

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 15-112, 15-154, 15-157, 15-168, 16-155, and 16-169.1
6 and by adding Sections 2-139.1, 14-135.11, 15-126.2, and
7 16-181.4 as follows:

8 (40 ILCS 5/2-139.1 new)

9 Sec. 2-139.1. To request information. To request from any
10 member, annuitant, beneficiary, or employer such information
11 as is necessary for the proper administration of the System.

12 (40 ILCS 5/14-135.11 new)

13 Sec. 14-135.11. To request information. To request from any
14 member, annuitant, beneficiary, or employer such information
15 as is necessary for the proper administration of the System.

16 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

17 (Text of Section WITHOUT the changes made by P.A. 98-599,
18 which has been held unconstitutional)

19 Sec. 15-112. Final rate of earnings. "Final rate of
20 earnings":

21 (a) This subsection (a) applies only to a Tier 1 member.

1 For an employee who is paid on an hourly basis or who
2 receives an annual salary in installments during 12 months of
3 each academic year, the average annual earnings during the 48
4 consecutive calendar month period ending with the last day of
5 final termination of employment or the 4 consecutive academic
6 years of service in which the employee's earnings were the
7 highest, whichever is greater. For any other employee, the
8 average annual earnings during the 4 consecutive academic years
9 of service in which his or her earnings were the highest. For
10 an employee with less than 48 months or 4 consecutive academic
11 years of service, the average earnings during his or her entire
12 period of service. The earnings of an employee with more than
13 36 months of service under item (a) of Section 15-113.1 prior
14 to the date of becoming a participant are, for such period,
15 considered equal to the average earnings during the last 36
16 months of such service.

17 (b) This subsection (b) applies to a Tier 2 member.

18 For an employee who is paid on an hourly basis or who
19 receives an annual salary in installments during 12 months of
20 each academic year, the average annual earnings obtained by
21 dividing by 8 the total earnings of the employee during the 96
22 consecutive months in which the total earnings were the highest
23 within the last 120 months prior to termination.

24 For any other employee, the average annual earnings during
25 the 8 consecutive academic years within the 10 years prior to
26 termination in which the employee's earnings were the highest.

1 For an employee with less than 96 consecutive months or 8
2 consecutive academic years of service, whichever is necessary,
3 the average earnings during his or her entire period of
4 service.

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

9 (d) For an employee on disability leave, earnings are
10 assumed to be equal to the basic compensation on the date
11 disability occurs or the average earnings during the 24 months
12 immediately preceding the month in which disability occurs,
13 whichever is greater.

14 (e) For a Tier 1 member who retires on or after the
15 effective date of this amendatory Act of 1997 with at least 20
16 years of service as a firefighter or police officer under this
17 Article, the final rate of earnings shall be the annual rate of
18 earnings received by the participant on his or her last day as
19 a firefighter or police officer under this Article, if that is
20 greater than the final rate of earnings as calculated under the
21 other provisions of this Section.

22 (f) If a Tier 1 member is an employee for at least 6 months
23 during the academic year in which his or her employment is
24 terminated, the annual final rate of earnings shall be 25% of
25 the sum of (1) the annual basic compensation for that year, and
26 (2) the amount earned during the 36 months immediately

1 preceding that year, if this is greater than the final rate of
2 earnings as calculated under the other provisions of this
3 Section.

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

14 (h) The following are not considered as earnings in
15 determining final rate of earnings: (1) severance or separation
16 pay, (2) retirement pay, (3) payment for unused sick leave, and
17 (4) payments from an employer for the period used in
18 determining final rate of earnings for any purpose other than
19 (i) services rendered, (ii) leave of absence or vacation
20 granted during that period, and (iii) vacation of up to 56 work
21 days allowed upon termination of employment; except that, if
22 the benefit has been collectively bargained between the
23 employer and the recognized collective bargaining agent
24 pursuant to the Illinois Educational Labor Relations Act,
25 payment received during a period of up to 2 academic years for
26 unused sick leave may be considered as earnings in accordance

1 with the applicable collective bargaining agreement, subject
2 to the 20% increase limitation of this Section. Any unused sick
3 leave considered as earnings under this Section shall not be
4 taken into account in calculating service credit under Section
5 15-113.4.

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

8 (Source: P.A. 98-92, eff. 7-16-13.)

9 (40 ILCS 5/15-126.2 new)

10 Sec. 15-126.2. Plan year. "Plan year": The 12-month period
11 beginning on July 1 in any year, and ending on June 30 of the
12 succeeding year.

