustee so elected shall hold office for  
15 a term of 4 years and until his or her successor has been duly  
16 elected and qualified, except that the initial executive  
17 trustees shall serve for terms of one, 2, 3, or 4 years, as  
18 determined by lot at the first meeting of the Board.

19       (40 ILCS 5/4-121.2 new)

20       Sec. 4-121.2. Election of firefighter and annuitant  
21 trustees.

22       (a) Beginning January 1, 2021, the election of firefighter  
23 and annuitant trustees shall be conducted in accordance with  
24 this Section. The annuitant trustee shall be elected in an  
25 election separate from the election for firefighter trustees.



1       (b) During the period beginning on August 1 and ending on  
2 September 15 of each applicable year, the Board shall accept  
3 nominations of candidates for election as firefighter or  
4 annuitant trustees for terms beginning on the next January 1,  
5 and for vacancies to be filled by election.

6       All nominations for the position of firefighter trustee  
7 shall be by petition, signed by at least 100 active  
8 firefighters participating in the Fund. All nominations for the  
9 position of annuitant trustee shall be by petition, signed by  
10 at least 50 annuitants of the Fund.

11       (c) The election shall be by ballot and may be conducted in  
12 person, by mail, or electronically, pursuant to the rules and  
13 procedures established by the Board.

14       All candidates properly nominated in petitions received by  
15 the Board shall be placed in alphabetical order on the proper  
16 ballot. In the initial election, there shall be one election  
17 for the 3 firefighter trusteeships, and the 3 candidates  
18 getting the highest number of votes shall be declared elected.

19       (d) No person shall cast more than one vote for each  
20 candidate for whom he or she is eligible to vote. In elections  
21 for board members to be chosen from the active firefighters,  
22 all active firefighters and no others may vote. In elections  
23 for board members to be chosen from retired firefighters, the  
24 retired firefighters and no others may vote.

25       In case of a tie vote, the candidate currently (or in the  
26 case of an annuitant trustee, formerly) employed by the

1 municipality having the greatest number of participating  
2 firefighters at the time of the election shall be declared  
3 elected.

4 (e) The election shall be completed by December 1 of the  
5 year. The result shall be entered in the minutes of the meeting  
6 of the Board following the tally of votes.

7 (f) Each trustee so elected shall hold office for a term of  
8 4 years and until his or her successor has been duly elected  
9 and qualified, except that the initial firefighter trustees  
10 shall serve for terms of one, 2, or 3 years, as determined by  
11 lot at the first meeting of the Board.

12 (40 ILCS 5/4-121.3 new)

13 Sec. 4-121.3. Board meetings. The Board shall hold regular  
14 meetings at least 4 times each year and special meetings at  
15 such other times as may be called by the executive director  
16 upon written notice of at least 3 trustees. At least 4 days'  
17 notice of each meeting shall be given to each trustee. All  
18 meetings of the Board shall be open to the public (although  
19 portions of meetings may be closed when necessary to preserve  
20 confidentiality as provided by law) and shall be held in the  
21 offices of the Board or in any other place specifically  
22 designated in the notice of the meeting.

23 (40 ILCS 5/4-121.5 new)

24 Sec. 4-121.5. Benefit board powers and duties;

1 determination of benefits; meetings.

2 (a) Subject to the limitations provided in this Article and  
3 the oversight and direction of the Board of Trustees, the  
4 benefit board of each participating municipality shall have the  
5 following powers and duties:

6 (1) The benefit board of a participating municipality  
7 shall operate as the agent of the Downstate Firefighters  
8 Pension Fund for the purposes of maintaining records  
9 necessary for determining, granting, and paying benefits  
10 under this Article arising from the employment of  
11 firefighters by that municipality. The benefit board shall  
12 provide copies of those records to the Board as it may  
13 direct.

14 (2) The benefit board of a participating municipality  
15 shall hear and decide all applications for pensions and  
16 other benefits under this Article that are based  
17 exclusively on service with that municipality (including  
18 any military or other service credit arising under Section  
19 4-108, 4-108.4, or 4-108.5 that is not duplicative or based  
20 on service with any other municipality), and shall order  
21 and direct the payment of those pensions and other  
22 benefits.

23 All decisions of the benefit board relating to  
24 eligibility for or the amount of a benefit or the granting  
25 of a benefit shall be subject to oversight and review as  
26 provided in Section 4-121.6 and shall be promptly submitted

1 to the Board in the form and manner, and with any records  
2 or documentation, that the Board may require.

3 (3) The benefit board of a participating municipality,  
4 acting as payment agent for the Fund, shall pay all  
5 pensions and other benefits under this Article based solely  
6 on service with that municipality (including any military  
7 or other service credit arising under Section 4-108,  
8 4-108.4, or 4-108.5 that is not duplicative or based on  
9 service with any other municipality) from an account of the  
10 Fund designated by the Board for that purpose. Such  
11 payments shall be charged to the appropriate accounts and  
12 reserves of the municipality.

13 (4) The benefit board of a participating municipality  
14 may pay all necessary expenses of the benefit board in the  
15 manner directed by, and subject to any restrictions or  
16 oversight imposed by, the Board of Trustees.

17 (5) The benefit board of a participating municipality  
18 shall be governed by and shall operate in accordance with  
19 the rules, standards, and procedures of the Fund and shall  
20 be subject to review and oversight by the Board. Any rules  
21 of the former pension fund that are in effect on December  
22 31, 2021 shall be deemed to be repealed by operation of law  
23 on January 1, 2021 (the consolidation date).

24 (6) The benefit board of a participating municipality  
25 may compel witnesses to attend and testify before it upon  
26 all matters connected with carrying out the benefit board's

1 duties under this Article, in the manner provided by law  
2 for the taking of testimony before the circuit court. The  
3 president or any member of the benefit board may administer  
4 oaths to witnesses.

5 (7) The benefit board of a participating municipality  
6 shall make and maintain a record of all of its meetings and  
7 proceedings.

8 (8) The benefit board of a participating municipality,  
9 acting as agent of the Fund, shall also have any powers or  
10 duties that may be delegated to it by the Board of  
11 Trustees.

12 (b) Notwithstanding subsection (a) of this Section (but  
13 subject to the exception in subsection (d) of Section 4-109.4  
14 governing persons already receiving multiple pensions under  
15 Section 4-109.3), benefits granted on or after January 1, 2021  
16 (the consolidation date) based on service under more than one  
17 participating municipality shall be determined and granted  
18 directly by the Board of the Fund with the cooperation and  
19 assistance of the benefit boards of the affected  
20 municipalities, rather than by those benefit boards acting  
21 individually as agents of the Fund. Such benefits shall be paid  
22 directly by the Fund rather than the individual benefit boards,  
23 unless otherwise directed by the Board, and shall be chargeable  
24 to the appropriate municipal accounts and reserves, as  
25 determined by the Board.

26 (c) The benefit board shall hold regular meetings as

1 necessary throughout the year, and special meetings when called  
2 by the president upon written request of at least 3 members. At  
3 least 4 days' notice of each meeting shall be given to each  
4 member. All meetings of the benefit board shall be open to the  
5 public (although portions of meetings may be closed when  
6 necessary to preserve confidentiality as provided by law) and  
7 may be held in the offices of the benefit board or in any other  
8 place specifically designated in the notice of the meeting.

