

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 9-121.6, 9-133, 9-133.1, 9-166, 9-169, 9-179.3, 9-182, 9-199, 9-204, 15-106, and 15-107 and by adding 9-134.5 and 10-104.5 as follows:

(40 ILCS 5/9-121.6) (from Ch. 108 1/2, par. 9-121.6)

Sec. 9-121.6. Alternative annuity for county officers. (a) Any county officer elected by vote of the people may elect to establish alternative credits for an alternative annuity by electing in writing to make additional optional contributions in accordance with this Section and procedures established by the board. Such elected county officer may discontinue making the additional optional contributions by notifying the Fund in writing in accordance with this Section and procedures established by the board.

Additional optional contributions for the alternative annuity shall be as follows:

(1) For service after the option is elected, an additional contribution of 3% of salary shall be contributed to the Fund on the same basis and under the same conditions as contributions required under Sections 9-170 and 9-176.

(2) For service before the option is elected, an additional contribution of 3% of the salary for the applicable period of service, plus interest at the effective rate from the date of service to the date of payment. All payments for past service must be paid in full before credit is given. No additional optional contributions may be made for any period of service for which credit has been previously forfeited by acceptance of a refund, unless the refund is repaid in full with interest at the effective rate from the date of refund to the date of repayment.

(b) In lieu of the retirement annuity otherwise payable under this Article, any county officer elected by vote of the people who (1) has elected to participate in the Fund and make additional optional contributions in accordance with this Section, and (2) has attained age 60 with at least 10 years of service credit, or has attained age 65 with at least 8 years of service credit, may elect to have his retirement annuity computed as follows: 3% of the participant's salary at the time of termination of service for each of the first 8 years of service credit, plus 4% of such salary for each of the next 4 years of service credit, plus 5% of such salary for each year of service credit in excess of 12 years, subject to a maximum of 80% of such salary. To the extent such elected county officer has made additional optional contributions with respect to only a portion of his years of service credit, his retirement annuity will first be determined in accordance with

this Section to the extent such additional optional contributions were made, and then in accordance with the remaining Sections of this Article to the extent of years of service credit with respect to which additional optional contributions were not made.

(c) In lieu of the disability benefits otherwise payable under this Article, any county officer elected by vote of the people who (1) has elected to participate in the Fund, and (2) has become permanently disabled and as a consequence is unable to perform the duties of his office, and (3) was making optional contributions in accordance with this Section at the time the disability was incurred, may elect to receive a disability annuity calculated in accordance with the formula in subsection (b). For the purposes of this subsection, such elected county officer shall be considered permanently disabled only if: (i) disability occurs while in service as an elected county officer and is of such a nature as to prevent him from reasonably performing the duties of his office at the time; and (ii) the board has received a written certification by at least 2 licensed physicians appointed by it stating that such officer is disabled and that the disability is likely to be permanent.

(d) Refunds of additional optional contributions shall be made on the same basis and under the same conditions as provided under Section 9-164, 9-166 and 9-167. Interest shall be credited at the effective rate on the same basis and under

the same conditions as for other contributions. ~~Optional contributions shall be accounted for in a separate Elected County Officer Optional Contribution Reserve.~~ Optional contributions under this Section shall be included in the amount of employee contributions used to compute the tax levy under Section 9-169.

(e) The effective date of this plan of optional alternative benefits and contributions shall be January 1, 1988, or the date upon which approval is received from the U.S. Internal Revenue Service, whichever is later. The plan of optional alternative benefits and contributions shall not be available to any former county officer or employee receiving an annuity from the Fund on the effective date of the plan, unless he re-enters service as an elected county officer and renders at least 3 years of additional service after the date of re-entry. (Source: P.A. 85-964.)

(40 ILCS 5/9-133) (from Ch. 108 1/2, par. 9-133)

Sec. 9-133. Automatic increase in annuity.

(a) An employee who retired or retires from service after December 31, 1959, having attained age 60 or more or, beginning January 1, 1991, having attained 30 or more years of creditable service, shall, in the month of January of the year following the year in which the first anniversary of retirement occurs, have his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement

increased by a further 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning with January of the year 1982, such increases shall be at the rate of 3% in lieu of the aforesaid specified 2%. Beginning January 1, 1998, these increases shall be at the rate of 3% of the current amount of the annuity, including any previous increases received under this Article, without regard to whether the annuitant is in service on or after the effective date of this amendatory Act of 1997.

