



## 93RD GENERAL ASSEMBLY

### State of Illinois

2003 and 2004

HB5189

Introduced 2/5/2004, by Kurt M. Granberg

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-142.1	from Ch. 108 1/2, par. 7-142.1
40 ILCS 5/7-156	from Ch. 108 1/2, par. 7-156
40 ILCS 5/7-169	from Ch. 108 1/2, par. 7-169
40 ILCS 5/7-173.1	from Ch. 108 1/2, par. 7-173.1
30 ILCS 805/8.28 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Allows a sheriff's law enforcement employee (SLEP) to convert up to 10 years of non-SLEP service credit into SLEP credit by paying the difference in employee and employer contributions, plus interest. Increases the SLEP retirement formula to 2.5% of the final rate of earnings for each year of SLEP service. Increases the maximum pension payable to a SLEP from 75% to 80% of the final rate of earnings. Removes the 2-year service requirement for earning new benefits after a return to service as a SLEP. Increases the additional employee contribution paid by SLEPs to 2.5% of salary. Also eliminates the reduction in benefit imposed on a surviving spouse who is more than 5 years younger than the deceased member, for the surviving spouse of any member who dies on or after the effective date. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 20837 LRD 46764 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT in relation to 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 7-142.1, 7-156, 7-169, and 7-173.1 as follows:

6 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

7 Sec. 7-142.1. Sheriff's law enforcement employees.

8 (a) In lieu of the retirement annuity provided by  
9 subparagraph 1 of paragraph (a) of Section 7-142:

10 Any sheriff's law enforcement employee who has 20 or more  
11 years of service in that capacity and who terminates service  
12 prior to January 1, 1988 shall be entitled at his option to  
13 receive a monthly retirement annuity for his service as a  
14 sheriff's law enforcement employee computed by multiplying 2%  
15 for each year of such service up to 10 years, 2 1/4% for each  
16 year of such service above 10 years and up to 20 years, and 2  
17 1/2% for each year of such service above 20 years, by his  
18 annual final rate of earnings and dividing by 12.

19 Any sheriff's law enforcement employee who has 20 or more  
20 years of service in that capacity and who terminates service on  
21 or after January 1, 1988 and before July 1, 2004 shall be  
22 entitled at his option to receive a monthly retirement annuity  
23 for his service as a sheriff's law enforcement employee  
24 computed by multiplying 2.5% for each year of such service up  
25 to 20 years, 2% for each year of such service above 20 years  
26 and up to 30 years, and 1% for each year of such service above  
27 30 years, by his annual final rate of earnings and dividing by  
28 12.

29 Any sheriff's law enforcement employee who has 20 or more  
30 years of service in that capacity and who terminates service on  
31 or after July 1, 2004 shall be entitled at his or her option to  
32 receive a monthly retirement annuity for service as a sheriff's

1 law enforcement employee computed by multiplying 2.5% for each  
2 year of such service by his annual final rate of earnings and  
3 dividing by 12.

4 If a sheriff's law enforcement employee has service in any  
5 other capacity, his retirement annuity for service as a  
6 sheriff's law enforcement employee may be computed under this  
7 Section and the retirement annuity for his other service under  
8 Section 7-142.

9 In no case shall the total monthly retirement annuity for  
10 persons who retire before July 1, 2004 exceed 75% of the  
11 monthly final rate of earnings. In no case shall the total  
12 monthly retirement annuity for persons who retire on or after  
13 July 1, 2004 exceed 80% of the monthly final rate of earnings.

14 (b) Whenever continued group insurance coverage is elected  
15 in accordance with the provisions of Section 367h of the  
16 Illinois Insurance Code, as now or hereafter amended, the total  
17 monthly premium for such continued group insurance coverage or  
18 such portion thereof as is not paid by the municipality shall,  
19 upon request of the person electing such continued group  
20 insurance coverage, be deducted from any monthly pension  
21 benefit otherwise payable to such person pursuant to this  
22 Section, to be remitted by the Fund to the insurance company or  
23 other entity providing the group insurance coverage.

24 (c) A sheriff's law enforcement employee who has service in  
25 any other capacity may convert up to 10 years of that service  
26 into service as a sheriff's law enforcement employee by paying  
27 to the Fund an amount equal to (1) the additional employee  
28 contribution required under Section 7-173.1, (2) the  
29 additional employer contribution required under Section 7-172,  
30 plus (3) interest on those contributions at the prescribed rate  
31 from the date of the service to the date of payment.

32 (Source: P.A. 85-941.)

33 (40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)  
34 Sec. 7-156. Surviving spouse annuities - amount.

35 (a) The amount of surviving spouse annuity shall be:

1           1. Upon the death of an employee annuitant or such person  
2 entitled, upon application, to a retirement annuity at date of  
3 death, (i) an amount equal to 1/2 of the retirement annuity  
4 which was or would have been payable exclusive of the amount so  
5 payable which was provided from additional credits, and  
6 disregarding any election made under paragraph (b) of Section  
7 7-142, plus (ii) an annuity which could be provided at the then  
8 attained age of the surviving spouse and under actuarial tables  
9 then in effect, from the excess of the additional credits,  
10 (excluding any such credits used to create a reversionary  
11 annuity) used to provide the annuity granted pursuant to  
12 paragraph (a) (2) of Section 7-142 of this article over the  
13 total annuity payments made pursuant thereto.

