



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

HB5007

Introduced 2/5/2004, by Sidney H. Mathias

SYNOPSIS AS INTRODUCED:

40 ILCS 5/4-108.4 new
40 ILCS 5/4-109.3 new
40 ILCS 5/4-118.1 from Ch. 108 1/2, par. 4-118.1
40 ILCS 5/7-139.10 new
30 ILCS 805/8.28 new

Amends the Downstate Firefighter Article and the IMRF Article of the Illinois Pension Code. Provides a special retirement formula for firefighters who receive a retirement annuity from more than one Article 4 pension fund. Requires additional contributions. Authorizes firefighters who participate in IMRF to become members of a downstate firefighter pension fund and to transfer their creditable service from IMRF to that downstate firefighter pension fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

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FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT in relation to 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 Section 4-118.1 and adding Sections 4-108.4, 4-109.3, and
6 7-139.10 as follows:

7 (40 ILCS 5/4-108.4 new)

8 Sec. 4-108.4. Transfer of creditable service from Article 7
9 fund.

10 (a) Any firefighter who was excluded from participation in
11 an Article 4 fund because of age and is a participant in the
12 Illinois Municipal Retirement System may become an active
13 participant in that firefighter pension fund by making a
14 written application to the Board before January 1, 2006.
15 Persons so applying shall begin participation on the first day
16 of the month following the month in which the application is
17 received by the Board. An employee who makes application for
18 participation shall not be deemed ineligible to participate in
19 the firefighter pension fund by reason of having failed to
20 apply within the 3-month period specified in subsection (b) of
21 Section 4-107.

22 (b) A firefighter who was excluded from participation in an
23 Article 4 fund because of age and is a participant in the
24 Illinois Municipal Retirement System may also elect to
25 establish creditable service for periods of employment as a
26 firefighter during which he or she did not participate in an
27 Article 4 fund by paying into the fund, before January 1, 2006,
28 the amount that the person would have contributed had
29 deductions from salary been made for this purpose at the time
30 the service was rendered, together with interest thereon at 6%
31 per annum, compounded annually, from the time the service was
32 rendered until the date of payment, less any amounts

1 transferred from the Illinois Municipal Retirement Fund under
2 Section 7-139.10.

3 (c) In no event shall pension credit for the same service
4 rendered by an employee be accredited in more than one
5 participating system. If an employee applies for service credit
6 under subsection (b), then any creditable service time
7 accumulated in the Illinois Municipal Retirement Fund for the
8 same period must be transferred to the Article 4 fund under
9 Section 7-139.10.

10 (40 ILCS 5/4-109.3 new)

11 Sec. 4-109.3. Employee creditable service.

12 (a) As used in this Section:

13 "Final monthly salary" means the monthly salary attached to
14 the rank held by the firefighter at the time of his or her last
15 withdrawal from service under a particular pension fund.

16 "Last pension fund" means the pension fund in which the
17 firefighter was participating at the time of his or her last
18 withdrawal from service.

19 (b) The benefits provided under this Section are available
20 only to a firefighter who:

21 (1) is a firefighter at the time of withdrawal from the
22 last pension fund and for at least the final 3 years of
23 employment prior to that withdrawal;

24 (2) has established service credit with at least one
25 pension fund established under this Article other than the
26 last pension fund;

27 (3) has a total of at least 20 years of service under
28 the various pension funds established under this Article
29 and has attained age 50;

30 (4) is in service on or after the effective date of
31 this amendatory Act of the 93rd General Assembly; and

32 (5) has not received a refund under subsection (c) of
33 Section 4-118.1.

34 (c) A firefighter who is eligible for benefits under this
35 Section may elect to receive a retirement pension from each

1 pension fund under this Article in which the firefighter has at
2 least one year of service credit, by applying in writing and
3 paying the contribution required under subsection (i).

4 (d) From each such pension fund other than the last pension
5 fund, in lieu of any retirement pension otherwise payable under
6 this Article, a firefighter to whom this Section applies may
7 elect to receive a monthly pension of 1/12th of 2.5% of his or
8 her final monthly salary under that fund for each month of
9 service in that fund, subject to a maximum of 75% of that final
10 monthly salary.

11 (e) From the last pension fund, in lieu of any retirement
12 pension otherwise payable under this Article, a firefighter to
13 whom this Section applies may elect to receive a monthly
14 pension calculated as follows:

15 The last pension fund shall calculate the retirement
16 pension that would be payable to the firefighter under
17 subsection (a) of Section 4-109 if he or she had participated
18 in that last pension fund during his or her entire period of
19 service under all pension funds established under this Article.
20 From this hypothetical pension there shall be subtracted the
21 original amounts of the retirement pensions payable to the
22 firefighter by all other pension funds under subsection (d).
23 The remainder is the retirement pension payable to the
24 firefighter by the last pension fund under this subsection (e).

25 (f) Pensions elected under this Section shall be subject to
26 increases as provided in subsection (d) of Section 4-109.1.

