

1 AN ACT in relation to 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
5 changing Sections 7-118, 7-137, 7-139, 7-141, 7-152, 7-156,
6 7-158, 7-164, 7-172, 7-205, and 7-206 as follows:

7 (40 ILCS 5/7-118) (from Ch. 108 1/2, par. 7-118)

8 Sec. 7-118. "Beneficiary":

9 (a) The surviving spouse of an employee or of an
10 employee annuitant, or if no surviving spouse survives, the
11 person or persons designated by a participating employee or
12 employee annuitant, or if no person so designated survives,
13 or if no designation is on file, the estate of the employee
14 or employee annuitant. The person or persons designated by a
15 beneficiary annuitant, or if no person designated survives,
16 or if no designation is on file, the estate of the
17 beneficiary annuitant. The estate of a surviving spouse
18 annuitant where the employee or employee annuitant filed no
19 designation, or no person designated survives at the death of
20 a surviving spouse annuitant. Designations of beneficiaries
21 shall be in writing on forms prescribed by the board and
22 effective upon filing in the fund offices. The designation
23 forms shall provide for contingent beneficiaries. Divorce,
24 dissolution or annulment of marriage revokes the designation
25 of an employee's former spouse as a beneficiary on a
26 designation executed before entry of judgment for divorce,
27 dissolution or annulment of marriage.

28 (b) Notwithstanding the foregoing, an employee, former
29 employee who has not yet received a retirement annuity or
30 separation benefit, or employee annuitant may elect to name
31 any person, trust or charity to be the primary beneficiary of

1 any death benefit payable by reason of his death. Such
 2 election shall state specifically whether it is his intention
 3 to exclude the spouse, shall be in writing, and may be
 4 revoked at any time. Such election or revocation shall take
 5 effect upon being filed in the fund offices.

6 (c) If a surviving spouse annuity is payable to a former
 7 spouse upon the death of an employee annuitant, the former
 8 spouse, unless designated by the employee annuitant after
 9 dissolution of the marriage, shall not be the beneficiary for
 10 the purposes of the \$5,000 ~~\$3,000~~ death benefit payable under
 11 subparagraph 6 of Section 7-164. This benefit shall be paid
 12 to the designated beneficiary of the employee annuitant or,
 13 if there is no designation, then to the estate of the
 14 employee annuitant.

15 (Source: P.A. 89-136, eff. 7-14-95; 90-448, eff. 8-16-97.)

16 (40 ILCS 5/7-137) (from Ch. 108 1/2, par. 7-137)

17 Sec. 7-137. Participating and covered employees.

18 (a) The persons described in this paragraph (a) shall be
 19 included within and be subject to this Article and eligible
 20 to benefits from this fund, beginning upon the dates
 21 hereinafter specified:

22 1. Except as to the employees specifically excluded
 23 under the provisions of this Article, all persons who are
 24 employees of any municipality (or instrumentality
 25 thereof) or participating instrumentality on the
 26 effective date of participation of the municipality or
 27 participating instrumentality beginning upon such
 28 effective date.

29 2. Except as to the employees specifically excluded
 30 under the provisions of this Article, all persons, who
 31 became employees of any participating municipality (or
 32 instrumentality thereof) or participating instrumentality
 33 after the effective date of participation of such

1 municipality or participating instrumentality, beginning
2 upon the date such person becomes an employee.

3 3. All persons who file notice with the board as
4 provided in paragraph (b)2 or (b)3 and-3 of this Section,
5 beginning upon the date of filing such notice.

6 (b) The following described persons shall not be
7 considered participating employees eligible for benefits from
8 this fund, but shall be included within and be subject to
9 this Article (each of the descriptions is not exclusive but
10 is cumulative):

11 1. Any person who occupies an office or is employed
12 in a position normally requiring performance of duty
13 during less than 600 hours a year for a municipality
14 (including all instrumentalities thereof) or a
15 participating instrumentality. If a school treasurer
16 performs services for more than one school district, the
17 total number of hours of service normally required for
18 the several school districts shall be considered to
19 determine whether he qualifies under this paragraph;

20 2. Any person who holds elective office unless he
21 has elected while in that office in a written notice on
22 file with the board to become a participating employee;

23 3. Any person working for a city hospital unless
24 any such person, while in active employment, has elected
25 in a written notice on file with the board to become a
26 participating employee and notification thereof is
27 received by the board;

28 4. Any person who becomes an employee after June
29 30, 1979 as a public service employment program
30 participant under the federal Comprehensive Employment
31 and Training Act and whose wages or fringe benefits are
32 paid in whole or in part by funds provided under such
33 Act.

34 (c) Any person electing to be a participating employee,

1 pursuant to paragraph (b) of this Section may not change such
2 election, except as provided in Section 7-137.1.

3 (d) Any employee who occupied the position of school
4 nurse in any participating municipality on August 8, 1961 and
5 continuously thereafter until the effective date of the
6 exercise of the option authorized by this subparagraph, who
7 on August 7, 1961 was a member of the Teachers' Retirement
8 System of Illinois, by virtue of certification by the
9 Department of Registration and Education as a public health
10 nurse, may elect to terminate participation in this Fund in
11 order to re-establish membership in such System. The
12 election may be exercised by filing written notice thereof
13 with the Board or with the Board of Trustees of said
14 Teachers' Retirement System, not later than September 30,
15 1963, and shall be effective on the first day of the calendar
16 month next following the month in which the notice was filed.
17 If the written notice is filed with such Teachers' Retirement
18 System, that System shall immediately notify this Fund, but
19 neither failure nor delay in notification shall affect the
20 validity of the employee's election. If the option is
21 exercised, the Fund shall notify such Teachers' Retirement
22 System of such fact and transfer to that system the amounts
23 contributed by the employee to this Fund, including interest
24 at 3% per annum, but excluding contributions applicable to
25 social security coverage during the period beginning August
26 8, 1961 to the effective date of the employee's election.
27 Participation in this Fund as to any credits on or after
28 August 8, 1961 and up to the effective date of the employee's
29 election shall terminate on such effective date.

