

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 7-135, 7-146, 7-172, 7-173, and 7-177 as follows:

(40 ILCS 5/7-135) (from Ch. 108 1/2, par. 7-135)

Sec. 7-135. Authorized agents.

(a) Each participating municipality and participating instrumentality shall appoint an authorized agent who shall have the powers and duties set forth in this section. In absence of such appointment, the duties of the authorized agent shall devolve upon the clerk or secretary of the municipality or instrumentality, the township supervisor in the case of a township, and in the case of township school trustees upon the township school treasurer. ~~In townships the Authorized Agent shall be the township supervisor.~~

(b) The authorized agent shall have the following powers and duties:

1. To certify to the fund whether or not a given person is authorized to participate in the fund;
2. To certify to the fund when a participating employee is on a leave of absence authorized by the municipality;
3. To request the proper officer to cause employee

contributions to be withheld from earnings and transmitted to the fund;

4. To request the proper officer to cause municipality contributions to be forwarded to the fund promptly;

5. To forward promptly to all participating employees any communications from the fund for such employees;

6. To forward promptly to the fund all applications, claims, reports and other communications delivered to him by participating employees;

7. To perform all duties related to the administration of this retirement system as requested by the fund and the governing body of his municipality.

(c) The governing body of each participating municipality and participating instrumentality may delegate any or all of the following powers and duties to its authorized agent:

1. To file a petition for nomination of an executive trustee of the fund.

2. To cast the ballot for election of an executive trustee of the fund.

If a governing body does not authorize its agent to perform the powers and duties set forth in this paragraph (c), they shall be performed by the governing body itself, unless the governing body by resolution duly certified to the fund delegates them to some other officer or employee.

(d) The delivery of any communication or document by an employee or a participating municipality or participating

instrumentality to its authorized agent shall not constitute delivery to the fund.

(Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

(40 ILCS 5/7-146) (from Ch. 108 1/2, par. 7-146)

Sec. 7-146. Temporary disability benefits - Eligibility. Temporary disability benefits shall be payable to participating employees as hereinafter provided.

(a) The participating employee shall be considered temporarily disabled if:

1. He is unable to perform the duties of any position which might reasonably be assigned to him by his employing municipality or instrumentality thereof or participating instrumentality due to mental or physical disability caused by bodily injury or disease, other than as a result of self-inflicted injury or addiction to narcotic drugs;

2. The Board has received written certifications from at least one licensed and practicing physician and the governing body of the employing municipality or instrumentality thereof or participating instrumentality stating that the employee meets the conditions set forth in subparagraph 1 of this paragraph (a).

(b) A temporary disability benefit shall be payable to a temporarily disabled employee provided:

1. He:

(i) has at least one year of service immediately

preceding ~~at~~ the date the temporary disability was incurred and has made contributions to the fund for at least the number of months of service normally required in his position during a 12-month period, or has at least 5 years of service credit, the last year of which immediately precedes such date; or

(ii) had qualified under clause (i) above, but had an interruption in service with the same participating municipality or participating instrumentality of not more than 3 months in the 12 months preceding the date the temporary disability was incurred and was not paid a separation benefit; or

(iii) had qualified under clause (i) above, but had an interruption after 20 or more years of creditable service, was not paid a separation benefit, and returned to service prior to the date the disability was incurred.

Item (iii) of this subdivision shall apply to all employees whose disabilities were incurred on or after July 1, 1985, and any such employee who becomes eligible for a disability benefit under item (iii) shall be entitled to receive a lump sum payment of any accumulated disability benefits which may accrue from the date the disability was incurred until the effective date of this amendatory Act of 1987.

Periods of qualified leave granted in compliance with

the federal Family and Medical Leave Act shall be ignored for purposes of determining the number of consecutive months of employment under this subdivision (b)1.

2. He has been temporarily disabled for at least 30 days, except where a former temporary or permanent and total disability has reoccurred within 6 months after the employee has returned to service.

3. He is receiving no earnings from a participating municipality or instrumentality thereof or participating instrumentality, except as allowed under subsection (f) of Section 7-152.

4. He has not refused to submit to a reasonable physical examination by a physician appointed by the Board.

5. His disability is not the result of a mental or physical condition which existed on the earliest date of service from which he has uninterrupted service, including prior service, at the date of his disability, provided that this limitation is not applicable if the date of disability is after December 31, 2001, nor is it applicable to a participating employee who: (i) on the date of disability has 5 years of creditable service, exclusive of creditable service for periods of disability; or (ii) received no medical treatment for the condition for the 3 years immediately prior to such earliest date of service.

