



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3877

Introduced 1/21/2022, by Sen. Rachelle Crowe

SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-110.13 new
40 ILCS 5/7-139 from Ch. 108 1/2, par. 7-139
40 ILCS 5/7-139.1a new
30 ILCS 805/8.46 new

Amends the Downstate Police and Illinois Municipal Retirement Fund (IMRF) Articles of the Illinois Pension Code. Provides that a participant who is actively employed as a sheriff's law enforcement employee may make an election to transfer up to 10 years of creditable service from a fund established under the Downstate Police Article to IMRF. Provides that upon receiving a written election under the provisions, the fund shall transfer the employee and employer contributions to IMRF as soon as is practicable. Provides that the service shall accrue to the employee with the benefits of service credit that was otherwise earned as service credit under the sheriff's law enforcement employee provisions. Provides that in order to transfer the service credit, the employee must: make a written election for a refund of the employee and employer contributions for the corresponding service credit under the Downstate Police Article; make a written election to the Fund to purchase an amount of service credit that is not greater than the term of service credited; and make payment of the amount determined by the Fund to represent the actual costs of the benefits as established by the Fund minus the amounts received from the fund established under the Downstate Police Article. Makes conforming changes. Amends the State Mandates Act to require implementation without reimbursement by the State.

LRB102 24360 RPS 33594 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

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 adding
5 Sections 3-110.13 and 7-139.1a and by changing Section 7-139
6 as follows:

7 (40 ILCS 5/3-110.13 new)

8 Sec. 3-110.13. Transfer to Article 7. A participant who is
9 actively employed as a sheriff's law enforcement employee may
10 make an election to transfer up to 10 years of creditable
11 service from a fund established under this Article to the
12 Illinois Municipal Retirement Fund established under Article
13 7. Upon receiving a written election by a participant under
14 this Section, the fund shall transfer the employee and
15 employer contributions to the Illinois Municipal Retirement
16 Fund as soon as is practicable. Participation in the police
17 pension fund with respect to the service to be transferred
18 shall terminate on the date of transfer.

19 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

20 Sec. 7-139. Credits and creditable service to employees.

21 (a) Each participating employee shall be granted credits
22 and creditable service, for purposes of determining the amount

1 of any annuity or benefit to which he or a beneficiary is
2 entitled, as follows:

3 1. For prior service: Each participating employee who
4 is an employee of a participating municipality or
5 participating instrumentality on the effective date shall
6 be granted creditable service, but no credits under
7 paragraph 2 of this subsection (a), for periods of prior
8 service for which credit has not been received under any
9 other pension fund or retirement system established under
10 this Code, as follows:

11 If the effective date of participation for the
12 participating municipality or participating
13 instrumentality is on or before January 1, 1998,
14 creditable service shall be granted for the entire period
15 of prior service with that employer without any employee
16 contribution.

17 If the effective date of participation for the
18 participating municipality or participating
19 instrumentality is after January 1, 1998, creditable
20 service shall be granted for the last 20% of the period of
21 prior service with that employer, but no more than 5
22 years, without any employee contribution. A participating
23 employee may establish creditable service for the
24 remainder of the period of prior service with that
25 employer by making an application in writing, accompanied
26 by payment of an employee contribution in an amount

1 determined by the Fund, based on the employee contribution
2 rates in effect at the time of application for the
3 creditable service and the employee's salary rate on the
4 effective date of participation for that employer, plus
5 interest at the effective rate from the date of the prior
6 service to the date of payment. Application for this
7 creditable service may be made at any time while the
8 employee is still in service.

9 A municipality that (i) has at least 35 employees;
10 (ii) is located in a county with at least 2,000,000
11 inhabitants; and (iii) maintains an independent defined
12 benefit pension plan for the benefit of its eligible
13 employees may restrict creditable service in whole or in
14 part for periods of prior service with the employer if the
15 governing body of the municipality adopts an irrevocable
16 resolution to restrict that creditable service and files
17 the resolution with the board before the municipality's
18 effective date of participation.

