



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB1693

Introduced 2/24/2005, by Sen. Terry Link

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-142.1	from Ch. 108 1/2, par. 7-142.1
40 ILCS 5/7-156	from Ch. 108 1/2, par. 7-156
40 ILCS 5/7-169	from Ch. 108 1/2, par. 7-169
40 ILCS 5/7-172	from Ch. 108 1/2, par. 7-172
40 ILCS 5/7-173.1	from Ch. 108 1/2, par. 7-173.1
30 ILCS 805/8.29 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Increases the retirement formula for sheriff's law enforcement employees (SLEPs) to 2.5% of the final rate of earnings for each year of SLEP service. Increases the maximum pension payable to a SLEP from 75% to 80% of the final rate of earnings. Removes the 2-year service requirement for earning new benefits after a return to service as a SLEP. Makes these changes apply to persons in service on or after July 1, 2004. Also increases the additional employee contribution paid by SLEPs to 2.5% of salary. Eliminates the reduction in benefit imposed on a surviving spouse who is more than 5 years younger than the deceased member, for the surviving spouse of any member who dies on or after the effective date. Allows a SLEP to convert up to 10 years of non-SLEP service credit into SLEP credit by paying the difference in employee and employer contributions, plus interest. Makes the additional unfunded liability for all changes subject to a full 30-year amortization period. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 06133 EFG 36198 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 7-142.1, 7-156, 7-169, 7-172, and 7-173.1 as follows:

6 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

7 Sec. 7-142.1. Sheriff's law enforcement employees.

8 (a) In lieu of the retirement annuity provided by
9 subparagraph 1 of paragraph (a) of Section 7-142:

10 Any sheriff's law enforcement employee who has 20 or more
11 years of service in that capacity and who terminates service
12 prior to January 1, 1988 shall be entitled at his option to
13 receive a monthly retirement annuity for his service as a
14 sheriff's law enforcement employee computed by multiplying 2%
15 for each year of such service up to 10 years, 2 1/4% for each
16 year of such service above 10 years and up to 20 years, and 2
17 1/2% for each year of such service above 20 years, by his
18 annual final rate of earnings and dividing by 12.

19 Any sheriff's law enforcement employee who has 20 or more
20 years of service in that capacity and who terminates service on
21 or after January 1, 1988 and before July 1, 2004 shall be
22 entitled at his option to receive a monthly retirement annuity
23 for his service as a sheriff's law enforcement employee
24 computed by multiplying 2.5% for each year of such service up
25 to 20 years, 2% for each year of such service above 20 years
26 and up to 30 years, and 1% for each year of such service above
27 30 years, by his annual final rate of earnings and dividing by
28 12.

29 Any sheriff's law enforcement employee who has 20 or more
30 years of service in that capacity and who terminates service on
31 or after July 1, 2004 shall be entitled at his or her option to
32 receive a monthly retirement annuity for service as a sheriff's

1 law enforcement employee computed by multiplying 2.5% for each
2 year of such service by his annual final rate of earnings and
3 dividing by 12.

4 If a sheriff's law enforcement employee has service in any
5 other capacity, his retirement annuity for service as a
6 sheriff's law enforcement employee may be computed under this
7 Section and the retirement annuity for his other service under
8 Section 7-142.

9 In no case shall the total monthly retirement annuity for
10 persons who retire before July 1, 2004 exceed 75% of the
11 monthly final rate of earnings. In no case shall the total
12 monthly retirement annuity for persons who retire on or after
13 July 1, 2004 exceed 80% of the monthly final rate of earnings.

14 (b) Whenever continued group insurance coverage is elected
15 in accordance with the provisions of Section 367h of the
16 Illinois Insurance Code, as now or hereafter amended, the total
17 monthly premium for such continued group insurance coverage or
18 such portion thereof as is not paid by the municipality shall,
19 upon request of the person electing such continued group
20 insurance coverage, be deducted from any monthly pension
21 benefit otherwise payable to such person pursuant to this
22 Section, to be remitted by the Fund to the insurance company or
23 other entity providing the group insurance coverage.

24 (c) A sheriff's law enforcement employee who has service in
25 any other capacity may convert up to 10 years of that service
26 into service as a sheriff's law enforcement employee by paying
27 to the Fund an amount equal to (1) the additional employee
28 contribution required under Section 7-173.1, plus (2) the
29 additional employer contribution required under Section 7-172,
30 plus (3) interest on items (1) and (2) at the prescribed rate
31 from the date of the service to the date of payment.

