



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB3684

Introduced 2/24/2009, by Rep. Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-104

from Ch. 108 1/2, par. 14-104

40 ILCS 5/14-152.1

Amends the State Employee Article of the Illinois Pension Code. Provides that, by paying both employee and employer contributions based upon the employee's compensation and contribution rate in effect on the date he or she last became a member of the System, plus interest at one-half of the actuarially assumed rate, an employee may establish service credit for any period of time spent in active military service since January 1, 1960 for which he or she has not otherwise established credit for, provided that (1) he or she applies within 6 months after the effective date of the amendatory Act and (2) he or she was not dishonorably discharged from such military service. Provides an exemption from the new benefit increase provisions. Effective immediately.

LRB096 10074 AMC 20239 b

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

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 14-104 and 14-152.1 as follows:

6 (40 ILCS 5/14-104) (from Ch. 108 1/2, par. 14-104)

7 Sec. 14-104. Service for which contributions permitted.
8 Contributions provided for in this Section shall cover the
9 period of service granted. Except as otherwise provided in this
10 Section, the contributions shall be based upon the employee's
11 compensation and contribution rate in effect on the date he
12 last became a member of the System; provided that for all
13 employment prior to January 1, 1969 the contribution rate shall
14 be that in effect for a noncovered employee on the date he last
15 became a member of the System. Except as otherwise provided in
16 this Section, contributions permitted under this Section shall
17 include regular interest from the date an employee last became
18 a member of the System to the date of payment.

19 These contributions must be paid in full before retirement
20 either in a lump sum or in installment payments in accordance
21 with such rules as may be adopted by the board.

22 (a) Any member may make contributions as required in this
23 Section for any period of service, subsequent to the date of

1 establishment, but prior to the date of membership.

2 (b) Any employee who had been previously excluded from
3 membership because of age at entry and subsequently became
4 eligible may elect to make contributions as required in this
5 Section for the period of service during which he was
6 ineligible.

7 (c) An employee of the Department of Insurance who, after
8 January 1, 1944 but prior to becoming eligible for membership,
9 received salary from funds of insurance companies in the
10 process of rehabilitation, liquidation, conservation or
11 dissolution, may elect to make contributions as required in
12 this Section for such service.

13 (d) Any employee who rendered service in a State office to
14 which he was elected, or rendered service in the elective
15 office of Clerk of the Appellate Court prior to the date he
16 became a member, may make contributions for such service as
17 required in this Section. Any member who served by appointment
18 of the Governor under the Civil Administrative Code of Illinois
19 and did not participate in this System may make contributions
20 as required in this Section for such service.

21 (e) Any person employed by the United States government or
22 any instrumentality or agency thereof from January 1, 1942
23 through November 15, 1946 as the result of a transfer from
24 State service by executive order of the President of the United
25 States shall be entitled to prior service credit covering the
26 period from January 1, 1942 through December 31, 1943 as

1 provided for in this Article and to membership service credit
2 for the period from January 1, 1944 through November 15, 1946
3 by making the contributions required in this Section. A person
4 so employed on January 1, 1944 but whose employment began after
5 January 1, 1942 may qualify for prior service and membership
6 service credit under the same conditions.

7 (f) An employee of the Department of Labor of the State of
8 Illinois who performed services for and under the supervision
9 of that Department prior to January 1, 1944 but who was
10 compensated for those services directly by federal funds and
11 not by a warrant of the Auditor of Public Accounts paid by the
12 State Treasurer may establish credit for such employment by
13 making the contributions required in this Section. An employee
14 of the Department of Agriculture of the State of Illinois, who
15 performed services for and under the supervision of that
16 Department prior to June 1, 1963, but was compensated for those
17 services directly by federal funds and not paid by a warrant of
18 the Auditor of Public Accounts paid by the State Treasurer, and
19 who did not contribute to any other public employee retirement
20 system for such service, may establish credit for such
21 employment by making the contributions required in this
22 Section.

