

1 AMENDMENT TO SENATE BILL 1103

2 AMENDMENT NO. _____. Amend Senate Bill 1103 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 7-141, 7-142, and 7-173 and adding Section
6 7-173.3 as follows:

7 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)
8 Sec. 7-141. Retirement annuities - Conditions.
9 Retirement annuities shall be payable as hereinafter set
10 forth:

11 (a) A participating employee who, regardless of cause,
12 is separated from the service of all participating
13 municipalities and instrumentalities thereof and
14 participating instrumentalities shall be entitled to a
15 retirement annuity provided:

16 1. He is at least age 55, or in the case of a
17 person who is eligible to have his annuity calculated
18 under Section 7-142.1, he is at least age 50, or
19 beginning July 1, 2003, he is of an age which, when added
20 to the number of years of his creditable service, equals
21 at least 85;

22 2. He is (i) an employee who was employed by any

1 participating municipality or participating
2 instrumentality which had not elected to exclude persons
3 employed in positions normally requiring performance of
4 duty for less than 1000 hours per year or was employed in
5 a position normally requiring performance of duty for 600
6 hours or more per year prior to such election by any
7 participating municipality or participating
8 instrumentality included in and subject to this Article
9 on or before the effective date of this amendatory Act of
10 1981 which made such election and is not entitled to
11 receive earnings for employment in a position normally
12 requiring performance of duty for 600 hours or more per
13 year for any participating municipality and
14 instrumentalities thereof and participating
15 instrumentality; or (ii) an employee who was employed
16 only by a participating municipality or participating
17 instrumentality, or participating municipalities or
18 participating instrumentalities, which have elected to
19 exclude persons in positions normally requiring
20 performance of duty for less than 1000 hours per year
21 after the effective date of such exclusion or which are
22 included under and subject to the Article after the
23 effective date of this amendatory Act of 1981 and elects
24 to exclude persons in such positions, and is not entitled
25 to receive earnings for employment in a position normally
26 requiring performance of duty for 1000 hours or more per
27 year by such a participating municipality or
28 participating instrumentality;

29 3. The amount of his annuity, before the
30 application of paragraph (b) of Section 7-142 is at least
31 \$10 per month;

32 4. If he first became a participating employee
33 after December 31, 1961, he has at least 8 years of
34 service. This service requirement shall not apply to any

1 participating employee, regardless of participation date,
2 if the General Assembly terminates the Fund.

3 (b) Retirement annuities shall be payable:

4 1. As provided in Section 7-119;

5 2. Except as provided in item 3, upon receipt by
6 the fund of a written application. The effective date
7 may be not more than one year prior to the date of the
8 receipt by the fund of the application;

9 3. Upon attainment of age 70 1/2 if the member (i)
10 is no longer in service, and (ii) is otherwise entitled
11 to an annuity under this Article;

12 4. To the beneficiary of the deceased annuitant for
13 the unpaid amount accrued to date of death, if any.

14 (Source: P.A. 91-887, eff. 7-6-00.)

15 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

16 Sec. 7-142. Retirement annuities - Amount.

17 (a) The amount of a retirement annuity shall be the sum
18 of the following, determined in accordance with the actuarial
19 tables in effect at the time of the grant of the annuity:

20 1. For employees with 8 or more years of service,
21 an annuity computed pursuant to subparagraphs a or b of
22 this subparagraph 1, whichever is the higher, and for
23 employees with less than 8 years of service the annuity
24 computed pursuant to subparagraph a:

25 a. The monthly annuity which can be provided
26 from the total accumulated normal, municipality and
27 prior service credits, as of the attained age of the
28 employee on the date the annuity begins provided
29 that such annuity shall not exceed 75% of the final
30 rate of earnings of the employee.

31 b. ~~(i)~~ The monthly annuity amount determined as
32 follows:

33 (i) For unaugmented creditable service earned

1 before July 1, 2003, by multiplying (a) 1-2/3% for
 2 annuitants with not more than 15 years or (b) 1 2/3%
 3 of the employee's final rate of earnings for each of
 4 the first 15 years of creditable service and 2% for
 5 each year in excess of 15 years, with any remaining
 6 fraction of a year for annuitants with more than 15
 7 years--by the number of years plus fractional years,
 8 prorated on the a basis of months of creditable
 9 service--and multiply the product thereof by the
 10 employee's final rate of earnings.

