

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 7-172 and 7-174 as follows:

6 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

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

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

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

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

19 3. all accounts receivable, together with interest
20 charged thereon, as provided in Section 7-209, and any
21 amounts due under subsection (a-5) of Section 7-144;

22 4. if it has no participating employees with current
23 earnings, an amount payable which, over a closed period of

1 20 years for participating municipalities and 10 years for
2 participating instrumentalities, will amortize, at the
3 effective rate for that year, any unfunded obligation. The
4 unfunded obligation shall be computed as provided in
5 paragraph 2 of subsection (b);

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

13 (b) A separate municipality contribution rate shall be
14 determined for each calendar year for all participating
15 municipalities together with all instrumentalities thereof.
16 The municipality contribution rate shall be determined for
17 participating instrumentalities as if they were participating
18 municipalities. The municipality contribution rate shall be
19 the sum of the following percentages:

20 1. The percentage of earnings of all the participating
21 employees of all participating municipalities and
22 participating instrumentalities which, if paid over the
23 entire period of their service, will be sufficient when
24 combined with all employee contributions available for the
25 payment of benefits, to provide all annuities for
26 participating employees, and the \$3,000 death benefit

1 payable under Sections 7-158 and 7-164, such percentage to
2 be known as the normal cost rate.

3 2. The percentage of earnings of the participating
4 employees of each participating municipality and
5 participating instrumentalities necessary to adjust for
6 the difference between the present value of all benefits,
7 excluding temporary and total and permanent disability and
8 death benefits, to be provided for its participating
9 employees and the sum of its accumulated municipality
10 contributions and the accumulated employee contributions
11 and the present value of expected future employee and
12 municipality contributions pursuant to subparagraph 1 of
13 this paragraph (b). This adjustment shall be spread over a
14 period determined by the Board, not to exceed 30 years for
15 participating municipalities or 10 years for participating
16 instrumentalities.

17 3. The percentage of earnings of the participating
18 employees of all municipalities and participating
19 instrumentalities necessary to provide the present value
20 of all temporary and total and permanent disability
21 benefits granted during the most recent year for which
22 information is available.

23 4. The percentage of earnings of the participating
24 employees of all participating municipalities and
25 participating instrumentalities necessary to provide the
26 present value of the net single sum death benefits expected

1 to become payable from the reserve established under
2 Section 7-206 during the year for which this rate is fixed.

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

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

8 A separate municipality contribution rate shall be
9 computed for the sheriff's law enforcement employees of each
10 forest preserve district that elects to have such employees.
11 For the period from January 1, 1986 to December 31, 1986, such
12 rate shall be the forest preserve district's regular rate plus
13 2%.

14 In the event that the Board determines that there is an
15 actuarial deficiency in the account of any municipality with
16 respect to a person who has elected to participate in the Fund
17 under Section 3-109.1 of this Code, the Board may adjust the
18 municipality's contribution rate so as to make up that
19 deficiency over such reasonable period of time as the Board may
20 determine.

21 (d) The Board may establish a separate municipality
22 contribution rate for all employees who are program
23 participants employed under the federal Comprehensive
24 Employment Training Act by all of the participating
25 municipalities and instrumentalities. The Board may also
26 provide that, in lieu of a separate municipality rate for these

1 employees, a portion of the municipality contributions for such
2 program participants shall be refunded or an extra charge
3 assessed so that the amount of municipality contributions
4 retained or received by the fund for all CETA program
5 participants shall be an amount equal to that which would be
6 provided by the separate municipality contribution rate for all
7 such program participants. Refunds shall be made to prime
8 sponsors of programs upon submission of a claim therefor and
9 extra charges shall be assessed to participating
10 municipalities and instrumentalities. In establishing the
11 municipality contribution rate as provided in paragraph (b) of
12 this Section, the use of a separate municipality contribution
13 rate for program participants or the refund of a portion of the
14 municipality contributions, as the case may be, may be
15 considered.

16 (e) Computations of municipality contribution rates for
17 the following calendar year shall be made prior to the
18 beginning of each year, from the information available at the
19 time the computations are made, and on the assumption that the
20 employees in each participating municipality or participating
21 instrumentality at such time will continue in service until the
22 end of such calendar year at their respective rates of earnings
23 at such time.

