

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 14-103.12 as follows:

6 (40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)
7 Sec. 14-103.12. Final average compensation.

8 (a) For retirement and survivor annuities, "final average
9 compensation" means the monthly compensation obtained by
10 dividing the total compensation of an employee during the
11 period of: (1) the 48 consecutive months of service within the
12 last 120 months of service in which the total compensation was
13 the highest, or (2) the total period of service, if less than
14 48 months, by the number of months of service in such period;
15 provided that for purposes of a retirement annuity the average
16 compensation for the last 12 months of the 48-month period
17 shall not exceed the final average compensation by more than
18 25%.

19 (b) For death and disability benefits, in the case of a
20 full-time employee, "final average compensation" means the
21 greater of (1) the rate of compensation of the employee at the
22 date of death or disability multiplied by 1 in the case of a
23 salaried employee, by 174 in the case of an hourly employee,

1 and by 22 in the case of a per diem employee, or (2) for
2 benefits commencing on or after January 1, 1991, final average
3 compensation as determined under subsection (a).

4 For purposes of this paragraph, full or part-time status
5 shall be certified by the employing agency. Final rate of
6 compensation for a part-time employee shall be the total
7 compensation earned during the last full calendar month prior
8 to the date of death or disability.

9 (c) Notwithstanding the provisions of subsection (a), for
10 the purpose of calculating retirement and survivor annuities of
11 persons with at least 20 years of eligible creditable service
12 as defined in Section 14-110, "final average compensation"
13 means the monthly rate of compensation received by the person
14 on the last day of eligible creditable service (but not to
15 exceed 115% of the average monthly compensation received by the
16 person for the last 24 months of service, unless the person was
17 in service as a State policeman before the effective date of
18 this amendatory Act of 1997), or the average monthly
19 compensation received by the person for the last 48 months of
20 service prior to retirement, whichever is greater.

21 (d) Notwithstanding the provisions of subsection (a), for a
22 person who was receiving, on the date of retirement or death, a
23 disability benefit calculated under subdivision (b) (2) of this
24 Section, the final average compensation used to calculate the
25 disability benefit may be used for purposes of calculating the
26 retirement and survivor annuities.

1 (e) In computing the final average compensation, periods of
2 military leave shall not be considered.

3 (f) The changes to this Section made by this amendatory Act
4 of 1997 (redefining final average compensation for members
5 under the alternative formula) apply to members who retire on
6 or after January 1, 1998, without regard to whether employment
7 terminated before the effective date of this amendatory Act of
8 1997.

9 (g) For a member on leave of absence without pay who
10 purchases service credit for such period of leave pursuant to
11 subsection (l) of Section 14-104, earnings are assumed to be
12 equal to the rate of compensation in effect immediately prior
13 to the leave. If no contributions are required to establish
14 service credit for the period of leave, the member may elect to
15 establish earnings credit for the leave period within 48 months
16 after returning to work by making the employee and employer
17 contributions required by subsection (l) of Section 14-104,
18 based on the rate of compensation in effect immediately prior
19 to the leave, plus interest at the actuarially assumed rate. In
20 determining the contributions required for establishing
21 service credit under this subsection (g), the interest shall be
22 calculated from the beginning of the leave of absence to the
23 date of payment.

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

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.