

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 1-114, 1-135, 8-226, 11-215, 17-134, and 17-134.1 and
6 by adding Sections 3-110.12, 3-110.13, 3-110.14, 4-108.7,
7 4-108.8, 4-108.9, 5-212.1, 5-212.2, 5-212.3, 6-209.2, 6-209.3,
8 6-209.4, 8-117.1, 8-226.8, 11-116.1, 11-215.2, 15-113.12,
9 15-113.13, 15-113.14, 16-110.1, 16-110.2, 16-110.3, 17-109.3,
10 and 17-134.2 as follows:

11 (40 ILCS 5/1-114) (from Ch. 108 1/2, par. 1-114)

12 Sec. 1-114. Liability for Breach of Fiduciary Duty. (a) Any
13 person who is a fiduciary with respect to a retirement system
14 or pension fund established under this Code who breaches any
15 duty imposed upon fiduciaries by this Code, including, but not
16 limited to, a failure to report a reasonable suspicion of a
17 false statement specified in Section 1-135 of this Code, shall
18 be personally liable to make good to such retirement system or
19 pension fund any losses to it resulting from each such breach,
20 and to restore to such retirement system or pension fund any
21 profits of such fiduciary which have been made through use of
22 assets of the retirement system or pension fund by the
23 fiduciary, and shall be subject to such equitable or remedial

1 relief as the court may deem appropriate, including the removal
2 of such fiduciary.

3 (b) No person shall be liable with respect to a breach of
4 fiduciary duty under this Code if such breach occurred before
5 such person became a fiduciary or after such person ceased to
6 be a fiduciary.

7 (Source: P.A. 82-960.)

8 (40 ILCS 5/1-135)

9 Sec. 1-135. Fraud. Any person who knowingly makes any false
10 statement or falsifies or permits to be falsified any record of
11 a retirement system or pension fund created under this Code or
12 the Illinois State Board of Investment in an attempt to defraud
13 the retirement system or pension fund created under this Code
14 or the Illinois State Board of Investment is guilty of a Class
15 3 felony. Any reasonable suspicion by any appointed or elected
16 commissioner, trustee, director, board member, or employee of a
17 retirement system or pension fund created under this Code or
18 the State Board of Investment of a false statement or falsified
19 record being submitted or permitted by a person under this Code
20 shall be immediately referred to the board of trustees of a
21 retirement system or pension fund created under this Code or
22 the State Board of Investment or the State's Attorney of the
23 jurisdiction where the alleged fraudulent activity occurred.
24 The board of trustees of a retirement system or pension fund
25 created under this Code or the State Board of Investment shall

1 immediately notify the State's Attorney of the jurisdiction
2 where any alleged fraudulent activity occurred for
3 investigation.

4 (Source: P.A. 96-6, eff. 4-3-09.)

5 (40 ILCS 5/3-110.12 new)

6 Sec. 3-110.12. Leaves of absence. For any leave of absence
7 that is covered under subsection (c) of Section 3-110 and that
8 is granted after the effective date of this amendatory Act of
9 the 97th General Assembly, any pension credit earned in this
10 Article shall be based on the participant's salary immediately
11 before the leave of absence. The participant must contribute an
12 amount equal to the actuarially determined normal cost of the
13 benefit as calculated by the fund. The employer of the
14 participant may elect to contribute all or a portion of the
15 participant's required contribution.

16 (40 ILCS 5/3-110.13 new)

17 Sec. 3-110.13. Leave of absence benefit recalculation.
18 Every 3 years, beginning on or as soon as practical after the
19 effective date of this amendatory Act of the 97th General
20 Assembly, each fund shall determine if any benefit earned by a
21 participant who first earns credit on or after the effective
22 date of this Section as a result of subsection (c) of Section
23 3-110 has created any additional unfunded liability to the
24 fund. If it is determined by the fund that additional unfunded

1 liability has been created, then the participant must remit the
2 total cost to the fund, as determined by the fund, within one
3 year.

4 (40 ILCS 5/3-110.14 new)

5 Sec. 3-110.14. Leaves of absence; computation of salary.
6 For any participant who, on or after the effective date of this
7 amendatory Act of the 97th General Assembly, takes a leave of
8 absence covered by subsection (c) of Section 3-110, his or her
9 average salary shall be based upon the regular salary rate
10 received by the participant for his or her municipal employment
11 immediately prior to that leave of absence.