6. He is not separated from the service of the participating municipality or instrumentality thereof or

participating instrumentality which employed him on the date his temporary disability was incurred; for the purposes of payment of temporary disability benefits, a participating employee, whose employment relationship is terminated by his employing municipality, shall be deemed not to be separated from the service of his employing municipality or participating instrumentality if he continues disabled by the same condition and so long as he is otherwise entitled to such disability benefit.

7. He has not failed or refused to consent to and sign an authorization allowing the Board to receive copies of or to examine his medical and hospital records.

8. He has not failed or refused to provide complete information regarding any other employment for compensation he has received since becoming disabled.

(Source: P.A. 97-415, eff. 8-16-11.)

(40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

Sec. 7-172. Contributions by participating municipalities and participating instrumentalities.

(a) Each participating municipality and each participating instrumentality shall make payment to the fund as follows:

1. municipality contributions in an amount determined by applying the municipality contribution rate to each payment of earnings paid to each of its participating employees;

2. an amount equal to the employee contributions provided by paragraph (a) of Section 7-173, whether or not the employee contributions are withheld as permitted by that Section;

3. all accounts receivable, together with interest charged thereon, as provided in Section 7-209;

4. if it has no participating employees with current earnings, an amount payable which, over a closed period of 20 years for participating municipalities and 10 years for participating instrumentalities, will amortize, at the effective rate for that year, any unfunded obligation. The unfunded obligation shall be computed as provided in paragraph 2 of subsection (b);

5. if it has fewer than 7 participating employees or a negative balance in its municipality reserve, the greater of (A) an amount payable that, over a period of 20 years, will amortize at the effective rate for that year any unfunded obligation, computed as provided in paragraph 2 of subsection (b) or (B) the amount required by paragraph 1 of this subsection (a).

(b) A separate municipality contribution rate shall be determined for each calendar year for all participating municipalities together with all instrumentalities thereof. The municipality contribution rate shall be determined for participating instrumentalities as if they were participating municipalities. The municipality contribution rate shall be

the sum of the following percentages:

1. The percentage of earnings of all the participating employees of all participating municipalities and participating instrumentalities which, if paid over the entire period of their service, will be sufficient when combined with all employee contributions available for the payment of benefits, to provide all annuities for participating employees, and the \$3,000 death benefit payable under Sections 7-158 and 7-164, such percentage to be known as the normal cost rate.

2. The percentage of earnings of the participating employees of each participating municipality and participating instrumentalities necessary to adjust for the difference between the present value of all benefits, excluding temporary and total and permanent disability and death benefits, to be provided for its participating employees and the sum of its accumulated municipality contributions and the accumulated employee contributions and the present value of expected future employee and municipality contributions pursuant to subparagraph 1 of this paragraph (b). This adjustment shall be spread over a period determined by the Board, not to exceed 30 years for participating municipalities or 10 years for participating instrumentalities ~~the remainder of the period that is allowable under generally accepted accounting principles.~~

3. The percentage of earnings of the participating

employees of all municipalities and participating instrumentalities necessary to provide the present value of all temporary and total and permanent disability benefits granted during the most recent year for which information is available.

4. The percentage of earnings of the participating employees of all participating municipalities and participating instrumentalities necessary to provide the present value of the net single sum death benefits expected to become payable from the reserve established under Section 7-206 during the year for which this rate is fixed.

5. The percentage of earnings necessary to meet any deficiency arising in the Terminated Municipality Reserve.

(c) A separate municipality contribution rate shall be computed for each participating municipality or participating instrumentality for its sheriff's law enforcement employees.

A separate municipality contribution rate shall be computed for the sheriff's law enforcement employees of each forest preserve district that elects to have such employees. For the period from January 1, 1986 to December 31, 1986, such rate shall be the forest preserve district's regular rate plus 2%.

In the event that the Board determines that there is an actuarial deficiency in the account of any municipality with respect to a person who has elected to participate in the Fund under Section 3-109.1 of this Code, the Board may adjust the

municipality's contribution rate so as to make up that deficiency over such reasonable period of time as the Board may determine.

(d) The Board may establish a separate municipality contribution rate for all employees who are program participants employed under the federal Comprehensive Employment Training Act by all of the participating municipalities and instrumentalities. The Board may also provide that, in lieu of a separate municipality rate for these employees, a portion of the municipality contributions for such program participants shall be refunded or an extra charge assessed so that the amount of municipality contributions retained or received by the fund for all CETA program participants shall be an amount equal to that which would be provided by the separate municipality contribution rate for all such program participants. Refunds shall be made to prime sponsors of programs upon submission of a claim therefor and extra charges shall be assessed to participating municipalities and instrumentalities. In establishing the municipality contribution rate as provided in paragraph (b) of this Section, the use of a separate municipality contribution rate for program participants or the refund of a portion of the municipality contributions, as the case may be, may be considered.

