



Sen. Linda Holmes

**Filed: 4/10/2026**

10400SB2802sam001

LRB104 17391 RPS 36480 a

1 AMENDMENT TO SENATE BILL 2802

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2802 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 7-132, 7-158, 7-164, 7-172, 7-205, and 7-206  
6 as follows:

7 (40 ILCS 5/7-132) (from Ch. 108 1/2, par. 7-132)

8 Sec. 7-132. Municipalities, instrumentalities and  
9 participating instrumentalities included and effective dates.

10 (A) Municipalities and their instrumentalities.

11 (a) The following described municipalities, but not  
12 including any with more than 1,000,000 inhabitants, and the  
13 instrumentalities thereof, shall be included within and be  
14 subject to this Article beginning upon the effective dates  
15 specified by the Board:

16 (1) Except as to the municipalities and

1 instrumentalities thereof specifically excluded under this  
2 Article, every county shall be subject to this Article,  
3 and all cities, villages and incorporated towns having a  
4 population in excess of 5,000 inhabitants as determined by  
5 the last preceding decennial or subsequent federal census,  
6 shall be subject to this Article following publication of  
7 the census by the Bureau of the Census. Within 90 days  
8 after publication of the census, the Board shall notify  
9 any municipality that has become subject to this Article  
10 as a result of that census, and shall provide information  
11 to the corporate authorities of the municipality  
12 explaining the duties and consequences of participation.  
13 The notification shall also include a proposed date upon  
14 which participation by the municipality will commence.

15 However, for any city, village or incorporated town  
16 that attains a population over 5,000 inhabitants after  
17 having provided social security coverage for its employees  
18 under the Social Security Enabling Act, participation  
19 under this Article shall not be mandatory but may be  
20 elected in accordance with subparagraph (3) or (4) of this  
21 paragraph (a), whichever is applicable.

22 (2) School districts, other than those specifically  
23 excluded under this Article, shall be subject to this  
24 Article, without election, with respect to all employees  
25 thereof.

26 (3) Towns and all other bodies politic and corporate

1           which are formed by vote of, or are subject to control by,  
2           the electors in towns and are located in towns which are  
3           not participating municipalities on the effective date of  
4           this Act, may become subject to this Article by election  
5           pursuant to Section 7-132.1.

6           (4) Any other municipality (together with its  
7           instrumentalities), other than those specifically excluded  
8           from participation and those described in paragraph (3)  
9           above, may elect to be included either by referendum under  
10          Section 7-134 or by the adoption of a resolution or  
11          ordinance by its governing body. A copy of such resolution  
12          or ordinance duly authenticated and certified by the clerk  
13          of the municipality or other appropriate official of its  
14          governing body shall constitute the required notice to the  
15          board of such action.

16          (b) A municipality that is about to begin participation  
17          shall submit to the Board an application to participate, in a  
18          form acceptable to the Board, not later than 90 days prior to  
19          the proposed effective date of participation. The Board shall  
20          act upon the application within 90 days, and if it finds that  
21          the application is in conformity with its requirements and the  
22          requirements of this Article, participation by the applicant  
23          shall commence on a date acceptable to the municipality and  
24          specified by the Board, but in no event more than one year from  
25          the date of application.

26          (c) A participating municipality which succeeds to the

1 functions of a participating municipality which is dissolved  
2 or terminates its existence shall assume and be transferred  
3 the net accumulation balance in the municipality reserve and  
4 the municipality account receivable balance of the terminated  
5 municipality.

6 (d) In the case of a Veterans Assistance Commission whose  
7 employees were being treated by the Fund on January 1, 1990 as  
8 employees of the county served by the Commission, the Fund may  
9 continue to treat the employees of the Veterans Assistance  
10 Commission as county employees for the purposes of this  
11 Article, unless the Commission becomes a participating  
12 instrumentality in accordance with subsection (B) of this  
13 Section.

14 (B) Participating instrumentalities.

15 (a) The participating instrumentalities designated in  
16 paragraph (b) of this subsection shall be included within and  
17 be subject to this Article if:

18 (1) an application to participate, in a form  
19 acceptable to the Board and adopted by a two-thirds vote  
20 of the governing body, is presented to the Board not later  
21 than 90 days prior to the proposed effective date; and

22 (2) the Board finds that the application is in  
23 conformity with its requirements, that the applicant has  
24 reasonable expectation to continue as a political entity  
25 for a period of at least 10 years and has the prospective

1 financial capacity to meet its current and future  
2 obligations to the Fund, and that the actuarial soundness  
3 of the Fund may be reasonably expected to be unimpaired by  
4 approval of participation by the applicant.

