

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 7-109, 7-114, 7-116, 7-139, 9-219, 9-220, 14-104.3,
6 14-106, 15-106, 15-107, 15-112, 15-113.4, 16-106, 16-121,
7 16-127, 17-116, and 17-134 as follows:

8 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

9 Sec. 7-109. Employee.

10 (1) "Employee" means any person who:

11 (a) 1. Receives earnings as payment for the performance
12 of personal services or official duties out of the
13 general fund of a municipality, or out of any special
14 fund or funds controlled by a municipality, or by an
15 instrumentality thereof, or a participating
16 instrumentality, including, in counties, the fees or
17 earnings of any county fee office; and

18 2. Under the usual common law rules applicable in
19 determining the employer-employee relationship, has
20 the status of an employee with a municipality, or any
21 instrumentality thereof, or a participating
22 instrumentality, including aldermen, county
23 supervisors and other persons (excepting those

1 employed as independent contractors) who are paid
2 compensation, fees, allowances or other emolument for
3 official duties, and, in counties, the several county
4 fee offices.

5 (b) Serves as a township treasurer appointed under the
6 School Code, as heretofore or hereafter amended, and who
7 receives for such services regular compensation as
8 distinguished from per diem compensation, and any regular
9 employee in the office of any township treasurer whether or
10 not his earnings are paid from the income of the permanent
11 township fund or from funds subject to distribution to the
12 several school districts and parts of school districts as
13 provided in the School Code, or from both such sources; or
14 is the chief executive officer, chief educational officer,
15 chief fiscal officer, or other employee of a Financial
16 Oversight Panel established pursuant to Article 1H of the
17 School Code, other than a superintendent or certified
18 school business official, except that such person shall not
19 be treated as an employee under this Section if that person
20 has negotiated with the Financial Oversight Panel, in
21 conjunction with the school district, a contractual
22 agreement for exclusion from this Section.

23 (c) Holds an elective office in a municipality,
24 instrumentality thereof or participating instrumentality.

25 (2) "Employee" does not include persons who:

26 (a) Are eligible for inclusion under any of the

1 following laws:

2 1. "An Act in relation to an Illinois State
3 Teachers' Pension and Retirement Fund", approved May
4 27, 1915, as amended;

5 2. Articles 15 and 16 of this Code.

6 However, such persons shall be included as employees to
7 the extent of earnings that are not eligible for inclusion
8 under the foregoing laws for services not of an
9 instructional nature of any kind.

10 However, any member of the armed forces who is employed
11 as a teacher of subjects in the Reserve Officers Training
12 Corps of any school and who is not certified under the law
13 governing the certification of teachers shall be included
14 as an employee.

15 (b) Are designated by the governing body of a
16 municipality in which a pension fund is required by law to
17 be established for policemen or firemen, respectively, as
18 performing police or fire protection duties, except that
19 when such persons are the heads of the police or fire
20 department and are not eligible to be included within any
21 such pension fund, they shall be included within this
22 Article; provided, that such persons shall not be excluded
23 to the extent of concurrent service and earnings not
24 designated as being for police or fire protection duties.
25 However, (i) any head of a police department who was a
26 participant under this Article immediately before October

1 1, 1977 and did not elect, under Section 3-109 of this Act,
2 to participate in a police pension fund shall be an
3 "employee", and (ii) any chief of police who elects to
4 participate in this Fund under Section 3-109.1 of this
5 Code, regardless of whether such person continues to be
6 employed as chief of police or is employed in some other
7 rank or capacity within the police department, shall be an
8 employee under this Article for so long as such person is
9 employed to perform police duties by a participating
10 municipality and has not lawfully rescinded that election.

11 (c) After August 26, 2011 (the effective date of Public
12 Act 97-609), are contributors to or eligible to contribute
13 to a Taft-Hartley pension plan established on or before
14 June 1, 2011 and are employees of a theatre, arena, or
15 convention center that is located in a municipality located
16 in a county with a population greater than 5,000,000, and
17 to which the participating municipality is required to
18 contribute as the person's employer based on earnings from
19 the municipality. Nothing in this paragraph shall affect
20 service credit or creditable service for any period of
21 service prior to August 26, 2011, and this paragraph shall
22 not apply to individuals who are participating in the Fund
23 prior to August 26, 2011.

24 (d) Become an employee of any of the following
25 participating instrumentalities on or after the effective
26 date of this amendatory Act of the 98th General Assembly:

1 the Illinois Municipal League; the Illinois Association of
2 Park Districts; the Illinois Supervisors, County
3 Commissioners and Superintendents of Highways Association;
4 an association, or not-for-profit corporation, membership
5 in which is authorized under Section 85-15 of the Township
6 Code; the United Counties Council; or the Will County
7 Governmental League.

8 (3) All persons, including, without limitation, public
9 defenders and probation officers, who receive earnings from
10 general or special funds of a county for performance of
11 personal services or official duties within the territorial
12 limits of the county, are employees of the county (unless
13 excluded by subsection (2) of this Section) notwithstanding
14 that they may be appointed by and are subject to the direction
15 of a person or persons other than a county board or a county
16 officer. It is hereby established that an employer-employee
17 relationship under the usual common law rules exists between
18 such employees and the county paying their salaries by reason
19 of the fact that the county boards fix their rates of
20 compensation, appropriate funds for payment of their earnings
21 and otherwise exercise control over them. This finding and this
22 amendatory Act shall apply to all such employees from the date
23 of appointment whether such date is prior to or after the
24 effective date of this amendatory Act and is intended to
25 clarify existing law pertaining to their status as
26 participating employees in the Fund.

1 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
2 97-813, eff. 7-13-12.)

3 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

4 Sec. 7-114. Earnings. "Earnings":

5 (a) An amount to be determined by the board, equal to the
6 sum of:

7 1. The total amount of money paid to an employee for
8 personal services or official duties as an employee (except
9 those employed as independent contractors) paid out of the
10 general fund, or out of any special funds controlled by the
11 municipality, or by any instrumentality thereof, or
12 participating instrumentality, including compensation,
13 fees, allowances, or other emolument paid for official
14 duties (but not including automobile maintenance, travel
15 expense, ~~or~~ reimbursements for expenditures incurred in
16 the performance of duties, or, in the case of a person who
17 first becomes a participant on or after the effective date
18 of this amendatory Act of the 98th General Assembly,
19 payments for unused sick or vacation time) and, for fee
20 offices, the fees or earnings of the offices to the extent
21 such fees are paid out of funds controlled by the
22 municipality, or instrumentality or participating
23 instrumentality; and

24 2. The money value, as determined by rules prescribed
25 by the governing body of the municipality, or

1 instrumentality thereof, of any board, lodging, fuel,
2 laundry, and other allowances provided an employee in lieu
3 of money.

4 (b) For purposes of determining benefits payable under this
5 fund payments to a person who is engaged in an independently
6 established trade, occupation, profession or business and who
7 is paid for his service on a basis other than a monthly or
8 other regular salary, are not earnings.

9 (c) If a disabled participating employee is eligible to
10 receive Workers' Compensation for an accidental injury and the
11 participating municipality or instrumentality which employed
12 the participating employee when injured continues to pay the
13 participating employee regular salary or other compensation or
14 pays the employee an amount in excess of the Workers'
15 Compensation amount, then earnings shall be deemed to be the
16 total payments, including an amount equal to the Workers'
17 Compensation payments. These payments shall be subject to
18 employee contributions and allocated as if paid to the
19 participating employee when the regular payroll amounts would
20 have been paid if the participating employee had continued
21 working, and creditable service shall be awarded for this
22 period.

23 (d) If an elected official who is a participating employee
24 becomes disabled but does not resign and is not removed from
25 office, then earnings shall include all salary payments made
26 for the remainder of that term of office and the official shall

1 be awarded creditable service for the term of office.

2 (e) If a participating employee is paid pursuant to "An Act
3 to provide for the continuation of compensation for law
4 enforcement officers, correctional officers and firemen who
5 suffer disabling injury in the line of duty", approved
6 September 6, 1973, as amended, the payments shall be deemed
7 earnings, and the participating employee shall be awarded
8 creditable service for this period.

9 (f) Additional compensation received by a person while
10 serving as a supervisor of assessments, assessor, deputy
11 assessor or member of a board of review from the State of
12 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax
13 Code shall not be earnings for purposes of this Article and
14 shall not be included in the contribution formula or
15 calculation of benefits for such person pursuant to this
16 Article.

17 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

18 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

19 Sec. 7-116. "Final rate of earnings":

20 (a) For retirement and survivor annuities, the monthly
21 earnings obtained by dividing the total earnings received by
22 the employee during the period of either (1) the 48 consecutive
23 months of service within the last 120 months of service in
24 which his total earnings were the highest or (2) the employee's
25 total period of service, by the number of months of service in

1 such period.

2 (b) For death benefits, the higher of the rate determined
3 under paragraph (a) of this Section or total earnings received
4 in the last 12 months of service divided by twelve. If the
5 deceased employee has less than 12 months of service, the
6 monthly final rate shall be the monthly rate of pay the
7 employee was receiving when he began service.

8 (c) For disability benefits, the total earnings of a
9 participating employee in the last 12 calendar months of
10 service prior to the date he becomes disabled divided by 12.

11 (d) In computing the final rate of earnings: (1) the
12 earnings rate for all periods of prior service shall be
13 considered equal to the average earnings rate for the last 3
14 calendar years of prior service for which creditable service is
15 received under Section 7-139 or, if there is less than 3 years
16 of creditable prior service, the average for the total prior
17 service period for which creditable service is received under
18 Section 7-139; (2) for out of state service and authorized
19 leave, the earnings rate shall be the rate upon which service
20 credits are granted; (3) periods of military leave shall not be
21 considered; (4) the earnings rate for all periods of disability
22 shall be considered equal to the rate of earnings upon which
23 the employee's disability benefits are computed for such
24 periods; (5) the earnings to be considered for each of the
25 final three months of the final earnings period for persons who
26 first became participants before January 1, 2012 and the

1 earnings to be considered for each of the final 24 months for
2 participants who first become participants on or after January
3 1, 2012 shall not exceed 125% of the highest earnings of any
4 other month in the final earnings period; ~~and~~ (6) the annual
5 amount of final rate of earnings shall be the monthly amount
6 multiplied by the number of months of service normally required
7 by the position in a year; and (7) in the case of a person who
8 first becomes a participant on or after the effective date of
9 this amendatory Act of the 98th General Assembly, payments for
10 unused sick or vacation time shall not be considered.

