



## 93RD GENERAL ASSEMBLY

### State of Illinois

2003 and 2004

HB7258

Introduced 02/20/04, by Chapin Rose

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-110	from Ch. 108 1/2, par. 3-110
40 ILCS 5/3-110.8 new	
40 ILCS 5/7-139	from Ch. 108 1/2, par. 7-139
40 ILCS 5/7-139.10 new	

Amends the Downstate Police and IMRF Articles of the Illinois Pension Code. Authorizes a member of a downstate police fund who has up to 8 years of creditable service under IMRF to transfer his or her service credit under IMRF to that downstate police fund. Authorizes a member of IMRF who has up to 8 years of creditable service in a fund under the Downstate Police Article to transfer his or her service credit under that downstate police fund to IMRF. Provides that if the amount transferred under this amendatory Act is less than the true cost to the receiving pension fund of allowing that creditable service to be established, then the amount of creditable service the person may establish under this amendatory Act shall be reduced by a corresponding amount. Effective immediately.

LRB093 17787 LRD 43467 b

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 changing  
5 Sections 3-110 and 7-139 and adding Sections 3-110.8 and  
6 7-139.10 as follows:

7 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)  
8 Sec. 3-110. Creditable service.

9 (a) "Creditable service" is the time served by a police  
10 officer as a member of a regularly constituted police force of  
11 a municipality. In computing creditable service furloughs  
12 without pay exceeding 30 days shall not be counted, but all  
13 leaves of absence for illness or accident, regardless of  
14 length, and all periods of disability retirement for which a  
15 police officer has received no disability pension payments  
16 under this Article shall be counted.

17 (a-5) Up to 3 years of time during which the police officer  
18 receives a disability pension under Section 3-114.1, 3-114.2,  
19 3-114.3, or 3-114.6 shall be counted as creditable service,  
20 provided that (i) the police officer returns to active service  
21 after the disability for a period at least equal to the period  
22 for which credit is to be established and (ii) the police  
23 officer makes contributions to the fund based on the rates  
24 specified in Section 3-125.1 and the salary upon which the  
25 disability pension is based. These contributions may be paid at  
26 any time prior to the commencement of a retirement pension. The  
27 police officer may, but need not, elect to have the  
28 contributions deducted from the disability pension or to pay  
29 them in installments on a schedule approved by the board. If  
30 not deducted from the disability pension, the contributions  
31 shall include interest at the rate of 6% per year, compounded  
32 annually, from the date for which service credit is being

1 established to the date of payment. If contributions are paid  
2 under this subsection (a-5) in excess of those needed to  
3 establish the credit, the excess shall be refunded. This  
4 subsection (a-5) applies to persons receiving a disability  
5 pension under Section 3-114.1, 3-114.2, 3-114.3, or 3-114.6 on  
6 the effective date of this amendatory Act of the 91st General  
7 Assembly, as well as persons who begin to receive such a  
8 disability pension after that date.

9 (b) Creditable service includes all periods of service in  
10 the military, naval or air forces of the United States entered  
11 upon while an active police officer of a municipality, provided  
12 that upon applying for a permanent pension, and in accordance  
13 with the rules of the board, the police officer pays into the  
14 fund the amount the officer would have contributed if he or she  
15 had been a regular contributor during such period, to the  
16 extent that the municipality which the police officer served  
17 has not made such contributions in the officer's behalf. The  
18 total amount of such creditable service shall not exceed 5  
19 years, except that any police officer who on July 1, 1973 had  
20 more than 5 years of such creditable service shall receive the  
21 total amount thereof.

22 (c) Creditable service also includes service rendered by a  
23 police officer while on leave of absence from a police  
24 department to serve as an executive of an organization whose  
25 membership consists of members of a police department, subject  
26 to the following conditions: (i) the police officer is a  
27 participant of a fund established under this Article with at  
28 least 10 years of service as a police officer; (ii) the police  
29 officer received no credit for such service under any other  
30 retirement system, pension fund, or annuity and benefit fund  
31 included in this Code; (iii) pursuant to the rules of the board  
32 the police officer pays to the fund the amount he or she would  
33 have contributed had the officer been an active member of the  
34 police department; and (iv) the organization pays a  
35 contribution equal to the municipality's normal cost for that  
36 period of service.