30 (e) Any participating municipality or participating
31 instrumentality, other than a school district or special
32 education joint agreement created under Section 10-22.31 of
33 the School Code, may, by a resolution or ordinance duly
34 adopted by its governing body, elect to exclude from

1 participation and eligibility for benefits all persons who
2 are employed after the effective date of such resolution or
3 ordinance and who occupy an office or are employed in a
4 position normally requiring performance of duty for less than
5 1000 hours per year for the participating municipality
6 (including all instrumentalities thereof) or participating
7 instrumentality, except for persons employed in a position
8 normally requiring performance of duty for 600 hours or more
9 per year (i) by such participating municipality or
10 participating instrumentality prior to the effective date of
11 the resolution or ordinance, (ii) by any participating
12 municipality or participating instrumentality prior to
13 January 1, 1982, and (iii) by a participating municipality or
14 participating instrumentality that~~7--which~~ had not adopted
15 such a resolution when the person was employed, and the
16 function served by the employee's position is assumed by
17 another participating municipality or participating
18 instrumentality, or (iv) by any participating municipality or
19 participating instrumentality upon a return to employment
20 after retirement from a position (not necessarily with the
21 same employer) normally requiring the performance of duty for
22 at least 600 but less than 1000 hours per year for which the
23 person participated in the Fund. A participating
24 municipality or participating instrumentality included in and
25 subject to this Article after January 1, 1982 may adopt such
26 resolution or ordinance only prior to the date it becomes
27 included in and subject to this Article. Notwithstanding the
28 foregoing, a participating municipality or participating
29 instrumentality which is formed solely to succeed to the
30 functions of a participating municipality or participating
31 instrumentality shall be considered to have adopted any such
32 resolution or ordinance which may have been applicable to the
33 employees performing such functions. The election made by
34 the resolution or ordinance shall take effect at the time

1 specified in the resolution or ordinance, and once effective
2 shall be irrevocable.

3 The change in this subsection made by this amendatory Act
4 of the 92nd General Assembly also applies to persons whose
5 initial withdrawal from service occurred before the effective
6 date of this amendatory Act.

7 (Source: P.A. 86-272; 87-740; 87-850.)

8 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)
9 Sec. 7-139. Credits and creditable service to employees.

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

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

22 If the effective date of participation for the
23 participating municipality or participating
24 instrumentality is on or before January 1, 1998,
25 creditable service shall be granted for the entire period
26 of prior service with that employer without any employee
27 contribution.

28 If the effective date of participation for the
29 participating municipality or participating
30 instrumentality is after January 1, 1998, creditable
31 service shall be granted for the last 20% of the period
32 of prior service with that employer, but no more than 5
33 years, without any employee contribution. A

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

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

28 2. For current service, each participating employee
29 shall be credited with:

30 a. Additional credits of amounts equal to each
31 payment of additional contributions received from
32 him under Section 7-173, as of the date the
33 corresponding payment of earnings is payable to him.

34 b. Normal credits of amounts equal to each

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

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

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

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

26 4. For authorized leave of absence without pay: A
27 participating employee shall be granted credits and
28 creditable service for periods of authorized leave of
29 absence without pay under the following conditions:

30 a. An application for credits and creditable
31 service is submitted to the board while the employee
32 is in a status of active employment, ~~and within 2~~
33 ~~years after termination of the leave of absence~~
34 ~~period for which credits and creditable service are~~

1 sought.

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

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

18 d. Benefits under the provisions of Sections
19 7-141, 7-146, 7-150 and 7-163 shall become payable
20 to employees on authorized leave of absence, or
21 their designated beneficiary, only if such leave of
22 absence is creditable hereunder, and if the employee
23 has at least one year of creditable service other
24 than the service granted for leave of absence. Any
25 employee contributions due may be deducted from any
26 benefits payable.

27 e. No credits or creditable service shall be
28 allowed for leave of absence without pay during any
29 period of prior service.

30 5. For military service: The governing body of a
31 municipality or participating instrumentality may elect
32 to allow creditable service to participating employees
33 who leave their employment to serve in the armed forces
34 of the United States for all periods of such service,

1 provided that the person returns to active employment
2 within 90 days after completion of full time active duty,
3 but no creditable service shall be allowed such person
4 for any period that can be used in the computation of a
5 pension or any other pay or benefit, other than pay for
6 active duty, for service in any branch of the armed
7 forces of the United States. If necessary to the
8 computation of any benefit, the board shall establish
9 municipality credits for participating employees under
10 this paragraph on the assumption that the employee
11 received earnings at the rate received at the time he
12 left the employment to enter the armed forces. A
13 participating employee in the armed forces shall not be
14 considered an employee during such period of service and
15 no additional death and no disability benefits are
16 payable for death or disability during such period.

17 Any participating employee who left his employment
18 with a municipality or participating instrumentality to
19 serve in the armed forces of the United States and who
20 again became a participating employee within 90 days
21 after completion of full time active duty by entering the
22 service of a different municipality or participating
23 instrumentality, which has elected to allow creditable
24 service for periods of military service under the
25 preceding paragraph, shall also be allowed creditable
26 service for his period of military service on the same
27 terms that would apply if he had been employed, before
28 entering military service, by the municipality or
29 instrumentality which employed him after he left the
30 military service and the employer costs arising in
31 relation to such grant of creditable service shall be
32 charged to and paid by that municipality or
33 instrumentality.