11 (Source: P.A. 97-609, eff. 1-1-12.)

12 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

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

18 1. For prior service: Each participating employee who
19 is an employee of a participating municipality or
20 participating instrumentality on the effective date shall
21 be granted creditable service, but no credits under
22 paragraph 2 of this subsection (a), for periods of prior
23 service for which credit has not been received under any
24 other pension fund or retirement system established under
25 this Code, as follows:

1 If the effective date of participation for the
2 participating municipality or participating
3 instrumentality is on or before January 1, 1998, creditable
4 service shall be granted for the entire period of prior
5 service with that employer without any employee
6 contribution.

7 If the effective date of participation for the
8 participating municipality or participating
9 instrumentality is after January 1, 1998, creditable
10 service shall be granted for the last 20% of the period of
11 prior service with that employer, but no more than 5 years,
12 without any employee contribution. A participating
13 employee may establish creditable service for the
14 remainder of the period of prior service with that employer
15 by making an application in writing, accompanied by payment
16 of an employee contribution in an amount determined by the
17 Fund, based on the employee contribution rates in effect at
18 the time of application for the creditable service and the
19 employee's salary rate on the effective date of
20 participation for that employer, plus interest at the
21 effective rate from the date of the prior service to the
22 date of payment. Application for this creditable service
23 may be made at any time while the employee is still in
24 service.

25 A municipality that (i) has at least 35 employees; (ii)
26 is located in a county with at least 2,000,000 inhabitants;

1 and (iii) maintains an independent defined benefit pension
2 plan for the benefit of its eligible employees may restrict
3 creditable service in whole or in part for periods of prior
4 service with the employer if the governing body of the
5 municipality adopts an irrevocable resolution to restrict
6 that creditable service and files the resolution with the
7 board before the municipality's effective date of
8 participation.

9 Any person who has withdrawn from the service of a
10 participating municipality or participating
11 instrumentality prior to the effective date, who reenters
12 the service of the same municipality or participating
13 instrumentality after the effective date and becomes a
14 participating employee is entitled to creditable service
15 for prior service as otherwise provided in this subdivision
16 (a)(1) only if he or she renders 2 years of service as a
17 participating employee after the effective date.
18 Application for such service must be made while in a
19 participating status. The salary rate to be used in the
20 calculation of the required employee contribution, if any,
21 shall be the employee's salary rate at the time of first
22 reentering service with the employer after the employer's
23 effective date of participation.

24 2. For current service, each participating employee
25 shall be credited with:

26 a. Additional credits of amounts equal to each

1 payment of additional contributions received from him
2 under Section 7-173, as of the date the corresponding
3 payment of earnings is payable to him.

4 b. Normal credits of amounts equal to each payment
5 of normal contributions received from him, as of the
6 date the corresponding payment of earnings is payable
7 to him, and normal contributions made for the purpose
8 of establishing out-of-state service credits as
9 permitted under the conditions set forth in paragraph 6
10 of this subsection (a).

11 c. Municipality credits in an amount equal to 1.4
12 times the normal credits, except those established by
13 out-of-state service credits, as of the date of
14 computation of any benefit if these credits would
15 increase the benefit.

16 d. Survivor credits equal to each payment of
17 survivor contributions received from the participating
18 employee as of the date the corresponding payment of
19 earnings is payable, and survivor contributions made
20 for the purpose of establishing out-of-state service
21 credits.

22 3. For periods of temporary and total and permanent
23 disability benefits, each employee receiving disability
24 benefits shall be granted creditable service for the period
25 during which disability benefits are payable. Normal and
26 survivor credits, based upon the rate of earnings applied

1 for disability benefits, shall also be granted if such
2 credits would result in a higher benefit to any such
3 employee or his beneficiary.

4 4. For authorized leave of absence without pay: A
5 participating employee shall be granted credits and
6 creditable service for periods of authorized leave of
7 absence without pay under the following conditions:

8 a. An application for credits and creditable
9 service is submitted to the board while the employee is
10 in a status of active employment.

11 b. Not more than 12 complete months of creditable
12 service for authorized leave of absence without pay
13 shall be counted for purposes of determining any
14 benefits payable under this Article.

15 c. Credits and creditable service shall be granted
16 for leave of absence only if such leave is approved by
17 the governing body of the municipality, including
18 approval of the estimated cost thereof to the
19 municipality as determined by the fund, and employee
20 contributions, plus interest at the effective rate
21 applicable for each year from the end of the period of
22 leave to date of payment, have been paid to the fund in
23 accordance with Section 7-173. The contributions shall
24 be computed upon the assumption earnings continued
25 during the period of leave at the rate in effect when
26 the leave began.

1 d. Benefits under the provisions of Sections
2 7-141, 7-146, 7-150 and 7-163 shall become payable to
3 employees on authorized leave of absence, or their
4 designated beneficiary, only if such leave of absence
5 is creditable hereunder, and if the employee has at
6 least one year of creditable service other than the
7 service granted for leave of absence. Any employee
8 contributions due may be deducted from any benefits
9 payable.

10 e. No credits or creditable service shall be
11 allowed for leave of absence without pay during any
12 period of prior service.

13 5. For military service: The governing body of a
14 municipality or participating instrumentality may elect to
15 allow creditable service to participating employees who
16 leave their employment to serve in the armed forces of the
17 United States for all periods of such service, provided
18 that the person returns to active employment within 90 days
19 after completion of full time active duty, but no
20 creditable service shall be allowed such person for any
21 period that can be used in the computation of a pension or
22 any other pay or benefit, other than pay for active duty,
23 for service in any branch of the armed forces of the United
24 States. If necessary to the computation of any benefit, the
25 board shall establish municipality credits for
26 participating employees under this paragraph on the

1 assumption that the employee received earnings at the rate
2 received at the time he left the employment to enter the
3 armed forces. A participating employee in the armed forces
4 shall not be considered an employee during such period of
5 service and no additional death and no disability benefits
6 are payable for death or disability during such period.

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

23 Notwithstanding the foregoing, any participating
24 employee shall be entitled to creditable service as
25 required by any federal law relating to re-employment
26 rights of persons who served in the United States Armed

1 Services. Such creditable service shall be granted upon
2 payment by the member of an amount equal to the employee
3 contributions which would have been required had the
4 employee continued in service at the same rate of earnings
5 during the military leave period, plus interest at the
6 effective rate.

7 5.1. In addition to any creditable service established
8 under paragraph 5 of this subsection (a), creditable
9 service may be granted for up to 48 months of service in
10 the armed forces of the United States.

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

25 The changes made to this paragraph 5.1 by Public Acts
26 95-483 and 95-486 apply only to participating employees in

1 service on or after August 28, 2007 (the effective date of
2 those Public Acts).

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

23 7. For retroactive service: Any employee who could have
24 but did not elect to become a participating employee, or
25 who should have been a participant in the Municipal Public
26 Utilities Annuity and Benefit Fund before that fund was

1 superseded, may receive creditable service for the period
2 of service not to exceed 50 months; however, a current or
3 former elected or appointed official of a participating
4 municipality may establish credit under this paragraph 7
5 for more than 50 months of service as an official of that
6 municipality, if the excess over 50 months is approved by
7 resolution of the governing body of the affected
8 municipality filed with the Fund before January 1, 2002.

9 Any employee who is a participating employee on or
10 after September 24, 1981 and who was excluded from
11 participation by the age restrictions removed by Public Act
12 82-596 may receive creditable service for the period, on or
13 after January 1, 1979, excluded by the age restriction and,
14 in addition, if the governing body of the participating
15 municipality or participating instrumentality elects to
16 allow creditable service for all employees excluded by the
17 age restriction prior to January 1, 1979, for service
18 during the period prior to that date excluded by the age
19 restriction. Any employee who was excluded from
20 participation by the age restriction removed by Public Act
21 82-596 and who is not a participating employee on or after
22 September 24, 1981 may receive creditable service for
23 service after January 1, 1979. Creditable service under
24 this paragraph shall be granted upon payment of the
25 employee contributions which would have been required had
26 he participated, with interest at the effective rate for

1 each year from the end of the period of service established
2 to date of payment.

3 8. For accumulated unused sick leave: A participating
4 employee who first becomes a participating employee before
5 the effective date of this amendatory Act of the 98th
6 General Assembly and who is applying for a retirement
7 annuity shall be entitled to creditable service for that
8 portion of the employee's accumulated unused sick leave for
9 which payment is not received, as follows:

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

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

24 b-1. If the employee was in the service of more
25 than one employer as defined in item (2) of paragraph
26 (a) of subsection (A) of Section 7-132, then the sick

1 leave days from all such employers shall be credited,
2 as long as the creditable service attributed to those
3 sick leave days does not exceed the limitation in item
4 f of this paragraph 8. In calculating the creditable
5 service under this item b-1, the sick leave days from
6 the last employer shall be considered first, then the
7 remaining sick leave days shall be considered until
8 there are no more days or the maximum creditable sick
9 leave threshold under item f of this paragraph 8 has
10 been reached.

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

18 d. The creditable service shall be at the rate of
19 1/20 of a month for each full sick day, provided that
20 no more than 12 months may be credited under this
21 subdivision 8.

22 e. Employee contributions shall not be required
23 for creditable service under this subdivision 8.

