



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB3022

Introduced 2/4/2010, by Sen. Mike Jacobs

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	
30 ILCS 805/8.34 new	

Amends the Downstate Police and Chicago Police Articles of the Illinois Pension Code. Allows police officers to establish creditable service for up to 2 years of military service before employment. Requires payment of employee and employer contributions, plus interest at the actuarially assumed rate. Effective immediately.

LRB096 20178 AMC 35735 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 7-139.9 determines that the
17 amount transferred is less than the true cost to the
18 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. If the board of the pension fund to which
26 creditable service and related contributions are

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

17 (3) Except as provided in paragraph (4), the additional
18 contribution that is required or elected under paragraph
19 (2) of this subsection (d) must be paid to the board (i)
20 within 5 years from the date of the transfer of
21 contributions under Section 3-110.7 or 7-139.9 and (ii)
22 before the police officer terminates service with the fund.
23 The additional contribution may be paid in a lump sum or in
24 accordance with a schedule of installment payments
25 authorized by the board.

26 (4) If the police officer dies in service before

1 payment in full has been made and before the expiration of
2 the 5-year payment period, the surviving spouse of the
3 officer may elect to pay the unpaid amount on the officer's
4 behalf within 6 months after the date of death, in which
5 case the creditable service shall be granted as though the
6 deceased police officer had paid the remaining balance on
7 the day before the date of death.

8 (5) If the additional contribution that is required or
9 elected under paragraph (2) of this subsection (d) is not
10 paid in full within the required time, the creditable
11 service shall not be granted and the police officer (or the
12 officer's surviving spouse or estate) shall be entitled to
13 receive a refund of (i) any partial payment of the
14 additional contribution that has been made by the police
15 officer and (ii) those portions of the amounts transferred
16 under subdivision (a)(1) of Section 3-110.7 or
17 subdivisions (a)(1) and (a)(3) of Section 7-139.9 that
18 represent employee contributions paid by the police
19 officer (but not the accumulated interest on those
20 contributions) and interest paid by the police officer to
21 the prior pension fund in order to reinstate service
22 terminated by acceptance of a refund.

23 At the time of paying a refund under this item (5), the
24 pension fund shall also repay to the pension fund from
25 which the contributions were transferred under Section
26 3-110.7 or 7-139.9 the amount originally transferred under

1 subdivision (a) (2) of that Section, plus interest at the
2 rate of 6% per year, compounded annually, from the date of
3 the original transfer to the date of repayment. Amounts
4 repaid to the Article 7 fund under this provision shall be
5 credited to the appropriate municipality.

6 Transferred credit that is not granted due to failure
7 to pay the additional contribution within the required time
8 is lost; it may not be transferred to another pension fund
9 and may not be reinstated in the pension fund from which it
10 was transferred.

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

1 deem useful.

2 (e) (1) Creditable service also includes periods of
3 service originally established in the Fund established
4 under Article 7 of this Code for which the contributions
5 have been transferred under Section 7-139.11.

6 (2) If the board of the pension fund to which
7 creditable service and related contributions are
8 transferred under Section 7-139.11 determines that the
9 amount transferred is less than the true cost to the
10 pension fund of allowing that creditable service to be
11 established, then the amount of creditable service the
12 police officer may establish under this subsection (e)
13 shall be reduced by an amount equal to the difference, as
14 determined by the board in accordance with the rules and
15 procedures adopted under paragraph (3) of this subsection.

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

1 with documentation of the creditable service to be
2 transferred, the amounts of contributions and interest to
3 be transferred, the manner in which the calculation was
4 performed, the numbers relied upon in making the
5 calculation, the results of the calculation, and any other
6 information the Division may deem useful.

