



Sen. Mike Jacobs

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1 AMENDMENT TO HOUSE BILL 306

2 AMENDMENT NO. _____. Amend House Bill 306 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 3-110 as follows:

6 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

7 Sec. 3-110. Creditable service.

8 (a) "Creditable service" is the time served by a police
9 officer as a member of a regularly constituted police force of
10 a municipality. In computing creditable service furloughs
11 without pay exceeding 30 days shall not be counted, but all
12 leaves of absence for illness or accident, regardless of
13 length, and all periods of disability retirement for which a
14 police officer has received no disability pension payments
15 under this Article shall be counted.

16 (a-5) Up to 3 years of time during which the police officer

1 receives a disability pension under Section 3-114.1, 3-114.2,
2 3-114.3, or 3-114.6 shall be counted as creditable service,
3 provided that (i) the police officer returns to active service
4 after the disability for a period at least equal to the period
5 for which credit is to be established and (ii) the police
6 officer makes contributions to the fund based on the rates
7 specified in Section 3-125.1 and the salary upon which the
8 disability pension is based. These contributions may be paid at
9 any time prior to the commencement of a retirement pension. The
10 police officer may, but need not, elect to have the
11 contributions deducted from the disability pension or to pay
12 them in installments on a schedule approved by the board. If
13 not deducted from the disability pension, the contributions
14 shall include interest at the rate of 6% per year, compounded
15 annually, from the date for which service credit is being
16 established to the date of payment. If contributions are paid
17 under this subsection (a-5) in excess of those needed to
18 establish the credit, the excess shall be refunded. This
19 subsection (a-5) applies to persons receiving a disability
20 pension under Section 3-114.1, 3-114.2, 3-114.3, or 3-114.6 on
21 the effective date of this amendatory Act of the 91st General
22 Assembly, as well as persons who begin to receive such a
23 disability pension after that date.

24 (b) Creditable service includes all periods of service in
25 the military, naval or air forces of the United States entered
26 upon while an active police officer of a municipality, provided

1 that upon applying for a permanent pension, and in accordance
2 with the rules of the board, the police officer pays into the
3 fund the amount the officer would have contributed if he or she
4 had been a regular contributor during such period, to the
5 extent that the municipality which the police officer served
6 has not made such contributions in the officer's behalf. The
7 total amount of such creditable service shall not exceed 5
8 years, except that any police officer who on July 1, 1973 had
9 more than 5 years of such creditable service shall receive the
10 total amount thereof.

11 (b-5) Creditable service includes up to 24 months ~~all~~
12 ~~periods~~ of service in the military, naval, or air forces of the
13 United States entered upon before beginning service as an
14 active police officer of a municipality, provided that, in
15 accordance with the rules of the board, the police officer
16 applies to the pension fund in writing and pays into the fund
17 the employee contributions that would have been required had
18 the service been rendered as a member of the fund on the date
19 of membership in the fund ~~amount the police officer would have~~
20 ~~contributed if he or she had been a regular contributor during~~
21 ~~such period~~, plus an amount determined by the Board to be equal
22 to the municipality's normal cost of the benefit, plus interest
23 on those amounts at the actuarially assumed rate, compounded
24 annually, calculated from the date of membership in the fund to
25 the date of payment ~~the employee last became a police officer~~
26 ~~under this Article~~. The total amount of such creditable service

1 shall not exceed 2 years. The changes made to this subsection
2 (b-5) by this amendatory Act of the 96th General Assembly apply
3 only to participating employees while in service on or after
4 July 23, 2010.

5 (c) Creditable service also includes service rendered by a
6 police officer while on leave of absence from a police
7 department to serve as an executive of an organization whose
8 membership consists of members of a police department, subject
9 to the following conditions: (i) the police officer is a
10 participant of a fund established under this Article with at
11 least 10 years of service as a police officer; (ii) the police
12 officer received no credit for such service under any other
13 retirement system, pension fund, or annuity and benefit fund
14 included in this Code; (iii) pursuant to the rules of the board
15 the police officer pays to the fund the amount he or she would
16 have contributed had the officer been an active member of the
17 police department; and (iv) the organization pays a
18 contribution equal to the municipality's normal cost for that
19 period of service.

20 (d) (1) Creditable service also includes periods of
21 service originally established in another police pension
22 fund under this Article or in the Fund established under
23 Article 7 of this Code for which (i) the contributions have
24 been transferred under Section 3-110.7 or Section 7-139.9
25 and (ii) any additional contribution required under
26 paragraph (2) of this subsection has been paid in full in

1 accordance with the requirements of this subsection (d).

2 (2) If the board of the pension fund to which
3 creditable service and related contributions are
4 transferred under Section 7-139.9 determines that the
5 amount transferred is less than the true cost to the
6 pension fund of allowing that creditable service to be
7 established, then in order to establish that creditable
8 service the police officer must pay to the pension fund,
9 within the payment period specified in paragraph (3) of
10 this subsection, an additional contribution equal to the
11 difference, as determined by the board in accordance with
12 the rules and procedures adopted under paragraph (6) of
13 this subsection. If the board of the pension fund to which
14 creditable service and related contributions are
15 transferred under Section 3-110.7 determines that the
16 amount transferred is less than the true cost to the
17 pension fund of allowing that creditable service to be
18 established, then the police officer may elect (A) to
19 establish that creditable service by paying to the pension
20 fund, within the payment period specified in paragraph (3)
21 of this subsection (d), an additional contribution equal to
22 the difference, as determined by the board in accordance
23 with the rules and procedures adopted under paragraph (6)
24 of this subsection (d) or (B) to have his or her creditable
25 service reduced by an amount equal to the difference
26 between the amount transferred under Section 3-110.7 and

1 the true cost to the pension fund of allowing that
2 creditable service to be established, as determined by the
3 board in accordance with the rules and procedures adopted
4 under paragraph (6) of this subsection (d).