9 (40 ILCS 5/4-121.6 new)

10 Sec. 4-121.6. Oversight of benefit boards.

11 (a) The benefit board of a participating municipality shall  
12 operate as the agent of the Downstate Firefighters Pension Fund  
13 for the purposes set forth in this Article. The powers and  
14 duties of the benefit board shall be limited to matters  
15 relating to the firefighters of that participating  
16 municipality.

17 (b) All decisions and actions of a benefit board, acting as  
18 agent of the Fund, shall be subject to oversight and review by  
19 the Fund. Such oversight may be provided directly by the Board  
20 of Trustees, or by the executive director or other officials of  
21 the Fund at the Board's direction.

22 (c) The Board shall establish a benefit determination  
23 review process.

24 (1) The review process may require a benefit board to  
25 promptly submit to the Fund for review a record of all

1 official decisions and actions of the benefit board, in a  
2 specified form and manner and with any records or  
3 documentation that the Board may require.

4 (2) The review process may specify a period of time for  
5 the routine review of decisions and actions of a benefit  
6 board relating to eligibility for or the amount of a  
7 benefit or the granting of a benefit.

8 (3) The review process may provide for the Board to  
9 assume control of the benefit determination process in any  
10 instance in which the Board determines that the benefit  
11 board may have failed to correctly apply or implement the  
12 rules, standards, or procedures of the Fund.

13 (4) The review process may provide that if, by the end  
14 of the routine review period, the Fund does not determine  
15 that the benefit board may have failed to correctly apply  
16 or implement the rules, standards, or procedures of the  
17 Fund, and the Board does not assume control of the benefit  
18 determination process, then the action or determination of  
19 the benefit board shall be deemed to be approved.

20 (c) The Board of the Fund may adopt rules, standards, and  
21 procedures relating to the benefit determination review  
22 process and its oversight of benefit boards under this Article.

23 (d) The Fund and the Board may each take any action that it  
24 may deem appropriate to correct a problem that is discovered in  
25 the course of the oversight process; however, (1) mistakes in  
26 benefits encountered in the review process are subject to the

1 requirements of Section 4-138.10, and (2) administrative  
2 review of final administrative decisions is subject to the  
3 requirements of Section 4-139.

4 (40 ILCS 5/4-122) (from Ch. 108 1/2, par. 4-122)

5 Sec. 4-122. Powers and duties of the Board of Trustees  
6 ~~board~~. The Board of Trustees board shall have the powers and  
7 duties stated in Sections 4-123 through 4-129.1, in addition to  
8 the other powers and duties provided under this Article. The  
9 benefit board of a participating municipality, acting as agent  
10 of the Board of the Fund, shall perform certain duties of the  
11 Board on its behalf and subject to its oversight, as specified  
12 in this Article.

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

14 (40 ILCS 5/4-123) (from Ch. 108 1/2, par. 4-123)

15 Sec. 4-123. To control and manage the Pension Fund. In  
16 accordance with the applicable provisions of Articles 1 and 1A  
17 and this Article, to control and manage the Downstate  
18 Firefighters Pension Fund. ~~exclusively, the following:~~

19 For the purpose of assisting in the creation and  
20 administration of the Downstate Firefighters Pension Fund, the  
21 Board and the Transition Board may enter into contracts or  
22 other agreements with the Board of Trustees of the Illinois  
23 Municipal Retirement Fund to provide mutual assistance or to  
24 consolidate particular services or operations, to the extent



1 consistent with their respective fiduciary and other  
2 responsibilities.

3 ~~(1) the pension fund,~~

4 ~~(2) investment expenditures and income, including~~  
5 ~~interest dividends, capital gains, and other distributions~~  
6 ~~on the investments, and~~

7 ~~(3) all money donated, paid, assessed, or provided by~~  
8 ~~law for the pensioning of disabled and retired~~  
9 ~~firefighters, their surviving spouses, minor children, and~~  
10 ~~dependent parents.~~

11 ~~All money received or collected shall be credited by the~~  
12 ~~treasurer of the municipality to the account of the pension~~  
13 ~~fund and held by the treasurer of the municipality subject to~~  
14 ~~the order and control of the board. The treasurer of the~~  
15 ~~municipality shall maintain a record of all money received,~~  
16 ~~transferred, and held for the account of the board.~~

17 (Source: P.A. 90-507, eff. 8-22-97.)

18 (40 ILCS 5/4-124) (from Ch. 108 1/2, par. 4-124)

19 Sec. 4-124. To enforce contributions. To assess each  
20 firefighter the contributions required under Section 4-118.1.  
21 The contributions deducted from salaries, together with all  
22 interest accruing thereon, shall be paid promptly ~~placed~~ by the  
23 treasurer of the municipality ~~as ex officio treasurer of the~~  
24 ~~board,~~ to the treasurer or custodian ~~credit~~ of the Fund ~~pension~~  
25 ~~fund, subject to the order of the board.~~

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

2 (40 ILCS 5/4-125) (from Ch. 108 1/2, par. 4-125)

3 Sec. 4-125. To hear and determine applications and to order  
4 payments; required payment dates. To hear and decide all  
5 applications for pensions and other benefits under this Article  
6 and to order and direct the payment of pensions and other  
7 benefits; beginning January 1, 2021 (the consolidation date),  
8 however, these powers shall be delegated to and exercised by  
9 the appropriate benefit board, except with respect to (i)  
10 benefits that arise from service as a firefighter under more  
11 than one participating municipality and are subject to  
12 subsection (b) of Section 4-121.5, and (ii) any instance in  
13 which the Board of Trustees rejects the determination or  
14 findings of the benefit board and assumes control of the  
15 benefit determination in the course of the benefit  
16 determination review process.

17 The first payment for any pension benefit ~~benefits~~ shall be  
18 made not later than one month after the final administrative  
19 decision granting the benefit ~~benefits are granted~~. Each ~~such~~  
20 subsequent payment shall be made not later than one month after  
21 the date of the latest payment. Benefits ~~Such benefits~~ shall  
22 not be prepaid.

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

24 (40 ILCS 5/4-127.1 new)

1       Sec. 4-127.1. To authorize municipality contribution rates  
2       and adopt actuarial tables and establish prescribed rates of  
3       interest. To authorize municipality contribution rates and  
4       adopt actuarial tables and establish prescribed rates of  
5       interest.

6               (40 ILCS 5/4-127.2 new)

7       Sec. 4-127.2. To establish offices. To establish an office  
8       or offices with suitable space for meetings of the Board and  
9       for the use of the necessary administrative personnel. All  
10       books and records of the Fund shall be kept in such office or  
11       offices or in such other places as the Board shall designate  
12       for safekeeping.

13               (40 ILCS 5/4-127.3 new)

14       Sec. 4-127.3. To appoint an executive director. To appoint  
15       an executive director to manage the office and carry out the  
16       technical and administrative duties of the Fund.

17               (40 ILCS 5/4-127.4 new)

18       Sec. 4-127.4. To appoint an actuary. To appoint an actuary  
19       to perform all the necessary actuarial requirements of the  
20       Fund.

