



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB3816

Introduced 2/25/2009, by Rep. Jim Watson

SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-110	from Ch. 108 1/2, par. 3-110
40 ILCS 5/5-212	from Ch. 108 1/2, par. 5-212
40 ILCS 5/5-214.3 new	
40 ILCS 5/7-139	from Ch. 108 1/2, par. 7-139
40 ILCS 5/8-230.11 new	
40 ILCS 5/9-179.1	from Ch. 108 1/2, par. 9-179.1
40 ILCS 5/13-403	from Ch. 108 1/2, par. 13-403
40 ILCS 5/15-113.3	from Ch. 108 1/2, par. 15-113.3
30 ILCS 805/8.33 new	

Amends the Downstate Police, Chicago Police, Illinois Municipal Retirement Fund, Chicago Municipal, Cook County, Metropolitan Water Reclamation District, and State Universities Articles of the Illinois Pension Code. Allows police officers to establish creditable service for up to 4 years of military service before employment. Requires payment of employee and employer contributions, plus interest. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB096 08577 AMC 18700 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 3-110, 5-212, 7-139, 9-179.1, 13-403, and 15-113.3 and
6 by adding Sections 5-214.3 and 8-230.11 as follows:

7 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

8 Sec. 3-110. Creditable service.

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

17 (a-5) Up to 3 years of time during which the police officer
18 receives a disability pension under Section 3-114.1, 3-114.2,
19 3-114.3, or 3-114.6 shall be counted as creditable service,
20 provided that (i) the police officer returns to active service
21 after the disability for a period at least equal to the period
22 for which credit is to be established and (ii) the police
23 officer makes contributions to the fund based on the rates

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

18 (b) Creditable service includes all periods of service in
19 the military, naval or air forces of the United States entered
20 upon while an active police officer of a municipality, provided
21 that upon applying for a permanent pension, and in accordance
22 with the rules of the board, the police officer pays into the
23 fund the amount the officer would have contributed if he or she
24 had been a regular contributor during such period, to the
25 extent that the municipality which the police officer served
26 has not made such contributions in the officer's behalf. The

1 total amount of such creditable service shall not exceed 5
2 years, except that any police officer who on July 1, 1973 had
3 more than 5 years of such creditable service shall receive the
4 total amount thereof.

5 (b-5) Creditable service includes all periods of service in
6 the military, naval, or air forces of the United States entered
7 upon before beginning service as an active police officer of a
8 municipality, provided that, in accordance with the rules of
9 the board, the police officer pays into the fund the amount the
10 police officer would have contributed if he or she had been a
11 regular contributor during such period, plus an amount
12 determined by the Board to be equal to the municipality's
13 normal cost of the benefit, plus interest calculated from the
14 date the employee last became a police officer under this
15 Article. The total amount of such creditable service shall not
16 exceed 4 years.

17 (c) Creditable service also includes service rendered by a
18 police officer while on leave of absence from a police
19 department to serve as an executive of an organization whose
20 membership consists of members of a police department, subject
21 to the following conditions: (i) the police officer is a
22 participant of a fund established under this Article with at
23 least 10 years of service as a police officer; (ii) the police
24 officer received no credit for such service under any other
25 retirement system, pension fund, or annuity and benefit fund
26 included in this Code; (iii) pursuant to the rules of the board

1 the police officer pays to the fund the amount he or she would
2 have contributed had the officer been an active member of the
3 police department; and (iv) the organization pays a
4 contribution equal to the municipality's normal cost for that
5 period of service.

6 (d) (1) Creditable service also includes periods of
7 service originally established in another police pension
8 fund under this Article or in the Fund established under
9 Article 7 of this Code for which (i) the contributions have
10 been transferred under Section 3-110.7 or Section 7-139.9
11 and (ii) any additional contribution required under
12 paragraph (2) of this subsection has been paid in full in
13 accordance with the requirements of this subsection (d).

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

26 (3) Except as provided in paragraph (4), the additional

1 contribution must be paid to the board (i) within 5 years
2 from the date of the transfer of contributions under
3 Section 3-110.7 or 7-139.9 and (ii) before the police
4 officer terminates service with the fund. The additional
5 contribution may be paid in a lump sum or in accordance
6 with a schedule of installment payments authorized by the
7 board.

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

16 (5) If the additional contribution is not paid in full
17 within the required time, the creditable service shall not
18 be granted and the police officer (or the officer's
19 surviving spouse or estate) shall be entitled to receive a
20 refund of (i) any partial payment of the additional
21 contribution that has been made by the police officer and
22 (ii) those portions of the amounts transferred under
23 subdivision (a)(1) of Section 3-110.7 or subdivisions
24 (a)(1) and (a)(3) of Section 7-139.9 that represent
25 employee contributions paid by the police officer (but not
26 the accumulated interest on those contributions) and

1 interest paid by the police officer to the prior pension
2 fund in order to reinstate service terminated by acceptance
3 of a refund.