5 The Board shall notify the applicant of its findings  
6 within 90 days after receiving the application, and if the  
7 Board approves the application, participation by the applicant  
8 shall commence on the effective date specified by the Board.

9 (b) The following participating instrumentalities, so long  
10 as they meet the requirements of Section 7-108 and the area  
11 served by them or within their jurisdiction is not located  
12 entirely within a municipality having more than one million  
13 inhabitants, may be included hereunder:

14 i. Township School District Trustees.

15 ii. Multiple County and Consolidated Health  
16 Departments created under Division 5-25 of the Counties  
17 Code or its predecessor law.

18 iii. Public Building Commissions created under the  
19 Public Building Commission Act, and located in counties of  
20 less than 1,000,000 inhabitants.

21 iv. A multitype, consolidated or cooperative library  
22 system created under the Illinois Library System Act. Any  
23 library system created under the Illinois Library System  
24 Act that has one or more predecessors that participated in  
25 the Fund may participate in the Fund upon application. The  
26 Board shall establish procedures for implementing the

1 transfer of rights and obligations from the predecessor  
2 system to the successor system.

3 v. Regional Planning Commissions created under  
4 Division 5-14 of the Counties Code or its predecessor law.

5 vi. Local Public Housing Authorities created under the  
6 Housing Authorities Act, located in counties of less than  
7 1,000,000 inhabitants.

8 vii. Illinois Municipal League.

9 viii. Northeastern Illinois Metropolitan Area Planning  
10 Commission.

11 ix. Southwestern Illinois Metropolitan Area Planning  
12 Commission.

13 x. Illinois Association of Park Districts.

14 xi. Illinois Supervisors, County Commissioners and  
15 Superintendents of Highways Association.

16 xii. Tri-City Regional Port District.

17 xiii. An association, or not-for-profit corporation,  
18 membership in which is authorized under Section 85-15 of  
19 the Township Code.

20 xiv. Drainage Districts operating under the Illinois  
21 Drainage Code.

22 xv. Local mass transit districts created under the  
23 Local Mass Transit District Act.

24 xvi. Soil and water conservation districts created  
25 under the Soil and Water Conservation Districts Law.

26 xvii. Commissions created to provide water supply or

1 sewer services or both under Division 135, Division 135.5,  
2 or Division 136 of Article 11 of the Illinois Municipal  
3 Code.

4 xviii. Public water districts created under the Public  
5 Water District Act.

6 xix. Veterans Assistance Commissions established under  
7 Section 9 of the Military Veterans Assistance Act that  
8 serve counties with a population of less than 1,000,000.

9 xx. The governing body of an entity, other than a  
10 vocational education cooperative, created under an  
11 intergovernmental cooperative agreement established  
12 between participating municipalities under the  
13 Intergovernmental Cooperation Act, which by the terms of  
14 the agreement is the employer of the persons performing  
15 services under the agreement under the usual common law  
16 rules determining the employer-employee relationship. The  
17 governing body of such an intergovernmental cooperative  
18 entity established prior to July 1, 1988 may make  
19 participation retroactive to the effective date of the  
20 agreement and, if so, the effective date of participation  
21 shall be the date the required application is filed with  
22 the fund. If any such entity is unable to pay the required  
23 employer contributions to the fund, then the participating  
24 municipalities shall make payment of the required  
25 contributions and the payments shall be allocated as  
26 provided in the agreement or, if not so provided, equally

1 among them.

2 xxi. The Illinois Municipal Electric Agency.

3 xxii. The Waukegan Port District.

4 xxiii. The Fox Waterway Agency created under the Fox  
5 Waterway Agency Act.

6 xxiv. The Illinois Municipal Gas Agency.

7 xxv. The Kaskaskia Regional Port District.

8 xxvi. The Southwestern Illinois Development Authority.

9 xxvii. The Cairo Public Utility Company.

