

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 knowingly fails to notify the Board
17 to suspend the annuity, the participating municipality or
18 participating instrumentality may be required to reimburse the
19 Fund for an amount up to one-half of the total of any annuity
20 payments made to the annuitant after the date the annuity
21 should have been suspended, as determined by the Board. In no
22 case shall the total amount repaid by the annuitant plus any
23 amount reimbursed by the employer to the Fund be more than the
24 total of all annuity payments made to the annuitant after the
25 date the annuity should have been suspended. This subsection
26 shall not apply if the annuitant returned to work for the

1 employer for less than 12 months.

2 The Fund shall notify all annuitants that they must notify
3 the Fund immediately if they return to work for any
4 participating employer. The notification by the Fund shall
5 occur upon retirement and no less than annually thereafter in a
6 format determined by the Fund. The Fund shall also develop and
7 maintain a system to track annuitants who have returned to work
8 and notify the participating employer and annuitant at least
9 annually of the limitations on returning to work under this
10 Section.

11 (b) Supplemental annuities to persons who return to service
12 for less than 48 months shall be computed under the provisions
13 of Sections 7-141, 7-142 and 7-143. In determining whether an
14 employee is eligible for an annuity which requires a minimum
15 period of service, his entire period of service shall be taken
16 into consideration but the supplemental annuity shall be based
17 on earnings and service in the supplemental period only. The
18 effective date of the suspended and supplemental annuity for
19 the purpose of increases after retirement shall be considered
20 to be the effective date of the suspended annuity.

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

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

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

5 (3) The monthly amount of the suspended annuity, with
6 any applicable increases after retirement computed from
7 the effective date to the date of reinstatement, shall be
8 subtracted from the amount determined in (2) above and the
9 remainder shall be the amount of the supplemental annuity
10 provided that this amount shall not be less than the amount
11 computed under subsection (b) of this Section.

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

15 (5) The effective date of the combined suspended and
16 supplemental annuities for the purposes of increases after
17 retirement shall be considered to be the effective date of
18 the supplemental annuity.

19 (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12;
20 98-389, eff. 8-16-13.)

21 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

22 Sec. 7-172. Contributions by participating municipalities
23 and participating instrumentalities.

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

1 1. municipality contributions in an amount determined
2 by applying the municipality contribution rate to each
3 payment of earnings paid to each of its participating
4 employees;

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

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

12 4. if it has no participating employees with current
13 earnings, an amount payable which, over a closed period of
14 20 years for participating municipalities and 10 years for
15 participating instrumentalities, will amortize, at the
16 effective rate for that year, any unfunded obligation. The
17 unfunded obligation shall be computed as provided in
18 paragraph 2 of subsection (b);

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

26 (b) A separate municipality contribution rate shall be

1 determined for each calendar year for all participating
2 municipalities together with all instrumentalities thereof.
3 The municipality contribution rate shall be determined for
4 participating instrumentalities as if they were participating
5 municipalities. The municipality contribution rate shall be
6 the sum of the following percentages:

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

16 2. The percentage of earnings of the participating
17 employees of each participating municipality and
18 participating instrumentalities necessary to adjust for
19 the difference between the present value of all benefits,
20 excluding temporary and total and permanent disability and
21 death benefits, to be provided for its participating
22 employees and the sum of its accumulated municipality
23 contributions and the accumulated employee contributions
24 and the present value of expected future employee and
25 municipality contributions pursuant to subparagraph 1 of
26 this paragraph (b). This adjustment shall be spread over a

1 period determined by the Board, not to exceed 30 years for
2 participating municipalities or 10 years for participating
3 instrumentalities.

4 3. The percentage of earnings of the participating
5 employees of all municipalities and participating
6 instrumentalities necessary to provide the present value
7 of all temporary and total and permanent disability
8 benefits granted during the most recent year for which
9 information is available.

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

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

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

21 A separate municipality contribution rate shall be
22 computed for the sheriff's law enforcement employees of each
23 forest preserve district that elects to have such employees.
24 For the period from January 1, 1986 to December 31, 1986, such
25 rate shall be the forest preserve district's regular rate plus
26 2%.

1 In the event that the Board determines that there is an
2 actuarial deficiency in the account of any municipality with
3 respect to a person who has elected to participate in the Fund
4 under Section 3-109.1 of this Code, the Board may adjust the
5 municipality's contribution rate so as to make up that
6 deficiency over such reasonable period of time as the Board may
7 determine.

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

1 municipality contributions, as the case may be, may be
2 considered.

3 (e) Computations of municipality contribution rates for
4 the following calendar year shall be made prior to the
5 beginning of each year, from the information available at the
6 time the computations are made, and on the assumption that the
7 employees in each participating municipality or participating
8 instrumentality at such time will continue in service until the
9 end of such calendar year at their respective rates of earnings
10 at such time.

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

1 Public Health Act, shall use these only for municipality
2 contributions by the health department.

3 (g) Municipality contributions for the several purposes
4 specified shall, for township treasurers and employees in the
5 offices of the township treasurers who meet the qualifying
6 conditions for coverage hereunder, be allocated among the
7 several school districts and parts of school districts serviced
8 by such treasurers and employees in the proportion which the
9 amount of school funds of each district or part of a district
10 handled by the treasurer bears to the total amount of all
11 school funds handled by the treasurer.

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

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

24 The municipality contribution rate for a public agency,
25 other than a vocational education cooperative, formed under the
26 Intergovernmental Cooperation Act shall initially be the

1 average rate for the municipalities which are parties to the
2 intergovernmental agreement. When actuarial data become
3 available, a separate rate shall be established as provided in
4 subparagraph (i) of this Section.

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

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

1 years.

2 (j) Notwithstanding the other provisions of this Section,
3 the additional unfunded liability accruing as a result of this
4 amendatory Act of the 94th General Assembly shall be amortized
5 over a period of 30 years beginning on January 1 of the second
6 calendar year following the calendar year in which this
7 amendatory Act takes effect, except that the employer may
8 provide for a longer amortization period by adopting a
9 resolution or ordinance specifying a 35-year or 40-year period
10 and submitting a certified copy of the ordinance or resolution
11 to the fund no later than June 1 of the calendar year following
12 the calendar year in which this amendatory Act takes effect.

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

1 the basis of the actuarial assumptions and tables used in the
2 most recent actuarial valuation of the Fund that is available
3 at the time of the computation.

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

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

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

8 This subsection (k) does not apply to earnings increases
9 paid to individuals under contracts or collective bargaining
10 agreements entered into, amended, or renewed before January 1,
11 2012 (the effective date of Public Act 97-609), earnings
12 increases paid to members who are 10 years or more from
13 retirement eligibility, or earnings increases resulting from
14 an increase in the number of hours required to be worked.

15 When assessing payment for any amount due under this
16 subsection (k), the fund shall also exclude earnings
17 attributable to personnel policies adopted before January 1,
18 2012 (the effective date of Public Act 97-609) as long as those
19 policies are not applicable to employees who begin service on
20 or after January 1, 2012 (the effective date of Public Act
21 97-609).

22 (Source: P.A. 97-333, eff. 8-12-11; 97-609, eff. 1-1-12;
23 97-933, eff. 8-10-12; 98-218, eff. 8-9-13.)

24 Section 90. The State Mandates Act is amended by adding
25 Section 8.40 as follows:

1 (30 ILCS 805/8.40 new)

2 Sec. 8.40. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 99th General Assembly.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.