19 Any person who has withdrawn from the service of a
20 participating municipality or participating
21 instrumentality prior to the effective date, who reenters
22 the service of the same municipality or participating
23 instrumentality after the effective date and becomes a
24 participating employee is entitled to creditable service
25 for prior service as otherwise provided in this
26 subdivision (a)(1) only if he or she renders 2 years of

1 service as a participating employee after the effective
2 date. Application for such service must be made while in a
3 participating status. The salary rate to be used in the
4 calculation of the required employee contribution, if any,
5 shall be the employee's salary rate at the time of first
6 reentering service with the employer after the employer's
7 effective date of participation.

8 2. For current service, each participating employee
9 shall be credited with:

10 a. Additional credits of amounts equal to each
11 payment of additional contributions received from him
12 under Section 7-173, as of the date the corresponding
13 payment of earnings is payable to him.

14 b. Normal credits of amounts equal to each payment
15 of normal contributions received from him, as of the
16 date the corresponding payment of earnings is payable
17 to him, and normal contributions made for the purpose
18 of establishing out-of-state service credits as
19 permitted under the conditions set forth in paragraph
20 6 of this subsection (a).

21 c. Municipality credits in an amount equal to 1.4
22 times the normal credits, except those established by
23 out-of-state service credits, as of the date of
24 computation of any benefit if these credits would
25 increase the benefit.

26 d. Survivor credits equal to each payment of

1 survivor contributions received from the participating
2 employee as of the date the corresponding payment of
3 earnings is payable, and survivor contributions made
4 for the purpose of establishing out-of-state service
5 credits.

6 3. For periods of temporary and total and permanent
7 disability benefits, each employee receiving disability
8 benefits shall be granted creditable service for the
9 period during which disability benefits are payable.
10 Normal and survivor credits, based upon the rate of
11 earnings applied for disability benefits, shall also be
12 granted if such credits would result in a higher benefit
13 to any such employee or his beneficiary.

14 4. For authorized leave of absence without pay: A
15 participating employee shall be granted credits and
16 creditable service for periods of authorized leave of
17 absence without pay under the following conditions:

18 a. An application for credits and creditable
19 service is submitted to the board while the employee
20 is in a status of active employment.

21 b. Not more than 12 complete months of creditable
22 service for authorized leave of absence without pay
23 shall be counted for purposes of determining any
24 benefits payable under this Article.

25 c. Credits and creditable service shall be granted
26 for leave of absence only if such leave is approved by

1 the governing body of the municipality, including
2 approval of the estimated cost thereof to the
3 municipality as determined by the fund, and employee
4 contributions, plus interest at the effective rate
5 applicable for each year from the end of the period of
6 leave to date of payment, have been paid to the fund in
7 accordance with Section 7-173. The contributions shall
8 be computed upon the assumption earnings continued
9 during the period of leave at the rate in effect when
10 the leave began.

11 d. Benefits under the provisions of Sections
12 7-141, 7-146, 7-150 and 7-163 shall become payable to
13 employees on authorized leave of absence, or their
14 designated beneficiary, only if such leave of absence
15 is creditable hereunder, and if the employee has at
16 least one year of creditable service other than the
17 service granted for leave of absence. Any employee
18 contributions due may be deducted from any benefits
19 payable.

20 e. No credits or creditable service shall be
21 allowed for leave of absence without pay during any
22 period of prior service.

23 5. For military service: The governing body of a
24 municipality or participating instrumentality may elect to
25 allow creditable service to participating employees who
26 leave their employment to serve in the armed forces of the

1 United States for all periods of such service, provided
2 that the person returns to active employment within 90
3 days after completion of full time active duty, but no
4 creditable service shall be allowed such person for any
5 period that can be used in the computation of a pension or
6 any other pay or benefit, other than pay for active duty,
7 for service in any branch of the armed forces of the United
8 States. If necessary to the computation of any benefit,
9 the board shall establish municipality credits for
10 participating employees under this paragraph on the
11 assumption that the employee received earnings at the rate
12 received at the time he left the employment to enter the
13 armed forces. A participating employee in the armed forces
14 shall not be considered an employee during such period of
15 service and no additional death and no disability benefits
16 are payable for death or disability during such period.

17 Any participating employee who left his employment
18 with a municipality or participating instrumentality to
19 serve in the armed forces of the United States and who
20 again became a participating employee within 90 days after
21 completion of full time active duty by entering the
22 service of a different municipality or participating
23 instrumentality, which has elected to allow creditable
24 service for periods of military service under the
25 preceding paragraph, shall also be allowed creditable
26 service for his period of military service on the same

1 terms that would apply if he had been employed, before
2 entering military service, by the municipality or
3 instrumentality which employed him after he left the
4 military service and the employer costs arising in
5 relation to such grant of creditable service shall be
6 charged to and paid by that municipality or
7 instrumentality.

