

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 7-141, 7-142, and 7-174 as follows:

6 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

7 Sec. 7-141. Retirement annuities - Conditions. Retirement  
8 annuities shall be payable as hereinafter set forth:

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

14 1. He is at least age 55, or in the case of a person who  
15 is eligible to have his annuity calculated under Section  
16 7-142.1, he is at least age 50;

17 2. He is (i) an employee who was employed by any  
18 participating municipality or participating  
19 instrumentality which had not elected to exclude persons  
20 employed in positions normally requiring performance of  
21 duty for less than 1000 hours per year or was employed in a  
22 position normally requiring performance of duty for 600  
23 hours or more per year prior to such election by any

1 participating municipality or participating  
2 instrumentality included in and subject to this Article on  
3 or before the effective date of this amendatory Act of 1981  
4 which made such election and is not entitled to receive  
5 earnings for employment in a position normally requiring  
6 performance of duty for 600 hours or more per year for any  
7 participating municipality and instrumentalities thereof  
8 and participating instrumentality; or (ii) an employee who  
9 was employed only by a participating municipality or  
10 participating instrumentality, or participating  
11 municipalities or participating instrumentalities, which  
12 have elected to exclude persons in positions normally  
13 requiring performance of duty for less than 1000 hours per  
14 year after the effective date of such exclusion or which  
15 are included under and subject to the Article after the  
16 effective date of this amendatory Act of 1981 and elects to  
17 exclude persons in such positions, and is not entitled to  
18 receive earnings for employment in a position normally  
19 requiring performance of duty for 1000 hours or more per  
20 year by such a participating municipality or participating  
21 instrumentality;

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

24 4. If he first became a participating employee after  
25 December 31, 1961, he has at least 5 ~~8~~ years of service.  
26 This service requirement shall not apply to any

1 participating employee, regardless of participation date,  
2 if the General Assembly terminates the Fund.

3 (b) Retirement annuities shall be payable:

4 1. As provided in Section 7-119;

5 2. Except as provided in item 3, upon receipt by the  
6 fund of a written application. The effective date may be  
7 not more than one year prior to the date of the receipt by  
8 the fund of the application;

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

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

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

15 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

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

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

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

25 a. The monthly annuity which can be provided from

1           the total accumulated normal, municipality and prior  
2           service credits, as of the attained age of the employee  
3           on the date the annuity begins provided that such  
4           annuity shall not exceed 75% of the final rate of  
5           earnings of the employee.

6           b. (i) The monthly annuity amount determined as  
7           follows by multiplying (a) 1 2/3% for annuitants with  
8           not more than 15 years or (b) 1 2/3% for the first 15  
9           years and 2% for each year in excess of 15 years for  
10          annuitants with more than 15 years by the number of  
11          years plus fractional years, prorated on a basis of  
12          months, of creditable service and multiply the product  
13          thereof by the employee's final rate of earnings.

14          (ii) For the sole purpose of computing the formula  
15          (and not for the purposes of the limitations  
16          hereinafter stated) \$125 shall be considered the final  
17          rate of earnings in all cases where the final rate of  
18          earnings is less than such amount.

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

22          (iv) For employees who have less than 35 years of  
23          service, the annuity computed in accordance with this  
24          subparagraph b (as reduced by application of  
25          subparagraph (iii) above) shall be reduced by 0.25%  
26          thereof (0.5% if service was terminated before January

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

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

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

20          (c) The retirement annuity shall be increased each year by  
21          2%, not compounded, of the monthly amount of annuity, taking  
22          into consideration any adjustment under paragraph (b) of this  
23          Section. This increase shall be effective each January 1 and  
24          computed from the effective date of the retirement annuity, the  
25          first increase being .167% of the monthly amount times the  
26          number of months from the effective date to January 1.

1 Beginning January 1, 1984 and thereafter, the retirement  
2 annuity shall be increased by 3% each year, not compounded.  
3 This increase shall not be applicable to annuitants who are not  
4 in service on or after September 8, 1971.  
5 (Source: P.A. 91-357, eff. 7-29-99.)

6 (40 ILCS 5/7-174) (from Ch. 108 1/2, par. 7-174)  
7 Sec. 7-174. Board created.

8 (a) A board of 8 members shall constitute a board of  
9 trustees authorized to carry out the provisions of this  
10 Article. Each trustee shall be a participating employee of a  
11 participating municipality or participating instrumentality or  
12 an annuitant of the Fund and no person shall be eligible to  
13 become a trustee after January 1, 1979 who does not have at  
14 least 5 ~~8~~ years of creditable service.

15 (b) The board shall consist of representatives of various  
16 groups as follows:

17 1. 4 trustees shall be a chief executive officer, chief  
18 finance officer, or other officer, executive or department  
19 head of a participating municipality or participating  
20 instrumentality, and each such trustee shall be designated  
21 as an executive trustee.

22 2. 3 trustees shall be employees of a participating  
23 municipality or participating instrumentality and each  
24 such trustee shall be designated as an employee trustee.

25 3. One trustee shall be an annuitant of the Fund, who

1 shall be designated the annuitant trustee.

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

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

11 (e) Any elected trustee (other than the annuitant trustee)  
12 shall be disqualified immediately upon termination of  
13 employment with all participating municipalities and  
14 instrumentalities thereof or upon any change in status which  
15 removes any such trustee from all employments within the group  
16 he represents. The annuitant trustee shall be disqualified upon  
17 termination of his or her annuity.

18 (f) The trustees shall fill any vacancy in the board by  
19 appointment, for the period until the next election of  
20 trustees, or, if the remaining term is less than 2 years, for  
21 the remainder of the term, and until his successor has been  
22 elected and qualified.

23 (g) Trustees shall serve without compensation, but shall be  
24 reimbursed for any reasonable expenses incurred in attending  
25 meetings of the board and in performing duties on behalf of the  
26 Fund and for the amount of any earnings withheld by any

1 employing municipality or participating instrumentality  
2 because of attendance at any board meeting.

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

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

11 Section 90. The State Mandates Act is amended by adding  
12 Section 8.32 as follows:

13 (30 ILCS 805/8.32 new)

14 Sec. 8.32. Exempt mandate. Notwithstanding Sections 6 and 8  
15 of this Act, no reimbursement by the State is required for the  
16 implementation of any mandate created by this amendatory Act of  
17 the 95th General Assembly.

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