An employee who retires on annuity before age 60 and, beginning January 1, 1991, with less than 30 years of creditable service shall receive such increases beginning with January of the year immediately following the year in which he attains the age of 60 years. An employee who retires on annuity before age 60 and before January 1, 1991, with at least 30 years of creditable service, shall be entitled to receive the first increase under this subsection no later than January 1, 1993.

For an employee who, in accordance with the provisions of Section 9-108.1 of this Act, shall have become a member of the State System established under Article 14 on February 1, 1974, the first such automatic increase shall begin in January of 1975.

(b) Subsection (a) is not applicable to an employee retiring and receiving a term annuity, as defined in this Act,

nor to any otherwise qualified employee who retires before he makes employee contributions (at the 1/2 of 1% rate as provided in this Section) for this additional annuity for not less than the equivalent of one full year. Such employee, however, shall make arrangement to pay to the fund a balance of such contributions, based on his final salary, as will bring such 1/2 of 1% contributions, computed without interest, to the equivalent of one year's contributions.

Beginning with the month of January, 1960, each employee shall contribute by means of salary deductions 1/2 of 1% of each salary payment, concurrently with and in addition to the employee contributions otherwise provided for annuity purposes.

Each such additional contribution shall be ~~credited to an account in the prior service annuity reserve, to be used,~~ together with county contributions, to defray the cost of the specified annuity increments. ~~Any balance in such account as of the beginning of each calendar year shall be credited with interest at the rate of 3% per annum.~~

Such additional employee contributions are not refundable, except to an employee who withdraws and applies for refund under this Article, or applies for annuity, and also in cases where a term annuity becomes payable. In such cases his contributions shall be refunded, without interest, ~~and charged to the prior service annuity reserve.~~

(Source: P.A. 90-32, eff. 6-27-97.)

(40 ILCS 5/9-133.1) (from Ch. 108 1/2, par. 9-133.1)

Sec. 9-133.1. Automatic increases in annuity for certain heretofore retired participants. A retired employee retired at age 55 or over and who (a) is receiving annuity based on a service credit of 20 or more years, and (b) does not qualify for the automatic increases in annuity provided for in Sec. 9-133 of this Article, and (c) elects to make a contribution to the Fund at a time and manner prescribed by the Retirement Board, of a sum equal to 1% of the final average monthly salary forming the basis of the calculation of their annuity multiplied by years of credited service, or 1% of their final monthly salary multiplied by years of credited service in any case where the final average salary is not used in the calculation, shall have his original fixed and payable monthly amount of annuity increased in January of the year following the year in which he attains the age of 65 years, if such age of 65 years is attained in the year 1969 or later, by an amount equal to 1 1/2%, and by an equal additional 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning with January of the year 1982, such increases shall be at the rate of 3% in lieu of the aforesaid specified 2%. Beginning January 1, 1998, these increases shall be at the rate of 3% of the current amount of the annuity, including any previous increases received under

this Article, without regard to whether the annuitant is in service on or after the effective date of this amendatory Act of 1997.

In those cases in which the retired employee receiving annuity has attained the age of 66 or more years in the year 1969, he shall have such annuity increased in January of the year 1970 by an amount equal to 1 1/2% multiplied by the number equal to the number of months of January elapsing from and including January of the year immediately following the year he attained the age of 65 years if retired at or prior to age 65, or from and including January of the year immediately following the year of retirement if retired at an age greater than 65 years, to and including January of the year 1970, and by an equal additional 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning with January of the year 1982, such increases shall be at the rate of 3% in lieu of the aforesaid specified 2%. Beginning January 1, 1998, these increases shall be at the rate of 3% of the current amount of the annuity, including any previous increases received under this Article, without regard to whether the annuitant is in service on or after the effective date of this amendatory Act of 1997.