12 (40 ILCS 5/4-108.7 new)

13 Sec. 4-108.7. Leaves of absence. For any leave of absence
14 that is covered under subdivision (c) (3) of Section 4-108 and
15 that is granted after the effective date of this amendatory Act
16 of the 97th General Assembly, any pension credit earned in this
17 Article shall be based on the participant's salary immediately
18 before the leave of absence. The participant must contribute an
19 amount equal to the actuarially determined normal cost of the
20 benefit as calculated by the fund. The employer of the
21 participant may elect to contribute all or a portion of the
22 participant's required contribution.

23 (40 ILCS 5/4-108.8 new)

1 Sec. 4-108.8. Leave of absence benefit recalculation.
2 Every 3 years, beginning on or as soon as practical after the
3 effective date of this amendatory Act of the 97th General
4 Assembly, each fund shall determine if any benefit earned by a
5 participant who first earns credit on or after the effective
6 date of this Section as a result of subdivision (c)(3) of
7 Section 4-108 has created any additional unfunded liability to
8 the fund. If it is determined by the fund that additional
9 unfunded liability has been created, then the participant must
10 remit the total cost to the fund, as determined by the fund,
11 within one year.

12 (40 ILCS 5/4-108.9 new)

13 Sec. 4-108.9. Leaves of absence; computation of salary. For
14 any participant who, on or after the effective date of this
15 amendatory Act of the 97th General Assembly, takes a leave of
16 absence covered by subdivision (c)(3) of Section 4-108, his or
17 her average salary shall be based upon the regular salary rate
18 received by the participant for his or her municipal employment
19 immediately prior to that leave of absence.

20 (40 ILCS 5/5-212.1 new)

21 Sec. 5-212.1. Pension credit earned for other service. Any
22 credit for other service that is covered under subdivision (b)
23 of Section 5-214 and that is granted after the effective date
24 of this amendatory Act of the 97th General Assembly shall be

1 based on the participant's salary immediately before engaging
2 in the type of employment specified in that provision. The
3 participant must contribute an amount equal to the actuarially
4 determined normal cost of the benefit as calculated by the
5 fund. The employer of the participant may elect to contribute
6 all or a portion of the participant's required contribution.

7 (40 ILCS 5/5-212.2 new)

8 Sec. 5-212.2. Credit for other service; recalculation.
9 Every 3 years, beginning on or as soon as practical after the
10 effective date of this amendatory Act of the 97th General
11 Assembly, the fund shall determine if any benefit earned by a
12 participant who first earns credit on or after the effective
13 date of this Section as a result of subdivision (b) of Section
14 5-214 has created any additional unfunded liability to the
15 fund. If it is determined by the fund that additional unfunded
16 liability has been created, then the participant must remit the
17 total cost to the fund, as determined by the fund, within one
18 year.

19 (40 ILCS 5/5-212.3 new)

20 Sec. 5-212.3. Salary for credit earned for other service.
21 For any participant who, on or after the effective date of this
22 amendatory Act of the 97th General Assembly, earns credit under
23 subdivision (b) of Section 5-214, his or her average salary
24 shall be based upon the regular salary rate received by the

1 participant for his or her municipal employment immediately
2 prior to that engaging in the type of employment specified in
3 that provision.

4 (40 ILCS 5/6-209.2 new)

5 Sec. 6-209.2. Pension credit earned for other service. Any
6 credit earned under item (f) of the second paragraph of Section
7 6-209 and that is granted after the effective date of this
8 amendatory Act of the 97th General Assembly shall be based on
9 the participant's salary immediately before engaging in the
10 type of employment specified in that provision. The participant
11 must contribute an amount equal to the actuarially determined
12 normal cost of the benefit as calculated by the fund. The
13 employer of the participant may elect to contribute all or a
14 portion of the participant's required contribution.

