

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 12-116, 12-127, 12-133, 12-149, 12-167, 12-168, 12-169, and 12-183 as follows:

(40 ILCS 5/12-116) (from Ch. 108 1/2, par. 12-116)

Sec. 12-116. Fiscal year.

"Fiscal year": For periods prior to July 1, 2012, the ~~The~~ year commencing with July 1st and ending with June 30th next following. Beginning January 1, 2013, the year commencing January 1 and ending December 31. The fiscal year which begins July 1, 2012 shall end December 31, 2012.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/12-127) (from Ch. 108 1/2, par. 12-127)

Sec. 12-127. Computation of service.

(a) If an employee during any leave of absence for 30 days or more without pay who is not receiving ordinary disability or duty disability benefits contributes the percentage of salary theretofore deducted from his salary for annuity purposes, the employer shall contribute corresponding amounts for such purposes. Payment for any approved leave of absence shall not

be valid unless made during such absence or within 30 days from expiration thereof. The aggregate of leaves of absence for which contributions may be made during the entire employee's service shall be 1 year.

(b) In computing service, credit shall be given for all leaves of absence subject to the limitations specified in the following paragraph during the time an employee was engaged in the military or naval service of the United States of America during the years 1914 to 1919, inclusive, or between September 16, 1940, and July 25, 1947, or between June 25, 1950, and January 31, 1955, and any such service rendered after January 31, 1955, and who within 180 days subsequent to the completion of military or naval service re-enters the service of the employer.

The total credit any employee shall receive for military or naval service during the entire term of service as an employee shall be subject to the following conditions and limitations:

(1) if entry into military or naval service occurs after July 1, 1961, the total credit shall not exceed 3 years;

(2) if entry into military or naval service occurred on or prior to July 1, 1961, the total credit shall not exceed 5 years;

(3) an employee who on July 1, 1961, had accrued more than 5 years of such military or naval service shall be entitled to the total amount of such accrued credit.

The contributions an employee would have made during the period of such military or naval service, together with the prescribed employer contributions, shall be made by the employer and shall be based on the salary for the position occupied by the employee on the date of commencement of the leave of absence.

(c) For all purposes of this Article except the provisions of Section 12-133, the following shall constitute a year of service in any fiscal year for salary payable according to the basis specified: Monthly Basis: 4 months; Weekly Basis: 17 weeks; Daily Basis: 100 days; Hourly Basis: 800 hours, except that in the case of an employee becoming a participant of the fund on and after July 1, 1973, the following schedule shall govern for all purposes of this Article: Service during 9 months or more in any fiscal year shall constitute a year of service; 6 to 8 months, inclusive, 3/4 of a year; 3 to 5 months, inclusive, 1/2 year; less than 3 months, 1/4 of a year; 15 days or more in any month, a month of service. However, for the 6-month fiscal year July 1, 2012 through December 31, 2012, the amount of service earned shall not exceed 1/2 year.

(d) The periods an employee received ordinary or duty disability benefit shall be included in the computation of service.

(e) Upon receipt of the specified payment, credits transferred to a fund established under this Article pursuant to subsection (d) of Section 8-226.1, subsection (d) of Section

9-121.1, or Section 14-105.1 of this Code shall be included in the computation of service.

(f) A contributing employee may establish additional service credit for a period of up to 2 years spent in active military service for which he or she does not qualify for credit under subsection (b), provided that (1) the person was not dishonorably discharged from the military service, and (2) the amount of service credit established by the person under this subsection (f), when added to the amount of any military service credit granted to the person under subsection (b), shall not exceed 5 years. In order to establish military service credit under this subsection (f), the applicant must submit a written application to the Fund, including a copy of the applicant's discharge from military service, and pay to the Fund (1) employee contributions at the rates provided in this Article based upon the person's salary on the last date as a participating employee prior to the military service, or on the first date as a participating employee after the military service, whichever is greater, plus (2) an amount determined by the board to be equal to the employer's normal cost of the benefits accrued for such military service, plus (3) regular interest on items (1) and (2) from the date of conclusion of the military service to the date of payment. Contributions must be paid in a single lump sum before the credit will be granted. Credit established under this subsection may be used for pension purposes only.

(g) A contributing employee may establish additional service credit for a period of up to 5 years of employment by the United States federal government for which he or she does not qualify for credit under any other provision of this Article, provided that (1) the amount of service credit established by the person under this subsection (g), when added to the amount of all military service credit granted to the person under subsections (b) and (f), shall not exceed 5 years, and (2) any credit received for the federal employment in any other public pension fund or retirement system has been terminated or relinquished.

