



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB5914

by Rep. Dan Brady

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-139

from Ch. 108 1/2, par. 7-139

Amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code. In the Section concerning credits and creditable service, provides that if the effective date of participation for the participating municipality or participating instrumentality is on or after the effective date of the amendatory Act, creditable service shall be granted for prior service to the extent determined by the employer, subject to the rules and procedures adopted by the board of trustees of the fund. Makes a corresponding change. Specifies the method by which the election shall be made. Contains a nonacceleration provision. Effective January 1, 2015.

LRB098 17311 RPM 52405 b

PENSION IMPACT  
NOTE ACT MAY  
APPLY

A BILL FOR

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 Section 7-139 as follows:

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

7 (Text of Section before amendment by P.A. 98-599)

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

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

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

21 If the effective date of participation for the  
22 participating municipality or participating  
23 instrumentality is on or before January 1, 1998, creditable

1 service shall be granted for the entire period of prior  
2 service with that employer without any employee  
3 contribution.

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

22 A municipality that (i) has at least 35 employees; (ii)  
23 is located in a county with at least 2,000,000 inhabitants;  
24 and (iii) maintains an independent defined benefit pension  
25 plan for the benefit of its eligible employees may restrict  
26 creditable service in whole or in part for periods of prior

1 service with the employer if the governing body of the  
2 municipality adopts an irrevocable resolution to restrict  
3 that creditable service and files the resolution with the  
4 board before the municipality's effective date of  
5 participation.

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

21 2. For current service, each participating employee  
22 shall be credited with:

23 a. Additional credits of amounts equal to each  
24 payment of additional contributions received from him  
25 under Section 7-173, as of the date the corresponding  
26 payment of earnings is payable to him.

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

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

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

19           3. For periods of temporary and total and permanent  
20 disability benefits, each employee receiving disability  
21 benefits shall be granted creditable service for the period  
22 during which disability benefits are payable. Normal and  
23 survivor credits, based upon the rate of earnings applied  
24 for disability benefits, shall also be granted if such  
25 credits would result in a higher benefit to any such  
26 employee or his beneficiary.

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

5           a. An application for credits and creditable  
6 service is submitted to the board while the employee is  
7 in a status of active employment.

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

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

24           d. Benefits under the provisions of Sections  
25 7-141, 7-146, 7-150 and 7-163 shall become payable to  
26 employees on authorized leave of absence, or their

1 designated beneficiary, only if such leave of absence  
2 is creditable hereunder, and if the employee has at  
3 least one year of creditable service other than the  
4 service granted for leave of absence. Any employee  
5 contributions due may be deducted from any benefits  
6 payable.

7 e. No credits or creditable service shall be  
8 allowed for leave of absence without pay during any  
9 period of prior service.

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

1 shall not be considered an employee during such period of  
2 service and no additional death and no disability benefits  
3 are payable for death or disability during such period.

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

20 Notwithstanding the foregoing, any participating  
21 employee shall be entitled to creditable service as  
22 required by any federal law relating to re-employment  
23 rights of persons who served in the United States Armed  
24 Services. Such creditable service shall be granted upon  
25 payment by the member of an amount equal to the employee  
26 contributions which would have been required had the



1 employee continued in service at the same rate of earnings  
2 during the military leave period, plus interest at the  
3 effective rate.

4 5.1. In addition to any creditable service established  
5 under paragraph 5 of this subsection (a), creditable  
6 service may be granted for up to 48 months of service in  
7 the armed forces of the United States.

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

22 The changes made to this paragraph 5.1 by Public Acts  
23 95-483 and 95-486 apply only to participating employees in  
24 service on or after August 28, 2007 (the effective date of  
25 those Public Acts).

26 6. For out-of-state service: Creditable service shall

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

20 7. For retroactive service: Any employee who could have  
21 but did not elect to become a participating employee, or  
22 who should have been a participant in the Municipal Public  
23 Utilities Annuity and Benefit Fund before that fund was  
24 superseded, may receive creditable service for the period  
25 of service not to exceed 50 months; however, a current or  
26 former elected or appointed official of a participating

1 municipality may establish credit under this paragraph 7  
2 for more than 50 months of service as an official of that  
3 municipality, if the excess over 50 months is approved by  
4 resolution of the governing body of the affected  
5 municipality filed with the Fund before January 1, 2002.