27 (g) A current firefighter may reinstate creditable service
28 in a pension fund established under this Article that was
29 terminated upon receipt of a refund, by payment to that pension
30 fund of the amount of the refund together with interest thereon
31 at the rate of 6% per year, compounded annually, from the date
32 of the refund to the date of payment. A repayment of a refund
33 under this Section may be made in equal installments over a
34 period of up to 10 years, but must be paid in full prior to
35 retirement.

36 (h) As a condition of being hired to a position as a

1 firefighter on or after the effective date of this amendatory
2 Act of the 93rd General Assembly, a firefighter must notify the
3 new employer, all of his or her previous employers under this
4 Article, and the Public Pension Division of the Department of
5 Insurance, within one year of being hired, of all periods of
6 service of at least one year under a pension fund established
7 under this Article.

8 (i) In order to receive a pension under this Section, a
9 firefighter must pay to each pension fund under this Article in
10 which he or she has at least one year of service credit a
11 contribution equal to 1/12th of 1% of monthly salary for each
12 month of service credit that the firefighter has in that fund
13 (other than service credit for which the firefighter has
14 already paid the additional contribution required under
15 subsection (c) of Section 4-118.1), together with interest at
16 the rate of 6% per year, compounded annually, from the date of
17 the service to the date of payment.

18 A retired firefighter who receives a pension under this
19 Section may return to duty as a firefighter if he or she (i)
20 suspends that pension, and (ii) repays the amount of any
21 pension received under this Section, plus interest at the rate
22 of 6% per year, compounded annually.

23 (j) A firefighter who is newly hired or promoted to a
24 position as a firefighter shall not be denied participation in
25 a fund under this Article based on his or her age.

26 (40 ILCS 5/4-118.1) (from Ch. 108 1/2, par. 4-118.1)

27 Sec. 4-118.1. Contributions by firefighters.

28 (a) Beginning January 1, 1976 and until the effective date
29 of this amendatory Act of the 91st General Assembly, each
30 firefighter shall contribute to the pension fund 6 3/4% of
31 salary towards the cost of his or her pension. Beginning on the
32 effective date of this amendatory Act of the 91st General
33 Assembly, each firefighter shall contribute to the pension fund
34 6.955% of salary towards the cost of his or her pension.

35 (b) In addition, beginning January 1, 1976, each

1 firefighter shall contribute 1% of salary toward the cost of
2 the increase in pension provided in Section 4-109.1; beginning
3 January 1, 1987, such contribution shall be 1.5% of salary.

4 (c) Beginning on the effective date of this amendatory Act
5 of the 93rd General Assembly, each firefighter who elects to
6 receive a pension under Section 4-109.3 and who has
7 participated in at least one other pension fund under this
8 Article for a period of at least one year shall contribute an
9 additional 1.0% of salary toward the cost of the pensions
10 provided in Section 4-109.3. In the event that the firefighter
11 does not elect to receive the retirement pensions provided
12 under Section 4-109.3, he or she shall, upon withdrawal from
13 the last pension fund as defined in Section 4-109.3, be
14 entitled to receive, from each fund to which he or she has paid
15 additional contributions under this subsection (c), a refund of
16 those contributions without interest. A firefighter who
17 accepts any refund under this subsection is thereafter
18 ineligible to receive the pensions provided under Section
19 4-109.3.

20 (d) "Salary" means the annual salary, including longevity,
21 attached to the firefighter's rank, as established by the
22 municipality appropriation ordinance, including any
23 compensation for overtime which is included in the salary so
24 established, but excluding any "overtime pay", "holiday pay",
25 "bonus pay", "merit pay", or any other cash benefit not
26 included in the salary so established.

27 (e) The contributions shall be deducted and withheld from
28 the salary of firefighters.

29 (Source: P.A. 91-466, eff. 8-6-99.)

30 (40 ILCS 5/7-139.10 new)

31 Sec. 7-139.10. Transfer to Article 4 pension fund. Until
32 January 1, 2006, a person who has elected under Section 4-108.4
33 to become an active participant in a firefighter pension fund
34 established under Article 4 of this Code may apply for transfer
35 to that Article 4 fund of his or her creditable service

1 accumulated under this Article for municipal firefighter
2 service. At the time of the transfer, the Fund shall pay to the
3 firefighter pension fund an amount equal to:

4 (1) the amounts accumulated to the credit of the
5 applicant for municipal firefighter service, including
6 interest;

7 (2) any interest paid by the applicant in order to
8 reinstate that service; and

9 (3) the municipality credits based on that service,
10 including interest.

11 Participation in this fund with respect to the transferred
12 credits shall terminate on the date of transfer.

13 For the purpose of this Section, "municipal firefighter
14 service" means service with the fire department of a
15 participating municipality for which the applicant established
16 creditable service under this Article.

17 Section 90. The State Mandates Act is amended by adding
18 Section 8.28 as follows:

19 (30 ILCS 805/8.28 new)

20 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8
21 of this Act, no reimbursement by the State is required for the
22 implementation of any mandate created by this amendatory Act of
23 the 93rd General Assembly.

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