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

13 Transferred credit that is not granted due to failure
14 to pay the additional contribution within the required time
15 is lost; it may not be transferred to another pension fund
16 and may not be reinstated in the pension fund from which it
17 was transferred.

18 (6) The Public Employee Pension Fund Division of the
19 Department of Insurance shall establish by rule the manner
20 of making the calculation required under paragraph (2) of
21 this subsection, taking into account the appropriate
22 actuarial assumptions; the police officer's service, age,
23 and salary history; the level of funding of the pension
24 fund to which the credits are being transferred; and any
25 other factors that the Division determines to be relevant.
26 The rules may require that all calculations made under

1 paragraph (2) be reported to the Division by the board
2 performing the calculation, together with documentation of
3 the creditable service to be transferred, the amounts of
4 contributions and interest to be transferred, the manner in
5 which the calculation was performed, the numbers relied
6 upon in making the calculation, the results of the
7 calculation, and any other information the Division may
8 deem useful.

9 (e) (1) Creditable service also includes periods of
10 service originally established in the Fund established
11 under Article 7 of this Code for which the contributions
12 have been transferred under Section 7-139.11.

13 (2) If the board of the pension fund to which
14 creditable service and related contributions are
15 transferred under Section 7-139.11 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 amount of creditable service the
19 police officer may establish under this subsection (e)
20 shall be reduced by an amount equal to the difference, as
21 determined by the board in accordance with the rules and
22 procedures adopted under paragraph (3) of this subsection.

23 (3) The Public Pension Division of the Department of
24 Financial and Professional Regulation shall establish by
25 rule the manner of making the calculation required under
26 paragraph (2) of this subsection, taking into account the

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

14 (4) Until January 1, 2010, a police officer who
15 transferred service from the Fund established under
16 Article 7 of this Code under the provisions of Public Act
17 94-356 may establish additional credit, but only for the
18 amount of the service credit reduction in that transfer, as
19 calculated under paragraph (3) of this subsection (e). This
20 credit may be established upon payment by the police
21 officer of an amount to be determined by the board, equal
22 to (1) the amount that would have been contributed as
23 employee and employer contributions had all of the service
24 been as an employee under this Article, plus interest
25 thereon at the rate of 6% per year, compounded annually
26 from the date of service to the date of transfer, less (2)

1 the total amount transferred from the Article 7 Fund, plus
2 (3) interest on the difference at the rate of 6% per year,
3 compounded annually, from the date of the transfer to the
4 date of payment. The additional service credit is allowed
5 under this amendatory Act of the 95th General Assembly
6 notwithstanding the provisions of Article 7 terminating
7 all transferred credits on the date of transfer.

8 (Source: P.A. 94-356, eff. 7-29-05; 95-812, eff. 8-13-08.)

9 (40 ILCS 5/5-212) (from Ch. 108 1/2, par. 5-212)

10 Sec. 5-212. Computation of service. In computing the
11 service rendered by a policeman prior to the effective date,
12 the following periods shall be counted, in addition to all
13 periods during where he performed the duties of his position,
14 as periods of service for annuity purposes only: all periods of
15 (a) vacation; (b) leave of absence with whole or part pay; (c)
16 leave of absence without pay on account of disability; and (d)
17 leave of absence during which the policeman was engaged in the
18 military or naval service of the United States of America.
19 Service credit shall not be allowed for a policeman in receipt
20 of a pension on account of disability from any pension fund
21 superseded by this fund.

22 In computing the service rendered by a policeman on or
23 after the effective date, the following periods shall be
24 counted, in addition to all periods during which he performed
25 the duties of his position, as periods of service for annuity

1 purposes only: all periods of (a) vacation; (b) leave of
2 absence with whole or part pay; (c) leave of absence during
3 which the policeman was engaged in the military or naval
4 service of the United States of America; (d) time that the
5 policeman was engaged in the military or naval service of the
6 United States of America, during which he was passed over on
7 any eligible list posted from an entrance examination, due to
8 the fact that he was in such military or naval service at the
9 time he was called for appointment to the Police Department, to
10 be computed from the date he was passed over on any eligible
11 list and would have been first sworn in as a policeman had he
12 not been engaged in the military or naval service of the United
13 States of America, until the date of his discharge from such
14 military or naval service; provided that such policeman shall
15 pay into this Fund the same amount that would have been
16 deducted from his salary had he been a policeman during the
17 aforementioned portion of such military or naval service; (e)
18 disability for which the policeman receives any disability
19 benefit; (f) disability for which the policeman receives whole
20 or part pay; ~~and~~ (g) service for which credits and creditable
21 service have been transferred to this Fund under Section
22 9-121.1, 14-105.1 or 15-134.3 of this Code; and (h) periods of
23 service in the military, naval, or air forces of the United
24 States entered upon before beginning service as an active
25 policeman of a municipality as provided in Section 5-214.2.