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

26 8. For accumulated unused sick leave: A participating

1 employee who is applying for a retirement annuity shall be  
2 entitled to creditable service for that portion of the  
3 employee's accumulated unused sick leave for which payment  
4 is not received, as follows:

5 a. Sick leave days shall be limited to those  
6 accumulated under a sick leave plan established by a  
7 participating municipality or participating  
8 instrumentality which is available to all employees or  
9 a class of employees.

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

19 b-1. If the employee was in the service of more  
20 than one employer as defined in item (2) of paragraph  
21 (a) of subsection (A) of Section 7-132, then the sick  
22 leave days from all such employers shall be credited,  
23 as long as the creditable service attributed to those  
24 sick leave days does not exceed the limitation in item  
25 f of this paragraph 8. In calculating the creditable  
26 service under this item b-1, the sick leave days from

1 the last employer shall be considered first, then the  
2 remaining sick leave days shall be considered until  
3 there are no more days or the maximum creditable sick  
4 leave threshold under item f of this paragraph 8 has  
5 been reached.

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

13 d. The creditable service shall be at the rate of  
14 1/20 of a month for each full sick day, provided that  
15 no more than 12 months may be credited under this  
16 subdivision 8.

17 e. Employee contributions shall not be required  
18 for creditable service under this subdivision 8.

19 f. Each participating municipality and  
20 participating instrumentality with which an employee  
21 has service within 60 days of the effective date of his  
22 retirement annuity shall certify to the board the  
23 number of accumulated unpaid sick leave days credited  
24 to the employee at the time of termination of service.

25 9. For service transferred from another system:  
26 Credits and creditable service shall be granted for service

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

16 10. For service transferred from an Article 3 system  
17 under Section 3-110.8: Credits and creditable service  
18 shall be granted for service under Article 3 of this Act as  
19 provided in Section 3-110.8, to any active member of this  
20 Fund upon transfer of such credits pursuant to Section  
21 3-110.8. If the amount by which (1) the employer and  
22 employee contributions that would have been required if he  
23 had participated in this Fund during the period for which  
24 credit is being transferred, plus interest thereon at the  
25 effective rate for each year, compounded annually, from the  
26 date of termination of the service for which credit is

1 being transferred to the date of payment, exceeds (2) the  
2 amount actually transferred to the Fund, then the amount of  
3 creditable service established under this paragraph 10  
4 shall be reduced by a corresponding amount in accordance  
5 with the rules and procedures established under this  
6 paragraph 10.

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

13 Until January 1, 2010, members who transferred service  
14 from an Article 3 system under the provisions of Public Act  
15 94-356 may establish additional credit in this Fund, but  
16 only up to the amount of the service credit reduction in  
17 that transfer, as calculated under the actuarial  
18 assumptions. This credit may be established upon payment by  
19 the member of an amount to be determined by the board,  
20 equal to (1) the amount that would have been contributed as  
21 employee and employer contributions had all the service  
22 been as an employee under this Article, plus interest  
23 thereon compounded annually from the date of service to the  
24 date of transfer, less (2) the total amount transferred  
25 from the Article 3 system, plus (3) interest on the  
26 difference at the effective rate for each year, compounded

1           annually, from the date of the transfer to the date of  
2           payment. The additional service credit is allowed under  
3           this amendatory Act of the 95th General Assembly  
4           notwithstanding the provisions of Article 3 terminating  
5           all transferred credits on the date of transfer.