To defray the annual cost of such increases, the annual interest income of the Fund, accruing from investments held by the Fund, exclusive of gains or losses on sales or exchanges of

assets during the year, over and above 4% a year, shall be used to the extent necessary and available to finance the cost of such increases for the following year, ~~and such amount shall be transferred as of the end of each year, beginning with the year 1969, to a Fund account designated as the Supplementary Payment Reserve from the Investment and Interest Reserve set forth in Sec. 9-214. The sums contributed by annuitants as provided for in this Section shall also be placed in the aforesaid Supplementary Payment Reserve and shall be applied for and used for the purposes of such Fund account, together with the aforesaid interest.~~

~~In the event the monies in the Supplementary Payment Reserve in any year arising from: (1) the available interest income as defined hereinbefore and accruing in the preceding year above 4% a year and (2) the contributions by retired persons, as set forth hereinbefore, are insufficient to make the total payments to all persons estimated to be entitled to the annuity increases specified hereinbefore, then (3) any interest earnings over 4% a year beginning with the year 1969 which were not previously used to finance such increases and which were transferred to the Prior Service Annuity Reserve may be used to the extent necessary and available to provide sufficient funds to finance such increases for the current year, and such sums shall be transferred from the Prior Service Annuity Reserve.~~

~~In the event the total monies available in the~~

~~Supplementary Payment Reserve from the preceding indicated sources are insufficient to make the total payments to all persons entitled to such increases for the year, a proportionate amount computed as the ratio of the monies available to the total of the total payments for that year shall be paid to each person for that year.~~

~~The Fund shall be obligated for the payment of the increases in annuity as provided for in this Section only to the extent that the assets for such purpose, as specified herein, are available.~~

(Source: P.A. 90-32, eff. 6-27-97.)

(40 ILCS 5/9-134.5 new)

Sec. 9-134.5. Alternative retirement cancellation payment.

(a) To be eligible for the alternative retirement cancellation payment provided in this Section, a person must:

(1) be a member of this Fund who, on December 31, 2006, was (i) in active payroll status as an employee and continuously employed in a position on and after the effective date of this Section and (ii) an active contributor to this Fund with respect to that employment;

(2) have not previously received any retirement annuity under this Article;

(3) file with the Board on or before 45 days after the effective date of this Section, a written application requesting the alternative retirement cancellation payment

provided in this Section; (4) terminate employment under this Article no later than 60 days after the effective date of this Section.

(4) if there is a QILDRO in effect against the person, file with the Board the written consent of all alternate payees under the QILDRO to the election of an alternative retirement cancellation payment under this Section; and

(b) In lieu of any retirement annuity or other benefit provided under this Article, a person who qualifies for and elects to receive the alternative retirement cancellation payment under this Section shall be entitled to receive a one-time lump sum retirement cancellation payment equal to the amount of his or her contributions to the Fund (including any employee contributions for optional service credit and including any employee contributions paid by the employer or credited to the employee during disability) on the date of termination, with regular interest, multiplied by 1.5.

(c) Notwithstanding any other provision of this Article, a person who receives an alternative retirement cancellation payment under this Section thereby forfeits the right to any other retirement or disability benefit or refund under this Article, and no widow's, survivor's, or death benefit deriving from that person shall be payable under this Article. Upon accepting an alternative retirement cancellation payment under this Section, the person's creditable service and all other rights in the Fund are terminated for all purposes.

(d) To the extent permitted by federal law, a person who receives an alternative retirement cancellation payment under this Section may direct the Fund to pay all or a portion of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(e) Notwithstanding any other provision of this Article, a person who has received an alternative retirement cancellation payment under this Section and who reenters service under this Article must first repay to the Fund the amount by which that alternative retirement cancellation payment exceeded the amount of his or her refundable employee contributions with interest at 6% per annum. For the purposes of re-establishing creditable service that was terminated upon election of the alternative retirement cancellation payment, the portion of the alternative retirement cancellation payment representing refundable employee contributions shall be deemed a refund repayable in accordance with Section 9-163.

(f) No individual who receives an alternative retirement cancellation payment under this Section may return to active payroll status within 365 days after separation from service to the employer.

(40 ILCS 5/9-166) (from Ch. 108 1/2, par. 9-166)

Sec. 9-166. Refunds - When paid to beneficiary, children or estate. Whenever the total amount accumulated to the account of

a deceased employee from employee contributions for annuity purposes, and from employee contributions applied to any county pension fund superseded by this fund, have not been paid to him, and in the case of a married male employee to the employee and his widow together, in form of annuity or refund before the death of the last of such persons, a refund shall be payable as follows:

An amount equal to the excess of such amounts over the amounts paid on any annuity or annuities or refund, without interest upon either of such amounts, shall be refunded to a beneficiary theretofore designated by the employee in writing, signed by him before an officer authorized to administer oaths, and filed with the board before the employee's death.

