



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1582

Introduced 2/8/2023, by Sen. Doris Turner

SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-110.15 new

40 ILCS 5/7-139

30 ILCS 805/8.47 new

from Ch. 108 1/2, par. 7-139

Amends the Downstate Police and Illinois Municipal Retirement Fund (IMRF) Articles of the Illinois Pension Code. Provides that within 6 months after the effective date of the amendatory Act, an active IMRF member may apply for transfer of credits and creditable service under the Downstate Police Article to IMRF. Provides that the credits and creditable service shall be transferred upon payment by the police pension fund of an amount equal to the amounts accumulated to the credit of the applicant for the service to be transferred, including interest; an amount representing employer contributions; and any interest paid by the applicant to reinstate such service. Provides that a person applying to transfer service under the provisions may reinstate credits and creditable service terminated upon receipt of a refund by paying to the police pension fund the amount of the refund plus interest. Provides that if the board of trustees of IMRF determines that the amount transferred is less than the true cost to IMRF of allowing that creditable service to be established, then in order to establish that creditable service, the member must pay to IMRF an additional contribution equal to the difference. Makes conforming and other changes. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

LRB103 28419 RPS 54799 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
5 changing Section 7-139 and by adding Section 3-110.15 as
6 follows:

7 (40 ILCS 5/3-110.15 new)

8 Sec. 3-110.15. Transfer to IMRF.

9 (a) Within 6 months after the effective date of this
10 amendatory Act of the 103rd General Assembly, an active member
11 of the Illinois Municipal Retirement Fund established under
12 Article 7 of this Code may apply for transfer to the Illinois
13 Municipal Retirement Fund of his or her credits and creditable
14 service accumulated in a police pension fund under this
15 Article. The creditable service shall be transferred only upon
16 payment by the police pension fund to the Illinois Municipal
17 Retirement Fund of an amount equal to:

18 (1) the amounts accumulated to the credit of the
19 applicant for the service to be transferred, including
20 interest;

21 (2) an amount representing employer contributions; and

22 (3) any interest paid by the applicant to reinstate
23 such service.

1 Participation in the police pension fund as to any credits
2 transferred under this Section shall terminate on the date of
3 transfer.

4 (b) Notwithstanding any other provision of this Code, any
5 person applying to transfer service under this Section may
6 reinstate credits and creditable service terminated upon
7 receipt of a refund by paying to the police pension fund the
8 amount of the refund plus interest thereon at the actuarially
9 assumed rate of interest to the date of payment. Such payment
10 must be made within 90 days after notification by the police
11 pension fund of the cost of such reinstatement.

12 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

14 (a) Each participating employee shall be granted credits
15 and creditable service, for purposes of determining the amount
16 of any annuity or benefit to which he or a beneficiary is
17 entitled, as follows:

18 1. For prior service: Each participating employee who
19 is an employee of a participating municipality or
20 participating instrumentality on the effective date shall
21 be granted creditable service, but no credits under
22 paragraph 2 of this subsection (a), for periods of prior
23 service for which credit has not been received under any
24 other pension fund or retirement system established under
25 this Code, as follows:

1 If the effective date of participation for the
2 participating municipality or participating
3 instrumentality is on or before January 1, 1998,
4 creditable service shall be granted for the entire period
5 of prior service with that employer without any employee
6 contribution.

7 If the effective date of participation for the
8 participating municipality or participating
9 instrumentality is after January 1, 1998, creditable
10 service shall be granted for the last 20% of the period of
11 prior service with that employer, but no more than 5
12 years, without any employee contribution. A participating
13 employee may establish creditable service for the
14 remainder of the period of prior service with that
15 employer by making an application in writing, accompanied
16 by payment of an employee contribution in an amount
17 determined by the Fund, based on the employee contribution
18 rates in effect at the time of application for the
19 creditable service and the employee's salary rate on the
20 effective date of participation for that employer, plus
21 interest at the effective rate from the date of the prior
22 service to the date of payment. Application for this
23 creditable service may be made at any time while the
24 employee is still in service.