In order to establish service credit under this subsection (g), the applicant must submit a written application to the Fund, including such documentation of the federal employment as the Board may require, and pay to the Fund (1) employee contributions at the rates provided in this Article based upon the person's salary on the last date as a participating employee prior to the federal service, or on the first date as a participating employee after the federal service, whichever is greater, plus (2) an amount determined by the Board to be equal to the employer's normal cost of the benefits accrued for such federal service, plus (3) regular interest on items (1) and (2) from the date of conclusion of the federal service to the date of payment. Contributions must be paid in a single lump sum before the credit is granted. Credit established under this subsection may be used for pension purposes only.

(Source: P.A. 86-272; 86-1488; 87-1265.)

(40 ILCS 5/12-133) (from Ch. 108 1/2, par. 12-133)

Sec. 12-133. Fixed benefit retirement annuity.

(a) Subject to the provisions of paragraph (b) of this Section, the retirement annuity for any employee who withdraws from service on or after January 1, 1983 and before January 1, 1990, at age 60 or over, having at least 4 years of service, shall be 1.70% for each of the first 10 years of service; 2.00% for each of the next 10 years of service; 2.40% for each year of service in excess of 20 but not exceeding 30; and 2.80% for each year of service in excess of 30, with a pro-rated amount for service of less than a full year, based upon the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, provided that: (1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/2 of 1% for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 55 or over but less than age 60, having at least 35 years of service, shall not be subject to the reduction in his retirement annuity because of retirement below age 60; (2) the annuity shall not exceed 75% of such average annual salary; (3) the actual salary shall be considered in the computation of this annuity.

The retirement annuity for any employee who withdraws from service on or after January 1, 1990 and prior to December 31,

2003 at age 50 or over with at least 10 years of service, or at age 60 or over with at least 4 years of service, shall be 1.90% for each of the first 10 years of service, 2.20% for each of the next 10 years of service, 2.40% for each of the next 10 years of service, and 2.80% for each year of service in excess of 30, with a pro-rated amount for service of less than a full year, based upon the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, provided that:

(1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/4 of 1% (1/2 of 1% in the case of withdrawal from service before January 1, 1991) for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 50 or over having at least 30 years of service shall not be subject to the reduction in retirement annuity because of retirement below age 60;

(2) the annuity shall not exceed 80% of such average annual salary; and

(3) the actual salary shall be considered in the computation of this annuity.

An employee who withdraws from service on or after December 31, 2003, at age 50 or over with at least 10 years of service or at age 60 or over with at least 4 years of service, shall receive, in lieu of any other retirement annuity provided for in this Section, a retirement annuity calculated as follows:

for each year of service immediately preceding the date of withdrawal, 2.40% of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, with a prorated amount for service of less than a full year, provided that:

(1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/4 of 1% for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 50 or over having at least 30 years of service shall not be subject to the reduction in retirement annuity because of retirement below age 60;

(2) the annuity shall not exceed 80% of such average annual salary; and

(3) the actual salary shall be considered in the computation of this annuity.

Notwithstanding any other formula, the annuity for employees retiring on or after January 31, 2004 and on or before February 29, 2004 with at least 30 years of service shall be 80% of average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal.

(b) In lieu of the retirement annuity provided as an actuarial equivalent of the total accumulations from contributions by the employee, contributions by the employer, and prior service annuity plus regular interest, an employee in

service prior to July 1, 1971 shall be entitled to the largest applicable retirement annuity provided in this Section if the same is larger than the annuity provided in other Sections of this Article.

(c) The following schedule shall govern the computation of service for the fixed benefit annuities provided by this Section: Service during 9 months or more during any fiscal year shall constitute a year of service; 6 to 8 months, inclusive, 3/4 of a year; 3 to 5 months, inclusive, 1/2 year; less than 3 months, 1/4 of a year; 15 days or more in any month, a month of service. However, for the 6-month fiscal year July 1, 2012 through December 31, 2012, the amount of service earned shall not exceed 1/2 year.

(d) The other provisions of this Section shall not apply in the case of any former employee who is receiving a retirement annuity from the fund and who re-enters service as an employee, unless the employee renders from and after the date of re-entry, at least 3 years of additional service.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/12-149) (from Ch. 108 1/2, par. 12-149)

Sec. 12-149. Financing. The board of park commissioners of any such park district shall annually levy a tax (in addition to the taxes now authorized by law) upon all taxable property embraced in the district, at the rate which, when added to the employee contributions under this Article and applied to the

fund created hereunder, shall be sufficient to provide for the purposes of this Article in accordance with the provisions thereof. Such tax shall be levied and collected with and in like manner as the general taxes of such district, and shall not in any event be included within any limitations of rate for general park purposes as now or hereafter provided by law, but shall be excluded therefrom and be in addition thereto. The amount of such annual tax to and including the year 1977 shall not exceed .0275% of the value, as equalized or assessed by the Department of Revenue, of all taxable property embraced within the park district, provided that for the year 1978, and for each year thereafter, the amount of such annual tax shall be at a rate on the dollar of assessed valuation of all taxable property that will produce, when extended, for the year 1978 the following sum: 0.825 times the amount of employee contributions during the fiscal year 1976; for the year 1979, 0.85 times the amount of employee contributions during the fiscal year 1977; for the year 1980, 0.90 times the amount of employee contributions during the fiscal year 1978; for the year 1981, 0.95 times the amount of employee contributions during the fiscal year 1979; for the year 1982, 1.00 times the amount of employee contributions during the fiscal year 1980; for the year 1983, 1.05 times the amount of contributions made on behalf of employees during the fiscal year 1981; and for the year 1984 and each year thereafter, an amount equal to 1.10 times the employee contributions during the fiscal year 2-years