23 (g) Any employee who executed a waiver of membership within
24 60 days prior to January 1, 1944 may, at any time while in the
25 service of a department, file with the board a rescission of
26 such waiver. Upon making the contributions required by this

1 Section, the member shall be granted the creditable service
2 that would have been received if the waiver had not been
3 executed.

4 (h) Until May 1, 1990, an employee who was employed on a
5 full-time basis by a regional planning commission for at least
6 5 continuous years may establish creditable service for such
7 employment by making the contributions required under this
8 Section, provided that any credits earned by the employee in
9 the commission's retirement plan have been terminated.

10 (i) Any person who rendered full time contractual services
11 to the General Assembly as a member of a legislative staff may
12 establish service credit for up to 8 years of such services by
13 making the contributions required under this Section, provided
14 that application therefor is made not later than July 1, 1991.

15 (j) By paying the contributions otherwise required under
16 this Section, plus an amount determined by the Board to be
17 equal to the employer's normal cost of the benefit plus
18 interest, but with all of the interest calculated from the date
19 the employee last became a member of the System or November 19,
20 1991, whichever is later, to the date of payment, an employee
21 may establish service credit for a period of up to 4 years
22 spent in active military service for which he does not qualify
23 for credit under Section 14-105, provided that (1) he was not
24 dishonorably discharged from such military service, and (2) the
25 amount of service credit established by a member under this
26 subsection (j), when added to the amount of military service

1 credit granted to the member under subsection (b) of Section
2 14-105, shall not exceed 5 years. The change in the manner of
3 calculating interest under this subsection (j) made by this
4 amendatory Act of the 92nd General Assembly applies to credit
5 purchased by an employee on or after its effective date and
6 does not entitle any person to a refund of contributions or
7 interest already paid. In compliance with Section 14-152.1 of
8 this Act concerning new benefit increases, any new benefit
9 increase as a result of the changes to this subsection (j) made
10 by Public Act 95-483 is funded through the employee
11 contributions provided for in this subsection (j). Any new
12 benefit increase as a result of the changes made to this
13 subsection (j) by Public Act 95-483 is exempt from the
14 provisions of subsection (d) of Section 14-152.1.

15 (j-5) By paying both employee and employer contributions
16 based upon the employee's compensation and contribution rate in
17 effect on the date he or she last became a member of the
18 System, plus interest at one-half of the actuarially assumed
19 rate, an employee may establish up to 2 years of service credit
20 for any period of time spent in active military service since
21 January 1, 1960 for which he or she does not qualify for credit
22 under Section 14-105 and has not established credit for under
23 subsection (j), provided that (1) he or she applies within 6
24 months after the effective date of this amendatory Act of the
25 96th General Assembly and (2) he or she was not dishonorably
26 discharged from such military service.

1 (k) An employee who was employed on a full-time basis by
2 the Illinois State's Attorneys Association Statewide Appellate
3 Assistance Service LEAA-ILEC grant project prior to the time
4 that project became the State's Attorneys Appellate Service
5 Commission, now the Office of the State's Attorneys Appellate
6 Prosecutor, an agency of State government, may establish
7 creditable service for not more than 60 months service for such
8 employment by making contributions required under this
9 Section.

10 (1) By paying the contributions otherwise required under
11 this Section, plus an amount determined by the Board to be
12 equal to the employer's normal cost of the benefit plus
13 interest, a member may establish service credit for periods of
14 less than one year spent on authorized leave of absence from
15 service, provided that (1) the period of leave began on or
16 after January 1, 1982 and (2) any credit established by the
17 member for the period of leave in any other public employee
18 retirement system has been terminated. A member may establish
19 service credit under this subsection for more than one period
20 of authorized leave, and in that case the total period of
21 service credit established by the member under this subsection
22 may exceed one year. In determining the contributions required
23 for establishing service credit under this subsection, the
24 interest shall be calculated from the beginning of the leave of
25 absence to the date of payment.