If there is no designated beneficiary or the beneficiary does not survive the employee, the amount shall be refunded to the employee's children, in equal parts with the children of a deceased child taking the share of their parent. If there is no designated beneficiary or children, the refund shall be paid to the administrator or executor of the employee's estate.

If an administrator or executor of the estate has not been appointed within 90 days from the date the refund became payable the refund may be applied in the discretion of the board toward the payment of the employee's burial expenses. Any remaining balance shall be paid to the heirs of the employee according to the law of descent and distribution of this state but assuming for the purpose of such payment of refund and

determination of heirs that the deceased male employee left no widow surviving in those cases where a widow eligible for widow's annuity as his widow survived him and subsequently died; provided,

(a) that if any child or children of the employee are less than age 18, such part or all of any such amount necessary to pay annuities to them shall not be refunded as hereinbefore stated ~~but shall be transferred to the child's annuity reserve and used therein for the payment of such annuities;~~ and provided further,

(b) that if a reversionary annuity becomes payable as provided in Section 9-135 such refund shall not be paid until the death of the reversionary annuitant, and the refund otherwise payable under this section shall then first further be reduced by the total amount of the reversionary annuity paid.

(Source: P.A. 81-1536.)

(40 ILCS 5/9-169) (from Ch. 108 1/2, par. 9-169)

Sec. 9-169. Financing - Tax levy. (a) The county board shall levy a tax annually upon all taxable property in the county at the rate that will produce a sum which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them is sufficient for the requirements of this Article.

For the years before 1962 the tax rate shall be as provided

in "The 1925 Act". For the years 1962 and 1963 the tax rate shall be not more than .0200 per cent; for the years 1964 and 1965 the tax rate shall be not more than .0202 per cent; for the years 1966 and 1967 the tax rate shall be not more than .0207 per cent; for the year 1968 the tax rate shall be not more than .0220 per cent; for the year 1969 the tax rate shall be not more than .0233 per cent; for the year 1970 the tax rate shall be not more than .0255 per cent; for the year 1971 the tax rate shall be not more than .0268 per cent of the value, as equalized or assessed by the Department of Revenue upon all taxable property in the county. Beginning with the year 1972 and for each year thereafter the county shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within the county that will produce, when extended, not to exceed an amount equal to the total amount of contributions made by the employees to the fund in the calendar year 2 years prior to the year for which the annual applicable tax is levied multiplied by .8 for the years 1972 through 1976; by .8 for the year 1977; by .87 for the year 1978; by .94 for the year 1979; by 1.02 for the year 1980 and by 1.10 for the year 1981 and by 1.18 for the year 1982 and by 1.36 for the year 1983 and by 1.54 for the year 1984 and for each year thereafter.

This tax shall be levied and collected in like manner with the general taxes of the county, and shall be in addition to all other taxes which the county is authorized to levy upon the

aggregate valuation of all taxable property within the county and shall be exclusive of and in addition to the amount of tax the county is authorized to levy for general purposes under any laws which may limit the amount of tax which the county may levy for general purposes. The county clerk, in reducing tax levies under any Act concerning the levy and extension of taxes, shall not consider this tax as a part of the general tax levy for county purposes, and shall not include it within any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for the county. It is lawful to extend this tax in addition to the general county rate fixed by statute, without being authorized as additional by a vote of the people of the county.

Revenues derived from this tax shall be paid to the treasurer of the county and held by him for the benefit of the fund.

If the payments on account of taxes are insufficient during any year to meet the requirements of this Article, the county may issue tax anticipation warrants against the current tax levy.

(b) By January 10, annually, the board shall notify the county board of the requirement of this Article that this tax shall be levied. The board ~~shall compute the amounts necessary for the purposes of the fund for that current year to be credited to the reserves established and maintained as provided in this Act,~~ shall make an annual determination of the required

county contributions, and shall certify the results thereof to the county board.

(c) The various sums to be contributed by the county board and allocated for the purposes of this Article and any interest to be contributed by the county shall be taken from the revenue derived from this tax and no money of the county derived from any source other than the levy and collection of this tax or the sale of tax anticipation warrants, except state or federal funds contributed for annuity and benefit purposes for employees of a county department of public aid under "The Illinois Public Aid Code", approved April 11, 1967, as now or hereafter amended, may be used to provide revenue for the fund.

