



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1444

by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-135	from Ch. 108 1/2, par. 7-135
40 ILCS 5/7-146	from Ch. 108 1/2, par. 7-146
40 ILCS 5/7-172	from Ch. 108 1/2, par. 7-172
40 ILCS 5/7-173	from Ch. 108 1/2, par. 7-173
40 ILCS 5/7-177	from Ch. 108 1/2, par. 7-177
30 ILCS 805/8.37 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Provides that the Board shall determine the amortization period to be used in calculating the amount to be contributed by participating municipalities and participating instrumentalities in order to adjust for changes in the Fund's unfunded accrued liabilities. Specifies that the amortization period shall not exceed 30 years for participating municipalities or 10 years for participating instrumentalities. Allows participating employees to withdraw additional contributions only to the extent permitted by the federal Internal Revenue Code of 1986. Requires the Board to meet at least quarterly (rather than monthly). Also makes technical changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB098 03983 JDS 34003 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 7-135, 7-146, 7-172, 7-173, and 7-177 as follows:

6 (40 ILCS 5/7-135) (from Ch. 108 1/2, par. 7-135)

7 Sec. 7-135. Authorized agents.

8 (a) Each participating municipality and participating
9 instrumentality shall appoint an authorized agent who shall
10 have the powers and duties set forth in this section. In
11 absence of such appointment, the duties of the authorized agent
12 shall devolve upon the clerk or secretary of the municipality
13 or instrumentality, the township supervisor in the case of a
14 township, and in the case of township school trustees upon the
15 township school treasurer. ~~In townships the Authorized Agent~~
16 ~~shall be the township supervisor.~~

17 (b) The authorized agent shall have the following powers
18 and duties:

19 1. To certify to the fund whether or not a given person
20 is authorized to participate in the fund;

21 2. To certify to the fund when a participating employee
22 is on a leave of absence authorized by the municipality;

23 3. To request the proper officer to cause employee

1 contributions to be withheld from earnings and transmitted
2 to the fund;

3 4. To request the proper officer to cause municipality
4 contributions to be forwarded to the fund promptly;

5 5. To forward promptly to all participating employees
6 any communications from the fund for such employees;

7 6. To forward promptly to the fund all applications,
8 claims, reports and other communications delivered to him
9 by participating employees;

10 7. To perform all duties related to the administration
11 of this retirement system as requested by the fund and the
12 governing body of his municipality.

13 (c) The governing body of each participating municipality
14 and participating instrumentality may delegate any or all of
15 the following powers and duties to its authorized agent:

16 1. To file a petition for nomination of an executive
17 trustee of the fund.

18 2. To cast the ballot for election of an executive
19 trustee of the fund.

20 If a governing body does not authorize its agent to perform
21 the powers and duties set forth in this paragraph (c), they
22 shall be performed by the governing body itself, unless the
23 governing body by resolution duly certified to the fund
24 delegates them to some other officer or employee.

25 (d) The delivery of any communication or document by an
26 employee or a participating municipality or participating

1 instrumentality to its authorized agent shall not constitute
2 delivery to the fund.

3 (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

4 (40 ILCS 5/7-146) (from Ch. 108 1/2, par. 7-146)

5 Sec. 7-146. Temporary disability benefits - Eligibility.
6 Temporary disability benefits shall be payable to
7 participating employees as hereinafter provided.

8 (a) The participating employee shall be considered
9 temporarily disabled if:

10 1. He is unable to perform the duties of any position
11 which might reasonably be assigned to him by his employing
12 municipality or instrumentality thereof or participating
13 instrumentality due to mental or physical disability
14 caused by bodily injury or disease, other than as a result
15 of self-inflicted injury or addiction to narcotic drugs;

16 2. The Board has received written certifications from
17 at least one licensed and practicing physician and the
18 governing body of the employing municipality or
19 instrumentality thereof or participating instrumentality
20 stating that the employee meets the conditions set forth in
21 subparagraph 1 of this paragraph (a).

22 (b) A temporary disability benefit shall be payable to a
23 temporarily disabled employee provided:

24 1. He:

25 (i) has at least one year of service immediately

1 preceding ~~at~~ the date the temporary disability was
2 incurred and has made contributions to the fund for at
3 least the number of months of service normally required
4 in his position during a 12-month period, or has at
5 least 5 years of service credit, the last year of which
6 immediately precedes such date; or

7 (ii) had qualified under clause (i) above, but had
8 an interruption in service with the same participating
9 municipality or participating instrumentality of not
10 more than 3 months in the 12 months preceding the date
11 the temporary disability was incurred and was not paid
12 a separation benefit; or

13 (iii) had qualified under clause (i) above, but had
14 an interruption after 20 or more years of creditable
15 service, was not paid a separation benefit, and
16 returned to service prior to the date the disability
17 was incurred.