14           2. Upon the death of a participating employee on or after  
15 attainment of age 55, an amount equal to 1/2 of the retirement  
16 annuity which he could have had as of the date of death had he  
17 then retired and applied for annuity, exclusive of the portion  
18 thereof which could have been provided from additional credits,  
19 and disregarding paragraph (b) of Section 7-142, plus an amount  
20 equal to the annuity which could be provided from the total of  
21 his accumulated additional credits at date of death, on the  
22 basis of the attained age of the surviving spouse on such date.

23           3. Upon the death of a participating employee before age  
24 55, an amount equal to 1/2 of the retirement annuity which he  
25 could have had as of his attained age on the date of death, had  
26 he then retired and applied for annuity, and the provisions of  
27 this Article that no such annuity shall begin until the  
28 employee has attained at least age 55 were not applicable,  
29 exclusive of the portion thereof which could have been provided  
30 from additional credits and disregarding paragraph (b) of  
31 Section 7-142, plus an amount equal to the annuity which could  
32 be provided from the total of his accumulated additional  
33 credits at date of death, on the basis of the attained age of  
34 the surviving spouse on such date.

35           In the case of the surviving spouse of a person who dies  
36 before the effective date of this amendatory Act of the 93rd

1 General Assembly, if the ~~a~~ surviving spouse is more than 5  
2 years younger than the deceased, that portion of the annuity  
3 which is not based on additional credits shall be reduced in  
4 the ratio of the value of a life annuity of \$1 per year at an  
5 age of 5 years less than the attained age of the deceased, at  
6 the earlier of the date of the death or the date his retirement  
7 annuity begins, to the value of a life annuity of \$1 per year  
8 at the attained age of the surviving spouse on such date,  
9 according to actuarial tables approved by the Board. This  
10 reduction does not apply to the surviving spouse of a person  
11 who dies on or after the effective date of this amendatory Act  
12 of the 93rd General Assembly.

13 In computing the amount of a surviving spouse annuity,  
14 incremental increases of retirement annuities to the date of  
15 death of the employee annuitant shall be considered.

16 (b) Each surviving spouse annuity payable on January 1,  
17 1988 shall be increased on that date by 3% of the original  
18 amount of the annuity. Each surviving spouse annuity that  
19 begins after January 1, 1988 shall be increased on the January  
20 1 next occurring after the annuity begins, by an amount equal  
21 to (i) 3% of the original amount thereof if the deceased  
22 employee was receiving a retirement annuity at the time of his  
23 death; otherwise (ii) 0.167% of the original amount thereof for  
24 each complete month which has elapsed since the date the  
25 annuity began.

26 On each January 1 after the date of the initial increase  
27 under this subsection, each surviving spouse annuity shall be  
28 increased by 3% of the originally granted amount of the  
29 annuity.

30 (Source: P.A. 85-941.)

31 (40 ILCS 5/7-169) (from Ch. 108 1/2, par. 7-169)

32 Sec. 7-169. Separation benefits; repayments. If an  
33 employee who has received a separation benefit subsequently  
34 becomes a participating employee, and renders at least 2 years  
35 of contributing service from the date of such re-entry, he may

1 pay to the fund the amount of the separation benefit, plus  
2 interest at the effective rate for each year from the date of  
3 payment of the separation benefit to the date of repayment.  
4 Upon payment his creditable service shall be reinstated and the  
5 payment shall be credited to his account as normal  
6 contributions. Beginning July 1, 2004, the requirement of  
7 returning to service for at least 2 years does not apply to  
8 persons who return to service as a sheriff's law enforcement  
9 employee.

10 (Source: P.A. 84-1028.)

11 (40 ILCS 5/7-173.1) (from Ch. 108 1/2, par. 7-173.1)

12 Sec. 7-173.1. Additional contribution by sheriff's law  
13 enforcement employees.

14 (a) Each sheriff's law enforcement employee shall make an  
15 additional contribution of 1% of earnings, which shall be  
16 considered as normal contributions. For earnings on or after  
17 July 1, 1988, the additional contribution shall be 2% of  
18 earnings. For earnings on or after July 1, 2004, the additional  
19 contribution shall be 2.5% of earnings; this increase is  
20 intended to defray the employee's portion of the cost of the  
21 benefit increases provided by this amendatory Act of the 93rd  
22 General Assembly.

23 This additional contribution shall be payable for  
24 retroactive service periods which the employee elects to  
25 establish and to periods of authorized leave of absence.

26 (b) If the employee is awarded a retirement annuity under  
27 Section 7-142 and not under Section 7-142.1, then the  
28 additional contribution required under this Section shall be  
29 refunded with interest or paid as provided in subsection (c).  
30 If the employee returns to a participating status as a  
31 sheriff's law enforcement employee, the employee may repay the  
32 amount refunded with interest and upon subsequent retirement be  
33 entitled to a recomputation of the retirement annuity under  
34 Section 7-142.1 if the total service as a sheriff's law  
35 enforcement employee meets the requirements of that Section.

1           (c) Instead of a refund under subsection (b), the retiring  
2 employee may elect to convert the amount of the refund into an  
3 annuity, payable separately from the retirement annuity. If the  
4 annuitant dies before the guaranteed amount has been  
5 distributed, the remainder shall be paid in a lump sum to the  
6 designated beneficiary of the annuitant. The Board shall adopt  
7 any rules necessary for the implementation of this subsection.  
8 (Source: P.A. 90-766, eff. 8-14-98.)

9           Section 90. The State Mandates Act is amended by adding  
10 Section 8.28 as follows:

11           (30 ILCS 805/8.28 new)

12           Sec. 8.28. 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 93rd General Assembly.

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