13 (40 ILCS 5/15-154) (from Ch. 108 1/2, par. 15-154)

14 Sec. 15-154. Refunds.

15 (a) A participant whose status as an employee is
16 terminated, regardless of cause, or who has been on lay off
17 status for more than 120 days, and who is not on leave of
18 absence, is entitled to a refund of contributions upon
19 application; except that not more than one such refund
20 application may be made during any academic year.

21 Except as set forth in subsections (a-1) and (a-2), the
22 refund shall be the sum of the accumulated normal, additional,
23 and survivors insurance contributions, plus the entire
24 contribution made by the participant under Section 15-113.3,

1 less the amount of interest credited on these contributions
2 each year in excess of 4 1/2% of the amount on which interest
3 was calculated.

4 (a-1) A person who elects, in accordance with the
5 requirements of Section 15-134.5, to participate in the
6 portable benefit package and who becomes a participating
7 employee under that retirement program upon the conclusion of
8 the one-year waiting period applicable to the portable benefit
9 package election shall have his or her refund calculated in
10 accordance with the provisions of subsection (a-2).

11 (a-2) The refund payable to a participant described in
12 subsection (a-1) shall be the sum of the participant's
13 accumulated normal and additional contributions, as defined in
14 Sections 15-116 and 15-117, plus the entire contribution made
15 by the participant under Section 15-113.3. If the participant
16 terminates with 5 or more years of service for employment as
17 defined in Section 15-113.1, he or she shall also be entitled
18 to a distribution of employer contributions in an amount equal
19 to the sum of the accumulated normal and additional
20 contributions, as defined in Sections 15-116 and 15-117.

21 (b) Upon acceptance of a refund, the participant forfeits
22 all accrued rights and credits in the System, and if
23 subsequently reemployed, the participant shall be considered a
24 new employee subject to all the qualifying conditions for
25 participation and eligibility for benefits applicable to new
26 employees. If such person again becomes a participating

1 employee and continues as such for 2 years, or is employed by
2 an employer and participates for at least 2 years in the
3 Federal Civil Service Retirement System, all such rights,
4 credits, and previous status as a participant shall be restored
5 upon repayment of the amount of the refund, together with
6 compound interest thereon from the date the refund was issued
7 ~~received~~ to the date of repayment at the rate of 6% per annum
8 through August 31, 1982, and at the effective rates after that
9 date. When a participant in the portable benefit package who
10 received a refund which included a distribution of employer
11 contributions repays a refund pursuant to this Section,
12 one-half of the amount repaid shall be deemed the member's
13 reinstated accumulated normal and additional contributions and
14 the other half shall be allocated as an employer contribution
15 to the System, except that any amount repaid for previously
16 purchased military service credit under Section 15-113.3 shall
17 be accounted for as such.

18 (c) If a participant covered under the traditional benefit
19 package has made survivors insurance contributions, but has no
20 survivors insurance beneficiary upon retirement, he or she
21 shall be entitled to elect a refund of the accumulated
22 survivors insurance contributions, or to elect an additional
23 annuity the value of which is equal to the accumulated
24 survivors insurance contributions. This election must be made
25 prior to the date the person's retirement annuity is approved
26 by the System.

1 (d) A participant, upon application, is entitled to a
2 refund of his or her accumulated additional contributions
3 attributable to the additional contributions described in the
4 last sentence of subsection (c) of Section 15-157. Upon the
5 acceptance of such a refund of accumulated additional
6 contributions, the participant forfeits all rights and credits
7 which may have accrued because of such contributions.

8 (e) A participant who terminates his or her employee status
9 and elects to waive service credit under Section 15-154.2, is
10 entitled to a refund of the accumulated normal, additional and
11 survivors insurance contributions, if any, which were credited
12 the participant for this service, or to an additional annuity
13 the value of which is equal to the accumulated normal,
14 additional and survivors insurance contributions, if any;
15 except that not more than one such refund application may be
16 made during any academic year. Upon acceptance of this refund,
17 the participant forfeits all rights and credits accrued because
18 of this service.

19 (f) If a police officer or firefighter receives a
20 retirement annuity under Rule 1 or 3 of Section 15-136, he or
21 she shall be entitled at retirement to a refund of the
22 difference between his or her accumulated normal contributions
23 and the normal contributions which would have accumulated had
24 such person filed a waiver of the retirement formula provided
25 by Rule 4 of Section 15-136.