26 (1-5) By paying the contributions otherwise required under

1 this Section, plus an amount determined by the Board to be
2 equal to the employer's normal cost of the benefit plus
3 interest, a member may establish service credit for periods of
4 up to 2 years spent on authorized leave of absence from
5 service, provided that during that leave the member represented
6 or was employed as an officer or employee of a statewide labor
7 organization that represents members of this System. In
8 determining the contributions required for establishing
9 service credit under this subsection, the interest shall be
10 calculated from the beginning of the leave of absence to the
11 date of payment.

12 (m) Any person who rendered contractual services to a
13 member of the General Assembly as a worker in the member's
14 district office may establish creditable service for up to 3
15 years of those contractual services by making the contributions
16 required under this Section. The System shall determine a
17 full-time salary equivalent for the purpose of calculating the
18 required contribution. To establish credit under this
19 subsection, the applicant must apply to the System by March 1,
20 1998.

21 (n) Any person who rendered contractual services to a
22 member of the General Assembly as a worker providing
23 constituent services to persons in the member's district may
24 establish creditable service for up to 8 years of those
25 contractual services by making the contributions required
26 under this Section. The System shall determine a full-time

1 salary equivalent for the purpose of calculating the required
2 contribution. To establish credit under this subsection, the
3 applicant must apply to the System by March 1, 1998.

4 (o) A member who participated in the Illinois Legislative
5 Staff Internship Program may establish creditable service for
6 up to one year of that participation by making the contribution
7 required under this Section. The System shall determine a
8 full-time salary equivalent for the purpose of calculating the
9 required contribution. Credit may not be established under this
10 subsection for any period for which service credit is
11 established under any other provision of this Code.

12 (p) By paying the contributions otherwise required under
13 this Section, plus an amount determined by the Board to be
14 equal to the employer's normal cost of the benefit plus
15 interest, a member may establish service credit for a period of
16 up to 8 years during which he or she was employed by the
17 Visually Handicapped Managers of Illinois in a vending program
18 operated under a contractual agreement with the Department of
19 Rehabilitation Services or its successor agency.

20 This subsection (p) applies without regard to whether the
21 person was in service on or after the effective date of this
22 amendatory Act of the 94th General Assembly. In the case of a
23 person who is receiving a retirement annuity on that effective
24 date, the increase, if any, shall begin to accrue on the first
25 annuity payment date following receipt by the System of the
26 contributions required under this subsection (p).

1 (q) By paying the required contributions under this
2 Section, plus an amount determined by the Board to be equal to
3 the employer's normal cost of the benefit plus interest, an
4 employee who was laid off but returned to State employment
5 under circumstances in which the employee is considered to have
6 been in continuous service for purposes of determining
7 seniority may establish creditable service for the period of
8 the layoff, provided that (1) the applicant applies for the
9 creditable service under this subsection (q) within 6 months
10 after the effective date of this amendatory Act of the 94th
11 General Assembly, (2) the applicant does not receive credit for
12 that period under any other provision of this Code, (3) at the
13 time of the layoff, the applicant is not in an initial
14 probationary status consistent with the rules of the Department
15 of Central Management Services, and (4) the total amount of
16 creditable service established by the applicant under this
17 subsection (q) does not exceed 3 years. For service established
18 under this subsection (q), the required employee contribution
19 shall be based on the rate of compensation earned by the
20 employee on the date of returning to employment after the
21 layoff and the contribution rate then in effect, and the
22 required interest shall be calculated from the date of
23 returning to employment after the layoff to the date of
24 payment.

25 (r) A member who participated in the University of Illinois
26 Government Public Service Internship Program (GPSI) may

1 establish creditable service for up to 2 years of that
2 participation by making the contribution required under this
3 Section, plus an amount determined by the Board to be equal to
4 the employer's normal cost of the benefit plus interest. The
5 System shall determine a full-time salary equivalent for the
6 purpose of calculating the required contribution. Credit may
7 not be established under this subsection for any period for
8 which service credit is established under any other provision
9 of this Code.