10 xxviii. Except with respect to employees who elect to  
11 participate in the State Employees' Retirement System of  
12 Illinois under Section 14-104.13 of this Code, the Chicago  
13 Metropolitan Agency for Planning created under the  
14 Regional Planning Act, provided that, with respect to the  
15 benefits payable pursuant to Sections 7-146, 7-150, and  
16 7-164 and the requirement that eligibility for such  
17 benefits is conditional upon satisfying a minimum period  
18 of service or a minimum contribution, any employee of the  
19 Chicago Metropolitan Agency for Planning that was  
20 immediately prior to such employment an employee of the  
21 Chicago Area Transportation Study or the Northeastern  
22 Illinois Planning Commission, such employee's service at  
23 the Chicago Area Transportation Study or the Northeastern  
24 Illinois Planning Commission and contributions to the  
25 State Employees' Retirement System of Illinois established  
26 under Article 14 and the Illinois Municipal Retirement

1 Fund shall count towards the satisfaction of such  
2 requirements.

3 xxix. United Counties Council (formerly the Urban  
4 Counties Council), but only if the Council has a ruling  
5 from the United States Internal Revenue Service that it is  
6 a governmental entity.

7 xxx. The Will County Governmental League, but only if  
8 the League has a ruling from the United States Internal  
9 Revenue Service that it is a governmental entity.

10 xxxi. The Firefighters' Pension Investment Fund.

11 xxxii. The Police Officers' Pension Investment Fund.

12 xxxiii. The Joliet Regional Port District.

13 (c) The governing boards of special education joint  
14 agreements created under Section 10-22.31 of the School Code  
15 without designation of an administrative district shall be  
16 included within and be subject to this Article as  
17 participating instrumentalities when the joint agreement  
18 becomes effective. However, the governing board of any such  
19 special education joint agreement in effect before September  
20 5, 1975 shall not be subject to this Article unless the joint  
21 agreement is modified by the school districts to provide that  
22 the governing board is subject to this Article, except as  
23 otherwise provided by this Section.

24 The governing board of the Special Education District of  
25 Lake County shall become subject to this Article as a  
26 participating instrumentality on July 1, 1997. Notwithstanding

1 subdivision (a)1 of Section 7-139, on the effective date of  
2 participation, employees of the governing board of the Special  
3 Education District of Lake County shall receive creditable  
4 service for their prior service with that employer, up to a  
5 maximum of 5 years, without any employee contribution.  
6 Employees may establish creditable service for the remainder  
7 of their prior service with that employer, if any, by applying  
8 in writing and paying an employee contribution in an amount  
9 determined by the Fund, based on the employee contribution  
10 rates in effect at the time of application for the creditable  
11 service and the employee's salary rate on the effective date  
12 of participation for that employer, plus interest at the  
13 effective rate from the date of the prior service to the date  
14 of payment. Application for this creditable service must be  
15 made before July 1, 1998; the payment may be made at any time  
16 while the employee is still in service. The employer may elect  
17 to make the required contribution on behalf of the employee.

18 The governing board of a special education joint agreement  
19 created under Section 10-22.31 of the School Code for which an  
20 administrative district has been designated, if there are  
21 employees of the cooperative educational entity who are not  
22 employees of the administrative district, may elect to  
23 participate in the Fund and be included within this Article as  
24 a participating instrumentality, subject to such application  
25 procedures and rules as the Board may prescribe.

26 The Boards of Control of cooperative or joint educational

1 programs or projects created and administered under Section  
2 3-15.14 of the School Code, whether or not the Boards act as  
3 their own administrative district, shall be included within  
4 and be subject to this Article as participating  
5 instrumentalities when the agreement establishing the  
6 cooperative or joint educational program or project becomes  
7 effective.

8 The governing board of a special education joint agreement  
9 entered into after June 30, 1984 and prior to September 17,  
10 1985 which provides for representation on the governing board  
11 by less than all the participating districts shall be included  
12 within and subject to this Article as a participating  
13 instrumentality. Such participation shall be effective as of  
14 the date the joint agreement becomes effective.

15 The governing boards of educational service centers  
16 established under Section 2-3.62 of the School Code shall be  
17 included within and subject to this Article as participating  
18 instrumentalities. The governing boards of vocational  
19 education cooperative agreements created under the  
20 Intergovernmental Cooperation Act and approved by the State  
21 Board of Education shall be included within and be subject to  
22 this Article as participating instrumentalities. If any such  
23 governing boards or boards of control are unable to pay the  
24 required employer contributions to the fund, then the school  
25 districts served by such boards shall make payment of required  
26 contributions as provided in Section 7-172. The payments shall

1 be allocated among the several school districts in proportion  
2 to the number of students in average daily attendance for the  
3 last full school year for each district in relation to the  
4 total number of students in average attendance for such period  
5 for all districts served. If such educational service centers,  
6 vocational education cooperatives or cooperative or joint  
7 educational programs or projects created and administered  
8 under Section 3-15.14 of the School Code are dissolved, the  
9 assets and obligations shall be distributed among the  
10 districts in the same proportions unless otherwise provided.