32 (d) The changes to subsections (a) and (b) of this Section
33 made by this amendatory Act of the 94th General Assembly apply
34 only to persons in service on or after July 1, 2004. In the
35 case of such a person who begins to receive a retirement
36 annuity before the effective date of this amendatory Act of the

1 94th General Assembly, the annuity shall be recalculated
2 prospectively to reflect those changes, with the resulting
3 increase beginning to accrue on the first annuity payment date
4 following the effective date of this amendatory Act.

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

6 (40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)

7 Sec. 7-156. Surviving spouse annuities - amount.

8 (a) The amount of surviving spouse annuity shall be:

9 1. Upon the death of an employee annuitant or such person
10 entitled, upon application, to a retirement annuity at date of
11 death, (i) an amount equal to 1/2 of the retirement annuity
12 which was or would have been payable exclusive of the amount so
13 payable which was provided from additional credits, and
14 disregarding any election made under paragraph (b) of Section
15 7-142, plus (ii) an annuity which could be provided at the then
16 attained age of the surviving spouse and under actuarial tables
17 then in effect, from 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 (a) (2) of Section 7-142 of this article over the
21 total annuity payments made pursuant thereto.

22 2. Upon the death of a participating employee on or after
23 attainment of age 55, an amount equal to 1/2 of the retirement
24 annuity which he could have had as of the date of death had he
25 then retired and applied for annuity, exclusive of the portion
26 thereof which could have been provided from additional credits,
27 and disregarding paragraph (b) of Section 7-142, plus an amount
28 equal to the annuity which could be provided from the total of
29 his accumulated additional credits at date of death, on the
30 basis of the attained age of the surviving spouse on such date.

31 3. Upon the death of a participating employee before age
32 55, an amount equal to 1/2 of the retirement annuity which he
33 could have had as of his attained age on the date of death, had
34 he then retired and applied for annuity, and the provisions of
35 this Article that no such annuity shall begin until the

1 employee has attained at least age 55 were not applicable,
2 exclusive of the portion thereof which could have been provided
3 from additional credits and disregarding paragraph (b) of
4 Section 7-142, plus an amount equal to the annuity which could
5 be provided from the total of his accumulated additional
6 credits at date of death, on the basis of the attained age of
7 the surviving spouse on such date.

8 In the case of the surviving spouse of a person who dies
9 before the effective date of this amendatory Act of the 94th
10 General Assembly, if the ~~a~~ surviving spouse is more than 5
11 years younger than the deceased, that portion of the annuity
12 which is not based on additional credits shall be reduced in
13 the ratio of the value of a life annuity of \$1 per year at an
14 age of 5 years less than the attained age of the deceased, at
15 the earlier of the date of the death or the date his retirement
16 annuity begins, to the value of a life annuity of \$1 per year
17 at the attained age of the surviving spouse on such date,
18 according to actuarial tables approved by the Board. This
19 reduction does not apply to the surviving spouse of a person
20 who dies on or after the effective date of this amendatory Act
21 of the 94th General Assembly.

22 In computing the amount of a surviving spouse annuity,
23 incremental increases of retirement annuities to the date of
24 death of the employee annuitant shall be considered.

25 (b) Each surviving spouse annuity payable on January 1,
26 1988 shall be increased on that date by 3% of the original
27 amount of the annuity. Each surviving spouse annuity that
28 begins after January 1, 1988 shall be increased on the January
29 1 next occurring after the annuity begins, by an amount equal
30 to (i) 3% of the original amount thereof if the deceased
31 employee was receiving a retirement annuity at the time of his
32 death; otherwise (ii) 0.167% of the original amount thereof for
33 each complete month which has elapsed since the date the
34 annuity began.

35 On each January 1 after the date of the initial increase
36 under this subsection, each surviving spouse annuity shall be

1 increased by 3% of the originally granted amount of the
2 annuity.

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

4 (40 ILCS 5/7-169) (from Ch. 108 1/2, par. 7-169)

5 Sec. 7-169. Separation benefits; repayments.

6 (a) If an employee who has received a separation benefit
7 subsequently becomes a participating employee, and renders at
8 least 2 years of contributing service from the date of such
9 re-entry, he may pay to the fund the amount of the separation
10 benefit, plus interest at the effective rate for each year from
11 the date of payment of the separation benefit to the date of
12 repayment. Upon payment his creditable service shall be
13 reinstated and the payment shall be credited to his account as
14 normal contributions.