25 A municipality that (i) has at least 35 employees;
26 (ii) is located in a county with at least 2,000,000

1 inhabitants; and (iii) maintains an independent defined
2 benefit pension plan for the benefit of its eligible
3 employees may restrict creditable service in whole or in
4 part for periods of prior service with the employer if the
5 governing body of the municipality adopts an irrevocable
6 resolution to restrict that creditable service and files
7 the resolution with the board before the municipality's
8 effective date of participation.

9 Any person who has withdrawn from the service of a
10 participating municipality or participating
11 instrumentality prior to the effective date, who reenters
12 the service of the same municipality or participating
13 instrumentality after the effective date and becomes a
14 participating employee is entitled to creditable service
15 for prior service as otherwise provided in this
16 subdivision (a)(1) only if he or she renders 2 years of
17 service as a participating employee after the effective
18 date. Application for such service must be made while in a
19 participating status. The salary rate to be used in the
20 calculation of the required employee contribution, if any,
21 shall be the employee's salary rate at the time of first
22 reentering service with the employer after the employer's
23 effective date of participation.

24 2. For current service, each participating employee
25 shall be credited with:

26 a. Additional credits of amounts equal to each

1 payment of additional contributions received from him
2 under Section 7-173, as of the date the corresponding
3 payment of earnings is payable to him.

4 b. Normal credits of amounts equal to each payment
5 of normal contributions received from him, as of the
6 date the corresponding payment of earnings is payable
7 to him, and normal contributions made for the purpose
8 of establishing out-of-state service credits as
9 permitted under the conditions set forth in paragraph
10 6 of this subsection (a).

11 c. Municipality credits in an amount equal to 1.4
12 times the normal credits, except those established by
13 out-of-state service credits, as of the date of
14 computation of any benefit if these credits would
15 increase the benefit.

16 d. Survivor credits equal to each payment of
17 survivor contributions received from the participating
18 employee as of the date the corresponding payment of
19 earnings is payable, and survivor contributions made
20 for the purpose of establishing out-of-state service
21 credits.

22 3. For periods of temporary and total and permanent
23 disability benefits, each employee receiving disability
24 benefits shall be granted creditable service for the
25 period during which disability benefits are payable.
26 Normal and survivor credits, based upon the rate of

1 earnings applied for disability benefits, shall also be
2 granted if such credits would result in a higher benefit
3 to any such employee or his beneficiary.

4 4. For authorized leave of absence without pay: A
5 participating employee shall be granted credits and
6 creditable service for periods of authorized leave of
7 absence without pay under the following conditions:

8 a. An application for credits and creditable
9 service is submitted to the board while the employee
10 is in a status of active employment.

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

15 c. Credits and creditable service shall be granted
16 for leave of absence only if such leave is approved by
17 the governing body of the municipality, including
18 approval of the estimated cost thereof to the
19 municipality as determined by the fund, and employee
20 contributions, plus interest at the effective rate
21 applicable for each year from the end of the period of
22 leave to date of payment, have been paid to the fund in
23 accordance with Section 7-173. The contributions shall
24 be computed upon the assumption earnings continued
25 during the period of leave at the rate in effect when
26 the leave began.

1 d. Benefits under the provisions of Sections
2 7-141, 7-146, 7-150 and 7-163 shall become payable to
3 employees on authorized leave of absence, or their
4 designated beneficiary, only if such leave of absence
5 is creditable hereunder, and if the employee has at
6 least one year of creditable service other than the
7 service granted for leave of absence. Any employee
8 contributions due may be deducted from any benefits
9 payable.

10 e. No credits or creditable service shall be
11 allowed for leave of absence without pay during any
12 period of prior service.