18 Item (iii) of this subdivision shall apply to all
19 employees whose disabilities were incurred on or after July
20 1, 1985, and any such employee who becomes eligible for a
21 disability benefit under item (iii) shall be entitled to
22 receive a lump sum payment of any accumulated disability
23 benefits which may accrue from the date the disability was
24 incurred until the effective date of this amendatory Act of
25 1987.

26 Periods of qualified leave granted in compliance with

1 the federal Family and Medical Leave Act shall be ignored
2 for purposes of determining the number of consecutive
3 months of employment under this subdivision (b)1.

4 2. He has been temporarily disabled for at least 30
5 days, except where a former temporary or permanent and
6 total disability has reoccurred within 6 months after the
7 employee has returned to service.

8 3. He is receiving no earnings from a participating
9 municipality or instrumentality thereof or participating
10 instrumentality, except as allowed under subsection (f) of
11 Section 7-152.

12 4. He has not refused to submit to a reasonable
13 physical examination by a physician appointed by the Board.

14 5. His disability is not the result of a mental or
15 physical condition which existed on the earliest date of
16 service from which he has uninterrupted service, including
17 prior service, at the date of his disability, provided that
18 this limitation is not applicable if the date of disability
19 is after December 31, 2001, nor is it applicable to a
20 participating employee who: (i) on the date of disability
21 has 5 years of creditable service, exclusive of creditable
22 service for periods of disability; or (ii) received no
23 medical treatment for the condition for the 3 years
24 immediately prior to such earliest date of service.

25 6. He is not separated from the service of the
26 participating municipality or instrumentality thereof or

1 participating instrumentality which employed him on the
2 date his temporary disability was incurred; for the
3 purposes of payment of temporary disability benefits, a
4 participating employee, whose employment relationship is
5 terminated by his employing municipality, shall be deemed
6 not to be separated from the service of his employing
7 municipality or participating instrumentality if he
8 continues disabled by the same condition and so long as he
9 is otherwise entitled to such disability benefit.

10 7. He has not failed or refused to consent to and sign
11 an authorization allowing the Board to receive copies of or
12 to examine his medical and hospital records.

13 8. He has not failed or refused to provide complete
14 information regarding any other employment for
15 compensation he has received since becoming disabled.

16 (Source: P.A. 97-415, eff. 8-16-11.)

17 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

18 Sec. 7-172. Contributions by participating municipalities
19 and participating instrumentalities.

20 (a) Each participating municipality and each participating
21 instrumentality shall make payment to the fund as follows:

22 1. municipality contributions in an amount determined
23 by applying the municipality contribution rate to each
24 payment of earnings paid to each of its participating
25 employees;

1 2. an amount equal to the employee contributions
2 provided by paragraph (a) of Section 7-173, whether or not
3 the employee contributions are withheld as permitted by
4 that Section;

5 3. all accounts receivable, together with interest
6 charged thereon, as provided in Section 7-209;

7 4. if it has no participating employees with current
8 earnings, an amount payable which, over a closed period of
9 20 years for participating municipalities and 10 years for
10 participating instrumentalities, will amortize, at the
11 effective rate for that year, any unfunded obligation. The
12 unfunded obligation shall be computed as provided in
13 paragraph 2 of subsection (b);

14 5. if it has fewer than 7 participating employees or a
15 negative balance in its municipality reserve, the greater
16 of (A) an amount payable that, over a period of 20 years,
17 will amortize at the effective rate for that year any
18 unfunded obligation, computed as provided in paragraph 2 of
19 subsection (b) or (B) the amount required by paragraph 1 of
20 this subsection (a).

21 (b) A separate municipality contribution rate shall be
22 determined for each calendar year for all participating
23 municipalities together with all instrumentalities thereof.
24 The municipality contribution rate shall be determined for
25 participating instrumentalities as if they were participating
26 municipalities. The municipality contribution rate shall be

1 the sum of the following percentages:

2 1. The percentage of earnings of all the participating
3 employees of all participating municipalities and
4 participating instrumentalities which, if paid over the
5 entire period of their service, will be sufficient when
6 combined with all employee contributions available for the
7 payment of benefits, to provide all annuities for
8 participating employees, and the \$3,000 death benefit
9 payable under Sections 7-158 and 7-164, such percentage to
10 be known as the normal cost rate.