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

9 (2) If the board of the pension fund to which  
10 creditable service and related contributions are  
11 transferred under Section 3-110.7 or 7-139.9 determines  
12 that the amount transferred is less than the true cost to  
13 the pension fund of allowing that creditable service to be  
14 established, then in order to establish that creditable  
15 service the police officer must pay to the pension fund,  
16 within the payment period specified in paragraph (3) of  
17 this subsection, an additional contribution equal to the  
18 difference, as determined by the board in accordance with  
19 the rules and procedures adopted under paragraph (6) of  
20 this subsection.

21 (3) Except as provided in paragraph (4), the additional  
22 contribution must be paid to the board (i) within 5 years  
23 from the date of the transfer of contributions under  
24 Section 3-110.7 or 7-139.9 and (ii) before the police  
25 officer terminates service with the fund. The additional  
26 contribution may be paid in a lump sum or in accordance  
27 with a schedule of installment payments authorized by the  
28 board.

29 (4) If the police officer dies in service before  
30 payment in full has been made and before the expiration of  
31 the 5-year payment period, the surviving spouse of the  
32 officer may elect to pay the unpaid amount on the officer's  
33 behalf within 6 months after the date of death, in which  
34 case the creditable service shall be granted as though the  
35 deceased police officer had paid the remaining balance on  
36 the day before the date of death.

1 (5) If the additional contribution is not paid in full  
2 within the required time, the creditable service shall not  
3 be granted and the police officer (or the officer's  
4 surviving spouse or estate) shall be entitled to receive a  
5 refund of (i) any partial payment of the additional  
6 contribution that has been made by the police officer and  
7 (ii) those portions of the amounts transferred under  
8 subdivision (a)(1) of Section 3-110.7 or subdivisions  
9 (a)(1) and (a)(3) of Section 7-139.9 that represent  
10 employee contributions paid by the police officer (but not  
11 the accumulated interest on those contributions) and  
12 interest paid by the police officer to the prior pension  
13 fund in order to reinstate service terminated by acceptance  
14 of a refund.

15 At the time of paying a refund under this item (5), the  
16 pension fund shall also repay to the pension fund from  
17 which the contributions were transferred under Section  
18 3-110.7 or 7-139.9 the amount originally transferred under  
19 subdivision (a)(2) of that Section, plus interest at the  
20 rate of 6% per year, compounded annually, from the date of  
21 the original transfer to the date of repayment. Amounts  
22 repaid to the Article 7 fund under this provision shall be  
23 credited to the appropriate municipality.

24 Transferred credit that is not granted due to failure  
25 to pay the additional contribution within the required time  
26 is lost; it may not be transferred to another pension fund  
27 and may not be reinstated in the pension fund from which it  
28 was transferred.

29 (6) The Public Employee Pension Fund Division of the  
30 Department of Insurance shall establish by rule the manner  
31 of making the calculation required under paragraph (2) of  
32 this subsection, taking into account the appropriate  
33 actuarial assumptions; the police officer's service, age,  
34 and salary history; the level of funding of the pension  
35 fund to which the credits are being transferred; and any  
36 other factors that the Division determines to be relevant.

1 The rules may require that all calculations made under  
2 paragraph (2) be reported to the Division by the board  
3 performing the calculation, together with documentation of  
4 the creditable service to be transferred, the amounts of  
5 contributions and interest to be transferred, the manner in  
6 which the calculation was performed, the numbers relied  
7 upon in making the calculation, the results of the  
8 calculation, and any other information the Division may  
9 deem useful.

10 (e)(1) Creditable service also includes periods of  
11 service originally established in the Fund established  
12 under Article 7 of this Code for which the contributions  
13 have been transferred under Section 7-139.10.

14 (2) If the board of the pension fund to which  
15 creditable service and related contributions are  
16 transferred under Section 7-139.10 determines that the  
17 amount transferred is less than the true cost to the  
18 pension fund of allowing that creditable service to be  
19 established, then the amount of creditable service the  
20 police officer may establish under this subsection (e)  
21 shall be reduced by an amount equal to the difference, as  
22 determined by the board in accordance with the rules and  
23 procedures adopted under paragraph (3) of this subsection.

