



## 94TH GENERAL ASSEMBLY

### State of Illinois

#### 2005 and 2006

##### HB1185

Introduced 2/8/2005, by Rep. Robert S. Molaro

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-118	from Ch. 108 1/2, par. 7-118
40 ILCS 5/7-139	from Ch. 108 1/2, par. 7-139
40 ILCS 5/7-141	from Ch. 108 1/2, par. 7-141
40 ILCS 5/7-142	from Ch. 108 1/2, par. 7-142
40 ILCS 5/7-152	from Ch. 108 1/2, par. 7-152
40 ILCS 5/7-158	from Ch. 108 1/2, par. 7-158
40 ILCS 5/7-164	from Ch. 108 1/2, par. 7-164
40 ILCS 5/7-168	from Ch. 108 1/2, par. 7-168
40 ILCS 5/7-172	from Ch. 108 1/2, par. 7-172
40 ILCS 5/7-174	from Ch. 108 1/2, par. 7-174
40 ILCS 5/7-205	from Ch. 108 1/2, par. 7-205
40 ILCS 5/7-206	from Ch. 108 1/2, par. 7-206
30 ILCS 805/8.29 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Increases the death benefit from \$3,000 to \$5,000. Authorizes the Fund to pay interest on separation benefits. Changes the vesting requirement for a retirement annuity from 8 years to 5. Makes a corresponding change in one part of the retirement formula. Changes the service requirement for being a member of the Board of Trustees, from 8 years to 5. Authorizes employers to increase disability benefits from 50% to 60% of earnings, with the the resulting costs to be paid by the employer and employees. Deletes provisions limiting the retroactive payment of retirement benefits. Removes a provision limiting unused sick leave credit to credit from an employer with which the employee is in service within the 60 days before retirement. Allows an employee to receive a full pension after 30 years of service (rather than 35 years of service). Provides that no more than 24 months (rather than 12 months) of creditable service may be credited for unused sick leave. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 04142 AMC 34163 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 7-118, 7-139, 7-141, 7-142, 7-152, 7-158, 7-164,  
6 7-168, 7-172, 7-174, 7-205, and 7-206 as follows:

7 (40 ILCS 5/7-118) (from Ch. 108 1/2, par. 7-118)

8 Sec. 7-118. "Beneficiary":

9 (a) The surviving spouse of an employee or of an employee  
10 annuitant, or if no surviving spouse survives, the person or  
11 persons designated by a participating employee or employee  
12 annuitant, or if no person so designated survives, or if no  
13 designation is on file, the estate of the employee or employee  
14 annuitant. The person or persons designated by a beneficiary  
15 annuitant, or if no person designated survives, or if no  
16 designation is on file, the estate of the beneficiary  
17 annuitant. The estate of a surviving spouse annuitant where the  
18 employee or employee annuitant filed no designation, or no  
19 person designated survives at the death of a surviving spouse  
20 annuitant. Designations of beneficiaries shall be in writing on  
21 forms prescribed by the board and effective upon filing in the  
22 fund offices. The designation forms shall provide for  
23 contingent beneficiaries. Divorce, dissolution or annulment of  
24 marriage revokes the designation of an employee's former spouse  
25 as a beneficiary on a designation executed before entry of  
26 judgment for divorce, dissolution or annulment of marriage.

27 (b) Notwithstanding the foregoing, an employee, former  
28 employee who has not yet received a retirement annuity or  
29 separation benefit, or employee annuitant may elect to name any  
30 person, trust or charity to be the primary beneficiary of any  
31 death benefit payable by reason of his death. Such election  
32 shall state specifically whether it is his intention to exclude

1 the spouse, shall be in writing, and may be revoked at any  
2 time. Such election or revocation shall take effect upon being  
3 filed in the fund offices.

4 (c) If a surviving spouse annuity is payable to a former  
5 spouse upon the death of an employee annuitant, the former  
6 spouse, unless designated by the employee annuitant after  
7 dissolution of the marriage, shall not be the beneficiary for  
8 the purposes of the \$5,000 ~~\$3,000~~ death benefit payable under  
9 subparagraph 6 of Section 7-164. This benefit shall be paid to  
10 the designated beneficiary of the employee annuitant or, if  
11 there is no designation, then to the estate of the employee  
12 annuitant.

13 (Source: P.A. 89-136, eff. 7-14-95; 90-448, eff. 8-16-97.)

14 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

16 (a) Each participating employee shall be granted credits  
17 and creditable service, for purposes of determining the amount  
18 of any annuity or benefit to which he or a beneficiary is  
19 entitled, as follows:

20 1. For prior service: Each participating employee who  
21 is an employee of a participating municipality or  
22 participating instrumentality on the effective date shall  
23 be granted creditable service, but no credits under  
24 paragraph 2 of this subsection (a), for periods of prior  
25 service for which credit has not been received under any  
26 other pension fund or retirement system established under  
27 this Code, as follows:

28 If the effective date of participation for the  
29 participating municipality or participating  
30 instrumentality is on or before January 1, 1998, creditable  
31 service shall be granted for the entire period of prior  
32 service with that employer without any employee  
33 contribution.

34 If the effective date of participation for the  
35 participating municipality or participating

1 instrumentality is after January 1, 1998, creditable  
2 service shall be granted for the last 20% of the period of  
3 prior service with that employer, but no more than 5 years,  
4 without any employee contribution. A participating  
5 employee may establish creditable service for the  
6 remainder of the period of prior service with that employer  
7 by making an application in writing, accompanied by payment  
8 of an employee contribution in an amount determined by the  
9 Fund, based on the employee contribution rates in effect at  
10 the time of application for the creditable service and the  
11 employee's salary rate on the effective date of  
12 participation for that employer, plus interest at the  
13 effective rate from the date of the prior service to the  
14 date of payment. Application for this creditable service  
15 may be made at any time while the employee is still in  
16 service.

