



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB4973

Introduced 1/19/2006, by Rep. Richard T. Bradley

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-114	from Ch. 108 1/2, par. 7-114
40 ILCS 5/7-118	from Ch. 108 1/2, par. 7-118
40 ILCS 5/7-135	from Ch. 108 1/2, par. 7-135
40 ILCS 5/7-139	from Ch. 108 1/2, par. 7-139
40 ILCS 5/7-153.1 new	
40 ILCS 5/7-170	from Ch. 108 1/2, par. 7-170
40 ILCS 5/7-171	from Ch. 108 1/2, par. 7-171
40 ILCS 5/7-172	from Ch. 108 1/2, par. 7-172
40 ILCS 5/7-173	from Ch. 108 1/2, par. 7-173
40 ILCS 5/7-173.2	from Ch. 108 1/2, par. 7-173.2
40 ILCS 5/7-204	from Ch. 108 1/2, par. 7-204
40 ILCS 5/7-205	from Ch. 108 1/2, par. 7-205
40 ILCS 5/7-211	from Ch. 108 1/2, par. 7-211
30 ILCS 805/8.30 new	

Amends the IMRF Article of the Illinois Pension Code. Provides that any moneys received by an elected official from the State of Illinois for service in that capacity shall be deemed earnings unless specifically excluded. Changes the provisions defining and specifying the manner of designating a beneficiary. With respect to persons establishing service credit for periods spent on a leave of absence, removes a provision requiring application within 2 years. Removes obsolete language relating to the payment of federal social security contributions to the Fund. Provides that an employee whose disability determination or medical examination results are at issue before the Board may request that the portion of the Board meeting or committee hearing concerning the disability determination or medical examination be closed to the public. Provides that if a retiring employee has accumulated nonconcurrent service with more than one participating municipality or participating instrumentality, aggregate municipality charges shall be prorated among all nonfinal employers based on service credit and projected earnings with those employers and, for the final employer, municipality charges shall be based on the remaining cost of the employee's pension. Makes a technical correction. Provides that each county with current or former elected county officers participating in the alternative annuity program shall have a separate employer contribution rate computed for those elected officers, and provides that those officers shall be treated as a separate unit within the Fund. In the provisions relating to employer pick-up of employee contributions, requires pick-up of employee contributions under the alternative program for elected county officers. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 15880 AMC 51102 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 7-114, 7-118, 7-135, 7-139, 7-170, 7-171, 7-172,  
6 7-173, 7-173.2, 7-204, 7-205, and 7-211 and by adding Section  
7 7-153.1 as follows:

8 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

9 Sec. 7-114. Earnings. "Earnings":

10 (a) An amount to be determined by the board, equal to the  
11 sum of:

12 1. The total amount of money paid to an employee for  
13 personal services or official duties as an employee (except  
14 those employed as independent contractors) paid out of the  
15 general fund, or out of any special funds controlled by the  
16 municipality, or by any instrumentality thereof, or  
17 participating instrumentality, including compensation,  
18 fees, allowances, or other emolument paid for official  
19 duties (but not including automobile maintenance, travel  
20 expense, or reimbursements for expenditures incurred in  
21 the performance of duties) and, for fee offices, the fees  
22 or earnings of the offices to the extent such fees are paid  
23 out of funds controlled by the municipality, or  
24 instrumentality or participating instrumentality; and

25 2. The money value, as determined by rules prescribed  
26 by the governing body of the municipality, or  
27 instrumentality thereof, of any board, lodging, fuel,  
28 laundry, and other allowances provided an employee in lieu  
29 of money.

30 (b) For purposes of determining benefits payable under this  
31 fund payments to a person who is engaged in an independently  
32 established trade, occupation, profession or business and who

1 is paid for his service on a basis other than a monthly or  
2 other regular salary, are not earnings.

3 (c) If a disabled participating employee is eligible to  
4 receive Workers' Compensation for an accidental injury and the  
5 participating municipality or instrumentality which employed  
6 the participating employee when injured continues to pay the  
7 participating employee regular salary or other compensation or  
8 pays the employee an amount in excess of the Workers'  
9 Compensation amount, then earnings shall be deemed to be the  
10 total payments, including an amount equal to the Workers'  
11 Compensation payments. These payments shall be subject to  
12 employee contributions and allocated as if paid to the  
13 participating employee when the regular payroll amounts would  
14 have been paid if the participating employee had continued  
15 working, and creditable service shall be awarded for this  
16 period.

17 (d) If an elected official who is a participating employee  
18 becomes disabled but does not resign and is not removed from  
19 office, then earnings shall include all salary payments made  
20 for the remainder of that term of office and the official shall  
21 be awarded creditable service for the term of office.

22 (e) If a participating employee is paid pursuant to "An Act  
23 to provide for the continuation of compensation for law  
24 enforcement officers, correctional officers and firemen who  
25 suffer disabling injury in the line of duty", approved  
26 September 6, 1973, as amended, the payments shall be deemed  
27 earnings, and the participating employee shall be awarded  
28 creditable service for this period.

29 (f) Additional compensation received by a person while  
30 serving as a supervisor of assessments, assessor, deputy  
31 assessor or member of a board of review from the State of  
32 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax  
33 Code shall not be earnings for purposes of this Article and  
34 shall not be included in the contribution formula or  
35 calculation of benefits for such person pursuant to this  
36 Article.

1       (g) Any moneys received by an elected official from the  
2       State of Illinois for service in that capacity shall be deemed  
3       earnings unless specifically excluded in this Code.

4       (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

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

6       Sec. 7-118. "Beneficiary" ~~is~~.

7       (a) "Beneficiary" means:

8             (1) Any person or persons, trust, or charity designated  
9             as a beneficiary by an employee, former employee who has  
10            not yet received a retirement annuity or separation  
11            benefit, or employee annuitant. If no designation is on  
12            file or no beneficiary so designated survives, the estate  
13            of the employee, former employee who has not yet received a  
14            retirement annuity or separation benefit, or employee  
15            annuitant.

16            (2) Any person or persons, trust, or charity designated  
17            as a beneficiary by a beneficiary annuitant or, if no  
18            designation is on file or no beneficiary so designated  
19            survives, the estate of the beneficiary annuitant. ~~The~~  
20            ~~surviving spouse of an employee or of an employee~~  
21            ~~annuitant, or if no surviving spouse survives, the person~~  
22            ~~or persons designated by a participating employee or~~  
23            ~~employee annuitant, or if no person so designated survives,~~  
24            ~~or if no designation is on file, the estate of the employee~~  
25            ~~or employee annuitant. The person or persons designated by~~  
26            ~~a beneficiary annuitant, or if no person designated~~  
27            ~~survives, or if no designation is on file, the estate of~~  
28            ~~the beneficiary annuitant.~~

29            (3) The estate of a surviving spouse annuitant where  
30            the employee or employee annuitant filed no designation, or  
31            no person designated survives at the death of a surviving  
32            spouse annuitant.