24 (3) The Public Pension Division of the Department of  
25 Insurance shall establish by rule the manner of making the  
26 calculation required under paragraph (2) of this  
27 subsection, taking into account the appropriate actuarial  
28 assumptions; the police officer's service, age, and salary  
29 history; the level of funding of the pension fund to which  
30 the credits are being transferred; and any other factors  
31 that the Division determines to be relevant. The rules may  
32 require that all calculations made under paragraph (2) be  
33 reported to the Division by the board performing the  
34 calculation, together with documentation of the creditable  
35 service to be transferred, the amounts of contributions and  
36 interest to be transferred, the manner in which the

1 calculation was performed, the numbers relied upon in  
2 making the calculation, the results of the calculation, and  
3 any other information the Division may deem useful.

4 (Source: P.A. 90-460, eff. 8-17-97; 91-887, eff. 7-6-00;  
5 91-939, eff. 2-1-01.)

6 (40 ILCS 5/3-110.8 new)

7 Sec. 3-110.8. Transfer to IMRF.

8 (a) Until January 1, 2005, any active member of the  
9 Illinois Municipal Retirement Fund who has less than 8 years of  
10 creditable service in a police pension fund under this Article,  
11 may apply for transfer of his creditable service accumulated in  
12 that fund to the Illinois Municipal Retirement Fund. The  
13 creditable service shall be transferred upon payment by the  
14 police pension fund to the Illinois Municipal Retirement Fund  
15 of an amount equal to:

16 (1) the amounts accumulated to the credit of the  
17 applicant on the books of the fund on the date of transfer;  
18 and

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

21 (3) any interest paid by the applicant in order to  
22 reinstate service.

23 Participation in this Fund shall terminate on the date of  
24 transfer.

25 (b) Until January 1, 2005, any member under subsection (a)  
26 may reinstate service which was terminated by receipt of a  
27 refund, by payment to the police pension fund of the amount of  
28 the refund with interest thereon at the rate of 6% per year,  
29 compounded annually, from the date of refund to the date of  
30 payment.

31 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

33 (a) Each participating employee shall be granted credits  
34 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, creditable  
14 service shall be granted for the entire period of prior  
15 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 years,  
22 without any employee contribution. A participating  
23 employee may establish creditable service for the  
24 remainder of the period of prior service with that employer  
25 by making an application in writing, accompanied by payment  
26 of an employee contribution in an amount determined by the  
27 Fund, based on the employee contribution rates in effect at  
28 the time of application for the creditable service and the  
29 employee's salary rate on the effective date of  
30 participation for that employer, plus interest at the  
31 effective rate from the date of the prior service to the  
32 date of payment. Application for this creditable service  
33 may be made at any time while the employee is still in  
34 service.

35 Any person who has withdrawn from the service of a  
36 participating municipality or participating



1 instrumentality prior to the effective date, who reenters  
2 the service of the same municipality or participating  
3 instrumentality after the effective date and becomes a  
4 participating employee is entitled to creditable service  
5 for prior service as otherwise provided in this subdivision  
6 (a)(1) only if he or she renders 2 years of service as a  
7 participating employee after the effective date.  
8 Application for such service must be made while in a  
9 participating status. The salary rate to be used in the  
10 calculation of the required employee contribution, if any,  
11 shall be the employee's salary rate at the time of first  
12 reentering service with the employer after the employer's  
13 effective date of participation.

14 2. For current service, each participating employee  
15 shall be credited with:

16 a. Additional credits of amounts equal to each  
17 payment of additional contributions received from him  
18 under Section 7-173, as of the date the corresponding  
19 payment of earnings is payable to him.

20 b. Normal credits of amounts equal to each payment  
21 of normal contributions received from him, as of the  
22 date the corresponding payment of earnings is payable  
23 to him, and normal contributions made for the purpose  
24 of establishing out-of-state service credits as  
25 permitted under the conditions set forth in paragraph 6  
26 of this subsection (a).

27 c. Municipality credits in an amount equal to 1.4  
28 times the normal credits, except those established by  
29 out-of-state service credits, as of the date of  
30 computation of any benefit if these credits would  
31 increase the benefit.

32 d. Survivor credits equal to each payment of  
33 survivor contributions received from the participating  
34 employee as of the date the corresponding payment of  
35 earnings is payable, and survivor contributions made  
36 for the purpose of establishing out-of-state service

1 credits.

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

10 4. For authorized leave of absence without pay: A  
11 participating employee shall be granted credits and  
12 creditable service for periods of authorized leave of  
13 absence without pay under the following conditions:

14 a. An application for credits and creditable  
15 service is submitted to the board while the employee is  
16 in a status of active employment, and within 2 years  
17 after termination of the leave of absence period for  
18 which credits and creditable service are sought.