10 (s) A member who worked as a nurse under a contractual
11 agreement for the Department of Public Aid, or its successor
12 agency, the Department of Human Services, in the Client
13 Assessment Unit and was subsequently determined to be a State
14 employee by the United States Internal Revenue Service and the
15 Illinois Labor Relations Board may establish creditable
16 service for those contractual services by making the
17 contributions required under this Section. To establish credit
18 under this subsection, the applicant must apply to the System
19 by July 1, 2008.

20 The Department of Human Services shall pay an employer
21 contribution based upon an amount determined by the Board to be
22 equal to the employer's normal cost of the benefit, plus
23 interest.

24 In compliance with Section 14-152.1 added by Public Act
25 94-4, the cost of the benefits provided by Public Act 95-583
26 are offset by the required employee and employer contributions.

1 (Source: P.A. 94-612, eff. 8-18-05; 94-1111, eff. 2-27-07;
2 95-483, eff. 8-28-07; 95-583, eff. 8-31-07; 95-652, eff.
3 10-11-07; 95-876, eff. 8-21-08.)

4 (40 ILCS 5/14-152.1)

5 Sec. 14-152.1. Application and expiration of new benefit
6 increases.

7 (a) As used in this Section, "new benefit increase" means
8 an increase in the amount of any benefit provided under this
9 Article, or an expansion of the conditions of eligibility for
10 any benefit under this Article, that results from an amendment
11 to this Code that takes effect after June 1, 2005 (the
12 effective date of Public Act 94-4) ~~this amendatory Act of the~~
13 ~~94th General Assembly~~. "New benefit increase", however, does
14 not include any benefit increase resulting from the changes
15 made by this amendatory Act of the 96th General Assembly.

16 (b) Notwithstanding any other provision of this Code or any
17 subsequent amendment to this Code, every new benefit increase
18 is subject to this Section and shall be deemed to be granted
19 only in conformance with and contingent upon compliance with
20 the provisions of this Section.

21 (c) The Public Act enacting a new benefit increase must
22 identify and provide for payment to the System of additional
23 funding at least sufficient to fund the resulting annual
24 increase in cost to the System as it accrues.

25 Every new benefit increase is contingent upon the General

1 Assembly providing the additional funding required under this
2 subsection. The Commission on Government Forecasting and
3 Accountability shall analyze whether adequate additional
4 funding has been provided for the new benefit increase and
5 shall report its analysis to the Public Pension Division of the
6 Department of Financial and Professional Regulation. A new
7 benefit increase created by a Public Act that does not include
8 the additional funding required under this subsection is null
9 and void. If the Public Pension Division determines that the
10 additional funding provided for a new benefit increase under
11 this subsection is or has become inadequate, it may so certify
12 to the Governor and the State Comptroller and, in the absence
13 of corrective action by the General Assembly, the new benefit
14 increase shall expire at the end of the fiscal year in which
15 the certification is made.

16 (d) Every new benefit increase shall expire 5 years after
17 its effective date or on such earlier date as may be specified
18 in the language enacting the new benefit increase or provided
19 under subsection (c). This does not prevent the General
20 Assembly from extending or re-creating a new benefit increase
21 by law.

22 (e) Except as otherwise provided in the language creating
23 the new benefit increase, a new benefit increase that expires
24 under this Section continues to apply to persons who applied
25 and qualified for the affected benefit while the new benefit
26 increase was in effect and to the affected beneficiaries and

1 alternate payees of such persons, but does not apply to any
2 other person, including without limitation a person who
3 continues in service after the expiration date and did not
4 apply and qualify for the affected benefit while the new
5 benefit increase was in effect.

6 (Source: P.A. 94-4, eff. 6-1-05.)

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