

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 Sections 1-109, 7-105, 7-135, 7-172, and 7-174 as  
6 follows:

7 (40 ILCS 5/1-109) (from Ch. 108 1/2, par. 1-109)

8 Sec. 1-109. Duties of fiduciaries. A fiduciary with  
9 respect to a retirement system or pension fund established  
10 under this Code shall discharge his or her duties with respect  
11 to the retirement system or pension fund solely in the  
12 interest of the participants and beneficiaries and:

13 (a) for the exclusive purpose of:

14 (1) providing benefits to participants and their  
15 beneficiaries; and

16 (2) defraying reasonable expenses of administering  
17 the retirement system or pension fund;

18 (b) with the care, skill, prudence and diligence under  
19 the circumstances then prevailing that a prudent person  
20 ~~man~~ acting in a like capacity and familiar with such  
21 matters would use in the conduct of an enterprise of a like  
22 character with like aims;

23 (c) by diversifying the investments of the retirement

1 system or pension fund so as to minimize the risk of large  
2 losses, unless under the circumstances it is clearly  
3 prudent not to do so; and

4 (d) in accordance with the provisions of the Article  
5 of this Code governing the retirement system or pension  
6 fund.

7 (Source: P.A. 102-558, eff. 8-20-21.)

8 (40 ILCS 5/7-105) (from Ch. 108 1/2, par. 7-105)

9 Sec. 7-105. "Municipality": A city, village, incorporated  
10 town, county, township; a Financial Oversight Panel  
11 established pursuant to Article 1H of the School Code; and any  
12 school, park, sanitary, road, l forest preserve, water, fire  
13 protection, public health, river conservancy, mosquito  
14 abatement, tuberculosis sanitarium, public community college  
15 district, or other local district with general continuous  
16 power to levy taxes on the property within such district; now  
17 existing or hereafter created within the State; and, for the  
18 purposes of providing annuities and benefits to its employees,  
19 the fund itself.

20 (Source: P.A. 97-429, eff. 8-16-11.)

21 (40 ILCS 5/7-135) (from Ch. 108 1/2, par. 7-135)

22 Sec. 7-135. Authorized agents.

23 (a) Each participating municipality and participating  
24 instrumentality shall appoint an authorized agent who shall

1 have the powers and duties set forth in this section. In  
2 absence of such appointment, the duties of the authorized  
3 agent shall devolve upon the clerk or secretary of the  
4 municipality or instrumentality, the township supervisor in  
5 the case of a township, and in the case of township school  
6 trustees upon the township school treasurer.

7 (b) The authorized agent shall have the following powers  
8 and duties:

9 1. To certify to the fund whether or not a given person  
10 is authorized to participate in the fund;

11 2. To certify to the fund when a participating  
12 employee is on a leave of absence authorized by the  
13 municipality;

14 3. To request the proper officer to cause employee  
15 contributions to be withheld from earnings and transmitted  
16 to the fund;

17 4. To request the proper officer to cause municipality  
18 contributions to be forwarded to the fund promptly;

19 5. To forward promptly to all participating employees  
20 any communications from the fund for such employees;

21 6. To forward promptly to the fund all applications,  
22 claims, reports and other communications delivered to him  
23 by participating employees;

24 7. To perform all duties related to the administration  
25 of this retirement system as requested by the fund and the  
26 governing body of his municipality.

1 (c) The governing body of each participating municipality  
2 and participating instrumentality may delegate any or all of  
3 the following powers and duties to its authorized agent:

4 1. To file a petition for nomination of an executive  
5 trustee of the fund.

6 2. To cast the ballot for election of an executive  
7 trustee of the fund.

8 If a governing body does not authorize its agent to  
9 perform the powers and duties set forth in this paragraph (c),  
10 they shall be performed by the governing body itself, unless  
11 the governing body by resolution duly certified to the fund  
12 delegates them to some other officer or employee.

13 (d) The delivery of any communication or document by an  
14 employee or a participating municipality or participating  
15 instrumentality to its authorized agent shall not constitute  
16 delivery to the fund.

17 (e) All authorized agents appointed on or after the  
18 effective date of this amendatory Act of the 103rd General  
19 Assembly must complete a course of training regarding the  
20 duties and responsibilities of being an authorized agent no  
21 less than 3 months after his or her initial appointment. Such  
22 training must be provided by the Fund and made available  
23 online to all authorized agents no less than quarterly at no  
24 cost to the authorized agent or his or her employer.