33       (b) Designations of beneficiaries shall be in writing on  
34       forms prescribed by the board and effective upon filing in the  
35       fund offices. The designation forms shall provide for

1 contingent beneficiaries. Divorce, dissolution or annulment of  
2 marriage revokes the designation of an employee's former spouse  
3 as a beneficiary on a designation executed before entry of  
4 judgment for divorce, dissolution or annulment of marriage.

5 ~~(b) Notwithstanding the foregoing, an employee, former~~  
6 ~~employee who has not yet received a retirement annuity or~~  
7 ~~separation benefit, or employee annuitant may elect to name any~~  
8 ~~person, trust or charity to be the primary beneficiary of any~~  
9 ~~death benefit payable by reason of his death. Such election~~  
10 ~~shall state specifically whether it is his intention to exclude~~  
11 ~~the spouse, shall be in writing, and may be revoked at any~~  
12 ~~time. Such election or revocation shall take effect upon being~~  
13 ~~filed in the fund offices.~~

14 ~~(c) If a surviving spouse annuity is payable to a former~~  
15 ~~spouse upon the death of an employee annuitant, the former~~  
16 ~~spouse, unless designated by the employee annuitant after~~  
17 ~~dissolution of the marriage, shall not be the beneficiary for~~  
18 ~~the purposes of the \$3,000 death benefit payable under~~  
19 ~~subparagraph 6 of Section 7-164. This benefit shall be paid to~~  
20 ~~the designated beneficiary of the employee annuitant or, if~~  
21 ~~there is no designation, then to the estate of the employee~~  
22 ~~annuitant.~~

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

24 (40 ILCS 5/7-135) (from Ch. 108 1/2, par. 7-135)

25 Sec. 7-135. Authorized agents.

26 (a) Each participating municipality and participating  
27 instrumentality shall appoint an authorized agent who shall  
28 have the powers and duties set forth in this section. In  
29 absence of such appointment, the duties of the authorized agent  
30 shall devolve upon the clerk or secretary of the municipality  
31 or instrumentality and in the case of township school trustees  
32 upon the township school treasurer. ~~In townships the Authorized~~  
33 ~~Agent shall be the township supervisor.~~

34 (b) The authorized agent shall have the following powers  
35 and duties:

1           1. To certify to the fund whether or not a given person  
2 is authorized to participate in the fund;

3           2. To certify to the fund when a participating employee  
4 is on a leave of absence authorized by the municipality;

5           3. To request the proper officer to cause employee  
6 contributions to be withheld from earnings and transmitted  
7 to the fund;

8           4. To request the proper officer to cause municipality  
9 contributions to be forwarded to the fund promptly;

10          5. To forward promptly to all participating employees  
11 any communications from the fund for such employees;

12          6. To forward promptly to the fund all applications,  
13 claims, reports and other communications delivered to him  
14 by participating employees;

15          7. To perform all duties related to the administration  
16 of this retirement system as requested by the fund and the  
17 governing body of his municipality.

18          (c) The governing body of each participating municipality  
19 and participating instrumentality may delegate any or all of  
20 the following powers and duties to its authorized agent, but  
21 only if the agent is a member of the fund:

22           1. To file a petition for nomination of an executive  
23 trustee of the fund.

24           2. To cast the ballot for election of an executive  
25 trustee of the fund.

26          If a governing body does not authorize its agent to perform  
27 the powers and duties set forth in this paragraph (c), they  
28 shall be performed by the governing body itself, unless the  
29 governing body by resolution duly certified to the fund  
30 delegates them to some other officer or employee.

31          (d) The delivery of any communication or document by an  
32 employee or a participating municipality or participating  
33 instrumentality to its authorized agent shall not constitute  
34 delivery to the fund.

35          (Source: P.A. 87-740.)

1 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)  
2 Sec. 7-139. Credits and creditable service to employees.

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

7 1. For prior service: Each participating employee who  
8 is an employee of a participating municipality or  
9 participating instrumentality on the effective date shall  
10 be granted creditable service, but no credits under  
11 paragraph 2 of this subsection (a), for periods of prior  
12 service for which credit has not been received under any  
13 other pension fund or retirement system established under  
14 this Code, as follows:

15 If the effective date of participation for the  
16 participating municipality or participating  
17 instrumentality is on or before January 1, 1998, creditable  
18 service shall be granted for the entire period of prior  
19 service with that employer without any employee  
20 contribution.

21 If the effective date of participation for the  
22 participating municipality or participating  
23 instrumentality is after January 1, 1998, creditable  
24 service shall be granted for the last 20% of the period of  
25 prior service with that employer, but no more than 5 years,  
26 without any employee contribution. A participating  
27 employee may establish creditable service for the  
28 remainder of the period of prior service with that employer  
29 by making an application in writing, accompanied by payment  
30 of an employee contribution in an amount determined by the  
31 Fund, based on the employee contribution rates in effect at  
32 the time of application for the creditable service and the  
33 employee's salary rate on the effective date of  
34 participation for that employer, plus interest at the  
35 effective rate from the date of the prior service to the  
36 date of payment. Application for this creditable service

1           may be made at any time while the employee is still in  
2           service.

3           A municipality that (i) has at least 35 employees; (ii)  
4           is located in a county with at least 2,000,000 inhabitants;  
5           and (iii) maintains an independent defined benefit pension  
6           plan for the benefit of its eligible employees may restrict  
7           creditable service in whole or in part for periods of prior  
8           service with the employer if the governing body of the  
9           municipality adopts an irrevocable resolution to restrict  
10          that creditable service and files the resolution with the  
11          board before the municipality's effective date of  
12          participation.

13          Any person who has withdrawn from the service of a  
14          participating municipality or participating  
15          instrumentality prior to the effective date, who reenters  
16          the service of the same municipality or participating  
17          instrumentality after the effective date and becomes a  
18          participating employee is entitled to creditable service  
19          for prior service as otherwise provided in this subdivision  
20          (a)(1) only if he or she renders 2 years of service as a  
21          participating employee after the effective date.  
22          Application for such service must be made while in a  
23          participating status. The salary rate to be used in the  
24          calculation of the required employee contribution, if any,  
25          shall be the employee's salary rate at the time of first  
26          reentering service with the employer after the employer's  
27          effective date of participation.

