

AN ACT concerning public employee benefits.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Pension Code is amended by changing Sections 15-113.6, 15-113.7, 15-141, 15-158.3, and 15-178 as follows:

(40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

Sec. 15-113.6. Service for employment in public schools. "Service for employment in public schools": Includes those periods not exceeding the lesser of 10 years or 2/3 of the service granted under other Sections of this Article dealing with service credit, during which a person who entered the system after September 1, 1974 was employed full time by a public common school, public college and public university, or by an agency or instrumentality of any of the foregoing, of any state, territory, dependency or possession of the United States of America, including the Philippine Islands, or a school operated by or under the auspices of any agency or department of any other state, if the person (1) cannot qualify for a retirement pension or other benefit based upon employer contributions from another retirement system, exclusive of federal social security, based in whole or in part upon this employment, and (2) pays the lesser of (A) an amount equal to

8% of his or her annual basic compensation on the date of becoming a participating employee subsequent to this service multiplied by the number of years of such service, together with compound interest from the date participation begins to the date payment is received by the board at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date, and (B) 50% of the actuarial value of the increase in the retirement annuity provided by this service, and (3) contributes for at least 5 years subsequent to this employment to one or more of the following systems: the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, and the Public School Teachers' Pension and Retirement Fund of Chicago.

The service granted under this Section shall not be considered in determining whether the person has the minimum of 8 years of service required to qualify for a retirement annuity at age 55 or the 5 years of service required to qualify for a retirement annuity at age 62, as provided in Section 15-135. The maximum allowable service of 10 years for this governmental employment shall be reduced by the service credit which is validated under paragraph (2) of subsection (b) ~~(3)~~ of Section 16-127 and paragraph 1 of Section 17-133.

(Source: P.A. 91-357, eff. 7-29-99.)

(40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

Sec. 15-113.7. Service for other public employment.

"Service for other public employment": Includes those periods not exceeding the lesser of 10 years or 2/3 of the service granted under other Sections of this Article dealing with service credit, during which a person was employed full time by the United States government, or by the government of a state, or by a political subdivision of a state, or by an agency or instrumentality of any of the foregoing, if the person (1) cannot qualify for a retirement pension or other benefit based upon employer contributions from another retirement system, exclusive of federal social security, based in whole or in part upon this employment, and (2) pays the lesser of (A) an amount equal to 8% of his or her annual basic compensation on the date of becoming a participating employee subsequent to this service multiplied by the number of years of such service, together with compound interest from the date participation begins to the date payment is received by the board at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date, and (B) 50% of the actuarial value of the increase in the retirement annuity provided by this service, and (3) contributes for at least 5 years subsequent to this employment to one or more of the following systems: the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, and the Public School Teachers' Pension and Retirement Fund of Chicago. If a function of a governmental unit as defined by Section 20-107 is transferred by law, in whole or in part to an employer, and an employee transfers

employment from this governmental unit to such employer within 6 months of the transfer of the function, the payment for service authorized under this Section shall not exceed the amount which would have been payable for this service to the retirement system covering the governmental unit from which the function was transferred.

The service granted under this Section shall not be considered in determining whether the person has the minimum of 8 years of service required to qualify for a retirement annuity at age 55 or the 5 years of service required to qualify for a retirement annuity at age 62, as provided in Section 15-135. The maximum allowable service of 10 years for this governmental employment shall be reduced by the service credit which is validated under paragraph (2) of subsection (b) ~~(3)~~ of Section 16-127 and paragraph one of Section 17-133.

Except as hereinafter provided, this Section shall not apply to persons who become participants in the system after September 1, 1974.

(Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

(40 ILCS 5/15-141) (from Ch. 108 1/2, par. 15-141)

Sec. 15-141. Death benefits - Death of participant.

(a) The beneficiary of a participant under the traditional benefit package is entitled to a death benefit equal to the sum of (1) the employee's accumulated normal and additional contributions on the date of death, (2) the employee's

accumulated survivors insurance contributions on the date of death, if a survivors insurance benefit is not payable, (3) an amount equal to the employee's final rate of earnings, but not more than \$5,000, if (i) the beneficiary, under rules of the board, was dependent upon the participant, (ii) the participant was a participating employee immediately prior to his or her death, and (iii) a survivors insurance benefit is not payable, and (4) \$2,500 if (i) the beneficiary was not dependent upon the participant, (ii) the participant was a participating employee immediately prior to his or her death, and (iii) a survivors insurance benefit is not payable.