11 The governing board of Paris Cooperative High School shall  
12 be included within and be subject to this Article as a  
13 participating instrumentality on the effective date of this  
14 amendatory Act of the 96th General Assembly. If the governing  
15 board of Paris Cooperative High School is unable to pay the  
16 required employer contributions to the fund, then the school  
17 districts served shall make payment of required contributions  
18 as provided in Section 7-172. The payments shall be allocated  
19 among the several school districts in proportion to the number  
20 of students in average daily attendance for the last full  
21 school year for each district in relation to the total number  
22 of students in average attendance for such period for all  
23 districts served. If Paris Cooperative High School is  
24 dissolved, then the assets and obligations shall be  
25 distributed among the districts in the same proportions unless  
26 otherwise provided.

1           The Philip J. Rock Center and School shall be included  
2 within and be subject to this Article as a participating  
3 instrumentality on the effective date of this amendatory Act  
4 of the 97th General Assembly. The Philip J. Rock Center and  
5 School shall certify to the Fund the dates of service of all  
6 employees within 90 days of the effective date of this  
7 amendatory Act of the 97th General Assembly. The Fund shall  
8 transfer to the IMRF account of the Philip J. Rock Center and  
9 School all creditable service and all employer contributions  
10 made on behalf of the employees for service at the Philip J.  
11 Rock Center and School that were reported and paid to IMRF by  
12 another employer prior to this date. If the Philip J. Rock  
13 Center and School is unable to pay the required employer  
14 contributions to the Fund, then the amount due will be paid by  
15 all employers as defined in item (2) of paragraph (a) of  
16 subsection (A) of this Section. The payments shall be  
17 allocated among these employers in proportion to the number of  
18 students in average daily attendance for the last full school  
19 year for each district in relation to the total number of  
20 students in average attendance for such period for all  
21 districts. If the Philip J. Rock Center and School is  
22 dissolved, then its IMRF assets and obligations shall be  
23 distributed in the same proportions unless otherwise provided.

24           Financial Oversight Panels established under Article 1H of  
25 the School Code shall be included within and be subject to this  
26 Article as a participating instrumentality on the effective

1 date of this amendatory Act of the 97th General Assembly. If  
2 the Financial Oversight Panel is unable to pay the required  
3 employer contributions to the fund, then the school districts  
4 served shall make payment of required contributions as  
5 provided in Section 7-172. If the Financial Oversight Panel is  
6 dissolved, then the assets and obligations shall be  
7 distributed to the district served.

8 (d) The governing boards of special recreation joint  
9 agreements created under Section 8-10b of the Park District  
10 Code, operating without designation of an administrative  
11 district or an administrative municipality appointed to  
12 administer the program operating under the authority of such  
13 joint agreement shall be included within and be subject to  
14 this Article as participating instrumentalities when the joint  
15 agreement becomes effective. However, the governing board of  
16 any such special recreation joint agreement in effect before  
17 January 1, 1980 shall not be subject to this Article unless the  
18 joint agreement is modified, by the districts and  
19 municipalities which are parties to the agreement, to provide  
20 that the governing board is subject to this Article.

21 If the Board returns any employer and employee  
22 contributions to any employer which erroneously submitted such  
23 contributions on behalf of a special recreation joint  
24 agreement, the Board shall include interest computed from the  
25 end of each year to the date of payment, not compounded, at the  
26 rate of 7% per annum.

1           (e) Each multi-township assessment district, the board of  
2 trustees of which has adopted this Article by ordinance prior  
3 to April 1, 1982, shall be a participating instrumentality  
4 included within and subject to this Article effective December  
5 1, 1981. The contributions required under Section 7-172 shall  
6 be included in the budget prepared under and allocated in  
7 accordance with Section 2-30 of the Property Tax Code.

8           (f) The Illinois Medical District Commission created under  
9 the Illinois Medical District Act may be included within and  
10 subject to this Article as a participating instrumentality,  
11 notwithstanding that the location of the District is entirely  
12 within the City of Chicago. To become a participating  
13 instrumentality, the Commission must apply to the Board in the  
14 manner set forth in paragraph (a) of this subsection (B). If  
15 the Board approves the application, under the criteria and  
16 procedures set forth in paragraph (a) and any other applicable  
17 rules, criteria, and procedures of the Board, participation by  
18 the Commission shall commence on the effective date specified  
19 by the Board.

