



Sen. Michael Noland

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1 AMENDMENT TO SENATE BILL 3663

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 3663 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Section 7-139 as follows:

6 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

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

12 1. For prior service: Each participating employee who  
13 is an employee of a participating municipality or  
14 participating instrumentality on the effective date shall  
15 be granted creditable service, but no credits under  
16 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: The governing body of a  
19 municipality or participating instrumentality may elect to  
20 allow creditable service to participating employees who  
21 leave their employment to serve in the armed forces of the  
22 United States for all periods of such service, provided  
23 that the person returns to active employment within 90 days  
24 after completion of full time active duty, but no  
25 creditable service shall be allowed such person for any  
26 period that can be used in the computation of a pension or

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

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

1 municipality or instrumentality.

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

12 5.1. In addition to any creditable service established  
13 under paragraph 5 of this subsection (a), creditable  
14 service may be granted for up to 48 months of service in  
15 the armed forces of the United States.

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



1 date of first membership in the Fund to the date of  
2 payment. The required interest shall be calculated at the  
3 regular interest rate.

4 The changes made to this paragraph 5.1 by Public Acts  
5 95-483 and 95-486 apply only to participating employees in  
6 service on or after August 28, 2007 (the effective date of  
7 those Public Acts).

8 6. For out-of-state service: Creditable service shall  
9 be granted for service rendered to an out-of-state local  
10 governmental body under the following conditions: The  
11 employee had participated and has irrevocably forfeited  
12 all rights to benefits in the out-of-state public employees  
13 pension system; the governing body of his participating  
14 municipality or instrumentality authorizes the employee to  
15 establish such service; the employee has 2 years current  
16 service with this municipality or participating  
17 instrumentality; the employee makes a payment of  
18 contributions, which shall be computed at 8% (normal) plus  
19 2% (survivor) times length of service purchased times the  
20 average rate of earnings for the first 2 years of service  
21 with the municipality or participating instrumentality  
22 whose governing body authorizes the service established  
23 plus interest at the effective rate on the date such  
24 credits are established, payable from the date the employee  
25 completes the required 2 years of current service to date  
26 of payment. In no case shall more than 120 months of

1           creditable service be granted under this provision.

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

14           Any employee who is a participating employee on or  
15 after September 24, 1981 and who was excluded from  
16 participation by the age restrictions removed by Public Act  
17 82-596 may receive creditable service for the period, on or  
18 after January 1, 1979, excluded by the age restriction and,  
19 in addition, if the governing body of the participating  
20 municipality or participating instrumentality elects to  
21 allow creditable service for all employees excluded by the  
22 age restriction prior to January 1, 1979, for service  
23 during the period prior to that date excluded by the age  
24 restriction. Any employee who was excluded from  
25 participation by the age restriction removed by Public Act  
26 82-596 and who is not a participating employee on or after

1 September 24, 1981 may receive creditable service for  
2 service after January 1, 1979. Creditable service under  
3 this paragraph shall be granted upon payment of the  
4 employee contributions which would have been required had  
5 he participated, with interest at the effective rate for  
6 each year from the end of the period of service established  
7 to date of payment.

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

13 a. Sick leave days shall be limited to those  
14 accumulated under a sick leave plan established by a  
15 participating municipality or participating  
16 instrumentality which is available to all employees or  
17 a class of employees.

18 b. Except as provided in item b-1, only sick leave  
19 days accumulated with a participating municipality or  
20 participating instrumentality with which the employee  
21 was in service within 60 days of the effective date of  
22 his retirement annuity shall be credited; If the  
23 employee was in service with more than one employer  
24 during this period only the sick leave days with the  
25 employer with which the employee has the greatest  
26 number of unpaid sick leave days shall be considered.

1           b-1. If the employee was in the service of ~~more~~  
2 ~~than~~ one or more employer as defined in item (2) of  
3 paragraph (a) of subsection (A) or paragraph (c) of  
4 subsection (B) of Section 7-132, then the sick leave  
5 days from such employer or all such employers shall be  
6 credited, as long as the creditable service attributed  
7 to those sick leave days does not exceed the limitation  
8 in item d ~~f~~ of this paragraph 8. In calculating the  
9 creditable service under this item b-1, the sick leave  
10 days from the last employer shall be considered first,  
11 then the remaining sick leave days shall be considered  
12 until there are no more days or the maximum creditable  
13 sick leave threshold under item d ~~f~~ of this paragraph 8  
14 has been reached.