8 Notwithstanding the foregoing, any participating
9 employee shall be entitled to creditable service as
10 required by any federal law relating to re-employment
11 rights of persons who served in the United States Armed
12 Services. Such creditable service shall be granted upon
13 payment by the member of an amount equal to the employee
14 contributions which would have been required had the
15 employee continued in service at the same rate of earnings
16 during the military leave period, plus interest at the
17 effective rate.

18 5.1. In addition to any creditable service established
19 under paragraph 5 of this subsection (a), creditable
20 service may be granted for up to 48 months of service in
21 the armed forces of the United States.

22 In order to receive creditable service for military
23 service under this paragraph 5.1, a participating employee
24 must (1) apply to the Fund in writing and provide evidence
25 of the military service that is satisfactory to the Board;
26 (2) obtain the written approval of the current employer;

1 and (3) make contributions to the Fund equal to (i) the
2 employee contributions that would have been required had
3 the service been rendered as a member, plus (ii) an amount
4 determined by the board to be equal to the employer's
5 normal cost of the benefits accrued for that military
6 service, plus (iii) interest on items (i) and (ii) from
7 the date of first membership in the Fund to the date of
8 payment. The required interest shall be calculated at the
9 regular interest rate.

10 The changes made to this paragraph 5.1 by Public Acts
11 95-483 and 95-486 apply only to participating employees in
12 service on or after August 28, 2007 (the effective date of
13 those Public Acts).

14 6. For out-of-state service: Creditable service shall
15 be granted for service rendered to an out-of-state local
16 governmental body under the following conditions: The
17 employee had participated and has irrevocably forfeited
18 all rights to benefits in the out-of-state public
19 employees pension system; the governing body of his
20 participating municipality or instrumentality authorizes
21 the employee to establish such service; the employee has 2
22 years current service with this municipality or
23 participating instrumentality; the employee makes a
24 payment of contributions, which shall be computed at 8%
25 (normal) plus 2% (survivor) times length of service
26 purchased times the average rate of earnings for the first

1 2 years of service with the municipality or participating
2 instrumentality whose governing body authorizes the
3 service established plus interest at the effective rate on
4 the date such credits are established, payable from the
5 date the employee completes the required 2 years of
6 current service to date of payment. In no case shall more
7 than 120 months of creditable service be granted under
8 this provision.

9 7. For retroactive service: Any employee who could
10 have but did not elect to become a participating employee,
11 or who should have been a participant in the Municipal
12 Public Utilities Annuity and Benefit Fund before that fund
13 was superseded, may receive creditable service for the
14 period of service not to exceed 50 months; however, a
15 current or former elected or appointed official of a
16 participating municipality may establish credit under this
17 paragraph 7 for more than 50 months of service as an
18 official of that municipality, if the excess over 50
19 months is approved by resolution of the governing body of
20 the affected municipality filed with the Fund before
21 January 1, 2002.

22 Any employee who is a participating employee on or
23 after September 24, 1981 and who was excluded from
24 participation by the age restrictions removed by Public
25 Act 82-596 may receive creditable service for the period,
26 on or after January 1, 1979, excluded by the age

1 restriction and, in addition, if the governing body of the
2 participating municipality or participating
3 instrumentality elects to allow creditable service for all
4 employees excluded by the age restriction prior to January
5 1, 1979, for service during the period prior to that date
6 excluded by the age restriction. Any employee who was
7 excluded from participation by the age restriction removed
8 by Public Act 82-596 and who is not a participating
9 employee on or after September 24, 1981 may receive
10 creditable service for service after January 1, 1979.
11 Creditable service under this paragraph shall be granted
12 upon payment of the employee contributions which would
13 have been required had he participated, with interest at
14 the effective rate for each year from the end of the period
15 of service established to date of payment.

16 8. For accumulated unused sick leave: A participating
17 employee who is applying for a retirement annuity shall be
18 entitled to creditable service for that portion of the
19 employee's accumulated unused sick leave for which payment
20 is not received, as follows:

21 a. Sick leave days shall be limited to those
22 accumulated under a sick leave plan established by a
23 participating municipality or participating
24 instrumentality which is available to all employees or
25 a class of employees.

