



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB0373

Introduced 1/21/2005, by Rep. 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 5/7-139.11 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.

LRB094 02486 LRD 32487 b

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 7-139.11 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 7-139.11.

14 (2) If the board of the pension fund to which
15 creditable service and related contributions are
16 transferred under Section 7-139.11 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, 2006, 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, 2006, 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 A municipality that (i) has at least 35 employees; (ii)
36 is located in a county with at least 2,000,000 inhabitants;

1 and (iii) maintains an independent defined benefit pension
2 plan for the benefit of its eligible employees may restrict
3 creditable service in whole or in part for periods of prior
4 service with the employer if the governing body of the
5 municipality adopts an irrevocable resolution to restrict
6 that creditable service and files the resolution with the
7 board before the municipality's effective date of
8 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 subdivision
16 (a)(1) only if he or she renders 2 years of service as a
17 participating employee after the effective date.
18 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
27 payment of additional contributions received from him
28 under Section 7-173, as of the date the corresponding
29 payment of earnings is payable to him.

30 b. Normal credits of amounts equal to each payment
31 of normal contributions received from him, as of the
32 date the corresponding payment of earnings is payable
33 to him, and normal contributions made for the purpose
34 of establishing out-of-state service credits as
35 permitted under the conditions set forth in paragraph 6
36 of this subsection (a).

1 c. Municipality credits in an amount equal to 1.4
2 times the normal credits, except those established by
3 out-of-state service credits, as of the date of
4 computation of any benefit if these credits would
5 increase the benefit.

6 d. Survivor credits equal to each payment of
7 survivor contributions received from the participating
8 employee as of the date the corresponding payment of
9 earnings is payable, and survivor contributions made
10 for the purpose of establishing out-of-state service
11 credits.

12 3. For periods of temporary and total and permanent
13 disability benefits, each employee receiving disability
14 benefits shall be granted creditable service for the period
15 during which disability benefits are payable. Normal and
16 survivor credits, based upon the rate of earnings applied
17 for disability benefits, shall also be granted if such
18 credits would result in a higher benefit to any such
19 employee or his beneficiary.

20 4. For authorized leave of absence without pay: A
21 participating employee shall be granted credits and
22 creditable service for periods of authorized leave of
23 absence without pay under the following conditions:

24 a. An application for credits and creditable
25 service is submitted to the board while the employee is
26 in a status of active employment, and within 2 years
27 after termination of the leave of absence period for
28 which credits and creditable service are sought.

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

33 c. Credits and creditable service shall be granted
34 for leave of absence only if such leave is approved by
35 the governing body of the municipality, including
36 approval of the estimated cost thereof to the

1 municipality as determined by the fund, and employee
2 contributions, plus interest at the effective rate
3 applicable for each year from the end of the period of
4 leave to date of payment, have been paid to the fund in
5 accordance with Section 7-173. The contributions shall
6 be computed upon the assumption earnings continued
7 during the period of leave at the rate in effect when
8 the leave began.

9 d. Benefits under the provisions of Sections
10 7-141, 7-146, 7-150 and 7-163 shall become payable to
11 employees on authorized leave of absence, or their
12 designated beneficiary, only if such leave of absence
13 is creditable hereunder, and if the employee has at
14 least one year of creditable service other than the
15 service granted for leave of absence. Any employee
16 contributions due may be deducted from any benefits
17 payable.

18 e. No credits or creditable service shall be
19 allowed for leave of absence without pay during any
20 period of prior service.

21 5. For military service: The governing body of a
22 municipality or participating instrumentality may elect to
23 allow creditable service to participating employees who
24 leave their employment to serve in the armed forces of the
25 United States for all periods of such service, provided
26 that the person returns to active employment within 90 days
27 after completion of full time active duty, but no
28 creditable service shall be allowed such person for any
29 period that can be used in the computation of a pension or
30 any other pay or benefit, other than pay for active duty,
31 for service in any branch of the armed forces of the United
32 States. If necessary to the computation of any benefit, the
33 board shall establish municipality credits for
34 participating employees under this paragraph on the
35 assumption that the employee received earnings at the rate
36 received at the time he left the employment to enter the

1 armed forces. A participating employee in the armed forces
2 shall not be considered an employee during such period of
3 service and no additional death and no disability benefits
4 are payable for death or disability during such period.