26 (g) If, at the time of retirement, a participant would be

1 entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of
2 Section 15-136, or under Section 15-136.4, that exceeds the
3 maximum specified in clause (1) of subsection (c) of Section
4 15-136, he or she shall be entitled to a refund of the employee
5 contributions, if any, paid under Section 15-157 after the date
6 upon which continuance of such contributions would have
7 otherwise caused the retirement annuity to exceed this maximum,
8 plus compound interest at the effective rates.

9 (Source: P.A. 92-16, eff. 6-28-01; 92-424, eff. 8-17-01;
10 93-347, eff. 7-24-03.)

11 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

12 (Text of Section WITHOUT the changes made by P.A. 98-599,
13 which has been held unconstitutional)

14 Sec. 15-157. Employee Contributions.

15 (a) Each participating employee shall make contributions
16 towards the retirement benefits payable under the retirement
17 program applicable to the employee from each payment of
18 earnings applicable to employment under this system on and
19 after the date of becoming a participant as follows: Prior to
20 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
21 to August 31, 1955, 5%; from September 1, 1955 to August 31,
22 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
23 are to be considered as normal contributions for purposes of
24 this Article.

25 Each participant who is a police officer or firefighter

1 shall make normal contributions of 8% of each payment of
2 earnings applicable to employment as a police officer or
3 firefighter under this system on or after September 1, 1981,
4 unless he or she files with the board within 60 days after the
5 effective date of this amendatory Act of 1991 or 60 days after
6 the board receives notice that he or she is employed as a
7 police officer or firefighter, whichever is later, a written
8 notice waiving the retirement formula provided by Rule 4 of
9 Section 15-136. This waiver shall be irrevocable. If a
10 participant had met the conditions set forth in Section
11 15-132.1 prior to the effective date of this amendatory Act of
12 1991 but failed to make the additional normal contributions
13 required by this paragraph, he or she may elect to pay the
14 additional contributions plus compound interest at the
15 effective rate. If such payment is received by the board, the
16 service shall be considered as police officer service in
17 calculating the retirement annuity under Rule 4 of Section
18 15-136. While performing service described in clause (i) or
19 (ii) of Rule 4 of Section 15-136, a participating employee
20 shall be deemed to be employed as a firefighter for the purpose
21 of determining the rate of employee contributions under this
22 Section.

23 (b) Starting September 1, 1969, each participating
24 employee shall make additional contributions of 1/2 of 1% of
25 earnings to finance a portion of the cost of the annual
26 increases in retirement annuity provided under Section 15-136,

1 except that with respect to participants in the self-managed
2 plan this additional contribution shall be used to finance the
3 benefits obtained under that retirement program.

4 (c) In addition to the amounts described in subsections (a)
5 and (b) of this Section, each participating employee shall make
6 contributions of 1% of earnings applicable under this system on
7 and after August 1, 1959. The contributions made under this
8 subsection (c) shall be considered as survivor's insurance
9 contributions for purposes of this Article if the employee is
10 covered under the traditional benefit package, and such
11 contributions shall be considered as additional contributions
12 for purposes of this Article if the employee is participating
13 in the self-managed plan or has elected to participate in the
14 portable benefit package and has completed the applicable
15 one-year waiting period. Contributions in excess of \$80 during
16 any fiscal year beginning before August 31, 1969 and in excess
17 of \$120 during any fiscal year thereafter until September 1,
18 1971 shall be considered as additional contributions for
19 purposes of this Article.

20 (d) If the board by board rule so permits and subject to
21 such conditions and limitations as may be specified in its
22 rules, a participant may make other additional contributions of
23 such percentage of earnings or amounts as the participant shall
24 elect in a written notice thereof received by the board.

25 (e) That fraction of a participant's total accumulated
26 normal contributions, the numerator of which is equal to the

1 number of years of service in excess of that which is required
2 to qualify for the maximum retirement annuity, and the
3 denominator of which is equal to the total service of the
4 participant, shall be considered as accumulated additional
5 contributions. The determination of the applicable maximum
6 annuity and the adjustment in contributions required by this
7 provision shall be made as of the date of the participant's
8 retirement.

9 (f) Notwithstanding the foregoing, a participating
10 employee shall not be required to make contributions under this
11 Section after the date upon which continuance of such
12 contributions would otherwise cause his or her retirement
13 annuity to exceed the maximum retirement annuity as specified
14 in clause (1) of subsection (c) of Section 15-136.