25 (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12;  
26 98-218, eff. 8-9-13.)

1 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

2 Sec. 7-172. Contributions by participating municipalities  
3 and participating instrumentalities.

4 (a) Each participating municipality and each participating  
5 instrumentality shall make payment to the fund as follows:

6 1. municipality contributions in an amount determined  
7 by applying the municipality contribution rate to each  
8 payment of earnings paid to each of its participating  
9 employees;

10 2. an amount equal to the employee contributions  
11 provided by paragraph (a) of Section 7-173, whether or not  
12 the employee contributions are withheld as permitted by  
13 that Section;

14 3. all accounts receivable, together with interest  
15 charged thereon, as provided in Section 7-209, and any  
16 amounts due under subsection (a-5) of Section 7-144;

17 4. if it has no participating employees with current  
18 earnings, an amount payable which, over a closed period of  
19 20 years for participating municipalities and 10 years for  
20 participating instrumentalities, will amortize, at the  
21 effective rate for that year, any unfunded obligation. The  
22 unfunded obligation shall be computed as provided in  
23 paragraph 2 of subsection (b);

24 5. if it has fewer than 7 participating employees or a  
25 negative balance in its municipality reserve, the greater

1 of (A) an amount payable that, over a period of 20 years,  
2 will amortize at the effective rate for that year any  
3 unfunded obligation, computed as provided in paragraph 2  
4 of subsection (b) or (B) the amount required by paragraph  
5 1 of this subsection (a).

6 (b) A separate municipality contribution rate shall be  
7 determined for each calendar year for all participating  
8 municipalities together with all instrumentalities thereof.  
9 The municipality contribution rate shall be determined for  
10 participating instrumentalities as if they were participating  
11 municipalities. The municipality contribution rate shall be  
12 the sum of the following percentages:

13 1. The percentage of earnings of all the participating  
14 employees of all participating municipalities and  
15 participating instrumentalities which, if paid over the  
16 entire period of their service, will be sufficient when  
17 combined with all employee contributions available for the  
18 payment of benefits, to provide all annuities for  
19 participating employees, and the \$3,000 death benefit  
20 payable under Sections 7-158 and 7-164, such percentage to  
21 be known as the normal cost rate.

22 2. The percentage of earnings of the participating  
23 employees of each participating municipality and  
24 participating instrumentalities necessary to adjust for  
25 the difference between the present value of all benefits,  
26 excluding temporary and total and permanent disability and

1 death benefits, to be provided for its participating  
2 employees and the sum of its accumulated municipality  
3 contributions and the accumulated employee contributions  
4 and the present value of expected future employee and  
5 municipality contributions pursuant to subparagraph 1 of  
6 this paragraph (b). This adjustment shall be spread over a  
7 period determined by the Board, not to exceed 30 years for  
8 participating municipalities or 10 years for participating  
9 instrumentalities.

10 3. The percentage of earnings of the participating  
11 employees of all municipalities and participating  
12 instrumentalities necessary to provide the present value  
13 of all temporary and total and permanent disability  
14 benefits granted during the most recent year for which  
15 information is available.

16 4. The percentage of earnings of the participating  
17 employees of all participating municipalities and  
18 participating instrumentalities necessary to provide the  
19 present value of the net single sum death benefits  
20 expected to become payable from the reserve established  
21 under Section 7-206 during the year for which this rate is  
22 fixed.

23 5. The percentage of earnings necessary to meet any  
24 deficiency arising in the Terminated Municipality Reserve.

25 (c) A separate municipality contribution rate shall be  
26 computed for each participating municipality or participating

1 instrumentality for its sheriff's law enforcement employees.

2 A separate municipality contribution rate shall be  
3 computed for the sheriff's law enforcement employees of each  
4 forest preserve district that elects to have such employees.  
5 For the period from January 1, 1986 to December 31, 1986, such  
6 rate shall be the forest preserve district's regular rate plus  
7 2%.

8 In the event that the Board determines that there is an  
9 actuarial deficiency in the account of any municipality with  
10 respect to a person who has elected to participate in the Fund  
11 under Section 3-109.1 of this Code, the Board may adjust the  
12 municipality's contribution rate so as to make up that  
13 deficiency over such reasonable period of time as the Board  
14 may determine.