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

22           d. The creditable service shall be at the rate of  
23 1/20 of a month for each full sick day, provided that  
24 no more than 12 months may be credited under this  
25 subdivision 8.

26           e. Employee contributions shall not be required

1           for creditable service under this subdivision 8.

2           f.     Each participating municipality and  
3     participating instrumentality with which an employee  
4     has service within 60 days of the effective date of his  
5     retirement annuity and each employer referenced in  
6     item b-1 of this paragraph 8 shall certify to the board  
7     the number of accumulated unpaid sick leave days  
8     credited to the employee at the time of termination of  
9     service.

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

1 purposes of Section 7-142.1.

2 10. For service transferred from an Article 3 system  
3 under Section 3-110.8: Credits and creditable service  
4 shall be granted for service under Article 3 of this Act as  
5 provided in Section 3-110.8, to any active member of this  
6 Fund upon transfer of such credits pursuant to Section  
7 3-110.8. If the amount by which (1) the employer and  
8 employee contributions that would have been required if he  
9 had participated in this Fund during the period for which  
10 credit is being transferred, plus interest thereon at the  
11 effective rate for each year, compounded annually, from the  
12 date of termination of the service for which credit is  
13 being transferred to the date of payment, exceeds (2) the  
14 amount actually transferred to the Fund, then the amount of  
15 creditable service established under this paragraph 10  
16 shall be reduced by a corresponding amount in accordance  
17 with the rules and procedures established under this  
18 paragraph 10.

19 The board shall establish by rule the manner of making  
20 the calculation required under this paragraph 10, taking  
21 into account the appropriate actuarial assumptions; the  
22 member's service, age, and salary history; the level of  
23 funding of the employer; and any other factors that the  
24 board determines to be relevant.

25 Until January 1, 2010, members who transferred service  
26 from an Article 3 system under the provisions of Public Act

1 94-356 may establish additional credit in this Fund, but  
2 only up to the amount of the service credit reduction in  
3 that transfer, as calculated under the actuarial  
4 assumptions. This credit may be established upon payment by  
5 the member of an amount to be determined by the board,  
6 equal to (1) the amount that would have been contributed as  
7 employee and employer contributions had all the service  
8 been as an employee under this Article, plus interest  
9 thereon compounded annually from the date of service to the  
10 date of transfer, less (2) the total amount transferred  
11 from the Article 3 system, plus (3) interest on the  
12 difference at the effective rate for each year, compounded  
13 annually, from the date of the transfer to the date of  
14 payment. The additional service credit is allowed under  
15 this amendatory Act of the 95th General Assembly  
16 notwithstanding the provisions of Article 3 terminating  
17 all transferred credits on the date of transfer.

18 (b) Creditable service - amount:

19 1. One month of creditable service shall be allowed for  
20 each month for which a participating employee made  
21 contributions as required under Section 7-173, or for which  
22 creditable service is otherwise granted hereunder. Not  
23 more than 1 month of service shall be credited and counted  
24 for 1 calendar month, and not more than 1 year of service  
25 shall be credited and counted for any calendar year. A  
26 calendar month means a nominal month beginning on the first

1 day thereof, and a calendar year means a year beginning  
2 January 1 and ending December 31.

3 2. A seasonal employee shall be given 12 months of  
4 creditable service if he renders the number of months of  
5 service normally required by the position in a 12-month  
6 period and he remains in service for the entire 12-month  
7 period. Otherwise a fractional year of service in the  
8 number of months of service rendered shall be credited.

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

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

24 (d) Upon the granting of a retirement, surviving spouse or  
25 child annuity, a death benefit or a separation benefit, on  
26 account of any employee, all individual accumulated credits



1 shall thereupon terminate. Upon the withdrawal of additional  
2 contributions, the credits applicable thereto shall thereupon  
3 terminate. Terminated credits shall not be applied to increase  
4 the benefits any remaining employee would otherwise receive  
5 under this Article.

6 (Source: P.A. 95-483, eff. 8-28-07; 95-486, eff. 8-28-07;  
7 95-504, eff. 8-28-07; 95-812, eff. 8-13-08; 95-876, eff.  
8 8-21-08; 96-299, eff. 8-11-09.)

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

11 (30 ILCS 805/8.34 new)

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

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