

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 7-144 and 7-172 as follows:

6 (40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

7 Sec. 7-144. Retirement annuities - Suspended during
8 employment.

9 (a) If any person receiving any annuity again becomes an
10 employee and receives earnings from employment in a position
11 requiring him, or entitling him to elect, to become a
12 participating employee, then the annuity payable to such
13 employee shall be suspended as of the 1st day of the month
14 coincidental with or next following the date upon which such
15 person becomes such an employee, unless the person is
16 authorized under subsection (b) of Section 7-137.1 of this Code
17 to continue receiving a retirement annuity during that period.
18 Upon proper qualification of the participating employee
19 payment of such annuity may be resumed on the 1st day of the
20 month following such qualification and upon proper application
21 therefor. The participating employee in such case shall be
22 entitled to a supplemental annuity arising from service and
23 credits earned subsequent to such re-entry as a participating

1 employee.

2 Notwithstanding any other provision of this Article, an
3 annuitant shall be considered a participating employee if he or
4 she returns to work as an employee with a participating
5 employer and works more than 599 hours annually (or 999 hours
6 annually with a participating employer that has adopted a
7 resolution pursuant to subsection (e) of Section 7-137 of this
8 Code). Each of these annual periods shall commence on the month
9 and day upon which the annuitant is first employed with the
10 participating employer following the effective date of the
11 annuity.

12 (a-5) If any annuitant under this Article must be
13 considered a participating employee per the provisions of
14 subsection (a) of this Section, and the participating
15 municipality or participating instrumentality that employs or
16 re-employs that annuitant fails to notify the Board to suspend
17 the annuity, the participating municipality or participating
18 instrumentality may be required to reimburse the Fund for an
19 amount up to the total of any annuity payments made to the
20 annuitant after the date the annuity should have been
21 suspended, as determined by the Board, less any amount actually
22 repaid by the annuitant.

23 (b) Supplemental annuities to persons who return to service
24 for less than 48 months shall be computed under the provisions
25 of Sections 7-141, 7-142 and 7-143. In determining whether an
26 employee is eligible for an annuity which requires a minimum

1 period of service, his entire period of service shall be taken
2 into consideration but the supplemental annuity shall be based
3 on earnings and service in the supplemental period only. The
4 effective date of the suspended and supplemental annuity for
5 the purpose of increases after retirement shall be considered
6 to be the effective date of the suspended annuity.

7 (c) Supplemental annuities to persons who return to service
8 for 48 months or more shall be a monthly amount determined as
9 follows:

10 (1) An amount shall be computed under subparagraph b of
11 paragraph (1) of subsection (a) of Section 7-142,
12 considering all of the service credits of the employee;

13 (2) The actuarial value in monthly payments for life of
14 the annuity payments made before suspension shall be
15 determined and subtracted from the amount determined in (1)
16 above;

17 (3) The monthly amount of the suspended annuity, with
18 any applicable increases after retirement computed from
19 the effective date to the date of reinstatement, shall be
20 subtracted from the amount determined in (2) above and the
21 remainder shall be the amount of the supplemental annuity
22 provided that this amount shall not be less than the amount
23 computed under subsection (b) of this Section.

24 (4) The suspended annuity shall be reinstated at an
25 amount including any increases after retirement from the
26 effective date to date of reinstatement.

1 (5) The effective date of the combined suspended and
2 supplemental annuities for the purposes of increases after
3 retirement shall be considered to be the effective date of
4 the supplemental annuity.

5 (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12;
6 98-389, eff. 8-16-13.)

7 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)
8 Sec. 7-172. Contributions by participating municipalities
9 and participating instrumentalities.

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

12 1. municipality contributions in an amount determined
13 by applying the municipality contribution rate to each
14 payment of earnings paid to each of its participating
15 employees;

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

20 3. all accounts receivable, together with interest
21 charged thereon, as provided in Section 7-209, and any
22 amounts due under subsection (a-5) of Section 7-144;

23 4. if it has no participating employees with current
24 earnings, an amount payable which, over a closed period of
25 20 years for participating municipalities and 10 years for

1 participating instrumentalities, will amortize, at the
2 effective rate for that year, any unfunded obligation. The
3 unfunded obligation shall be computed as provided in
4 paragraph 2 of subsection (b);

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

12 (b) A separate municipality contribution rate shall be
13 determined for each calendar year for all participating
14 municipalities together with all instrumentalities thereof.
15 The municipality contribution rate shall be determined for
16 participating instrumentalities as if they were participating
17 municipalities. The municipality contribution rate shall be
18 the sum of the following percentages:

19 1. The percentage of earnings of all the participating
20 employees of all participating municipalities and
21 participating instrumentalities which, if paid over the
22 entire period of their service, will be sufficient when
23 combined with all employee contributions available for the
24 payment of benefits, to provide all annuities for
25 participating employees, and the \$3,000 death benefit
26 payable under Sections 7-158 and 7-164, such percentage to

1 be known as the normal cost rate.

