



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5965

by Rep. Robert S. Molaro

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-103.12

from Ch. 108 1/2, par. 14-103.12

Amends the State Employee Article of the Illinois Pension Code. In provisions concerning final average compensation, provides that, for an employee on leave of absence with pay, or on leave of absence without pay who makes contributions during such leave, the rate of compensation is assumed to be equal to the rate of compensation on the day before the date the leave began. Effective immediately.

LRB095 19224 AMC 45831 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 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
17 shall not exceed the final average compensation by more than
18 25%.

19 For an employee on leave of absence with pay, or on leave
20 of absence without pay who makes contributions during such
21 leave, the rate of compensation is assumed to be equal to the
22 rate of compensation on the day before the date the leave
23 began. In compliance with Section 14-152.1 of this Act, funding

1 for any new benefit increase as a result of the changes made to
2 this subsection (a) will be provided by employee contributions.

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

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.