11 2. The percentage of earnings of the participating
12 employees of each participating municipality and
13 participating instrumentalities necessary to adjust for
14 the difference between the present value of all benefits,
15 excluding temporary and total and permanent disability and
16 death benefits, to be provided for its participating
17 employees and the sum of its accumulated municipality
18 contributions and the accumulated employee contributions
19 and the present value of expected future employee and
20 municipality contributions pursuant to subparagraph 1 of
21 this paragraph (b). This adjustment shall be spread over a
22 period determined by the Board, not to exceed 30 years for
23 participating municipalities or 10 years for participating
24 instrumentalities ~~the remainder of the period that is~~
25 ~~allowable under generally accepted accounting principles.~~

26 3. The percentage of earnings of the participating

1 employees of all municipalities and participating
2 instrumentalities necessary to provide the present value
3 of all temporary and total and permanent disability
4 benefits granted during the most recent year for which
5 information is available.

6 4. The percentage of earnings of the participating
7 employees of all participating municipalities and
8 participating instrumentalities necessary to provide the
9 present value of the net single sum death benefits expected
10 to become payable from the reserve established under
11 Section 7-206 during the year for which this rate is fixed.

12 5. The percentage of earnings necessary to meet any
13 deficiency arising in the Terminated Municipality Reserve.

14 (c) A separate municipality contribution rate shall be
15 computed for each participating municipality or participating
16 instrumentality for its sheriff's law enforcement employees.

17 A separate municipality contribution rate shall be
18 computed for the sheriff's law enforcement employees of each
19 forest preserve district that elects to have such employees.
20 For the period from January 1, 1986 to December 31, 1986, such
21 rate shall be the forest preserve district's regular rate plus
22 2%.

23 In the event that the Board determines that there is an
24 actuarial deficiency in the account of any municipality with
25 respect to a person who has elected to participate in the Fund
26 under Section 3-109.1 of this Code, the Board may adjust the

1 municipality's contribution rate so as to make up that
2 deficiency over such reasonable period of time as the Board may
3 determine.

4 (d) The Board may establish a separate municipality
5 contribution rate for all employees who are program
6 participants employed under the federal Comprehensive
7 Employment Training Act by all of the participating
8 municipalities and instrumentalities. The Board may also
9 provide that, in lieu of a separate municipality rate for these
10 employees, a portion of the municipality contributions for such
11 program participants shall be refunded or an extra charge
12 assessed so that the amount of municipality contributions
13 retained or received by the fund for all CETA program
14 participants shall be an amount equal to that which would be
15 provided by the separate municipality contribution rate for all
16 such program participants. Refunds shall be made to prime
17 sponsors of programs upon submission of a claim therefor and
18 extra charges shall be assessed to participating
19 municipalities and instrumentalities. In establishing the
20 municipality contribution rate as provided in paragraph (b) of
21 this Section, the use of a separate municipality contribution
22 rate for program participants or the refund of a portion of the
23 municipality contributions, as the case may be, may be
24 considered.

25 (e) Computations of municipality contribution rates for
26 the following calendar year shall be made prior to the

1 beginning of each year, from the information available at the
2 time the computations are made, and on the assumption that the
3 employees in each participating municipality or participating
4 instrumentality at such time will continue in service until the
5 end of such calendar year at their respective rates of earnings
6 at such time.

7 (f) Any municipality which is the recipient of State
8 allocations representing that municipality's contributions for
9 retirement annuity purposes on behalf of its employees as
10 provided in Section 12-21.16 of the Illinois Public Aid Code
11 shall pay the allocations so received to the Board for such
12 purpose. Estimates of State allocations to be received during
13 any taxable year shall be considered in the determination of
14 the municipality's tax rate for that year under Section 7-171.
15 If a special tax is levied under Section 7-171, none of the
16 proceeds may be used to reimburse the municipality for the
17 amount of State allocations received and paid to the Board. Any
18 multiple-county or consolidated health department which
19 receives contributions from a county under Section 11.2 of "An
20 Act in relation to establishment and maintenance of county and
21 multiple-county health departments", approved July 9, 1943, as
22 amended, or distributions under Section 3 of the Department of
23 Public Health Act, shall use these only for municipality
24 contributions by the health department.

25 (g) Municipality contributions for the several purposes
26 specified shall, for township treasurers and employees in the

1 offices of the township treasurers who meet the qualifying
2 conditions for coverage hereunder, be allocated among the
3 several school districts and parts of school districts serviced
4 by such treasurers and employees in the proportion which the
5 amount of school funds of each district or part of a district
6 handled by the treasurer bears to the total amount of all
7 school funds handled by the treasurer.