26 In computing service on or after the effective date for

1 ordinary disability benefit, all periods described in the
2 preceding paragraph, except any such period for which a
3 policeman receives ordinary disability benefit, shall be
4 counted as periods of service.

5 In computing service for any of the purposes of this
6 Article, no credit shall be given for any period during which a
7 policeman was not rendering active service because of his
8 discharge from the service, unless proceedings to test the
9 legality of the discharge are filed in a court of competent
10 jurisdiction within one year from the date of discharge and a
11 final judgment is entered therein declaring the discharge
12 illegal.

13 No overtime or extra service shall be included in computing
14 service of a policeman and not more than one year or a
15 fractional part thereof of service shall be allowed for service
16 rendered during any calendar year.

17 In computing service for any of the purposes of this
18 Article, credit shall be given for any periods during which a
19 policeman who is a member of the General Assembly is on leave
20 of absence or is otherwise authorized to be absent from duty to
21 enable him or her to perform legislative duties,
22 notwithstanding any reduction in salary for such periods and
23 notwithstanding that the contributions paid by the policeman
24 were based on a reduced salary rather than the full amount of
25 salary attached to his or her career service rank.

26 (Source: P.A. 92-52, eff. 7-12-01.)

1 (40 ILCS 5/5-214.3 new)

2 Sec. 5-214.3. Credit for military service. A policeman may
3 establish creditable service under this Article for all periods
4 of service in the military, naval, or air forces of the United
5 States entered upon before beginning service as an active
6 policeman of a municipality, provided that the policeman pays
7 into the fund the amount the policeman would have contributed
8 if he or she had been a regular contributor during such period,
9 plus an amount determined by the Board to be equal to the
10 municipality's normal cost of the benefit, plus interest
11 calculated from the date the employee last became a policeman
12 under this Article. The total amount of such creditable service
13 shall not exceed 4 years.

14 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

15 Sec. 7-139. Credits and creditable service to employees.

16 (a) Each participating employee shall be granted credits
17 and creditable service, for purposes of determining the amount
18 of any annuity or benefit to which he or a beneficiary is
19 entitled, as follows:

20 1. For prior service: Each participating employee who
21 is an employee of a participating municipality or
22 participating instrumentality on the effective date shall
23 be granted creditable service, but no credits under
24 paragraph 2 of this subsection (a), for periods of prior

1 service for which credit has not been received under any
2 other pension fund or retirement system established under
3 this Code, as follows:

4 If the effective date of participation for the
5 participating municipality or participating
6 instrumentality is on or before January 1, 1998, creditable
7 service shall be granted for the entire period of prior
8 service with that employer without any employee
9 contribution.

10 If the effective date of participation for the
11 participating municipality or participating
12 instrumentality is after January 1, 1998, creditable
13 service shall be granted for the last 20% of the period of
14 prior service with that employer, but no more than 5 years,
15 without any employee contribution. A participating
16 employee may establish creditable service for the
17 remainder of the period of prior service with that employer
18 by making an application in writing, accompanied by payment
19 of an employee contribution in an amount determined by the
20 Fund, based on the employee contribution rates in effect at
21 the time of application for the creditable service and the
22 employee's salary rate on the effective date of
23 participation for that employer, plus interest at the
24 effective rate from the date of the prior service to the
25 date of payment. Application for this creditable service
26 may be made at any time while the employee is still in

1 service.

2 A municipality that (i) has at least 35 employees; (ii)
3 is located in a county with at least 2,000,000 inhabitants;
4 and (iii) maintains an independent defined benefit pension
5 plan for the benefit of its eligible employees may restrict
6 creditable service in whole or in part for periods of prior
7 service with the employer if the governing body of the
8 municipality adopts an irrevocable resolution to restrict
9 that creditable service and files the resolution with the
10 board before the municipality's effective date of
11 participation.

12 Any person who has withdrawn from the service of a
13 participating municipality or participating
14 instrumentality prior to the effective date, who reenters
15 the service of the same municipality or participating
16 instrumentality after the effective date and becomes a
17 participating employee is entitled to creditable service
18 for prior service as otherwise provided in this subdivision
19 (a)(1) only if he or she renders 2 years of service as a
20 participating employee after the effective date.
21 Application for such service must be made while in a
22 participating status. The salary rate to be used in the
23 calculation of the required employee contribution, if any,
24 shall be the employee's salary rate at the time of first
25 reentering service with the employer after the employer's
26 effective date of participation.

1 2. For current service, each participating employee
2 shall be credited with:

3 a. Additional credits of amounts equal to each
4 payment of additional contributions received from him
5 under Section 7-173, as of the date the corresponding
6 payment of earnings is payable to him.

7 b. Normal credits of amounts equal to each payment
8 of normal contributions received from him, as of the
9 date the corresponding payment of earnings is payable
10 to him, and normal contributions made for the purpose
11 of establishing out-of-state service credits as
12 permitted under the conditions set forth in paragraph 6
13 of this subsection (a).