5 (3) Except as provided in paragraph (4), the additional
6 contribution that is required or elected under paragraph
7 (2) of this subsection (d) must be paid to the board (i)
8 within 5 years from the date of the transfer of
9 contributions under Section 3-110.7 or 7-139.9 and (ii)
10 before the police officer terminates service with the fund.
11 The additional contribution may be paid in a lump sum or in
12 accordance with a schedule of installment payments
13 authorized by the board.

14 (4) If the police officer dies in service before
15 payment in full has been made and before the expiration of
16 the 5-year payment period, the surviving spouse of the
17 officer may elect to pay the unpaid amount on the officer's
18 behalf within 6 months after the date of death, in which
19 case the creditable service shall be granted as though the
20 deceased police officer had paid the remaining balance on
21 the day before the date of death.

22 (5) If the additional contribution that is required or
23 elected under paragraph (2) of this subsection (d) is not
24 paid in full within the required time, the creditable
25 service shall not be granted and the police officer (or the
26 officer's surviving spouse or estate) shall be entitled to

1 receive a refund of (i) any partial payment of the
2 additional contribution that has been made by the police
3 officer and (ii) those portions of the amounts transferred
4 under subdivision (a)(1) of Section 3-110.7 or
5 subdivisions (a)(1) and (a)(3) of Section 7-139.9 that
6 represent employee contributions paid by the police
7 officer (but not the accumulated interest on those
8 contributions) and interest paid by the police officer to
9 the prior pension fund in order to reinstate service
10 terminated by acceptance of a refund.

11 At the time of paying a refund under this item (5), the
12 pension fund shall also repay to the pension fund from
13 which the contributions were transferred under Section
14 3-110.7 or 7-139.9 the amount originally transferred under
15 subdivision (a)(2) of that Section, plus interest at the
16 rate of 6% per year, compounded annually, from the date of
17 the original transfer to the date of repayment. Amounts
18 repaid to the Article 7 fund under this provision shall be
19 credited to the appropriate municipality.

20 Transferred credit that is not granted due to failure
21 to pay the additional contribution within the required time
22 is lost; it may not be transferred to another pension fund
23 and may not be reinstated in the pension fund from which it
24 was transferred.

25 (6) The Public Employee Pension Fund Division of the
26 Department of Insurance shall establish by rule the manner

1 of making the calculation required under paragraph (2) of
2 this subsection, taking into account the appropriate
3 actuarial assumptions; the police officer's service, age,
4 and salary history; the level of funding of the pension
5 fund to which the credits are being transferred; and any
6 other factors that the Division determines to be relevant.
7 The rules may require that all calculations made under
8 paragraph (2) be reported to the Division by the board
9 performing the calculation, together with documentation of
10 the creditable service to be transferred, the amounts of
11 contributions and interest to be transferred, the manner in
12 which the calculation was performed, the numbers relied
13 upon in making the calculation, the results of the
14 calculation, and any other information the Division may
15 deem useful.

16 (e) (1) Creditable service also includes periods of
17 service originally established in the Fund established
18 under Article 7 of this Code for which the contributions
19 have been transferred under Section 7-139.11.

20 (2) If the board of the pension fund to which
21 creditable service and related contributions are
22 transferred under Section 7-139.11 determines that the
23 amount transferred is less than the true cost to the
24 pension fund of allowing that creditable service to be
25 established, then the amount of creditable service the
26 police officer may establish under this subsection (e)

1 shall be reduced by an amount equal to the difference, as
2 determined by the board in accordance with the rules and
3 procedures adopted under paragraph (3) of this subsection.

4 (3) The Public Pension Division of the Department of
5 Financial and Professional Regulation shall establish by
6 rule the manner of making the calculation required under
7 paragraph (2) of this subsection, taking into account the
8 appropriate actuarial assumptions; the police officer's
9 service, age, and salary history; the level of funding of
10 the pension fund to which the credits are being
11 transferred; and any other factors that the Division
12 determines to be relevant. The rules may require that all
13 calculations made under paragraph (2) be reported to the
14 Division by the board performing the calculation, together
15 with documentation of the creditable service to be
16 transferred, the amounts of contributions and interest to
17 be transferred, the manner in which the calculation was
18 performed, the numbers relied upon in making the
19 calculation, the results of the calculation, and any other
20 information the Division may deem useful.

21 (4) Until January 1, 2010, a police officer who
22 transferred service from the Fund established under
23 Article 7 of this Code under the provisions of Public Act
24 94-356 may establish additional credit, but only for the
25 amount of the service credit reduction in that transfer, as
26 calculated under paragraph (3) of this subsection (e). This

1 credit may be established upon payment by the police
2 officer of an amount to be determined by the board, equal
3 to (1) the amount that would have been contributed as
4 employee and employer contributions had all of the service
5 been as an employee under this Article, plus interest
6 thereon at the rate of 6% per year, compounded annually
7 from the date of service to the date of transfer, less (2)
8 the total amount transferred from the Article 7 Fund, plus
9 (3) interest on the difference at the rate of 6% per year,
10 compounded annually, from the date of the transfer to the
11 date of payment. The additional service credit is allowed
12 under this amendatory Act of the 95th General Assembly
13 notwithstanding the provisions of Article 7 terminating
14 all transferred credits on the date of transfer.

15 (Source: P.A. 95-812, eff. 8-13-08; 96-297, eff. 8-11-09;
16 96-1260, eff. 7-23-10.)

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