15 (d) The Board may establish a separate municipality  
16 contribution rate for all employees who are program  
17 participants employed under the federal Comprehensive  
18 Employment Training Act by all of the participating  
19 municipalities and instrumentalities. The Board may also  
20 provide that, in lieu of a separate municipality rate for  
21 these employees, a portion of the municipality contributions  
22 for such program participants shall be refunded or an extra  
23 charge assessed so that the amount of municipality  
24 contributions retained or received by the fund for all CETA  
25 program participants shall be an amount equal to that which  
26 would be provided by the separate municipality contribution



1 rate for all such program participants. Refunds shall be made  
2 to prime sponsors of programs upon submission of a claim  
3 therefor and extra charges shall be assessed to participating  
4 municipalities and instrumentalities. In establishing the  
5 municipality contribution rate as provided in paragraph (b) of  
6 this Section, the use of a separate municipality contribution  
7 rate for program participants or the refund of a portion of the  
8 municipality contributions, as the case may be, may be  
9 considered.

10 (e) Computations of municipality contribution rates for  
11 the following calendar year shall be made prior to the  
12 beginning of each year, from the information available at the  
13 time the computations are made, and on the assumption that the  
14 employees in each participating municipality or participating  
15 instrumentality at such time will continue in service until  
16 the end of such calendar year at their respective rates of  
17 earnings at such time.

18 (f) Any municipality which is the recipient of State  
19 allocations representing that municipality's contributions for  
20 retirement annuity purposes on behalf of its employees as  
21 provided in Section 12-21.16 of the Illinois Public Aid Code  
22 shall pay the allocations so received to the Board for such  
23 purpose. Estimates of State allocations to be received during  
24 any taxable year shall be considered in the determination of  
25 the municipality's tax rate for that year under Section 7-171.  
26 If a special tax is levied under Section 7-171, none of the

1 proceeds may be used to reimburse the municipality for the  
2 amount of State allocations received and paid to the Board.  
3 Any multiple-county or consolidated health department which  
4 receives contributions from a county under Section 11.2 of "An  
5 Act in relation to establishment and maintenance of county and  
6 multiple-county health departments", approved July 9, 1943, as  
7 amended, or distributions under Section 3 of the Department of  
8 Public Health Act, shall use these only for municipality  
9 contributions by the health department.

10 (g) Municipality contributions for the several purposes  
11 specified shall, for township treasurers and employees in the  
12 offices of the township treasurers who meet the qualifying  
13 conditions for coverage hereunder, be allocated among the  
14 several school districts and parts of school districts  
15 serviced by such treasurers and employees in the proportion  
16 which the amount of school funds of each district or part of a  
17 district handled by the treasurer bears to the total amount of  
18 all school funds handled by the treasurer.

19 From the funds subject to allocation among districts and  
20 parts of districts pursuant to the School Code, the trustees  
21 shall withhold the proportionate share of the liability for  
22 municipality contributions imposed upon such districts by this  
23 Section, in respect to such township treasurers and employees  
24 and remit the same to the Board.

25 The municipality contribution rate for an educational  
26 service center shall initially be the same rate for each year

1 as the regional office of education or school district which  
2 serves as its administrative agent. When actuarial data become  
3 available, a separate rate shall be established as provided in  
4 subparagraph (i) of this Section.

5 The municipality contribution rate for a public agency,  
6 other than a vocational education cooperative, formed under  
7 the Intergovernmental Cooperation Act shall initially be the  
8 average rate for the municipalities which are parties to the  
9 intergovernmental agreement. When actuarial data become  
10 available, a separate rate shall be established as provided in  
11 subparagraph (i) of this Section.

12 (h) Each participating municipality and participating  
13 instrumentality shall make the contributions in the amounts  
14 provided in this Section in the manner prescribed from time to  
15 time by the Board and all such contributions shall be  
16 obligations of the respective participating municipalities and  
17 participating instrumentalities to this fund. The failure to  
18 deduct any employee contributions shall not relieve the  
19 participating municipality or participating instrumentality of  
20 its obligation to this fund. Delinquent payments of  
21 contributions due under this Section may, with interest, be  
22 recovered by civil action against the participating  
23 municipalities or participating instrumentalities.  
24 Municipality contributions, other than the amount necessary  
25 for employee contributions, for periods of service by  
26 employees from whose earnings no deductions were made for

1 employee contributions to the fund, may be charged to the  
2 municipality reserve for the municipality or participating  
3 instrumentality.