17 A municipality that (i) has at least 35 employees; (ii)  
18 is located in a county with at least 2,000,000 inhabitants;  
19 and (iii) maintains an independent defined benefit pension  
20 plan for the benefit of its eligible employees may restrict  
21 creditable service in whole or in part for periods of prior  
22 service with the employer if the governing body of the  
23 municipality adopts an irrevocable resolution to restrict  
24 that creditable service and files the resolution with the  
25 board before the municipality's effective date of  
26 participation.

27 Any person who has withdrawn from the service of a  
28 participating municipality or participating  
29 instrumentality prior to the effective date, who reenters  
30 the service of the same municipality or participating  
31 instrumentality after the effective date and becomes a  
32 participating employee is entitled to creditable service  
33 for prior service as otherwise provided in this subdivision  
34 (a)(1) only if he or she renders 2 years of service as a  
35 participating employee after the effective date.  
36 Application for such service must be made while in a

1 participating status. The salary rate to be used in the  
2 calculation of the required employee contribution, if any,  
3 shall be the employee's salary rate at the time of first  
4 reentering service with the employer after the employer's  
5 effective date of participation.

6 2. For current service, each participating employee  
7 shall be credited with:

8 a. Additional credits of amounts equal to each  
9 payment of additional contributions received from him  
10 under Section 7-173, as of the date the corresponding  
11 payment of earnings is payable to him.

12 b. Normal credits of amounts equal to each payment  
13 of normal contributions received from him, as of the  
14 date the corresponding payment of earnings is payable  
15 to him, and normal contributions made for the purpose  
16 of establishing out-of-state service credits as  
17 permitted under the conditions set forth in paragraph 6  
18 of this subsection (a).

19 c. Municipality credits in an amount equal to 1.4  
20 times the normal credits, except those established by  
21 out-of-state service credits, as of the date of  
22 computation of any benefit if these credits would  
23 increase the benefit.

24 d. Survivor credits equal to each payment of  
25 survivor contributions received from the participating  
26 employee as of the date the corresponding payment of  
27 earnings is payable, and survivor contributions made  
28 for the purpose of establishing out-of-state service  
29 credits.

30 3. For periods of temporary and total and permanent  
31 disability benefits, each employee receiving disability  
32 benefits shall be granted creditable service for the period  
33 during which disability benefits are payable. Normal and  
34 survivor credits, based upon the rate of earnings applied  
35 for disability benefits, shall also be granted if such  
36 credits would result in a higher benefit to any such

1 employee or his beneficiary.

2 4. For authorized leave of absence without pay: A  
3 participating employee shall be granted credits and  
4 creditable service for periods of authorized leave of  
5 absence without pay under the following conditions:

6 a. An application for credits and creditable  
7 service is submitted to the board while the employee is  
8 in a status of active employment, and within 2 years  
9 after termination of the leave of absence period for  
10 which credits and creditable service are sought.

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

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

27 d. Benefits under the provisions of Sections  
28 7-141, 7-146, 7-150 and 7-163 shall become payable to  
29 employees on authorized leave of absence, or their  
30 designated beneficiary, only if such leave of absence  
31 is creditable hereunder, and if the employee has at  
32 least one year of creditable service other than the  
33 service granted for leave of absence. Any employee  
34 contributions due may be deducted from any benefits  
35 payable.

36 e. No credits or creditable service shall be

1           allowed for leave of absence without pay during any  
2           period of prior service.

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

23          Any participating employee who left his employment  
24          with a municipality or participating instrumentality to  
25          serve in the armed forces of the United States and who  
26          again became a participating employee within 90 days after  
27          completion of full time active duty by entering the service  
28          of a different municipality or participating  
29          instrumentality, which has elected to allow creditable  
30          service for periods of military service under the preceding  
31          paragraph, shall also be allowed creditable service for his  
32          period of military service on the same terms that would  
33          apply if he had been employed, before entering military  
34          service, by the municipality or instrumentality which  
35          employed him after he left the military service and the  
36          employer costs arising in relation to such grant of

1       creditable service shall be charged to and paid by that  
2       municipality or instrumentality.

3       Notwithstanding the foregoing, any participating  
4       employee shall be entitled to creditable service as  
5       required by any federal law relating to re-employment  
6       rights of persons who served in the United States Armed  
7       Services. Such creditable service shall be granted upon  
8       payment by the member of an amount equal to the employee  
9       contributions which would have been required had the  
10      employee continued in service at the same rate of earnings  
11      during the military leave period, plus interest at the  
12      effective rate.

13       5.1. In addition to any creditable service established  
14      under paragraph 5 of this subsection (a), creditable  
15      service may be granted for up to 24 months of service in  
16      the armed forces of the United States.

17       In order to receive creditable service for military  
18      service under this paragraph 5.1, a participating employee  
19      must (1) apply to the Fund in writing and provide evidence  
20      of the military service that is satisfactory to the Board;  
21      (2) obtain the written approval of the current employer;  
22      and (3) make contributions to the Fund equal to (i) the  
23      employee contributions that would have been required had  
24      the service been rendered as a member, plus (ii) an amount  
25      determined by the board to be equal to the employer's  
26      normal cost of the benefits accrued for that military  
27      service, plus (iii) interest on items (i) and (ii) from the  
28      date of first membership in the Fund to the date of  
29      payment. If payment is made during the 6-month period that  
30      begins 3 months after the effective date of this amendatory  
31      Act of 1997, the required interest shall be at the rate of  
32      2.5% per year, compounded annually; otherwise, the  
33      required interest shall be calculated at the regular  
34      interest rate.

35       6. For out-of-state service: Creditable service shall  
36      be granted for service rendered to an out-of-state local



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

19 7. For retroactive service: Any employee who could have  
20 but did not elect to become a participating employee, or  
21 who should have been a participant in the Municipal Public  
22 Utilities Annuity and Benefit Fund before that fund was  
23 superseded, may receive creditable service for the period  
24 of service not to exceed 50 months; however, a current or  
25 former elected or appointed official of a participating  
26 municipality may establish credit under this paragraph 7  
27 for more than 50 months of service as an official of that  
28 municipality, if the excess over 50 months is approved by  
29 resolution of the governing body of the affected  
30 municipality filed with the Fund before January 1, 2002.