24 f. Each participating municipality and
25 participating instrumentality with which an employee
26 has service within 60 days of the effective date of his

1 retirement annuity shall certify to the board the
2 number of accumulated unpaid sick leave days credited
3 to the employee at the time of termination of service.

4 9. For service transferred from another system:
5 Credits and creditable service shall be granted for service
6 under Article 3, 4, 5, 8, 14, or 16 of this Act, to any
7 active member of this Fund, and to any inactive member who
8 has been a county sheriff, upon transfer of such credits
9 pursuant to Section 3-110.3, 4-108.3, 5-235, 8-226.7,
10 14-105.6, or 16-131.4, and payment by the member of the
11 amount by which (1) the employer and employee contributions
12 that would have been required if he had participated in
13 this Fund as a sheriff's law enforcement employee during
14 the period for which credit is being transferred, plus
15 interest thereon at the effective rate for each year,
16 compounded annually, from the date of termination of the
17 service for which credit is being transferred to the date
18 of payment, exceeds (2) the amount actually transferred to
19 the Fund. Such transferred service shall be deemed to be
20 service as a sheriff's law enforcement employee for the
21 purposes of Section 7-142.1.

22 10. For service transferred from an Article 3 system
23 under Section 3-110.8: Credits and creditable service
24 shall be granted for service under Article 3 of this Act as
25 provided in Section 3-110.8, to any active member of this
26 Fund upon transfer of such credits pursuant to Section

1 3-110.8. If the amount by which (1) the employer and
2 employee contributions that would have been required if he
3 had participated in this Fund during the period for which
4 credit is being transferred, plus interest thereon at the
5 effective rate for each year, compounded annually, from the
6 date of termination of the service for which credit is
7 being transferred to the date of payment, exceeds (2) the
8 amount actually transferred to the Fund, then the amount of
9 creditable service established under this paragraph 10
10 shall be reduced by a corresponding amount in accordance
11 with the rules and procedures established under this
12 paragraph 10.

13 The board shall establish by rule the manner of making
14 the calculation required under this paragraph 10, taking
15 into account the appropriate actuarial assumptions; the
16 member's service, age, and salary history; the level of
17 funding of the employer; and any other factors that the
18 board determines to be relevant.

19 Until January 1, 2010, members who transferred service
20 from an Article 3 system under the provisions of Public Act
21 94-356 may establish additional credit in this Fund, but
22 only up to the amount of the service credit reduction in
23 that transfer, as calculated under the actuarial
24 assumptions. This credit may be established upon payment by
25 the member of an amount to be determined by the board,
26 equal to (1) the amount that would have been contributed as

1 employee and employer contributions had all the service
2 been as an employee under this Article, plus interest
3 thereon compounded annually from the date of service to the
4 date of transfer, less (2) the total amount transferred
5 from the Article 3 system, plus (3) interest on the
6 difference at the effective rate for each year, compounded
7 annually, from the date of the transfer to the date of
8 payment. The additional service credit is allowed under
9 this amendatory Act of the 95th General Assembly
10 notwithstanding the provisions of Article 3 terminating
11 all transferred credits on the date of transfer.

12 (b) Creditable service - amount:

13 1. One month of creditable service shall be allowed for
14 each month for which a participating employee made
15 contributions as required under Section 7-173, or for which
16 creditable service is otherwise granted hereunder. Not
17 more than 1 month of service shall be credited and counted
18 for 1 calendar month, and not more than 1 year of service
19 shall be credited and counted for any calendar year. A
20 calendar month means a nominal month beginning on the first
21 day thereof, and a calendar year means a year beginning
22 January 1 and ending December 31.

23 2. A seasonal employee shall be given 12 months of
24 creditable service if he renders the number of months of
25 service normally required by the position in a 12-month
26 period and he remains in service for the entire 12-month

1 period. Otherwise a fractional year of service in the
2 number of months of service rendered shall be credited.

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

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

18 (d) Upon the granting of a retirement, surviving spouse or
19 child annuity, a death benefit or a separation benefit, on
20 account of any employee, all individual accumulated credits
21 shall thereupon terminate. Upon the withdrawal of additional
22 contributions, the credits applicable thereto shall thereupon
23 terminate. Terminated credits shall not be applied to increase
24 the benefits any remaining employee would otherwise receive
25 under this Article.

26 (Source: P.A. 96-299, eff. 8-11-09; 97-415, eff. 8-16-11.)

1 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)

2 Sec. 9-219. Computation of service.

3 (1) 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.

9 (2) In computing the term of service of any employee on or
10 after the effective date, the following periods of time shall
11 be counted as periods of service for age and service, widow's
12 and child's annuity purposes:

13 (a) The time during which he performed the duties of
14 his position.

15 (b) Vacations, leaves of absence with whole or part
16 pay, and leaves of absence without pay not longer than 90
17 days.

18 (c) For an employee who is a member of a county police
19 department or a correctional officer with the county
20 department of corrections, approved leaves of absence
21 without pay during which the employee serves as a full-time
22 officer or employee of an employee association, the
23 membership of which consists of other participants in the
24 Fund, provided that the employee contributes to the Fund

25 (1) the amount that he would have contributed had he

1 remained an active employee in the position he occupied at
2 the time the leave of absence was granted, (2) an amount
3 calculated by the Board representing employer
4 contributions, and (3) regular interest thereon from the
5 date of service to the date of payment. However, if the
6 employee's application to establish credit under this
7 subsection is received by the Fund on or after July 1, 2002
8 and before July 1, 2003, the amount representing employer
9 contributions specified in item (2) shall be waived.

10 For a former member of a county police department who
11 has received a refund under Section 9-164, periods during
12 which the employee serves as head of an employee
13 association, the membership of which consists of other
14 police officers, provided that the employee contributes to
15 the Fund (1) the amount that he would have contributed had
16 he remained an active member of the county police
17 department in the position he occupied at the time he left
18 service, (2) an amount calculated by the Board representing
19 employer contributions, and (3) regular interest thereon
20 from the date of service to the date of payment. However,
21 if the former member of the county police department
22 retires on or after January 1, 1993 but no later than March
23 1, 1993, the amount representing employer contributions
24 specified in item (2) shall be waived.

25 For leaves of absence to which this item (c) applies
26 and for other periods to which this item (c) applies,

1 including those leaves of absence and other periods of
2 service beginning before January 5, 2012 (the effective
3 date of Public Act 97-651) ~~this amendatory Act of the 97th~~
4 ~~General Assembly~~, the employee or former member must
5 continue to remain in sworn status, subject to the
6 professional standards of the public employer or those
7 terms established in statute.

8 (d) Any period of disability for which he received
9 disability benefit or whole or part pay.

10 (e) For a person who first becomes an employee before
11 the effective date of this amendatory Act of the 98th
12 General Assembly, accumulated ~~Accumulated~~ vacation or
13 other time for which an employee who retires on or after
14 November 1, 1990 receives a lump sum payment at the time of
15 retirement, provided that contributions were made to the
16 fund at the time such lump sum payment was received. The
17 service granted for the lump sum payment shall not change
18 the employee's date of withdrawal for computing the
19 effective date of the annuity.

20 (f) An employee who first becomes an employee before
21 the effective date of this amendatory Act of the 98th
22 General Assembly may receive service credit for annuity
23 purposes for accumulated sick leave as of the date of the
24 employee's withdrawal from service, not to exceed a total
25 of 180 days, provided that the amount of such accumulated
26 sick leave is certified by the County Comptroller to the

1 Board and the employee pays an amount equal to 8.5% (9% for
2 members of the County Police Department who are eligible to
3 receive an annuity under Section 9-128.1) of the amount
4 that would have been paid had such accumulated sick leave
5 been paid at the employee's final rate of salary. Such
6 payment shall be made within 30 days after the date of
7 withdrawal and prior to receipt of the first annuity check.
8 The service credit granted for such accumulated sick leave
9 shall not change the employee's date of withdrawal for the
10 purpose of computing the effective date of the annuity.

11 (3) In computing the term of service of an employee on or
12 after the effective date for ordinary disability benefit
13 purposes, the following periods of time shall be counted as
14 periods of service:

15 (a) Unless otherwise specified in Section 9-157, the
16 time during which he performed the duties of his position.

17 (b) Paid vacations and leaves of absence with whole or
18 part pay.

19 (c) Any period for which he received duty disability
20 benefit.

21 (d) Any period of disability for which he received
22 whole or part pay.

23 (4) For an employee who on January 1, 1958, was transferred
24 by Act of the 70th General Assembly from his position in a
25 department of welfare of any city located in the county in
26 which this Article is in force and effect to a similar position

1 in a department of such county, service shall also be credited
2 for ordinary disability benefit and child's annuity for such
3 period of department of welfare service during which period he
4 was a contributor to a statutory annuity and benefit fund in
5 such city and for which purposes service credit would otherwise
6 not be credited by virtue of such involuntary transfer.

7 (5) An employee described in subsection (e) of Section
8 9-108 shall receive credit for child's annuity and ordinary
9 disability benefit for the period of time for which he was
10 credited with service in the fund from which he was
11 involuntarily separated through class or group transfer;
12 provided, that no such credit shall be allowed to the extent
13 that it results in a duplication of credits or benefits, and
14 neither shall such credit be allowed to the extent that it was
15 or may be forfeited by the application for and acceptance of a
16 refund from the fund from which the employee was transferred.

17 (6) Overtime or extra service shall not be included in
18 computing service. Not more than 1 year of service shall be
19 allowed for service rendered during any calendar year.

20 (7) Unused sick or vacation time shall not be used to
21 compute the service of an employee who first becomes an
22 employee on or after the effective date of this amendatory Act
23 of the 98th General Assembly.

24 (Source: P.A. 97-651, eff. 1-5-12.)

25 (40 ILCS 5/9-220) (from Ch. 108 1/2, par. 9-220)

1 Sec. 9-220. Basis of service credit.

2 (a) In computing the period of service of any employee for
3 annuity purposes under Section 9-134, the following provisions
4 shall govern:

5 (1) All periods prior to the effective date shall be
6 computed in accordance with the provisions governing the
7 computation of such service.