24 (f) Any municipality which is the recipient of State
25 allocations representing that municipality's contributions for
26 retirement annuity purposes on behalf of its employees as

1 provided in Section 12-21.16 of the Illinois Public Aid Code
2 shall pay the allocations so received to the Board for such
3 purpose. Estimates of State allocations to be received during
4 any taxable year shall be considered in the determination of
5 the municipality's tax rate for that year under Section 7-171.
6 If a special tax is levied under Section 7-171, none of the
7 proceeds may be used to reimburse the municipality for the
8 amount of State allocations received and paid to the Board. Any
9 multiple-county or consolidated health department which
10 receives contributions from a county under Section 11.2 of "An
11 Act in relation to establishment and maintenance of county and
12 multiple-county health departments", approved July 9, 1943, as
13 amended, or distributions under Section 3 of the Department of
14 Public Health Act, shall use these only for municipality
15 contributions by the health department.

16 (g) Municipality contributions for the several purposes
17 specified shall, for township treasurers and employees in the
18 offices of the township treasurers who meet the qualifying
19 conditions for coverage hereunder, be allocated among the
20 several school districts and parts of school districts serviced
21 by such treasurers and employees in the proportion which the
22 amount of school funds of each district or part of a district
23 handled by the treasurer bears to the total amount of all
24 school funds handled by the treasurer.

25 From the funds subject to allocation among districts and
26 parts of districts pursuant to the School Code, the trustees

1 shall withhold the proportionate share of the liability for
2 municipality contributions imposed upon such districts by this
3 Section, in respect to such township treasurers and employees
4 and remit the same to the Board.

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

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

18 (h) Each participating municipality and participating
19 instrumentality shall make the contributions in the amounts
20 provided in this Section in the manner prescribed from time to
21 time by the Board and all such contributions shall be
22 obligations of the respective participating municipalities and
23 participating instrumentalities to this fund. The failure to
24 deduct any employee contributions shall not relieve the
25 participating municipality or participating instrumentality of
26 its obligation to this fund. Delinquent payments of

1 contributions due under this Section may, with interest, be
2 recovered by civil action against the participating
3 municipalities or participating instrumentalities.
4 Municipality contributions, other than the amount necessary
5 for employee contributions, for periods of service by employees
6 from whose earnings no deductions were made for employee
7 contributions to the fund, may be charged to the municipality
8 reserve for the municipality or participating instrumentality.

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

15 (j) Notwithstanding the other provisions of this Section,
16 the additional unfunded liability accruing as a result of this
17 amendatory Act of the 94th General Assembly shall be amortized
18 over a period of 30 years beginning on January 1 of the second
19 calendar year following the calendar year in which this
20 amendatory Act takes effect, except that the employer may
21 provide for a longer amortization period by adopting a
22 resolution or ordinance specifying a 35-year or 40-year period
23 and submitting a certified copy of the ordinance or resolution
24 to the fund no later than June 1 of the calendar year following
25 the calendar year in which this amendatory Act takes effect.

26 (k) If the amount of a participating employee's reported

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

17 Whenever it determines that a payment is or may be required
18 under this subsection (k), the fund shall calculate the amount
19 of the payment and bill the participating municipality or
20 participating instrumentality for that amount. The bill shall
21 specify the calculations used to determine the amount due. If
22 the participating municipality or participating
23 instrumentality disputes the amount of the bill, it may, within
24 30 days after receipt of the bill, apply to the fund in writing
25 for a recalculation. The application must specify in detail the
26 grounds of the dispute. Upon receiving a timely application for

1 recalculation, the fund shall review the application and, if
2 appropriate, recalculate the amount due. The participating
3 municipality and participating instrumentality contributions
4 required under this subsection (k) may be paid in the form of a
5 lump sum within 90 days after receipt of the bill. If the
6 participating municipality and participating instrumentality
7 contributions are not paid within 90 days after receipt of the
8 bill, then interest will be charged at a rate equal to the
9 fund's annual actuarially assumed rate of return on investment
10 compounded annually from the 91st day after receipt of the
11 bill. Payments must be concluded within 3 years after receipt
12 of the bill by the participating municipality or participating
13 instrumentality.