If it is not possible or practicable for the county to make contributions for age and service annuity and widow's annuity concurrently with the employee contributions made for such purposes, such county shall make such contributions as soon as possible and practicable thereafter with interest thereon at the effective rate until the time it shall be made.

(d) With respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L. 93-567, 88 Stat. 1845), hereinafter referred to as CETA, subsequent to October 1, 1978, and in instances where the board has elected to establish a manpower program reserve, the board shall compute the amounts necessary to be credited to the manpower program reserves established and maintained as herein

provided, and shall make a periodic determination of the amount of required contributions from the County to the reserve to be reimbursed by the federal government in accordance with rules and regulations established by the Secretary of the United States Department of Labor or his designee, and certify the results thereof to the County Board. Any such amounts shall become a credit to the County and will be used to reduce the amount which the County would otherwise contribute during succeeding years for all employees.

(e) In lieu of establishing a manpower program reserve with respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as authorized by subsection (d), the board may elect to establish a special County contribution rate for all such employees. If this option is elected, the County shall contribute to the Fund from federal funds provided under the Comprehensive Employment and Training Act program at the special rate so established and such contributions shall become a credit to the County and be used to reduce the amount which the County would otherwise contribute during succeeding years for all employees.

(Source: P.A. 83-1362.)

(40 ILCS 5/9-179.3) (from Ch. 108 1/2, par. 9-179.3)

Sec. 9-179.3. Optional plan of additional benefits and contributions.

(a) While this plan is in effect, an employee may establish

additional optional credit for additional optional benefits by electing in writing at any time to make additional optional contributions. The employee may discontinue making the additional optional contributions at any time by notifying the fund in writing.

(b) Additional optional contributions for the additional optional benefits shall be as follows:

(1) For service after the option is elected, an additional contribution of 3% of salary shall be contributed to the fund on the same basis and under the same conditions as contributions required under Sections 9-170 and 9-176.

(2) For service before the option is elected, an additional contribution of 3% of the salary for the applicable period of service, plus interest at the effective rate from the date of service to the date of payment. All payments for past service must be paid in full before credit is given. No additional optional contributions may be made for any period of service for which credit has been previously forfeited by acceptance of a refund, unless the refund is repaid in full with interest at the effective rate from the date of refund to the date of repayment.

(c) Additional optional benefits shall accrue for all periods of eligible service for which additional contributions are paid in full. The additional benefit shall consist of an

additional 1% for each year of service for which optional contributions have been paid, based on the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, to be added to the employee retirement annuity benefits as otherwise computed under this Article. The calculation of these additional benefits shall be subject to the same terms and conditions as are used in the calculation of retirement annuity under Section 9-134. The additional benefit shall be included in the calculation of the automatic annual increase in annuity, and in the calculation of widow's annuity, where applicable. However no additional benefits will be granted which produce a total annuity greater than the applicable maximum established for that type of annuity in this Article, and additional benefits shall not apply to any benefit computed under Section 9-128.1.

(d) Refunds of additional optional contributions shall be made on the same basis and under the same conditions as provided under Sections 9-164, 9-166 and 9-167. Interest shall be credited at the effective rate on the same basis and under the same conditions as for other contributions.

(e) (Blank) ~~Optional contributions shall be accounted for in a separate Optional Contribution Reserve.~~

(f) The tax levy, computed under Section 9-169, shall be based on employee contributions including the amount of optional additional employee contributions.

(g) Service eligible under this Section may include only service as an employee of the County as defined in Section 9-108, and subject to Sections 9-219 and 9-220. No service granted under Section 9-121.1, 9-121.4 or 9-179.2 shall be eligible for optional service credit. No optional service credit may be established for any military service, or for any service under any other Article of this Code. Optional service credit may be established for any period of disability paid from this fund, if the employee makes additional optional contributions for such periods of disability.

(h) This plan of optional benefits and contributions shall not apply to any former county employee receiving an annuity from the fund, who re-enters service as a County employee, unless he renders at least 3 years of additional service after the date of re-entry.

(i) The effective date of the optional plan of additional benefits and contributions shall be July 1, 1985, or the date upon which approval is received from the Internal Revenue Service, whichever is later.

(j) This plan of additional benefits and contributions shall expire July 1, 2005. No additional contributions may be made after that date, and no additional benefits will accrue after that date.