8 (2) Service on or after the effective date shall
9 include:

10 (i) The actual period of time the employee
11 contributes or has contributed to the fund for service
12 rendered to age 65 plus the actual period of time after
13 age 65 for which the employee performs the duties of
14 his position or performs such duties and is given a
15 county contribution for age and service annuity or
16 minimum annuity purposes.

17 (ii) Leaves of absence from duty, or vacation, for
18 which an employee receives all or part of his salary.

19 (iii) For a person who first becomes an employee
20 before the effective date of this amendatory Act of the
21 98th General Assembly, accumulated ~~Accumulated~~
22 vacation or other time for which an employee who
23 retires on or after November 1, 1990 receives a lump
24 sum payment at the time of retirement, provided that
25 contributions were made to the fund at the time such
26 lump sum payment was received. The service granted for

1 the lump sum payment shall not change the employee's
2 date of withdrawal for computing the effective date of
3 the annuity.

4 (iv) For a person who first becomes an employee
5 before the effective date of this amendatory Act of the
6 98th General Assembly, accumulated ~~Accumulated~~ sick
7 leave as of the date of the employee's withdrawal from
8 service, not to exceed a total of 180 days, provided
9 that the amount of such accumulated sick leave is
10 certified by the County Comptroller to the Board and
11 the employee pays an amount equal to 8.5% (9% for
12 members of the County Police Department who are
13 eligible to receive an annuity under Section 9-128.1)
14 of the amount that would have been paid had such
15 accumulated sick leave been paid at the employee's
16 final rate of salary. Such payment shall be made within
17 30 days after the date of withdrawal and prior to
18 receipt of the first annuity check. The service credit
19 granted for such accumulated sick leave shall not
20 change the employee's date of withdrawal for the
21 purpose of computing the effective date of the annuity.

22 (v) Periods during which the employee has had
23 contributions for annuity purposes made for him in
24 accordance with law while on military leave of absence
25 during World War II.

26 (vi) Periods during which the employee receives a

1 disability benefit under this Article.

2 (vii) For any person who first becomes a member on
3 or after January 1, 2011, the actual period of time the
4 employee contributes or has contributed to the fund for
5 service rendered up to the limitation on salary in
6 subsection (b-5) of Section 1-160 plus the actual
7 period of time thereafter for which the employee
8 performs the duties of his position and ceased
9 contributing due to the salary limitation in
10 subsection (b-5) of Section 1-160.

11 (3) The right to have certain periods of time
12 considered as service as stated in paragraph (2) of Section
13 9-164 shall not apply for annuity purposes unless the
14 refunds shall have been repaid in accordance with this
15 Article.

16 (4) All service shall be computed in whole calendar
17 months, and at least 15 days of service in any one calendar
18 month shall constitute one calendar month of service, and 1
19 year of service shall be equal to the number of months,
20 days or hours for which an appropriation was made in the
21 annual appropriation ordinance for the position held by the
22 employee.

23 (5) Unused sick or vacation time shall not be used to
24 compute the service of an employee who first becomes an
25 employee on or after the effective date of this amendatory
26 Act of the 98th General Assembly.

1 (b) For all other annuity purposes of this Article the
2 following schedule shall govern the computation of a year of
3 service of an employee whose salary or wages is on the basis
4 stated, and any fractional part of a year of service shall be
5 determined according to said schedule:

6 Annual or Monthly Basis: Service during 4 months in any 1
7 calendar year;

8 Weekly Basis: Service during any 17 weeks of any 1 calendar
9 year, and service during any week shall constitute a week of
10 service;

11 Daily Basis: Service during 100 days in any 1 calendar
12 year, and service during any day shall constitute a day of
13 service;

14 Hourly Basis: Service during 800 hours in any 1 calendar
15 year, and service during any hour shall constitute an hour of
16 service.

17 (Source: P.A. 96-1490, eff. 1-1-11.)

18 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

19 Sec. 14-104.3. Notwithstanding provisions contained in
20 Section 14-103.10, any person who first becomes a member before
21 the effective date of this amendatory Act of the 98th General
22 Assembly and who at the time of retirement and after December
23 6, 1983 receives compensation in a lump sum for accumulated
24 vacation, sickness, or personal business may receive service
25 credit for such periods by making contributions within 90 days

1 of withdrawal, based on the rate of compensation in effect
2 immediately prior to retirement and the contribution rate then
3 in effect. Any person who first becomes a member on or after
4 the effective date of this amendatory Act of the 98th General
5 Assembly and who receives compensation in a lump sum for
6 accumulated vacation, sickness, or personal business may not
7 receive service credit for such periods. Exercising the option
8 provided in this Section shall not change a member's date of
9 withdrawal or final average compensation for purposes of
10 computing the amount or effective date of a retirement annuity.
11 Any annuitant who establishes service credit as herein provided
12 shall have his retirement annuity adjusted retroactively to the
13 date of retirement.

14 (Source: P.A. 83-1362.)

15 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

16 Sec. 14-106. Membership service credit.

17 (a) After January 1, 1944, all service of a member since he
18 last became a member with respect to which contributions are
19 made shall count as membership service; provided, that for
20 service on and after July 1, 1950, 12 months of service shall
21 constitute a year of membership service, the completion of 15
22 days or more of service during any month shall constitute 1
23 month of membership service, 8 to 15 days shall constitute 1/2
24 month of membership service and less than 8 days shall
25 constitute 1/4 month of membership service. The payroll record

1 of each department shall constitute conclusive evidence of the
2 record of service rendered by a member.

3 (b) For a member who is employed and paid on an
4 academic-year basis rather than on a 12-month annual basis,
5 employment for a full academic year shall constitute a full
6 year of membership service, except that the member shall not
7 receive more than one year of membership service credit (plus
8 any additional service credit granted for unused sick leave)
9 for service during any 12-month period. This subsection (b)
10 applies to all such service for which the member has not begun
11 to receive a retirement annuity before January 1, 2001.

12 (c) A person who first becomes a member before the
13 effective date of this amendatory Act of the 98th General
14 Assembly shall be entitled to additional service credit, under
15 rules prescribed by the Board, for accumulated unused sick
16 leave credited to his account in the last Department on the
17 date of withdrawal from service or for any period for which he
18 would have been eligible to receive benefits under a sick pay
19 plan authorized by law, if he had suffered a sickness or
20 accident on the date of withdrawal from service. It shall be
21 the responsibility of the last Department to certify to the
22 Board the length of time salary or benefits would have been
23 paid to the member based upon the accumulated unused sick leave
24 or the applicable sick pay plan if he had become entitled
25 thereto because of sickness on the date that his status as an
26 employee terminated. This period of service credit granted

1 under this paragraph shall not be considered in determining the
2 date the retirement annuity is to begin, or final average
3 compensation.

4 (d) A person who first becomes a member on or after the
5 effective date of this amendatory Act of the 98th General
6 Assembly shall not be entitled to additional service credit for
7 accumulated unused sick leave.

8 (Source: P.A. 92-14, eff. 6-28-01.)

9 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

10 Sec. 15-106. Employer. "Employer": The University of
11 Illinois, Southern Illinois University, Chicago State
12 University, Eastern Illinois University, Governors State
13 University, Illinois State University, Northeastern Illinois
14 University, Northern Illinois University, Western Illinois
15 University, the State Board of Higher Education, the Illinois
16 Mathematics and Science Academy, the University Civil Service
17 Merit Board, the Board of Trustees of the State Universities
18 Retirement System, the Illinois Community College Board,
19 community college boards, any association of community college
20 boards organized under Section 3-55 of the Public Community
21 College Act, the Board of Examiners established under the
22 Illinois Public Accounting Act, and, only during the period for
23 which employer contributions required under Section 15-155 are
24 paid, the following organizations: the alumni associations,
25 the foundations and the athletic associations which are

1 affiliated with the universities and colleges included in this
2 Section as employers. An individual that begins employment
3 after the effective date of this amendatory Act of the 98th
4 General Assembly with an entity not defined as an employer in
5 this Section shall not be deemed an employee for the purposes
6 of this Article with respect to that employment and shall not
7 be eligible to participate in the System with respect to that
8 employment; provided, however, that those individuals who are
9 both employed and already participants in the System on the
10 effective date of this amendatory Act of the 98th General
11 Assembly shall be allowed to continue as participants in the
12 System for the duration of that employment.

13 Notwithstanding any provision of law to the contrary, an
14 individual who begins employment with any of the following
15 employers on or after the effective date of this amendatory Act
16 of the 98th General Assembly shall not be deemed an employee
17 and shall not be eligible to participate in the System with
18 respect to that employment: any association of community
19 college boards organized under Section 3-55 of the Public
20 Community College Act, the Association of Illinois
21 Middle-Grade Schools, the Illinois Association of School
22 Administrators, the Illinois Association for Supervision and
23 Curriculum Development, the Illinois Principals Association,
24 the Illinois Association of School Business Officials, or the
25 Illinois Special Olympics; provided, however, that those
26 individuals who are both employed and already participants in

1 the System on the effective date of this amendatory Act of the
2 98th General Assembly shall be allowed to continue as
3 participants in the System for the duration of that employment.

4 A department as defined in Section 14-103.04 is an employer
5 for any person appointed by the Governor under the Civil
6 Administrative Code of Illinois who is a participating employee
7 as defined in Section 15-109. The Department of Central
8 Management Services is an employer with respect to persons
9 employed by the State Board of Higher Education in positions
10 with the Illinois Century Network as of June 30, 2004 who
11 remain continuously employed after that date by the Department
12 of Central Management Services in positions with the Illinois
13 Century Network, the Bureau of Communication and Computer
14 Services, or, if applicable, any successor bureau.