21               (40 ILCS 5/4-127.5 new)

22       Sec. 4-127.5. To obtain additional services. To obtain by

1 employment or by contract such additional actuarial services  
2 and such legal, medical, clerical, or other services as are  
3 required for the efficient administration of the Fund.

4 (40 ILCS 5/4-127.6 new)

5 Sec. 4-127.6. To fix the compensation of employees. To  
6 determine and fix the rate of compensation to be paid to the  
7 executive director, actuary, auditor, legal or medical  
8 counsel, and employees of the Fund.

9 (40 ILCS 5/4-127.7 new)

10 Sec. 4-127.7. To have accounts audited. To have the  
11 accounts of the Fund audited annually by a certified public  
12 accountant approved by the Auditor General.

13 (40 ILCS 5/4-127.8 new)

14 Sec. 4-127.8. To establish and maintain a revolving  
15 account. To establish and maintain a revolving account in a  
16 bank or savings and loan association approved by the State  
17 Treasurer as a State depository and having capital funds,  
18 represented by capital, surplus, and undivided profits, of at  
19 least \$5,000,000, for the purpose of making payments of  
20 benefits and administrative expenses. All funds deposited into  
21 that account shall be held in the name of the Fund and shall be  
22 withdrawn only by a check or draft signed by the president of  
23 the Board or the executive director, as the Board may direct,

1 or by the president and treasurer of a benefit board, acting as  
2 payment agent for the Fund, in the case of a benefit or  
3 administrative expense payable by that benefit board.

4 In case the person whose signature appears upon a check or  
5 draft ceases to hold office after attaching his or her  
6 signature but before the delivery thereof to the payee, the  
7 signature nevertheless shall be valid and sufficient for all  
8 purposes with the same effect as if he or she had remained in  
9 office until delivery thereof.

10 The revolving account shall be created by resolution of the  
11 Board. The moneys in the revolving account shall be held and  
12 expenditures shall be made by the Fund for the purposes set  
13 forth in this Section. The Fund shall reimburse the revolving  
14 account for expenditures for such purposes.

15 No bank or savings and loan association shall receive  
16 investment funds as permitted by this Section, unless it has  
17 complied with the requirements established pursuant to Section  
18 6 of the Public Funds Investment Act. The limitations set forth  
19 in that Section 6 shall be applicable only at the time of  
20 investment and shall not require the liquidation of any  
21 investment at any time.

22 (40 ILCS 5/4-127.9 new)

23 Sec. 4-127.9. To keep data. To keep in convenient form,  
24 determined by the Board of the Fund, the data necessary for all  
25 required calculations and valuations as required by the

1 actuary.

2 (40 ILCS 5/4-127.10 new)

3 Sec. 4-127.10. To reproduce records. To have any records  
4 kept by the Board or a benefit board photographed, microfilmed,  
5 or otherwise reproduced on film or in digital format. The  
6 reproductions shall be deemed original records and documents  
7 for all purposes, including introduction in evidence before all  
8 courts and administrative agencies.

9 (40 ILCS 5/4-128) (from Ch. 108 1/2, par. 4-128)

10 Sec. 4-128. To invest funds. To invest the assets of the  
11 Fund that exceed the amount of cash required for current  
12 operations, as determined by the Board, subject to the  
13 requirements and restrictions set forth in Sections 1-109,  
14 1-109.1, 1-109.2, 1-110, 1-111, 1-113, 1-114, and 1-115 of this  
15 Code.

16 No bank or savings and loan association shall receive  
17 investment funds this Section unless it has complied with the  
18 requirements established pursuant to Section 6 of the Public  
19 Funds Investment Act. The limitations set forth in that Section  
20 6 shall be applicable only at the time of investment and shall  
21 not require the liquidation of any investment at any time.

22 The Board may sell any security belonging to the Fund at  
23 any time when, in its judgment, it is necessary or desirable to  
24 do so.

1       The Board shall have the authority to enter into such  
2 agreements and to execute such documents as it determines to be  
3 necessary to complete any investment transaction.

4       All investments shall be clearly held and accounted for to  
5 indicate ownership by the Board. The Board may direct the  
6 registration of securities or the holding of interests in real  
7 property in its own name or in the name of a nominee created  
8 for the express purpose of registration of securities or the  
9 holding of interests in real property by a savings and loan  
10 association or national or State bank or trust company  
11 authorized to conduct a trust business in the State of  
12 Illinois. The Board may hold title to interests in real  
13 property in the name of the Fund or in the name of a title  
14 holding corporation created for the express purpose of holding  
15 title to interests in real property.

16       Investments shall be carried at cost or at a book value in  
17 accordance with generally accepted accounting principles and  
18 accounting procedures approved by the Board.

19       The book value of investments held by any pension fund or  
20 retirement system in one or more commingled investment accounts  
21 shall be the cost of its units of participation in such  
22 commingled account or accounts as recorded on the books of the  
23 Board.

24 ~~Beginning January 1, 1998, the board shall invest funds in~~  
25 ~~accordance with Sections 1-113.1 through 1-113.10 of this Code.~~

26 (Source: P.A. 90-507, eff. 8-22-97.)

1 (40 ILCS 5/4-130) (from Ch. 108 1/2, par. 4-130)

2 Sec. 4-130. Custodian. Treasurer of the Board. The Board  
3 shall appoint one or more custodians to receive and hold the  
4 assets of the Fund on such terms as the Board may agree.

5 The ~~treasurer of the municipality shall be the treasurer of~~  
6 ~~the board and the~~ custodian of the Fund ~~pension fund,~~ and shall  
7 secure and safely keep the Fund's ~~fund's~~ assets, subject to the  
8 control and direction of the Board ~~board~~. The custodian  
9 ~~treasurer~~ shall keep books and accounts concerning the Fund  
10 ~~fund~~ in such manner as may be prescribed by the Board ~~board~~.  
11 The books and accounts shall be subject to the inspection of  
12 the Board ~~board~~ or any member thereof.

13 ~~The treasurer, within 10 days after his or her election or~~  
14 ~~appointment, shall execute a bond to the municipality, with~~  
15 ~~good and sufficient securities, in such penal sums as the board~~  
16 ~~shall direct, to be approved by the board, conditioned for the~~  
17 ~~faithful performance of the duties of the office, and for the~~  
18 ~~safekeeping and proper accounting of all moneys and property~~  
19 ~~which come to the treasurer; and that on the expiration of his~~  
20 ~~or her term of office all moneys and property of the fund will~~  
21 ~~be turned over to his or her successor.~~

22 ~~The bond shall be filed in the office of the clerk of the~~  
23 ~~municipality or in the office of the secretary of the board of~~  
24 ~~trustees of the fire protection district, as the case may be.~~  
25 ~~In case of a breach of the bond, or any of its conditions, suit~~



1 ~~may be brought thereon in the name of the municipality for the~~  
2 ~~use of the board, or of any person or persons injured by such~~  
3 ~~breach.~~

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

5 (40 ILCS 5/4-130.1 new)

6 Sec. 4-130.1. Deposit and disposition of funds.

7 (a) All money received by the Board shall immediately be  
8 deposited with the custodian for the account of the Fund. All  
9 payments from the accounts of the Fund shall be made by the  
10 custodian only, and only by a check or draft signed by the  
11 president of the Board or the executive director, as the board  
12 may direct. Such checks and drafts shall be drawn only upon  
13 proper authorization by the Board, as properly recorded in the  
14 official minute books of the meetings of the Board.