31 Any employee who is a participating employee on or  
32 after September 24, 1981 and who was excluded from  
33 participation by the age restrictions removed by Public Act  
34 82-596 may receive creditable service for the period, on or  
35 after January 1, 1979, excluded by the age restriction and,  
36 in addition, if the governing body of the participating

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

15 8. For accumulated unused sick leave: A participating  
16 employee who is applying for a retirement annuity shall be  
17 entitled to creditable service for that portion of the  
18 employee's accumulated unused sick leave for which payment  
19 is not received, as follows:

20 a. Sick leave days shall be limited to those  
21 accumulated under a sick leave plan established by a  
22 participating municipality or participating  
23 instrumentality which is available to all employees or  
24 a class of employees.

25 ~~b. Only sick leave days accumulated with a~~  
26 ~~participating municipality or participating~~  
27 ~~instrumentality with which the employee was in service~~  
28 ~~within 60 days of the effective date of his retirement~~  
29 ~~annuity shall be credited.~~ If the employee was in  
30 service with more than one employer, ~~during this period~~  
31 only the sick leave days with the employer with which  
32 the employee has the greatest number of unpaid sick  
33 leave days shall be considered.

34 c. The creditable service granted shall be  
35 considered solely for the purpose of computing the  
36 amount of the retirement annuity and shall not be used

1 to establish any minimum service period required by any  
2 provision of the Illinois Pension Code, the effective  
3 date of the retirement annuity, or the final rate of  
4 earnings.

5 d. The creditable service shall be at the rate of  
6 1/20 of a month for each full sick day, provided that  
7 no more than 24 ~~12~~ months may be credited under this  
8 subdivision 8.

9 e. Employee contributions shall not be required  
10 for creditable service under this subdivision 8.

11 f. Each participating municipality and  
12 participating instrumentality with which an employee  
13 has service within 60 days of the effective date of his  
14 retirement annuity shall certify to the board the  
15 number of accumulated unpaid sick leave days credited  
16 to the employee at the time of termination of service.

17 9. For service transferred from another system:  
18 Credits and creditable service shall be granted for service  
19 under Article 3, 4, 5, 14 or 16 of this Act, to any active  
20 member of this Fund, and to any inactive member who has  
21 been a county sheriff, upon transfer of such credits  
22 pursuant to Section 3-110.3, 4-108.3, 5-235, 14-105.6 or  
23 16-131.4, and payment by the member of the amount by which  
24 (1) the employer and employee contributions that would have  
25 been required if he had participated in this Fund as a  
26 sheriff's law enforcement employee during the period for  
27 which credit is being transferred, plus interest thereon at  
28 the effective rate for each year, compounded annually, from  
29 the date of termination of the service for which credit is  
30 being transferred to the date of payment, exceeds (2) the  
31 amount actually transferred to the Fund. Such transferred  
32 service shall be deemed to be service as a sheriff's law  
33 enforcement employee for the purposes of Section 7-142.1.

34 (b) Creditable service - amount:

35 1. One month of creditable service shall be allowed for  
36 each month for which a participating employee made

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

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

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

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

30 (d) Upon the granting of a retirement, surviving spouse or  
31 child annuity, a death benefit or a separation benefit, on  
32 account of any employee, all individual accumulated credits  
33 shall thereupon terminate. Upon the withdrawal of additional  
34 contributions, the credits applicable thereto shall thereupon  
35 terminate. Terminated credits shall not be applied to increase  
36 the benefits any remaining employee would otherwise receive

1 under this Article.

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

3 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

4 Sec. 7-141. Retirement annuities - Conditions. ~~Retirement~~  
5 ~~annuities shall be payable as hereinafter set forth.~~

6 (a) A participating employee who, regardless of cause, is  
7 separated from the service of all participating municipalities  
8 and instrumentalities thereof and participating  
9 instrumentalities shall be entitled to a retirement annuity  
10 provided:

11 1. He is at least age 55, or in the case of a person who  
12 is eligible to have his annuity calculated under Section  
13 7-142.1, he is at least age 50.~~†~~

14 2. He is (i) an employee who was employed by any  
15 participating municipality or participating  
16 instrumentality which had not elected to exclude persons  
17 employed in positions normally requiring performance of  
18 duty for less than 1000 hours per year or was employed in a  
19 position normally requiring performance of duty for 600  
20 hours or more per year prior to such election by any  
21 participating municipality or participating  
22 instrumentality included in and subject to this Article on  
23 or before the effective date of this amendatory Act of 1981  
24 which made such election and is not entitled to receive  
25 earnings for employment in a position normally requiring  
26 performance of duty for 600 hours or more per year for any  
27 participating municipality and instrumentalities thereof  
28 and participating instrumentality; or (ii) an employee who  
29 was employed only by a participating municipality or  
30 participating instrumentality, or participating  
31 municipalities or participating instrumentalities, which  
32 have elected to exclude persons in positions normally  
33 requiring performance of duty for less than 1000 hours per  
34 year after the effective date of such exclusion or which  
35 are included under and subject to the Article after the

1 effective date of this amendatory Act of 1981 and elects to  
2 exclude persons in such positions, and is not entitled to  
3 receive earnings for employment in a position normally  
4 requiring performance of duty for 1000 hours or more per  
5 year by such a participating municipality or participating  
6 instrumentality.†

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

9 4. If he first became a participating employee after  
10 December 31, 1961, he has at least 5 years ~~8 years~~ of  
11 service. This service requirement shall not apply to any  
12 participating employee, regardless of participation date,  
13 if the General Assembly terminates the Fund.