13 5. For military service: The governing body of a
14 municipality or participating instrumentality may elect to
15 allow creditable service to participating employees who
16 leave their employment to serve in the armed forces of the
17 United States for all periods of such service, provided
18 that the person returns to active employment within 90
19 days after completion of full time active duty, but no
20 creditable service shall be allowed such person for any
21 period that can be used in the computation of a pension or
22 any other pay or benefit, other than pay for active duty,
23 for service in any branch of the armed forces of the United
24 States. If necessary to the computation of any benefit,
25 the board shall establish municipality credits for
26 participating employees under this paragraph on the

1 assumption that the employee received earnings at the rate
2 received at the time he left the employment to enter the
3 armed forces. A participating employee in the armed forces
4 shall not be considered an employee during such period of
5 service and no additional death and no disability benefits
6 are payable for death or disability during such period.

7 Any participating employee who left his employment
8 with a municipality or participating instrumentality to
9 serve in the armed forces of the United States and who
10 again became a participating employee within 90 days after
11 completion of full time active duty by entering the
12 service of a different municipality or participating
13 instrumentality, which has elected to allow creditable
14 service for periods of military service under the
15 preceding paragraph, shall also be allowed creditable
16 service for his period of military service on the same
17 terms that would apply if he had been employed, before
18 entering military service, by the municipality or
19 instrumentality which employed him after he left the
20 military service and the employer costs arising in
21 relation to such grant of creditable service shall be
22 charged to and paid by that municipality or
23 instrumentality.

24 Notwithstanding the foregoing, any participating
25 employee shall be entitled to creditable service as
26 required by any federal law relating to re-employment

1 rights of persons who served in the United States Armed
2 Services. Such creditable service shall be granted upon
3 payment by the member of an amount equal to the employee
4 contributions which would have been required had the
5 employee continued in service at the same rate of earnings
6 during the military leave period, plus interest at the
7 effective rate.

8 5.1. In addition to any creditable service established
9 under paragraph 5 of this subsection (a), creditable
10 service may be granted for up to 48 months of service in
11 the armed forces of the United States.

12 In order to receive creditable service for military
13 service under this paragraph 5.1, a participating employee
14 must (1) apply to the Fund in writing and provide evidence
15 of the military service that is satisfactory to the Board;
16 (2) obtain the written approval of the current employer;
17 and (3) make contributions to the Fund equal to (i) the
18 employee contributions that would have been required had
19 the service been rendered as a member, plus (ii) an amount
20 determined by the board to be equal to the employer's
21 normal cost of the benefits accrued for that military
22 service, plus (iii) interest on items (i) and (ii) from
23 the date of first membership in the Fund to the date of
24 payment. The required interest shall be calculated at the
25 regular interest rate.

26 The changes made to this paragraph 5.1 by Public Acts

1 95-483 and 95-486 apply only to participating employees in
2 service on or after August 28, 2007 (the effective date of
3 those Public Acts).

4 6. For out-of-state service: Creditable service shall
5 be granted for service rendered to an out-of-state local
6 governmental body under the following conditions: The
7 employee had participated and has irrevocably forfeited
8 all rights to benefits in the out-of-state public
9 employees pension system; the governing body of his
10 participating municipality or instrumentality authorizes
11 the employee to establish such service; the employee has 2
12 years current service with this municipality or
13 participating instrumentality; the employee makes a
14 payment of contributions, which shall be computed at 8%
15 (normal) plus 2% (survivor) times length of service
16 purchased times the average rate of earnings for the first
17 2 years of service with the municipality or participating
18 instrumentality whose governing body authorizes the
19 service established plus interest at the effective rate on
20 the date such credits are established, payable from the
21 date the employee completes the required 2 years of
22 current service to date of payment. In no case shall more
23 than 120 months of creditable service be granted under
24 this provision.

25 7. For retroactive service: Any employee who could
26 have but did not elect to become a participating employee,

1 or who should have been a participant in the Municipal
2 Public Utilities Annuity and Benefit Fund before that fund
3 was superseded, may receive creditable service for the
4 period of service not to exceed 50 months; however, a
5 current or former elected or appointed official of a
6 participating municipality may establish credit under this
7 paragraph 7 for more than 50 months of service as an
8 official of that municipality, if the excess over 50
9 months is approved by resolution of the governing body of
10 the affected municipality filed with the Fund before
11 January 1, 2002.

