

HB4573



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4573

Introduced 1/30/2026, by Rep. Janet Yang Rohr

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-139

from Ch. 108 1/2, par. 7-139

30 ILCS 805/8.50 new

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Provides that one month of creditable service shall be granted for the first month of participating employment, even if earnings are not reported for that month. Amends the State Mandates Act to require implementation without reimbursement.

LRB104 16608 RPS 30008 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

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
5 changing Section 7-139 as follows:

6 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

7 Sec. 7-139. Credits and creditable service to employees.

8 (a) Each participating employee shall be granted credits
9 and creditable service, for purposes of determining the amount
10 of any annuity or benefit to which he or a beneficiary is
11 entitled, as follows:

12 1. For prior service: Each participating employee who
13 is an employee of a participating municipality or
14 participating instrumentality on the effective date shall
15 be granted creditable service, but no credits under
16 paragraph 2 of this subsection (a), for periods of prior
17 service for which credit has not been received under any
18 other pension fund or retirement system established under
19 this Code, as follows:

20 If the effective date of participation for the
21 participating municipality or participating
22 instrumentality is on or before January 1, 1998,
23 creditable service shall be granted for the entire period

1 of prior service with that employer without any employee
2 contribution.

3 If the effective date of participation for the
4 participating municipality or participating
5 instrumentality is after January 1, 1998, creditable
6 service shall be granted for the last 20% of the period of
7 prior service with that employer, but no more than 5
8 years, without any employee contribution. A participating
9 employee may establish creditable service for the
10 remainder of the period of prior service with that
11 employer by making an application in writing, accompanied
12 by payment of an employee contribution in an amount
13 determined by the Fund, based on the employee contribution
14 rates in effect at the time of application for the
15 creditable service and the employee's salary rate on the
16 effective date of participation for that employer, plus
17 interest at the effective rate from the date of the prior
18 service to the date of payment. Application for this
19 creditable service may be made at any time while the
20 employee is still in service.

21 A municipality that (i) has at least 35 employees;
22 (ii) is located in a county with at least 2,000,000
23 inhabitants; and (iii) maintains an independent defined
24 benefit pension plan for the benefit of its eligible
25 employees may restrict creditable service in whole or in
26 part for periods of prior service with the employer if the

1 governing body of the municipality adopts an irrevocable
2 resolution to restrict that creditable service and files
3 the resolution with the board before the municipality's
4 effective date of participation.

5 Any person who has withdrawn from the service of a
6 participating municipality or participating
7 instrumentality prior to the effective date, who reenters
8 the service of the same municipality or participating
9 instrumentality after the effective date and becomes a
10 participating employee is entitled to creditable service
11 for prior service as otherwise provided in this
12 subdivision (a)(1) only if he or she renders 2 years of
13 service as a participating employee after the effective
14 date. Application for such service must be made while in a
15 participating status. The salary rate to be used in the
16 calculation of the required employee contribution, if any,
17 shall be the employee's salary rate at the time of first
18 reentering service with the employer after the employer's
19 effective date of participation.

20 2. For current service, each participating employee
21 shall be credited with:

22 a. Additional credits of amounts equal to each
23 payment of additional contributions received from him
24 under Section 7-173, as of the date the corresponding
25 payment of earnings is payable to him.

26 b. Normal credits of amounts equal to each payment

1 of normal contributions received from him, as of the
2 date the corresponding payment of earnings is payable
3 to him, and normal contributions made for the purpose
4 of establishing out-of-state service credits as
5 permitted under the conditions set forth in paragraph
6 of this subsection (a).

7 c. Municipality credits in an amount equal to 1.4
8 times the normal credits, except those established by
9 out-of-state service credits, as of the date of
10 computation of any benefit if these credits would
11 increase the benefit.

12 d. Survivor credits equal to each payment of
13 survivor contributions received from the participating
14 employee as of the date the corresponding payment of
15 earnings is payable, and survivor contributions made
16 for the purpose of establishing out-of-state service
17 credits.

18 3. For periods of temporary and total and permanent
19 disability benefits, each employee receiving disability
20 benefits shall be granted creditable service for the
21 period during which disability benefits are payable.
22 Normal and survivor credits, based upon the rate of
23 earnings applied for disability benefits, shall also be
24 granted if such credits would result in a higher benefit
25 to any such employee or his beneficiary.

26 4. For authorized leave of absence without pay: A

1 participating employee shall be granted credits and
2 creditable service for periods of authorized leave of
3 absence without pay under the following conditions:

4 a. An application for credits and creditable
5 service is submitted to the board while the employee
6 is in a status of active employment.

7 b. Not more than 12 complete months of creditable
8 service for authorized leave of absence without pay
9 shall be counted for purposes of determining any
10 benefits payable under this Article.