14 (b) Retirement annuities shall be payable:

15 1. As provided in Section 7-119.†

16 2. Except as provided in item 3, upon receipt by the  
17 fund of a written application. The effective date may be no  
18 earlier than the first day of the first full calendar month  
19 after termination of participating employment. ~~not more~~  
20 ~~than one year prior to the date of the receipt by the fund~~  
21 ~~of the application.~~

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

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

27 (c) The amendment to subdivision (b)(2) of this Section  
28 made by this amendatory Act of the 94th General Assembly,  
29 removing the one year limitation on retroactive annuity,  
30 applies to every person who has not yet begun receiving a  
31 retirement annuity, without regard to whether the person  
32 terminated employment prior to the effective date of this  
33 amendatory Act.

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

35 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

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

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

5           1. For employees with 5 or ~~8 or~~ more years of service,  
6 an annuity computed pursuant to subparagraphs a or b of  
7 this subparagraph 1, whichever is the higher, and for  
8 employees with less than 5 years ~~8 years~~ of service, the  
9 annuity computed pursuant to subparagraph a:

10           a. The monthly annuity which can be provided from  
11 the total accumulated normal, municipality and prior  
12 service credits, as of the attained age of the employee  
13 on the date the annuity begins provided that such  
14 annuity shall not exceed 75% of the final rate of  
15 earnings of the employee.

16           b. (i) The monthly annuity amount determined as  
17 follows by multiplying (a)  $1\frac{2}{3}\%$  for annuitants with  
18 not more than 15 years or (b)  $1\frac{2}{3}\%$  for the first 15  
19 years and 2% for each year in excess of 15 years for  
20 annuitants with more than 15 years by the number of  
21 years plus fractional years, prorated on a basis of  
22 months, of creditable service and multiply the product  
23 thereof by the employee's final rate of earnings.

24           (ii) For the sole purpose of computing the formula  
25 (and not for the purposes of the limitations  
26 hereinafter stated) \$125 shall be considered the final  
27 rate of earnings in all cases where the final rate of  
28 earnings is less than such amount.

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

32           (iv) For employees who have less than 30 ~~35~~ years  
33 of service, the annuity computed in accordance with  
34 this subparagraph b (as reduced by application of  
35 subparagraph (iii) above) shall be reduced by 0.25%  
36 thereof (0.5% if service was terminated before January

1 1, 1988) for each month or fraction thereof (1) that  
2 the employee's age is less than 60 years, or (2) if the  
3 employee has at least 25 ~~30~~ years of service credit,  
4 that the employee's service credit is less than 30 ~~35~~  
5 years, whichever is less, on the date the annuity  
6 begins.

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

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

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

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

33 (40 ILCS 5/7-152) (from Ch. 108 1/2, par. 7-152)

34 Sec. 7-152. Disability benefits - Amount. The amount of the  
35 monthly temporary and total and permanent disability benefits



1 shall be 50% of the participating employee's final rate of  
2 earnings on the date disability was incurred, subject to the  
3 following adjustments:

4 (a) The amount of the monthly temporary and total and  
5 permanent disability benefits shall be 60% (rather than 50%) of  
6 the participating employee's final rate of earnings on the date  
7 disability was incurred, if the date of disability occurs after  
8 the employer files with the board an undertaking to be  
9 responsible for the additional costs resulting from this  
10 increase. The undertaking may provide for all or a portion of  
11 those additional costs to be collected by the employer from its  
12 employees, through deductions from earnings or in any other  
13 manner. The undertaking may be terminated by the employer (or  
14 rejected by the board) at any time, in which case benefits  
15 granted thereafter shall be based on the 50% rate, but benefits  
16 already based on the 60% rate shall be unaffected by the  
17 termination of the undertaking.

18 (a-5) If the participating employee has a reduced rate of  
19 earnings at the time his employment ceases because of  
20 disability, the rate of earnings shall be computed on the basis  
21 of his last 12 month period of full-time employment.

22 (b) If the participating employee is eligible for a  
23 disability benefit under the federal Social Security Act, the  
24 amount of monthly disability benefits shall be reduced, but not  
25 to less than \$10 a month, by the amount he would be eligible to  
26 receive as a disability benefit under the federal Social  
27 Security Act, whether or not because of service as a covered  
28 employee under this Article. The reduction shall be effective  
29 as of the month the employee is eligible for Social Security  
30 disability benefits. The Board may make such reduction if it  
31 appears that the employee may be so eligible pending  
32 determination of eligibility and make an appropriate  
33 adjustment if necessary after such determination. If the  
34 employee, because of his refusal to accept rehabilitation  
35 services under the federal Rehabilitation Act of 1973 or the  
36 federal Social Security Act, or because he is receiving

1 workers' compensation benefits, has his Social Security  
2 benefits reduced or terminated, the disability benefit shall be  
3 reduced as if the employee were receiving his full Social  
4 Security disability benefit.

5 (c) If the employee (i) is over the age for a full Social  
6 Security old-age insurance benefit, (ii) was not eligible for a  
7 Social Security disability benefit immediately before reaching  
8 that age, and (iii) is eligible for a full Social Security  
9 old-age insurance benefit, then the amount of the monthly  
10 disability benefit shall be reduced, but not to less than \$10 a  
11 month, by the amount of the old-age insurance benefit to which  
12 the employee is entitled, whether or not the employee applies  
13 for the Social Security old-age insurance benefit. This  
14 reduction shall be made in the month after the month in which  
15 the employee attains the age for a full Social Security old-age  
16 insurance benefit. However, if the employee was receiving a  
17 Social Security disability benefit before reaching the age for  
18 a full Social Security old-age insurance benefit, the  
19 disability benefits after that age shall be determined under  
20 subsection (b) of this Section.

21 (d) The amount of disability benefits shall not be reduced  
22 by reason of any increase, other than one resulting from a  
23 correction in the employee's wage records, in the amount of  
24 disability or old-age insurance benefits under the federal  
25 Social Security Act which takes effect after the month of the  
26 initial reduction under paragraph (b) or (c) of this Section.