15 (40 ILCS 5/6-209.3 new)

16 Sec. 6-209.3. Credit for other service; recalculation.
17 Every 3 years, beginning on or as soon as practical after the
18 effective date of this amendatory Act of the 97th General
19 Assembly, the fund shall determine if any benefit earned by a
20 participant who first earns credit on or after the effective
21 date of this Section as a result of item (f) of the second
22 paragraph of Section 6-209 has created any additional unfunded
23 liability to the fund. If it is determined by the fund that
24 additional unfunded liability has been created, then the

1 participant must remit the total cost to the fund, as
2 determined by the fund, within one year.

3 (40 ILCS 5/6-209.4 new)

4 Sec. 6-209.4. Salary for credit earned for other service.
5 For any participant who, on or after the effective date of this
6 amendatory Act of the 97th General Assembly, has earned credit
7 under item (f) of the second paragraph of Section 6-209, his or
8 her average salary shall be based upon the regular salary rate
9 received by the participant for his or her municipal employment
10 immediately prior to that leave of absence.

11 (40 ILCS 5/8-117.1 new)

12 Sec. 8-117.1. Leaves of absence; computation of salary. For
13 any participant who, on or after the effective date of this
14 amendatory Act of the 97th General Assembly, takes a leave of
15 absence under subdivision (c) of Section 8-226, his or her
16 highest average annual salary shall be based upon the regular
17 salary rate received by the participant for his or her
18 municipal employment immediately prior to that leave of
19 absence.

20 (40 ILCS 5/8-226) (from Ch. 108 1/2, par. 8-226)

21 Sec. 8-226. Computation of service. In computing the term
22 of service of an employee prior to the effective date, the
23 entire period beginning on the date he was first appointed and

1 ending on the day before the effective date, except any
2 intervening period during which he was separated by withdrawal
3 from service, shall be counted for all purposes of this
4 Article, except that for any employee who was not in service on
5 the day before the effective date, service rendered prior to
6 such date shall not be considered for the purposes of Section
7 8-138.

8 For a person employed by an employer for whom this Article
9 was in effect prior to January 1, 1950, from whose salary
10 deductions are first made under this Article after December 31,
11 1949, any period of service rendered prior to the effective
12 date, unless he was in service on the day before the effective
13 date, shall not be counted as service.

14 The time a person was an employee of any territory annexed
15 to the city prior to the effective date shall be counted as a
16 period of service.

17 In computing the term of service of any employee subsequent
18 to the day before the effective date, the following periods
19 shall be counted as periods of service for age and service,
20 widow's and child's annuity purposes:

21 (a) The time during which he performed the duties of
22 his position;

23 (b) Vacations, leaves of absence with whole or part
24 pay, and leaves of absence without pay not longer than 90
25 days;

26 (c) Leaves of absence without pay during which a

1 participant is employed full-time by a local labor
2 organization that represents municipal employees, provided
3 that (1) the participant continues to make employee
4 contributions to the Fund as though he were an active
5 employee, based on the regular salary rate received by the
6 participant for his municipal employment immediately prior
7 to such leave of absence (and in the case of such
8 employment prior to December 9, 1987, pays to the Fund an
9 amount equal to the employee contributions for such
10 employment plus regular interest thereon as calculated by
11 the board), and based on his current salary with such labor
12 organization after the effective date of this amendatory
13 Act of 1991 for leaves of absence before the effective date
14 of this amendatory Act of the 97th General Assembly, and,
15 for leaves of absence after the effective date of this
16 amendatory Act of the 97th General Assembly, based on the
17 regular salary rate received by the participant for his
18 municipal employment immediately prior to such leave of
19 absence, (2) after January 1, 1989 the participant, or the
20 labor organization on the participant's behalf, makes
21 contributions to the Fund as though it were the employer,
22 in the same amount and same manner as specified under this
23 Article, based on the regular salary rate received by the
24 participant for his municipal employment immediately prior
25 to such leave of absence, and based on his current salary
26 with such labor organization after the effective date of

1 this amendatory Act of 1991 for leaves of absence before
2 the effective date of this amendatory Act of the 97th
3 General Assembly, and, for leaves of absence after the
4 effective date of this amendatory Act of the 97th General
5 Assembly, based on the regular salary rate received by the
6 participant for his municipal employment immediately prior
7 to such leave of absence, and (3) the participant does not
8 receive credit in any pension plan established by the ~~local~~
9 labor organization based on his employment by the
10 organization, including, but not limited to, pension plans
11 established by the local labor organization, the national
12 labor organization, or the international labor
13 organization;

14 (d) Any period of disability for which he received (i)
15 a disability benefit under this Article, or (ii) a
16 temporary total disability benefit under the Workers'
17 Compensation Act if the disability results from a condition
18 commonly termed heart attack or stroke or any other
19 condition falling within the broad field of coronary
20 involvement or heart disease, or (iii) whole or part pay;

21 (e) Any period for which contributions and service
22 credit have been transferred to this Fund under subsection
23 (d) of Section 9-121.1 or subsection (d) of Section
24 12-127.1 of this Code.