15 The cities of Champaign and Urbana shall be considered
16 employers, but only during the period for which contributions
17 are required to be made under subsection (b-1) of Section
18 15-155 and only with respect to individuals described in
19 subsection (h) of Section 15-107.

20 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
21 Sec. 999.)

22 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

23 Sec. 15-107. Employee.

24 (a) "Employee" means any member of the educational,
25 administrative, secretarial, clerical, mechanical, labor or

1 other staff of an employer whose employment is permanent and
2 continuous or who is employed in a position in which services
3 are expected to be rendered on a continuous basis for at least
4 4 months or one academic term, whichever is less, who (A)
5 receives payment for personal services on a warrant issued
6 pursuant to a payroll voucher certified by an employer and
7 drawn by the State Comptroller upon the State Treasurer or by
8 an employer upon trust, federal or other funds, or (B) is on a
9 leave of absence without pay. Employment which is irregular,
10 intermittent or temporary shall not be considered continuous
11 for purposes of this paragraph.

12 However, a person is not an "employee" if he or she:

13 (1) is a student enrolled in and regularly attending
14 classes in a college or university which is an employer,
15 and is employed on a temporary basis at less than full
16 time;

17 (2) is currently receiving a retirement annuity or a
18 disability retirement annuity under Section 15-153.2 from
19 this System;

20 (3) is on a military leave of absence;

21 (4) is eligible to participate in the Federal Civil
22 Service Retirement System and is currently making
23 contributions to that system based upon earnings paid by an
24 employer;

25 (5) is on leave of absence without pay for more than 60
26 days immediately following termination of disability

1 benefits under this Article;

2 (6) is hired after June 30, 1979 as a public service
3 employment program participant under the Federal
4 Comprehensive Employment and Training Act and receives
5 earnings in whole or in part from funds provided under that
6 Act; or

7 (7) is employed on or after July 1, 1991 to perform
8 services that are excluded by subdivision (a)(7)(f) or
9 (a)(19) of Section 210 of the federal Social Security Act
10 from the definition of employment given in that Section (42
11 U.S.C. 410).

12 (b) Any employer may, by filing a written notice with the
13 board, exclude from the definition of "employee" all persons
14 employed pursuant to a federally funded contract entered into
15 after July 1, 1982 with a federal military department in a
16 program providing training in military courses to federal
17 military personnel on a military site owned by the United
18 States Government, if this exclusion is not prohibited by the
19 federally funded contract or federal laws or rules governing
20 the administration of the contract.

21 (c) Any person appointed by the Governor under the Civil
22 Administrative Code of the State is an employee, if he or she
23 is a participant in this system on the effective date of the
24 appointment.

25 (d) A participant on lay-off status under civil service
26 rules is considered an employee for not more than 120 days from

1 the date of the lay-off.

2 (e) A participant is considered an employee during (1) the
3 first 60 days of disability leave, (2) the period, not to
4 exceed one year, in which his or her eligibility for disability
5 benefits is being considered by the board or reviewed by the
6 courts, and (3) the period he or she receives disability
7 benefits under the provisions of Section 15-152, workers'
8 compensation or occupational disease benefits, or disability
9 income under an insurance contract financed wholly or partially
10 by the employer.

11 (f) Absences without pay, other than formal leaves of
12 absence, of less than 30 calendar days, are not considered as
13 an interruption of a person's status as an employee. If such
14 absences during any period of 12 months exceed 30 work days,
15 the employee status of the person is considered as interrupted
16 as of the 31st work day.

17 (g) A staff member whose employment contract requires
18 services during an academic term is to be considered an
19 employee during the summer and other vacation periods, unless
20 he or she declines an employment contract for the succeeding
21 academic term or his or her employment status is otherwise
22 terminated, and he or she receives no earnings during these
23 periods.

24 (h) An individual who was a participating employee employed
25 in the fire department of the University of Illinois's
26 Champaign-Urbana campus immediately prior to the elimination

1 of that fire department and who immediately after the
2 elimination of that fire department became employed by the fire
3 department of the City of Urbana or the City of Champaign shall
4 continue to be considered as an employee for purposes of this
5 Article for so long as the individual remains employed as a
6 firefighter by the City of Urbana or the City of Champaign. The
7 individual shall cease to be considered an employee under this
8 subsection (h) upon the first termination of the individual's
9 employment as a firefighter by the City of Urbana or the City
10 of Champaign.

11 (i) An individual who is employed on a full-time basis as
12 an officer or employee of a statewide teacher organization that
13 serves System participants or an officer of a national teacher
14 organization that serves System participants may participate
15 in the System and shall be deemed an employee, provided that
16 (1) the individual has previously earned creditable service
17 under this Article, (2) the individual files with the System an
18 irrevocable election to become a participant before the
19 effective date of this amendatory Act of the 97th General
20 Assembly, (3) the individual does not receive credit for that
21 employment under any other Article of this Code, and (4) the
22 individual first became a full-time employee of the teacher
23 organization and becomes a participant before the effective
24 date of this amendatory Act of the 97th General Assembly. An
25 employee under this subsection (i) is responsible for paying to
26 the System both (A) employee contributions based on the actual

1 compensation received for service with the teacher
2 organization and (B) employer contributions equal to the normal
3 costs (as defined in Section 15-155) resulting from that
4 service; all or any part of these contributions may be paid on
5 the employee's behalf or picked up for tax purposes (if
6 authorized under federal law) by the teacher organization.

7 A person who is an employee as defined in this subsection
8 (i) may establish service credit for similar employment prior
9 to becoming an employee under this subsection by paying to the
10 System for that employment the contributions specified in this
11 subsection, plus interest at the effective rate from the date
12 of service to the date of payment. However, credit shall not be
13 granted under this subsection for any such prior employment for
14 which the applicant received credit under any other provision
15 of this Code, or during which the applicant was on a leave of
16 absence under Section 15-113.2.

17 (j) A person employed by the State Board of Higher
18 Education in a position with the Illinois Century Network as of
19 June 30, 2004 shall be considered to be an employee for so long
20 as he or she remains continuously employed after that date by
21 the Department of Central Management Services in a position
22 with the Illinois Century Network, the Bureau of Communication
23 and Computer Services, or, if applicable, any successor bureau
24 and meets the requirements of subsection (a).

25 (k) In the case of doubt as to whether any person is an
26 employee within the meaning of this Section, the decision of

1 the Board shall be final.

2 (Source: P.A. 97-651, eff. 1-5-12.)

3 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

4 Sec. 15-112. Final rate of earnings.

5 "Final rate of earnings":

6 (a) This subsection (a) applies only to a person who first
7 becomes a participant of any system before January 1, 2011.

8 For an employee who is paid on an hourly basis or who
9 receives an annual salary in installments during 12 months of
10 each academic year, the average annual earnings during the 48
11 consecutive calendar month period ending with the last day of
12 final termination of employment or the 4 consecutive academic
13 years of service in which the employee's earnings were the
14 highest, whichever is greater. For any other employee, the
15 average annual earnings during the 4 consecutive academic years
16 of service in which his or her earnings were the highest. For
17 an employee with less than 48 months or 4 consecutive academic
18 years of service, the average earnings during his or her entire
19 period of service. The earnings of an employee with more than
20 36 months of service prior to the date of becoming a
21 participant are, for such period, considered equal to the
22 average earnings during the last 36 months of such service.

23 (b) This subsection (b) applies to a person to whom
24 subsection (a) does not apply.

25 For an employee who is paid on an hourly basis or who

1 receives an annual salary in installments during 12 months of
2 each academic year, the average annual earnings obtained by
3 dividing by 8 the total earnings of the employee during the 96
4 consecutive months in which the total earnings were the highest
5 within the last 120 months prior to termination.

6 For any other employee, the average annual earnings during
7 the 8 consecutive academic years within the 10 years prior to
8 termination in which the employee's earnings were the highest.
9 For an employee with less than 96 consecutive months or 8
10 consecutive academic years of service, whichever is necessary,
11 the average earnings during his or her entire period of
12 service.

13 (c) For an employee on leave of absence with pay, or on
14 leave of absence without pay who makes contributions during
15 such leave, earnings are assumed to be equal to the basic
16 compensation on the date the leave began.

17 (d) For an employee on disability leave, earnings are
18 assumed to be equal to the basic compensation on the date
19 disability occurs or the average earnings during the 24 months
20 immediately preceding the month in which disability occurs,
21 whichever is greater.

22 (e) For a participant who retires on or after the effective
23 date of this amendatory Act of 1997 with at least 20 years of
24 service as a firefighter or police officer under this Article,
25 the final rate of earnings shall be the annual rate of earnings
26 received by the participant on his or her last day as a

1 firefighter or police officer under this Article, if that is
2 greater than the final rate of earnings as calculated under the
3 other provisions of this Section.

4 (f) If a participant to whom subsection (a) of this Section
5 applies is an employee for at least 6 months during the
6 academic year in which his or her employment is terminated, the
7 annual final rate of earnings shall be 25% of the sum of (1)
8 the annual basic compensation for that year, and (2) the amount
9 earned during the 36 months immediately preceding that year, if
10 this is greater than the final rate of earnings as calculated
11 under the other provisions of this Section.

12 (g) In the determination of the final rate of earnings for
13 an employee, that part of an employee's earnings for any
14 academic year beginning after June 30, 1997, which exceeds the
15 employee's earnings with that employer for the preceding year
16 by more than 20 percent shall be excluded; in the event that an
17 employee has more than one employer this limitation shall be
18 calculated separately for the earnings with each employer. In
19 making such calculation, only the basic compensation of
20 employees shall be considered, without regard to vacation or
21 overtime or to contracts for summer employment.