14 c. Municipality credits in an amount equal to 1.4
15 times the normal credits, except those established by
16 out-of-state service credits, as of the date of
17 computation of any benefit if these credits would
18 increase the benefit.

19 d. Survivor credits equal to each payment of
20 survivor contributions received from the participating
21 employee as of the date the corresponding payment of
22 earnings is payable, and survivor contributions made
23 for the purpose of establishing out-of-state service
24 credits.

25 3. For periods of temporary and total and permanent
26 disability benefits, each employee receiving disability

1 benefits shall be granted creditable service for the period
2 during which disability benefits are payable. Normal and
3 survivor credits, based upon the rate of earnings applied
4 for disability benefits, shall also be granted if such
5 credits would result in a higher benefit to any such
6 employee or his beneficiary.

7 4. For authorized leave of absence without pay: A
8 participating employee shall be granted credits and
9 creditable service for periods of authorized leave of
10 absence without pay under the following conditions:

11 a. An application for credits and creditable
12 service is submitted to the board while the employee is
13 in a status of active employment, and within 2 years
14 after termination of the leave of absence period for
15 which credits and creditable service are sought.

16 b. Not more than 12 complete months of creditable
17 service for authorized leave of absence without pay
18 shall be counted for purposes of determining any
19 benefits payable under this Article.

20 c. Credits and creditable service shall be granted
21 for leave of absence only if such leave is approved by
22 the governing body of the municipality, including
23 approval of the estimated cost thereof to the
24 municipality as determined by the fund, and employee
25 contributions, plus interest at the effective rate
26 applicable for each year from the end of the period of

1 leave to date of payment, have been paid to the fund in
2 accordance with Section 7-173. The contributions shall
3 be computed upon the assumption earnings continued
4 during the period of leave at the rate in effect when
5 the leave began.

6 d. Benefits under the provisions of Sections
7 7-141, 7-146, 7-150 and 7-163 shall become payable to
8 employees on authorized leave of absence, or their
9 designated beneficiary, only if such leave of absence
10 is creditable hereunder, and if the employee has at
11 least one year of creditable service other than the
12 service granted for leave of absence. Any employee
13 contributions due may be deducted from any benefits
14 payable.

15 e. No credits or creditable service shall be
16 allowed for leave of absence without pay during any
17 period of prior service.

18 5. For military service: Except as provided in
19 paragraph 5.2, the ~~The~~ governing body of a municipality or
20 participating instrumentality may elect to allow
21 creditable service to participating employees who leave
22 their employment to serve in the armed forces of the United
23 States for all periods of such service, provided that the
24 person returns to active employment within 90 days after
25 completion of full time active duty, but no creditable
26 service shall be allowed such person for any period that

1 can be used in the computation of a pension or any other
2 pay or benefit, other than pay for active duty, for service
3 in any branch of the armed forces of the United States. If
4 necessary to the computation of any benefit, the board
5 shall establish municipality credits for participating
6 employees under this paragraph on the assumption that the
7 employee received earnings at the rate received at the time
8 he left the employment to enter the armed forces. A
9 participating employee in the armed forces shall not be
10 considered an employee during such period of service and no
11 additional death and no disability benefits are payable for
12 death or disability during such period.

13 Any participating employee who left his employment
14 with a municipality or participating instrumentality to
15 serve in the armed forces of the United States and who
16 again became a participating employee within 90 days after
17 completion of full time active duty by entering the service
18 of a different municipality or participating
19 instrumentality, which has elected to allow creditable
20 service for periods of military service under the preceding
21 paragraph, shall also be allowed creditable service for his
22 period of military service on the same terms that would
23 apply if he had been employed, before entering military
24 service, by the municipality or instrumentality which
25 employed him after he left the military service and the
26 employer costs arising in relation to such grant of

1 creditable service shall be charged to and paid by that
2 municipality or instrumentality.

3 Notwithstanding the foregoing, any participating
4 employee shall be entitled to creditable service as
5 required by any federal law relating to re-employment
6 rights of persons who served in the United States Armed
7 Services. Such creditable service shall be granted upon
8 payment by the member of an amount equal to the employee
9 contributions which would have been required had the
10 employee continued in service at the same rate of earnings
11 during the military leave period, plus interest at the
12 effective rate.

13 5.1. In addition to any creditable service established
14 under paragraph 5 of this subsection (a) and except as
15 provided in paragraph 5.2, creditable service may be
16 granted for up to 48 months of service in the armed forces
17 of the United States.