11 c. Credits and creditable service shall be granted
12 for leave of absence only if such leave is approved by
13 the governing body of the municipality, including
14 approval of the estimated cost thereof to the
15 municipality as determined by the fund, and employee
16 contributions, plus interest at the effective rate
17 applicable for each year from the end of the period of
18 leave to date of payment, have been paid to the fund in
19 accordance with Section 7-173. The contributions shall
20 be computed upon the assumption earnings continued
21 during the period of leave at the rate in effect when
22 the leave began.

23 d. Benefits under the provisions of Sections
24 7-141, 7-146, 7-150 and 7-163 shall become payable to
25 employees on authorized leave of absence, or their
26 designated beneficiary, only if such leave of absence

1 is creditable hereunder, and if the employee has at
2 least one year of creditable service other than the
3 service granted for leave of absence. Any employee
4 contributions due may be deducted from any benefits
5 payable.

6 e. No credits or creditable service shall be
7 allowed for leave of absence without pay during any
8 period of prior service.

9 5. For military service: The governing body of a
10 municipality or participating instrumentality may elect to
11 allow creditable service to participating employees who
12 leave their employment to serve in the armed forces of the
13 United States for all periods of such service, provided
14 that the person returns to active employment within 90
15 days after completion of full time active duty, but no
16 creditable service shall be allowed such person for any
17 period that can be used in the computation of a pension or
18 any other pay or benefit, other than pay for active duty,
19 for service in any branch of the armed forces of the United
20 States. If necessary to the computation of any benefit,
21 the board shall establish municipality credits for
22 participating employees under this paragraph on the
23 assumption that the employee received earnings at the rate
24 received at the time he left the employment to enter the
25 armed forces. A participating employee in the armed forces
26 shall not be considered an employee during such period of

1 service and no additional death and no disability benefits
2 are payable for death or disability during such period.

3 Any participating employee who left his employment
4 with a municipality or participating instrumentality to
5 serve in the armed forces of the United States and who
6 again became a participating employee within 90 days after
7 completion of full time active duty by entering the
8 service of a different municipality or participating
9 instrumentality, which has elected to allow creditable
10 service for periods of military service under the
11 preceding paragraph, shall also be allowed creditable
12 service for his period of military service on the same
13 terms that would apply if he had been employed, before
14 entering military service, by the municipality or
15 instrumentality which employed him after he left the
16 military service and the employer costs arising in
17 relation to such grant of creditable service shall be
18 charged to and paid by that municipality or
19 instrumentality.

20 Notwithstanding the foregoing, any participating
21 employee shall be entitled to creditable service as
22 required by any federal law relating to re-employment
23 rights of persons who served in the United States Armed
24 Services. Such creditable service shall be granted upon
25 payment by the member of an amount equal to the employee
26 contributions which would have been required had the

1 employee continued in service at the same rate of earnings
2 during the military leave period, plus interest at the
3 effective rate.

4 5.1. In addition to any creditable service established
5 under paragraph 5 of this subsection (a), creditable
6 service may be granted for up to 48 months of service in
7 the armed forces of the United States.

8 In order to receive creditable service for military
9 service under this paragraph 5.1, a participating employee
10 must (1) apply to the Fund in writing and provide evidence
11 of the military service that is satisfactory to the Board;
12 (2) obtain the written approval of the current employer;
13 and (3) make contributions to the Fund equal to (i) the
14 employee contributions that would have been required had
15 the service been rendered as a member, plus (ii) an amount
16 determined by the board to be equal to the employer's
17 normal cost of the benefits accrued for that military
18 service, plus (iii) interest on items (i) and (ii) from
19 the date of first membership in the Fund to the date of
20 payment. The required interest shall be calculated at the
21 regular interest rate.

22 The changes made to this paragraph 5.1 by Public Acts
23 95-483 and 95-486 apply only to participating employees in
24 service on or after August 28, 2007 (the effective date of
25 those Public Acts).

26 6. For out-of-state service: Creditable service shall

1 be granted for service rendered to an out-of-state local
2 governmental body under the following conditions: The
3 employee had participated and has irrevocably forfeited
4 all rights to benefits in the out-of-state public
5 employees pension system; the governing body of his
6 participating municipality or instrumentality authorizes
7 the employee to establish such service; the employee has 2
8 years current service with this municipality or
9 participating instrumentality; the employee makes a
10 payment of contributions, which shall be computed at 8%
11 (normal) plus 2% (survivor) times length of service
12 purchased times the average rate of earnings for the first
13 2 years of service with the municipality or participating
14 instrumentality whose governing body authorizes the
15 service established plus interest at the effective rate on
16 the date such credits are established, payable from the
17 date the employee completes the required 2 years of
18 current service to date of payment. In no case shall more
19 than 120 months of creditable service be granted under
20 this provision.