4 (i) Contributions by participating instrumentalities shall  
5 be determined as provided herein except that the percentage  
6 derived under subparagraph 2 of paragraph (b) of this Section,  
7 and the amount payable under subparagraph 4 of paragraph (a)  
8 of this Section, shall be based on an amortization period of 10  
9 years.

10 (j) Notwithstanding the other provisions of this Section,  
11 the additional unfunded liability accruing as a result of  
12 Public Act 94-712 shall be amortized over a period of 30 years  
13 beginning on January 1 of the second calendar year following  
14 the calendar year in which Public Act 94-712 takes effect,  
15 except that the employer may provide for a longer amortization  
16 period by adopting a resolution or ordinance specifying a  
17 35-year or 40-year period and submitting a certified copy of  
18 the ordinance or resolution to the fund no later than June 1 of  
19 the calendar year following the calendar year in which Public  
20 Act 94-712 takes effect.

21 (k) If the amount of a participating employee's reported  
22 earnings for any of the 12-month periods used to determine the  
23 final rate of earnings exceeds the employee's 12-month  
24 reported earnings with the same employer for the previous year  
25 by the greater of 6% or 1.5 times the annual increase in the  
26 Consumer Price Index-U, as established by the United States

1 Department of Labor for the preceding September, the  
2 participating municipality or participating instrumentality  
3 that paid those earnings shall pay to the Fund, in addition to  
4 any other contributions required under this Article, the  
5 present value of the increase in the pension resulting from  
6 the portion of the increase in reported earnings that is in  
7 excess of the greater of 6% or 1.5 times the annual increase in  
8 the Consumer Price Index-U, as determined by the Fund. This  
9 present value shall be computed on the basis of the actuarial  
10 assumptions and tables used in the most recent actuarial  
11 valuation of the Fund that is available at the time of the  
12 computation.

13 Whenever it determines that a payment is or may be  
14 required under this subsection (k), the fund shall calculate  
15 the amount of the payment and bill the participating  
16 municipality or participating instrumentality for that amount.  
17 The bill shall specify the calculations used to determine the  
18 amount due. If the participating municipality or participating  
19 instrumentality disputes the amount of the bill, it may,  
20 within 30 days after receipt of the bill, apply to the fund in  
21 writing for a recalculation. The application must specify in  
22 detail the grounds of the dispute. Upon receiving a timely  
23 application for recalculation, the fund shall review the  
24 application and, if appropriate, recalculate the amount due.  
25 The participating municipality and participating  
26 instrumentality contributions required under this subsection

1 (k) may be paid in the form of a lump sum within 90 days after  
2 receipt of the bill. If the participating municipality and  
3 participating instrumentality contributions are not paid  
4 within 90 days after receipt of the bill, then interest will be  
5 charged at a rate equal to the fund's annual actuarially  
6 assumed rate of return on investment compounded annually from  
7 the 91st day after receipt of the bill. Payments must be  
8 concluded within 3 years after receipt of the bill by the  
9 participating municipality or participating instrumentality.

10 When assessing payment for any amount due under this  
11 subsection (k), the fund shall exclude earnings increases  
12 resulting from overload or overtime earnings.

13 When assessing payment for any amount due under this  
14 subsection (k), the fund shall exclude earnings increases  
15 resulting from payments for unused vacation time, but only for  
16 payments for unused vacation time made in the final 3 months of  
17 the final rate of earnings period.

18 When assessing payment for any amount due under this  
19 subsection (k), the fund shall also exclude earnings increases  
20 attributable to standard employment promotions resulting in  
21 increased responsibility and workload.

22 When assessing payment for any amount due under this  
23 subsection (k), the fund shall exclude reportable earnings  
24 increases resulting from periods where the member was paid  
25 through workers' compensation.

26 This subsection (k) does not apply to earnings increases

1 due to amounts paid as required by federal or State law or  
2 court mandate or to earnings increases due to the  
3 participating employee returning to the regular number of  
4 hours worked after having a temporary reduction in the number  
5 of hours worked.