6           11. For service transferred from an Article 3 system  
7           under Section 3-110.3: Credits and creditable service  
8           shall be granted for service under Article 3 of this Act as  
9           provided in Section 3-110.3, to any active member of this  
10          Fund, upon transfer of such credits pursuant to Section  
11          3-110.3. If the board determines that the amount  
12          transferred is less than the true cost to the Fund of  
13          allowing that creditable service to be established, then in  
14          order to establish that creditable service, the member must  
15          pay to the Fund an additional contribution equal to the  
16          difference, as determined by the board in accordance with  
17          the rules and procedures adopted under this paragraph. If  
18          the member does not make the full additional payment as  
19          required by this paragraph prior to termination of his  
20          participation with that employer, then his or her  
21          creditable service shall be reduced by an amount equal to  
22          the difference between the amount transferred under  
23          Section 3-110.3, including any payments made by the member  
24          under this paragraph prior to termination, and the true  
25          cost to the Fund of allowing that creditable service to be  
26          established, as determined by the board in accordance with



1 the rules and procedures adopted under this paragraph.

2 The board shall establish by rule the manner of making  
3 the calculation required under this paragraph 11, taking  
4 into account the appropriate actuarial assumptions; the  
5 member's service, age, and salary history, and any other  
6 factors that the board determines to be relevant.

7 (b) Creditable service - amount:

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

18 2. A seasonal employee shall be given 12 months of  
19 creditable service if he renders the number of months of  
20 service normally required by the position in a 12-month  
21 period and he remains in service for the entire 12-month  
22 period. Otherwise a fractional year of service in the  
23 number of months of service rendered shall be credited.

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

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

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

21           (Source: P.A. 97-415, eff. 8-16-11; 98-439, eff. 8-16-13.)

22           (Text of Section after amendment by P.A. 98-599)

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

24           (a) Each participating employee shall be granted credits  
25 and creditable service, for purposes of determining the amount

1 of any annuity or benefit to which he or a beneficiary is  
2 entitled, as follows:

3 1. For prior service: Each participating employee who  
4 is an employee of a participating municipality or  
5 participating instrumentality on the effective date shall  
6 be granted creditable service, but no credits under  
7 paragraph 2 of this subsection (a), for periods of prior  
8 service for which credit has not been received under any  
9 other pension fund or retirement system established under  
10 this Code, as follows:

11 If the effective date of participation for the  
12 participating municipality or participating  
13 instrumentality is on or before January 1, 1998, creditable  
14 service shall be granted for the entire period of prior  
15 service with that employer without any employee  
16 contribution.

17 If the effective date of participation for the  
18 participating municipality or participating  
19 instrumentality is after January 1, 1998 and before the  
20 effective date of this amendatory Act of the 98th General  
21 Assembly, creditable service shall be granted for the last  
22 20% of the period of prior service with that employer, but  
23 no more than 5 years, without any employee contribution. A  
24 participating employee may establish creditable service  
25 for the remainder of the period of prior service with that  
26 employer by making an application in writing, accompanied

1 by payment of an employee contribution in an amount  
2 determined by the Fund, based on the employee contribution  
3 rates in effect at the time of application for the  
4 creditable service and the employee's salary rate on the  
5 effective date of participation for that employer, plus  
6 interest at the effective rate from the date of the prior  
7 service to the date of payment. Application for this  
8 creditable service may be made at any time while the  
9 employee is still in service.

10 If the effective date of participation for the  
11 participating municipality or participating  
12 instrumentality is on or after the effective date of this  
13 amendatory Act of the 98th General Assembly, creditable  
14 service shall be granted for prior service to the extent  
15 determined by the employer, subject to the rules and  
16 procedures adopted by the Board under this paragraph. Such  
17 election shall be made through an irrevocable resolution  
18 adopted by the governing body of the participating  
19 municipality or participating instrumentality and must be  
20 filed with the Board before the effective date of  
21 participation.

22 A municipality that (i) has at least 35 employees; (ii)  
23 is located in a county with at least 2,000,000 inhabitants;  
24 and (iii) maintains an independent defined benefit pension  
25 plan for the benefit of its eligible employees may restrict  
26 creditable service in whole or in part for periods of prior

1 service with the employer if the governing body of the  
2 municipality adopts an irrevocable resolution to restrict  
3 that creditable service and files the resolution with the  
4 board before the municipality's effective date of  
5 participation.

