

# SB4010



## 104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB4010

Introduced 2/6/2026, by Sen. Steve McClure

### SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-128

from Ch. 108 1/2, par. 16-128

Amends the Downstate Teacher Article of the Illinois Pension Code. In a provision concerning the contribution required to establish service credit for certain service as a teacher or administrator employed by a private school recognized by the Illinois State Board of Education, changes the amount of the interest payment required to establish that service credit from interest at the actuarially assumed rate to regular interest.

LRB104 18687 RPS 32130 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 16-128 as follows:

6 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

7 Sec. 16-128. Creditable service; required ~~service~~  
8 ~~required~~ contributions.

9 (a) In order to receive the creditable service specified  
10 under subsection (b) of Section 16-127, a member is required  
11 to make the following contributions: (i) an amount equal to  
12 the contributions which would have been required had such  
13 service been rendered as a member under this System; (ii) for  
14 military service not immediately following employment and for  
15 service established under subdivision (b)(10) of Section  
16 16-127, an amount determined by the Board to be equal to the  
17 employer's normal cost of the benefits accrued for such  
18 service; and (iii) interest from the date the contributions  
19 would have been due (or, in the case of a person establishing  
20 credit for military service under subdivision (b)(3) of  
21 Section 16-127, the date of first membership in the System, if  
22 that date is later) to the date of payment, at the following  
23 rate of interest, compounded annually: for periods prior to

1 July 1, 1965, regular interest; from July 1, 1965 to June 30,  
2 1977, 4% per year; on and after July 1, 1977, regular interest.

3 (b) In order to receive creditable service under paragraph  
4 (2) of subsection (b) of Section 16-127 for those who were not  
5 members on June 30, 1963, the minimum required contribution  
6 shall be \$420 per year of service together with interest at 4%  
7 per year compounded annually from July 1, preceding the date  
8 of membership until June 30, 1977 and at regular interest  
9 compounded annually thereafter to the date of payment.

10 (c) In determining the contribution required in order to  
11 receive creditable service under paragraph (3) of subsection  
12 (b) of Section 16-127, the salary rate for the remainder of the  
13 school term in which a member enters military service shall be  
14 assumed to be equal to the member's salary rate at the time of  
15 entering military service. However, for military service not  
16 immediately following employment, the salary rate on the last  
17 date as a participating teacher prior to such military  
18 service, or on the first date as a participating teacher after  
19 such military service, whichever is greater, shall be assumed  
20 to be equal to the member's salary rate at the time of entering  
21 military service. For each school term thereafter, the  
22 member's salary rate shall be assumed to be 5% higher than the  
23 salary rate in the previous school term.

24 (d) In determining the contribution required in order to  
25 receive creditable service under paragraph (5) of subsection  
26 (b) of Section 16-127, a member's salary rate during the

1 period for which credit is being established shall be assumed  
2 to be equal to the member's last salary rate immediately  
3 preceding that period.

4 (d-5) For each year of service credit to be established  
5 under subsection (b-1) of Section 16-127, a member is required  
6 to contribute to the System (i) the employee and employer  
7 contribution that would have been required had such service  
8 been rendered as a member based on the annual salary rate  
9 during the first year of full-time employment as a teacher  
10 under this Article following the private or parochial school  
11 service, plus (ii) regular interest thereon ~~at the actuarially~~  
12 ~~assumed rate~~ from the date of first full-time employment as a  
13 teacher under this Article following the private or parochial  
14 school service to the date of payment, compounded annually, at  
15 a rate determined by the Board.

16 (d-10) For service credit established under paragraph (6)  
17 of subsection (b) of Section 16-127 for days granted by an  
18 employer in excess of the member's normal annual sick leave  
19 allotment, the employer is required to pay the normal cost of  
20 benefits based upon such service credit. This subsection  
21 (d-10) does not apply to sick leave granted to teachers under  
22 contracts or collective bargaining agreements entered into,  
23 amended, or renewed before June 1, 2005 (the effective date of  
24 Public Act 94-4). The employer contributions required under  
25 this subsection (d-10) shall be paid in the form of a lump sum  
26 within 30 days after receipt of the bill after the teacher

1 begins receiving benefits under this Article.

2 (e) Except for contributions under subsection (d-10), the  
3 contributions required under this Section may be made from the  
4 date the statement for such creditable service is issued until  
5 retirement date. All such required contributions must be made  
6 before any retirement annuity is granted.

7 (Source: P.A. 96-546, eff. 8-17-09.)