27 (e) If the employee in any month receives compensation from  
28 gainful employment which is more than 25% of the final rate of  
29 earnings on which his disability benefits are based, the  
30 temporary disability benefit payable for that month shall be  
31 reduced by an amount equal to such excess.

32 (f) An employee who has been disabled for at least 30 days  
33 may return to work for the employer on a part-time basis for a  
34 trial work period of up to one year, during which the  
35 disability shall be deemed to continue. Service credit shall  
36 continue to accrue and the disability benefit shall continue to

1 be paid during the trial work period, but the benefit shall be  
2 reduced by the amount of earnings received by the disabled  
3 employee. Return to service on a full-time basis shall  
4 terminate the trial work period. The reduction under this  
5 subsection (f) shall be in lieu of the reduction, if any,  
6 required under subsection (e).

7 (g) Beginning January 1, 1988, every total and permanent  
8 disability benefit shall be increased by 3% of the original  
9 amount of the benefit, not compounded, on each January 1  
10 following the later of (1) the date the total and permanent  
11 disability benefit begins, or (2) the date the total and  
12 permanent disability benefit would have begun if the employee  
13 had been paid a temporary disability benefit for 30 months.

14 (Source: P.A. 92-424, eff. 8-17-01.)

15 (40 ILCS 5/7-158) (from Ch. 108 1/2, par. 7-158)

16 Sec. 7-158. Surviving spouse annuities - Options. In lieu  
17 of the surviving spouse annuity an eligible surviving spouse  
18 shall have the option of receiving other benefits as follows:

19 1. The surviving spouse of a participating employee may  
20 elect to receive either a single sum death benefit or a  
21 surviving spouse annuity and the \$5,000 ~~\$3,000~~ death benefit  
22 provided in Sections 7-163 and 7-164.

23 2. The surviving spouse of an employee~~r~~ who has separated  
24 from service and would have been entitled to a retirement  
25 annuity on date of death~~r~~ may elect to receive either a single  
26 sum death benefit or a surviving spouse annuity and the \$5,000  
27 ~~\$3,000~~ death benefit provided in Sections 7-163 and 7-164.

28 3. If any surviving spouse annuity is payable prior to the  
29 earliest age at which the recipient will become eligible for a  
30 widows' or widowers' insurance benefit under the Federal Social  
31 Security Act, the recipient may elect that the annuity payments  
32 from this fund shall exceed those payable after attaining such  
33 age by an amount not in excess of the estimated Social Security  
34 Benefit, determined as of the effective date of the surviving  
35 spouse annuity, provided that in no case shall the total

1 annuity payments made by this fund exceed in actuarial value  
2 the annuity which would have been paid had no such election  
3 been made.

4 4. The surviving spouse of a participating employee, whose  
5 annuity was suspended upon return to employment and who had one  
6 year or more of service after his return, may apply the  
7 additional service credits to a supplemental surviving spouse  
8 annuity and receive the \$5,000 ~~\$3,000~~ death benefit or apply  
9 the additional service credits to a single sum death benefit  
10 and forego the \$5,000 ~~\$3,000~~ death benefit payable upon the  
11 death of an annuitant.

12 5. The surviving spouse of a participating employee, whose  
13 annuity was suspended upon return to employment and who had  
14 less than one year of service after his return, shall have the  
15 additional service credits applied towards a supplemental  
16 surviving spouse annuity and shall receive the \$5,000 ~~\$3,000~~  
17 death benefit.

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

19 (40 ILCS 5/7-164) (from Ch. 108 1/2, par. 7-164)

20 Sec. 7-164. Death benefits - Amount. The amount of the  
21 death benefit shall be:

22 1. Upon the death of an employee with at least one year of  
23 service occurring while in an employment relationship  
24 (including employees drawing disability benefits) with a  
25 participating municipality or participating instrumentality,  
26 an amount equal to the sum of:

27 (a) The employee's normal, additional and survivor  
28 credits, including interest credited thereto through the  
29 end of the preceding calendar year, but excluding credits  
30 and interest thereon allowed for periods of disability.

31 (b) An amount equal to the employee's annual final rate  
32 of earnings. An employee who dies as a result of injuries  
33 connected with his duties shall be considered to have a  
34 year of service for purposes of this benefit.

35 2. Upon the death of an employee with less than ± one year

1 of service occurring while in the service of any participating  
2 municipality or instrumentality, an amount equal to the sum of  
3 his accumulated normal, additional and survivor credits on the  
4 date of death, excluding those credits and interest thereon  
5 allowed during periods of disability.

6 3. Upon the death of an employee who has separated from  
7 service and was not entitled to a retirement annuity on the  
8 date of death, an amount equal to the sum of his accumulated  
9 normal, survivor and additional credits on the date of death  
10 excluding those credits and interest thereon allowed during  
11 periods of disability.

12 4. Upon the death of an employee in an employment  
13 relationship, or an employee who has service and was entitled  
14 to a retirement annuity on the date of death, when a surviving  
15 spouse or child annuity is awarded, \$5,000 ~~\$3,000~~.

16 5. Upon the death of an employee, who has separated from  
17 service and was entitled to a retirement annuity on the date of  
18 death, and no surviving spouse or child annuity is awarded,  
19 \$5,000 ~~\$3,000~~ plus an amount equal to his accumulated normal,  
20 survivor and additional credits on the date of death, excluding  
21 those credits and interest earned thereon allowed during  
22 periods of disability.

23 6. Upon the death of an employee annuitant, \$5,000 ~~\$3,000~~  
24 and, unless a surviving spouse, child or reversionary annuity  
25 is payable, the sum of (i) the excess of the normal and  
26 survivor credits, excluding those allowed during periods of  
27 disability, which the annuitant had as of the effective date of  
28 his annuity over the total annuities paid pursuant to paragraph  
29 (a) 1 of Section 7-142 to the date of death, plus (ii) the  
30 excess of the additional credits, excluding any such credits  
31 used to create a reversionary annuity, used to provide the  
32 annuity granted pursuant to paragraph (a) 2 of Section 7-142  
33 over the total annuity payments made pursuant thereto to the  
34 time of death.