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

21 Notwithstanding the foregoing, any participating
22 employee shall be entitled to creditable service as
23 required by any federal law relating to re-employment
24 rights of persons who served in the United States Armed
25 Services. Such creditable service shall be granted upon
26 payment by the member of an amount equal to the employee
27 contributions which would have been required had the
28 employee continued in service at the same rate of earnings
29 during the military leave period, plus interest at the
30 effective rate.

31 5.1. In addition to any creditable service established
32 under paragraph 5 of this subsection (a), creditable
33 service may be granted for up to 24 months of service in
34 the armed forces of the United States.

35 In order to receive creditable service for military
36 service under this paragraph 5.1, a participating employee

1 must (1) apply to the Fund in writing and provide evidence
2 of the military service that is satisfactory to the Board;
3 (2) obtain the written approval of the current employer;
4 and (3) make contributions to the Fund equal to (i) the
5 employee contributions that would have been required had
6 the service been rendered as a member, plus (ii) an amount
7 determined by the board to be equal to the employer's
8 normal cost of the benefits accrued for that military
9 service, plus (iii) interest on items (i) and (ii) from the
10 date of first membership in the Fund to the date of
11 payment. If payment is made during the 6-month period that
12 begins 3 months after the effective date of this amendatory
13 Act of 1997, the required interest shall be at the rate of
14 2.5% per year, compounded annually; otherwise, the
15 required interest shall be calculated at the regular
16 interest rate.

17 6. For out-of-state service: Creditable service shall
18 be granted for service rendered to an out-of-state local
19 governmental body under the following conditions: The
20 employee had participated and has irrevocably forfeited
21 all rights to benefits in the out-of-state public employees
22 pension system; the governing body of his participating
23 municipality or instrumentality authorizes the employee to
24 establish such service; the employee has 2 years current
25 service with this municipality or participating
26 instrumentality; the employee makes a payment of
27 contributions, which shall be computed at 8% (normal) plus
28 2% (survivor) times length of service purchased times the
29 average rate of earnings for the first 2 years of service
30 with the municipality or participating instrumentality
31 whose governing body authorizes the service established
32 plus interest at the effective rate on the date such
33 credits are established, payable from the date the employee
34 completes the required 2 years of current service to date
35 of payment. In no case shall more than 120 months of
36 creditable service be granted under this provision.

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

13 Any employee who is a participating employee on or
14 after September 24, 1981 and who was excluded from
15 participation by the age restrictions removed by Public Act
16 82-596 may receive creditable service for the period, on or
17 after January 1, 1979, excluded by the age restriction and,
18 in addition, if the governing body of the participating
19 municipality or participating instrumentality elects to
20 allow creditable service for all employees excluded by the
21 age restriction prior to January 1, 1979, for service
22 during the period prior to that date excluded by the age
23 restriction. Any employee who was excluded from
24 participation by the age restriction removed by Public Act
25 82-596 and who is not a participating employee on or after
26 September 24, 1981 may receive creditable service for
27 service after January 1, 1979. Creditable service under
28 this paragraph shall be granted upon payment of the
29 employee contributions which would have been required had
30 he participated, with interest at the effective rate for
31 each year from the end of the period of service established
32 to date of payment.

33 8. For accumulated unused sick leave: A participating
34 employee who is applying for a retirement annuity shall be
35 entitled to creditable service for that portion of the
36 employee's accumulated unused sick leave for which payment

1 is not received, as follows:

2 a. Sick leave days shall be limited to those
3 accumulated under a sick leave plan established by a
4 participating municipality or participating
5 instrumentality which is available to all employees or
6 a class of employees.

7 b. Only sick leave days accumulated with a
8 participating municipality or participating
9 instrumentality with which the employee was in service
10 within 60 days of the effective date of his retirement
11 annuity shall be credited; If the employee was in
12 service with more than one employer during this period
13 only the sick leave days with the employer with which
14 the employee has the greatest number of unpaid sick
15 leave days shall be considered.

16 c. The creditable service granted shall be
17 considered solely for the purpose of computing the
18 amount of the retirement annuity and shall not be used
19 to establish any minimum service period required by any
20 provision of the Illinois Pension Code, the effective
21 date of the retirement annuity, or the final rate of
22 earnings.