11 For creditable service earned on or after July
 12 1, 2003 and creditable service earned before that
 13 date that has been augmented as provided in Section
 14 7-173.3, 2.15% of the employee's final rate of
 15 earnings for each year of creditable service, with
 16 any remaining fraction of a year prorated on the
 17 basis of months.

18 (ii) For the sole purpose of computing the
 19 formula (and not for the purposes of the limitations
 20 hereinafter stated) \$125 shall be considered the
 21 final rate of earnings in all cases where the final
 22 rate of earnings is less than such amount.

23 (iii) The monthly annuity computed in
 24 accordance with this subparagraph b, shall not
 25 exceed an amount equal to 75% of the final rate of
 26 earnings.

27 (iv) For employees who have less than 35 years
 28 of service, the annuity computed in accordance with
 29 this subparagraph b (as reduced by application of
 30 subparagraph (iii) above) shall be reduced by 0.25%
 31 thereof (0.5% if service was terminated before
 32 January 1, 1988) for each month or fraction thereof
 33 (1) that the employee's age is less than 60 years,
 34 or (2) if the employee has at least 30 years of

1 service credit, that the employee's service credit
2 is less than 35 years, whichever is less, on the
3 date the annuity begins. Beginning July 1, 2003,
4 the reduction in this subparagraph (iv) does not
5 apply to an employee whose age, when added to the
6 number of years of his creditable service, equals at
7 least 85.

8 2. The annuity which can be provided from the total
9 accumulated additional credits as of the attained age of
10 the employee on the date the annuity begins.

11 (b) If payment of an annuity begins prior to the
12 earliest age at which the employee will become eligible for
13 an old age insurance benefit under the Federal Social
14 Security Act, he may elect that the annuity payments from
15 this fund shall exceed those payable after his attaining such
16 age by an amount, computed as determined by rules of the
17 Board, but not in excess of his estimated Social Security
18 Benefit, determined as of the effective date of the annuity,
19 provided that in no case shall the total annuity payments
20 made by this fund exceed in actuarial value the annuity which
21 would have been payable had no such election been made.

22 (c) The retirement annuity shall be increased each year
23 by 2%, not compounded, of the monthly amount of annuity,
24 taking into consideration any adjustment under paragraph (b)
25 of this Section. This increase shall be effective each
26 January 1 and computed from the effective date of the
27 retirement annuity, the first increase being .167% of the
28 monthly amount times the number of months from the effective
29 date to January 1. Beginning January 1, 1984 and thereafter,
30 the retirement annuity shall be increased by 3% each year,
31 not compounded. This increase shall not be applicable to
32 annuitants who are not in service on or after September 8,
33 1971.

34 (Source: P.A. 91-357, eff. 7-29-99.)

1 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)
2 Sec. 7-173. Contributions by employees.

3 (a) Each participating employee shall make contributions
4 to the fund as follows:

5 1. For retirement annuity purposes, normal
6 contributions of 3 3/4% of earnings through June 30,
7 2003, and 4.25% of earnings thereafter.

8 2. Additional contributions of such percentages of
9 each payment of earnings, as shall be elected by the
10 employee for retirement annuity purposes, but not in
11 excess of 10%. The selected rate shall be applicable to
12 all earnings beginning on the first day of the second
13 month following receipt by the Board of written notice of
14 election to make such contributions. Additional
15 contributions at the selected rate shall be made
16 concurrently with normal contributions.

17 3. Survivor contributions, by each participating
18 employee, of 3/4% of each payment of earnings.

19 (b) Each employee shall make contributions to the fund
20 for federal Social Security taxes, for periods during which
21 he is a covered employee, as required by the Social Security
22 Enabling Act. For participating employees, such
23 contributions shall be in addition to those required under
24 paragraph (a) of this Section.