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

21 2. For current service, each participating employee  
22 shall be credited with:

23 a. Additional credits of amounts equal to each  
24 payment of additional contributions received from him  
25 under Section 7-173, as of the date the corresponding  
26 payment of earnings is payable to him.

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

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

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

19           3. For periods of temporary and total and permanent  
20 disability benefits, each employee receiving disability  
21 benefits shall be granted creditable service for the period  
22 during which disability benefits are payable. Normal and  
23 survivor credits, based upon the rate of earnings applied  
24 for disability benefits, shall also be granted if such  
25 credits would result in a higher benefit to any such  
26 employee or his beneficiary.

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

5           a. An application for credits and creditable  
6 service is submitted to the board while the employee is  
7 in a status of active employment.

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

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

24           d. Benefits under the provisions of Sections  
25 7-141, 7-146, 7-150 and 7-163 shall become payable to  
26 employees on authorized leave of absence, or their

1 designated beneficiary, only if such leave of absence  
2 is creditable hereunder, and if the employee has at  
3 least one year of creditable service other than the  
4 service granted for leave of absence. Any employee  
5 contributions due may be deducted from any benefits  
6 payable.

7 e. No credits or creditable service shall be  
8 allowed for leave of absence without pay during any  
9 period of prior service.

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



1 shall not be considered an employee during such period of  
2 service and no additional death and no disability benefits  
3 are payable for death or disability during such period.

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

20 Notwithstanding the foregoing, any participating  
21 employee shall be entitled to creditable service as  
22 required by any federal law relating to re-employment  
23 rights of persons who served in the United States Armed  
24 Services. Such creditable service shall be granted upon  
25 payment by the member of an amount equal to the employee  
26 contributions which would have been required had the

1 employee continued in service at the same rate of earnings  
2 during the military leave period, plus interest at the  
3 effective rate.

4 5.1. In addition to any creditable service established  
5 under paragraph 5 of this subsection (a), creditable  
6 service may be granted for up to 48 months of service in  
7 the armed forces of the United States.

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

22 The changes made to this paragraph 5.1 by Public Acts  
23 95-483 and 95-486 apply only to participating employees in  
24 service on or after August 28, 2007 (the effective date of  
25 those Public Acts).

26 6. For out-of-state service: Creditable service shall

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

20 7. For retroactive service: Any employee who could have  
21 but did not elect to become a participating employee, or  
22 who should have been a participant in the Municipal Public  
23 Utilities Annuity and Benefit Fund before that fund was  
24 superseded, may receive creditable service for the period  
25 of service not to exceed 50 months; however, a current or  
26 former elected or appointed official of a participating

1 municipality may establish credit under this paragraph 7  
2 for more than 50 months of service as an official of that  
3 municipality, if the excess over 50 months is approved by  
4 resolution of the governing body of the affected  
5 municipality filed with the Fund before January 1, 2002.

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

26 8. For accumulated unused sick leave: A participating

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

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

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

21 b-1. If the employee was in the service of more  
22 than one employer as defined in item (2) of paragraph  
23 (a) of subsection (A) of Section 7-132, then the sick  
24 leave days from all such employers shall be credited,  
25 as long as the creditable service attributed to those  
26 sick leave days does not exceed the limitation in item

1 f of this paragraph 8. In calculating the creditable  
2 service under this item b-1, the sick leave days from  
3 the last employer shall be considered first, then the  
4 remaining sick leave days shall be considered until  
5 there are no more days or the maximum creditable sick  
6 leave threshold under item f of this paragraph 8 has  
7 been reached.

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

15 d. The creditable service shall be at the rate of  
16 1/20 of a month for each full sick day, provided that  
17 no more than 12 months may be credited under this  
18 subdivision 8.

19 e. Employee contributions shall not be required  
20 for creditable service under this subdivision 8.

21 f. Each participating municipality and  
22 participating instrumentality with which an employee  
23 has service within 60 days of the effective date of his  
24 retirement annuity shall certify to the board the  
25 number of accumulated unpaid sick leave days credited  
26 to the employee at the time of termination of service.

