

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 Section 7-139 as follows:

6 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)
7 Sec. 7-139. Credits and creditable service to employees.

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

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

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

26 If the effective date of participation for the
27 participating municipality or participating
28 instrumentality is after January 1, 1998, creditable
29 service shall be granted for the last 20% of the period
30 of prior service with that employer, but no more than 5
31 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13 Any person who has withdrawn from the service of a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 elected or appointed
27 official of a participating municipality ~~county-beard~~
28 ~~member~~ may establish credit under this paragraph 7 for
29 more than 50 months of service as an official of that
30 municipality, ~~a-member-of-the-county-beard~~ if the excess
31 over 50 months is approved by resolution of the governing
32 body of the affected municipality ~~county-beard~~ filed with
33 the Fund before January 1, 2003 ~~1999~~.

34 Any employee who is a participating employee on or

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

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

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

30 b. Only sick leave days accumulated with a
31 participating municipality or participating
32 instrumentality with which the employee was in
33 service within 60 days of the effective date of his
34 retirement annuity shall be credited; If the

1 employee was in service with more than one employer
2 during this period only the sick leave days with the
3 employer with which the employee has the greatest
4 number of unpaid sick leave days shall be
5 considered.

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

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

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

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

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

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

11 (b) Creditable service - amount:

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

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

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

31 (c) No application for correction of credits or
32 creditable service shall be considered unless the board
33 receives an application for correction while (1) the
34 applicant is a participating employee and in active

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

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

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

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