



**93RD GENERAL ASSEMBLY**  
**State of Illinois**  
**2003 and 2004**  
**SB2146**

Introduced 1/14/2004, by Denny Jacobs

**SYNOPSIS AS INTRODUCED:**

40 ILCS 5/14-103.12

from Ch. 108 1/2, par. 14-103.12

Amends the State Employees Article of the Illinois Pension Code. Provides that, for persons with at least 48 months of service, the calculation of final average compensation shall be based on the total compensation of the person during the period of the 48 consecutive months of service in which the total compensation was the highest (now the period of the 48 consecutive months within the last 120 months of service in which the total compensation was the highest). Effective immediately.

LRB093 14749 LRD 40297 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 Section 14-103.12 as follows:

6 (40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)  
7 Sec. 14-103.12. Final average compensation.

8 (a) For retirement and survivor annuities, "final average  
9 compensation" means the monthly compensation obtained by  
10 dividing the total compensation of an employee during the  
11 period of: (1) the 48 consecutive months of service ~~within the~~  
12 ~~last 120 months of service~~ in which the total compensation was  
13 the highest, or (2) the total period of service, if less than  
14 48 months, by the number of months of service in such period;  
15 provided that for purposes of a retirement annuity the average  
16 compensation for the last 12 months of the 48-month period  
17 shall not exceed the final average compensation by more than  
18 25%.

19 (b) For death and disability benefits, in the case of a  
20 full-time employee, "final average compensation" means the  
21 greater of (1) the rate of compensation of the employee at the  
22 date of death or disability multiplied by 1 in the case of a  
23 salaried employee, by 174 in the case of an hourly employee,  
24 and by 22 in the case of a per diem employee, or (2) for  
25 benefits commencing on or after January 1, 1991, final average  
26 compensation as determined under subsection (a).

27 For purposes of this paragraph, full or part-time status  
28 shall be certified by the employing agency. Final rate of  
29 compensation for a part-time employee shall be the total  
30 compensation earned during the last full calendar month prior  
31 to the date of death or disability.

32 (c) Notwithstanding the provisions of subsection (a), for

1 the purpose of calculating retirement and survivor annuities of  
2 persons with at least 20 years of eligible creditable service  
3 as defined in Section 14-110, "final average compensation"  
4 means the monthly rate of compensation received by the person  
5 on the last day of eligible creditable service (but not to  
6 exceed 115% of the average monthly compensation received by the  
7 person for the last 24 months of service, unless the person was  
8 in service as a State policeman before the effective date of  
9 this amendatory Act of 1997), or the average monthly  
10 compensation received by the person for the last 48 months of  
11 service prior to retirement, whichever is greater.

12 (d) Notwithstanding the provisions of subsection (a), for a  
13 person who was receiving, on the date of retirement or death, a  
14 disability benefit calculated under subdivision (b) (2) of this  
15 Section, the final average compensation used to calculate the  
16 disability benefit may be used for purposes of calculating the  
17 retirement and survivor annuities.

18 (e) In computing the final average compensation, periods of  
19 military leave shall not be considered.

20 (f) The changes to this Section made by this amendatory Act  
21 of 1997 (redefining final average compensation for members  
22 under the alternative formula) apply to members who retire on  
23 or after January 1, 1998, without regard to whether employment  
24 terminated before the effective date of this amendatory Act of  
25 1997.

26 (Source: P.A. 90-65, eff. 7-7-97.)

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