28          2. For current service, each participating employee  
29          shall be credited with:

30               a. Additional credits of amounts equal to each  
31               payment of additional contributions received from him  
32               under Section 7-173, as of the date the corresponding  
33               payment of earnings is payable to him.

34               b. Normal credits of amounts equal to each payment  
35               of normal contributions received from him, as of the  
36               date the corresponding payment of earnings is payable



1 to him, and normal contributions made for the purpose  
2 of establishing out-of-state service credits as  
3 permitted under the conditions set forth in paragraph 6  
4 of this subsection (a).

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

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

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

24 4. For authorized leave of absence without pay: A  
25 participating employee shall be granted credits and  
26 creditable service for periods of authorized leave of  
27 absence without pay under the following conditions:

28 a. An application for credits and creditable  
29 service is submitted to the board while the employee is  
30 in a status of active employment, ~~and within 2 years~~  
31 ~~after termination of the leave of absence period for~~  
32 ~~which credits and creditable service are sought.~~

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

1           c. Credits and creditable service shall be granted  
2           for leave of absence only if such leave is approved by  
3           the governing body of the municipality, including  
4           approval of the estimated cost thereof to the  
5           municipality as determined by the fund, and employee  
6           contributions, plus interest at the effective rate  
7           applicable for each year from the end of the period of  
8           leave to date of payment, have been paid to the fund in  
9           accordance with Section 7-173. The contributions shall  
10          be computed upon the assumption earnings continued  
11          during the period of leave at the rate in effect when  
12          the leave began.

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

22          e. No credits or creditable service shall be  
23          allowed for leave of absence without pay during any  
24          period of prior service.

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

1 board shall establish municipality credits for  
2 participating employees under this paragraph on the  
3 assumption that the employee received earnings at the rate  
4 received at the time he left the employment to enter the  
5 armed forces. A participating employee in the armed forces  
6 shall not be considered an employee during such period of  
7 service and no additional death and no disability benefits  
8 are payable for death or disability during such period.

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

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

35 5.1. In addition to any creditable service established  
36 under paragraph 5 of this subsection (a), creditable

1 service may be granted for up to 24 months of service in  
2 the armed forces of the United States.

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

21 6. For out-of-state service: Creditable service shall  
22 be granted for service rendered to an out-of-state local  
23 governmental body under the following conditions: The  
24 employee had participated and has irrevocably forfeited  
25 all rights to benefits in the out-of-state public employees  
26 pension system; the governing body of his participating  
27 municipality or instrumentality authorizes the employee to  
28 establish such service; the employee has 2 years current  
29 service with this municipality or participating  
30 instrumentality; the employee makes a payment of  
31 contributions, which shall be computed at 8% (normal) plus  
32 2% (survivor) times length of service purchased times the  
33 average rate of earnings for the first 2 years of service  
34 with the municipality or participating instrumentality  
35 whose governing body authorizes the service established  
36 plus interest at the effective rate on the date such

1 credits are established, payable from the date the employee  
2 completes the required 2 years of current service to date  
3 of payment. In no case shall more than 120 months of  
4 creditable service be granted under this provision.

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

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

1           8. For accumulated unused sick leave: A participating  
2 employee who is applying for a retirement annuity shall be  
3 entitled to creditable service for that portion of the  
4 employee's accumulated unused sick leave for which payment  
5 is not received, as follows:

6           a. Sick leave days shall be limited to those  
7 accumulated under a sick leave plan established by a  
8 participating municipality or participating  
9 instrumentality which is available to all employees or  
10 a class of employees.

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

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

27           d. The creditable service shall be at the rate of  
28 1/20 of a month for each full sick day, provided that  
29 no more than 12 months may be credited under this  
30 subdivision 8.

31           e. Employee contributions shall not be required  
32 for creditable service under this subdivision 8.

33           f. Each participating municipality and  
34 participating instrumentality with which an employee  
35 has service within 60 days of the effective date of his  
36 retirement annuity shall certify to the board the

1 number of accumulated unpaid sick leave days credited  
2 to the employee at the time of termination of service.

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

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

1           The board shall establish by rule the manner of making  
2           the calculation required under this paragraph 10, taking  
3           into account the appropriate actuarial assumptions; the  
4           member's service, age, and salary history; the level of  
5           funding of the employer; and any other factors that the  
6           board determines to be relevant.

7           (b) Creditable service - amount:

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

18          2. A seasonal employee shall be given 12 months of  
19          creditable service if he renders the number of months of  
20          service normally required by the position in a 12-month  
21          period and he remains in service for the entire 12-month  
22          period. Otherwise a fractional year of service in the  
23          number of months of service rendered shall be credited.

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

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



1 a lump sum or in installments made in accordance with board  
2 rule.

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

11 (Source: P.A. 93-933, eff. 8-13-04; 94-356, eff. 7-29-05.)

12 (40 ILCS 5/7-153.1 new)

13 Sec. 7-153.1. Disability hearings; request for closed  
14 meeting. Those portions of meetings of the Board or of Board  
15 committees in which matters relating to the determination of  
16 disability or the results of medical examinations are to be  
17 considered may be closed, but only if the request for a closed  
18 meeting is initiated by the participating employee whose  
19 disability determination or whose medical examination results  
20 are at issue.

21 (40 ILCS 5/7-170) (from Ch. 108 1/2, par. 7-170)

22 Sec. 7-170. Federal Social Security coverage.

23 (a) It is declared to be the policy and purpose of this  
24 Section to extend to covered employees as defined in Section  
25 7-138, the benefits of the Federal Old Age and Survivors  
26 Insurance System as authorized by the Federal Social Security  
27 Act and amendments thereto. To effect this, the board shall  
28 take such action as may be required by applicable State and  
29 Federal laws or regulations.

30 (b) The board shall execute an agreement with the State  
31 Agency to secure coverage of covered employees as provided in  
32 paragraph (a) of this section.

33 (c) Each participating municipality and each participating  
34 instrumentality shall remit payment of contributions for

1 Social Security purposes on behalf of covered employees and  
2 covered municipalities and participating instrumentalities in  
3 the manner provided by law ~~as required by the board and the~~  
4 ~~State Agency established by the Social Security Enabling Act.~~

5 (d) (Blank). ~~Contributions of covered employees to this~~  
6 ~~fund for Federal Social Security purposes shall be paid to the~~  
7 ~~State Agency in such amounts and at such time as are designated~~  
8 ~~by State laws or regulations.~~

9 (e) (Blank). ~~Contributions in behalf of covered~~  
10 ~~municipalities and participating instrumentalities for Federal~~  
11 ~~Social Security purposes and the required pro rata share of~~  
12 ~~administrative expenses shall be paid to the State Agency from~~  
13 ~~this fund in accordance with applicable State laws and~~  
14 ~~regulations.~~

15 (f) The board shall maintain such records and submit such  
16 reports as may be required by applicable State and Federal laws  
17 or regulations.