2 2. The percentage of earnings of the participating
3 employees of each participating municipality and
4 participating instrumentalities necessary to adjust for
5 the difference between the present value of all benefits,
6 excluding temporary and total and permanent disability and
7 death benefits, to be provided for its participating
8 employees and the sum of its accumulated municipality
9 contributions and the accumulated employee contributions
10 and the present value of expected future employee and
11 municipality contributions pursuant to subparagraph 1 of
12 this paragraph (b). This adjustment shall be spread over a
13 period determined by the Board, not to exceed 30 years for
14 participating municipalities or 10 years for participating
15 instrumentalities.

16 3. The percentage of earnings of the participating
17 employees of all municipalities and participating
18 instrumentalities necessary to provide the present value
19 of all temporary and total and permanent disability
20 benefits granted during the most recent year for which
21 information is available.

22 4. The percentage of earnings of the participating
23 employees of all participating municipalities and
24 participating instrumentalities necessary to provide the
25 present value of the net single sum death benefits expected
26 to become payable from the reserve established under

1 Section 7-206 during the year for which this rate is fixed.

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

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

7 A separate municipality contribution rate shall be
8 computed for the sheriff's law enforcement employees of each
9 forest preserve district that elects to have such employees.
10 For the period from January 1, 1986 to December 31, 1986, such
11 rate shall be the forest preserve district's regular rate plus
12 2%.

13 In the event that the Board determines that there is an
14 actuarial deficiency in the account of any municipality with
15 respect to a person who has elected to participate in the Fund
16 under Section 3-109.1 of this Code, the Board may adjust the
17 municipality's contribution rate so as to make up that
18 deficiency over such reasonable period of time as the Board may
19 determine.

20 (d) The Board may establish a separate municipality
21 contribution rate for all employees who are program
22 participants employed under the federal Comprehensive
23 Employment Training Act by all of the participating
24 municipalities and instrumentalities. The Board may also
25 provide that, in lieu of a separate municipality rate for these
26 employees, a portion of the municipality contributions for such

1 program participants shall be refunded or an extra charge
2 assessed so that the amount of municipality contributions
3 retained or received by the fund for all CETA program
4 participants shall be an amount equal to that which would be
5 provided by the separate municipality contribution rate for all
6 such program participants. Refunds shall be made to prime
7 sponsors of programs upon submission of a claim therefor and
8 extra charges shall be assessed to participating
9 municipalities and instrumentalities. In establishing the
10 municipality contribution rate as provided in paragraph (b) of
11 this Section, the use of a separate municipality contribution
12 rate for program participants or the refund of a portion of the
13 municipality contributions, as the case may be, may be
14 considered.

15 (e) Computations of municipality contribution rates for
16 the following calendar year shall be made prior to the
17 beginning of each year, from the information available at the
18 time the computations are made, and on the assumption that the
19 employees in each participating municipality or participating
20 instrumentality at such time will continue in service until the
21 end of such calendar year at their respective rates of earnings
22 at such time.

23 (f) Any municipality which is the recipient of State
24 allocations representing that municipality's contributions for
25 retirement annuity purposes on behalf of its employees as
26 provided in Section 12-21.16 of the Illinois Public Aid Code

1 shall pay the allocations so received to the Board for such
2 purpose. Estimates of State allocations to be received during
3 any taxable year shall be considered in the determination of
4 the municipality's tax rate for that year under Section 7-171.
5 If a special tax is levied under Section 7-171, none of the
6 proceeds may be used to reimburse the municipality for the
7 amount of State allocations received and paid to the Board. Any
8 multiple-county or consolidated health department which
9 receives contributions from a county under Section 11.2 of "An
10 Act in relation to establishment and maintenance of county and
11 multiple-county health departments", approved July 9, 1943, as
12 amended, or distributions under Section 3 of the Department of
13 Public Health Act, shall use these only for municipality
14 contributions by the health department.

15 (g) Municipality contributions for the several purposes
16 specified shall, for township treasurers and employees in the
17 offices of the township treasurers who meet the qualifying
18 conditions for coverage hereunder, be allocated among the
19 several school districts and parts of school districts serviced
20 by such treasurers and employees in the proportion which the
21 amount of school funds of each district or part of a district
22 handled by the treasurer bears to the total amount of all
23 school funds handled by the treasurer.

24 From the funds subject to allocation among districts and
25 parts of districts pursuant to the School Code, the trustees
26 shall withhold the proportionate share of the liability for

1 municipality contributions imposed upon such districts by this
2 Section, in respect to such township treasurers and employees
3 and remit the same to the Board.

4 The municipality contribution rate for an educational
5 service center shall initially be the same rate for each year
6 as the regional office of education or school district which
7 serves as its administrative agent. When actuarial data become
8 available, a separate rate shall be established as provided in
9 subparagraph (i) of this Section.

10 The municipality contribution rate for a public agency,
11 other than a vocational education cooperative, formed under the
12 Intergovernmental Cooperation Act shall initially be the
13 average rate for the municipalities which are parties to the
14 intergovernmental agreement. When actuarial data become
15 available, a separate rate shall be established as provided in
16 subparagraph (i) of this Section.