25 For a person employed by an employer in which the 1921 Act
26 was in effect prior to January 1, 1950, from whose salary

1 deductions are first made under the 1921 Act or this Article
2 after December 31, 1949, any period of service rendered
3 subsequent to the effective date and prior to the date he
4 became an employee and contributor, shall not be counted as a
5 period of service under this Article, except such period for
6 which he made payment as provided in Section 8-230 of this
7 Article, in which case such period shall be counted as a period
8 of service for all annuity purposes hereunder.

9 In computing the term of service of an employee subsequent
10 to the day before the effective date for ordinary disability
11 benefit purposes, all periods described in the preceding
12 paragraph, except any such period for which he receives
13 ordinary disability benefit, shall be counted as periods of
14 service; provided, that for any person employed by an employer
15 in which this Article was in effect prior to January 1, 1950,
16 from whose salary deductions are first made under this Article
17 after December 31, 1949, any period of service rendered
18 subsequent to the effective date and prior to the date he
19 became an employee and contributor, shall not be counted as a
20 period of service for ordinary disability benefit purposes,
21 unless the person made payment for the period as provided in
22 Section 8-230 of this Article, in which case the period shall
23 be counted as a period of service for ordinary disability
24 purposes for periods of disability on or after the effective
25 date of this amendatory Act of 1997.

26 Overtime or extra service shall not be included in

1 computing any term of service. Not more than 1 year of service
2 shall be allowed for service rendered during any calendar year.
3 (Source: P.A. 90-511, eff. 8-22-97.)

4 (40 ILCS 5/8-226.8 new)

5 Sec. 8-226.8. Leave of absence benefit recalculation.
6 Every 3 years, beginning on or as soon as practical after the
7 effective date of this amendatory Act of the 97th General
8 Assembly, the fund shall determine if any benefit earned by a
9 participant who first earns credit on or after the effective
10 date of this Section as a result of subdivision (c) of Section
11 8-226 has created any additional unfunded liability to the
12 fund. If it is determined by the fund that additional unfunded
13 liability has been created, then the participant must remit the
14 total cost to the fund, as determined by the fund, within one
15 year.

16 (40 ILCS 5/11-116.1 new)

17 Sec. 11-116.1. Leaves of absence; computation of salary.
18 For any participant who, on or after the effective date of this
19 amendatory Act of the 97th General Assembly, takes a leave of
20 absence under paragraph (3) of subsection (c) of Section
21 11-215, his or her highest average annual salary shall be based
22 upon the regular salary rate received by the participant for
23 his or her municipal employment immediately prior to that leave
24 of absence.

1 (40 ILCS 5/11-215) (from Ch. 108 1/2, par. 11-215)

2 Sec. 11-215. Computation of service.

3 (a) In computing the term of service of an employee prior
4 to the effective date, the entire period beginning on the date
5 he was first appointed and ending on the day before the
6 effective date, except any intervening period during which he
7 was separated by withdrawal from service, shall be counted for
8 all purposes of this Article. Only the first year of each
9 period of lay-off or leave of absence without pay, continuing
10 or extending for a period in excess of one year, shall be
11 counted as such service.

12 (b) For a person employed by an employer for whom this
13 Article was in effect prior to August 1, 1949, from whose
14 salary deductions are first made under this Article after July
15 31, 1949, any period of service rendered prior to the effective
16 date, unless he was in service on the day before the effective
17 date, shall not be counted as service.