18 (Source: P.A. 81-793.)

19 (40 ILCS 5/7-171) (from Ch. 108 1/2, par. 7-171)

20 Sec. 7-171. Finance; taxes.

21 (a) Each municipality other than a school district shall  
22 appropriate an amount sufficient to provide for the current  
23 municipality contributions required by Section 7-172 of this  
24 Article, for the fiscal year for which the appropriation is  
25 made and all amounts due for municipal contributions for  
26 previous years. Those municipalities which have been assessed  
27 an annual amount to amortize its unfunded obligation, as  
28 provided in subparagraph 4 ~~5~~ of paragraph (a) of Section 7-172  
29 of this Article, shall include in the appropriation an amount  
30 sufficient to pay the amount assessed. The appropriation shall  
31 be based upon an estimate of assets available for municipality  
32 contributions and liabilities therefor for the fiscal year for  
33 which appropriations are to be made, including funds available  
34 from levies for this purpose in prior years.

35 (b) For the purpose of providing monies for municipality

1 contributions, beginning for the year in which a municipality  
2 is included in this fund:

3 (1) A municipality other than a school district may  
4 levy a tax which shall not exceed the amount appropriated  
5 for municipality contributions.

6 (2) A school district may levy a tax in an amount  
7 reasonably calculated at the time of the levy to provide  
8 for the municipality contributions required under Section  
9 7-172 of this Article for the fiscal years for which  
10 revenues from the levy will be received and all amounts due  
11 for municipal contributions for previous years. Any levy  
12 adopted before the effective date of this amendatory Act of  
13 1995 by a school district shall be considered valid and  
14 authorized to the extent that the amount was reasonably  
15 calculated at the time of the levy to provide for the  
16 municipality contributions required under Section 7-172  
17 for the fiscal years for which revenues from the levy will  
18 be received and all amounts due for municipal contributions  
19 for previous years. In no event shall a budget adopted by a  
20 school district limit a levy of that school district  
21 adopted under this Section.

22 (c) Any county which is served by a regional office of  
23 education that serves 2 or more counties may include in its  
24 appropriation an amount sufficient to provide its  
25 proportionate share of the municipality contributions for that  
26 regional office of education. The tax levy authorized by this  
27 Section may include an amount necessary to provide monies for  
28 this contribution.

29 (d) Any county that is a part of a multiple-county health  
30 department or consolidated health department which is formed  
31 under "An Act in relation to the establishment and maintenance  
32 of county and multiple-county public health departments",  
33 approved July 9, 1943, as amended, and which is a participating  
34 instrumentality may include in the county's appropriation an  
35 amount sufficient to provide its proportionate share of  
36 municipality contributions of the department. The tax levy

1 authorized by this Section may include the amount necessary to  
2 provide monies for this contribution.

3 (d-5) A school district participating in a special  
4 education joint agreement created under Section 10-22.31 of the  
5 School Code that is a participating instrumentality may include  
6 in the school district's tax levy under this Section an amount  
7 sufficient to provide its proportionate share of the  
8 municipality contributions for current and prior service by  
9 employees of the participating instrumentality created under  
10 the joint agreement.

11 (e) Such tax shall be levied and collected in like manner,  
12 with the general taxes of the municipality and shall be in  
13 addition to all other taxes which the municipality is now or  
14 may hereafter be authorized to levy upon all taxable property  
15 therein, and shall be exclusive of and in addition to the  
16 amount of tax levied for general purposes under Section 8-3-1  
17 of the "Illinois Municipal Code", approved May 29, 1961, as  
18 amended, or under any other law or laws which may limit the  
19 amount of tax which the municipality may levy for general  
20 purposes. The tax may be levied by the governing body of the  
21 municipality without being authorized as being additional to  
22 all other taxes by a vote of the people of the municipality.

23 (f) The county clerk of the county in which any such  
24 municipality is located, in reducing tax levies shall not  
25 consider any such tax as a part of the general tax levy for  
26 municipality purposes, and shall not include the same in the  
27 limitation of any other tax rate which may be extended.

28 (g) The amount of the tax to be levied in any year shall,  
29 within the limits herein prescribed, be determined by the  
30 governing body of the respective municipality.

31 (h) The revenue derived from any such tax levy shall be  
32 used only for the purposes specified in this Article and, as  
33 collected, shall be paid to the treasurer of the municipality  
34 levying the tax. Monies received by a county treasurer for use  
35 in making contributions to a regional office of education for  
36 its municipality contributions shall be held by him for that

1 purpose and paid to the regional office of education in the  
2 same manner as other monies appropriated for the expense of the  
3 regional office.

4 (Source: P.A. 89-329, eff. 8-17-95; 90-448, eff. 8-16-97;  
5 90-511, eff. 8-22-97; 90-655, eff. 7-30-98.)

6 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

7 (Text of Section before amendment by P.A. 94-712)

8 Sec. 7-172. Contributions by participating municipalities  
9 and participating instrumentalities.

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

12 1. municipality contributions in an amount determined  
13 by applying the municipality contribution rate to each  
14 payment of earnings paid to each of its participating  
15 employees;

16 2. an amount equal to the employee contributions  
17 provided by paragraphs (a) and (b) of Section 7-173,  
18 whether or not the employee contributions are withheld as  
19 permitted by that Section;

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

22 4. if it has no participating employees with current  
23 earnings, an amount payable which, over a period of 20  
24 years ~~beginning with the year following an award of~~  
25 ~~benefit~~, will amortize~~7~~ at the effective rate for that year  
26 any unfunded obligation. The unfunded obligation shall be  
27 computed as provided in paragraph 2 of subsection (b),~~any~~  
28 ~~negative balance in its municipality reserve resulting~~  
29 ~~from the award.~~ This amount when established will be  
30 payable as a separate contribution whether or not it later  
31 has participating employees;~~7~~

32 5. if it has fewer than 7 participating employees or  
33 has a negative balance in its municipality reserve, the  
34 greater of (A) an amount payable which, over a period of 20  
35 years, will amortize at the effective rate for that year

1       any unfunded obligation, computed as provided in paragraph  
2       2 of subsection (b) or (B) the amount required by paragraph  
3       1 of this subsection.