18 In order to receive creditable service for military
19 service under this paragraph 5.1, a participating employee
20 must (1) apply to the Fund in writing and provide evidence
21 of the military service that is satisfactory to the Board;
22 (2) obtain the written approval of the current employer;
23 and (3) make contributions to the Fund equal to (i) the
24 employee contributions that would have been required had
25 the service been rendered as a member, plus (ii) an amount
26 determined by the board to be equal to the employer's

1 normal cost of the benefits accrued for that military
2 service, plus (iii) interest on items (i) and (ii) from the
3 date of first membership in the Fund to the date of
4 payment. The required interest shall be calculated at the
5 regular interest rate.

6 The changes made to this paragraph 5.1 by Public Acts
7 95-483 and 95-486 apply only to participating employees in
8 service on or after August 28, 2007 (the effective date of
9 those Public Acts).

10 5.2. Beginning on the effective date of this amendatory
11 Act of the 96th General Assembly, a person employed on or
12 after the effective date of this amendatory Act by a
13 municipality or participating instrumentality to perform
14 police duties shall be granted creditable service for
15 military service described under paragraphs 5 and 5.1 upon
16 satisfaction of any requirements contained in those
17 paragraphs.

18 6. For out-of-state service: Creditable service shall
19 be granted for service rendered to an out-of-state local
20 governmental body under the following conditions: The
21 employee had participated and has irrevocably forfeited
22 all rights to benefits in the out-of-state public employees
23 pension system; the governing body of his participating
24 municipality or instrumentality authorizes the employee to
25 establish such service; the employee has 2 years current
26 service with this municipality or participating

1 instrumentality; the employee makes a payment of
2 contributions, which shall be computed at 8% (normal) plus
3 2% (survivor) times length of service purchased times the
4 average rate of earnings for the first 2 years of service
5 with the municipality or participating instrumentality
6 whose governing body authorizes the service established
7 plus interest at the effective rate on the date such
8 credits are established, payable from the date the employee
9 completes the required 2 years of current service to date
10 of payment. In no case shall more than 120 months of
11 creditable service be granted under this provision.

12 7. For retroactive service: Any employee who could have
13 but did not elect to become a participating employee, or
14 who should have been a participant in the Municipal Public
15 Utilities Annuity and Benefit Fund before that fund was
16 superseded, may receive creditable service for the period
17 of service not to exceed 50 months; however, a current or
18 former elected or appointed official of a participating
19 municipality may establish credit under this paragraph 7
20 for more than 50 months of service as an official of that
21 municipality, if the excess over 50 months is approved by
22 resolution of the governing body of the affected
23 municipality filed with the Fund before January 1, 2002.

24 Any employee who is a participating employee on or
25 after September 24, 1981 and who was excluded from
26 participation by the age restrictions removed by Public Act

1 82-596 may receive creditable service for the period, on or
2 after January 1, 1979, excluded by the age restriction and,
3 in addition, if the governing body of the participating
4 municipality or participating instrumentality elects to
5 allow creditable service for all employees excluded by the
6 age restriction prior to January 1, 1979, for service
7 during the period prior to that date excluded by the age
8 restriction. Any employee who was excluded from
9 participation by the age restriction removed by Public Act
10 82-596 and who is not a participating employee on or after
11 September 24, 1981 may receive creditable service for
12 service after January 1, 1979. Creditable service under
13 this paragraph shall be granted upon payment of the
14 employee contributions which would have been required had
15 he participated, with interest at the effective rate for
16 each year from the end of the period of service established
17 to date of payment.

18 8. For accumulated unused sick leave: A participating
19 employee who is applying for a retirement annuity shall be
20 entitled to creditable service for that portion of the
21 employee's accumulated unused sick leave for which payment
22 is not received, as follows:

23 a. Sick leave days shall be limited to those
24 accumulated under a sick leave plan established by a
25 participating municipality or participating
26 instrumentality which is available to all employees or

1 a class of employees.

2 b. Only sick leave days accumulated with a
3 participating municipality or participating
4 instrumentality with which the employee was in service
5 within 60 days of the effective date of his retirement
6 annuity shall be credited; If the employee was in
7 service with more than one employer during this period
8 only the sick leave days with the employer with which
9 the employee has the greatest number of unpaid sick
10 leave days shall be considered.

11 c. The creditable service granted shall be
12 considered solely for the purpose of computing the
13 amount of the retirement annuity and shall not be used
14 to establish any minimum service period required by any
15 provision of the Illinois Pension Code, the effective
16 date of the retirement annuity, or the final rate of
17 earnings.

18 d. The creditable service shall be at the rate of
19 1/20 of a month for each full sick day, provided that
20 no more than 12 months may be credited under this
21 subdivision 8.

22 e. Employee contributions shall not be required
23 for creditable service under this subdivision 8.

24 f. Each participating municipality and
25 participating instrumentality with which an employee
26 has service within 60 days of the effective date of his

1 retirement annuity shall certify to the board the
2 number of accumulated unpaid sick leave days credited
3 to the employee at the time of termination of service.