6 This subsection (k) does not apply to earnings increases  
7 paid to individuals under contracts or collective bargaining  
8 agreements entered into, amended, or renewed before January 1,  
9 2012 (the effective date of Public Act 97-609), earnings  
10 increases paid to members who are 10 years or more from  
11 retirement eligibility, or earnings increases resulting from  
12 an increase in the number of hours required to be worked.

13 When assessing payment for any amount due under this  
14 subsection (k), the fund shall also exclude earnings  
15 attributable to personnel policies adopted before January 1,  
16 2012 (the effective date of Public Act 97-609) as long as those  
17 policies are not applicable to employees who begin service on  
18 or after January 1, 2012 (the effective date of Public Act  
19 97-609).

20 The change made to this Section by Public Act 100-139 is a  
21 clarification of existing law and is intended to be  
22 retroactive to January 1, 2012 (the effective date of Public  
23 Act 97-609).

24 (Source: P.A. 102-849, eff. 5-13-22.)

25 (40 ILCS 5/7-174) (from Ch. 108 1/2, par. 7-174)

1           Sec. 7-174. Board created.

2           (a) A board of 8 members shall constitute a board of  
3 trustees authorized to carry out the provisions of this  
4 Article. Each trustee shall be a participating employee of a  
5 participating municipality or participating instrumentality or  
6 an annuitant of the Fund and no person shall be eligible to  
7 become a trustee after January 1, 1979 who does not have the  
8 minimum service credit in this Fund to qualify for a pension.

9           (b) The board shall consist of representatives of various  
10 groups as follows:

11           1. 4 trustees shall be a chief executive officer,  
12 chief finance officer, or other officer, executive or  
13 department head of a participating municipality or  
14 participating instrumentality, and each such trustee shall  
15 be designated as an executive trustee.

16           2. 3 trustees shall be employees of a participating  
17 municipality or participating instrumentality and each  
18 such trustee shall be designated as an employee trustee. A  
19 person who meets the criteria to be an executive trustee  
20 may not serve as an employee trustee.

21           3. One trustee shall be an annuitant of the Fund, who  
22 shall be designated the annuitant trustee.

23           (c) A person elected as a trustee shall qualify as a  
24 trustee, after declaration by the board that he has been duly  
25 elected, upon taking and subscribing to the constitutional  
26 oath of office and filing same in the office of the Fund.



1 (d) The term of office of each trustee shall begin upon  
2 January 1 of the year following the year in which he is elected  
3 and shall continue for a period of 5 years and until a  
4 successor has been elected and qualified, or until prior  
5 resignation, death, incapacity or disqualification.

6 (e) Any elected trustee (other than the annuitant trustee)  
7 shall be disqualified immediately upon termination of  
8 employment with all participating municipalities and  
9 instrumentalities thereof or upon any change in status which  
10 removes any such trustee from all employments within the group  
11 he represents. The annuitant trustee shall be disqualified  
12 upon termination of his or her annuity.

13 (e-5) Notwithstanding any other provision, an elected  
14 trustee shall not be considered disqualified due to  
15 termination of participation under subsection (e) if:

16 (1) he or she thereafter begins participation with a  
17 different participating employer;

18 (2) there is no gap in service credit established  
19 under this Article; and

20 (3) the trustee continues to meet all eligibility  
21 requirements under subsection (b) for the same type of  
22 trustee position.

23 (f) The trustees shall fill any vacancy in the board by  
24 appointment, for the period until the next election of  
25 trustees, or, if the remaining term is less than 2 years, for  
26 the remainder of the term, and until his successor has been

1 elected and qualified.

2 (g) Trustees shall serve without compensation, but shall  
3 be reimbursed for any reasonable expenses incurred in  
4 attending meetings of the board and in performing duties on  
5 behalf of the Fund and for the amount of any earnings withheld  
6 by any employing municipality or participating instrumentality  
7 because of attendance at any board meeting.

8 (h) Each trustee shall be entitled to one vote on any and  
9 all actions before the board. At least 5 concurring votes  
10 shall be necessary for every decision or action by the board at  
11 any of its meetings. No decision or action shall become  
12 effective unless presented and so approved at a regular or  
13 duly called special meeting of the board.

14 (Source: P.A. 102-479, eff. 8-20-21.)

15 Section 99. Effective date. This Act takes effect upon  
16 becoming law, except that the changes to Section 7-135 of the  
17 Illinois Pension Code take effect January 1, 2024.