8 From the funds subject to allocation among districts and
9 parts of districts pursuant to the School Code, the trustees
10 shall withhold the proportionate share of the liability for
11 municipality contributions imposed upon such districts by this
12 Section, in respect to such township treasurers and employees
13 and remit the same to the Board.

14 The municipality contribution rate for an educational
15 service center shall initially be the same rate for each year
16 as the regional office of education or school district which
17 serves as its administrative agent. When actuarial data become
18 available, a separate rate shall be established as provided in
19 subparagraph (i) of this Section.

20 The municipality contribution rate for a public agency,
21 other than a vocational education cooperative, formed under the
22 Intergovernmental Cooperation Act shall initially be the
23 average rate for the municipalities which are parties to the
24 intergovernmental agreement. When actuarial data become
25 available, a separate rate shall be established as provided in
26 subparagraph (i) of this Section.

1 (h) Each participating municipality and participating
2 instrumentality shall make the contributions in the amounts
3 provided in this Section in the manner prescribed from time to
4 time by the Board and all such contributions shall be
5 obligations of the respective participating municipalities and
6 participating instrumentalities to this fund. The failure to
7 deduct any employee contributions shall not relieve the
8 participating municipality or participating instrumentality of
9 its obligation to this fund. Delinquent payments of
10 contributions due under this Section may, with interest, be
11 recovered by civil action against the participating
12 municipalities or participating instrumentalities.
13 Municipality contributions, other than the amount necessary
14 for employee contributions, for periods of service by employees
15 from whose earnings no deductions were made for employee
16 contributions to the fund, may be charged to the municipality
17 reserve for the municipality or participating instrumentality.

18 (i) Contributions by participating instrumentalities shall
19 be determined as provided herein except that the percentage
20 derived under subparagraph 2 of paragraph (b) of this Section,
21 and the amount payable under subparagraph 4 of paragraph (a) of
22 this Section, shall be based on an amortization period of 10
23 years.

24 (j) Notwithstanding the other provisions of this Section,
25 the additional unfunded liability accruing as a result of this
26 amendatory Act of the 94th General Assembly shall be amortized

1 over a period of 30 years beginning on January 1 of the second
2 calendar year following the calendar year in which this
3 amendatory Act takes effect, except that the employer may
4 provide for a longer amortization period by adopting a
5 resolution or ordinance specifying a 35-year or 40-year period
6 and submitting a certified copy of the ordinance or resolution
7 to the fund no later than June 1 of the calendar year following
8 the calendar year in which this amendatory Act takes effect.

9 (k) If the amount of a participating employee's reported
10 earnings for any of the 12-month periods used to determine the
11 final rate of earnings exceeds the employee's 12 month reported
12 earnings with the same employer for the previous year by the
13 greater of 6% or 1.5 times the annual increase in the Consumer
14 Price Index-U, as established by the United States Department
15 of Labor for the preceding September, the participating
16 municipality or participating instrumentality that paid those
17 earnings shall pay to the Fund, in addition to any other
18 contributions required under this Article, the present value of
19 the increase in the pension resulting from the portion of the
20 increase in salary that is in excess of the greater of 6% or
21 1.5 times the annual increase in the Consumer Price Index-U, as
22 determined by the Fund. This present value shall be computed on
23 the basis of the actuarial assumptions and tables used in the
24 most recent actuarial valuation of the Fund that is available
25 at the time of the computation.

26 Whenever it determines that a payment is or may be required

1 under this subsection (k), the fund shall calculate the amount
2 of the payment and bill the participating municipality or
3 participating instrumentality for that amount. The bill shall
4 specify the calculations used to determine the amount due. If
5 the participating municipality or participating
6 instrumentality disputes the amount of the bill, it may, within
7 30 days after receipt of the bill, apply to the fund in writing
8 for a recalculation. The application must specify in detail the
9 grounds of the dispute. Upon receiving a timely application for
10 recalculation, the fund shall review the application and, if
11 appropriate, recalculate the amount due. The participating
12 municipality and participating instrumentality contributions
13 required under this subsection (k) may be paid in the form of a
14 lump sum within 90 days after receipt of the bill. If the
15 participating municipality and participating instrumentality
16 contributions are not paid within 90 days after receipt of the
17 bill, then interest will be charged at a rate equal to the
18 fund's annual actuarially assumed rate of return on investment
19 compounded annually from the 91st day after receipt of the
20 bill. Payments must be concluded within 3 years after receipt
21 of the bill by the participating municipality or participating
22 instrumentality.