18 (c) In computing the term of service of an employee
19 subsequent to the day before the effective date, the following
20 periods of time shall be counted as periods of service for
21 annuity purposes:

22 (1) the time during which he performed the duties of
23 his position;

24 (2) leaves of absence with whole or part pay, and
25 leaves of absence without pay not longer than 90 days;

1 (3) leaves of absence without pay during which a
2 participant is employed full-time by a local labor
3 organization that represents municipal employees, provided
4 that (A) the participant continues to make employee
5 contributions to the Fund as though he were an active
6 employee, based on the regular salary rate received by the
7 participant for his municipal employment immediately prior
8 to such leave of absence (and in the case of such
9 employment prior to December 9, 1987, pays to the Fund an
10 amount equal to the employee contributions for such
11 employment plus regular interest thereon as calculated by
12 the board), and based on his current salary with such labor
13 organization after the effective date of this amendatory
14 Act of 1991 for leaves of absence before the effective date
15 of this amendatory Act of the 97th General Assembly, and,
16 for leaves of absence after the effective date of this
17 amendatory Act of the 97th General Assembly, based on the
18 regular salary rate received by the participant for his
19 municipal employment immediately prior to such leave of
20 absence, (B) after January 1, 1989 the participant, or the
21 labor organization on the participant's behalf, makes
22 contributions to the Fund as though it were the employer,
23 in the same amount and same manner as specified under this
24 Article, based on the regular salary rate received by the
25 participant for his municipal employment immediately prior
26 to such leave of absence, and based on his current salary

1 with such labor organization after the effective date of
2 this amendatory Act of 1991 and for leaves of absence
3 before the effective date of this amendatory Act of the
4 97th General Assembly, and, for leaves of absence after the
5 effective date of this amendatory Act of the 97th General
6 Assembly, based on the regular salary rate received by the
7 participant for his municipal employment immediately prior
8 to such leave of absence, and (C) the participant does not
9 receive credit in any pension plan established by the ~~local~~
10 labor organization based on his employment by the
11 organization, including, but not limited to, pension plans
12 established by the local labor organization, the national
13 labor organization, or the international labor
14 organization;

15 (4) any period of disability for which he received (i)
16 a disability benefit under this Article, or (ii) a
17 temporary total disability benefit under the Workers'
18 Compensation Act if the disability results from a condition
19 commonly termed heart attack or stroke or any other
20 condition falling within the broad field of coronary
21 involvement or heart disease, or (iii) whole or part pay.

22 (d) For a person employed by an employer, or the retirement
23 board, in which "The 1935 Act" was in effect prior to August 1,
24 1949, from whose salary deductions are first made under "The
25 1935 Act" or this Article after July 31, 1949, any period of
26 service rendered subsequent to the effective date and prior to

1 August 1, 1949, shall not be counted as a period of service
2 under this Article, except such period for which he made
3 payment, as provided in Section 11-221 of this Article, in
4 which case such period shall be counted as a period of service
5 for all annuity purposes hereunder.

6 (e) In computing the term of service of an employee
7 subsequent to the day before the effective date for ordinary
8 disability benefit purposes, the following periods of time
9 shall be counted as periods of service:

10 (1) any period during which he performed the duties of
11 his position;

12 (2) leaves of absence with whole or part pay;

13 (3) any period of disability for which he received (i)
14 a duty disability benefit under this Article, or (ii) a
15 temporary total disability benefit under the Workers'
16 Compensation Act if the disability results from a condition
17 commonly termed heart attack or stroke or any other
18 condition falling within the broad field of coronary
19 involvement or heart disease, or (iii) whole or part pay.

20 However, any period of service rendered by an employee
21 contributor prior to the date he became a contributor to the
22 fund shall not be counted as a period of service for ordinary
23 disability purposes, unless the person made payment for the
24 period as provided in Section 11-221 of this Article, in which
25 case the period shall be counted as a period of service for
26 ordinary disability purposes for periods of disability on or

1 after the effective date of this amendatory Act of 1997.

2 Overtime or extra service shall not be included in
3 computing any term of service. Not more than 1 year of service
4 shall be allowed for service rendered during any calendar year.
5 (Source: P.A. 90-511, eff. 8-22-97.)