15 (b) In the course of consolidation, all securities of the  
16 Fund when received shall be deposited with the custodian, which  
17 shall hold and account for them as required by the Board and  
18 provided by law.

19 (c) The assets of the Fund shall be invested as one fund,  
20 and no particular person or municipality shall have any right  
21 in any specific security or in any item of cash other than an  
22 undivided interest in the whole.

23 (d) If a participating municipality terminates  
24 participation because it fails to meet the requirements of  
25 Section 4-103, it shall pay to the Fund the amount equal to any

1 net debit balance in its municipal account and any account  
2 receivable. Its successors, assigns, and transferees of its  
3 assets shall be obligated to make this payment to the extent of  
4 the value of assets transferred to them. The Fund shall pay an  
5 amount equal to any net credit balance to the participating  
6 municipality or its successors or assigns. Any remaining net  
7 debit or credit balance not collectible or payable shall be  
8 transferred to a terminated municipality reserve. The Fund  
9 shall pay to each firefighter of the participating municipality  
10 an amount equal to his or her credits in the employee reserves.  
11 The employees shall have no further rights to any benefits from  
12 the Fund, except that annuities awarded prior to the date of  
13 termination shall continue to be paid.

14 (40 ILCS 5/4-130.2 new)

15 Sec. 4-130.2. Earnings and interest.

16 (a) Balances at the beginning of each year that remain in  
17 employee reserves at the end of the year shall be credited with  
18 interest annually at the prescribed rate.

19 (b) Municipal reserves shall be charged or credited, as the  
20 case may be, with interest at the prescribed rate applied to  
21 the balance therein at the beginning of the year.

22 (c) Municipal accounts receivable shall be charged with  
23 interest at a rate of 1% per month on the balance therein  
24 unpaid one month or more. The unpaid balance shall include  
25 charges established retroactively because of failure of the

1 municipality to report amounts that should be receivable.

2 Credit balances shall be disregarded in this calculation.

3 (d) The annuity and disability benefit reserves shall be  
4 credited with interest at the prescribed rate at the end of  
5 each year. For purposes of this computation, the prescribed  
6 rate shall be applied to the balances therein at the beginning  
7 of the year.

8 (e) Amounts credited or charged under subsection (a), (b),  
9 (c), or (d) of this Section shall be charged or credited to the  
10 earnings and experience variation reserve. Any remaining  
11 balance shall be transferred to the municipal reserves in  
12 proportion to present values of the annuities of the annuitants  
13 of each participating municipality plus the balance in their  
14 municipal reserve.

15 (f) The Board shall fix the rate of interest to be charged  
16 on back or reinstatement contributions.

17 (40 ILCS 5/4-130.3 new)

18 Sec. 4-130.3. Authorizations.

19 (a) Each participating municipality shall:

20 (1) deduct all normal and additional contributions  
21 from each payment of earnings payable to each participating  
22 firefighter who is entitled to any earnings from the  
23 municipality, and remit all normal and additional  
24 contributions immediately to the Board; and

25 (2) pay to the Board all contributions required by this

1       Article.

2       (b) Each participating firefighter shall, by virtue of the  
3 payment of contributions to this Fund, receive a vested  
4 interest in the benefits provided in this Article and in  
5 consideration of such vested interest shall be deemed to have  
6 agreed to and authorized the deduction from earnings of all  
7 contributions payable to this Fund in accordance with this  
8 Article.

9       (c) Payment of earnings less the amount of contributions  
10 provided in this Article shall be a full and complete discharge  
11 of all claims for payment for services rendered by a  
12 firefighter during the period covered by such payment.

13       (40 ILCS 5/4-130.4 new)

14       Sec. 4-130.4. Executive director. The executive director  
15 shall be in charge of the general administration of the Fund  
16 and shall have such special powers and duties as may be  
17 properly delegated or assigned by the Board from time to time.

18       The executive director's general administrative duties  
19 shall include: the computation of the amounts of benefits,  
20 service credits, and contributions required for reinstatement  
21 of credits for Board consideration; the processing of approved  
22 benefit claims and expenses of administration for payment; the  
23 placing of any and all matters before the Board that require  
24 action or are in the interest of the Board or the Fund; the  
25 preparation and maintenance of necessary and proper records for

1 administrative and actuarial purposes; the conduct of any  
2 necessary or desirable communications in the course of the  
3 operations of the Fund; and the carrying out of any actions of  
4 the Board that are so delegated.

5 With respect to any of these general duties that are  
6 delegated to benefit boards as agents of the Fund, the  
7 executive director's duty shall include providing direction  
8 and oversight to the benefit boards, evaluating their  
9 performance, and informing the Board of matters of interest or  
10 concern that may arise with respect to the operation or  
11 circumstances of any benefit board.

12 (40 ILCS 5/4-130.5 new)

13 Sec. 4-130.5. Actuary.

14 (a) The actuary shall be the technical advisor of the  
15 Board. In addition to general advice, the actuary shall  
16 specifically be responsible for and shall make a general  
17 investigation, at least once every 3 years, of the experience  
18 of the participating municipalities as to mortality,  
19 disability, retirement, separation, marital status of  
20 employees, marriage of surviving spouses, interest, and  
21 employee earnings rates, and to make recommendations as a  
22 result of any such investigation as to:

23 (1) the actuarial tables to be used for computing  
24 annuities and benefits and for determining the premiums for  
25 disability and death benefit purposes;

1           (2) the tables to be used in any regular actuarial  
2           valuations; and

3           (3) the prescribed rate of interest.

4           (b) The actuary shall make the computations of municipality  
5           obligations and contribution rates (including annual  
6           valuations of the liabilities and reserves for present and  
7           prospective annuities and benefits) and shall certify to the  
8           correctness thereof.

9           (c) The actuary shall advise the Board on any matters of an  
10           actuarial nature affecting the Fund.

11           (40 ILCS 5/4-131) (from Ch. 108 1/2, par. 4-131)

12           Sec. 4-131. Payment to the Fund by a municipality ~~Warrants.~~  
13           The mayor or president of the board of trustees and clerk,  
14           secretary, or the comptroller, if there be one, and the officer  
15           or officers of the municipality~~7~~ who are authorized by law to  
16           draw warrants upon the treasurer of the municipality, upon  
17           request made in writing by the Board ~~board~~, shall draw such  
18           warrants, payable to the Fund, ~~treasurer of the board~~ for all  
19           funds in the hands of the municipality's treasurer belonging to  
20           the Fund ~~pension fund~~.

21           (Source: P.A. 83-1440.)

22           (40 ILCS 5/4-132) (from Ch. 108 1/2, par. 4-132)

23           Sec. 4-132. Disbursements by benefit boards. Disbursements  
24           from the Fund for payment of benefits or administrative

1 expenses may be made by a benefit board, in its capacity as  
2 payment agent for the Fund, only by check or draft drawn upon  
3 the specific revolving account established by the Board for  
4 that purpose. Each such check or draft shall be ~~Payments from~~  
5 ~~the pension fund shall be made by the treasurer of the board~~  
6 ~~only upon warrants~~ signed by the president of the board and  
7 countersigned by its secretary. No such check or draft ~~warrant~~  
8 shall be drawn except by order of the benefit board duly  
9 entered in the records of the benefit board's proceedings.