26 b. Except as provided in item b-1, only sick leave

1 days accumulated with a participating municipality or
2 participating instrumentality with which the employee
3 was in service within 60 days of the effective date of
4 his retirement annuity shall be credited; If the
5 employee was in service with more than one employer
6 during this period only the sick leave days with the
7 employer with which the employee has the greatest
8 number of unpaid sick leave days shall be considered.

9 b-1. If the employee was in the service of more
10 than one employer as defined in item (2) of paragraph
11 (a) of subsection (A) of Section 7-132, then the sick
12 leave days from all such employers shall be credited,
13 as long as the creditable service attributed to those
14 sick leave days does not exceed the limitation in item
15 d of this paragraph 8. If the employee was in the
16 service of more than one employer described in
17 paragraph (c) of subsection (B) of Section 7-132 on or
18 after the effective date of this amendatory Act of the
19 101st General Assembly, then the sick leave days from
20 all such employers, except for employers from which
21 the employee terminated service before the effective
22 date of this amendatory Act of the 101st General
23 Assembly, shall be credited, as long as the creditable
24 service attributed to those sick leave days does not
25 exceed the limitation in item d of this paragraph 8. In
26 calculating the creditable service under this item

1 b-1, the sick leave days from the last employer shall
2 be considered first, then the remaining sick leave
3 days shall be considered until there are no more days
4 or the maximum creditable sick leave threshold under
5 item d of this paragraph 8 has been reached.

6 c. The creditable service granted shall be
7 considered solely for the purpose of computing the
8 amount of the retirement annuity and shall not be used
9 to establish any minimum service period required by
10 any provision of the Illinois Pension Code, the
11 effective date of the retirement annuity, or the final
12 rate of earnings.

13 d. The creditable service shall be at the rate of
14 1/20 of a month for each full sick day, provided that
15 no more than 12 months may be credited under this
16 subdivision 8.

17 e. Employee contributions shall not be required
18 for creditable service under this subdivision 8.

19 f. Each participating municipality and
20 participating instrumentality with which an employee
21 has service within 60 days of the effective date of his
22 retirement annuity shall certify to the board the
23 number of accumulated unpaid sick leave days credited
24 to the employee at the time of termination of service.

25 9. For service transferred from another system:
26 Credits and creditable service shall be granted for

1 service under Article 4, 5, 8, 14, or 16 of this Act, to
2 any active member of this Fund, and to any inactive member
3 who has been a county sheriff, upon transfer of such
4 credits pursuant to Section 4-108.3, 5-235, 8-226.7,
5 14-105.6, or 16-131.4, and payment by the member of the
6 amount by which (1) the employer and employee
7 contributions that would have been required if he had
8 participated in this Fund as a sheriff's law enforcement
9 employee during the period for which credit is being
10 transferred, plus interest thereon at the effective rate
11 for each year, compounded annually, from the date of
12 termination of the service for which credit is being
13 transferred to the date of payment, exceeds (2) the amount
14 actually transferred to the Fund. Such transferred service
15 shall be deemed to be service as a sheriff's law
16 enforcement employee for the purposes of Section 7-142.1.

17 10. (Blank).

18 11. For service transferred from an Article 3 system
19 under Section 3-110.3: Credits and creditable service
20 shall be granted for service under Article 3 of this Act as
21 provided in Section 3-110.3, to any active member of this
22 Fund, upon transfer of such credits pursuant to Section
23 3-110.3. If the board determines that the amount
24 transferred is less than the true cost to the Fund of
25 allowing that creditable service to be established, then
26 in order to establish that creditable service, the member

1 must pay to the Fund an additional contribution equal to
2 the difference, as determined by the board in accordance
3 with the rules and procedures adopted under this
4 paragraph. If the member does not make the full additional
5 payment as required by this paragraph prior to termination
6 of his participation with that employer, then his or her
7 creditable service shall be reduced by an amount equal to
8 the difference between the amount transferred under
9 Section 3-110.3, including any payments made by the member
10 under this paragraph prior to termination, and the true
11 cost to the Fund of allowing that creditable service to be
12 established, as determined by the board in accordance with
13 the rules and procedures adopted under this paragraph.