4       (b) A separate municipality contribution rate shall be  
5       determined for each calendar year for all participating  
6       municipalities together with all instrumentalities thereof.  
7       The municipality contribution rate shall be determined for  
8       participating instrumentalities as if they were participating  
9       municipalities. The municipality contribution rate shall be  
10      the sum of the following percentages:

11           1. The percentage of earnings of all the participating  
12           employees of all participating municipalities and  
13           participating instrumentalities which, if paid over the  
14           entire period of their service, will be sufficient when  
15           combined with all employee contributions available for the  
16           payment of benefits, to provide all annuities for  
17           participating employees, and the \$3,000 death benefit  
18           payable under Sections 7-158 and 7-164, such percentage to  
19           be known as the normal cost rate.

20           2. The percentage of earnings of the participating  
21           employees of each participating municipality and  
22           participating instrumentalities necessary to adjust for  
23           the difference between the present value of all benefits,  
24           excluding temporary and total and permanent disability and  
25           death benefits, to be provided for its participating  
26           employees and the sum of its accumulated municipality  
27           contributions and the accumulated employee contributions  
28           and the present value of expected future employee and  
29           municipality contributions pursuant to subparagraph 1 of  
30           this paragraph (b). This adjustment shall be spread over  
31           the remainder of the period that is allowable under  
32           generally accepted accounting principles.

33           3. The percentage of earnings of the participating  
34           employees of all municipalities and participating  
35           instrumentalities necessary to provide the present value  
36           of all temporary and total and permanent disability

1 benefits granted during the most recent year for which  
2 information is available.

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

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

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

14 A separate municipality contribution rate shall be  
15 computed for the sheriff's law enforcement employees of each  
16 forest preserve district that elects to have such employees.  
17 For the period from January 1, 1986 to December 31, 1986, such  
18 rate shall be the forest preserve district's regular rate plus  
19 2%.

20 In the event that the Board determines that there is an  
21 actuarial deficiency in the account of any municipality with  
22 respect to a person who has elected to participate in the Fund  
23 under Section 3-109.1 of this Code, the Board may adjust the  
24 municipality's contribution rate so as to make up that  
25 deficiency over such reasonable period of time as the Board may  
26 determine.

27 (d) The Board may establish a separate municipality  
28 contribution rate for all employees who are program  
29 participants employed under the federal Comprehensive  
30 Employment Training Act by all of the participating  
31 municipalities and instrumentalities. The Board may also  
32 provide that, in lieu of a separate municipality rate for these  
33 employees, a portion of the municipality contributions for such  
34 program participants shall be refunded or an extra charge  
35 assessed so that the amount of municipality contributions  
36 retained or received by the fund for all CETA program

1 participants shall be an amount equal to that which would be  
2 provided by the separate municipality contribution rate for all  
3 such program participants. Refunds shall be made to prime  
4 sponsors of programs upon submission of a claim therefor and  
5 extra charges shall be assessed to participating  
6 municipalities and instrumentalities. In establishing the  
7 municipality contribution rate as provided in paragraph (b) of  
8 this Section, the use of a separate municipality contribution  
9 rate for program participants or the refund of a portion of the  
10 municipality contributions, as the case may be, may be  
11 considered.

12 (e) Computations of municipality contribution rates for  
13 the following calendar year shall be made prior to the  
14 beginning of each year, from the information available at the  
15 time the computations are made, and on the assumption that the  
16 employees in each participating municipality or participating  
17 instrumentality at such time will continue in service until the  
18 end of such calendar year at their respective rates of earnings  
19 at such time.

20 (f) Any municipality which is the recipient of State  
21 allocations representing that municipality's contributions for  
22 retirement annuity purposes on behalf of its employees as  
23 provided in Section 12-21.16 of the Illinois Public Aid Code  
24 shall pay the allocations so received to the Board for such  
25 purpose. Estimates of State allocations to be received during  
26 any taxable year shall be considered in the determination of  
27 the municipality's tax rate for that year under Section 7-171.  
28 If a special tax is levied under Section 7-171, none of the  
29 proceeds may be used to reimburse the municipality for the  
30 amount of State allocations received and paid to the Board. Any  
31 multiple-county or consolidated health department which  
32 receives contributions from a county under Section 11.2 of "An  
33 Act in relation to establishment and maintenance of county and  
34 multiple-county health departments", approved July 9, 1943, as  
35 amended, or distributions under Section 3 of the Department of  
36 Public Health Act, shall use these only for municipality



1 contributions by the health department.

2 (g) Municipality contributions for the several purposes  
3 specified shall, for township treasurers and employees in the  
4 offices of the township treasurers who meet the qualifying  
5 conditions for coverage hereunder, be allocated among the  
6 several school districts and parts of school districts serviced  
7 by such treasurers and employees in the proportion which the  
8 amount of school funds of each district or part of a district  
9 handled by the treasurer bears to the total amount of all  
10 school funds handled by the treasurer.

11 From the funds subject to allocation among districts and  
12 parts of districts pursuant to the School Code, the trustees  
13 shall withhold the proportionate share of the liability for  
14 municipality contributions imposed upon such districts by this  
15 Section, in respect to such township treasurers and employees  
16 and remit the same to the Board.

17 The municipality contribution rate for an educational  
18 service center shall initially be the same rate for each year  
19 as the regional office of education or school district which  
20 serves as its administrative agent. When actuarial data become  
21 available, a separate rate shall be established as provided in  
22 subparagraph (i) of this Section.

23 The municipality contribution rate for a public agency,  
24 other than a vocational education cooperative, formed under the  
25 Intergovernmental Cooperation Act shall initially be the  
26 average rate for the municipalities which are parties to the  
27 intergovernmental agreement. When actuarial data become  
28 available, a separate rate shall be established as provided in  
29 subparagraph (i) of this Section.

30 (h) Each participating municipality and participating  
31 instrumentality shall make the contributions in the amounts  
32 provided in this Section in the manner prescribed from time to  
33 time by the Board and all such contributions shall be  
34 obligations of the respective participating municipalities and  
35 participating instrumentalities to this fund. The failure to  
36 deduct any employee contributions shall not relieve the

1 participating municipality or participating instrumentality of  
2 its obligation to this fund. Delinquent payments of  
3 contributions due under this Section may, with interest, be  
4 recovered by civil action against the participating  
5 municipalities or participating instrumentalities.  
6 Municipality contributions, other than the amount necessary  
7 for employee contributions and Social Security contributions,  
8 for periods of service by employees from whose earnings no  
9 deductions were made for employee contributions to the fund,  
10 may be charged to the municipality reserve for the municipality  
11 or participating instrumentality.

12 (i) Contributions by participating instrumentalities shall  
13 be determined as provided herein except that the percentage  
14 derived under subparagraph 2 of paragraph (b) of this Section,  
15 and the amount payable under subparagraph 4 ~~5~~ of paragraph (a)  
16 of this Section, shall be based on an amortization period of 10  
17 years.