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

11 (40 ILCS 5/4-133) (from Ch. 108 1/2, par. 4-133)

12 Sec. 4-133. Interest on deposits. If the pension fund, or  
13 any part thereof, by order of the Board ~~board~~ or otherwise, is  
14 deposited in any bank or savings and loan association, or  
15 loaned, all interest or money which is paid or agreed to be  
16 paid on the loan or deposit shall become a part of the fund. No  
17 such loan or deposit shall be made without Board ~~board~~  
18 authorization.

19 No bank or savings and loan association shall receive  
20 investment funds as permitted by this Section, unless it has  
21 complied with the requirements established pursuant to Section  
22 6 of the Public Funds Investment Act ~~"An Act relating to~~  
23 ~~certain investments of public funds by public agencies",~~  
24 ~~approved July 23, 1943,~~ as now or hereafter amended.

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

1 (40 ILCS 5/4-134) (from Ch. 108 1/2, par. 4-134)

2 Sec. 4-134. Report for tax levy.

3 (a) The Board ~~board~~ shall report to the governing body of  
4 each participating ~~city council or board of trustees of the~~  
5 municipality on the condition of the Fund ~~pension fund~~ at the  
6 end of its most recently completed fiscal year. The report  
7 shall be made prior to the ~~council or board~~ meeting held for  
8 appropriating and levying taxes for the year for which the  
9 report is made.

10 The ~~pension board in the~~ report shall certify and provide  
11 the following information ~~to the city council or board of~~  
12 ~~trustees of the municipality:~~

13 (1) the total assets of the Fund ~~fund~~ and the ~~their~~  
14 current market value of those assets;

15 (2) the estimated receipts during the next succeeding  
16 fiscal year from deductions from the salaries or wages of  
17 firefighters, and from all other sources;

18 (3) the estimated amount necessary during the fiscal  
19 year to meet the annual actuarial requirements of the  
20 pension fund as provided in Section 4-118.3 ~~Sections 4-118~~  
21 ~~and 4-120;~~

22 (4) the total net income received from investment of  
23 assets along with the assumed investment return and actual  
24 investment return received by the Fund ~~fund~~ during its most  
25 recently completed fiscal year compared to the total net



1 income, assumed investment return, and actual investment  
2 return received during the preceding fiscal year;

3 (5) the increase in employer pension contributions  
4 that results from the implementation of the provisions of  
5 Public Act 93-689 ~~this amendatory Act of the 93rd General~~  
6 ~~Assembly;~~

7 (6) the total number of active employees who are  
8 financially contributing to the fund;

9 (7) the total amount that was disbursed in benefits  
10 during the fiscal year, including the number of and total  
11 amount disbursed to (i) annuitants in receipt of a regular  
12 retirement pension, (ii) recipients being paid a  
13 disability pension, and (iii) survivors and children in  
14 receipt of benefits;

15 (8) the funded ratio of the Fund ~~fund~~; and

16 (9) the unfunded liability carried by the Fund ~~fund~~,  
17 along with an actuarial explanation of the unfunded  
18 liability. ~~;~~ and

19 ~~(10) the investment policy of the pension board under~~  
20 ~~the statutory investment restrictions imposed on the fund.~~

21 Before the Board ~~pension board~~ makes its report, the Fund  
22 ~~municipality~~ shall have the assets of the Fund ~~fund~~ and their  
23 current market value verified by an independent certified  
24 public accountant of its choice.

25 (b) A participating ~~The~~ municipality is authorized to  
26 publish the report submitted under this Section. This

1 publication may be made, without limitation, by publication in  
2 a local newspaper of general circulation in the municipality or  
3 by publication on the municipality's Internet website. If the  
4 municipality publishes the report, then that publication must  
5 include all of the information relating to that municipality  
6 submitted by the Board ~~pension board~~ under subsection (a).

7 (Source: P.A. 95-950, eff. 8-29-08.)

8 (40 ILCS 5/4-135) (from Ch. 108 1/2, par. 4-135)

9 Sec. 4-135. Benefits; exempt ~~Benefits~~ ~~Exempt~~.

10 (a) All pensions, refunds, and disability pension benefits  
11 granted under this Article, and every portion thereof, shall be  
12 exempt from attachment or garnishment process and shall not be  
13 seized, taken, subjected to, detained or levied upon by virtue  
14 of any judgment, or any process or proceedings whatsoever  
15 issued out of or by any court for the payment and satisfaction  
16 in whole or in part of any debt, damage, claim, demand or  
17 judgment against a pensioner, refund applicant or other  
18 beneficiary hereunder.

19 (b) No portion of the assets of the Fund ~~pension fund~~  
20 shall, either before or after the Board's ~~a board's~~ order of  
21 distribution to any retired firefighter or his or her  
22 beneficiaries, be held, seized, taken subject to, or detained  
23 or levied on by virtue of any process, injunction interlocutory  
24 or other order or judgment, or any process or proceeding  
25 whatever issued by any court of this State, for the payment or

1 satisfaction in whole or in part of any debt, damages, claim,  
2 demand or judgment against any firefighter or his or her  
3 beneficiaries, but the assets of the Fund ~~fund~~ shall be held,  
4 secured and distributed for the purposes of pensioning such  
5 firefighter and beneficiaries and for no other purposes  
6 whatever.

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

8 (40 ILCS 5/4-136.05 new)

9 Sec. 4-136.05. Accounts. An adequate system of accounts  
10 shall be kept in accordance with generally accepted accounting  
11 and sound actuarial principles. The accounts and reserves  
12 designated in Sections 4-136.1 through 4-136.6, inclusive,  
13 shall be maintained.

14 (40 ILCS 5/4-136.1 new)

15 Sec. 4-136.1. Employee reserves. Separate reserves shall  
16 be maintained for each participating employee in such detail as  
17 is necessary to administer all benefits provided in this  
18 Article, and to segregate accurately the separate liabilities  
19 of each participating municipality with respect to each  
20 participating employee.

21 (40 ILCS 5/4-136.2 new)

22 Sec. 4-136.2. Municipal reserves.

23 (a) Except as provided in subsection (b) of this Section,

1 each participating municipality shall be treated as an  
2 independent unit within the Fund. Separate municipal reserves  
3 shall be maintained in such form and detail as is necessary to  
4 show the net accumulated balances of each municipality created  
5 or arising under this Article.

6 (b) In the event that a participating municipality is  
7 terminated and its obligations are not assumed or transferred  
8 by law to another municipality, any net debit or credit balance  
9 remaining in the reserve account of such municipality shall be  
10 transferred to a terminated municipality reserve, which shall  
11 be used to fund any future benefits of its employees arising  
12 out of service with the terminated municipality.

13 Any deficiency arising in the terminated municipality  
14 reserve shall be eliminated by a contribution by all remaining  
15 municipalities at a uniform percent of payroll, to be  
16 determined by the Board and collected with other contributions  
17 required under Section 4-118.3.