35 7. Upon the death of an annuitant receiving a reversionary  
36 annuity or of a person designated to receive a reversionary

1 annuity prior to the receipt of such annuity the sum of the  
2 additional credits of the person creating the reversionary  
3 annuity as of the effective date of his own retirement annuity  
4 over the reversionary annuity payments, if any, made prior to  
5 the date of death of such annuitant or person designated to  
6 receive the reversionary annuity.

7 8. Upon the death of an annuitant receiving a beneficiary  
8 annuity which was effective before January 1, 1986, the excess  
9 of the death benefit which was used to provide the annuity,  
10 over the sum of all annuity payments made to the beneficiary.  
11 Upon the death of an annuitant receiving a beneficiary annuity  
12 effective January 1, 1986 or thereafter, the sum of (i) the  
13 excess of the normal and survivor credits, excluding those  
14 allowed during periods of disability, which the annuitant had  
15 as of the effective date of his annuity over the total  
16 annuities paid pursuant to paragraph (c) of Section 7-165, to  
17 date of death, plus (ii) the excess of the additional credits,  
18 excluding any such credits used to create a reversionary  
19 annuity, used to provide the annuity granted pursuant to  
20 paragraph (d) of Section 7-165 over the total annuity payments  
21 made pursuant thereto to the time of death.

22 9. Upon the marriage prior to reaching age 55 (except for a  
23 surviving spouse who remarries after December 31, 2000) or  
24 death of a person receiving a surviving spouse annuity, unless  
25 a child annuity is payable, the sum of (i) the excess of the  
26 normal and survivor credits, excluding those credits and  
27 interest thereon allowed during periods of disability,  
28 attributable to the employee at the effective date of the  
29 annuity or date of death, whichever first occurred, over the  
30 total of all annuity payments attributable to paragraph (a) 1  
31 of Section 7-142 made to the employee or surviving spouse plus  
32 (ii) the excess of the additional credits, excluding any such  
33 credits used to create a reversionary annuity or used to  
34 provide the annuity attributable to paragraph (a) 2 of Section  
35 7-142 over the total of such payments.

36 10. Upon the marriage, death or attainment of age 18 of a

1 child receiving a child annuity, if no other child annuities  
2 are payable, the sum of (i) the excess of the normal and  
3 survivor credits excluding those credits and interest thereon  
4 allowed during periods of disability, of the employee at the  
5 effective date of the annuity or date of death, whichever first  
6 occurred, over the total annuity payments attributable to  
7 paragraph (a) 1 of Section 7-142 made to the employee,  
8 surviving spouse and children plus (ii) the excess of the  
9 additional credits, excluding any such credits used to create a  
10 reversionary annuity, used to provide the annuity attributable  
11 to paragraph (a) 2 of Section 7-142 over the total annuity  
12 payments made to the employee, surviving spouse and children,  
13 pursuant thereto.

14 11. Upon the death of the participating employee whose  
15 annuity was suspended upon his return to employment:

16 a. If a surviving spouse or child annuity is awarded,  
17 \$5,000 ~~\$3,000~~;

18 b. If no surviving spouse or child annuity is awarded  
19 and he had less than one year's service upon return, \$5,000  
20 ~~\$3,000~~ plus the excess of the normal, survivor and  
21 additional credits, including interest thereon, but  
22 excluding those allowed during a period of disability, at  
23 the effective date of the suspended annuity, plus those  
24 allowed after his return, over all annuity payments made to  
25 the employee;

26 c. If no surviving spouse or child annuity is awarded  
27 and he has one year or more of service upon return, the  
28 higher of (a) the payment under subparagraph b of this  
29 paragraph or (b) the payment under paragraph 1 of this  
30 Section, taking into consideration only the service and  
31 credits allowed after his return, plus the excess of the  
32 normal, survivor and additional credits, including  
33 interest thereon, excluding those allowed during periods  
34 of disability, at the effective date of his suspended  
35 annuity over all annuity payments made to the employee.

36 12. The \$3,000 or \$5,000 death benefit provided in

1 paragraphs 4 and 6 shall not be payable to beneficiaries of  
2 persons who terminated service prior to September 8, 1971,  
3 unless the payment or agreement for payment provided by Section  
4 7-144.2 of this Article is made prior to the date of death.

5 13. The increase in certain death benefits from \$1,000 to  
6 \$3,000 provided by this amendatory Act of 1987 shall apply only  
7 to deaths occurring on or after January 1, 1988.

8 The increase in certain death benefits from \$3,000 to  
9 \$5,000 provided by this amendatory Act of the 94th General  
10 Assembly applies to deaths that occur on or after the effective  
11 date of this amendatory Act, without regard to whether the  
12 deceased person was in service on or after that date.

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

14 (40 ILCS 5/7-168) (from Ch. 108 1/2, par. 7-168)

15 Sec. 7-168. Separation benefits - Amount. The amount of  
16 the separation benefit ~~benefits~~ shall be the sum of the  
17 employee's accumulated normal, survivor, and additional  
18 contributions. Separation benefits paid on or after the  
19 effective date of this amendatory Act of the 94th General  
20 Assembly may also include interest on the refunded  
21 contributions, calculated at a rate and in a manner determined  
22 by the Board.

23 (Source: P.A. 87-740.)

24 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

25 Sec. 7-172. Contributions by participating municipalities  
26 and participating instrumentalities.

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

29 1. municipality contributions in an amount determined  
30 by applying the municipality contribution rate to each  
31 payment of earnings paid to each of its participating  
32 employees;

33 2. an amount equal to the employee contributions  
34 provided by paragraphs (a) and (b) of Section 7-173,



1 whether or not the employee contributions are withheld as  
2 permitted by that Section;

3 3. all accounts receivable, together with interest  
4 charged thereon, as provided in Section 7-209;

5 4. if it has no participating employees with current  
6 earnings, an amount payable which, over a period of 20  
7 years beginning with the year following an award of  
8 benefit, will amortize, at the effective rate for that  
9 year, any negative balance in its municipality reserve  
10 resulting from the award. This amount when established will  
11 be payable as a separate contribution whether or not it  
12 later has participating employees.