18 (k) Each county with current or former elected county  
19 officers, as defined in Section 7-145.1, participating in the  
20 alternative annuity program established under that Section  
21 shall have a separate municipality contribution rate computed  
22 for those elected county officers.

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

24 (Text of Section after amendment by P.A. 94-712)

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,  
35 whether or not the employee contributions are withheld as

1 permitted by that Section;

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

4 4. if it has no participating employees with current  
5 earnings, an amount payable which, over a period of 20  
6 years ~~beginning with the year following an award of~~  
7 ~~benefit~~, will amortize~~r~~ at the effective rate for that year  
8 any unfunded obligation. The unfunded obligation shall be  
9 computed as provided in paragraph 2 of subsection (b), ~~any~~  
10 ~~negative balance in its municipality reserve resulting~~  
11 ~~from the award.~~ This amount when established will be  
12 payable as a separate contribution whether or not it later  
13 has participating employees;~~r~~

14 5. if it has fewer than 7 participating employees or  
15 has a negative balance in its municipality reserve, the  
16 greater of (A) an amount payable which, over a period of 20  
17 years, will amortize at the effective rate for that year  
18 any unfunded obligation, computed as provided in paragraph  
19 2 of subsection (b) or (B) the amount required by paragraph  
20 1 of this subsection.

21 (b) A separate municipality contribution rate shall be  
22 determined for each calendar year for all participating  
23 municipalities together with all instrumentalities thereof.  
24 The municipality contribution rate shall be determined for  
25 participating instrumentalities as if they were participating  
26 municipalities. The municipality contribution rate shall be  
27 the sum of the following percentages:

28 1. The percentage of earnings of all the participating  
29 employees of all participating municipalities and  
30 participating instrumentalities which, if paid over the  
31 entire period of their service, will be sufficient when  
32 combined with all employee contributions available for the  
33 payment of benefits, to provide all annuities for  
34 participating employees, and the \$3,000 death benefit  
35 payable under Sections 7-158 and 7-164, such percentage to  
36 be known as the normal cost rate.

1           2. The percentage of earnings of the participating  
2 employees of each participating municipality and  
3 participating instrumentalities necessary to adjust for  
4 the difference between the present value of all benefits,  
5 excluding temporary and total and permanent disability and  
6 death benefits, to be provided for its participating  
7 employees and the sum of its accumulated municipality  
8 contributions and the accumulated employee contributions  
9 and the present value of expected future employee and  
10 municipality contributions pursuant to subparagraph 1 of  
11 this paragraph (b). This adjustment shall be spread over  
12 the remainder of the period that is allowable under  
13 generally accepted accounting principles.

14           3. The percentage of earnings of the participating  
15 employees of all municipalities and participating  
16 instrumentalities necessary to provide the present value  
17 of all temporary and total and permanent disability  
18 benefits granted during the most recent year for which  
19 information is available.

20           4. The percentage of earnings of the participating  
21 employees of all participating municipalities and  
22 participating instrumentalities necessary to provide the  
23 present value of the net single sum death benefits expected  
24 to become payable from the reserve established under  
25 Section 7-206 during the year for which this rate is fixed.

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

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

31           A separate municipality contribution rate shall be  
32 computed for the sheriff's law enforcement employees of each  
33 forest preserve district that elects to have such employees.  
34 For the period from January 1, 1986 to December 31, 1986, such  
35 rate shall be the forest preserve district's regular rate plus  
36 2%.

1           In the event that the Board determines that there is an  
2 actuarial deficiency in the account of any municipality with  
3 respect to a person who has elected to participate in the Fund  
4 under Section 3-109.1 of this Code, the Board may adjust the  
5 municipality's contribution rate so as to make up that  
6 deficiency over such reasonable period of time as the Board may  
7 determine.

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

29           (e) Computations of municipality contribution rates for  
30 the following calendar year shall be made prior to the  
31 beginning of each year, from the information available at the  
32 time the computations are made, and on the assumption that the  
33 employees in each participating municipality or participating  
34 instrumentality at such time will continue in service until the  
35 end of such calendar year at their respective rates of earnings  
36 at such time.

1 (f) Any municipality which is the recipient of State  
2 allocations representing that municipality's contributions for  
3 retirement annuity purposes on behalf of its employees as  
4 provided in Section 12-21.16 of the Illinois Public Aid Code  
5 shall pay the allocations so received to the Board for such  
6 purpose. Estimates of State allocations to be received during  
7 any taxable year shall be considered in the determination of  
8 the municipality's tax rate for that year under Section 7-171.  
9 If a special tax is levied under Section 7-171, none of the  
10 proceeds may be used to reimburse the municipality for the  
11 amount of State allocations received and paid to the Board. Any  
12 multiple-county or consolidated health department which  
13 receives contributions from a county under Section 11.2 of "An  
14 Act in relation to establishment and maintenance of county and  
15 multiple-county health departments", approved July 9, 1943, as  
16 amended, or distributions under Section 3 of the Department of  
17 Public Health Act, shall use these only for municipality  
18 contributions by the health department.

19 (g) Municipality contributions for the several purposes  
20 specified shall, for township treasurers and employees in the  
21 offices of the township treasurers who meet the qualifying  
22 conditions for coverage hereunder, be allocated among the  
23 several school districts and parts of school districts serviced  
24 by such treasurers and employees in the proportion which the  
25 amount of school funds of each district or part of a district  
26 handled by the treasurer bears to the total amount of all  
27 school funds handled by the treasurer.

28 From the funds subject to allocation among districts and  
29 parts of districts pursuant to the School Code, the trustees  
30 shall withhold the proportionate share of the liability for  
31 municipality contributions imposed upon such districts by this  
32 Section, in respect to such township treasurers and employees  
33 and remit the same to the Board.

34 The municipality contribution rate for an educational  
35 service center shall initially be the same rate for each year  
36 as the regional office of education or school district which

1 serves as its administrative agent. When actuarial data become  
2 available, a separate rate shall be established as provided in  
3 subparagraph (i) of this Section.

4 The municipality contribution rate for a public agency,  
5 other than a vocational education cooperative, formed under the  
6 Intergovernmental Cooperation Act shall initially be the  
7 average rate for the municipalities which are parties to the  
8 intergovernmental agreement. When actuarial data become  
9 available, a separate rate shall be established as provided in  
10 subparagraph (i) of this Section.

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

29 (i) Contributions by participating instrumentalities shall  
30 be determined as provided herein except that the percentage  
31 derived under subparagraph 2 of paragraph (b) of this Section,  
32 and the amount payable under subparagraph 4 ~~5~~ of paragraph (a)  
33 of this Section, shall be based on an amortization period of 10  
34 years.