18 (40 ILCS 5/4-136.3 new)

19 Sec. 4-136.3. Reserves for annuities.

20 (a) Appropriate reserves shall be created for payment of  
21 all annuities granted under this Article at the time such  
22 annuities are granted and in amounts determined to be necessary  
23 under actuarial tables adopted by the Board upon recommendation  
24 of the actuary of the Fund. All annuities payable shall be  
25 charged to the annuity reserve.

1       (b) Amounts credited to annuity reserves shall be derived  
2 by transfer of all the employee credits from the appropriate  
3 employee reserves and by charges to the municipal reserve of  
4 those municipalities in which the retiring employee has  
5 accumulated service. If a retiring employee has accumulated  
6 service in more than one participating municipality, the  
7 municipality charges for non-concurrent service shall be  
8 calculated as follows:

9           (1) for purposes of calculating the annuity reserve, an  
10 annuity shall be calculated based on service and adjusted  
11 earnings with each employer (without regard to the vesting  
12 requirements contained in Section 4-109.3); and

13           (2) the difference between the municipality charges  
14 for the actual annuity granted and the aggregation of the  
15 municipality charges based upon the ratio of each from  
16 those calculations to the aggregated total from paragraph  
17 (1).

18       Aggregate municipality charges for concurrent service  
19 shall be prorated based on the employee's earnings.

20       (c) Supplemental annuity, if any, shall be handled as a  
21 separate annuity and amounts to be credited to the annuity  
22 reserve shall be derived in the same manner as a regular  
23 annuity.

24       (d) When a retirement annuity is granted to an employee  
25 with a spouse eligible for a surviving spouse annuity, there  
26 shall be credited to the annuity reserve an amount to fund the

1 cost of both the retirement and surviving spouse annuity as a  
2 joint and survivors annuity.

3 (e) All annuity reserves shall be revalued annually as of  
4 December 31. Any adjustment required therein by such  
5 revaluation shall be charged or credited to the earnings and  
6 experience variation reserve.

7 (f) The excess in the annuity reserve shall be transferred  
8 to the municipal reserves. An amount equal to the deficiency in  
9 the reserve of participating municipalities that have no  
10 participating employees shall be allocated to their reserves.  
11 The remainder shall be allocated in amounts proportionate to  
12 the present value of annuities of annuitants of the remaining  
13 participating municipalities.

14 (40 ILCS 5/4-136.4 new)

15 Sec. 4-136.4. Reserves for disability benefits. A  
16 disability benefit reserve shall be created for payment of all  
17 disability benefits.

18 (1) Amounts to fund the cost of total and permanent  
19 disability benefits shall be established at the time such  
20 benefits are granted under actuarial tables adopted by the  
21 Board upon recommendation of the actuary of the Fund. All total  
22 and permanent disability benefits payable shall be charged to  
23 this reserved amount.

24 (2) Temporary disability benefit payments shall be charged  
25 to the disability benefit reserve when made.

1       (3) Amounts credited to the disability benefit reserve  
2 shall be derived from municipality contributions made pursuant  
3 to paragraph (3) of subsection (b) of Section 4-118.3.

4       (4) The disability benefit reserve shall be revalued  
5 annually as of December 31. Any adjustment required in the  
6 disability benefit reserve by such revaluation shall be charged  
7 or credited to the earnings and experience variation reserve.

8           (40 ILCS 5/4-136.5 new)

9       Sec. 4-136.5. Reserve for Variation in Benefit Payments.

10       (a) A Reserve for Variation in Benefit Payments may be  
11 established.

12       (b) Credits to the Reserve shall consist of:

13           (1) Any employee contributions, not in excess of \$10,  
14 received by the Fund subsequent to claim for and payment of  
15 a separation refund; provided, however, that upon request  
16 of any employee rightfully entitled thereto, the aforesaid  
17 amount shall be paid to the employee from this Reserve.

18           (2) Any benefit checks or warrants issued and  
19 outstanding more than 2 years.

20           (3) Any balances in employee or municipal reserves that  
21 are not properly creditable to those reserves.

22       (c) Charges to the Reserve shall consist of:

23           (1) Benefit claims properly payable under this  
24 Article, the reserves for which have been previously  
25 transferred to this reserve or for which no reserves exist.

1           (2) Benefit overpayments deemed uncollectible by the  
2           Board.

3           (3) Amounts required to adjust employee or municipal  
4           reserves to the correct balance.

5           (40 ILCS 5/4-136.6 new)

6           Sec. 4-136.6. Earnings and experience variation reserve.

7           One earnings and experience variation reserve shall be  
8           maintained. Moneys in abolished reserve accounts shall be  
9           transferred to the earnings and experience variation reserve.  
10          Excess or deficiencies in the annuity and disability benefit  
11          reserves shall be charged or credited to this reserve. Whenever  
12          a balance exists in this reserve, it shall be included in the  
13          basis used for determining the prescribed interest rate. The  
14          balance in the reserve shall be distributed as of the end of  
15          each year, but a contingency balance of not more than twice the  
16          projected interest requirement for the next year may be  
17          maintained. If the balance ever exceeds twice the projected  
18          requirement, the excess shall be distributed to municipal  
19          reserves.

20          If the Board determines that the funds available in this  
21          reserve, after required transfers, will not be sufficient to  
22          provide administrative expenses of the Fund, the Board may  
23          include in the municipality contribution rate authorized by  
24          Section 4-118.3 a percentage of earnings on the earnings of all  
25          participating employees to provide an amount required for the



1 administrative expenses.

2 Upon adoption of generally accepted accounting procedures  
3 that allow for the recognition of unrealized gains or losses in  
4 market value, those gains or losses shall be allocated to  
5 employer accounts, including the earnings and experience  
6 variation reserve, in the same proportion those accounts were  
7 to total assets prior to the implementation of market value  
8 accounting.

9 (40 ILCS 5/4-138.5)

10 Sec. 4-138.5. Fraud. Any person, member, trustee, or  
11 employee of the Board or a benefit board ~~board~~ who knowingly  
12 makes any false statement or falsifies or permits to be  
13 falsified any record of a fund in any attempt to defraud such  
14 fund as a result of such act, or intentionally or knowingly  
15 defrauds a fund in any manner, is guilty of a Class A  
16 misdemeanor.

17 (Source: P.A. 95-950, eff. 8-29-08.)

18 (40 ILCS 5/4-138.10)

19 Sec. 4-138.10. Mistake in benefit.

20 (a) If the Fund commits a mistake by setting any benefit at  
21 an incorrect amount, it shall adjust the benefit to the correct  
22 level as soon as may be practicable after the mistake is  
23 discovered.

24 The term "mistake" includes a clerical or administrative

1 error executed by the Fund (or by a benefit board acting as  
2 agent of the Fund or by a former pension fund that has been  
3 consolidated into the Fund) or by the participant as it relates  
4 to a benefit under this Article; however, in no case shall  
5 "mistake" include any benefit as it relates to the reasonable  
6 calculation of the benefit or aspects of the benefit based on  
7 salary, service credit, calculation or determination of a  
8 disability, date of retirement, or other factors significant to  
9 the calculation of the benefit that were reasonably understood  
10 or agreed to by the Fund (or by a benefit board acting as agent  
11 of the Fund or by a former pension fund that has been  
12 consolidated into the Fund) at the time of retirement.