23 d. The creditable service shall be at the rate of
24 1/20 of a month for each full sick day, provided that
25 no more than 12 months may be credited under this
26 subdivision 8.

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

29 f. Each participating municipality and
30 participating instrumentality with which an employee
31 has service within 60 days of the effective date of his
32 retirement annuity shall certify to the board the
33 number of accumulated unpaid sick leave days credited
34 to the employee at the time of termination of service.

35 9. For service transferred from another system:
36 Credits and creditable service shall be granted for service

1 under Article 3, 4, 5, 14 or 16 of this Act, to any active
2 member of this Fund, and to any inactive member who has
3 been a county sheriff, upon transfer of such credits
4 pursuant to Section 3-110.3, 4-108.3, 5-235, 14-105.6 or
5 16-131.4, and payment by the member of the amount by which
6 (1) the employer and employee contributions that would have
7 been required if he had participated in this Fund as a
8 sheriff's law enforcement employee during the period for
9 which credit is being transferred, plus interest thereon at
10 the effective rate for each year, compounded annually, from
11 the date of termination of the service for which credit is
12 being transferred to the date of payment, exceeds (2) the
13 amount actually transferred to the Fund. Such transferred
14 service shall be deemed to be service as a sheriff's law
15 enforcement employee for the purposes of Section 7-142.1.

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

33 The Public Pension Division of the Department of
34 Insurance shall establish by rule the manner of making the
35 calculation required under this paragraph 10, taking into
36 account the appropriate actuarial assumptions; the

1 member's service, age, and salary history; the level of
2 funding of the employer; and any other factors that the
3 Division determines to be relevant. The rules may require
4 that all calculations made under this paragraph be reported
5 to the Division by the board, together with documentation
6 of the creditable service to be transferred, the amounts of
7 contributions and interest to be transferred, the manner in
8 which the calculation was performed, the numbers relied
9 upon in making the calculation, the results of the
10 calculation, and any other information the Division may
11 deem useful.

12 (b) Creditable service - amount:

13 1. One month of creditable service shall be allowed for
14 each month for which a participating employee made
15 contributions as required under Section 7-173, or for which
16 creditable service is otherwise granted hereunder. Not
17 more than 1 month of service shall be credited and counted
18 for 1 calendar month, and not more than 1 year of service
19 shall be credited and counted for any calendar year. A
20 calendar month means a nominal month beginning on the first
21 day thereof, and a calendar year means a year beginning
22 January 1 and ending December 31.

23 2. A seasonal employee shall be given 12 months of
24 creditable service if he renders the number of months of
25 service normally required by the position in a 12-month
26 period and he remains in service for the entire 12-month
27 period. Otherwise a fractional year of service in the
28 number of months of service rendered shall be credited.

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

32
33 (c) No application for correction of credits or creditable
34 service shall be considered unless the board receives an
35 application for correction while (1) the applicant is a
36 participating employee and in active employment with a

1 participating municipality or instrumentality, or (2) while
2 the applicant is actively participating in a pension fund or
3 retirement system which is a participating system under the
4 Retirement Systems Reciprocal Act. A participating employee or
5 other applicant shall not be entitled to credits or creditable
6 service unless the required employee contributions are made in
7 a lump sum or in installments made in accordance with board
8 rule.

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

17 (Source: P.A. 92-424, eff. 8-17-01; 93-933, eff. 8-13-04.)

18 (40 ILCS 5/7-139.11 new)

19 Sec. 7-139.11. Transfer to Article 3 pension fund.

20 (a) Until January 1, 2006, a person who has less than 8
21 years of creditable service under this Article and who has
22 become an active participant in a police pension fund
23 established under Article 3 of this Code may apply for transfer
24 to that Article 3 fund of his or her creditable service
25 accumulated under this Article. At the time of the transfer the
26 Fund shall pay to the police pension fund an amount equal to:

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

29 (2) the municipality credits based on that service,
30 including interest; and

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

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

35 (b) An active member of a pension fund established under

1 Article 3 of this Code may reinstate creditable service under
2 this Article that was terminated by receipt of a refund, by
3 paying to the Fund the amount of the refund plus interest
4 thereon at the rate of 6% per year, compounded annually, from
5 the date of refund to the date of payment.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.