13 (b) A separate municipality contribution rate shall be  
14 determined for each calendar year for all participating  
15 municipalities together with all instrumentalities thereof.  
16 The municipality contribution rate shall be determined for  
17 participating instrumentalities as if they were participating  
18 municipalities. The municipality contribution rate shall be  
19 the sum of the following percentages:

20 1. The percentage of earnings of all the participating  
21 employees of all participating municipalities and  
22 participating instrumentalities which, if paid over the  
23 entire period of their service, will be sufficient when  
24 combined with all employee contributions available for the  
25 payment of benefits, to provide all annuities for  
26 participating employees, and the \$5,000 ~~\$3,000~~ death  
27 benefit payable under Sections 7-158 and 7-164, such  
28 percentage to be known as the normal cost rate.

29 2. The percentage of earnings of the participating  
30 employees of each participating municipality and  
31 participating instrumentalities necessary to adjust for  
32 the difference between the present value of all benefits,  
33 excluding temporary and total and permanent disability and  
34 death benefits, to be provided for its participating  
35 employees and the sum of its accumulated municipality  
36 contributions and the accumulated employee contributions

1 and the present value of expected future employee and  
2 municipality contributions pursuant to subparagraph 1 of  
3 this paragraph (b). This adjustment shall be spread over  
4 the remainder of the period that is allowable under  
5 generally accepted accounting principles.

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

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

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

20 (c) A separate municipality contribution rate shall be  
21 computed for each participating municipality or participating  
22 instrumentality for its sheriff's law enforcement employees.

23 A separate municipality contribution rate shall be  
24 computed for the sheriff's law enforcement employees of each  
25 forest preserve district that elects to have such employees.  
26 For the period from January 1, 1986 to December 31, 1986, such  
27 rate shall be the forest preserve district's regular rate plus  
28 2%.

29 In the event that the Board determines that there is an  
30 actuarial deficiency in the account of any municipality with  
31 respect to a person who has elected to participate in the Fund  
32 under Section 3-109.1 of this Code, the Board may adjust the  
33 municipality's contribution rate so as to make up that  
34 deficiency over such reasonable period of time as the Board may  
35 determine.

36 (d) The Board may establish a separate municipality

1 contribution rate for all employees who are program  
2 participants employed under the federal Comprehensive  
3 Employment Training Act by all of the participating  
4 municipalities and instrumentalities. The Board may also  
5 provide that, in lieu of a separate municipality rate for these  
6 employees, a portion of the municipality contributions for such  
7 program participants shall be refunded or an extra charge  
8 assessed so that the amount of municipality contributions  
9 retained or received by the fund for all CETA program  
10 participants shall be an amount equal to that which would be  
11 provided by the separate municipality contribution rate for all  
12 such program participants. Refunds shall be made to prime  
13 sponsors of programs upon submission of a claim therefor and  
14 extra charges shall be assessed to participating  
15 municipalities and instrumentalities. In establishing the  
16 municipality contribution rate as provided in paragraph (b) of  
17 this Section, the use of a separate municipality contribution  
18 rate for program participants or the refund of a portion of the  
19 municipality contributions, as the case may be, may be  
20 considered.

21 (e) Computations of municipality contribution rates for  
22 the following calendar year shall be made prior to the  
23 beginning of each year, from the information available at the  
24 time the computations are made, and on the assumption that the  
25 employees in each participating municipality or participating  
26 instrumentality at such time will continue in service until the  
27 end of such calendar year at their respective rates of earnings  
28 at such time.

29 (f) Any municipality which is the recipient of State  
30 allocations representing that municipality's contributions for  
31 retirement annuity purposes on behalf of its employees as  
32 provided in Section 12-21.16 of the Illinois Public Aid Code  
33 shall pay the allocations so received to the Board for such  
34 purpose. Estimates of State allocations to be received during  
35 any taxable year shall be considered in the determination of  
36 the municipality's tax rate for that year under Section 7-171.

1 If a special tax is levied under Section 7-171, none of the  
2 proceeds may be used to reimburse the municipality for the  
3 amount of State allocations received and paid to the Board. Any  
4 multiple-county or consolidated health department which  
5 receives contributions from a county under Section 11.2 of "An  
6 Act in relation to establishment and maintenance of county and  
7 multiple-county health departments", approved July 9, 1943, as  
8 amended, or distributions under Section 3 of the Department of  
9 Public Health Act, shall use these only for municipality  
10 contributions by the health department.

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

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

26 The municipality contribution rate for an educational  
27 service center shall initially be the same rate for each year  
28 as the regional office of education or school district which  
29 serves as its administrative agent. When actuarial data become  
30 available, a separate rate shall be established as provided in  
31 subparagraph (i) of this Section.

32 The municipality contribution rate for a public agency,  
33 other than a vocational education cooperative, formed under the  
34 Intergovernmental Cooperation Act shall initially be the  
35 average rate for the municipalities which are parties to the  
36 intergovernmental agreement. When actuarial data become

1 available, a separate rate shall be established as provided in  
2 subparagraph (i) of this Section.

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

21 (i) Contributions by participating instrumentalities shall  
22 be determined as provided herein except that the percentage  
23 derived under subparagraph 2 of paragraph (b) of this Section,  
24 and the amount payable under subparagraph 5 of paragraph (a) of  
25 this Section, shall be based on an amortization period of 10  
26 years.

27 (Source: P.A. 92-424, eff. 8-17-01.)