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

17 When assessing payment for any amount due under this
18 subsection (k), the fund shall also exclude earnings increases
19 attributable to standard employment promotions resulting in
20 increased responsibility and workload.

21 This subsection (k) does not apply to earnings increases
22 paid to individuals under contracts or collective bargaining
23 agreements entered into, amended, or renewed before January 1,
24 2012 (the effective date of Public Act 97-609), earnings
25 increases paid to members who are 10 years or more from
26 retirement eligibility, or earnings increases resulting from

1 an increase in the number of hours required to be worked.

2 When assessing payment for any amount due under this
3 subsection (k), the fund shall also exclude earnings
4 attributable to personnel policies adopted before January 1,
5 2012 (the effective date of Public Act 97-609) as long as those
6 policies are not applicable to employees who begin service on
7 or after January 1, 2012 (the effective date of Public Act
8 97-609).

9 The change made to this Section by this amendatory Act of
10 the 100th General Assembly is a clarification of existing law
11 and is intended to be retroactive to January 1, 2012 (the
12 effective date of Public Act 97-609).

13 (Source: P.A. 98-218, eff. 8-9-13; 99-745, eff. 8-5-16.)

14 (40 ILCS 5/7-174) (from Ch. 108 1/2, par. 7-174)

15 Sec. 7-174. Board created.

16 (a) A board of 8 members shall constitute a board of
17 trustees authorized to carry out the provisions of this
18 Article. Each trustee shall be a participating employee of a
19 participating municipality or participating instrumentality or
20 an annuitant of the Fund and no person shall be eligible to
21 become a trustee after January 1, 1979 who does not have the
22 minimum service credit in this Fund to qualify for a pension at
23 least 8 years of creditable service.

24 (b) The board shall consist of representatives of various
25 groups as follows:

1 1. 4 trustees shall be a chief executive officer, chief
2 finance officer, or other officer, executive or department
3 head of a participating municipality or participating
4 instrumentality, and each such trustee shall be designated
5 as an executive trustee.

6 2. 3 trustees shall be employees of a participating
7 municipality or participating instrumentality and each
8 such trustee shall be designated as an employee trustee.

9 3. One trustee shall be an annuitant of the Fund, who
10 shall be designated the annuitant trustee.

11 (c) A person elected as a trustee shall qualify as a
12 trustee, after declaration by the board that he has been duly
13 elected, upon taking and subscribing to the constitutional oath
14 of office and filing same in the office of the Fund.

15 (d) The term of office of each trustee shall begin upon
16 January 1 of the year following the year in which he is elected
17 and shall continue for a period of 5 years and until a
18 successor has been elected and qualified, or until prior
19 resignation, death, incapacity or disqualification.

20 (e) Any elected trustee (other than the annuitant trustee)
21 shall be disqualified immediately upon termination of
22 employment with all participating municipalities and
23 instrumentalities thereof or upon any change in status which
24 removes any such trustee from all employments within the group
25 he represents. The annuitant trustee shall be disqualified upon
26 termination of his or her annuity.

1 (f) The trustees shall fill any vacancy in the board by
2 appointment, for the period until the next election of
3 trustees, or, if the remaining term is less than 2 years, for
4 the remainder of the term, and until his successor has been
5 elected and qualified.

6 (g) Trustees shall serve without compensation, but shall be
7 reimbursed for any reasonable expenses incurred in attending
8 meetings of the board and in performing duties on behalf of the
9 Fund and for the amount of any earnings withheld by any
10 employing municipality or participating instrumentality
11 because of attendance at any board meeting.

12 (h) Each trustee shall be entitled to one vote on any and
13 all actions before the board. At least 5 concurring votes shall
14 be necessary for every decision or action by the board at any
15 of its meetings. No decision or action shall become effective
16 unless presented and so approved at a regular or duly called
17 special meeting of the board.

18 (Source: P.A. 95-890, eff. 8-22-08.)

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