20           (C) Prospective participants. Beginning January 1, 1992, each  
21 prospective participating municipality or participating  
22 instrumentality shall pay to the Fund the cost, as determined  
23 by the Board, of a study prepared by the Fund or its actuary,  
24 detailing the prospective costs of participation in the Fund  
25 to be expected by the municipality or instrumentality.

1 (Source: P.A. 104-284, eff. 8-15-25.)

2 (40 ILCS 5/7-158) (from Ch. 108 1/2, par. 7-158)

3 Sec. 7-158. Surviving spouse annuities; options annuities  
4 ~~Options~~. In lieu of the surviving spouse annuity an eligible  
5 surviving spouse shall have the option of receiving other  
6 benefits as follows:

7 1. The surviving spouse of a participating employee may  
8 elect to receive either a single sum death benefit or a  
9 surviving spouse annuity and the \$8,000 (\$3,000 for those who  
10 first retired prior to the effective date of this amendatory  
11 Act of the 104th General Assembly) ~~\$3,000~~ death benefit  
12 provided in Sections 7-163 and 7-164.

13 2. The surviving spouse of an employee, who has separated  
14 from service and would have been entitled to a retirement  
15 annuity on date of death, may elect to receive either a single  
16 sum death benefit or a surviving spouse annuity and the \$8,000  
17 (\$3,000 for those who first retired prior to the effective  
18 date of this amendatory Act of the 104th General Assembly)  
19 ~~\$3,000~~ death benefit provided in Sections 7-163 and 7-164.

20 3. If any surviving spouse annuity is payable prior to the  
21 earliest age at which the recipient will become eligible for a  
22 widows' or widowers' insurance benefit under the Federal  
23 Social Security Act, the recipient may elect that the annuity  
24 payments from this fund shall exceed those payable after  
25 attaining such age by an amount not in excess of the estimated

1 Social Security Benefit, determined as of the effective date  
2 of the surviving spouse annuity, provided that in no case  
3 shall the total annuity payments made by this fund exceed in  
4 actuarial value the annuity which would have been paid had no  
5 such election been made.

6 4. The surviving spouse of a participating employee, whose  
7 annuity was suspended upon return to employment and who had  
8 one year or more of service after his return, may apply the  
9 additional service credits to a supplemental surviving spouse  
10 annuity and receive the \$8,000 (\$3,000 for those who first  
11 retired prior to the effective date of this amendatory Act of  
12 the 104th General Assembly) ~~\$3,000~~ death benefit or apply the  
13 additional service credits to a single sum death benefit and  
14 forego the \$8,000 (\$3,000 for those who first retired prior to  
15 the effective date of this amendatory Act of the 104th General  
16 Assembly) ~~\$3,000~~ death benefit payable upon the death of an  
17 annuitant.

18 5. The surviving spouse of a participating employee, whose  
19 annuity was suspended upon return to employment and who had  
20 less than one year of service after his return, shall have the  
21 additional service credits applied towards a supplemental  
22 surviving spouse annuity and shall receive the \$8,000 (\$3,000  
23 for those who first retired prior to the effective date of this  
24 amendatory Act of the 104th General Assembly) ~~\$3,000~~ death  
25 benefit.

26 (Source: P.A. 85-941.)

1 (40 ILCS 5/7-164) (from Ch. 108 1/2, par. 7-164)

2 Sec. 7-164. Death benefits; amount ~~benefits—Amount~~. The  
3 amount of the death benefit shall be:

4 1. Upon the death of an employee with at least one year  
5 of service occurring while in an employment relationship  
6 (including employees drawing disability benefits) with a  
7 participating municipality or participating  
8 instrumentality, an amount equal to the sum of:

9 (a) The employee's normal, additional and  
10 survivor credits, including interest credited thereto  
11 through the end of the preceding calendar year, but  
12 excluding credits and interest thereon allowed for  
13 periods of disability.

14 (b) An amount equal to the employee's annual  
15 final rate of earnings. An employee who dies as a  
16 result of injuries connected with his duties shall be  
17 considered to have a year of service for purposes of  
18 this benefit.

19 2. Upon the death of an employee with less than 1 year  
20 of service occurring while in the service of any  
21 participating municipality or instrumentality, an amount  
22 equal to the sum of his accumulated normal, additional and  
23 survivor credits on the date of death, excluding those  
24 credits and interest thereon allowed during periods of  
25 disability.

1           3. Upon the death of an employee who has separated  
2 from service and was not entitled to a retirement annuity  
3 on the date of death, an amount equal to the sum of his  
4 accumulated normal, survivor and additional credits on the  
5 date of death excluding those credits and interest thereon  
6 allowed during periods of disability.