14 The board shall establish by rule the manner of making
15 the calculation required under this paragraph 11, taking
16 into account the appropriate actuarial assumptions; the
17 member's service, age, and salary history, and any other
18 factors that the board determines to be relevant.

19 12. For omitted service: Any employee who was employed
20 by a participating employer in a position that required
21 participation, but who was not enrolled in the Fund, may
22 establish such credits under the following conditions:

23 a. Application for such credits is received by the
24 Board while the employee is an active participant of
25 the Fund or a reciprocal retirement system.

26 b. Eligibility for participation and earnings are

1 verified by the Authorized Agent of the participating
2 employer for which the service was rendered.

3 Creditable service under this paragraph shall be
4 granted upon payment of the employee contributions that
5 would have been required had he participated, which shall
6 be calculated by the Fund using the member contribution
7 rate in effect during the period that the service was
8 rendered.

9 13. For service transferred under Section 7-139.1a.

10 (b) Creditable service - amount:

11 1. One month of creditable service shall be allowed
12 for each month for which a participating employee made
13 contributions as required under Section 7-173, or for
14 which creditable service is otherwise granted hereunder.
15 Not more than 1 month of service shall be credited and
16 counted for 1 calendar month, and not more than 1 year of
17 service shall be credited and counted for any calendar
18 year. A calendar month means a nominal month beginning on
19 the first day thereof, and a calendar year means a year
20 beginning January 1 and ending December 31.

21 2. A seasonal employee shall be given 12 months of
22 creditable service if he renders the number of months of
23 service normally required by the position in a 12-month
24 period and he remains in service for the entire 12-month
25 period. Otherwise a fractional year of service in the
26 number of months of service rendered shall be credited.

1 3. An intermittent employee shall be given creditable
2 service for only those months in which a contribution is
3 made under Section 7-173.

4 (c) No application for correction of credits or creditable
5 service shall be considered unless the board receives an
6 application for correction while (1) the applicant is a
7 participating employee and in active employment with a
8 participating municipality or instrumentality, or (2) while
9 the applicant is actively participating in a pension fund or
10 retirement system which is a participating system under the
11 Retirement Systems Reciprocal Act. A participating employee or
12 other applicant shall not be entitled to credits or creditable
13 service unless the required employee contributions are made in
14 a lump sum or in installments made in accordance with board
15 rule. Payments made to establish service credit under
16 paragraph 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this
17 Section must be received by the Board while the applicant is an
18 active participant in the Fund or a reciprocal retirement
19 system, except that an applicant may make one payment after
20 termination of active participation in the Fund or a
21 reciprocal retirement system.

22 (d) Upon the granting of a retirement, surviving spouse or
23 child annuity, a death benefit or a separation benefit, on
24 account of any employee, all individual accumulated credits
25 shall thereupon terminate. Upon the withdrawal of additional
26 contributions, the credits applicable thereto shall thereupon

1 terminate. Terminated credits shall not be applied to increase
2 the benefits any remaining employee would otherwise receive
3 under this Article.

4 (Source: P.A. 100-148, eff. 8-18-17; 101-492, eff. 8-23-19.)

5 (40 ILCS 5/7-139.1a new)

6 Sec. 7-139.1a. Transfer from Article 3. A person who is a
7 sheriff's law enforcement employee may elect to transfer up to
8 10 years of service credit to the Fund. The service shall
9 accrue to the employee with the benefits of service credit
10 that was otherwise earned as service credit under Section
11 7-142.1. In order to transfer the service credit, the employee
12 must: (1) make a written election for a refund of the employee
13 and employer contributions for the corresponding service
14 credit under Article 3; (2) make a written election to the Fund
15 to purchase an amount of service credit that is not greater
16 than the term of service credited under item (1); and (3) make
17 payment of the amount determined by the Fund to represent the
18 actual costs of the benefits as established by the Fund minus
19 the amounts received from the fund established under Article
20 3.

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.46 as follows:

23 (30 ILCS 805/8.46 new)

1 Sec. 8.46. Exempt mandate. Notwithstanding Sections 6 and
2 8 of this Act, no reimbursement by the State is required for
3 the implementation of any mandate created by this amendatory
4 Act of the 102nd General Assembly.