34 Notwithstanding the foregoing, any participating

1 employee shall be entitled to creditable service as
2 required by any federal law relating to re-employment
3 rights of persons who served in the United States Armed
4 Services. Such creditable service shall be granted upon
5 payment by the member of an amount equal to the employee
6 contributions which would have been required had the
7 employee continued in service at the same rate of
8 earnings during the military leave period, plus interest
9 at the effective rate.

10 5.1. In addition to any creditable service
11 established under paragraph 5 of this subsection (a),
12 creditable service may be granted for up to 24 months of
13 service in the armed forces of the United States.

14 In order to receive creditable service for military
15 service under this paragraph 5.1, a participating
16 employee must (1) apply to the Fund in writing and
17 provide evidence of the military service that is
18 satisfactory to the Board; (2) obtain the written
19 approval of the current employer; and (3) make
20 contributions to the Fund equal to (i) the employee
21 contributions that would have been required had the
22 service been rendered as a member, plus (ii) an amount
23 determined by the board to be equal to the employer's
24 normal cost of the benefits accrued for that military
25 service, plus (iii) interest on items (i) and (ii) from
26 the date of first membership in the Fund to the date of
27 payment. If payment is made during the 6-month period
28 that begins 3 months after the effective date of this
29 amendatory Act of 1997, the required interest shall be at
30 the rate of 2.5% per year, compounded annually;
31 otherwise, the required interest shall be calculated at
32 the regular interest rate.

33 6. For out-of-state service: Creditable service
34 shall be granted for service rendered to an out-of-state

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

20 7. For retroactive service: Any employee who could
21 have but did not elect to become a participating
22 employee, or who should have been a participant in the
23 Municipal Public Utilities Annuity and Benefit Fund
24 before that fund was superseded, may receive creditable
25 service for the period of service not to exceed 50
26 months; however, a current or former county board member
27 may establish credit under this paragraph 7 for more than
28 50 months of service as a member of the county board if
29 the excess over 50 months is approved by resolution of
30 the affected county board filed with the Fund before
31 January 1, 1999.

32 Any employee who is a participating employee on or
33 after September 24, 1981 and who was excluded from
34 participation by the age restrictions removed by Public

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

18 8. For accumulated unused sick leave: A
 19 participating employee who is applying for a retirement
 20 annuity shall be entitled to creditable service for that
 21 portion of the employee's accumulated unused sick leave
 22 for which payment is not received, as follows:

23 a. Sick leave days shall be limited to those
 24 accumulated under a sick leave plan established by a
 25 participating municipality or participating
 26 instrumentality which is available to all employees
 27 or a class of employees.

28 b. ~~Only sick leave days accumulated with a~~
 29 ~~participating municipality or participating~~
 30 ~~instrumentality with which the employee was in~~
 31 ~~service within 60 days of the effective date of his~~
 32 ~~retirement annuity shall be credited; If the~~
 33 ~~employee was in service with more than one employer,~~
 34 ~~during this period only the sick leave days with the~~

1 employer with which the employee has the greatest
2 number of unpaid sick leave days shall be
3 considered.

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

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

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

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

25 9. For service transferred from another system:
26 Credits and creditable service shall be granted for
27 service under Article 3, 4, 5, 14 or 16 of this Act, to
28 any active member of this Fund, and to any inactive
29 member who has been a county sheriff, upon transfer of
30 such credits pursuant to Section 3-110.3, 4-108.3, 5-235,
31 14-105.6 or 16-131.4, and payment by the member of the
32 amount by which (1) the employer and employee
33 contributions that would have been required if he had
34 participated in this Fund as a sheriff's law enforcement

1 employee during the period for which credit is being
2 transferred, plus interest thereon at the effective rate
3 for each year, compounded annually, from the date of
4 termination of the service for which credit is being
5 transferred to the date of payment, exceeds (2) the
6 amount actually transferred to the Fund. Such transferred
7 service shall be deemed to be service as a sheriff's law
8 enforcement employee for the purposes of Section 7-142.1.

9 (b) Creditable service - amount:

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

29 (c) No application for correction of credits or
30 creditable service shall be considered unless the board
31 receives an application for correction while (1) the
32 applicant is a participating employee and in active
33 employment with a participating municipality or
34 instrumentality, or (2) while the applicant is actively

1 participating in a pension fund or retirement system which is
 2 a participating system under the Retirement Systems
 3 Reciprocal Act. A participating employee or other applicant
 4 shall not be entitled to credits or creditable service unless
 5 the required employee contributions are made in a lump sum or
 6 in installments made in accordance with board rule.

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

15 (Source: P.A. 90-448, eff. 8-16-97; 91-887, eff. 7-6-00.)

16 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

17 Sec. 7-141. Retirement annuities - Conditions.
 18 ~~Retirement annuities shall be payable as hereinafter set~~
 19 ~~forth:~~

20 (a) A participating employee who, regardless of cause,
 21 is separated from the service of all participating
 22 municipalities and instrumentalities thereof and
 23 participating instrumentalities shall be entitled to a
 24 retirement annuity provided:

25 1. He is at least age 55, or in the case of a
 26 person who is eligible to have his annuity calculated
 27 under Section 7-142.1, he is at least age 50.;

28 2. He is (i) an employee who was employed by any
 29 participating municipality or participating
 30 instrumentality which had not elected to exclude persons
 31 employed in positions normally requiring performance of
 32 duty for less than 1000 hours per year or was employed in
 33 a position normally requiring performance of duty for 600