(b) If the participant has elected to participate in the portable benefit package and has completed the one-year waiting period required under subsection (e) of Section 15-134.5, the death benefit shall be equal to the employee's accumulated normal and additional contributions on the date of death plus, if the employee died with 1.5 or more years of service for employment as defined in Section 15-113.1, employer contributions in an amount equal to the sum of the accumulated normal and additional contributions; except that if a pre-retirement survivor annuity is payable under Section 15-136.4, the death benefit payable under this paragraph shall be reduced, but to not less than zero, by the actuarial value of the benefit payable to the surviving spouse. If the recipient of a pre-retirement survivor annuity dies before an amount equal to all accumulated normal and additional

contributions as of the date of death have been paid out, the remaining difference shall be paid to the member's beneficiary. The primary beneficiary of the participant must be his or her spouse unless the spouse has consented to the designation of another beneficiary in the manner described in subsection (d) of Section 15-136.4.

(c) If payments are made under any State or federal workers' compensation or occupational diseases law because of the death of an employee, the portion of the death benefit payable from employer contributions shall be reduced by the total amount of the payments.

(Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98; 91-877, eff. 7-6-00.)

(40 ILCS 5/15-158.3)

Sec. 15-158.3. Reports on cost reduction; effect on retirement at any age with 30 years of service.

(a) On or before November 15, 2001 and on or before November 15th of each year thereafter, the Board shall have the System's actuary prepare a report showing, on a fiscal year by fiscal year basis, the actual rate of participation in the self-managed plan authorized by Section 15-158.2, (i) by employees of the System's covered higher educational institutions who were hired on or after the implementation date of the self-managed plan and (ii) by other System participants.

~~The actuary's report must also quantify the extent to which~~

~~employee optional retirement plan participation has reduced the State's required contributions to the System, expressed both in dollars and as a percentage of covered payroll, in relation to what the State's contributions to the System would have been (1) if the self managed plan had not been implemented, and (2) if 45% of employees of the System's covered higher educational institutions who were hired on or after the implementation date of the self managed plan had elected to participate in the self managed plan and 10% of other System participants had transferred to the self managed plan following its implementation.~~

(b) On or before November 15th of 2001 and on or before November 15th of each year thereafter, the Illinois Board of Higher Education, in conjunction with the Bureau of the Budget (now Governor's Office of Management and Budget) shall prepare a report showing, on a fiscal year by fiscal year basis, the amount by which the costs associated with compensable sick leave have been reduced as a result of the termination of compensable sick leave accrual on and after January 1, 1998 by employees of higher education institutions who are participants in the System.

(c) On or before November 15 of 2001 and on or before November 15th of each year thereafter, the Department of Central Management Services shall prepare a report showing, on a fiscal year by fiscal year basis, the amount by which the State's cost for health insurance coverage under the State

Employees Group Insurance Act of 1971 for retirees of the State's universities and their survivors has declined as a result of requiring some of those retirees and survivors to contribute to the cost of their basic health insurance. These year-by-year reductions in cost must be quantified both in dollars and as a level percentage of payroll covered by the System.

(d) The reports required under subsections ~~(a)~~, (b) and (c) shall be disseminated to the Board, the Pension Laws Commission (until it ceases to exist), the Commission on Government Forecasting and Accountability, the Illinois Board of Higher Education, and the Governor.

(e) The reports required under subsections ~~(a)~~, (b) and (c) shall be taken into account by the Pension Laws Commission (or its successor, the Commission on Government Forecasting and Accountability) in making any recommendation to extend by legislation beyond December 31, 2002 the provision that allows a System participant to retire at any age with 30 or more years of service as authorized in Section 15-135. ~~If that provision is extended beyond December 31, 2002, and if the most recent report under subsection (a) indicates that actual State contributions to the System for the period during which the self-managed plan has been in operation have exceeded the projected State contributions under the assumptions in clause (2) of subsection (a), then any extension of the provision beyond December 31, 2002 must require that the System's higher~~

~~educational institutions and agencies cover any funding deficiency through an annual payment to the System out of appropriate resources of their own.~~

(Source: P.A. 93-632, eff. 2-1-04; 93-1067, eff. 1-15-05.)

(40 ILCS 5/15-178) (from Ch. 108 1/2, par. 15-178)

Sec. 15-178. Duties of the State Comptroller and payroll officers. The State Comptroller and employer payroll officers, in drawing warrants and checks for items of salary on payroll vouchers certified by employers, shall draw such warrants and checks to participating employees for the amount of salary or wages specified for the period, and shall draw a warrant, ~~or~~ check, or electronic funds transfer to this system for the total of the contributions required under Section 15-157. All warrants and electronic funds transfers covering such contributions, and ~~together with~~ a deduction register pertaining to the payroll supplied by the employer, shall be transmitted immediately to the board.

The Comptroller shall draw warrants or prepare direct deposit transmittals upon the State Treasurer payable from funds appropriated for the purposes specified in this Article upon the presentation of vouchers approved by the board.

(Source: P.A. 87-8.)

(40 ILCS 5/15-167.3 rep.)

Section 10. The Illinois Pension Code is amended by

Public Act 095-0083

HB0857 Enrolled

LRB095 06238 AMC 26332 b

repealing Section 15-167.3.

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