7           4. Upon the death of an employee in an employment  
8 relationship, or an employee who has service and was  
9 entitled to a retirement annuity on the date of death,  
10 when a surviving spouse or child annuity is awarded,  
11 \$8,000 (\$3,000 for those who first retired prior to the  
12 effective date of this amendatory Act of the 104th General  
13 Assembly) \$3,000.

14           5. Upon the death of an employee, who has separated  
15 from service and was entitled to a retirement annuity on  
16 the date of death, and no surviving spouse or child  
17 annuity is awarded, \$8,000 (\$3,000 for those who first  
18 retired prior to the effective date of this amendatory Act  
19 of the 104th General Assembly) ~~\$3,000~~ plus an amount equal  
20 to his accumulated normal, survivor and additional credits  
21 on the date of death, excluding those credits and interest  
22 earned thereon allowed during periods of disability.

23           6. Upon the death of an employee annuitant, \$8,000  
24 (\$3,000 for those who first retired prior to the effective  
25 date of this amendatory Act of the 104th General Assembly)  
26 ~~\$3,000~~ and, unless a surviving spouse, child or

1        reversionary annuity is payable, the sum of (i) the excess  
2        of the normal and survivor credits, excluding those  
3        allowed during periods of disability, which the annuitant  
4        had as of the effective date of his annuity over the total  
5        annuities paid pursuant to paragraph (a) 1 of Section  
6        7-142 to the date of death, plus (ii) the excess of the  
7        additional credits, excluding any such credits used to  
8        create a reversionary annuity, used to provide the annuity  
9        granted pursuant to paragraph (a) 2 of Section 7-142 over  
10       the total annuity payments made pursuant thereto to the  
11       time of death.

12       7. Upon the death of an annuitant receiving a  
13       reversionary annuity or of a person designated to receive  
14       a reversionary annuity prior to the receipt of such  
15       annuity the sum of the additional credits of the person  
16       creating the reversionary annuity as of the effective date  
17       of his own retirement annuity over the reversionary  
18       annuity payments, if any, made prior to the date of death  
19       of such annuitant or person designated to receive the  
20       reversionary annuity.

21       8. Upon the death of an annuitant receiving a  
22       beneficiary annuity which was effective before January 1,  
23       1986, the excess of the death benefit which was used to  
24       provide the annuity, over the sum of all annuity payments  
25       made to the beneficiary. Upon the death of an annuitant  
26       receiving a beneficiary annuity effective January 1, 1986

1 or thereafter, the sum of (i) the excess of the normal and  
2 survivor credits, excluding those allowed during periods  
3 of disability, which the annuitant had as of the effective  
4 date of his annuity over the total annuities paid pursuant  
5 to paragraph (c) of Section 7-165, to date of death, plus  
6 (ii) the excess of the additional credits, excluding any  
7 such credits used to create a reversionary annuity, used  
8 to provide the annuity granted pursuant to paragraph (d)  
9 of Section 7-165 over the total annuity payments made  
10 pursuant thereto to the time of death.

11 9. Upon the marriage prior to reaching age 55 (except  
12 for a surviving spouse who remarries after December 31,  
13 2000) or death of a person receiving a surviving spouse  
14 annuity, unless a child annuity is payable, the sum of (i)  
15 the excess of the normal and survivor credits, excluding  
16 those credits and interest thereon allowed during periods  
17 of disability, attributable to the employee at the  
18 effective date of the annuity or date of death, whichever  
19 first occurred, over the total of all annuity payments  
20 attributable to paragraph (a) 1 of Section 7-142 made to  
21 the employee or surviving spouse plus (ii) the excess of  
22 the additional credits, excluding any such credits used to  
23 create a reversionary annuity or used to provide the  
24 annuity attributable to paragraph (a) 2 of Section 7-142  
25 over the total of such payments.

26 10. Upon the marriage, death or attainment of age 18

1 of a child receiving a child annuity, if no other child  
2 annuities are payable, the sum of (i) the excess of the  
3 normal and survivor credits excluding those credits and  
4 interest thereon allowed during periods of disability, of  
5 the employee at the effective date of the annuity or date  
6 of death, whichever first occurred, over the total annuity  
7 payments attributable to paragraph (a) 1 of Section 7-142  
8 made to the employee, surviving spouse and children plus  
9 (ii) the excess of the additional credits, excluding any  
10 such credits used to create a reversionary annuity, used  
11 to provide the annuity attributable to paragraph (a) 2 of  
12 Section 7-142 over the total annuity payments made to the  
13 employee, surviving spouse and children, pursuant thereto.