23 When assessing payment for any amount due under this
24 subsection (k), the fund shall exclude earnings increases
25 resulting from overload or overtime earnings.

26 When assessing payment for any amount due under this

1 subsection (k), the fund shall also exclude earnings increases
2 attributable to standard employment promotions resulting in
3 increased responsibility and workload.

4 This subsection (k) does not apply to earnings increases
5 paid to individuals under contracts or collective bargaining
6 agreements entered into, amended, or renewed before January 1,
7 2012 (the effective date of Public Act 97-609), earnings
8 increases paid to members who are 10 years or more from
9 retirement eligibility, or earnings increases resulting from
10 an increase in the number of hours required to be worked.

11 When assessing payment for any amount due under this
12 subsection (k), the fund shall also exclude earnings
13 attributable to personnel policies adopted before January 1,
14 2012 (the effective date of Public Act 97-609) as long as those
15 policies are not applicable to employees who begin service on
16 or after January 1, 2012 (the effective date of Public Act
17 97-609).

18 (Source: P.A. 96-1084, eff. 7-16-10; 96-1140, eff. 7-21-10;
19 97-333, eff. 8-12-11; 97-609, eff. 1-1-12; 97-933, eff.
20 8-10-12.)

21 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

22 Sec. 7-173. Contributions by employees.

23 (a) Each participating employee shall make contributions
24 to the fund as follows:

25 1. For retirement annuity purposes, normal

1 contributions of 3 3/4% of earnings.

2 2. Additional contributions of such percentages of
3 each payment of earnings, as shall be elected by the
4 employee for retirement annuity purposes, but not in excess
5 of 10%. The selected rate shall be applicable to all
6 earnings paid following receipt by the Board of written
7 notice of election to make such contributions. Additional
8 contributions at the selected rate shall be made
9 concurrently with normal contributions.

10 3. Survivor contributions, by each participating
11 employee, of 3/4% of each payment of earnings.

12 (b) (Blank).

13 (c) Contributions shall be deducted from each
14 corresponding payment of earnings paid to each employee and
15 shall be remitted to the board by the participating
16 municipality or participating instrumentality making such
17 payment. The remittance, together with a report of the earnings
18 and contributions shall be made as directed by the board. For
19 township treasurers and employees of township treasurers
20 qualifying as employees hereunder, the contributions herein
21 required as deductions from salary shall be withheld by the
22 school township trustees from funds available for the payment
23 of the compensation of such treasurers and employees as
24 provided in the School Code and remitted to the board.

25 (d) An employee who has made additional contributions under
26 paragraph (a)2 of this Section may upon retirement or at any

1 time prior thereto, elect to withdraw the total of such
2 additional contributions including interest credited thereon
3 to the end of the preceding calendar year, to the extent
4 permitted by the federal Internal Revenue Code of 1986, as now
5 or hereafter amended.

6 (e) Failure to make the deductions for employee
7 contributions provided in paragraph (c) of this Section shall
8 not relieve the employee from liability for such contributions.
9 The amount of such liability may be deducted, with interest
10 charged under Section 7-209, from any annuities or benefits
11 payable hereunder to the employee or any other person receiving
12 an annuity or benefit by reason of such employee's
13 participation.

14 (f) A participating employee who has at least 40 years of
15 creditable service in the Fund may elect to cease making the
16 contributions required under this Section. The status of the
17 employee under this Article shall be unaffected by this
18 election, except that the employee shall not receive any
19 additional creditable service for the periods of employment
20 following the election. An election under this subsection
21 relieves the employer from making additional employer
22 contributions in relation to that employee.

23 (Source: P.A. 96-1084, eff. 7-16-10; 96-1258, eff. 7-23-10;
24 97-333, eff. 8-12-11; 97-933, eff. 8-10-12.)

25 (40 ILCS 5/7-177) (from Ch. 108 1/2, par. 7-177)

1 Sec. 7-177. Board meetings.

2 The board shall hold regular ~~monthly~~ meetings at least 4
3 times in each year and such special meetings at such other
4 times as may be called by the executive director upon written
5 notice of at least 3 trustees. At least 5 days' notice of each
6 meeting shall be given to each trustee. All meetings of the
7 board shall be open to the public and shall be held in the
8 offices of the board or in any other place specifically
9 designated in the notice of any meeting.

10 (Source: Laws 1963, p. 161.)

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.37 as follows:

13 (30 ILCS 805/8.37 new)

14 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
15 of this Act, no reimbursement by the State is required for the
16 implementation of any mandate created by this amendatory Act of
17 the 98th General Assembly.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.