22 (h) The following are not considered as earnings in
23 determining final rate of earnings: (1) severance or separation
24 pay, (2) retirement pay, (3) payment for unused sick leave, and
25 (4) payments from an employer for the period used in
26 determining final rate of earnings for any purpose other than

1 (i) services rendered, (ii) leave of absence or vacation
2 granted during that period, and (iii) vacation of up to 56 work
3 days allowed upon termination of employment; except that, if
4 the benefit has been collectively bargained between the
5 employer and the recognized collective bargaining agent
6 pursuant to the Illinois Educational Labor Relations Act,
7 payment received during a period of up to 2 academic years for
8 unused sick leave may be considered as earnings in accordance
9 with the applicable collective bargaining agreement, subject
10 to the 20% increase limitation of this Section, and if the
11 person first becomes a participant on or after the effective
12 date of this amendatory Act of the 98th General Assembly,
13 payments for unused sick or vacation time shall not be
14 considered as earnings. Any unused sick leave considered as
15 earnings under this Section shall not be taken into account in
16 calculating service credit under Section 15-113.4.

17 (i) Intermittent periods of service shall be considered as
18 consecutive in determining final rate of earnings.

19 (Source: P.A. 96-1490, eff. 1-1-11.)

20 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

21 Sec. 15-113.4. Service for unused sick leave. "Service for
22 unused sick leave": A person who first becomes a participant
23 before the effective date of this amendatory Act of the 98th
24 General Assembly and who is an employee under this System or
25 one of the other systems subject to Article 20 of this Code

1 within 60 days immediately preceding the date on which his or
2 her retirement annuity begins, is entitled to credit for
3 service for that portion of unused sick leave earned in the
4 course of employment with an employer and credited on the date
5 of termination of employment by an employer for which payment
6 is not received, in accordance with the following schedule: 30
7 through 90 full calendar days and 20 through 59 full work days
8 of unused sick leave, 1/4 of a year of service; 91 through 180
9 full calendar days and 60 through 119 full work days, 1/2 of a
10 year of service; 181 through 270 full calendar days and 120
11 through 179 full work days, 3/4 of a year of service; 271
12 through 360 full calendar days and 180 through 240 full work
13 days, one year of service. Only uncompensated, unused sick
14 leave earned in accordance with an employer's sick leave
15 accrual policy generally applicable to employees or a class of
16 employees shall be taken into account in calculating service
17 credit under this Section. Any uncompensated, unused sick leave
18 granted by an employer to facilitate the hiring, retirement,
19 termination, or other special circumstances of an employee
20 shall not be taken into account in calculating service credit
21 under this Section. If a participant transfers from one
22 employer to another, the unused sick leave credited by the
23 previous employer shall be considered in determining service to
24 be credited under this Section, even if the participant
25 terminated service prior to the effective date of P.A. 86-272
26 (August 23, 1989); if necessary, the retirement annuity shall

1 be recalculated to reflect such sick leave credit. Each
2 employer shall certify to the board the number of days of
3 unused sick leave accrued to the participant's credit on the
4 date that the participant's status as an employee terminated.
5 This period of unused sick leave shall not be considered in
6 determining the date the retirement annuity begins. A person
7 who first becomes a participant on or after the effective date
8 of this amendatory Act of the 98th General Assembly shall not
9 receive service credit for unused sick leave.

10 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

11 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

12 Sec. 16-106. Teacher. "Teacher": The following
13 individuals, provided that, for employment prior to July 1,
14 1990, they are employed on a full-time basis, or if not
15 full-time, on a permanent and continuous basis in a position in
16 which services are expected to be rendered for at least one
17 school term:

18 (1) Any educational, administrative, professional or
19 other staff employed in the public common schools included
20 within this system in a position requiring certification
21 under the law governing the certification of teachers;

22 (2) Any educational, administrative, professional or
23 other staff employed in any facility of the Department of
24 Children and Family Services or the Department of Human
25 Services, in a position requiring certification under the

1 law governing the certification of teachers, and any person
2 who (i) works in such a position for the Department of
3 Corrections, (ii) was a member of this System on May 31,
4 1987, and (iii) did not elect to become a member of the
5 State Employees' Retirement System pursuant to Section
6 14-108.2 of this Code; except that "teacher" does not
7 include any person who (A) becomes a security employee of
8 the Department of Human Services, as defined in Section
9 14-110, after June 28, 2001 (the effective date of Public
10 Act 92-14), or (B) becomes a member of the State Employees'
11 Retirement System pursuant to Section 14-108.2c of this
12 Code;

13 (3) Any regional superintendent of schools, assistant
14 regional superintendent of schools, State Superintendent
15 of Education; any person employed by the State Board of
16 Education as an executive; any executive of the boards
17 engaged in the service of public common school education in
18 school districts covered under this system of which the
19 State Superintendent of Education is an ex-officio member;

20 (4) Any employee of a school board association
21 operating in compliance with Article 23 of the School Code
22 who is certificated under the law governing the
23 certification of teachers, provided that he or she becomes
24 such an employee before the effective date of this
25 amendatory Act of the 98th General Assembly;

26 (5) Any person employed by the retirement system who:

1 (i) was an employee of and a participant in the
2 system on August 17, 2001 (the effective date of Public
3 Act 92-416), or

4 (ii) becomes an employee of the system on or after
5 August 17, 2001;

6 (6) Any educational, administrative, professional or
7 other staff employed by and under the supervision and
8 control of a regional superintendent of schools, provided
9 such employment position requires the person to be
10 certificated under the law governing the certification of
11 teachers and is in an educational program serving 2 or more
12 districts in accordance with a joint agreement authorized
13 by the School Code or by federal legislation;

14 (7) Any educational, administrative, professional or
15 other staff employed in an educational program serving 2 or
16 more school districts in accordance with a joint agreement
17 authorized by the School Code or by federal legislation and
18 in a position requiring certification under the laws
19 governing the certification of teachers;

20 (8) Any officer or employee of a statewide teacher
21 organization or officer of a national teacher organization
22 who is certified under the law governing certification of
23 teachers, provided: (i) the individual had previously
24 established creditable service under this Article, (ii)
25 the individual files with the system an irrevocable
26 election to become a member before the effective date of

1 this amendatory Act of the 97th General Assembly, (iii) the
2 individual does not receive credit for such service under
3 any other Article of this Code, and (iv) the individual
4 first became an officer or employee of the teacher
5 organization and becomes a member before the effective date
6 of this amendatory Act of the 97th General Assembly;

7 (9) Any educational, administrative, professional, or
8 other staff employed in a charter school operating in
9 compliance with the Charter Schools Law who is certificated
10 under the law governing the certification of teachers; ~~;~~

11 (10) Any person employed, on the effective date of this
12 amendatory Act of the 94th General Assembly, by the
13 Macon-Piatt Regional Office of Education in a
14 birth-through-age-three pilot program receiving funds
15 under Section 2-389 of the School Code who is required by
16 the Macon-Piatt Regional Office of Education to hold a
17 teaching certificate, provided that the Macon-Piatt
18 Regional Office of Education makes an election, within 6
19 months after the effective date of this amendatory Act of
20 the 94th General Assembly, to have the person participate
21 in the system. Any service established prior to the
22 effective date of this amendatory Act of the 94th General
23 Assembly for service as an employee of the Macon-Piatt
24 Regional Office of Education in a birth-through-age-three
25 pilot program receiving funds under Section 2-389 of the
26 School Code shall be considered service as a teacher if

1 employee and employer contributions have been received by
2 the system and the system has not refunded those
3 contributions.

4 An annuitant receiving a retirement annuity under this
5 Article or under Article 17 of this Code who is employed by a
6 board of education or other employer as permitted under Section
7 16-118 or 16-150.1 is not a "teacher" for purposes of this
8 Article. A person who has received a single-sum retirement
9 benefit under Section 16-136.4 of this Article is not a
10 "teacher" for purposes of this Article.

11 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

12 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

13 Sec. 16-121. Salary. "Salary": The actual compensation
14 received by a teacher during any school year and recognized by
15 the system in accordance with rules of the board. For purposes
16 of this Section, "school year" includes the regular school term
17 plus any additional period for which a teacher is compensated
18 and such compensation is recognized by the rules of the board.
19 In the case of a person who first becomes a member on or after
20 the effective date of this amendatory Act of the 98th General
21 Assembly, "salary" shall not include any payment for unused
22 sick or vacation time.

23 (Source: P.A. 84-1028.)

24 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

1 Sec. 16-127. Computation of creditable service.

2 (a) Each member shall receive regular credit for all
3 service as a teacher from the date membership begins, for which
4 satisfactory evidence is supplied and all contributions have
5 been paid.

6 (b) The following periods of service shall earn optional
7 credit and each member shall receive credit for all such
8 service for which satisfactory evidence is supplied and all
9 contributions have been paid as of the date specified:

10 (1) Prior service as a teacher.

11 (2) Service in a capacity essentially similar or
12 equivalent to that of a teacher, in the public common
13 schools in school districts in this State not included
14 within the provisions of this System, or of any other
15 State, territory, dependency or possession of the United
16 States, or in schools operated by or under the auspices of
17 the United States, or under the auspices of any agency or
18 department of any other State, and service during any
19 period of professional speech correction or special
20 education experience for a public agency within this State
21 or any other State, territory, dependency or possession of
22 the United States, and service prior to February 1, 1951 as
23 a recreation worker for the Illinois Department of Public
24 Safety, for a period not exceeding the lesser of 2/5 of the
25 total creditable service of the member or 10 years. The
26 maximum service of 10 years which is allowable under this

1 paragraph shall be reduced by the service credit which is
2 validated by other retirement systems under paragraph (i)
3 of Section 15-113 and paragraph 1 of Section 17-133. Credit
4 granted under this paragraph may not be used in
5 determination of a retirement annuity or disability
6 benefits unless the member has at least 5 years of
7 creditable service earned subsequent to this employment
8 with one or more of the following systems: Teachers'
9 Retirement System of the State of Illinois, State
10 Universities Retirement System, and the Public School
11 Teachers' Pension and Retirement Fund of Chicago. Whenever
12 such service credit exceeds the maximum allowed for all
13 purposes of this Article, the first service rendered in
14 point of time shall be considered. The changes to this
15 subdivision (b) (2) made by Public Act 86-272 shall apply
16 not only to persons who on or after its effective date
17 (August 23, 1989) are in service as a teacher under the
18 System, but also to persons whose status as such a teacher
19 terminated prior to such effective date, whether or not
20 such person is an annuitant on that date.