1 hours or more per year prior to such election by any
2 participating municipality or participating
3 instrumentality included in and subject to this Article
4 on or before the effective date of this amendatory Act of
5 1981 which made such election and is not entitled to
6 receive earnings for employment in a position normally
7 requiring performance of duty for 600 hours or more per
8 year for any participating municipality and
9 instrumentalities thereof and participating
10 instrumentality; or (ii) an employee who was employed
11 only by a participating municipality or participating
12 instrumentality, or participating municipalities or
13 participating instrumentalities, which have elected to
14 exclude persons in positions normally requiring
15 performance of duty for less than 1000 hours per year
16 after the effective date of such exclusion or which are
17 included under and subject to the Article after the
18 effective date of this amendatory Act of 1981 and elects
19 to exclude persons in such positions, and is not entitled
20 to receive earnings for employment in a position normally
21 requiring performance of duty for 1000 hours or more per
22 year by such a participating municipality or
23 participating instrumentality.;

24 3. The amount of his annuity, before the
25 application of paragraph (b) of Section 7-142, is at
26 least \$10 per month.;

27 4. If he first became a participating employee
28 after December 31, 1961, he has at least 8 years of
29 service. This service requirement shall not apply to any
30 participating employee, regardless of participation date,
31 if the General Assembly terminates the Fund.

32 (b) Retirement annuities shall be payable:

33 1. As provided in Section 7-119.;

34 2. Except as provided in item 3, upon receipt by

1 the fund of a written application by--the--board. The
 2 effective date may be no earlier than the first day of
 3 the first full calendar month after termination of
 4 participating employment. not more than one year prior to
 5 the date of the receipt by the fund of the application;

6 3. Upon attainment of age 70 1/2 if the member (i)
 7 is no longer in service, and (ii) is otherwise entitled
 8 to an annuity under this Article.;

9 4. To the beneficiary of the deceased annuitant for
 10 the unpaid amount accrued to date of death, if any.

11 (c) The amendment to subdivision (b)(2) of this Section
 12 made by this amendatory Act of the 92nd General Assembly,
 13 removing the one year limitation on retroactive annuity,
 14 applies to every person who has not yet begun receiving a
 15 retirement annuity, without regard to whether the person
 16 terminated employment prior to the effective date of this
 17 amendatory Act.

18 (Source: P.A. 91-887, eff. 7-6-00.)

19 (40 ILCS 5/7-152) (from Ch. 108 1/2, par. 7-152)

20 Sec. 7-152. Disability benefits - Amount. The amount of
 21 the monthly temporary and total and permanent disability
 22 benefits shall be 50% of the participating employee's final
 23 rate of earnings on the date disability was incurred, subject
 24 to the following adjustments:

25 (a) The amount of the monthly temporary and total and
 26 permanent disability benefits shall be 60% (rather than 50%)
 27 of the participating employee's final rate of earnings on the
 28 date disability was incurred, if the date of disability
 29 occurs after the employer files with the board an undertaking
 30 to be responsible for the additional costs resulting from
 31 this increase. The undertaking may provide for all or a
 32 portion of those additional costs to be collected by the
 33 employer from its employees, through deductions from earnings

1 or in any other manner. The undertaking may be terminated by
2 the employer (or rejected by the board) at any time, in which
3 case benefits granted thereafter shall be based on the 50%
4 rate, but benefits already based on the 60% rate shall be
5 unaffected by the termination of the undertaking.

6 (a-5) If the participating employee has a reduced rate
7 of earnings at the time his employment ceases because of
8 disability, the rate of earnings shall be computed on the
9 basis of his last 12 month period of full-time employment.

10 (b) If the participating employee is eligible for a
11 disability benefit under the Federal Social Security Act, the
12 amount of monthly disability benefits shall be reduced, but
13 not to less than \$10 a month, by the amount he would be
14 eligible to receive as a disability benefit under the Federal
15 Social Security Act, whether or not because of service as a
16 covered employee under this Article. The reduction shall be
17 effective as of the month the employee is eligible for Social
18 Security disability benefits. The Board may make such
19 reduction if it appears that the employee may be so eligible
20 pending determination of eligibility and make an appropriate
21 adjustment if necessary after such determination. If the
22 employee, because of his refusal to accept rehabilitation
23 services under the Federal Rehabilitation Act of 1973 or the
24 Federal Social Security Act, or because he is receiving
25 workers' compensation benefits, has his Social Security
26 benefits reduced or terminated, the disability benefit shall
27 be reduced as if the employee were receiving his full Social
28 Security disability benefit.

29 (c) If the employee is over age 65, was not eligible for
30 a Social Security benefit immediately before reaching age 65
31 and is eligible for a Social Security old-age insurance
32 benefit, the amount of the monthly disability benefit shall
33 be reduced, but not to less than \$10 a month, by the amount
34 of the old-age insurance benefit to which the employee is

1 entitled whether or not the employee applies for the Social
2 Security old-age insurance benefit. This reduction shall be
3 made in the month after the month in which the employee
4 attains age 65. However, if the employee was receiving a
5 Social Security disability benefit before reaching age 65,
6 the disability benefits after age 65 shall be determined
7 under subsection (b) of this Section.

8 (d) The amount of disability benefits shall not be
9 reduced by reason of any increase, other than one resulting
10 from a correction in the employee's wage records, in the
11 amount of disability or old-age insurance benefits under the
12 Federal Social Security Act which takes effect after the
13 month of the initial reduction under paragraph (b) or (c) of
14 this Section.

15 (e) If the employee in any month receives compensation
16 from gainful employment which is more than 25% of the final
17 rate of earnings on which his disability benefits are based,
18 the temporary disability benefit payable for that month shall
19 be reduced by an amount equal to such excess.

20 (f) An employee who has been disabled for at least 30
21 days may return to work for the employer on a part-time basis
22 for a trial work period of up to one year, during which the
23 disability shall be deemed to continue. Service credit shall
24 continue to accrue and the disability benefit shall continue
25 to be paid during the trial work period, but the benefit
26 shall be reduced by the amount of earnings received by the
27 disabled employee. Return to service on a full-time basis
28 shall terminate the trial work period. The reduction under
29 this subsection (f) shall be in lieu of the reduction, if
30 any, required under subsection (e).

