

SB1925



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1925

Introduced 2/6/2025, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-172

from Ch. 108 1/2, par. 7-172

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. In a provision requiring a participating municipality or participating instrumentality to pay an additional contribution to the Fund for certain earnings increases above 6% or 1.5 times the annual increase in the consumer price index-u, whichever is greater, provides that the payments must be concluded within 7 years (instead of 3 years) after receipt of the bill by the participating municipality or participating instrumentality. Effective immediately.

LRB104 10694 RPS 20773 b

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 7-172 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
11 of subsection (b) or (B) the amount required by paragraph
12 1 of 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

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

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

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

9 A separate municipality contribution rate shall be
10 computed for the sheriff's law enforcement employees of each
11 forest preserve district that elects to have such employees.
12 For the period from January 1, 1986 to December 31, 1986, such
13 rate shall be the forest preserve district's regular rate plus
14 2%.

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

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

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

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

25 (f) Any municipality which is the recipient of State
26 allocations representing that municipality's contributions for

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

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

26 From the funds subject to allocation among districts and

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

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

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

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

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

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

17 (j) Notwithstanding the other provisions of this Section,
18 the additional unfunded liability accruing as a result of
19 Public Act 94-712 shall be amortized over a period of 30 years
20 beginning on January 1 of the second calendar year following
21 the calendar year in which Public Act 94-712 takes effect,
22 except that the employer may provide for a longer amortization
23 period by adopting a resolution or ordinance specifying a
24 35-year or 40-year period and submitting a certified copy of
25 the ordinance or resolution to the fund no later than June 1 of
26 the calendar year following the calendar year in which Public

1 Act 94-712 takes effect.

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

20 Whenever it determines that a payment is or may be
21 required under this subsection (k), the fund shall calculate
22 the amount of the payment and bill the participating
23 municipality or participating instrumentality for that amount.
24 The bill shall specify the calculations used to determine the
25 amount due. If the participating municipality or participating
26 instrumentality disputes the amount of the bill, it may,

1 within 30 days after receipt of the bill, apply to the fund in
2 writing for a recalculation. The application must specify in
3 detail the grounds of the dispute. Upon receiving a timely
4 application for recalculation, the fund shall review the
5 application and, if appropriate, recalculate the amount due.
6 The participating municipality and participating
7 instrumentality contributions required under this subsection
8 (k) may be paid in the form of a lump sum within 90 days after
9 receipt of the bill. If the participating municipality and
10 participating instrumentality contributions are not paid
11 within 90 days after receipt of the bill, then interest will be
12 charged at a rate equal to the fund's annual actuarially
13 assumed rate of return on investment compounded annually from
14 the 91st day after receipt of the bill. Payments must be
15 concluded within 7 ~~3~~ years after receipt of the bill by the
16 participating municipality or participating instrumentality.

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

20 When assessing payment for any amount due under this
21 subsection (k), the fund shall exclude earnings increases
22 resulting from payments for unused vacation time, but only for
23 payments for unused vacation time made in the final 3 months of
24 the final rate of earnings period.

25 When assessing payment for any amount due under this
26 subsection (k), the fund shall also exclude earnings increases

1 attributable to standard employment promotions resulting in
2 increased responsibility and workload.

3 When assessing payment for any amount due under this
4 subsection (k), the fund shall exclude reportable earnings
5 increases resulting from periods where the member was paid
6 through workers' compensation.

7 This subsection (k) does not apply to earnings increases
8 due to amounts paid as required by federal or State law or
9 court mandate or to earnings increases due to the
10 participating employee returning to the regular number of
11 hours worked after having a temporary reduction in the number
12 of hours worked.

13 This subsection (k) does not apply to earnings increases
14 paid to individuals under contracts or collective bargaining
15 agreements entered into, amended, or renewed before January 1,
16 2012 (the effective date of Public Act 97-609), earnings
17 increases paid to members who are 10 years or more from
18 retirement eligibility, or earnings increases resulting from
19 an increase in the number of hours required to be worked.

20 When assessing payment for any amount due under this
21 subsection (k), the fund shall also exclude earnings
22 attributable to personnel policies adopted before January 1,
23 2012 (the effective date of Public Act 97-609) as long as those
24 policies are not applicable to employees who begin service on
25 or after January 1, 2012 (the effective date of Public Act
26 97-609).

1 The change made to this Section by Public Act 100-139 is a
2 clarification of existing law and is intended to be
3 retroactive to January 1, 2012 (the effective date of Public
4 Act 97-609).

5 (Source: P.A. 102-849, eff. 5-13-22; 103-464, eff. 8-4-23.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.