



**Adopted in House Comm. on Oct 28, 2009**

09600SB1946ham001

LRB096 08984 AMC 30423 a

1 AMENDMENT TO SENATE BILL 1946

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1946 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing 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 ~~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

1 shall not exceed the final average compensation by more than  
2 25%.

3 (b) For death and disability benefits, in the case of a  
4 full-time employee, "final average compensation" means the  
5 greater of (1) the rate of compensation of the employee at the  
6 date of death or disability multiplied by 1 in the case of a  
7 salaried employee, by 174 in the case of an hourly employee,  
8 and by 22 in the case of a per diem employee, or (2) for  
9 benefits commencing on or after January 1, 1991, final average  
10 compensation as determined under subsection (a).

11 For purposes of this paragraph, full or part-time status  
12 shall be certified by the employing agency. Final rate of  
13 compensation for a part-time employee shall be the total  
14 compensation earned during the last full calendar month prior  
15 to the date of death or disability.

16 (c) Notwithstanding the provisions of subsection (a), for  
17 the purpose of calculating retirement and survivor annuities of  
18 persons with at least 20 years of eligible creditable service  
19 as defined in Section 14-110, "final average compensation"  
20 means the monthly rate of compensation received by the person  
21 on the last day of eligible creditable service (but not to  
22 exceed 115% of the average monthly compensation received by the  
23 person for the last 24 months of service, unless the person was  
24 in service as a State policeman before the effective date of  
25 this amendatory Act of 1997), or the average monthly  
26 compensation received by the person for the last 48 months of

1 service prior to retirement, whichever is greater.

2 (d) Notwithstanding the provisions of subsection (a), for a  
3 person who was receiving, on the date of retirement or death, a  
4 disability benefit calculated under subdivision (b) (2) of this  
5 Section, the final average compensation used to calculate the  
6 disability benefit may be used for purposes of calculating the  
7 retirement and survivor annuities.

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

10 (f) The changes to this Section made by this amendatory Act  
11 of 1997 (redefining final average compensation for members  
12 under the alternative formula) apply to members who retire on  
13 or after January 1, 1998, without regard to whether employment  
14 terminated before the effective date of this amendatory Act of  
15 1997.

16 (g) For a member on leave of absence without pay who  
17 purchases service credit for such period of leave pursuant to  
18 subsection (1) of Section 14-104, earnings are assumed to be  
19 equal to the rate of compensation in effect immediately prior  
20 to the leave. If no contributions are required to establish  
21 service credit for the period of leave, the member may elect to  
22 establish earnings credit for the leave period within 48 months  
23 after returning to work by making the employee and employer  
24 contributions required by subsection (1) of Section 14-104,  
25 based on the rate of compensation in effect immediately prior  
26 to the leave, plus interest at the actuarially assumed rate. In

1 determining the contributions required for establishing  
2 service credit under this subsection (g), the interest shall be  
3 calculated from the beginning of the leave of absence to the  
4 date of payment.

5 (Source: P.A. 96-525, eff. 8-14-09.)".