

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 3-110 as follows:

6 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

7 Sec. 3-110. Creditable service.

8 (a) "Creditable service" is the time served by a police
9 officer as a member of a regularly constituted police force
10 of a municipality. In computing creditable service furloughs
11 without pay exceeding 30 days shall not be counted, but all
12 leaves of absence for illness or accident, regardless of
13 length, and all periods of disability retirement for which a
14 police officer has received no disability pension payments
15 under this Article shall be counted.

16 (a-5) Up to 3 years of time during which the police
17 officer receives a disability pension under Section 3-114.1,
18 3-114.2, 3-114.3, or 3-114.6 shall be counted as creditable
19 service, provided that (i) the police officer returns to
20 active service after the disability for a period at least
21 equal to the period for which credit is to be established and
22 (ii) the police officer makes contributions to the fund based
23 on the rates specified in Section 3-125.1 and the salary upon
24 which the disability pension is based. These contributions
25 may be paid at any time prior to the commencement of a
26 retirement pension. The police officer may, but need not,
27 elect to have the contributions deducted from the disability
28 pension or to pay them in installments on a schedule approved
29 by the board. If not deducted from the disability pension,
30 the contributions shall include interest at the rate of 6%
31 per year, compounded annually, from the date for which

1 service credit is being established to the date of payment.
2 If contributions are paid under this subsection (a-5) in
3 excess of those needed to establish the credit, the excess
4 shall be refunded. This subsection (a-5) applies to persons
5 receiving a disability pension under Section 3-114.1,
6 3-114.2, 3-114.3, or 3-114.6 on the effective date of this
7 amendatory Act of the 91st General Assembly, as well as
8 persons who begin to receive such a disability pension after
9 that date.

10 (b) Creditable service includes all periods of service
11 in the military, naval or air forces of the United States
12 entered upon while an active police officer of a
13 municipality, provided that upon applying for a permanent
14 pension, and in accordance with the rules of the board, the
15 police officer pays into the fund the amount the officer
16 would have contributed if he or she had been a regular
17 contributor during such period, to the extent that the
18 municipality which the police officer served has not made
19 such contributions in the officer's behalf. The total amount
20 of such creditable service shall not exceed 5 years, except
21 that any police officer who on July 1, 1973 had more than 5
22 years of such creditable service shall receive the total
23 amount thereof.

24 (b-1) In addition to any creditable service established
25 under subsection (b), creditable service may be granted for
26 up to 24 months of service in the armed forces of the United
27 States that was not immediately preceded by employment as a
28 police officer, but only if the governing authority of the
29 municipality has adopted a resolution or ordinance approving
30 the establishment of creditable service under this subsection
31 (b-1) by police officers of the municipality.

32 In order to receive creditable service for military
33 service under this subsection (b-1), a police officer must
34 (1) apply to the Fund in writing and provide evidence of the

1 military service that is satisfactory to the Board and (2)
2 make contributions to the Fund equal to (i) the employee
3 contributions that would have been required had the service
4 been rendered as a member, plus (ii) an amount determined by
5 the board to be equal to the employer's normal cost of the
6 benefits accrued for that military service, plus (iii)
7 interest on items (i) and (ii) from the date of first
8 membership in the Fund to the date of payment. If payment is
9 made during the 6-month period that begins 3 months after the
10 effective date of this amendatory Act of the 92nd General
11 Assembly, the required interest shall be at the rate of 2.5%
12 per year, compounded annually; otherwise, the required
13 interest shall be calculated at the rate of 6% per year,
14 compounded annually.

15 (c) Creditable service also includes service rendered by
16 a police officer while on leave of absence from a police
17 department to serve as an executive of an organization whose
18 membership consists of members of a police department,
19 subject to the following conditions: (i) the police officer
20 is a participant of a fund established under this Article
21 with at least 10 years of service as a police officer; (ii)
22 the police officer received no credit for such service under
23 any other retirement system, pension fund, or annuity and
24 benefit fund included in this Code; (iii) pursuant to the
25 rules of the board the police officer pays to the fund the
26 amount he or she would have contributed had the officer been
27 an active member of the police department; and (iv) the
28 organization pays a contribution equal to the municipality's
29 normal cost for that period of service.