21 (3) Any periods immediately following teaching
22 service, under this System or under Article 17, (or
23 immediately following service prior to February 1, 1951 as
24 a recreation worker for the Illinois Department of Public
25 Safety) spent in active service with the military forces of
26 the United States; periods spent in educational programs

1 that prepare for return to teaching sponsored by the
2 federal government following such active military service;
3 if a teacher returns to teaching service within one
4 calendar year after discharge or after the completion of
5 the educational program, a further period, not exceeding
6 one calendar year, between time spent in military service
7 or in such educational programs and the return to
8 employment as a teacher under this System; and a period of
9 up to 2 years of active military service not immediately
10 following employment as a teacher.

11 The changes to this Section and Section 16-128 relating
12 to military service made by P.A. 87-794 shall apply not
13 only to persons who on or after its effective date are in
14 service as a teacher under the System, but also to persons
15 whose status as a teacher terminated prior to that date,
16 whether or not the person is an annuitant on that date. In
17 the case of an annuitant who applies for credit allowable
18 under this Section for a period of military service that
19 did not immediately follow employment, and who has made the
20 required contributions for such credit, the annuity shall
21 be recalculated to include the additional service credit,
22 with the increase taking effect on the date the System
23 received written notification of the annuitant's intent to
24 purchase the credit, if payment of all the required
25 contributions is made within 60 days of such notice, or
26 else on the first annuity payment date following the date

1 of payment of the required contributions. In calculating
2 the automatic annual increase for an annuity that has been
3 recalculated under this Section, the increase attributable
4 to the additional service allowable under P.A. 87-794 shall
5 be included in the calculation of automatic annual
6 increases accruing after the effective date of the
7 recalculation.

8 Credit for military service shall be determined as
9 follows: if entry occurs during the months of July, August,
10 or September and the member was a teacher at the end of the
11 immediately preceding school term, credit shall be granted
12 from July 1 of the year in which he or she entered service;
13 if entry occurs during the school term and the teacher was
14 in teaching service at the beginning of the school term,
15 credit shall be granted from July 1 of such year. In all
16 other cases where credit for military service is allowed,
17 credit shall be granted from the date of entry into the
18 service.

19 The total period of military service for which credit
20 is granted shall not exceed 5 years for any member unless
21 the service: (A) is validated before July 1, 1964, and (B)
22 does not extend beyond July 1, 1963. Credit for military
23 service shall be granted under this Section only if not
24 more than 5 years of the military service for which credit
25 is granted under this Section is used by the member to
26 qualify for a military retirement allotment from any branch

1 of the armed forces of the United States. The changes to
2 this subdivision (b) (3) made by Public Act 86-272 shall
3 apply not only to persons who on or after its effective
4 date (August 23, 1989) are in service as a teacher under
5 the System, but also to persons whose status as such a
6 teacher terminated prior to such effective date, whether or
7 not such person is an annuitant on that date.

8 (4) Any periods served as a member of the General
9 Assembly.

10 (5) (i) Any periods for which a teacher, as defined in
11 Section 16-106, is granted a leave of absence, provided he
12 or she returns to teaching service creditable under this
13 System or the State Universities Retirement System
14 following the leave; (ii) periods during which a teacher is
15 involuntarily laid off from teaching, provided he or she
16 returns to teaching following the lay-off; (iii) periods
17 prior to July 1, 1983 during which a teacher ceased covered
18 employment due to pregnancy, provided that the teacher
19 returned to teaching service creditable under this System
20 or the State Universities Retirement System following the
21 pregnancy and submits evidence satisfactory to the Board
22 documenting that the employment ceased due to pregnancy;
23 and (iv) periods prior to July 1, 1983 during which a
24 teacher ceased covered employment for the purpose of
25 adopting an infant under 3 years of age or caring for a
26 newly adopted infant under 3 years of age, provided that

1 the teacher returned to teaching service creditable under
2 this System or the State Universities Retirement System
3 following the adoption and submits evidence satisfactory
4 to the Board documenting that the employment ceased for the
5 purpose of adopting an infant under 3 years of age or
6 caring for a newly adopted infant under 3 years of age.
7 However, total credit under this paragraph (5) may not
8 exceed 3 years.

9 Any qualified member or annuitant may apply for credit
10 under item (iii) or (iv) of this paragraph (5) without
11 regard to whether service was terminated before the
12 effective date of this amendatory Act of 1997. In the case
13 of an annuitant who establishes credit under item (iii) or
14 (iv), the annuity shall be recalculated to include the
15 additional service credit. The increase in annuity shall
16 take effect on the date the System receives written
17 notification of the annuitant's intent to purchase the
18 credit, if the required evidence is submitted and the
19 required contribution paid within 60 days of that
20 notification, otherwise on the first annuity payment date
21 following the System's receipt of the required evidence and
22 contribution. The increase in an annuity recalculated
23 under this provision shall be included in the calculation
24 of automatic annual increases in the annuity accruing after
25 the effective date of the recalculation.

26 Optional credit may be purchased under this subsection

1 (b) (5) for periods during which a teacher has been granted
2 a leave of absence pursuant to Section 24-13 of the School
3 Code. A teacher whose service under this Article terminated
4 prior to the effective date of P.A. 86-1488 shall be
5 eligible to purchase such optional credit. If a teacher who
6 purchases this optional credit is already receiving a
7 retirement annuity under this Article, the annuity shall be
8 recalculated as if the annuitant had applied for the leave
9 of absence credit at the time of retirement. The difference
10 between the entitled annuity and the actual annuity shall
11 be credited to the purchase of the optional credit. The
12 remainder of the purchase cost of the optional credit shall
13 be paid on or before April 1, 1992.

14 The change in this paragraph made by Public Act 86-273
15 shall be applicable to teachers who retire after June 1,
16 1989, as well as to teachers who are in service on that
17 date.

18 (6) For a person who first becomes a member before the
19 effective date of this amendatory Act of the 98th General
20 Assembly, any ~~Any~~ days of unused and uncompensated
21 accumulated sick leave earned by a teacher. The service
22 credit granted under this paragraph shall be the ratio of
23 the number of unused and uncompensated accumulated sick
24 leave days to 170 days, subject to a maximum of 2 years of
25 service credit. Prior to the member's retirement, each
26 former employer shall certify to the System the number of

1 unused and uncompensated accumulated sick leave days
2 credited to the member at the time of termination of
3 service. The period of unused sick leave shall not be
4 considered in determining the effective date of
5 retirement. A member is not required to make contributions
6 in order to obtain service credit for unused sick leave.

7 Credit for sick leave shall, at retirement, be granted
8 by the System for any retiring regional or assistant
9 regional superintendent of schools who first becomes a
10 member before the effective date of this amendatory Act of
11 the 98th General Assembly at the rate of 6 days per year of
12 creditable service or portion thereof established while
13 serving as such superintendent or assistant
14 superintendent.

15 (7) Periods prior to February 1, 1987 served as an
16 employee of the Illinois Mathematics and Science Academy
17 for which credit has not been terminated under Section
18 15-113.9 of this Code.

19 (8) Service as a substitute teacher for work performed
20 prior to July 1, 1990.

21 (9) Service as a part-time teacher for work performed
22 prior to July 1, 1990.

23 (10) Up to 2 years of employment with Southern Illinois
24 University - Carbondale from September 1, 1959 to August
25 31, 1961, or with Governors State University from September
26 1, 1972 to August 31, 1974, for which the teacher has no

1 credit under Article 15. To receive credit under this item
2 (10), a teacher must apply in writing to the Board and pay
3 the required contributions before May 1, 1993 and have at
4 least 12 years of service credit under this Article.

5 (b-1) A member may establish optional credit for up to 2
6 years of service as a teacher or administrator employed by a
7 private school recognized by the Illinois State Board of
8 Education, provided that the teacher (i) was certified under
9 the law governing the certification of teachers at the time the
10 service was rendered, (ii) applies in writing on or after
11 August 1, 2009 and on or before August 1, 2012, (iii) supplies
12 satisfactory evidence of the employment, (iv) completes at
13 least 10 years of contributing service as a teacher as defined
14 in Section 16-106, and (v) pays the contribution required in
15 subsection (d-5) of Section 16-128. The member may apply for
16 credit under this subsection and pay the required contribution
17 before completing the 10 years of contributing service required
18 under item (iv), but the credit may not be used until the item
19 (iv) contributing service requirement has been met.

20 (c) The service credits specified in this Section shall be
21 granted only if: (1) such service credits are not used for
22 credit in any other statutory tax-supported public employee
23 retirement system other than the federal Social Security
24 program; and (2) the member makes the required contributions as
25 specified in Section 16-128. Except as provided in subsection
26 (b-1) of this Section, the service credit shall be effective as

1 of the date the required contributions are completed.

2 Any service credits granted under this Section shall
3 terminate upon cessation of membership for any cause.

4 Credit may not be granted under this Section covering any
5 period for which an age retirement or disability retirement
6 allowance has been paid.

7 (Source: P.A. 96-546, eff. 8-17-09.)

8 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

9 Sec. 17-116. Service retirement pension.

10 (a) Each teacher having 20 years of service upon attainment
11 of age 55, or who thereafter attains age 55 shall be entitled
12 to a service retirement pension upon or after attainment of age
13 55; and each teacher in service on or after July 1, 1971, with
14 5 or more but less than 20 years of service shall be entitled
15 to receive a service retirement pension upon or after
16 attainment of age 62.