4 9. For service transferred from another system:
5 Credits and creditable service shall be granted for service
6 under Article 3, 4, 5, 8, 14, or 16 of this Act, to any
7 active member of this Fund, and to any inactive member who
8 has been a county sheriff, upon transfer of such credits
9 pursuant to Section 3-110.3, 4-108.3, 5-235, 8-226.7,
10 14-105.6, or 16-131.4, and payment by the member of the
11 amount by which (1) the employer and employee contributions
12 that would have been required if he had participated in
13 this Fund as a sheriff's law enforcement employee during
14 the period for which credit is being transferred, plus
15 interest thereon at the effective rate for each year,
16 compounded annually, from the date of termination of the
17 service for which credit is being transferred to the date
18 of payment, exceeds (2) the amount actually transferred to
19 the Fund. Such transferred service shall be deemed to be
20 service as a sheriff's law enforcement employee for the
21 purposes of Section 7-142.1.

22 10. For service transferred from an Article 3 system
23 under Section 3-110.8: Credits and creditable service
24 shall be granted for service under Article 3 of this Act as
25 provided in Section 3-110.8, to any active member of this
26 Fund upon transfer of such credits pursuant to Section

1 3-110.8. If the amount by which (1) the employer and
2 employee contributions that would have been required if he
3 had participated in this Fund during the period for which
4 credit is being transferred, plus interest thereon at the
5 effective rate for each year, compounded annually, from the
6 date of termination of the service for which credit is
7 being transferred to the date of payment, exceeds (2) the
8 amount actually transferred to the Fund, then the amount of
9 creditable service established under this paragraph 10
10 shall be reduced by a corresponding amount in accordance
11 with the rules and procedures established under this
12 paragraph 10.

13 The board shall establish by rule the manner of making
14 the calculation required under this paragraph 10, taking
15 into account the appropriate actuarial assumptions; the
16 member's service, age, and salary history; the level of
17 funding of the employer; and any other factors that the
18 board determines to be relevant.

19 Until January 1, 2010, members who transferred service
20 from an Article 3 system under the provisions of Public Act
21 94-356 may establish additional credit in this Fund, but
22 only up to the amount of the service credit reduction in
23 that transfer, as calculated under the actuarial
24 assumptions. This credit may be established upon payment by
25 the member of an amount to be determined by the board,
26 equal to (1) the amount that would have been contributed as

1 employee and employer contributions had all the service
2 been as an employee under this Article, plus interest
3 thereon compounded annually from the date of service to the
4 date of transfer, less (2) the total amount transferred
5 from the Article 3 system, plus (3) interest on the
6 difference at the effective rate for each year, compounded
7 annually, from the date of the transfer to the date of
8 payment. The additional service credit is allowed under
9 this amendatory Act of the 95th General Assembly
10 notwithstanding the provisions of Article 3 terminating
11 all transferred credits on the date of transfer.

12 (b) Creditable service - amount:

13 1. One month of creditable service shall be allowed for
14 each month for which a participating employee made
15 contributions as required under Section 7-173, or for which
16 creditable service is otherwise granted hereunder. Not
17 more than 1 month of service shall be credited and counted
18 for 1 calendar month, and not more than 1 year of service
19 shall be credited and counted for any calendar year. A
20 calendar month means a nominal month beginning on the first
21 day thereof, and a calendar year means a year beginning
22 January 1 and ending December 31.

23 2. A seasonal employee shall be given 12 months of
24 creditable service if he renders the number of months of
25 service normally required by the position in a 12-month
26 period and he remains in service for the entire 12-month

1 period. Otherwise a fractional year of service in the
2 number of months of service rendered shall be credited.

3 3. An intermittent employee shall be given creditable
4 service for only those months in which a contribution is
5 made under Section 7-173.

6 (c) No application for correction of credits or creditable
7 service shall be considered unless the board receives an
8 application for correction while (1) the applicant is a
9 participating employee and in active employment with a
10 participating municipality or instrumentality, or (2) while
11 the applicant is actively participating in a pension fund or
12 retirement system which is a participating system under the
13 Retirement Systems Reciprocal Act. A participating employee or
14 other applicant shall not be entitled to credits or creditable
15 service unless the required employee contributions are made in
16 a lump sum or in installments made in accordance with board
17 rule.

18 (d) Upon the granting of a retirement, surviving spouse or
19 child annuity, a death benefit or a separation benefit, on
20 account of any employee, all individual accumulated credits
21 shall thereupon terminate. Upon the withdrawal of additional
22 contributions, the credits applicable thereto shall thereupon
23 terminate. Terminated credits shall not be applied to increase
24 the benefits any remaining employee would otherwise receive
25 under this Article.

26 (Source: P.A. 95-483, eff. 8-28-07; 95-486, eff. 8-28-07;

1 95-504, eff. 8-28-07; 95-812, eff. 8-13-08; 95-876, eff.
2 8-21-08.)