14 11. Upon the death of the participating employee whose  
15 annuity was suspended upon his return to employment:

16 a. If a surviving spouse or child annuity is  
17 awarded, \$8,000 (\$3,000 for those who first retired  
18 prior to the effective date of this amendatory Act of  
19 the 104th General Assembly) ~~\$3,000~~;

20 b. If no surviving spouse or child annuity is  
21 awarded and he had less than one year's service upon  
22 return, \$8,000 (\$3,000 for those who first retired  
23 prior to the effective date of this amendatory Act of  
24 the 104th General Assembly) ~~\$3,000~~ plus the excess of  
25 the normal, survivor and additional credits, including  
26 interest thereon, but excluding those allowed during a

1 period of disability, at the effective date of the  
2 suspended annuity, plus those allowed after his  
3 return, over all annuity payments made to the  
4 employee;

5 c. If no surviving spouse or child annuity is  
6 awarded and he has one year or more of service upon  
7 return, the higher of (a) the payment under  
8 subparagraph b of this paragraph or (b) the payment  
9 under paragraph 1 of this Section, taking into  
10 consideration only the service and credits allowed  
11 after his return, plus the excess of the normal,  
12 survivor and additional credits, including interest  
13 thereon, excluding those allowed during periods of  
14 disability, at the effective date of his suspended  
15 annuity over all annuity payments made to the  
16 employee.

17 ~~12.~~ The \$8,000 (\$3,000 for those who first retired prior  
18 to the effective date of this amendatory Act of the 104th  
19 General Assembly) \$3,000 death benefit provided in paragraphs  
20 4 and 6 shall not be payable to beneficiaries of persons who  
21 terminated service prior to September 8, 1971, unless the  
22 payment or agreement for payment provided by Section 7-144.2  
23 of this Article is made prior to the date of death.

24 ~~13.~~ The increase in certain death benefits from \$1,000 to  
25 \$3,000 provided by this amendatory Act of 1987 shall apply  
26 only to deaths occurring on or after January 1, 1988.

1       The increase in certain death benefits from \$3,000 to  
2       \$8,000 provided by this amendatory Act of the 104th General  
3       Assembly shall apply only to deaths occurring on or after  
4       January 1, 2027.

5       (Source: P.A. 91-887, eff. 7-6-00.)

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  
24           20 years for participating municipalities and 10 years for  
25           participating instrumentalities, will amortize, at the

1 effective rate for that year, any unfunded obligation. The  
2 unfunded obligation shall be computed as provided in  
3 paragraph 2 of subsection (b);

4 5. if it has fewer than 7 participating employees or a  
5 negative balance in its municipality reserve, the greater  
6 of (A) an amount payable that, over a period of 20 years,  
7 will amortize at the effective rate for that year any  
8 unfunded obligation, computed as provided in paragraph 2  
9 of subsection (b) or (B) the amount required by paragraph  
10 1 of this subsection (a).

11 (b) A separate municipality contribution rate shall be  
12 determined for each calendar year for all participating  
13 municipalities together with all instrumentalities thereof.  
14 The municipality contribution rate shall be determined for  
15 participating instrumentalities as if they were participating  
16 municipalities. The municipality contribution rate shall be  
17 the sum of the following percentages:

18 1. The percentage of earnings of all the participating  
19 employees of all participating municipalities and  
20 participating instrumentalities which, if paid over the  
21 entire period of their service, will be sufficient when  
22 combined with all employee contributions available for the  
23 payment of benefits, to provide all annuities for  
24 participating employees, and the \$8,000 (\$3,000 for those  
25 who first retired prior to the effective date of this  
26 amendatory Act of the 104th General Assembly) ~~\$3,000~~ death

1 benefit payable under Sections 7-158 and 7-164, such  
2 percentage to 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 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. 103-464, eff. 8-4-23; 104-284, eff. 8-15-25.)

6           (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

7           Sec. 7-205. Reserves for annuities. Appropriate reserves  
8 shall be created for payment of all annuities granted under  
9 this Article at the time such annuities are granted and in  
10 amounts determined to be necessary under actuarial tables  
11 adopted by the Board upon recommendation of the actuary of the  
12 fund. All annuities payable shall be charged to the annuity  
13 reserve.