25 (c) Contributions shall be deducted from each
26 corresponding payment of earnings paid to each employee and
27 shall be remitted to the board by the participating
28 municipality or participating instrumentality making such
29 payment. The remittance, together with a report of the
30 earnings and contributions shall be made as directed by the
31 board. For township treasurers and employees of township
32 treasurers qualifying as employees hereunder, the
33 contributions herein required as deductions from salary shall
34 be withheld by the school township trustees from funds

1 available for the payment of the compensation of such
2 treasurers and employees as provided in the School Code and
3 remitted to the board.

4 (d) An employee who has made additional contributions
5 under paragraph (a)2 of this Section may upon retirement or
6 at any time prior thereto, elect to withdraw the total of
7 such additional contributions including interest credited
8 thereon to the end of the preceding calendar year.

9 (e) Failure to make the deductions for employee
10 contributions provided in paragraph (c) of this Section shall
11 not relieve the employee from liability for such
12 contributions. The amount of such liability may be deducted,
13 with interest charged under Section 7-209, from any annuities
14 or benefits payable hereunder to the employee or any other
15 person receiving an annuity or benefit by reason of such
16 employee's participation.

17 (f) A participating employee who has at least 40 years
18 of creditable service in the Fund may elect to cease making
19 the contributions required under this Section. The status of
20 the employee under this Article shall be unaffected by this
21 election, except that the employee shall not receive any
22 additional creditable service for the periods of employment
23 following the election. An election under this subsection
24 relieves the employer from making additional employer
25 contributions in relation to that employee.

26 (Source: P.A. 87-1265.)

27 (40 ILCS 5/7-173.3 new)

28 Sec. 7-173.3. Optional contribution for augmented
29 retirement formula.

30 (a) A member of the Fund may qualify for the augmented
31 rate under subdivision (a)1.b.(i) of Section 7-142 for all
32 years of creditable service earned before July 1, 2003 by
33 making the optional contribution specified in subsection (b)

1 of this Section. A member may not elect to qualify for the
2 augmented rate for only a portion of his or her creditable
3 service earned before July 1, 2003.

4 (b) The contribution shall be an amount equal to 0.51%
5 of the member's highest salary rate in the 4 consecutive
6 years immediately prior to but not including the year in
7 which the application occurs, multiplied by the number of
8 years of creditable service earned by the member before July
9 1, 2003.

10 The contribution required by this subsection shall be
11 paid in one of the following ways or in a combination of the
12 following ways that does not extend over more than 5 years:

13 (i) in a lump sum on or before the date of
14 retirement;

15 (ii) in substantially equal installments over a
16 period of time not to exceed 5 years, as a deduction from
17 salary;

18 (iii) if the member becomes an annuitant on or
19 before June 30, 2007, in substantially equal monthly
20 installments over a 24-month period, by reducing the
21 annuitant's monthly benefit over a 24-month period by the
22 amount of the otherwise applicable contribution. For
23 federal and Illinois tax purposes, the monthly amount by
24 which the annuitant's benefit is reduced shall not be
25 treated as a contribution by the annuitant, but rather as
26 a reduction of the annuitant's monthly benefit.

27 (c) If the member fails to make the full contribution
28 under this Section in a timely fashion, the payments made
29 under this Section shall be refunded to the member, without
30 interest. If the member dies before making the full
31 contribution, the payments made under this Section, together
32 with regular interest thereon, shall be refunded to the
33 member's designated beneficiary.

34 (d) For purposes of this Section and the retirement

1 formula in Section 7-142, optional creditable service
2 established by a member shall be deemed to have been earned
3 at the time of the employment or other qualifying event upon
4 which the service is based, rather than at the time the
5 credit was established in this Fund.

6 (e) The contributions required under this Section are
7 the responsibility of the employee and not the employer.
8 However, an employer may specifically agree, through
9 collective bargaining or otherwise, to make the contributions
10 required by this Section on behalf of its employees.

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.27 as follows:

13 (30 ILCS 805/8.27 new)
14 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6
15 and 8 of this Act, no reimbursement by the State is required
16 for the implementation of any mandate created by this
17 amendatory Act of the 93rd General Assembly.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law."