28 (40 ILCS 5/7-174) (from Ch. 108 1/2, par. 7-174)

29 Sec. 7-174. Board created.

30 (a) A board of 8 members shall constitute a board of  
31 trustees authorized to carry out the provisions of this  
32 Article. Each trustee shall be a participating employee of a  
33 participating municipality or participating instrumentality or  
34 an annuitant of the Fund and no person shall be eligible to  
35 become a trustee ~~after January 1, 1979~~ who does not have at

1 least 5 years ~~8 years~~ of creditable service.

2 (b) The board shall consist of representatives of various  
3 groups as follows:

4 1. 4 trustees shall be a chief executive officer, chief  
5 finance officer, or other officer, executive or department  
6 head of a participating municipality or participating  
7 instrumentality, and each such trustee shall be designated  
8 as an executive trustee.

9 2. 3 trustees shall be employees of a participating  
10 municipality or participating instrumentality and each  
11 such trustee shall be designated as an employee trustee.

12 3. One trustee shall be an annuitant of the Fund, who  
13 shall be designated the annuitant trustee.

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

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

23 (e) Any elected trustee (other than the annuitant trustee)  
24 shall be disqualified immediately upon termination of  
25 employment with all participating municipalities and  
26 instrumentalities thereof or upon any change in status which  
27 removes any such trustee from all employments within the group  
28 he represents. The annuitant trustee shall be disqualified upon  
29 termination of his or her annuity.

30 (f) The trustees shall fill any vacancy in the board by  
31 appointment, for the period until the next election of  
32 trustees, or, if the remaining term is less than 2 years, for  
33 the remainder of the term, and until his successor has been  
34 elected and qualified.

35 (g) Trustees shall serve without compensation, but shall be  
36 reimbursed for any reasonable expenses incurred in attending

1 meetings of the board and in performing duties on behalf of the  
2 Fund and for the amount of any earnings withheld by any  
3 employing municipality or participating instrumentality  
4 because of attendance at any board meeting.

5 (h) Each trustee other than the annuitant trustee shall be  
6 entitled to one vote on any and all actions before the board;  
7 the annuitant trustee is not entitled to vote on any matter. At  
8 least 4 concurring votes shall be necessary for every decision  
9 or action by the board at any of its meetings. No decision or  
10 action shall become effective unless presented and so approved  
11 at a regular or duly called special meeting of the board.

12 (Source: P.A. 89-136, eff. 7-14-95.)

13 (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

14 Sec. 7-205. Reserves for annuities. Appropriate reserves  
15 shall be created for payment of all annuities granted under  
16 this Article at the time such annuities are granted and in  
17 amounts determined to be necessary under actuarial tables  
18 adopted by the Board upon recommendation of the actuary of the  
19 fund. All annuities payable shall be charged to the annuity  
20 reserve.

21 1. Amounts credited to annuity reserves shall be derived by  
22 transfer of all the employee credits from the appropriate  
23 employee reserves and by charges to the municipality reserve of  
24 those municipalities in which the retiring employee has  
25 accumulated service. If a retiring employee has accumulated  
26 service in more than one participating municipality or  
27 participating instrumentality, aggregate municipality charges  
28 shall be prorated on a basis of the employee's earnings in case  
29 of concurrent service and creditable service in other cases.

30 2. Supplemental annuities shall be handled as a separate  
31 annuity and amounts to be credited to the annuity reserve  
32 therefor shall be derived in the same manner as a regular  
33 annuity.

34 3. When a retirement annuity is granted to an employee with  
35 a spouse eligible for a surviving spouse annuity, there shall

1 be credited to the annuity reserve an amount to fund the cost  
2 of both the retirement and surviving spouse annuity as a joint  
3 and survivors annuity.

4 4. Beginning January 1, 1989, when a retirement annuity is  
5 awarded, an amount equal to the present value of the \$3,000 or  
6 \$5,000 death benefit payable upon the death of the annuitant  
7 shall be transferred to the annuity reserve from the  
8 appropriate municipality reserves in the same manner as the  
9 transfer for annuities.

10 5. All annuity reserves shall be revalued annually as of  
11 December 31. Beginning as of December 31, 1973, adjustment  
12 required therein by such revaluation shall be charged or  
13 credited to the earnings and experience variation reserve.

14 6. There shall be credited to the annuity reserve all of  
15 the payments made by annuitants under Section 7-144.2, plus an  
16 additional amount from the earnings and experience variation  
17 reserve to fund the cost of the incremental annuities granted  
18 to annuitants making these payments.

19 7. As of December 31, 1972, the excess in the annuity  
20 reserve shall be transferred to the municipality reserves. An  
21 amount equal to the deficiency in the reserve of participating  
22 municipalities and participating instrumentalities which have  
23 no participating employees shall be allocated to their  
24 reserves. The remainder shall be allocated in amounts  
25 proportionate to the present value, as of January 1, 1972, of  
26 annuities of annuitants of the remaining participating  
27 municipalities and participating instrumentalities.

28 (Source: P.A. 89-136, eff. 7-14-95.)

29 (40 ILCS 5/7-206) (from Ch. 108 1/2, par. 7-206)

30 Sec. 7-206. Death Reserve. All death benefit payments  
31 shall be charged to the Death Reserve, other than the \$3,000 or  
32 \$5,000 death benefits paid after December 31, 1988 upon the  
33 death of an annuitant. All contributions for death purposes  
34 under Section 7-172(b)4 shall be credited to the same reserve.  
35 Whenever the balance in such reserve at the close of a year



1 exceeds 100% of the average annual charges to this account  
2 during the 3 preceding calendar years, the basic actuarial  
3 assumptions upon which municipality contribution rates for  
4 these purposes are based, shall be reviewed and revised in such  
5 manner as is deemed necessary to reduce such balance.

6 (Source: P.A. 89-136, eff. 7-14-95.)

7 Section 90. The State Mandates Act is amended by adding  
8 Section 8.29 as follows:

9 (30 ILCS 805/8.29 new)

10 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8  
11 of this Act, no reimbursement by the State is required for the  
12 implementation of any mandate created by this amendatory Act of  
13 the 94th General Assembly.

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law.