17 (b) The service retirement pension for a teacher who
18 retires on or after June 25, 1971, at age 60 or over, shall be
19 calculated as follows:

20 (1) For creditable service earned before July 1, 1998
21 that has not been augmented under Section 17-119.1: 1.67%
22 for each of the first 10 years of service; 1.90% for each
23 of the next 10 years of service; 2.10% for each year of
24 service in excess of 20 but not exceeding 30; and 2.30% for
25 each year of service in excess of 30, based upon average

1 salary as herein defined.

2 (2) For creditable service earned on or after July 1,
3 1998 by a member who has at least 30 years of creditable
4 service on July 1, 1998 and who does not elect to augment
5 service under Section 17-119.1: 2.3% of average salary for
6 each year of creditable service earned on or after July 1,
7 1998.

8 (3) For all other creditable service: 2.2% of average
9 salary for each year of creditable service.

10 (c) When computing such service retirement pensions, the
11 following conditions shall apply:

12 1. Average salary shall consist of the average annual
13 rate of salary for the 4 consecutive years of validated
14 service within the last 10 years of service when such
15 average annual rate was highest. In the determination of
16 average salary for retirement allowance purposes, for
17 members who commenced employment after August 31, 1979,
18 that part of the salary for any year shall be excluded
19 which exceeds the annual full-time salary rate for the
20 preceding year by more than 20%. In the case of a member
21 who commenced employment before August 31, 1979 and who
22 receives salary during any year after September 1, 1983
23 which exceeds the annual full time salary rate for the
24 preceding year by more than 20%, an Employer and other
25 employers of eligible contributors as defined in Section
26 17-106 shall pay to the Fund an amount equal to the present

1 value of the additional service retirement pension
2 resulting from such excess salary. The present value of the
3 additional service retirement pension shall be computed by
4 the Board on the basis of actuarial tables adopted by the
5 Board. If a member elects to receive a pension from this
6 Fund provided by Section 20-121, his salary under the State
7 Universities Retirement System and the Teachers'
8 Retirement System of the State of Illinois shall be
9 considered in determining such average salary. Amounts
10 paid after the effective date of this amendatory Act of
11 1991 for unused vacation time earned after that effective
12 date shall not under any circumstances be included in the
13 calculation of average salary or the annual rate of salary
14 for the purposes of this Article.

15 2. Proportionate credit shall be given for validated
16 service of less than one year.

17 3. For retirement at age 60 or over the pension shall
18 be payable at the full rate.

19 4. For separation from service below age 60 to a
20 minimum age of 55, the pension shall be discounted at the
21 rate of 1/2 of one per cent for each month that the age of
22 the contributor is less than 60, but a teacher may elect to
23 defer the effective date of pension in order to eliminate
24 or reduce this discount. This discount shall not be
25 applicable to any participant who has at least 34 years of
26 service or a retirement pension of at least 74.6% of

1 average salary on the date the retirement annuity begins.

2 5. No additional pension shall be granted for service
3 exceeding 45 years. Beginning June 26, 1971 no pension
4 shall exceed the greater of \$1,500 per month or 75% of
5 average salary as herein defined.

6 6. Service retirement pensions shall begin on the
7 effective date of resignation, retirement, the day
8 following the close of the payroll period for which service
9 credit was validated, or the time the person resigning or
10 retiring attains age 55, or on a date elected by the
11 teacher, whichever shall be latest.

12 7. A member who is eligible to receive a retirement
13 pension of at least 74.6% of average salary and will attain
14 age 55 on or before December 31 during the year which
15 commences on July 1 shall be deemed to attain age 55 on the
16 preceding June 1.

17 8. A member retiring after the effective date of this
18 amendatory Act of 1998 shall receive a pension equal to 75%
19 of average salary if the member is qualified to receive a
20 retirement pension equal to at least 74.6% of average
21 salary under this Article or as proportional annuities
22 under Article 20 of this Code.

23 9. In the case of a person who first becomes a
24 participant on or after the effective date of this
25 amendatory Act of the 98th General Assembly, payments for
26 unused sick or vacation time shall not be used in the

1 calculation of average salary.

2 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

3 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

4 Sec. 17-134. Contributions for leaves of absence; military
5 service; computing service. In computing service for pension
6 purposes the following periods of service shall stand in lieu
7 of a like number of years of teaching service upon payment
8 therefor in the manner hereinafter provided: (a) time spent on
9 a leave of absence granted by the employer; (b) service with
10 teacher or labor organizations based upon special leaves of
11 absence therefor granted by an Employer; (c) a maximum of 5
12 years spent in the military service of the United States, of
13 which up to 2 years may have been served outside the pension
14 period; (d) unused sick days at termination of service to a
15 maximum of 244 days; (e) time lost due to layoff and
16 curtailment of the school term from June 6 through June 21,
17 1976; and (f) time spent after June 30, 1982 as a member of the
18 Board of Education, if required to resign from an
19 administrative or teaching position in order to qualify as a
20 member of the Board of Education.

21 (1) For time spent on or after September 6, 1948 on
22 sabbatical leaves of absence or sick leaves, for which
23 salaries are paid, an Employer shall make payroll
24 deductions at the applicable rates in effect during such
25 periods.

1 (2) For time spent on a leave of absence granted by the
2 employer for which no salaries are paid, teachers desiring
3 credit therefor shall pay the required contributions at the
4 rates in effect during such periods as though they were in
5 teaching service. If an Employer pays salary for vacations
6 which occur during a teacher's sick leave or maternity or
7 paternity leave without salary, vacation pay for which the
8 teacher would have qualified while in active service shall
9 be considered part of the teacher's total salary for
10 pension purposes. No more than 36 months of leave credit
11 may be allowed any person during the entire term of
12 service. Sabbatical leave credit shall be limited to the
13 time the person on leave without salary under an Employer's
14 rules is allowed to engage in an activity for which he
15 receives salary or compensation.

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

21 (4) For service with teacher or labor organizations
22 authorized by special leaves of absence, for which no
23 payroll deductions are made by an Employer, teachers
24 desiring service credit therefor shall contribute to the
25 Fund upon the basis of the actual salary received from such
26 organizations at the percentage rates in effect during such

1 periods for certified positions with such Employer. To the
2 extent the actual salary exceeds the regular salary, which
3 shall be defined as the salary rate, as calculated by the
4 Board, in effect for the teacher's regular position in
5 teaching service on September 1, 1983 or on the effective
6 date of the leave with the organization, whichever is
7 later, the organization shall pay to the Fund the
8 employer's normal cost as set by the Board on the
9 increment. Notwithstanding any other provision of this
10 subdivision (4), teachers are only eligible for credit for
11 service under this subdivision (4) if the special leave of
12 absence begins before January 5, 2012 (the effective date
13 of Public Act 97-651) ~~this amendatory Act of the 97th~~
14 ~~General Assembly.~~

15 (5) For time spent in the military service, teachers
16 entitled to and desiring credit therefor shall contribute
17 the amount required for each year of service or fraction
18 thereof at the rates in force (a) at the date of
19 appointment, or (b) on return to teaching service as a
20 regularly certified teacher, as the case may be; provided
21 such rates shall not be less than \$450 per year of service.
22 These conditions shall apply unless an Employer elects to
23 and does pay into the Fund the amount which would have been
24 due from such person had he been employed as a teacher
25 during such time. In the case of credit for military
26 service not during the pension period, the teacher must

1 also pay to the Fund an amount determined by the Board to
2 be equal to the employer's normal cost of the benefits
3 accrued from such service, plus interest thereon at 5% per
4 year, compounded annually, from the date of appointment to
5 the date of payment.

6 The changes to this Section made by Public Act 87-795
7 shall apply not only to persons who on or after its
8 effective date are in service under the Fund, but also to
9 persons whose status as a teacher terminated prior to that
10 date, whether or not the person is an annuitant on that
11 date. In the case of an annuitant who applies for credit
12 allowable under this Section for a period of military
13 service that did not immediately follow employment, and who
14 has made the required contributions for such credit, the
15 annuity shall be recalculated to include the additional
16 service credit, with the increase taking effect on the date
17 the Fund received written notification of the annuitant's
18 intent to purchase the credit, if payment of all the
19 required contributions is made within 60 days of such
20 notice, or else on the first annuity payment date following
21 the date of payment of the required contributions. In
22 calculating the automatic annual increase for an annuity
23 that has been recalculated under this Section, the increase
24 attributable to the additional service allowable under
25 this amendatory Act of 1991 shall be included in the
26 calculation of automatic annual increases accruing after

1 the effective date of the recalculation.

2 The total credit for military service shall not exceed
3 5 years, except that any teacher who on July 1, 1963, had
4 validated credit for more than 5 years of military service
5 shall be entitled to the total amount of such credit.

6 (6) For persons who first become teachers before the
7 effective date of this amendatory Act of the 98th General
8 Assembly, a ~~A~~ maximum of 244 unused sick days credited to
9 his account by an Employer on the date of termination of
10 employment. Members, upon verification of unused sick
11 days, may add this service time to total creditable
12 service.

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

17 (8) For time lost without pay due to layoff and
18 curtailment of the school term from June 6 through June 21,
19 1976, as provided in item (e) of the first paragraph of
20 this Section, persons who were contributors on the days
21 immediately preceding such layoff shall receive credit
22 upon paying to the Fund a contribution based on the rates
23 of compensation and employee contributions in effect at the
24 time of such layoff, together with an additional amount
25 equal to 12.2% of the compensation computed for such period
26 of layoff, plus interest on the entire amount at 5% per

1 annum from January 1, 1978 to the date of payment. If such
2 contribution is paid, salary for pension purposes for any
3 year in which such a layoff occurred shall include the
4 compensation recognized for purposes of computing that
5 contribution.

6 (9) For time spent after June 30, 1982, as a
7 nonsalaried member of the Board of Education, if required
8 to resign from an administrative or teaching position in
9 order to qualify as a member of the Board of Education, an
10 administrator or teacher desiring credit therefor shall
11 pay the required contributions at the rates and salaries in
12 effect during such periods as though the member were in
13 service.

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

19 (Source: P.A. 97-651, eff. 1-5-12.)

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