

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 and 5-212 and by adding Section 5-214.3 as
6 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 at the actuarially
14 assumed rate calculated from the date the employee last became
15 a police officer under this Article. The total amount of such
16 creditable service shall not exceed 2 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 5-214.3.

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 at the
11 actuarially assumed rate calculated from the date the employee
12 last became a policeman under this Article. The total amount of
13 such creditable service shall not exceed 2 years.

14 Section 90. The State Mandates Act is amended by adding
15 Section 8.33 as follows:

16 (30 ILCS 805/8.33 new)

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

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.