31 (g) Beginning January 1, 1988, every total and permanent
32 disability benefit shall be increased by 3% of the original
33 amount of the benefit, not compounded, on each January 1
34 following the later of (1) the date the total and permanent

1 disability benefit begins, or (2) the date the total and
2 permanent disability benefit would have begun if the employee
3 had been paid a temporary disability benefit for 30 months.

4 (Source: P.A. 87-740.)

5 (40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)

6 Sec. 7-156. Surviving spouse annuities - amount.

7 (a) The amount of surviving spouse annuity shall be:

8 (1) Upon the death of an employee annuitant or
9 such person entitled, upon application, to a retirement
10 annuity at date of death, (i) an amount equal to 1/2 of
11 the retirement annuity which was or would have been
12 payable exclusive of the amount so payable which was
13 provided from additional credits, and disregarding any
14 election made under paragraph (b) of Section 7-142, plus
15 (ii) an annuity which could be provided at the then
16 attained age of the surviving spouse and under actuarial
17 tables then in effect, from the excess of the additional
18 credits, (excluding any such credits used to create a
19 reversionary annuity) used to provide the annuity granted
20 pursuant to paragraph (a)(2) of Section 7-142 of this
21 article over the total annuity payments made pursuant
22 thereto.

23 (2) Upon the death of a participating employee on
24 or after attainment of age 55, an amount equal to 1/2 of
25 the retirement annuity which he could have had as of the
26 date of death had he then retired and applied for
27 annuity, exclusive of the portion thereof which could
28 have been provided from additional credits, and
29 disregarding paragraph (b) of Section 7-142, plus an
30 amount equal to the annuity which could be provided from
31 the total of his accumulated additional credits at date
32 of death, on the basis of the attained age of the
33 surviving spouse on such date.

1 (3)- Upon the death of a participating employee
2 before age 55, an amount equal to 1/2 of the retirement
3 annuity which he could have had as of his attained age on
4 the date of death, had he then retired and applied for
5 annuity, and the provisions of this Article that no such
6 annuity shall begin until the employee has attained at
7 least age 55 were not applicable, exclusive of the
8 portion thereof which could have been provided from
9 additional credits and disregarding paragraph (b) of
10 Section 7-142, plus an amount equal to the annuity which
11 could be provided from the total of his accumulated
12 additional credits at date of death, on the basis of the
13 attained age of the surviving spouse on such date.

14 If a surviving spouse is more than 5 years younger than
15 the deceased, that portion of the annuity which is not based
16 on additional credits shall be reduced in the ratio of the
17 value of a life annuity of \$1 per year at an age of 5 years
18 less than the attained age of the deceased, at the earlier of
19 the date of the death or the date his retirement annuity
20 begins, to the value of a life annuity of \$1 per year at the
21 attained age of the surviving spouse on such date, according
22 to actuarial tables approved by the Board.

23 In computing the amount of a surviving spouse annuity,
24 incremental increases of retirement annuities to the date of
25 death of the employee annuitant shall be considered.

26 (b) Each surviving spouse annuity payable on January 1,
27 1988 shall be increased on that date by 3% of the original
28 amount of the annuity. Each surviving spouse annuity that
29 begins after January 1, 1988 shall be increased on the
30 January 1 next occurring after the annuity begins, by an
31 amount equal to (i) 3% of the original amount thereof if the
32 deceased employee was receiving a retirement annuity at the
33 time of his death; otherwise (ii) 0.167% of the original
34 amount thereof for each complete month which has elapsed

1 since the date the annuity began. However, if the death of a
 2 retirement annuitant occurs in the month of December, the
 3 initial increase under this subsection shall be effective
 4 with the first payment of the surviving spouse annuity; in
 5 this case, references in this Article to the original amount
 6 of the surviving spouse annuity shall be deemed to refer to
 7 the calculated amount of the annuity before the immediate
 8 increase was applied.

9 On each January 1 after the date of the initial increase
 10 under this subsection, each surviving spouse annuity shall be
 11 increased by 3% of the originally granted amount of the
 12 annuity.

13 The change in this subsection made by this amendatory Act
 14 of the 92nd General Assembly applies to deaths occurring on
 15 or after December 1, 2002, without regard to whether the
 16 deceased employee was in service on or after the effective
 17 date of this amendatory Act.

18 (Source: P.A. 85-941.)

19 (40 ILCS 5/7-158) (from Ch. 108 1/2, par. 7-158)

20 Sec. 7-158. Surviving spouse annuities - Options. In
 21 lieu of the surviving spouse annuity an eligible surviving
 22 spouse shall have the option of receiving other benefits as
 23 follows:

24 1. The surviving spouse of a participating employee may
 25 elect to receive either a single sum death benefit or a
 26 surviving spouse annuity and the \$5,000 ~~\$3,000~~ death benefit
 27 provided in Sections 7-163 and 7-164.

28 2. The surviving spouse of an employee₇ who has
 29 separated from service and would have been entitled to a
 30 retirement annuity on date of death₇ may elect to receive
 31 either a single sum death benefit or a surviving spouse
 32 annuity and the \$5,000 ~~\$3,000~~ death benefit provided in
 33 Sections 7-163 and 7-164.

1 3. If any surviving spouse annuity is payable prior to
2 the earliest age at which the recipient will become eligible
3 for a widows' or widowers' insurance benefit under the
4 Federal Social Security Act, the recipient may elect that the
5 annuity payments from this fund shall exceed those payable
6 after attaining such age by an amount not in excess of the
7 estimated Social Security Benefit, determined as of the
8 effective date of the surviving spouse annuity, provided that
9 in no case shall the total annuity payments made by this fund
10 exceed in actuarial value the annuity which would have been
11 paid had no such election been made.