3 (40 ILCS 5/8-230.11 new)

4 Sec. 8-230.11. Service credit for military service. An
5 employee of the municipality serving as a police officer may
6 establish service credit under this Article for all periods of
7 service in the military, naval, or air forces of the United
8 States entered upon before beginning service as an active
9 police officer of a municipality, provided that the policeman
10 pays into the fund the amount the police officer would have
11 contributed if he or she had been a regular contributor during
12 such period, plus an amount determined by the Board to be equal
13 to the municipality's normal cost of the benefit, plus interest
14 calculated from the date the employee last became a police
15 officer under this Article. The total amount of such service
16 credit shall not exceed 4 years.

17 (40 ILCS 5/9-179.1) (from Ch. 108 1/2, par. 9-179.1)

18 Sec. 9-179.1. Military service.

19 (a) A contributing employee as of January 1, 1993 with at
20 least 25 years of service credit may apply for creditable
21 service for up to 2 years of military service whether or not
22 the military service followed service as a county employee. The
23 military service need not have been served in wartime, but the
24 employee must not have been dishonorably discharged. To

1 establish this creditable service the applicant must pay to the
2 Fund, while in the service of the county, an amount determined
3 by the Fund to represent the employee contributions for the
4 creditable service established, based on the employee's rate of
5 compensation on his or her last day as a contributor before the
6 military service, or on his or her first day as a contributor
7 after the military service, whichever is greater, plus interest
8 at the effective rate from the date of discharge to the date of
9 payment. If a person who has established any credit under this
10 Section applies for or receives any early retirement incentive
11 under Section 9-134.2, the credit under this Section shall be
12 forfeited and the amount paid to the Fund under this Section
13 shall be refunded.

14 (b) A contributing employee employed by the county as a
15 police officer on or after the effective date of this
16 amendatory Act of the 96th General Assembly may establish
17 creditable service for up to 4 years of military service
18 whether or not the military service followed service as a
19 county employee. The military service need not have been served
20 in wartime, but the employee must not have been dishonorably
21 discharged. To establish this creditable service the applicant
22 must pay to the Fund, while in the service of the county, an
23 amount determined by the Fund to represent the employee
24 contributions for the creditable service established, based on
25 the employee's rate of compensation on his or her last day as a
26 contributor before the military service, or on his or her first

1 day as a contributor after the military service, whichever is
2 greater, plus an amount determined by the Fund to be equal to
3 the county's normal cost of the benefit, plus interest at the
4 effective rate from the date of discharge to the date of
5 payment.

6 (Source: P.A. 87-1265.)

7 (40 ILCS 5/13-403) (from Ch. 108 1/2, par. 13-403)

8 Sec. 13-403. Military service.

9 (a) Any employee who, after commencement of service with
10 the Employer, enlisted, was inducted or was otherwise ordered
11 to serve in the military forces of the United States pursuant
12 to any law, shall receive full service credit for the various
13 purposes of this Article as though the employee were in the
14 active service of the Employer during the period of military
15 service provided that:

16 (1) such service credit shall be granted for military
17 service for which the employee volunteers or is inducted or
18 called into military service pursuant to a call of a duly
19 constituted authority or a law of the United States
20 declaring a national emergency;

21 (2) the employee returns to the employ of the Employer
22 within 90 days after the termination of the national
23 emergency; and

24 (3) the total service credit for such military service
25 shall not exceed 5 years except that any employee who on

1 July 1, 1963 had accrued more than 5 years of such credit
2 shall be entitled to the total amount thereof.

3 (b) For a ten-year period following July 24, 2003, a
4 contributing employee or commissioner who is not a police
5 officer meeting the minimum service requirements provided
6 under this subsection may establish additional service credit
7 for a period of up to 2 years of active military service in the
8 United States Armed Forces for which he or she does not qualify
9 for credit under subsection (a), provided that (1) the person
10 was not dishonorably discharged from the military service, and
11 (2) the amount of service credit established by the person
12 under this subsection (b), when added to the amount of any
13 military service credit granted to the person under subsection
14 (a), shall not exceed 5 years.

15 A contributing employee who is a police officer and who
16 meets the minimum service requirements provided under this
17 subsection (b) may establish additional service credit for a
18 period of up to 4 years of active military service in the
19 United States Armed Forces for which he or she does not qualify
20 for credit under subsection (a), provided that (1) the person
21 was not dishonorably discharged from the military service, and
22 (2) the amount of service credit established by the person
23 under this subsection (b), when added to the amount of any
24 military service credit granted to the person under subsection
25 (a), shall not exceed 5 years.

26 The minimum service requirement for a contributing

1 employee is 10 years of service credit as provided in Sections
2 13-401 and 13-402 of this Article and exclusive of Article 20.
3 The minimum service requirement for a contributing
4 commissioner is 5 years of service credit as provided in
5 Sections 13-401 and 13-402 of this Article and exclusive of
6 Article 20.