(e) Computations of municipality contribution rates for the following calendar year shall be made prior to the

beginning of each year, from the information available at the time the computations are made, and on the assumption that the employees in each participating municipality or participating instrumentality at such time will continue in service until the end of such calendar year at their respective rates of earnings at such time.

(f) Any municipality which is the recipient of State allocations representing that municipality's contributions for retirement annuity purposes on behalf of its employees as provided in Section 12-21.16 of the Illinois Public Aid Code shall pay the allocations so received to the Board for such purpose. Estimates of State allocations to be received during any taxable year shall be considered in the determination of the municipality's tax rate for that year under Section 7-171. If a special tax is levied under Section 7-171, none of the proceeds may be used to reimburse the municipality for the amount of State allocations received and paid to the Board. Any multiple-county or consolidated health department which receives contributions from a county under Section 11.2 of "An Act in relation to establishment and maintenance of county and multiple-county health departments", approved July 9, 1943, as amended, or distributions under Section 3 of the Department of Public Health Act, shall use these only for municipality contributions by the health department.

(g) Municipality contributions for the several purposes specified shall, for township treasurers and employees in the

offices of the township treasurers who meet the qualifying conditions for coverage hereunder, be allocated among the several school districts and parts of school districts serviced by such treasurers and employees in the proportion which the amount of school funds of each district or part of a district handled by the treasurer bears to the total amount of all school funds handled by the treasurer.

From the funds subject to allocation among districts and parts of districts pursuant to the School Code, the trustees shall withhold the proportionate share of the liability for municipality contributions imposed upon such districts by this Section, in respect to such township treasurers and employees and remit the same to the Board.

The municipality contribution rate for an educational service center shall initially be the same rate for each year as the regional office of education or school district which serves as its administrative agent. When actuarial data become available, a separate rate shall be established as provided in subparagraph (i) of this Section.

The municipality contribution rate for a public agency, other than a vocational education cooperative, formed under the Intergovernmental Cooperation Act shall initially be the average rate for the municipalities which are parties to the intergovernmental agreement. When actuarial data become available, a separate rate shall be established as provided in subparagraph (i) of this Section.

(h) Each participating municipality and participating instrumentality shall make the contributions in the amounts provided in this Section in the manner prescribed from time to time by the Board and all such contributions shall be obligations of the respective participating municipalities and participating instrumentalities to this fund. The failure to deduct any employee contributions shall not relieve the participating municipality or participating instrumentality of its obligation to this fund. Delinquent payments of contributions due under this Section may, with interest, be recovered by civil action against the participating municipalities or participating instrumentalities. Municipality contributions, other than the amount necessary for employee contributions, for periods of service by employees from whose earnings no deductions were made for employee contributions to the fund, may be charged to the municipality reserve for the municipality or participating instrumentality.

(i) Contributions by participating instrumentalities shall be determined as provided herein except that the percentage derived under subparagraph 2 of paragraph (b) of this Section, and the amount payable under subparagraph 4 of paragraph (a) of this Section, shall be based on an amortization period of 10 years.

(j) Notwithstanding the other provisions of this Section, the additional unfunded liability accruing as a result of this amendatory Act of the 94th General Assembly shall be amortized

over a period of 30 years beginning on January 1 of the second calendar year following the calendar year in which this amendatory Act takes effect, except that the employer may provide for a longer amortization period by adopting a resolution or ordinance specifying a 35-year or 40-year period and submitting a certified copy of the ordinance or resolution to the fund no later than June 1 of the calendar year following the calendar year in which this amendatory Act takes effect.

(k) If the amount of a participating employee's reported earnings for any of the 12-month periods used to determine the final rate of earnings exceeds the employee's 12 month reported earnings with the same employer for the previous year by the greater of 6% or 1.5 times the annual increase in the Consumer Price Index-U, as established by the United States Department of Labor for the preceding September, the participating municipality or participating instrumentality that paid those earnings shall pay to the Fund, in addition to any other contributions required under this Article, the present value of the increase in the pension resulting from the portion of the increase in salary that is in excess of the greater of 6% or 1.5 times the annual increase in the Consumer Price Index-U, as determined by the Fund. This present value shall be computed on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the Fund that is available at the time of the computation.