12 4. The surviving spouse of a participating employee,
13 whose annuity was suspended upon return to employment and who
14 had one year or more of service after his return, may apply
15 the additional service credits to a supplemental surviving
16 spouse annuity and receive the \$5,000 ~~\$3,000~~ death benefit or
17 apply the additional service credits to a single sum death
18 benefit and forego the \$5,000 ~~\$3,000~~ death benefit payable
19 upon the death of an annuitant.

20 5. The surviving spouse of a participating employee,
21 whose annuity was suspended upon return to employment and who
22 had less than one year of service after his return, shall
23 have the additional service credits applied towards a
24 supplemental surviving spouse annuity and shall receive the
25 \$5,000 ~~\$3,000~~ death benefit.

26 (Source: P.A. 85-941.)

27 (40 ILCS 5/7-164) (from Ch. 108 1/2, par. 7-164)

28 Sec. 7-164. Death benefits - Amount. The amount of the
29 death benefit shall be:

30 1. Upon the death of an employee with at least one year
31 of service occurring while in an employment relationship
32 (including employees drawing disability benefits) with a
33 participating municipality or participating instrumentality,

1 an amount equal to the sum of:

2 (a) The employee's normal, additional and survivor
3 credits, including interest credited thereto through the
4 end of the preceding calendar year, but excluding credits
5 and interest thereon allowed for periods of disability.

6 (b) An amount equal to the employee's annual final
7 rate of earnings. An employee who dies as a result of
8 injuries connected with his duties shall be considered to
9 have a year of service for purposes of this benefit.

10 2. Upon the death of an employee with less than one 1
11 year of service occurring while in the service of any
12 participating municipality or instrumentality, an amount
13 equal to the sum of his accumulated normal, additional and
14 survivor credits on the date of death, excluding those
15 credits and interest thereon allowed during periods of
16 disability.

17 3. Upon the death of an employee who has separated from
18 service and was not entitled to a retirement annuity on the
19 date of death, an amount equal to the sum of his accumulated
20 normal, survivor and additional credits on the date of death
21 excluding those credits and interest thereon allowed during
22 periods of disability.

23 4. Upon the death of an employee in an employment
24 relationship, or an employee who has service and was entitled
25 to a retirement annuity on the date of death, when a
26 surviving spouse or child annuity is awarded, \$5,000 ~~\$3,000~~.

27 5. Upon the death of an employee, who has separated from
28 service and was entitled to a retirement annuity on the date
29 of death, and no surviving spouse or child annuity is
30 awarded, \$5,000 ~~\$3,000~~ plus an amount equal to his
31 accumulated normal, survivor and additional credits on the
32 date of death, excluding those credits and interest earned
33 thereon allowed during periods of disability.

34 6. Upon the death of an employee annuitant, \$5,000

1 \$3,000 and, unless a surviving spouse, child or reversionary
2 annuity is payable, the sum of (i) the excess of the normal
3 and survivor credits, excluding those allowed during periods
4 of disability, which the annuitant had as of the effective
5 date of his annuity over the total annuities paid pursuant to
6 paragraph (a) 1 of Section 7-142 to the date of death, plus
7 (ii) the excess of the additional credits, excluding any such
8 credits used to create a reversionary annuity, used to
9 provide the annuity granted pursuant to paragraph (a) 2 of
10 Section 7-142 over the total annuity payments made pursuant
11 thereto to the time of death.

12 7. Upon the death of an annuitant receiving a
13 reversionary annuity or of a person designated to receive a
14 reversionary annuity prior to the receipt of such annuity the
15 sum of the additional credits of the person creating the
16 reversionary annuity as of the effective date of his own
17 retirement annuity over the reversionary annuity payments, if
18 any, made prior to the date of death of such annuitant or
19 person designated to receive the reversionary annuity.

20 8. Upon the death of an annuitant receiving a
21 beneficiary annuity which was effective before January 1,
22 1986, the excess of the death benefit which was used to
23 provide the annuity, over the sum of all annuity payments
24 made to the beneficiary. Upon the death of an annuitant
25 receiving a beneficiary annuity effective January 1, 1986 or
26 thereafter, the sum of (i) the excess of the normal and
27 survivor credits, excluding those allowed during periods of
28 disability, which the annuitant had as of the effective date
29 of his annuity over the total annuities paid pursuant to
30 paragraph (c) of Section 7-165, to date of death, plus (ii)
31 the excess of the additional credits, excluding any such
32 credits used to create a reversionary annuity, used to
33 provide the annuity granted pursuant to paragraph (d) of
34 Section 7-165 over the total annuity payments made pursuant

1 thereto to the time of death.

2 9. Upon the marriage prior to reaching age 55 (except
3 for a surviving spouse who remarries after December 31, 2000)
4 or death of a person receiving a surviving spouse annuity,
5 unless a child annuity is payable, the sum of (i) the excess
6 of the normal and survivor credits, excluding those credits
7 and interest thereon allowed during periods of disability,
8 attributable to the employee at the effective date of the
9 annuity or date of death, whichever first occurred, over the
10 total of all annuity payments attributable to paragraph (a) 1
11 of Section 7-142 made to the employee or surviving spouse
12 plus (ii) the excess of the additional credits, excluding any
13 such credits used to create a reversionary annuity or used to
14 provide the annuity attributable to paragraph (a) 2 of
15 Section 7-142 over the total of such payments.

16 10. Upon the marriage, death or attainment of age 18 of
17 a child receiving a child annuity, if no other child
18 annuities are payable, the sum of (i) the excess of the
19 normal and survivor credits excluding those credits and
20 interest thereon allowed during periods of disability, of the
21 employee at the effective date of the annuity or date of
22 death, whichever first occurred, over the total annuity
23 payments attributable to paragraph (a) 1 of Section 7-142
24 made to the employee, surviving spouse and children plus (ii)
25 the excess of the additional credits, excluding any such
26 credits used to create a reversionary annuity, used to
27 provide the annuity attributable to paragraph (a) 2 of
28 Section 7-142 over the total annuity payments made to the
29 employee, surviving spouse and children, pursuant thereto.