(Source: P.A. 92-599, eff. 6-28-02.)

Sec. 9-182. Contributions by county for prior service annuities and pensions under former acts.

(a) The county, State or federal contributions authorized in Section 9-169 shall be applied first for the purposes of this Article 9 other than those stated in this Section.

The balance of the sum produced from such contributions shall be applied for the following purposes:

1. "An Act to provide for the formation and disbursement of a pension fund in counties having a population of 150,000 or more inhabitants, for the benefit of officers and employees in the service of such counties", approved June 29, 1915, as amended;

2. Section 9-225 of this Article;

3. To meet such part of any minimum annuity as shall be in excess of the age and service annuity and prior service annuity, and to meet such part of any minimum widow's annuity in excess of the amount of widow's annuity and widow's prior service annuity also for the purpose of providing the county cost of automatic increases in annuity after retirement in accordance with Section 9-133 and for any other purpose for which moneys are not otherwise provided in this Article;

4. (Blank) ~~To provide a sufficient balance in the investment and interest reserve to permit a transfer from that reserve to other reserves of the fund;~~

5. (Blank) ~~To credit to the county contribution reserve~~

~~such amounts required from the county but not contributed by it for age and service and prior service annuities, and widows' and widows' prior service annuities.~~

(b) (Blank) ~~All such contributions shall be credited to the prior service annuity reserve. When the balance of this reserve equals its liabilities (including in addition to all other liabilities, the present values of all annuities, present or prospective, according to the applicable mortality tables and rates of interest), the county shall cease to contribute the sum stated in this Section. Whenever the balance of the investment and interest reserve is not sufficient to permit a transfer from that reserve to any other reserve, the county shall contribute sums sufficient to make possible such transfer; provided, that if annexation of territory and the employment by the county of any county employee of any such territory at the time of annexation, after the county has ceased to contribute as herein provided results in additional liabilities for prior service annuity and widow's prior service annuity for any such employee, contributions by the county for such purposes shall be resumed.~~

(Source: P.A. 90-655, eff. 7-30-98.)

(40 ILCS 5/9-199) (from Ch. 108 1/2, par. 9-199)

Sec. 9-199. To submit an annual report.

To submit a report in July of each year to the county board of the county as of the close of business on December 31st of

the preceding year. The report shall contain a detailed statement of the affairs of the fund, its income and expenditures, and assets and liabilities, ~~and the status of the several reserves.~~ The county board shall have power to require and compel the board to prepare and submit such reports.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/9-204) (from Ch. 108 1/2, par. 9-204)

Sec. 9-204. Accounting.

An adequate system of accounts and records shall be established to give effect to the requirements of this Article and to report the financial condition of the fund. Such additional data as is necessary for required calculations, actuarial valuations, and operation of the fund shall be maintained. ~~The reserves designated in Sections 9-205 to 9-214, inclusive, shall be maintained. At the end of each year and at any other time when necessary the amounts in such reserves shall be improved by proper interest accretions.~~

(Source: Laws 1963, p. 161.)

(40 ILCS 5/10-104.5 new)

Sec. 10-104.5. Alternative retirement cancellation payment.

(a) To be eligible for the alternative retirement cancellation payment provided in this Section, a person must:

(1) be a member of this Fund who, on December 31, 2006,

was (i) in active payroll status as an employee and continuously employed in a position on and after the effective date of this Section and (ii) an active contributor to this Fund with respect to that employment;

(2) have not previously received any retirement annuity under this Article;

(3) file with the Board on or before 45 days after the effective date of this Section, a written application requesting the alternative retirement cancellation payment provided in this Section; (4) terminate employment under this Article no later than 60 days after the effective date of this Section.

(4) if there is a QILDRO in effect against the person, file with the Board the written consent of all alternate payees under the QILDRO to the election of an alternative retirement cancellation payment under this Section; and

(b) In lieu of any retirement annuity or other benefit provided under this Article, a person who qualifies for and elects to receive the alternative retirement cancellation payment under this Section shall be entitled to receive a one-time lump sum retirement cancellation payment equal to the amount of his or her contributions to the Fund (including any employee contributions for optional service credit and including any employee contributions paid by the employer or credited to the employee during disability) on the date of termination, with regular interest, multiplied by 1.5.