prior to the year for which the applicable tax is levied. For the year 2014, this calculation shall be 1.10 times the amount of employee contributions during the 12-month fiscal year ending June 30, 2012; and for the year 2015, this calculation shall be 1.10 times the amount of employee contributions during the 12-month fiscal year ending December 31, 2013. As used in this Section, the term "employee contributions" means contributions by employees for retirement annuity, spouse's annuity, automatic increase in retirement annuity, and death benefit.

In respect to park district employees, other than policemen, who are transferred to the employment of a city by virtue of the "Exchange of Functions Act of 1957", the corporate authorities of the city shall annually levy a tax upon all taxable property embraced in the city, as equalized or assessed by the Department of Revenue, at such rate per cent of the value of such property as shall be sufficient, when added to the amounts deducted from the salary or wages of such employees, to provide the benefits to which such employees, their dependents and beneficiaries are entitled under the provisions of this Article. The park district shall not levy a tax hereunder in respect to such employees. The tax levied by the city under authority of this Article shall be in addition to and exclusive of all other taxes authorized by law to be levied by the city for corporate, annuity fund or other purposes.

All moneys accruing from the levy and collection of taxes, pursuant to this section, shall be remitted to the board by the employers as soon as they are received. Where a city has levied a tax pursuant to this Section in respect to park district employees transferred to the employment of a city, the treasurer of such city or other authorized officer shall remit the moneys accruing from the levy and collection of such tax as soon as they are received. Such remittances shall be made upon a pro rata share basis, whereby each employer shall pay to the board such employer's proportionate percentage of each payment of taxes received by it, according to the ratio which its tax levy for this fund bears to the total tax levy of such employer.

Should any board of park commissioners included under the provisions of this Article be without authority to levy the tax provided in this Section the corporation authorities (meaning the supervisor, clerk and assessor) of the town or towns for which such board shall be the board of park commissioners shall levy such tax.

Employer contributions to the Fund may be reduced by \$5,000,000 for calendar years 2004 and 2005.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/12-167) (from Ch. 108 1/2, par. 12-167)

Sec. 12-167. To keep records, books and prepare reports.

To keep a record of all its proceedings which shall be open

to inspection by the public; to keep such books and records as are necessary for the transaction of its business; and to prepare a report, as of the last day ~~June 30~~ of each fiscal year, setting forth the income and disbursements of the fund for the year, and the amount of its assets and liabilities at the close of the year. Such statement shall include, among other things, the following information:

(a) the total of the reserves on all annuities being paid and to be paid from the fund to employees and widows whose annuities are determined but not entered upon, calculating such reserves as if the annuities were actually entered upon;

(b) the total of the liabilities of the employer for prior service annuities and widow's prior service annuities, including the present values of such annuities that are entered upon.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/12-168) (from Ch. 108 1/2, par. 12-168)

Sec. 12-168. To have an audit.

To have an annual audit of the books, records and reserves of the fund as of the last day of each fiscal ~~June 30th, in each~~ year, by a certified public accountant. A copy of the report of such audit shall be filed with the board of park commissioners, and a synopsis thereof shall be prepared for public distribution.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/12-169) (from Ch. 108 1/2, par. 12-169)

Sec. 12-169. To appoint employees.

To appoint such actuarial, legal, medical, clerical and other employees as may be necessary in the administration of the fund and fix their compensation.

One or more actuaries shall be employed with duty to determine the amount of money necessary to be provided under this Article, and to assist the board in preparing the annual statement as of the last day ~~June 30~~ of each fiscal year, and to certify to the correctness thereof.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/12-183) (from Ch. 108 1/2, par. 12-183)

Sec. 12-183. Annual actuarial valuation.

An actuarial valuation shall be made annually of the liabilities and reserves for present and prospective annuities and benefits, and beginning January 1, 2013 ~~July 1, 1973~~ a general investigation shall be made and shall be completed every 5 years thereafter of the operating experience of the fund as to mortality, disability, retirement, marital status of employees, withdrawal from service without right to annuity, investment earnings and other factors of actuarial criteria.

Upon the basis of the annual actuarial valuation and quinquennial actuarial investigations, the actuary shall recommend the tables to be used in the annual valuations and in

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current operations including the prescribed rate of interest, and shall advise the board on any matters of actuarial character affecting the financial condition of the fund and its operations.

(Source: P.A. 78-266.)

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