30 11. Upon the death of the participating employee whose
31 annuity was suspended upon his return to employment:

32 a. If a surviving spouse or child annuity is
33 awarded, \$5,000 \$3,000;

34 b. If no surviving spouse or child annuity is

1 awarded and he had less than one year's service upon
2 return, \$5,000 ~~\$3,000~~ plus the excess of the normal,
3 survivor and additional credits, including interest
4 thereon, but excluding those allowed during a period of
5 disability, at the effective date of the suspended
6 annuity, plus those allowed after his return, over all
7 annuity payments made to the employee;

8 c. If no surviving spouse or child annuity is
9 awarded and he has one year or more of service upon
10 return, the higher of (a) the payment under subparagraph
11 b of this paragraph or (b) the payment under paragraph 1
12 of this Section, taking into consideration only the
13 service and credits allowed after his return, plus the
14 excess of the normal, survivor and additional credits,
15 including interest thereon, excluding those allowed
16 during periods of disability, at the effective date of
17 his suspended annuity over all annuity payments made to
18 the employee.

19 12. The \$3,000 or \$5,000 death benefit provided in
20 paragraphs 4 and 6 shall not be payable to beneficiaries of
21 persons who terminated service prior to September 8, 1971,
22 unless the payment or agreement for payment provided by
23 Section 7-144.2 of this Article is made prior to the date of
24 death.

25 13. The increase in certain death benefits from \$1,000
26 to \$3,000 provided by this amendatory Act of 1987 shall apply
27 only to deaths occurring on or after January 1, 1988.

28 The increase in certain death benefits from \$3,000 to
29 \$5,000 provided by this amendatory Act of the 92nd General
30 Assembly applies to deaths that occur on or after the
31 effective date of this amendatory Act, without regard to
32 whether the deceased person was in service on or after that
33 date.

34 (Source: P.A. 91-887, eff. 7-6-00.)

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

4 (a) Each participating municipality and each
 5 participating instrumentality shall make payment to the fund
 6 as follows:

7 1. municipality contributions in an amount
 8 determined by applying the municipality contribution rate
 9 to each payment of earnings paid to each of its
 10 participating employees;

11 2. an amount equal to the employee contributions
 12 provided by paragraphs (a) and (b) of Section 7-173,
 13 whether or not the employee contributions are withheld as
 14 permitted by that Section;

15 3. all accounts receivable, together with interest
 16 charged thereon, as provided in Section 7-209;

17 4. if it has no participating employees with
 18 current earnings, an amount payable which, over a period
 19 of 20 years beginning with the year following an award of
 20 benefit, will amortize, at the effective rate for that
 21 year, any negative balance in its municipality reserve
 22 resulting from the award. This amount when established
 23 will be payable as a separate contribution whether or not
 24 it later has participating employees.

25 (b) A separate municipality contribution rate shall be
 26 determined for each calendar year for all participating
 27 municipalities together with all instrumentalities thereof.
 28 The municipality contribution rate shall be determined for
 29 participating instrumentalities as if they were participating
 30 municipalities. The municipality contribution rate shall be
 31 the sum of the following percentages:

32 1. The percentage of earnings of all the
 33 participating employees of all participating
 34 municipalities and participating instrumentalities which,

1 if paid over the entire period of their service, will be
2 sufficient when combined with all employee contributions
3 available for the payment of benefits, to provide all
4 annuities for participating employees, and the \$5,000
5 ~~\$3,000~~ death benefit payable under Sections 7-158 and
6 7-164, such percentage to be known as the normal cost
7 rate.

8 2. The percentage of earnings of the participating
9 employees of each participating municipality and
10 participating instrumentalities necessary to adjust for
11 the difference between the present value of all benefits,
12 excluding temporary and total and permanent disability
13 and death benefits, to be provided for its participating
14 employees and the sum of its accumulated municipality
15 contributions and the accumulated employee contributions
16 and the present value of expected future employee and
17 municipality contributions pursuant to subparagraph 1 of
18 this paragraph (b). This adjustment shall be spread over
19 the remainder of the period of 40 years from the first of
20 the year following the date of determination.

21 3. The percentage of earnings of the participating
22 employees of all municipalities and participating
23 instrumentalities necessary to provide the present value
24 of all temporary and total and permanent disability
25 benefits granted during the most recent year for which
26 information is available.

27 4. The percentage of earnings of the participating
28 employees of all participating municipalities and
29 participating instrumentalities necessary to provide the
30 present value of the net single sum death benefits
31 expected to become payable from the reserve established
32 under Section 7-206 during the year for which this rate
33 is fixed.

34 5. The percentage of earnings necessary to meet any

1 deficiency arising in the Terminated Municipality
2 Reserve.

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

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

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

19 (d) The Board may establish a separate municipality
20 contribution rate for all employees who are program
21 participants employed under the Federal Comprehensive
22 Employment Training Act by all of the participating
23 municipalities and instrumentalities. The Board may also
24 provide that, in lieu of a separate municipality rate for
25 these employees, a portion of the municipality contributions
26 for such program participants shall be refunded or an extra
27 charge assessed so that the amount of municipality
28 contributions retained or received by the fund for all CETA
29 program participants shall be an amount equal to that which
30 would be provided by the separate municipality contribution
31 rate for all such program participants. Refunds shall be
32 made to prime sponsors of programs upon submission of a claim
33 therefor and extra charges shall be assessed to participating
34 municipalities and instrumentalities. In establishing the

1 municipality contribution rate as provided in paragraph (b)
2 of this Section, the use of a separate municipality
3 contribution rate for program participants or the refund of a
4 portion of the municipality contributions, as the case may
5 be, may be considered.