15 (b) Beginning July 1, 2004, the requirement of returning
16 to service for at least 2 years does not apply to persons who
17 return to service as a sheriff's law enforcement employee. This
18 subsection applies only to persons in service on or after July
19 1, 2004. In the case of such a person who begins to receive a
20 retirement annuity before the effective date of this amendatory
21 Act of the 94th General Assembly, the annuity shall be
22 recalculated prospectively to reflect any credits reinstated
23 as a result of this subsection, with the resulting increase in
24 annuity beginning to accrue on the first annuity payment date
25 following the effective date of this amendatory Act, but not
26 earlier than the date the repayment is received by the Fund.

27 (Source: P.A. 84-1028.)

28 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

29 Sec. 7-172. Contributions by participating municipalities
30 and participating instrumentalities.

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

33 1. municipality contributions in an amount determined
34 by applying the municipality contribution rate to each

1 payment of earnings paid to each of its participating
2 employees;

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

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

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

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

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

33 2. The percentage of earnings of the participating
34 employees of each participating municipality and
35 participating instrumentalities necessary to adjust for
36 the difference between the present value of all benefits,

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

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

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

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

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

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

33 In the event that the Board determines that there is an
34 actuarial deficiency in the account of any municipality with
35 respect to a person who has elected to participate in the Fund
36 under Section 3-109.1 of this Code, the Board may adjust the

1 municipality's contribution rate so as to make up that
2 deficiency over such reasonable period of time as the Board may
3 determine.

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

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

33 (f) Any municipality which is the recipient of State
34 allocations representing that municipality's contributions for
35 retirement annuity purposes on behalf of its employees as
36 provided in Section 12-21.16 of the Illinois Public Aid Code

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

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

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

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

36 The municipality contribution rate for a public agency,

1 other than a vocational education cooperative, formed under the
2 Intergovernmental Cooperation Act shall initially be the
3 average rate for the municipalities which are parties to the
4 intergovernmental agreement. When actuarial data become
5 available, a separate rate shall be established as provided in
6 subparagraph (i) of this Section.

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

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

31 (j) Notwithstanding the other provisions of this Section,
32 the additional unfunded liability accruing as a result of this
33 amendatory Act of the 94th General Assembly shall be amortized
34 over a period of 30 years beginning on January 1 of the second
35 calendar year following the calendar year in which this
36 amendatory Act takes effect.

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

2 (40 ILCS 5/7-173.1) (from Ch. 108 1/2, par. 7-173.1)

3 Sec. 7-173.1. Additional contribution by sheriff's law
4 enforcement employees.

5 (a) Each sheriff's law enforcement employee shall make an
6 additional contribution of 1% of earnings, which shall be
7 considered as normal contributions. For earnings on or after
8 July 1, 1988, the additional contribution shall be 2% of
9 earnings. For earnings on or after the effective date of this
10 amendatory Act of the 94th General Assembly, the additional
11 contribution shall be 2.5% of earnings; this increase is
12 intended to defray the employee's portion of the cost of the
13 benefit increases provided by this amendatory Act of the 94th
14 General Assembly.

15 This additional contribution shall be payable for
16 retroactive service periods which the employee elects to
17 establish and to periods of authorized leave of absence.

18 (b) If the employee is awarded a retirement annuity under
19 Section 7-142 and not under Section 7-142.1, then the
20 additional contribution required under this Section shall be
21 refunded with interest or paid as provided in subsection (c).
22 If the employee returns to a participating status as a
23 sheriff's law enforcement employee, the employee may repay the
24 amount refunded with interest and upon subsequent retirement be
25 entitled to a recomputation of the retirement annuity under
26 Section 7-142.1 if the total service as a sheriff's law
27 enforcement employee meets the requirements of that Section.

28 (c) Instead of a refund under subsection (b), the retiring
29 employee may elect to convert the amount of the refund into an
30 annuity, payable separately from the retirement annuity. If the
31 annuitant dies before the guaranteed amount has been
32 distributed, the remainder shall be paid in a lump sum to the
33 designated beneficiary of the annuitant. The Board shall adopt
34 any rules necessary for the implementation of this subsection.

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

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.29 as follows:

3 (30 ILCS 805/8.29 new)

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

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.