7 In order to establish military service credit under this
8 subsection (b), the applicant must submit a written application
9 to the Fund, including the applicant's discharge papers from
10 military service, and pay to the Fund (i) employee
11 contributions at the rates provided in this Article, based upon
12 the person's salary on the last date as a participating
13 employee prior to the military service or on the first date as
14 a participating employee after the military service, whichever
15 is greater, plus (ii) the current amount determined by the
16 board to be equal to the employer's normal cost of the benefits
17 accrued for such military service, plus (iii) regular interest
18 of 3% compounded annually on items (i) and (ii) from the date
19 of entry or re-entry as a participating employee following the
20 military service to the date of payment. Contributions must be
21 paid in full before the credit is granted. Credit established
22 under this subsection may be used for pension purposes only.

23 Notwithstanding any other provision of this Section, a
24 person may not establish creditable service under this Section
25 for any period for which the person receives credit under any
26 other public employee retirement system, unless the credit

1 under that other retirement system has been irrevocably
2 relinquished.

3 (Source: P.A. 93-334, eff. 7-24-03; 94-621, eff. 8-18-05.)

4 (40 ILCS 5/15-113.3) (from Ch. 108 1/2, par. 15-113.3)

5 Sec. 15-113.3. Service for periods of military service.

6 "Service for periods of military service": For a person who is
7 not a police officer, those ~~These~~ periods, not exceeding 5
8 years, during which a person served in the armed forces of the
9 United States, of which all but 2 years must have immediately
10 followed a period of employment with an employer under this
11 System or the State Employees' Retirement System of Illinois;
12 provided that the person received a discharge other than
13 dishonorable and again became an employee under this System
14 within one year after discharge. However, for the up to 2 years
15 of military service not immediately following employment, the
16 applicant must make contributions to the System equal to (1) 8%
17 of the employee's basic compensation on the last date as a
18 participating employee prior to such military service, or on
19 the first date as a participating employee after such military
20 service, whichever is greater, plus (2) an amount determined by
21 the board to be equal to the employer's normal cost of the
22 benefits accrued for such military service, plus (3) interest
23 on items (1) and (2) at the effective rate from the later of
24 the date of first membership in the System or the date of
25 conclusion of military service to the date of payment. The

1 change in the required contribution for purchased military
2 credit made by this amendatory Act of 1993 does not entitle any
3 person to a refund of contributions already paid. The
4 contributions paid under this Section are not normal
5 contributions as defined in Section 15-114 or additional
6 contributions as defined in Section 15-115.

7 For a police officer, those periods, not exceeding 5 years,
8 during which a person served in the armed forces of the United
9 States, of which all but 4 years must have immediately followed
10 a period of employment with an employer under this System or
11 the State Employees' Retirement System of Illinois; provided
12 that the person received a discharge other than dishonorable
13 and again became an employee under this System within one year
14 after discharge. However, for the up to 4 years of military
15 service not immediately following employment, the applicant
16 must make contributions to the System equal to (1) 8% of the
17 employee's basic compensation on the last date as a
18 participating employee prior to such military service, or on
19 the first date as a participating employee after such military
20 service, whichever is greater, plus (2) an amount determined by
21 the board to be equal to the employer's normal cost of the
22 benefits accrued for such military service, plus (3) interest
23 on items (1) and (2) at the effective rate from the later of
24 the date of first membership in the System or the date of
25 conclusion of military service to the date of payment. The
26 contributions paid under this Section are not normal

1 contributions as defined in Section 15-114 or additional
2 contributions as defined in Section 15-115.

3 The changes to this Section made by this amendatory Act of
4 1991 shall apply not only to persons who on or after its
5 effective date are in service under the System, but also to
6 persons whose employment terminated prior to that date, whether
7 or not the person is an annuitant on that date. In the case of
8 an annuitant who applies for credit allowable under this
9 Section for a period of military service that did not
10 immediately follow employment, and who has made the required
11 contributions for such credit, the annuity shall be
12 recalculated to include the additional service credit, with the
13 increase taking effect on the date the System received written
14 notification of the annuitant's intent to purchase the credit,
15 if payment of all the required contributions is made within 60
16 days of such notice, or else on the first annuity payment date
17 following the date of payment of the required contributions. In
18 calculating the automatic annual increase for an annuity that
19 has been recalculated under this Section, the increase
20 attributable to the additional service allowable under this
21 amendatory Act of 1991 shall be included in the calculation of
22 automatic annual increases accruing after the effective date of
23 the recalculation.

24 (Source: P.A. 93-347, eff. 7-24-03.)

25 Section 90. The State Mandates Act is amended by adding

1 Section 8.33 as follows:

2 (30 ILCS 805/8.33 new)

3 Sec. 8.33. Exempt mandate. Notwithstanding Sections 6 and 8
4 of this Act, no reimbursement by the State is required for the
5 implementation of any mandate created by this amendatory Act of
6 the 96th General Assembly.

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