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

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

33 (g) Municipality contributions for the several purposes
34 specified shall, for township treasurers and employees in the

1 offices of the township treasurers who meet the qualifying
2 conditions for coverage hereunder, be allocated among the
3 several school districts and parts of school districts
4 serviced by such treasurers and employees in the proportion
5 which the amount of school funds of each district or part of
6 a district handled by the treasurer bears to the total amount
7 of all school funds handled by the treasurer.

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

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

20 The municipality contribution rate for a public agency,
21 other than a vocational education cooperative, formed under
22 the Intergovernmental Cooperation Act shall initially be the
23 average rate for the municipalities which are parties to the
24 intergovernmental agreement. When actuarial data become
25 available, a separate rate shall be established as provided
26 in subparagraph (i) of this Section.

27 (h) Each participating municipality and participating
28 instrumentality shall make the contributions in the amounts
29 provided in this Section in the manner prescribed from time
30 to time by the Board and all such contributions shall be
31 obligations of the respective participating municipalities
32 and participating instrumentalities to this fund. The
33 failure to deduct any employee contributions shall not
34 relieve the participating municipality or participating

1 instrumentality of its obligation to this fund. Delinquent
2 payments of contributions due under this Section may, with
3 interest, be recovered by civil action against the
4 participating municipalities or participating
5 instrumentalities. Municipality contributions, other than
6 the amount necessary for employee contributions and Social
7 Security contributions, for periods of service by employees
8 from whose earnings no deductions were made for employee
9 contributions to the fund, may be charged to the municipality
10 reserve for the municipality or participating
11 instrumentality.

12 (i) Contributions by participating instrumentalities
13 shall be determined as provided herein except that the
14 percentage derived under subparagraph 2 of paragraph (b) of
15 this Section, and the amount payable under subparagraph 5 of
16 paragraph (a) of this Section, shall be based on an
17 amortization period of 10 years.

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

19 (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

20 Sec. 7-205. Reserves for annuities. Appropriate reserves
21 shall be created for payment of all annuities granted under
22 this Article at the time such annuities are granted and in
23 amounts determined to be necessary under actuarial tables
24 adopted by the Board upon recommendation of the actuary of
25 the fund. All annuities payable shall be charged to the
26 annuity reserve.

27 1. Amounts credited to annuity reserves shall be derived
28 by transfer of all the employee credits from the appropriate
29 employee reserves and by charges to the municipality reserve
30 of those municipalities in which the retiring employee has
31 accumulated service. If a retiring employee has accumulated
32 service in more than one participating municipality or
33 participating instrumentality, aggregate municipality charges

1 shall be prorated on a basis of the employee's earnings in
2 case of concurrent service and creditable service in other
3 cases.

4 2. Supplemental annuities shall be handled as a separate
5 annuity and amounts to be credited to the annuity reserve
6 therefor shall be derived in the same manner as a regular
7 annuity.

8 3. When a retirement annuity is granted to an employee
9 with a spouse eligible for a surviving spouse annuity, there
10 shall be credited to the annuity reserve an amount to fund
11 the cost of both the retirement and surviving spouse annuity
12 as a joint and survivors annuity.

13 4. Beginning January 1, 1989, when a retirement annuity
14 is awarded, an amount equal to the present value of the
15 \$3,000 or \$5,000 death benefit payable upon the death of the
16 annuitant shall be transferred to the annuity reserve from
17 the appropriate municipality reserves in the same manner as
18 the transfer for annuities.

19 5. All annuity reserves shall be revalued annually as of
20 December 31. Beginning as of December 31, 1973, adjustment
21 required therein by such revaluation shall be charged or
22 credited to the earnings and experience variation reserve.

23 6. There shall be credited to the annuity reserve all of
24 the payments made by annuitants under Section 7-144.2, plus
25 an additional amount from the earnings and experience
26 variation reserve to fund the cost of the incremental
27 annuities granted to annuitants making these payments.

28 7. As of December 31, 1972, the excess in the annuity
29 reserve shall be transferred to the municipality reserves.
30 An amount equal to the deficiency in the reserve of
31 participating municipalities and participating
32 instrumentalities which have no participating employees shall
33 be allocated to their reserves. The remainder shall be
34 allocated in amounts proportionate to the present value, as

1 of January 1, 1972, of annuities of annuitants of the
2 remaining participating municipalities and participating
3 instrumentalities.

4 (Source: P.A. 89-136, eff. 7-14-95.)

5 (40 ILCS 5/7-206) (from Ch. 108 1/2, par. 7-206)

6 Sec. 7-206. Death Reserve. All death benefit payments
7 shall be charged to the Death Reserve, other than the \$3,000
8 or \$5,000 death benefits paid after December 31, 1988 upon
9 the death of an annuitant. All contributions for death
10 purposes under Section 7-172(b)4 shall be credited to the
11 same reserve. Whenever the balance in such reserve at the
12 close of a year exceeds 100% of the average annual charges to
13 this account during the 3 preceding calendar years, the basic
14 actuarial assumptions upon which municipality contribution
15 rates for these purposes are based, shall be reviewed and
16 revised in such manner as is deemed necessary to reduce such
17 balance.

18 (Source: P.A. 89-136, eff. 7-14-95.)

19 Section 90. The State Mandates Act is amended by adding
20 Section 8.25 as follows:

21 (30 ILCS 805/8.25 new)

22 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6
23 and 8 of this Act, no reimbursement by the State is required
24 for the implementation of any mandate created by this
25 amendatory Act of the 92nd General Assembly.

26 Section 99. Effective date. This Act takes effect
27 January 1, 2002.