6 (40 ILCS 5/11-215.2 new)

7 Sec. 11-215.2. Leave of absence benefit recalculation.
8 Every 3 years, beginning on or as soon as practical after the
9 effective date of this amendatory Act of the 97th General
10 Assembly, the fund shall determine if any benefit earned by a
11 participant who first earns credit on or after the effective
12 date of this Section as a result of subdivision (c)(3) of
13 Section 11-215 has created any additional unfunded liability to
14 the fund. If it is determined by the fund that additional
15 unfunded liability has been created, then the participant must
16 remit the total cost to the fund, as determined by the fund,
17 within one year.

18 (40 ILCS 5/15-113.12 new)

19 Sec. 15-113.12. Pension credit earned for employment with a
20 teacher organization. Any credit earned under subsection (i) of
21 Section 15-107 and that is granted after the effective date of
22 this amendatory Act of the 97th General Assembly shall be based
23 on the participant's salary immediately before engaging in the
24 type of employment specified in that provision. The participant

1 must contribute an amount equal to the actuarially determined
2 normal cost of the benefit as calculated by the System. The
3 employer of the participant may elect to contribute all or a
4 portion of the participant's required contribution.

5 (40 ILCS 5/15-113.13 new)

6 Sec. 15-113.13. Credit recalculation. Every 3 years,
7 beginning on or as soon as practical after the effective date
8 of this amendatory Act of the 97th General Assembly, the System
9 shall determine if any benefit earned by a participant who
10 first becomes a participant on or after the effective date of
11 this Section as a result of subsection (i) of Section 15-107
12 has created any additional unfunded liability to the System. If
13 it is determined by the System that additional unfunded
14 liability has been created, then the participant must remit the
15 total cost to the System, as determined by the System, within
16 one year.

17 (40 ILCS 5/15-113.14 new)

18 Sec. 15-113.14. Salary for credit earned for service to a
19 teacher organization. For any participant who, on or after the
20 effective date of this amendatory Act of the 97th General
21 Assembly, earned credit under subsection (i) of Section 15-107,
22 his or her average salary shall be based upon the regular
23 salary rate received by the participant for his or her
24 employment immediately prior to engaging in the type of

1 employment specified in that provision.

2 (40 ILCS 5/16-110.1 new)

3 Sec. 16-110.1. Pension credit earned for employment with a
4 teacher organization or a school board association. Any credit
5 earned under item (4) or (8) of Section 16-106 and that is
6 granted after the effective date of this amendatory Act of the
7 97th General Assembly shall be based on the participant's
8 salary immediately before engaging in the type of employment
9 specified in that provision. The participant must contribute an
10 amount equal to the actuarially determined normal cost of the
11 benefit as calculated by the System. The employer of the
12 participant may elect to contribute all or a portion of the
13 participant's required contribution.

14 (40 ILCS 5/16-110.2 new)

15 Sec. 16-110.2. Credit recalculation. Every 3 years,
16 beginning on or as soon as practical after the effective date
17 of this amendatory Act of the 97th General Assembly, the System
18 shall determine if any benefit earned by a participant who
19 first earns credit on or after the effective date of this
20 Section as a result of item (4) or (8) of Section 16-106 has
21 created any additional unfunded liability to the System. If it
22 is determined by the System that additional unfunded liability
23 has been created, then the participant must remit the total
24 cost to the System, as determined by the System, within one

1 year.

2 (40 ILCS 5/16-110.3 new)

3 Sec. 16-110.3. Leaves of absence; computation of salary.
4 For any participant who, on or after the effective date of this
5 amendatory Act of the 97th General Assembly, has earned credit
6 under item (4) or (8) of Section 16-106, his or her average
7 salary shall be based upon the regular salary rate received by
8 the participant for his or her employment immediately prior to
9 that leave of absence.

10 (40 ILCS 5/17-109.3 new)

11 Sec. 17-109.3. Salary for credit earned for employment with
12 a teacher organization or school board association. Any credit
13 earned, on or after the effective date of this amendatory Act
14 of the 97th General Assembly, under subdivision (4) of Section
15 17-134 or subsection (b) of Section 17-134.1, shall be based
16 upon the regular salary rate received by the participant for
17 his or her employment immediately before engaging in the type
18 of employment specified in that provision.