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

18           10. For service transferred from an Article 3 system  
19 under Section 3-110.8: Credits and creditable service  
20 shall be granted for service under Article 3 of this Act as  
21 provided in Section 3-110.8, to any active member of this  
22 Fund upon transfer of such credits pursuant to Section  
23 3-110.8. If the amount by which (1) the employer and  
24 employee contributions that would have been required if he  
25 had participated in this Fund during the period for which  
26 credit is being transferred, plus interest thereon at the

1 effective rate for each year, compounded annually, from the  
2 date of termination of the service for which credit is  
3 being transferred to the date of payment, exceeds (2) the  
4 amount actually transferred to the Fund, then the amount of  
5 creditable service established under this paragraph 10  
6 shall be reduced by a corresponding amount in accordance  
7 with the rules and procedures established under this  
8 paragraph 10.

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

15 Until January 1, 2010, members who transferred service  
16 from an Article 3 system under the provisions of Public Act  
17 94-356 may establish additional credit in this Fund, but  
18 only up to the amount of the service credit reduction in  
19 that transfer, as calculated under the actuarial  
20 assumptions. This credit may be established upon payment by  
21 the member of an amount to be determined by the board,  
22 equal to (1) the amount that would have been contributed as  
23 employee and employer contributions had all the service  
24 been as an employee under this Article, plus interest  
25 thereon compounded annually from the date of service to the  
26 date of transfer, less (2) the total amount transferred



1 from the Article 3 system, plus (3) interest on the  
2 difference at the effective rate for each year, compounded  
3 annually, from the date of the transfer to the date of  
4 payment. The additional service credit is allowed under  
5 this amendatory Act of the 95th General Assembly  
6 notwithstanding the provisions of Article 3 terminating  
7 all transferred credits on the date of transfer.

8 11. For service transferred from an Article 3 system  
9 under Section 3-110.3: Credits and creditable service  
10 shall be granted for service under Article 3 of this Act as  
11 provided in Section 3-110.3, to any active member of this  
12 Fund, upon transfer of such credits pursuant to Section  
13 3-110.3. If the board determines that the amount  
14 transferred is less than the true cost to the Fund of  
15 allowing that creditable service to be established, then in  
16 order to establish that creditable service, the member must  
17 pay to the Fund an additional contribution equal to the  
18 difference, as determined by the board in accordance with  
19 the rules and procedures adopted under this paragraph. If  
20 the member does not make the full additional payment as  
21 required by this paragraph prior to termination of his  
22 participation with that employer, then his or her  
23 creditable service shall be reduced by an amount equal to  
24 the difference between the amount transferred under  
25 Section 3-110.3, including any payments made by the member  
26 under this paragraph prior to termination, and the true

1 cost to the Fund of allowing that creditable service to be  
2 established, as determined by the board in accordance with  
3 the rules and procedures adopted under this paragraph.

4 The board shall establish by rule the manner of making  
5 the calculation required under this paragraph 11, taking  
6 into account the appropriate actuarial assumptions; the  
7 member's service, age, and salary history, and any other  
8 factors that the board determines to be relevant.

9 (b) Creditable service - amount:

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

20 2. A seasonal employee shall be given 12 months of  
21 creditable service if he renders the number of months of  
22 service normally required by the position in a 12-month  
23 period and he remains in service for the entire 12-month  
24 period. Otherwise a fractional year of service in the  
25 number of months of service rendered shall be credited.

26 3. An intermittent employee shall be given creditable

1 service for only those months in which a contribution is  
2 made under Section 7-173.

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

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

23 (Source: P.A. 97-415, eff. 8-16-11; 98-439, eff. 8-16-13;  
24 98-599, eff. 6-1-14.)

25 Section 95. No acceleration or delay. Where this Act makes

1 changes in a statute that is represented in this Act by text  
2 that is not yet or no longer in effect (for example, a Section  
3 represented by multiple versions), the use of that text does  
4 not accelerate or delay the taking effect of (i) the changes  
5 made by this Act or (ii) provisions derived from any other  
6 Public Act.

7 Section 99. Effective date. This Act takes effect January  
8 1, 2015.