21 7. For retroactive service: Any employee who could
22 have but did not elect to become a participating employee,
23 or who should have been a participant in the Municipal
24 Public Utilities Annuity and Benefit Fund before that fund
25 was superseded, may receive creditable service for the
26 period of service not to exceed 50 months; however, a

1 current or former elected or appointed official of a
2 participating municipality may establish credit under this
3 paragraph 7 for more than 50 months of service as an
4 official of that municipality, if the excess over 50
5 months is approved by resolution of the governing body of
6 the affected municipality filed with the Fund before
7 January 1, 2002.

8 Any employee who is a participating employee on or
9 after September 24, 1981 and who was excluded from
10 participation by the age restrictions removed by Public
11 Act 82-596 may receive creditable service for the period,
12 on or after January 1, 1979, excluded by the age
13 restriction and, in addition, if the governing body of the
14 participating municipality or participating
15 instrumentality elects to allow creditable service for all
16 employees excluded by the age restriction prior to January
17 1, 1979, for service during the period prior to that date
18 excluded by the age restriction. Any employee who was
19 excluded from participation by the age restriction removed
20 by Public Act 82-596 and who is not a participating
21 employee on or after September 24, 1981 may receive
22 creditable service for service after January 1, 1979.
23 Creditable service under this paragraph shall be granted
24 upon payment of the employee contributions which would
25 have been required had he participated, with interest at
26 the effective rate for each year from the end of the period

1 of service established to date of payment.

2 8. For accumulated unused sick leave: A participating
3 employee who is applying for a retirement annuity shall be
4 entitled to creditable service for that portion of the
5 employee's accumulated unused sick leave for which payment
6 is not received, as follows:

7 a. Sick leave days shall be limited to those
8 accumulated under a sick leave plan established by a
9 participating municipality or participating
10 instrumentality which is available to all employees or
11 a class of employees.

12 b. Except as provided in item b-1, only sick leave
13 days accumulated with a participating municipality or
14 participating instrumentality with which the employee
15 was in service within 60 days of the effective date of
16 his retirement annuity shall be credited; If the
17 employee was in service with more than one employer
18 during this period only the sick leave days with the
19 employer with which the employee has the greatest
20 number of unpaid sick leave days shall be considered.

21 b-1. If the employee was in the service of more
22 than one employer as defined in item (2) of paragraph
23 (a) of subsection (A) of Section 7-132 or regional
24 office of education, then the sick leave days from all
25 such employers shall be credited, as long as the
26 creditable service attributed to those sick leave days

1 does not exceed the limitation in item d of this
2 paragraph 8. If the employee was in the service of more
3 than one employer described in paragraph (c) of
4 subsection (B) of Section 7-132 on or after the
5 effective date of this amendatory Act of the 101st
6 General Assembly, then the sick leave days from all
7 such employers, except for employers from which the
8 employee terminated service before the effective date
9 of this amendatory Act of the 101st General Assembly,
10 shall be credited, as long as the creditable service
11 attributed to those sick leave days does not exceed
12 the limitation in item d of this paragraph 8. In
13 calculating the creditable service under this item
14 b-1, the sick leave days from the last employer shall
15 be considered first, then the remaining sick leave
16 days shall be considered until there are no more days
17 or the maximum creditable sick leave threshold under
18 item d of this paragraph 8 has been reached.

19 c. The creditable service granted shall be
20 considered solely for the purpose of computing the
21 amount of the retirement annuity and shall not be used
22 to establish any minimum service period required by
23 any provision of the Illinois Pension Code, the
24 effective date of the retirement annuity, or the final
25 rate of earnings.

26 d. The creditable service shall be at the rate of

1 1/20 of a month for each full sick day, provided that
2 no more than 12 months may be credited under this
3 subdivision 8.

4 e. Employee contributions shall not be required
5 for creditable service under this subdivision 8.

6 f. Each participating municipality and
7 participating instrumentality with which an employee
8 has service within 60 days of the effective date of his
9 retirement annuity shall certify to the board the
10 number of accumulated unpaid sick leave days credited
11 to the employee at the time of termination of service.

12 9. For service transferred from another system:
13 Credits and creditable service shall be granted for
14 service under Article 4, 5, 8, 14, or 16 of this Act, to
15 any active member of this Fund, and to any inactive member
16 who has been a county sheriff, upon transfer of such
17 credits pursuant to Section 4-108.3, 5-235, 8-226.7,
18 14-105.6, or 16-131.4, and payment by the member of the
19 amount by which (1) the employer and employee
20 contributions that would have been required if he had
21 participated in this Fund as a sheriff's law enforcement
22 employee during the period for which credit is being
23 transferred, plus interest thereon at the effective rate
24 for each year, compounded annually, from the date of
25 termination of the service for which credit is being
26 transferred to the date of payment, exceeds (2) the amount

1 actually transferred to the Fund. Such transferred service
2 shall be deemed to be service as a sheriff's law
3 enforcement employee for the purposes of Section 7-142.1.