Whenever it determines that a payment is or may be required

under this subsection (k), the fund shall calculate the amount of the payment and bill the participating municipality or participating instrumentality for that amount. The bill shall specify the calculations used to determine the amount due. If the participating municipality or participating instrumentality disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the fund in writing for a recalculation. The application must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the fund shall review the application and, if appropriate, recalculate the amount due. The participating municipality and participating instrumentality contributions required under this subsection (k) may be paid in the form of a lump sum within 90 days after receipt of the bill. If the participating municipality and participating instrumentality contributions are not paid within 90 days after receipt of the bill, then interest will be charged at a rate equal to the fund's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill. Payments must be concluded within 3 years after receipt of the bill by the participating municipality or participating instrumentality.

When assessing payment for any amount due under this subsection (k), the fund shall exclude earnings increases resulting from overload or overtime earnings.

When assessing payment for any amount due under this

subsection (k), the fund shall also exclude earnings increases attributable to standard employment promotions resulting in increased responsibility and workload.

This subsection (k) does not apply to earnings increases paid to individuals under contracts or collective bargaining agreements entered into, amended, or renewed before January 1, 2012 (the effective date of Public Act 97-609), earnings increases paid to members who are 10 years or more from retirement eligibility, or earnings increases resulting from an increase in the number of hours required to be worked.

When assessing payment for any amount due under this subsection (k), the fund shall also exclude earnings attributable to personnel policies adopted before January 1, 2012 (the effective date of Public Act 97-609) as long as those policies are not applicable to employees who begin service on or after January 1, 2012 (the effective date of Public Act 97-609).

(Source: P.A. 96-1084, eff. 7-16-10; 96-1140, eff. 7-21-10; 97-333, eff. 8-12-11; 97-609, eff. 1-1-12; 97-933, eff. 8-10-12.)

(40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

Sec. 7-173. Contributions by employees.

(a) Each participating employee shall make contributions to the fund as follows:

1. For retirement annuity purposes, normal

contributions of 3 3/4% of earnings.

2. Additional contributions of such percentages of each payment of earnings, as shall be elected by the employee for retirement annuity purposes, but not in excess of 10%. The selected rate shall be applicable to all earnings paid following receipt by the Board of written notice of election to make such contributions. Additional contributions at the selected rate shall be made concurrently with normal contributions.

3. Survivor contributions, by each participating employee, of 3/4% of each payment of earnings.

(b) (Blank).

(c) Contributions shall be deducted from each corresponding payment of earnings paid to each employee and shall be remitted to the board by the participating municipality or participating instrumentality making such payment. The remittance, together with a report of the earnings and contributions shall be made as directed by the board. For township treasurers and employees of township treasurers qualifying as employees hereunder, the contributions herein required as deductions from salary shall be withheld by the school township trustees from funds available for the payment of the compensation of such treasurers and employees as provided in the School Code and remitted to the board.

(d) An employee who has made additional contributions under paragraph (a)2 of this Section may upon retirement or at any

time prior thereto, elect to withdraw the total of such additional contributions including interest credited thereon to the end of the preceding calendar year, to the extent permitted by the federal Internal Revenue Code of 1986, as now or hereafter amended.

(e) Failure to make the deductions for employee contributions provided in paragraph (c) of this Section shall not relieve the employee from liability for such contributions. The amount of such liability may be deducted, with interest charged under Section 7-209, from any annuities or benefits payable hereunder to the employee or any other person receiving an annuity or benefit by reason of such employee's participation.

(f) A participating employee who has at least 40 years of creditable service in the Fund may elect to cease making the contributions required under this Section. The status of the employee under this Article shall be unaffected by this election, except that the employee shall not receive any additional creditable service for the periods of employment following the election. An election under this subsection relieves the employer from making additional employer contributions in relation to that employee.

(Source: P.A. 96-1084, eff. 7-16-10; 96-1258, eff. 7-23-10; 97-333, eff. 8-12-11; 97-933, eff. 8-10-12.)

(40 ILCS 5/7-177) (from Ch. 108 1/2, par. 7-177)

Sec. 7-177. Board meetings.

The board shall hold regular ~~monthly~~ meetings at least 4 times in each year and such special meetings at such other times as may be called by the executive director upon written notice of at least 3 trustees. At least 5 days' notice of each meeting shall be given to each trustee. All meetings of the board shall be open to the public and shall be held in the offices of the board or in any other place specifically designated in the notice of any meeting.

(Source: Laws 1963, p. 161.)

Section 90. The State Mandates Act is amended by adding Section 8.37 as follows:

(30 ILCS 805/8.37 new)

Sec. 8.37. 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 98th General Assembly.

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