30 (d)(1) Creditable service also includes periods of
31 service originally established in another police pension
32 fund under this Article or in the Fund established under
33 Article 7 of this Code for which (i) the contributions
34 have been transferred under Section 3-110.7 or Section

1 7-139.9 and (ii) any additional contribution required
2 under paragraph (2) of this subsection has been paid in
3 full in accordance with the requirements of this
4 subsection (d).

5 (2) If the board of the pension fund to which
6 creditable service and related contributions are
7 transferred under Section 3-110.7 or 7-139.9 determines
8 that the amount transferred is less than the true cost to
9 the pension fund of allowing that creditable service to
10 be established, then in order to establish that
11 creditable service the police officer must pay to the
12 pension fund, within the payment period specified in
13 paragraph (3) of this subsection, an additional
14 contribution equal to the difference, as determined by
15 the board in accordance with the rules and procedures
16 adopted under paragraph (6) of this subsection.

17 (3) Except as provided in paragraph (4), the
18 additional contribution must be paid to the board (i)
19 within 5 years from the date of the transfer of
20 contributions under Section 3-110.7 or 7-139.9 and (ii)
21 before the police officer terminates service with the
22 fund. The additional contribution may be paid in a lump
23 sum or in accordance with a schedule of installment
24 payments authorized by the board.

25 (4) If the police officer dies in service before
26 payment in full has been made and before the expiration
27 of the 5-year payment period, the surviving spouse of the
28 officer may elect to pay the unpaid amount on the
29 officer's behalf within 6 months after the date of death,
30 in which case the creditable service shall be granted as
31 though the deceased police officer had paid the remaining
32 balance on the day before the date of death.

33 (5) If the additional contribution is not paid in
34 full within the required time, the creditable service

1 shall not be granted and the police officer (or the
2 officer's surviving spouse or estate) shall be entitled
3 to receive a refund of (i) any partial payment of the
4 additional contribution that has been made by the police
5 officer and (ii) those portions of the amounts
6 transferred under subdivision (a)(1) of Section 3-110.7
7 or subdivisions (a)(1) and (a)(3) of Section 7-139.9 that
8 represent employee contributions paid by the police
9 officer (but not the accumulated interest on those
10 contributions) and interest paid by the police officer to
11 the prior pension fund in order to reinstate service
12 terminated by acceptance of a refund.

13 At the time of paying a refund under this item (5),
14 the pension fund shall also repay to the pension fund
15 from which the contributions were transferred under
16 Section 3-110.7 or 7-139.9 the amount originally
17 transferred under subdivision (a)(2) of that Section,
18 plus interest at the rate of 6% per year, compounded
19 annually, from the date of the original transfer to the
20 date of repayment. Amounts repaid to the Article 7 fund
21 under this provision shall be credited to the appropriate
22 municipality.

23 Transferred credit that is not granted due to
24 failure to pay the additional contribution within the
25 required time is lost; it may not be transferred to
26 another pension fund and may not be reinstated in the
27 pension fund from which it was transferred.

28 (6) The Public Employee Pension Fund Division of
29 the Department of Insurance shall establish by rule the
30 manner of making the calculation required under paragraph
31 (2) of this subsection, taking into account the
32 appropriate actuarial assumptions; the police officer's
33 service, age, and salary history; the level of funding of
34 the pension fund to which the credits are being

1 transferred; and any other factors that the Division
2 determines to be relevant. The rules may require that
3 all calculations made under paragraph (2) be reported to
4 the Division by the board performing the calculation,
5 together with documentation of the creditable service to
6 be transferred, the amounts of contributions and interest
7 to be transferred, the manner in which the calculation
8 was performed, the numbers relied upon in making the
9 calculation, the results of the calculation, and any
10 other information the Division may deem useful.

11 (Source: P.A. 90-460, eff. 8-17-97; 91-887, eff. 7-6-00;
12 91-939, eff. 2-1-01.)

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.