13 (b) If the benefit was mistakenly set too low, the Fund  
14 shall make a lump sum payment to the recipient of an amount  
15 equal to the difference between the benefits that should have  
16 been paid and those actually paid, plus interest at the rate  
17 prescribed by the Public Pension Division of the Department of  
18 Insurance from the date the unpaid amounts accrued to the date  
19 of payment.

20 (c) If the benefit was mistakenly set too high, the Fund  
21 may recover the amount overpaid from the recipient thereof,  
22 either directly or by deducting such amount from the remaining  
23 benefits payable to the recipient as is indicated by the  
24 recipient. If the overpayment is recovered by deductions from  
25 the remaining benefits payable to the recipient, the monthly  
26 deduction shall not exceed 10% of the corrected monthly benefit

1 unless otherwise indicated by the recipient.

2 However, if (i) the amount of the benefit was mistakenly  
3 set too high, and (ii) the error was undiscovered for 3 years  
4 or longer, and (iii) the error was not the result of fraud  
5 committed by the affected participant or beneficiary, then upon  
6 discovery of the mistake the benefit shall be adjusted to the  
7 correct level, but the recipient of the benefit need not repay  
8 to the Fund the excess amounts received in error.

9 (d) Adjustments and repayments of benefit mistakes shall be  
10 charged or credited to the appropriate municipal accounts and  
11 reserves.

12 (Source: P.A. 98-1117, eff. 8-26-14.)

13 (40 ILCS 5/4-139) (from Ch. 108 1/2, par. 4-139)

14 Sec. 4-139. Administrative review.

15 (a) Except as it relates to any time limitation to correct  
16 a mistake as provided in Section 4-138.10, the provisions of  
17 the Administrative Review Law, and all amendments and  
18 modifications thereof and the rules adopted pursuant thereto,  
19 shall apply to and govern all proceedings for the judicial  
20 review of final administrative decisions of the Board, of a  
21 benefit board acting as agent of the Fund, or of a former  
22 pension fund that has been consolidated into the Fund, as  
23 ~~retirement board~~ provided for under this Article.

24 (b) The term "administrative decision" is as defined in  
25 Section 3-101 of the Code of Civil Procedure. For purposes of

1 administrative review, "final administrative decision" refers  
2 to:

3 (1) the final administrative decision of the benefit  
4 board in the case of a benefit that arises from service as  
5 a firefighter under only one participating municipality,  
6 unless the Board of Trustees rejects the benefit  
7 determination or findings of the benefit board and assumes  
8 control of the benefit determination in the course of the  
9 benefit determination review process;

10 (2) the final administrative decision of the Board of  
11 Trustees, in the case of (i) a benefit that arises from  
12 service as a firefighter under more than one participating  
13 municipality and is subject to subsection (b) of Section  
14 4-121.5, or (ii) any instance in which the Board of  
15 Trustees rejects the benefit determination or findings of  
16 the benefit board and assumes control of the benefit  
17 determination in the course of the benefit determination  
18 review process; or

19 (3) the final administrative decision of the board of a  
20 former pension fund that has been consolidated into the  
21 Fund, in the case of a decision that occurred before  
22 January 1, 2021 (the consolidation date).

23 (Source: P.A. 98-1117, eff. 8-26-14.)

24 (40 ILCS 5/4-141) (from Ch. 108 1/2, par. 4-141)

25 Sec. 4-141. Referendum in municipalities less than 5,000.

1 This Article shall become effective in any municipality of less  
 2 than 5,000<sup>7</sup> population if the proposition to adopt the Article  
 3 is submitted to and approved by the voters of the municipality  
 4 in the manner herein provided.

5 Whenever the electors of the municipality equal in number  
 6 to 5% of the number of legal votes cast at the last preceding  
 7 general municipal election for mayor or president, as the case  
 8 may be, petition the corporate authorities of the municipality  
 9 to submit the proposition whether that municipality shall adopt  
 10 this Article, the municipal clerk shall certify the proposition  
 11 to the proper election official who shall submit it to the  
 12 electors in accordance with the general election law at the  
 13 next succeeding regular election in the municipality. If the  
 14 proposition is not adopted at that election, it may be  
 15 submitted in like manner at any regular election thereafter.

16 The proposition shall be substantially in the following  
 17 form:

18 -----

19 Shall the city (or village  
 20 or incorporated town as the case may YES

21 be) of .... adopt Article 4 of the  
 22 "~~Illinois Pension Code~~", providing for -----

23 participation in the Downstate  
 24 Firefighters ~~a Firefighters~~ Pension Fund NO

25 and the levying of an annual tax therefor?  
 26 -----

1           If a majority of the votes cast on the proposition is for  
2 the proposition, this Article is adopted in that municipality.

3           The consolidation of firefighters' pension funds under  
4 this Article and the changes to this Section made by this  
5 amendatory Act of the 100th General Assembly do not invalidate  
6 any previous referendum under this Section. Every such  
7 referendum adopted before January 1, 2021 that provides for the  
8 creation of a pension fund under this Article shall be deemed  
9 to also authorize participation in the Downstate Firefighters  
10 Pension Fund created under this Article.

11       (Source: P.A. 83-1440.)

12           (40 ILCS 5/4-142) (from Ch. 108 1/2, par. 4-142)

13           Sec. 4-142. Applicability of home rule powers. A home rule  
14 unit, as defined in Article VII of the 1970 Illinois  
15 Constitution or any amendment thereto, shall have no power to  
16 change, alter, or amend in any way the provisions of this  
17 Article. A home rule unit which is a municipality, as defined  
18 in Section 4-103, shall not provide for, singly or as a part of  
19 any plan or program, by any means whatsoever, any type of  
20 retirement or annuity benefit to a firefighter other than  
21 through the Downstate Firefighters Pension Fund ~~establishment~~  
22 ~~of a fund~~ as provided in this Article, as now or hereafter  
23 amended.

24       (Source: P.A. 83-1440.)

1 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

2 Sec. 7-109. Employee.

3 (1) "Employee" means any person who:

4 (a) 1. Receives earnings as payment for the performance  
5 of personal services or official duties out of the general  
6 fund of a municipality, or out of any special fund or funds  
7 controlled by a municipality, or by an instrumentality  
8 thereof, or a participating instrumentality, including, in  
9 counties, the fees or earnings of any county fee office;  
10 and

11 2. Under the usual common law rules applicable in  
12 determining the employer-employee relationship, has the  
13 status of an employee with a municipality, or any  
14 instrumentality thereof, or a participating  
15 instrumentality, including aldermen, county supervisors  
16 and other persons (excepting those employed as independent  
17 contractors) who are paid compensation, fees, allowances  
18 or other emolument for official duties, and, in counties,  
19 the several county fee offices.