17 (h) Each participating municipality and participating
18 instrumentality shall make the contributions in the amounts
19 provided in this Section in the manner prescribed from time to
20 time by the Board and all such contributions shall be
21 obligations of the respective participating municipalities and
22 participating instrumentalities to this fund. The failure to
23 deduct any employee contributions shall not relieve the
24 participating municipality or participating instrumentality of
25 its obligation to this fund. Delinquent payments of
26 contributions due under this Section may, with interest, be

1 recovered by civil action against the participating
2 municipalities or participating instrumentalities.
3 Municipality contributions, other than the amount necessary
4 for employee contributions, for periods of service by employees
5 from whose earnings no deductions were made for employee
6 contributions to the fund, may be charged to the municipality
7 reserve for the municipality or participating instrumentality.

8 (i) Contributions by participating instrumentalities shall
9 be determined as provided herein except that the percentage
10 derived under subparagraph 2 of paragraph (b) of this Section,
11 and the amount payable under subparagraph 4 of paragraph (a) of
12 this Section, shall be based on an amortization period of 10
13 years.

14 (j) Notwithstanding the other provisions of this Section,
15 the additional unfunded liability accruing as a result of this
16 amendatory Act of the 94th General Assembly shall be amortized
17 over a period of 30 years beginning on January 1 of the second
18 calendar year following the calendar year in which this
19 amendatory Act takes effect, except that the employer may
20 provide for a longer amortization period by adopting a
21 resolution or ordinance specifying a 35-year or 40-year period
22 and submitting a certified copy of the ordinance or resolution
23 to the fund no later than June 1 of the calendar year following
24 the calendar year in which this amendatory Act takes effect.

25 (k) If the amount of a participating employee's reported
26 earnings for any of the 12-month periods used to determine the

1 final rate of earnings exceeds the employee's 12 month reported
2 earnings with the same employer for the previous year by the
3 greater of 6% or 1.5 times the annual increase in the Consumer
4 Price Index-U, as established by the United States Department
5 of Labor for the preceding September, the participating
6 municipality or participating instrumentality that paid those
7 earnings shall pay to the Fund, in addition to any other
8 contributions required under this Article, the present value of
9 the increase in the pension resulting from the portion of the
10 increase in salary that is in excess of the greater of 6% or
11 1.5 times the annual increase in the Consumer Price Index-U, as
12 determined by the Fund. This present value shall be computed on
13 the basis of the actuarial assumptions and tables used in the
14 most recent actuarial valuation of the Fund that is available
15 at the time of the computation.

16 Whenever it determines that a payment is or may be required
17 under this subsection (k), the fund shall calculate the amount
18 of the payment and bill the participating municipality or
19 participating instrumentality for that amount. The bill shall
20 specify the calculations used to determine the amount due. If
21 the participating municipality or participating
22 instrumentality disputes the amount of the bill, it may, within
23 30 days after receipt of the bill, apply to the fund in writing
24 for a recalculation. The application must specify in detail the
25 grounds of the dispute. Upon receiving a timely application for
26 recalculation, the fund shall review the application and, if

1 appropriate, recalculate the amount due. The participating
2 municipality and participating instrumentality contributions
3 required under this subsection (k) may be paid in the form of a
4 lump sum within 90 days after receipt of the bill. If the
5 participating municipality and participating instrumentality
6 contributions are not paid within 90 days after receipt of the
7 bill, then interest will be charged at a rate equal to the
8 fund's annual actuarially assumed rate of return on investment
9 compounded annually from the 91st day after receipt of the
10 bill. Payments must be concluded within 3 years after receipt
11 of the bill by the participating municipality or participating
12 instrumentality.

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

16 When assessing payment for any amount due under this
17 subsection (k), the fund shall also exclude earnings increases
18 attributable to standard employment promotions resulting in
19 increased responsibility and workload.

20 This subsection (k) does not apply to earnings increases
21 paid to individuals under contracts or collective bargaining
22 agreements entered into, amended, or renewed before January 1,
23 2012 (the effective date of Public Act 97-609), earnings
24 increases paid to members who are 10 years or more from
25 retirement eligibility, or earnings increases resulting from
26 an increase in the number of hours required to be worked.

1 When assessing payment for any amount due under this
2 subsection (k), the fund shall also exclude earnings
3 attributable to personnel policies adopted before January 1,
4 2012 (the effective date of Public Act 97-609) as long as those
5 policies are not applicable to employees who begin service on
6 or after January 1, 2012 (the effective date of Public Act
7 97-609).

8 (Source: P.A. 97-333, eff. 8-12-11; 97-609, eff. 1-1-12;
9 97-933, eff. 8-10-12; 98-218, eff. 8-9-13.)

10 Section 90. The State Mandates Act is amended by adding
11 Section 8.39 as follows:

12 (30 ILCS 805/8.39 new)

13 Sec. 8.39. Exempt mandate. Notwithstanding Sections 6 and 8
14 of this Act, no reimbursement by the State is required for the
15 implementation of any mandate created by this amendatory Act of
16 the 99th General Assembly.

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