



Personnel and Pensions Committee

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09500HB5011ham001

LRB095 16819 AMC 49969 a

1 AMENDMENT TO HOUSE BILL 5011

2 AMENDMENT NO. _____. Amend House Bill 5011 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 14-103.12 as follows:

6 (40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)
7 Sec. 14-103.12. Final average compensation.

8 (a) For retirement and survivor annuities, "final average
9 compensation" means the monthly compensation obtained by
10 dividing the total compensation of an employee during the
11 period of: (1) the 48 consecutive months of service within the
12 last 120 months of service in which the total compensation was
13 the highest, or (2) the total period of service, if less than
14 48 months, by the number of months of service in such period;
15 provided that for purposes of a retirement annuity the average
16 compensation for the last 12 months of the 48-month period

1 shall not exceed the final average compensation by more than
2 25%.

3 (b) For death and disability benefits, in the case of a
4 full-time employee, "final average compensation" means the
5 greater of (1) the rate of compensation of the employee at the
6 date of death or disability multiplied by 1 in the case of a
7 salaried employee, by 174 in the case of an hourly employee,
8 and by 22 in the case of a per diem employee, or (2) for
9 benefits commencing on or after January 1, 1991, final average
10 compensation as determined under subsection (a).

11 For purposes of this paragraph, full or part-time status
12 shall be certified by the employing agency. Final rate of
13 compensation for a part-time employee shall be the total
14 compensation earned during the last full calendar month prior
15 to the date of death or disability.

16 (c) Notwithstanding the provisions of subsection (a), for
17 the purpose of calculating retirement and survivor annuities of
18 persons with at least 20 years of eligible creditable service
19 as defined in Section 14-110, "final average compensation"
20 means the monthly rate of compensation received by the person
21 on the last day of eligible creditable service (but not to
22 exceed 115% of the average monthly compensation received by the
23 person for the last 24 months of service, unless the person was
24 in service as a State policeman before the effective date of
25 this amendatory Act of 1997), or the average monthly
26 compensation received by the person for the last 48 months of

1 service prior to retirement, whichever is greater.

2 (d) Notwithstanding the provisions of subsection (a), for a
3 person who was receiving, on the date of retirement or death, a
4 disability benefit calculated under subdivision (b) (2) of this
5 Section, the final average compensation used to calculate the
6 disability benefit may be used for purposes of calculating the
7 retirement and survivor annuities.

8 (e) In computing the final average compensation, periods of
9 military leave shall not be considered.

10 (f) The changes to this Section made by this amendatory Act
11 of 1997 (redefining final average compensation for members
12 under the alternative formula) apply to members who retire on
13 or after January 1, 1998, without regard to whether employment
14 terminated before the effective date of this amendatory Act of
15 1997.

16 (g) For a member on leave of absence without pay who
17 purchases service credit for such period of leave pursuant to
18 subsection (1) of Section 14-104, earnings are assumed to be
19 equal to the rate of compensation in effect immediately prior
20 to the leave. If no contributions are required to establish
21 service credit for the period of leave, the member may elect to
22 establish earnings credit for the leave period within 48 months
23 after returning to work by making the employee and employer
24 contributions required by subsection (1) of Section 14-104,
25 based on the rate of compensation in effect immediately prior
26 to the leave, plus interest at the actuarially assumed rate. In

1 determining the contributions required for establishing
2 service credit under this subsection (g), the interest shall be
3 calculated from the beginning of the leave of absence to the
4 date of payment, unless the member establishes this earnings
5 credit within 90 days after returning to work, in which case no
6 interest is required.

7 (Source: P.A. 90-65, eff. 7-7-97.)

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