14           1. Amounts credited to annuity reserves shall be derived  
15 by transfer of all the employee credits from the appropriate  
16 employee reserves and by charges to the municipality reserve  
17 of those municipalities in which the retiring employee has  
18 accumulated service. If a retiring employee has accumulated  
19 service in more than one participating municipality or  
20 participating instrumentality, the municipality charges for  
21 non-concurrent service shall be calculated as follows:

22           (A) for purposes of calculating the annuity reserve,  
23 an annuity will be calculated based on service and  
24 adjusted earnings with each employer (without regard to  
25 the vesting requirement contained in subsection (a) of

1 Section 7-142); and

2 (B) the difference between the municipality charges  
3 for the actual annuity granted and the aggregation of the  
4 municipality charges based upon the ratio of each from  
5 those calculations to the aggregated total from paragraph  
6 (A) of this item 1.

7 Aggregate municipality charges for concurrent service  
8 shall be prorated based on the employee's earnings. The  
9 municipality charges for retirement annuities calculated under  
10 subparagraph a. of paragraph 1. of subsection (a) of Section  
11 7-142 shall be prorated based on actual contributions.

12 2. Supplemental annuities shall be handled as a separate  
13 annuity and amounts to be credited to the annuity reserve  
14 therefor shall be derived in the same manner as a regular  
15 annuity.

16 3. When a retirement annuity is granted to an employee  
17 with a spouse eligible for a surviving spouse annuity, there  
18 shall be credited to the annuity reserve an amount to fund the  
19 cost of both the retirement and surviving spouse annuity as a  
20 joint and survivors annuity.

21 4. Beginning January 1, 1989, when a retirement annuity is  
22 awarded, an amount equal to the present value of the \$8,000  
23 (\$3,000 for those who first retired prior to the effective  
24 date of this amendatory Act of the 104th General Assembly)  
25 ~~\$3,000~~ death benefit payable upon the death of the annuitant  
26 shall be transferred to the annuity reserve from the

1 appropriate municipality reserves in the same manner as the  
2 transfer for annuities.

3 5. All annuity reserves shall be revalued annually as of  
4 December 31. Beginning as of December 31, 1973, adjustment  
5 required therein by such revaluation shall be charged or  
6 credited to the earnings and experience variation reserve.

7 6. There shall be credited to the annuity reserve all of  
8 the payments made by annuitants under Section 7-144.2, plus an  
9 additional amount from the earnings and experience variation  
10 reserve to fund the cost of the incremental annuities granted  
11 to annuitants making these payments.

12 7. As of December 31, 1972, the excess in the annuity  
13 reserve shall be transferred to the municipality reserves. An  
14 amount equal to the deficiency in the reserve of participating  
15 municipalities and participating instrumentalities which have  
16 no participating employees shall be allocated to their  
17 reserves. The remainder shall be allocated in amounts  
18 proportionate to the present value, as of January 1, 1972, of  
19 annuities of annuitants of the remaining participating  
20 municipalities and participating instrumentalities.

21 (Source: P.A. 97-319, eff. 1-1-12; 97-609, eff. 1-1-12;  
22 97-813, eff. 7-13-12.)

23 (40 ILCS 5/7-206) (from Ch. 108 1/2, par. 7-206)

24 Sec. 7-206. Death Reserve. All death benefit payments  
25 shall be charged to the Death Reserve, other than the \$8,000

1 (\$3,000 for those who first retired prior to the effective  
2 date of this amendatory Act of the 104th General Assembly)  
3 ~~\$3,000~~ death benefits paid after December 31, 1988 upon the  
4 death of an annuitant. All contributions for death purposes  
5 under Section 7-172(b)4 shall be credited to the same reserve.  
6 Whenever the balance in such reserve at the close of a year  
7 exceeds 100% of the average annual charges to this account  
8 during the 3 preceding calendar years, the basic actuarial  
9 assumptions upon which municipality contribution rates for  
10 these purposes are based, shall be reviewed and revised in  
11 such manner as is deemed necessary to reduce such balance.

12 (Source: P.A. 89-136, eff. 7-14-95.)

13 Section 90. The State Mandates Act is amended by adding  
14 Section 8.50 as follows:

15 (30 ILCS 805/8.50 new)

16 Sec. 8.50. Exempt mandate. Notwithstanding Sections 6 and  
17 8 of this Act, no reimbursement by the State is required for  
18 the implementation of any mandate created by this amendatory  
19 Act of the 104th General Assembly.

20 Section 99. Effective date. This Act takes effect upon  
21 becoming law, except that the changes to Sections 7-158,  
22 7-164, 7-172, 7-205, and 7-206 of the Illinois Pension Code  
23 take effect January 1, 2027."