35 (j) Notwithstanding the other provisions of this Section,  
36 the additional unfunded liability accruing as a result of this

1 amendatory Act of the 94th General Assembly shall be amortized  
2 over a period of 30 years beginning on January 1 of the second  
3 calendar year following the calendar year in which this  
4 amendatory Act takes effect, except that the employer may  
5 provide for a longer amortization period by adopting a  
6 resolution or ordinance specifying a 35-year or 40-year period  
7 and submitting a certified copy of the ordinance or resolution  
8 to the fund no later than June 1 of the calendar year following  
9 the calendar year in which this amendatory Act takes effect.

10 (k) Each county with current or former elected county  
11 officers, as defined in Section 7-145.1, participating in the  
12 alternative annuity program established under that Section  
13 shall have a separate municipality contribution rate computed  
14 for those elected county officers.

15 (Source: P.A. 94-712, eff. 6-1-06.)

16 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

17 Sec. 7-173. Contributions by employees.

18 (a) Each participating employee shall make contributions  
19 to the fund as follows:

20 1. For retirement annuity purposes, normal  
21 contributions of 3 3/4% of earnings.

22 2. Additional contributions of such percentages of  
23 each payment of earnings, as shall be elected by the  
24 employee for retirement annuity purposes, but not in excess  
25 of 10%. The selected rate shall be applicable to all  
26 earnings beginning on the first day of the second month  
27 following receipt by the Board of written notice of  
28 election to make such contributions. Additional  
29 contributions at the selected rate shall be made  
30 concurrently with normal contributions.

31 3. Survivor contributions, by each participating  
32 employee, of 3/4% of each payment of earnings.

33 (b) Each employee shall make contributions ~~to the fund~~ for  
34 Federal Social Security taxes, for periods during which he is a  
35 covered employee, as required by the Social Security Enabling



1 Act and federal law. For participating employees, such  
2 contributions shall be in addition to those required under  
3 paragraph (a) of this Section.

4 (c) Contributions shall be deducted from each  
5 corresponding payment of earnings paid to each employee and  
6 shall be remitted to the board by the participating  
7 municipality or participating instrumentality making such  
8 payment. The remittance, together with a report of the earnings  
9 and contributions shall be made as directed by the board. For  
10 township treasurers and employees of township treasurers  
11 qualifying as employees hereunder, the contributions herein  
12 required as deductions from salary shall be withheld by the  
13 school township trustees from funds available for the payment  
14 of the compensation of such treasurers and employees as  
15 provided in the School Code and remitted to the board.

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

21 (e) Failure to make the deductions for employee  
22 contributions provided in paragraph (c) of this Section shall  
23 not relieve the employee from liability for such contributions.  
24 The amount of such liability may be deducted, with interest  
25 charged under Section 7-209, from any annuities or benefits  
26 payable hereunder to the employee or any other person receiving  
27 an annuity or benefit by reason of such employee's  
28 participation.

29 (f) A participating employee who has at least 40 years of  
30 creditable service in the Fund may elect to cease making the  
31 contributions required under this Section. The status of the  
32 employee under this Article shall be unaffected by this  
33 election, except that the employee shall not receive any  
34 additional creditable service for the periods of employment  
35 following the election. An election under this subsection  
36 relieves the employer from making additional employer

1 contributions in relation to that employee.

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

3 (40 ILCS 5/7-173.2) (from Ch. 108 1/2, par. 7-173.2)

4 Sec. 7-173.2. Pickup of employee contributions.

5 (a) Until July 1, 1984, each participating municipality and  
6 each participating instrumentality may elect, for all of its  
7 employees, to pick up the employee contributions required by  
8 subparagraphs 1 and 3 of subsection (a) of Section 7-173 and,  
9 in the case of sheriff's law enforcement employees, required by  
10 Section 7-173.1. The pick up may be for employee contributions  
11 on earnings received by employees after December 31, 1981 and  
12 shall be applicable to the contributions on total earnings paid  
13 in any month. The decision to pick up contributions shall be  
14 made by the governing body.

15 Beginning July 1, 1984, the pick up of employee  
16 contributions shall cease to be optional. Each participating  
17 municipality and participating instrumentality shall pick up  
18 the employee contributions required by subparagraphs 1 and 3 of  
19 subsection (a) of Section 7-173 and, in the case of sheriff's  
20 law enforcement employees, contributions required by Section  
21 7-173.1, for all compensation earned after such date. Each  
22 participating municipality shall also pick up any employee  
23 contributions made by its employees under the alternative  
24 program for elected county officers under Section 7-145.1.

25 (b) Contributions that are picked up shall be treated as  
26 employer contributions in determining tax treatment under the  
27 United States Internal Revenue Code. The employee contribution  
28 shall be paid from the same source of funds as is used in  
29 payment of earnings to the employee and may not be paid from  
30 funds raised by the tax levy authorized by Section 7-171. The  
31 contributions shall be picked up by a reduction in earnings  
32 payment to employees. Employee contributions that are picked up  
33 shall be considered as earnings under Section 7-114. If a  
34 participating municipality or participating instrumentality  
35 fails to report participating employee earnings which should

1 have been reported to the fund and pays the employee the full  
2 amount of earnings including employee contributions which  
3 should have been picked up and forwarded to the fund, then the  
4 employee shall make payment of the employee contributions to  
5 the fund on behalf of employer and such contributions shall be  
6 considered as picked up contributions if paid in the year the  
7 earnings were received, or by January 31st of the following  
8 year, and are reflected as picked up on reports to the Internal  
9 Revenue Service. If they cannot be so reflected, or if received  
10 after that date, they shall not be treated as picked up  
11 contributions. Picked up employee contributions shall be  
12 considered as employee contributions in computing benefits  
13 paid under this Article 7.

14 (c) Subject to the requirements of federal law, an employee  
15 may elect to have the employer pick up optional contributions  
16 that the employee has elected to pay to the Fund, and the  
17 contributions so picked up shall be treated as employer  
18 contributions for the purposes of determining federal tax  
19 treatment. The employer shall pick up the contributions by a  
20 reduction in the cash salary of the employee and shall pay the  
21 contributions from the same source of funds that is used to pay  
22 earnings to the employee. The employee's election to have the  
23 optional contributions picked up is irrevocable and the  
24 optional contributions may not thereafter be prepaid, by direct  
25 payment or otherwise.

26 (Source: P.A. 90-766, eff. 8-14-98.)