4 10. (Blank).

5 11. For service transferred from an Article 3 system
6 under Section 3-110.3: Credits and creditable service
7 shall be granted for service under Article 3 of this Act as
8 provided in Section 3-110.3, to any active member of this
9 Fund, upon transfer of such credits pursuant to Section
10 3-110.3. If the board determines that the amount
11 transferred is less than the true cost to the Fund of
12 allowing that creditable service to be established, then
13 in order to establish that creditable service, the member
14 must pay to the Fund an additional contribution equal to
15 the difference, as determined by the board in accordance
16 with the rules and procedures adopted under this
17 paragraph. If the member does not make the full additional
18 payment as required by this paragraph prior to termination
19 of his participation with that employer, then his or her
20 creditable service shall be reduced by an amount equal to
21 the difference between the amount transferred under
22 Section 3-110.3, including any payments made by the member
23 under this paragraph prior to termination, and the true
24 cost to the Fund of allowing that creditable service to be
25 established, as determined by the board in accordance with
26 the rules and procedures adopted under this paragraph.

1 The board shall establish by rule the manner of making
2 the calculation required under this paragraph 11, taking
3 into account the appropriate actuarial assumptions; the
4 member's service, age, and salary history, and any other
5 factors that the board determines to be relevant.

6 12. For omitted service: Any employee who was employed
7 by a participating employer in a position that required
8 participation, but who was not enrolled in the Fund, may
9 establish such credits under the following conditions:

10 a. Application for such credits is received by the
11 Board while the employee is an active participant of
12 the Fund or a reciprocal retirement system.

13 b. Eligibility for participation and earnings are
14 verified by the Authorized Agent of the participating
15 employer for which the service was rendered.

16 Creditable service under this paragraph shall be
17 granted upon payment of the employee contributions that
18 would have been required had he participated, which shall
19 be calculated by the Fund using the member contribution
20 rate in effect during the period that the service was
21 rendered.

22 (b) Creditable service - amount:

23 1. One month of creditable service shall be allowed
24 for each month for which a participating employee made
25 contributions as required under Section 7-173, or for
26 which creditable service is otherwise granted hereunder.

1 One month of creditable service shall be granted for the
2 first month of participating employment, even if earnings
3 are not reported for that month. Not more than 1 month of
4 service shall be credited and counted for 1 calendar
5 month, and not more than 1 year of service shall be
6 credited and counted for any calendar year. A calendar
7 month means a nominal month beginning on the first day
8 thereof, and a calendar year means a year beginning
9 January 1 and ending December 31.

10 2. A seasonal employee shall be given 12 months of
11 creditable service if he renders the number of months of
12 service normally required by the position in a 12-month
13 period and he remains in service for the entire 12-month
14 period. Otherwise a fractional year of service in the
15 number of months of service rendered shall be credited.

16 3. An intermittent employee shall be given creditable
17 service for only those months in which a contribution is
18 made under Section 7-173.

19 (c) No application for correction of credits or creditable
20 service shall be considered unless the board receives an
21 application for correction while (1) the applicant is a
22 participating employee and in active employment with a
23 participating municipality or instrumentality, or (2) while
24 the applicant is actively participating in a pension fund or
25 retirement system which is a participating system under the
26 Retirement Systems Reciprocal Act. A participating employee or

1 other applicant shall not be entitled to credits or creditable
2 service unless the required employee contributions are made in
3 a lump sum or in installments made in accordance with board
4 rule. Payments made to establish service credit under
5 paragraph 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this
6 Section must be received by the Board while the applicant is an
7 active participant in the Fund or a reciprocal retirement
8 system, except that an applicant may make one payment after
9 termination of active participation in the Fund or a
10 reciprocal retirement system.

11 (d) Upon the granting of a retirement, surviving spouse or
12 child annuity, a death benefit or a separation benefit, on
13 account of any employee, all individual accumulated credits
14 shall thereupon terminate. Upon the withdrawal of additional
15 contributions, the credits applicable thereto shall thereupon
16 terminate. Terminated credits shall not be applied to increase
17 the benefits any remaining employee would otherwise receive
18 under this Article.

19 (Source: P.A. 103-110, eff. 6-29-23.)

20 Section 90. The State Mandates Act is amended by adding
21 Section 8.50 as follows:

22 (30 ILCS 805/8.50 new)

23 Sec. 8.50. Exempt mandate. Notwithstanding Sections 6 and
24 8 of this Act, no reimbursement by the State is required for

1 the implementation of any mandate created by this amendatory
2 Act of the 104th General Assembly.