7 (4) Until January 1, 2010, a police officer who
8 transferred service from the Fund established under
9 Article 7 of this Code under the provisions of Public Act
10 94-356 may establish additional credit, but only for the
11 amount of the service credit reduction in that transfer, as
12 calculated under paragraph (3) of this subsection (e). This
13 credit may be established upon payment by the police
14 officer of an amount to be determined by the board, equal
15 to (1) the amount that would have been contributed as
16 employee and employer contributions had all of the service
17 been as an employee under this Article, plus interest
18 thereon at the rate of 6% per year, compounded annually
19 from the date of service to the date of transfer, less (2)
20 the total amount transferred from the Article 7 Fund, plus
21 (3) interest on the difference at the rate of 6% per year,
22 compounded annually, from the date of the transfer to the
23 date of payment. The additional service credit is allowed
24 under this amendatory Act of the 95th General Assembly
25 notwithstanding the provisions of Article 7 terminating
26 all transferred credits on the date of transfer.

1 (Source: P.A. 95-812, eff. 8-13-08; 96-297, eff. 8-11-09.)

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

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

15 In computing the service rendered by a policeman on or
16 after the effective date, the following periods shall be
17 counted, in addition to all periods during which he performed
18 the duties of his position, as periods of service for annuity
19 purposes only: all periods of (a) vacation; (b) leave of
20 absence with whole or part pay; (c) leave of absence during
21 which the policeman was engaged in the military or naval
22 service of the United States of America; (d) time that the
23 policeman was engaged in the military or naval service of the
24 United States of America, during which he was passed over on
25 any eligible list posted from an entrance examination, due to

1 the fact that he was in such military or naval service at the
2 time he was called for appointment to the Police Department, to
3 be computed from the date he was passed over on any eligible
4 list and would have been first sworn in as a policeman had he
5 not been engaged in the military or naval service of the United
6 States of America, until the date of his discharge from such
7 military or naval service; provided that such policeman shall
8 pay into this Fund the same amount that would have been
9 deducted from his salary had he been a policeman during the
10 aforementioned portion of such military or naval service; (e)
11 disability for which the policeman receives any disability
12 benefit; (f) disability for which the policeman receives whole
13 or part pay; ~~and~~ (g) service for which credits and creditable
14 service have been transferred to this Fund under Section
15 9-121.1, 14-105.1 or 15-134.3 of this Code; and (h) periods of
16 service in the military, naval, or air forces of the United
17 States entered upon before beginning service as an active
18 policeman of a municipality as provided in Section 5-214.3.

19 In computing service on or after the effective date for
20 ordinary disability benefit, all periods described in the
21 preceding paragraph, except any such period for which a
22 policeman receives ordinary disability benefit, shall be
23 counted as periods of service.

24 In computing service for any of the purposes of this
25 Article, no credit shall be given for any period during which a
26 policeman was not rendering active service because of his

1 discharge from the service, unless proceedings to test the
2 legality of the discharge are filed in a court of competent
3 jurisdiction within one year from the date of discharge and a
4 final judgment is entered therein declaring the discharge
5 illegal.

6 No overtime or extra service shall be included in computing
7 service of a policeman and not more than one year or a
8 fractional part thereof of service shall be allowed for service
9 rendered during any calendar year.

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

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

20 (40 ILCS 5/5-214.3 new)

21 Sec. 5-214.3. Credit for military service. A policeman may
22 establish creditable service under this Article for all periods
23 of 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, provided that the policeman pays

1 into the fund the amount the policeman would have contributed
2 if he or she had been a regular contributor during such period,
3 plus an amount determined by the Board to be equal to the
4 municipality's normal cost of the benefit, plus interest at the
5 actuarially assumed rate calculated from the date the employee
6 last became a policeman under this Article. The total amount of
7 such creditable service shall not exceed 2 years.

8 Section 90. The State Mandates Act is amended by adding
9 Section 8.34 as follows:

10 (30 ILCS 805/8.34 new)

11 Sec. 8.34. Exempt mandate. Notwithstanding Sections 6 and 8
12 of this Act, no reimbursement by the State is required for the
13 implementation of any mandate created by this amendatory Act of
14 the 96th General Assembly.

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.