12 Any employee who is a participating employee on or
13 after September 24, 1981 and who was excluded from
14 participation by the age restrictions removed by Public
15 Act 82-596 may receive creditable service for the period,
16 on or after January 1, 1979, excluded by the age
17 restriction and, in addition, if the governing body of the
18 participating municipality or participating
19 instrumentality elects to allow creditable service for all
20 employees excluded by the age restriction prior to January
21 1, 1979, for service during the period prior to that date
22 excluded by the age restriction. Any employee who was
23 excluded from participation by the age restriction removed
24 by Public Act 82-596 and who is not a participating
25 employee on or after September 24, 1981 may receive
26 creditable service for service after January 1, 1979.

1 Creditable service under this paragraph shall be granted
2 upon payment of the employee contributions which would
3 have been required had he participated, with interest at
4 the effective rate for each year from the end of the period
5 of service established to date of payment.

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

11 a. Sick leave days shall be limited to those
12 accumulated under a sick leave plan established by a
13 participating municipality or participating
14 instrumentality which is available to all employees or
15 a class of employees.

16 b. Except as provided in item b-1, only sick leave
17 days accumulated with a participating municipality or
18 participating instrumentality with which the employee
19 was in service within 60 days of the effective date of
20 his retirement annuity shall be credited; If the
21 employee was in service with more than one employer
22 during this period only the sick leave days with the
23 employer with which the employee has the greatest
24 number of unpaid sick leave days shall be considered.

25 b-1. If the employee was in the service of more
26 than one employer as defined in item (2) of paragraph

1 (a) of subsection (A) of Section 7-132, then the sick
2 leave days from all such employers shall be credited,
3 as long as the creditable service attributed to those
4 sick leave days does not exceed the limitation in item
5 d of this paragraph 8. If the employee was in the
6 service of more than one employer described in
7 paragraph (c) of subsection (B) of Section 7-132 on or
8 after the effective date of this amendatory Act of the
9 101st General Assembly, then the sick leave days from
10 all such employers, except for employers from which
11 the employee terminated service before the effective
12 date of this amendatory Act of the 101st General
13 Assembly, shall be credited, as long as the creditable
14 service attributed to those sick leave days does not
15 exceed the limitation in item d of this paragraph 8. In
16 calculating the creditable service under this item
17 b-1, the sick leave days from the last employer shall
18 be considered first, then the remaining sick leave
19 days shall be considered until there are no more days
20 or the maximum creditable sick leave threshold under
21 item d of this paragraph 8 has been reached.

22 c. The creditable service granted shall be
23 considered solely for the purpose of computing the
24 amount of the retirement annuity and shall not be used
25 to establish any minimum service period required by
26 any provision of the Illinois Pension Code, the

1 effective date of the retirement annuity, or the final
2 rate of earnings.

3 d. The creditable service shall be at the rate of
4 1/20 of a month for each full sick day, provided that
5 no more than 12 months may be credited under this
6 subdivision 8.

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

9 f. Each participating municipality and
10 participating instrumentality with which an employee
11 has service within 60 days of the effective date of his
12 retirement annuity shall certify to the board the
13 number of accumulated unpaid sick leave days credited
14 to the employee at the time of termination of service.

15 9. For service transferred from another system:
16 Credits and creditable service shall be granted for
17 service under Article 4, 5, 8, 14, or 16 of this Act, to
18 any active member of this Fund, and to any inactive member
19 who has been a county sheriff, upon transfer of such
20 credits pursuant to Section 4-108.3, 5-235, 8-226.7,
21 14-105.6, or 16-131.4, and payment by the member of the
22 amount by which (1) the employer and employee
23 contributions that would have been required if he had
24 participated in this Fund as a sheriff's law enforcement
25 employee during the period for which credit is being
26 transferred, plus interest thereon at the effective rate

1 for each year, compounded annually, from the date of
2 termination of the service for which credit is being
3 transferred to the date of payment, exceeds (2) the amount
4 actually transferred to the Fund. Such transferred service
5 shall be deemed to be service as a sheriff's law
6 enforcement employee for the purposes of Section 7-142.1.