(c) Notwithstanding any other provision of this Article, a person who receives an alternative retirement cancellation payment under this Section thereby forfeits the right to any other retirement or disability benefit or refund under this Article, and no widow's, survivor's, or death benefit deriving from that person shall be payable under this Article. Upon accepting an alternative retirement cancellation payment under this Section, the person's creditable service and all other rights in the Fund are terminated for all purposes.

(d) To the extent permitted by federal law, a person who receives an alternative retirement cancellation payment under this Section may direct the Fund to pay all or a portion of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(e) Notwithstanding any other provision of this Article, a person who has received an alternative retirement cancellation payment under this Section and who reenters service under this Article must first repay to the Fund the amount by which that alternative retirement cancellation payment exceeded the amount of his or her refundable employee contributions with interest of 6% per annum. For the purposes of re-establishing creditable service that was terminated upon election of the alternative retirement cancellation payment, the portion of the alternative retirement cancellation payment representing refundable employee contributions shall be deemed a refund

repayable together with interest at the effective rate from the application date of such refund to the date of repayment.

(f) No individual who receives an alternative retirement cancellation payment under this Section may return to active payroll status within 365 days after separation from service to the employer.

(40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

Sec. 15-106. Employer. "Employer": The University of Illinois, Southern Illinois University, Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Western Illinois University, the State Board of Higher Education, the Illinois Mathematics and Science Academy, the State Geological Survey Division of the Department of Natural Resources, the State Natural History Survey Division of the Department of Natural Resources, the State Water Survey Division of the Department of Natural Resources, the Waste Management and Research Center of the Department of Natural Resources, the University Civil Service Merit Board, the Board of Trustees of the State Universities Retirement System, the Illinois Community College Board, community college boards, any association of community college boards organized under Section 3-55 of the Public Community College Act, the Board of Examiners established under the Illinois Public Accounting Act, and, only during the period

for which employer contributions required under Section 15-155 are paid, the following organizations: the alumni associations, the foundations and the athletic associations which are affiliated with the universities and colleges included in this Section as employers.

A department as defined in Section 14-103.04 is an employer for any person appointed by the Governor under the Civil Administrative Code of Illinois who is a participating employee as defined in Section 15-109. The Department of Central Management Services is an employer with respect to persons employed by the State Board of Higher Education in positions with the Illinois Century Network as of June 30, 2004 who remain continuously employed after that date by the Department of Central Management Services in positions with the Illinois Century Network, the Bureau of Communication and Computer Services, or, if applicable, any successor bureau.

The cities of Champaign and Urbana shall be considered employers, but only during the period for which contributions are required to be made under subsection (b-1) of Section 15-155 and only with respect to individuals described in subsection (h) of Section 15-107.

(Source: P.A. 93-839, eff. 7-30-04.)

(40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

Sec. 15-107. Employee.

(a) "Employee" means any member of the educational,

administrative, secretarial, clerical, mechanical, labor or other staff of an employer whose employment is permanent and continuous or who is employed in a position in which services are expected to be rendered on a continuous basis for at least 4 months or one academic term, whichever is less, who (A) receives payment for personal services on a warrant issued pursuant to a payroll voucher certified by an employer and drawn by the State Comptroller upon the State Treasurer or by an employer upon trust, federal or other funds, or (B) is on a leave of absence without pay. Employment which is irregular, intermittent or temporary shall not be considered continuous for purposes of this paragraph.

However, a person is not an "employee" if he or she:

(1) is a student enrolled in and regularly attending classes in a college or university which is an employer, and is employed on a temporary basis at less than full time;

(2) is currently receiving a retirement annuity or a disability retirement annuity under Section 15-153.2 from this System;

(3) is on a military leave of absence;

(4) is eligible to participate in the Federal Civil Service Retirement System and is currently making contributions to that system based upon earnings paid by an employer;

(5) is on leave of absence without pay for more than 60

days immediately following termination of disability benefits under this Article;

(6) is hired after June 30, 1979 as a public service employment program participant under the Federal Comprehensive Employment and Training Act and receives earnings in whole or in part from funds provided under that Act; or

(7) is employed on or after July 1, 1991 to perform services that are excluded by subdivision (a)(7)(f) or (a)(19) of Section 210 of the federal Social Security Act from the definition of employment given in that Section (42 U.S.C. 410).