19 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

20 Sec. 17-134. Contributions for leaves of absence; military
21 service; computing service. In computing service for pension
22 purposes the following periods of service shall stand in lieu
23 of a like number of years of teaching service upon payment

1 therefor in the manner hereinafter provided: (a) time spent on
2 a leave of absence granted by the employer; (b) service with
3 teacher or labor organizations based upon special leaves of
4 absence therefor granted by an Employer; (c) a maximum of 5
5 years spent in the military service of the United States, of
6 which up to 2 years may have been served outside the pension
7 period; (d) unused sick days at termination of service to a
8 maximum of 244 days; (e) time lost due to layoff and
9 curtailment of the school term from June 6 through June 21,
10 1976; and (f) time spent after June 30, 1982 as a member of the
11 Board of Education, if required to resign from an
12 administrative or teaching position in order to qualify as a
13 member of the Board of Education.

14 (1) For time spent on or after September 6, 1948 on
15 sabbatical leaves of absence or sick leaves, for which
16 salaries are paid, an Employer shall make payroll
17 deductions at the applicable rates in effect during such
18 periods.

19 (2) For time spent on a leave of absence granted by the
20 employer for which no salaries are paid, teachers desiring
21 credit therefor shall pay the required contributions at the
22 rates in effect during such periods as though they were in
23 teaching service. If an Employer pays salary for vacations
24 which occur during a teacher's sick leave or maternity or
25 paternity leave without salary, vacation pay for which the
26 teacher would have qualified while in active service shall

1 be considered part of the teacher's total salary for
2 pension purposes. No more than 36 months of leave credit
3 may be allowed any person during the entire term of
4 service. Sabbatical leave credit shall be limited to the
5 time the person on leave without salary under an Employer's
6 rules is allowed to engage in an activity for which he
7 receives salary or compensation.

8 (3) For time spent prior to September 6, 1948, on
9 sabbatical leaves of absence or sick leaves for which
10 salaries were paid, teachers desiring service credit
11 therefor shall pay the required contributions at the
12 maximum applicable rates in effect during such periods.

13 (4) For service with teacher or labor organizations
14 authorized by special leaves of absence, for which no
15 payroll deductions are made by an Employer, teachers
16 desiring service credit therefor shall contribute to the
17 Fund upon the basis of the actual salary received from such
18 organizations at the percentage rates in effect during such
19 periods for certified positions with such Employer. To the
20 extent the actual salary exceeds the regular salary, which
21 shall be defined as the salary rate, as calculated by the
22 Board, in effect for the teacher's regular position in
23 teaching service on September 1, 1983 or on the effective
24 date of the leave with the organization, whichever is
25 later, the organization shall pay to the Fund the
26 employer's normal cost as set by the Board on the

1 increment. For leaves of absence after the effective date
2 of this amendatory Act of the 97th General Assembly,
3 contributions to the Fund under this subdivision (4) shall
4 be based upon the teacher's regular salary as defined in
5 this subdivision (4).

6 (5) For time spent in the military service, teachers
7 entitled to and desiring credit therefor shall contribute
8 the amount required for each year of service or fraction
9 thereof at the rates in force (a) at the date of
10 appointment, or (b) on return to teaching service as a
11 regularly certified teacher, as the case may be; provided
12 such rates shall not be less than \$450 per year of service.
13 These conditions shall apply unless an Employer elects to
14 and does pay into the Fund the amount which would have been
15 due from such person had he been employed as a teacher
16 during such time. In the case of credit for military
17 service not during the pension period, the teacher must
18 also pay to the Fund an amount determined by the Board to
19 be equal to the employer's normal cost of the benefits
20 accrued from such service, plus interest thereon at 5% per
21 year, compounded annually, from the date of appointment to
22 the date of payment.

23 The changes to this Section made by Public Act 87-795
24 shall apply not only to persons who on or after its
25 effective date are in service under the Fund, but also to
26 persons whose status as a teacher terminated prior to that

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

19 The total credit for military service shall not exceed
20 5 years, except that any teacher who on July 1, 1963, had
21 validated credit for more than 5 years of military service
22 shall be entitled to the total amount of such credit.

23 (6) A maximum of 244 unused sick days credited to his
24 account by an Employer on the date of termination of
25 employment. Members, upon verification of unused sick
26 days, may add this service time to total creditable

1 service.

2 (7) In all cases where time spent on leave is
3 creditable and no payroll deductions therefor are made by
4 an Employer, persons desiring service credit shall make the
5 required contributions directly to the Fund.