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

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

35 d. Benefits under the provisions of Sections  
36 7-141, 7-146, 7-150 and 7-163 shall become payable to

1 employees on authorized leave of absence, or their  
2 designated beneficiary, only if such leave of absence  
3 is creditable hereunder, and if the employee has at  
4 least one year of creditable service other than the  
5 service granted for leave of absence. Any employee  
6 contributions due may be deducted from any benefits  
7 payable.

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

11 5. For military service: The governing body of a  
12 municipality or participating instrumentality may elect to  
13 allow creditable service to participating employees who  
14 leave their employment to serve in the armed forces of the  
15 United States for all periods of such service, provided  
16 that the person returns to active employment within 90 days  
17 after completion of full time active duty, but no  
18 creditable service shall be allowed such person for any  
19 period that can be used in the computation of a pension or  
20 any other pay or benefit, other than pay for active duty,  
21 for service in any branch of the armed forces of the United  
22 States. If necessary to the computation of any benefit, the  
23 board shall establish municipality credits for  
24 participating employees under this paragraph on the  
25 assumption that the employee received earnings at the rate  
26 received at the time he left the employment to enter the  
27 armed forces. A participating employee in the armed forces  
28 shall not be considered an employee during such period of  
29 service and no additional death and no disability benefits  
30 are payable for death or disability during such period.

31 Any participating employee who left his employment  
32 with a municipality or participating instrumentality to  
33 serve in the armed forces of the United States and who  
34 again became a participating employee within 90 days after  
35 completion of full time active duty by entering the service  
36 of a different municipality or participating

1 instrumentality, which has elected to allow creditable  
2 service for periods of military service under the preceding  
3 paragraph, shall also be allowed creditable service for his  
4 period of military service on the same terms that would  
5 apply if he had been employed, before entering military  
6 service, by the municipality or instrumentality which  
7 employed him after he left the military service and the  
8 employer costs arising in relation to such grant of  
9 creditable service shall be charged to and paid by that  
10 municipality or instrumentality.

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

21 5.1. In addition to any creditable service established  
22 under paragraph 5 of this subsection (a), creditable  
23 service may be granted for up to 24 months of service in  
24 the armed forces of the United States.

25 In order to receive creditable service for military  
26 service under this paragraph 5.1, a participating employee  
27 must (1) apply to the Fund in writing and provide evidence  
28 of the military service that is satisfactory to the Board;  
29 (2) obtain the written approval of the current employer;  
30 and (3) make contributions to the Fund equal to (i) the  
31 employee contributions that would have been required had  
32 the service been rendered as a member, plus (ii) an amount  
33 determined by the board to be equal to the employer's  
34 normal cost of the benefits accrued for that military  
35 service, plus (iii) interest on items (i) and (ii) from the  
36 date of first membership in the Fund to the date of

1 payment. If payment is made during the 6-month period that  
2 begins 3 months after the effective date of this amendatory  
3 Act of 1997, the required interest shall be at the rate of  
4 2.5% per year, compounded annually; otherwise, the  
5 required interest shall be calculated at the regular  
6 interest rate.

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

27 7. For retroactive service: Any employee who could have  
28 but did not elect to become a participating employee, or  
29 who should have been a participant in the Municipal Public  
30 Utilities Annuity and Benefit Fund before that fund was  
31 superseded, may receive creditable service for the period  
32 of service not to exceed 50 months; however, a current or  
33 former elected or appointed official of a participating  
34 municipality may establish credit under this paragraph 7  
35 for more than 50 months of service as an official of that  
36 municipality, if the excess over 50 months is approved by

1 resolution of the governing body of the affected  
2 municipality filed with the Fund before January 1, 2002.

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

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

28 a. Sick leave days shall be limited to those  
29 accumulated under a sick leave plan established by a  
30 participating municipality or participating  
31 instrumentality which is available to all employees or  
32 a class of employees.

33 b. Only sick leave days accumulated with a  
34 participating municipality or participating  
35 instrumentality with which the employee was in service  
36 within 60 days of the effective date of his retirement

1 annuity shall be credited; If the employee was in  
2 service with more than one employer during this period  
3 only the sick leave days with the employer with which  
4 the employee has the greatest number of unpaid sick  
5 leave days shall be considered.