15 (g) A participant ~~participating~~ ~~employee~~ may make
16 contributions for the purchase of service credit under this
17 Article; however, only a participating employee may make
18 optional contributions under subsection (b) of Section
19 15-157.1 of this Article.

20 (h) A Tier 2 member shall not make contributions on
21 earnings that exceed the limitation as prescribed under
22 subsection (b) of Section 15-111 of this Article.

23 (Source: P.A. 98-92, eff. 7-16-13.)

24 (40 ILCS 5/15-168) (from Ch. 108 1/2, par. 15-168)

25 Sec. 15-168. To require information. To require such

1 information as shall be necessary for the proper operation of
2 the system from any participant or benefit recipient
3 ~~beneficiary~~ or from any employer of a current or former
4 participant.

5 (Source: P.A. 98-92, eff. 7-16-13.)

6 (40 ILCS 5/16-155) (from Ch. 108 1/2, par. 16-155)

7 Sec. 16-155. Report to system and payment of deductions.

8 (a) The governing body of each school district shall make
9 two deposits each month. The deposit for member contributions
10 for salary paid between the first and the fifteenth of the
11 month is due by the 25th of the month. The deposit of member
12 contributions for salary paid between the sixteenth and last
13 day of the month is due by the 10th of the following month. All
14 required contributions for salary earned during a school term
15 are due by July 10 next following the close of such school
16 term.

17 The governing body of each State institution coming under
18 this retirement system, the State Comptroller or other State
19 officer certifying payroll vouchers including payments of
20 salary or wages to teachers, and any other employer of
21 teachers, shall, monthly, forward to the secretary of the
22 retirement system the member contributions required under this
23 Article.

24 Each employer specified above shall, prior to August 15 of
25 each year, forward to the System a detailed statement, verified

1 in all cases of school districts by the secretary or clerk of
2 the district, of the amounts so contributed since the period
3 covered by the last previous annual statement, together with
4 required contributions not yet forwarded, such payments being
5 payable to the System.

6 The board may prescribe rules governing the form, content,
7 investigation, control, and supervision of such statements and
8 may establish additional interim employer reporting
9 requirements as the Board deems necessary. If no teacher in a
10 school district comes under the provisions of this Article, the
11 governing body of the district shall so state under the oath of
12 its secretary to this system, and shall at the same time
13 forward a copy of the statement to the regional superintendent
14 of schools.

15 (b) If the governing body of an employer that is not a
16 State agency fails to forward such required contributions
17 within the time permitted in subsection (a) above, the System
18 shall notify the employer of an additional amount due, equal to
19 the greater of the following: (1) an amount representing the
20 interest lost by the system due to late forwarding of
21 contributions, calculated for the number of days which the
22 employer is late in forwarding contributions at a rate of
23 interest prescribed by the board, based on its investment
24 experience; or (2) \$50.

25 (c) If the system, on August 15, is not in receipt of the
26 detailed statements required under this Section of any school

1 district or other employing unit, such school district or other
2 employing unit shall pay to the system an amount equal to \$250
3 for each day that elapses from August 15, until the day such
4 statement is filed with the system.

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

6 (40 ILCS 5/16-169.1)

7 Sec. 16-169.1. Testimony and the production of records. The
8 secretary of the Board shall have the power to issue subpoenas
9 to compel the attendance of witnesses and the production of
10 documents and records, including law enforcement records
11 maintained by law enforcement agencies, in conjunction with the
12 determination of employer payments required under subsection
13 (f) of Section 16-158, a disability claim, an administrative
14 review proceeding, an attempt to obtain information to assist
15 in the collection of sums due to the System, or a felony
16 forfeiture investigation. The fees of witnesses for attendance
17 and travel shall be the same as the fees of witnesses before
18 the circuit courts of this State and shall be paid by the party
19 seeking the subpoena. The Board may apply to any circuit court
20 in the State for an order requiring compliance with a subpoena
21 issued under this Section. Subpoenas issued under this Section
22 shall be subject to applicable provisions of the Code of Civil
23 Procedure.

24 (Source: P.A. 94-1057, eff. 7-31-06.)

1 (40 ILCS 5/16-181.4 new)

2 Sec. 16-181.4. To request information. To request such
3 information from any member, annuitant, beneficiary, or
4 employer as is necessary for the proper administration of the
5 System.

6 Section 97. Severability. The provisions of this Act are
7 severable under Section 1.31 of the Statute on Statutes.

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.