6 (8) For time lost without pay due to layoff and
7 curtailment of the school term from June 6 through June 21,
8 1976, as provided in item (e) of the first paragraph of
9 this Section, persons who were contributors on the days
10 immediately preceding such layoff shall receive credit
11 upon paying to the Fund a contribution based on the rates
12 of compensation and employee contributions in effect at the
13 time of such layoff, together with an additional amount
14 equal to 12.2% of the compensation computed for such period
15 of layoff, plus interest on the entire amount at 5% per
16 annum from January 1, 1978 to the date of payment. If such
17 contribution is paid, salary for pension purposes for any
18 year in which such a layoff occurred shall include the
19 compensation recognized for purposes of computing that
20 contribution.

21 (9) For time spent after June 30, 1982, as a
22 nonsalaried member of the Board of Education, if required
23 to resign from an administrative or teaching position in
24 order to qualify as a member of the Board of Education, an
25 administrator or teacher desiring credit therefor shall
26 pay the required contributions at the rates and salaries in

1 effect during such periods as though the member were in
2 service.

3 Effective September 1, 1974, the interest charged for
4 validation of service described in paragraphs (2) through (5)
5 of this Section shall be compounded annually at a rate of 5%
6 commencing one year after the termination of the leave or
7 return to service.

8 (Source: P.A. 92-599, eff. 6-28-02.)

9 (40 ILCS 5/17-134.1)

10 Sec. 17-134.1. Labor organization employees.

11 (a) A former teacher who is employed by a teacher or labor
12 organization and is not eligible to participate under
13 subdivision (4) of Section 17-134 because he or she is not on a
14 special leave of absence may elect to participate in the Fund
15 for the duration of that employment by so notifying the Fund in
16 writing. Participation shall be subject to the same conditions
17 as are applicable to persons participating under that
18 subdivision (4), and service credit shall be contingent upon
19 the required contributions being received by the Fund.

20 (b) A person who participates in the Fund under subsection
21 (a) may establish service credit for periods of such employment
22 that took place before beginning participation under this
23 Section by submitting a written application to the Fund. Credit
24 shall be granted upon payment to the Fund of an amount to be
25 determined by the Fund, equal to (i) the employee contributions

1 that would have been paid if the person had participated under
2 subdivision (4) of Section 17-134 during the period for which
3 service credit is to be established, based on the actual salary
4 received, plus (ii) the employer's normal cost associated with
5 that service credit, plus (iii) interest on items (i) and (ii)
6 at the rate of 6% per year, compounded annually, from the date
7 of the service established to the date of payment. Service
8 credit under this subsection shall not be granted until the
9 required contribution has been paid in full; the contribution
10 may be paid at any time before retirement. For leaves of
11 absence after the effective date of this amendatory Act of the
12 97th General Assembly, contributions to the Fund under item (i)
13 of this subsection (b) shall be based upon the teacher's
14 regular salary as defined in subdivision (4) of Section 17-134.

15 (c) A person who participates in the Fund under subsection
16 (a) may reestablish any service credits previously forfeited by
17 acceptance of a refund by paying to the Fund the amount of the
18 refund plus interest thereon at the rate of 5% per annum,
19 compounded annually, from the date of the refund to the date of
20 payment.

21 (d) Rollover contributions from other retirement plans
22 qualified under the Internal Revenue Code of 1986 may be used
23 to make the payments required under subsections (b) and (c).

24 (e) No service credit may be established under this Section
25 for any period of employment for which the person receives
26 service credit under any other provision of this Code.

1 (Source: P.A. 90-448, eff. 8-16-97.)

2 (40 ILCS 5/17-134.2 new)

3 Sec. 17-134.2. Credit recalculation. Every 3 years,
4 beginning on or as soon as practical after the effective date
5 of this amendatory Act of the 97th General Assembly, the Fund
6 shall determine if any benefit earned by a participant who
7 first earns credit on or after the effective date of this
8 Section as a result of item (4) of Section 17-134 and Section
9 17-134.1 has created any additional unfunded liability to the
10 Fund. If it is determined by the Fund that additional unfunded
11 liability has been created, then the participant must remit the
12 total cost to the Fund, as determined by the Fund, within one
13 year.

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