27 (40 ILCS 5/7-204) (from Ch. 108 1/2, par. 7-204)

28 Sec. 7-204. Municipality reserves.

29 (a) Except as provided in paragraph (b) of this Section,  
30 each participating municipality and its instrumentalities, and  
31 each participating instrumentality, shall be treated as an  
32 independent unit within the fund, except that if it has any  
33 sheriff's law enforcement employees or any elected county  
34 officers (as defined in Section 7-154.1) participating in the  
35 alternative annuity program, it shall be treated as multiple ~~2~~

1 independent units, one for its sheriff's law enforcement  
2 employees, one for its elected county officers participating in  
3 the alternative retirement program, and one ~~the second~~ for its  
4 other employees. Separate municipality reserves shall be  
5 maintained in such form and detail as is necessary to show the  
6 net accumulated balances of each municipality, created or  
7 arising under this Article.

8 (b) In the event of termination and dissolution of any  
9 participating municipality or participating instrumentality,  
10 if ~~and~~ its obligations are not assumed or transferred by law to  
11 another municipality, any net debit or credit balance remaining  
12 in the reserve account of such municipality, or participating  
13 instrumentality, shall be transferred to a Terminated  
14 Municipality Reserve Account which shall be used to fund any  
15 future benefits of its employees arising out of service with  
16 the terminated municipality or participating instrumentality.

17 Any deficiency arising in the Terminated Municipality  
18 Reserve Account shall be eliminated by a contribution by all  
19 remaining municipalities and participating instrumentalities  
20 at a uniform percent of payroll, to be determined, collected  
21 with other contributions required under Section 7-172.

22 (c) The municipality reserve for each municipality or  
23 participating instrumentality that has any sheriff's law  
24 enforcement employees shall be divided into 2 reserves. A  
25 reserve for the sheriff's law enforcement employees shall be  
26 allocated an amount in the same proportion to the total amount  
27 in reserve as the total number of sheriff's law enforcement  
28 employees is to the total participating employees of the  
29 municipality or participating instrumentality at that date.  
30 The remainder shall be allocated to the reserve for other  
31 employees.

32 (d) The Fund shall determine what amounts shall be  
33 transferred or credited to the reserve for elected county  
34 officers participating in the alternative retirement program.

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

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

2 Sec. 7-205. Reserves for annuities. Appropriate reserves  
3 shall be created for payment of all annuities granted under  
4 this Article at the time such annuities are granted and in  
5 amounts determined to be necessary under actuarial tables  
6 adopted by the Board upon recommendation of the actuary of the  
7 fund. All annuities payable shall be charged to the annuity  
8 reserve.

9 1. Amounts credited to annuity reserves shall be derived by  
10 transfer of all the employee credits from the appropriate  
11 employee reserves and by charges to the municipality reserve of  
12 those municipalities in which the retiring employee has  
13 accumulated service. If a retiring employee has accumulated  
14 service in more than one participating municipality or  
15 participating instrumentality, (i) in the case of concurrent  
16 service, aggregate municipality charges shall be prorated on a  
17 basis of the employee's earnings ~~in case of concurrent service~~  
18 and (ii) in the case of nonconcurrent service, aggregate  
19 municipality charges shall be prorated among all nonfinal  
20 employers on a basis of service credit and projected earnings  
21 with those employers and, for the final employer, municipality  
22 charges shall be paid on a basis of the remaining cost of the  
23 employee's pension, as determined by the Board. ~~creditable~~  
24 ~~service in other cases.~~

25 2. Supplemental annuities shall be handled as a separate  
26 annuity and amounts to be credited to the annuity reserve  
27 therefor shall be derived in the same manner as a regular  
28 annuity.

29 3. When a retirement annuity is granted to an employee with  
30 a spouse eligible for a surviving spouse annuity, there shall  
31 be credited to the annuity reserve an amount to fund the cost  
32 of both the retirement and surviving spouse annuity as a joint  
33 and survivors annuity.

34 4. Beginning January 1, 1989, when a retirement annuity is  
35 awarded, an amount equal to the present value of the \$3,000  
36 death benefit payable upon the death of the annuitant shall be

1 transferred to the annuity reserve from the appropriate  
2 municipality reserves in the same manner as the transfer for  
3 annuities.

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

8 6. There shall be credited to the annuity reserve all of  
9 the payments made by annuitants under Section 7-144.2, plus an  
10 additional amount from the earnings and experience variation  
11 reserve to fund the cost of the incremental annuities granted  
12 to annuitants making these payments.

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

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

23 (40 ILCS 5/7-211) (from Ch. 108 1/2, par. 7-211)

24 Sec. 7-211. Authorizations.

25 (a) Each participating municipality and instrumentality  
26 thereof and each participating instrumentality shall:

27 1. Deduct all normal and additional contributions and  
28 contributions for federal Social Security taxes as  
29 required by the Social Security Enabling Act from each  
30 payment of earnings payable to each participating employee  
31 who is entitled to any earnings from such municipality or  
32 instrumentality thereof or participating instrumentality,  
33 and remit all such normal and additional contributions  
34 immediately to the board and all such contributions for  
35 federal Social Security taxes in the manner provided by

1        law; and

2            2. Pay to the board contributions required by this  
3        Article.

4            (b) Each participating employee shall, by virtue of the  
5        payment of contributions to this fund, receive a vested  
6        interest in the annuities and benefits provided in this Article  
7        and in consideration of such vested interest shall be deemed to  
8        have agreed and authorized the deduction from earnings of all  
9        contributions payable to this fund in accordance with this  
10       Article.

11           (c) Payment of earnings less the amounts of contributions  
12        provided in this Article and in the Social Security Enabling  
13        Act shall be a full and complete discharge of all claims for  
14        payment for services rendered by any employee during the period  
15        covered by any such payment.

16           (d) Any covered annuitant may authorize the withholding of  
17        all or a portion of his or her annuity, for the payment of  
18        premiums on group accident and health insurance provided  
19        pursuant to Section 7-199.1. The annuitant may revoke this  
20        authorization at any time.

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

22           Section 90. The State Mandates Act is amended by adding  
23        Section 8.30 as follows:

24            (30 ILCS 805/8.30 new)

25            Sec. 8.30. Exempt mandate. Notwithstanding Sections 6 and 8  
26        of this Act, no reimbursement by the State is required for the  
27        implementation of any mandate created by this amendatory Act of  
28        the 94th General Assembly.

29           Section 95. No acceleration or delay. Where this Act makes  
30        changes in a statute that is represented in this Act by text  
31        that is not yet or no longer in effect (for example, a Section  
32        represented by multiple versions), the use of that text does  
33        not accelerate or delay the taking effect of (i) the changes

1 made by this Act or (ii) provisions derived from any other  
2 Public Act.

3 Section 99. Effective date. This Act takes effect upon  
4 becoming law.