7 10. (Blank).

8 11. For service transferred from an Article 3 system
9 under Section 3-110.3 or 3-110.15: Credits and creditable
10 service shall be granted for service under Article 3 of
11 this Code Act as provided in Section 3-110.3 or 3-110.15,
12 to any active member of this Fund, upon transfer of such
13 credits pursuant to Section 3-110.3 or 3-110.15. If the
14 board determines that the amount transferred is less than
15 the true cost to the Fund of allowing that creditable
16 service to be established, then in order to establish that
17 creditable service, the member must pay to the Fund an
18 additional contribution equal to the difference, as
19 determined by the board in accordance with the rules and
20 procedures adopted under this paragraph. If the member
21 does not make the full additional payment as required by
22 this paragraph prior to termination of his participation
23 with that employer, then his or her creditable service
24 shall be reduced by an amount equal to the difference
25 between the amount transferred under Section 3-110.3 or
26 3-110.15, including any payments made by the member under

1 this paragraph prior to termination, and the true cost to
2 the Fund of allowing that creditable service to be
3 established, as determined by the board in accordance with
4 the rules and procedures adopted under this paragraph.

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

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

14 a. Application for such credits is received by the
15 Board while the employee is an active participant of
16 the Fund or a reciprocal retirement system.

17 b. Eligibility for participation and earnings are
18 verified by the Authorized Agent of the participating
19 employer for which the service was rendered.

20 Creditable service under this paragraph shall be
21 granted upon payment of the employee contributions that
22 would have been required had he participated, which shall
23 be calculated by the Fund using the member contribution
24 rate in effect during the period that the service was
25 rendered.

26 (b) Creditable service - amount:

1 1. One month of creditable service shall be allowed
2 for each month for which a participating employee made
3 contributions as required under Section 7-173, or for
4 which creditable service is otherwise granted hereunder.
5 Not more than 1 month of service shall be credited and
6 counted for 1 calendar month, and not more than 1 year of
7 service shall be credited and counted for any calendar
8 year. A calendar month means a nominal month beginning on
9 the first day thereof, and a calendar year means a year
10 beginning January 1 and ending December 31.

11 2. A seasonal employee shall be given 12 months of
12 creditable service if he renders the number of months of
13 service normally required by the position in a 12-month
14 period and he remains in service for the entire 12-month
15 period. Otherwise a fractional year of service in the
16 number of months of service rendered shall be credited.

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

20 (c) No application for correction of credits or creditable
21 service shall be considered unless the board receives an
22 application for correction while (1) the applicant is a
23 participating employee and in active employment with a
24 participating municipality or instrumentality, or (2) while
25 the applicant is actively participating in a pension fund or
26 retirement system which is a participating system under the

1 Retirement Systems Reciprocal Act. A participating employee or
2 other applicant shall not be entitled to credits or creditable
3 service unless the required employee contributions are made in
4 a lump sum or in installments made in accordance with board
5 rule. Payments made to establish service credit under
6 paragraph 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this
7 Section must be received by the Board while the applicant is an
8 active participant in the Fund or a reciprocal retirement
9 system, except that an applicant may make one payment after
10 termination of active participation in the Fund or a
11 reciprocal retirement system.

12 (d) Upon the granting of a retirement, surviving spouse or
13 child annuity, a death benefit or a separation benefit, on
14 account of any employee, all individual accumulated credits
15 shall thereupon terminate. Upon the withdrawal of additional
16 contributions, the credits applicable thereto shall thereupon
17 terminate. Terminated credits shall not be applied to increase
18 the benefits any remaining employee would otherwise receive
19 under this Article.

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

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.47 as follows:

23 (30 ILCS 805/8.47 new)

24 Sec. 8.47. Exempt mandate. Notwithstanding Sections 6 and

1 8 of this Act, no reimbursement by the State is required for
2 the implementation of any mandate created by this amendatory
3 Act of the 103rd General Assembly.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.