(b) Any employer may, by filing a written notice with the board, exclude from the definition of "employee" all persons employed pursuant to a federally funded contract entered into after July 1, 1982 with a federal military department in a program providing training in military courses to federal military personnel on a military site owned by the United States Government, if this exclusion is not prohibited by the federally funded contract or federal laws or rules governing the administration of the contract.

(c) Any person appointed by the Governor under the Civil Administrative Code of the State is an employee, if he or she is a participant in this system on the effective date of the appointment.

(d) A participant on lay-off status under civil service

rules is considered an employee for not more than 120 days from the date of the lay-off.

(e) A participant is considered an employee during (1) the first 60 days of disability leave, (2) the period, not to exceed one year, in which his or her eligibility for disability benefits is being considered by the board or reviewed by the courts, and (3) the period he or she receives disability benefits under the provisions of Section 15-152, workers' compensation or occupational disease benefits, or disability income under an insurance contract financed wholly or partially by the employer.

(f) Absences without pay, other than formal leaves of absence, of less than 30 calendar days, are not considered as an interruption of a person's status as an employee. If such absences during any period of 12 months exceed 30 work days, the employee status of the person is considered as interrupted as of the 31st work day.

(g) A staff member whose employment contract requires services during an academic term is to be considered an employee during the summer and other vacation periods, unless he or she declines an employment contract for the succeeding academic term or his or her employment status is otherwise terminated, and he or she receives no earnings during these periods.

(h) An individual who was a participating employee employed in the fire department of the University of Illinois's

Champaign-Urbana campus immediately prior to the elimination of that fire department and who immediately after the elimination of that fire department became employed by the fire department of the City of Urbana or the City of Champaign shall continue to be considered as an employee for purposes of this Article for so long as the individual remains employed as a firefighter by the City of Urbana or the City of Champaign. The individual shall cease to be considered an employee under this subsection (h) upon the first termination of the individual's employment as a firefighter by the City of Urbana or the City of Champaign.

(i) An individual who is employed on a full-time basis as an officer or employee of a statewide teacher organization that serves System participants or an officer of a national teacher organization that serves System participants may participate in the System and shall be deemed an employee, provided that (1) the individual has previously earned creditable service under this Article, (2) the individual files with the System an irrevocable election to become a participant, and (3) the individual does not receive credit for that employment under any other Article of this Code. An employee under this subsection (i) is responsible for paying to the System both (A) employee contributions based on the actual compensation received for service with the teacher organization and (B) employer contributions equal to the normal costs (as defined in Section 15-155) resulting from that service; all or any part of

these contributions may be paid on the employee's behalf or picked up for tax purposes (if authorized under federal law) by the teacher organization.

A person who is an employee as defined in this subsection (i) may establish service credit for similar employment prior to becoming an employee under this subsection by paying to the System for that employment the contributions specified in this subsection, plus interest at the effective rate from the date of service to the date of payment. However, credit shall not be granted under this subsection for any such prior employment for which the applicant received credit under any other provision of this Code, or during which the applicant was on a leave of absence under Section 15-113.2.

(j) A person employed by the State Board of Higher Education in a position with the Illinois Century Network as of June 30, 2004 shall be considered to be an employee for so long as he or she remains continuously employed after that date by the Department of Central Management Services in a position with the Illinois Century Network, the Bureau of Communication and Computer Services, or, if applicable, any successor bureau and meets the requirements of subsection (a).

(Source: P.A. 93-347, eff. 7-24-03; 93-839, eff. 7-30-04.)

(40 ILCS 5/9-168 rep.)

(40 ILCS 5/9-205 rep.)

(40 ILCS 5/9-206 rep.)

(40 ILCS 5/9-207 rep.)

(40 ILCS 5/9-208 rep.)

(40 ILCS 5/9-209 rep.)

(40 ILCS 5/9-210 rep.)

(40 ILCS 5/9-211 rep.)

(40 ILCS 5/9-212 rep.)

(40 ILCS 5/9-213 rep.)

(40 ILCS 5/9-214 rep.)

(40 ILCS 5/9-215 rep.)

Section 10. The Illinois Pension Code is amended by repealing Sections 9-168, 9-205, 9-206, 9-207, 9-208, 9-209, 9-210, 9-211, 9-212, 9-213, 9-214, and 9-215.

Section 90. The State Mandates Act is amended by adding Section 8.31 as follows:

(30 ILCS 805/8.31 new)

Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 95th General Assembly.

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