20 (b) Serves as a township treasurer appointed under the  
21 School Code, as heretofore or hereafter amended, and who  
22 receives for such services regular compensation as  
23 distinguished from per diem compensation, and any regular  
24 employee in the office of any township treasurer whether or  
25 not his earnings are paid from the income of the permanent  
26 township fund or from funds subject to distribution to the

1 several school districts and parts of school districts as  
2 provided in the School Code, or from both such sources; or  
3 is the chief executive officer, chief educational officer,  
4 chief fiscal officer, or other employee of a Financial  
5 Oversight Panel established pursuant to Article 1H of the  
6 School Code, other than a superintendent or certified  
7 school business official, except that such person shall not  
8 be treated as an employee under this Section if that person  
9 has negotiated with the Financial Oversight Panel, in  
10 conjunction with the school district, a contractual  
11 agreement for exclusion from this Section.

12 (c) Holds an elective office in a municipality,  
13 instrumentality thereof or participating instrumentality.

14 (2) "Employee" does not include persons who:

15 (a) Are eligible for inclusion under any of the  
16 following laws:

17 1. "An Act in relation to an Illinois State  
18 Teachers' Pension and Retirement Fund", approved May  
19 27, 1915, as amended;

20 2. Articles 15 and 16 of this Code.

21 However, such persons shall be included as employees to  
22 the extent of earnings that are not eligible for inclusion  
23 under the foregoing laws for services not of an  
24 instructional nature of any kind.

25 However, any member of the armed forces who is employed  
26 as a teacher of subjects in the Reserve Officers Training



1 Corps of any school and who is not certified under the law  
2 governing the certification of teachers shall be included  
3 as an employee.

4 (b) Are designated by the governing body of a  
5 municipality ~~in which a pension fund is~~ required by law to  
6 participate in a pension fund ~~be~~ established for policemen  
7 or firemen, respectively, as performing police or fire  
8 protection duties, except that when such persons are the  
9 heads of the police or fire department and are not eligible  
10 to be included within any such pension fund, they shall be  
11 included within this Article; provided, that such persons  
12 shall not be excluded to the extent of concurrent service  
13 and earnings not designated as being for police or fire  
14 protection duties. However, (i) any head of a police  
15 department who was a participant under this Article  
16 immediately before October 1, 1977 and did not elect, under  
17 Section 3-109 of this Act, to participate in a police  
18 pension fund shall be an "employee", and (ii) any chief of  
19 police who became a participating employee under this  
20 Article before January 1, 2019 and who elects to  
21 participate in this Fund under Section 3-109.1 of this  
22 Code, regardless of whether such person continues to be  
23 employed as chief of police or is employed in some other  
24 rank or capacity within the police department, shall be an  
25 employee under this Article for so long as such person is  
26 employed to perform police duties by a participating

1 municipality and has not lawfully rescinded that election.

2 (c) Are contributors to or eligible to contribute to a  
3 Taft-Hartley pension plan to which the participating  
4 municipality is required to contribute as the person's  
5 employer based on earnings from the municipality. Nothing  
6 in this paragraph shall affect service credit or creditable  
7 service for any period of service prior to the effective  
8 date of this amendatory Act of the 98th General Assembly,  
9 and this paragraph shall not apply to individuals who are  
10 participating in the Fund prior to the effective date of  
11 this amendatory Act of the 98th General Assembly.

12 (d) Become an employee of any of the following  
13 participating instrumentalities on or after the effective  
14 date of this amendatory Act of the 99th General Assembly:  
15 the Illinois Municipal League; the Illinois Association of  
16 Park Districts; the Illinois Supervisors, County  
17 Commissioners and Superintendents of Highways Association;  
18 an association, or not-for-profit corporation, membership  
19 in which is authorized under Section 85-15 of the Township  
20 Code; the United Counties Council; or the Will County  
21 Governmental League.

22 (3) All persons, including, without limitation, public  
23 defenders and probation officers, who receive earnings from  
24 general or special funds of a county for performance of  
25 personal services or official duties within the territorial  
26 limits of the county, are employees of the county (unless

1 excluded by subsection (2) of this Section) notwithstanding  
2 that they may be appointed by and are subject to the direction  
3 of a person or persons other than a county board or a county  
4 officer. It is hereby established that an employer-employee  
5 relationship under the usual common law rules exists between  
6 such employees and the county paying their salaries by reason  
7 of the fact that the county boards fix their rates of  
8 compensation, appropriate funds for payment of their earnings  
9 and otherwise exercise control over them. This finding and this  
10 amendatory Act shall apply to all such employees from the date  
11 of appointment whether such date is prior to or after the  
12 effective date of this amendatory Act and is intended to  
13 clarify existing law pertaining to their status as  
14 participating employees in the Fund.

15 (Source: P.A. 99-830, eff. 1-1-17; 100-281, eff. 8-24-17.)

16 (40 ILCS 5/7-139.10)

17 Sec. 7-139.10. Transfer to Article 4 pension fund. A person  
18 who has elected under Section 4-108.4 to become an active  
19 participant in the Downstate Firefighters Pension Fund or any  
20 of its predecessor funds ~~a firefighter pension fund~~ established  
21 under Article 4 of this Code may apply for transfer to the  
22 Downstate Firefighters Pension Fund ~~that Article 4 fund~~ of his  
23 or her creditable service accumulated under this Article for  
24 municipal firefighter service. At the time of the transfer, the  
25 Fund shall pay to the Downstate Firefighters Pension Fund

1 ~~firefighter pension fund~~ an amount equal to:

2 (1) the amounts accumulated to the credit of the  
3 applicant for municipal firefighter service, including  
4 interest;

5 (2) any interest paid by the applicant in order to  
6 reinstate that service; and

7 (3) the municipality credits based on that service,  
8 including interest.

9 Participation in this fund with respect to the transferred  
10 credits shall terminate on the date of transfer.

11 For the purpose of this Section, "municipal firefighter  
12 service" means service with the fire department of a  
13 participating municipality for which the applicant established  
14 creditable service under this Article.

15 (Source: P.A. 93-689, eff. 7-1-04.)

16 (40 ILCS 5/1-113.1 rep.)

17 (40 ILCS 5/1-113.2 rep.)

18 (40 ILCS 5/1-113.3 rep.)

19 (40 ILCS 5/1-113.4 rep.)

20 (40 ILCS 5/1-113.4a rep.)

21 (40 ILCS 5/1-113.5 rep.)

22 (40 ILCS 5/1-113.6 rep.)

23 (40 ILCS 5/1-113.7 rep.)

24 (40 ILCS 5/1-113.8 rep.)

25 (40 ILCS 5/1-113.9 rep.)

1 (40 ILCS 5/1-113.10 rep.)

2 (40 ILCS 5/1-113.11 rep.)

3 (40 ILCS 5/1-113.12 rep.)

4 (40 ILCS 5/1A-111 rep.)

5 Section 15. The Illinois Pension Code is amended by  
6 repealing Sections 1-113.1, 1-113.2, 1-113.3, 1-113.4,  
7 1-113.4a, 1-113.5, 1-113.6, 1-113.7, 1-113.8, 1-113.9,  
8 1-113.10, 1-113.11, 1-113.12, and 1A-111.

9 Section 90. The State Mandates Act is amended by adding  
10 Section 8.42 as follows:

11 (30 ILCS 805/8.42 new)

12 Sec. 8.42. 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 100th General Assembly.

16 Section 99. Effective date. This Act takes effect upon  
17 becoming law, except that Sections 10 and 15 take effect  
18 January 1, 2021.

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