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 any  
10 provision of the Illinois Pension Code, the effective  
11 date of the retirement annuity, or the final rate of  
12 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 service  
27 under Article 3, 4, 5, 14 or 16 of this Act, to any active  
28 member of this Fund, and to any inactive member who has  
29 been a county sheriff, upon transfer of such credits  
30 pursuant to Section 3-110.3, 4-108.3, 5-235, 14-105.6 or  
31 16-131.4, and payment by the member of the amount by which  
32 (1) the employer and employee contributions that would have  
33 been required if he had participated in this Fund as a  
34 sheriff's law enforcement employee during the period for  
35 which credit is being transferred, plus interest thereon at  
36 the effective rate for each year, compounded annually, from

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

6 10. For service transferred from an Article 3 system  
7 under Section 3-110.8: Credits and creditable service  
8 shall be granted for service under Article 3 of this Act as  
9 provided in Section 3-110.8, to any active member of this  
10 Fund upon transfer of such credits pursuant to Section  
11 3-110.8. If the amount by which (1) the employer and  
12 employee contributions that would have been required if he  
13 had participated in this Fund during the period for which  
14 credit is being transferred, plus interest thereon at the  
15 effective rate for each year, compounded annually, from the  
16 date of termination of the service for which credit is  
17 being transferred to the date of payment, exceeds (2) the  
18 amount actually transferred to the Fund, then the amount of  
19 creditable service established under this paragraph 10  
20 shall be reduced by a corresponding amount in accordance  
21 with the rules and procedures established under this  
22 paragraph 10.

23 The Public Pension Division of the Department of  
24 Insurance shall establish by rule the manner of making the  
25 calculation required under this paragraph 10, taking into  
26 account the appropriate actuarial assumptions; the  
27 member's service, age, and salary history; the level of  
28 funding of the employer; and any other factors that the  
29 Division determines to be relevant. The rules may require  
30 that all calculations made under this paragraph be reported  
31 to the Division by the board, together with documentation  
32 of the creditable service to be transferred, the amounts of  
33 contributions and interest to be transferred, the manner in  
34 which the calculation was performed, the numbers relied  
35 upon in making the calculation, the results of the  
36 calculation, and any other information the Division may



1       deem useful.

2       (b) Creditable service - amount:

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

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

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

22      (c) No application for correction of credits or creditable  
23      service shall be considered unless the board receives an  
24      application for correction while (1) the applicant is a  
25      participating employee and in active employment with a  
26      participating municipality or instrumentality, or (2) while  
27      the applicant is actively participating in a pension fund or  
28      retirement system which is a participating system under the  
29      Retirement Systems Reciprocal Act. A participating employee or  
30      other applicant shall not be entitled to credits or creditable  
31      service unless the required employee contributions are made in  
32      a lump sum or in installments made in accordance with board  
33      rule.

34      (d) Upon the granting of a retirement, surviving spouse or  
35      child annuity, a death benefit or a separation benefit, on  
36      account of any employee, all individual accumulated credits

1 shall thereupon terminate. Upon the withdrawal of additional  
2 contributions, the credits applicable thereto shall thereupon  
3 terminate. Terminated credits shall not be applied to increase  
4 the benefits any remaining employee would otherwise receive  
5 under this Article.

6 (Source: P.A. 91-887, eff. 7-6-00; 92-424, eff. 8-17-01.)

7 (40 ILCS 5/7-139.10 new)

8 Sec. 7-139.10. Transfer to Article 3 pension fund.

9 (a) Until January 1, 2005, a person who has less than 8  
10 years of creditable service under this Article and who has  
11 become an active participant in a police pension fund  
12 established under Article 3 of this Code may apply for transfer  
13 to that Article 3 fund of his or her creditable service  
14 accumulated under this Article. At the time of the transfer the  
15 Fund shall pay to the police pension fund an amount equal to:

16 (1) the amounts accumulated to the credit of the  
17 applicant under this Article, including interest; and

18 (2) the municipality credits based on that service,  
19 including interest; and

20 (3) any interest paid by the applicant in order to  
21 reinstate that service.

22 Participation in this Fund with respect to the transferred  
23 credits shall terminate on the date of transfer.

24 (b) An active member of a pension fund established under  
25 Article 3 of this Code may reinstate creditable service under  
26 this Article that was terminated by receipt of a refund, by  
27 paying to the Fund the amount of the refund plus interest  
28 thereon at the rate of 6% per year, compounded annually, from  
29 the date of refund to the date of payment.

30 Section 99. Effective date. This Act takes effect upon  
31 becoming law.